



**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

# Interim Report 2023

A photograph of a modern, curved Porsche dealership building. The word "PORSCHE" is prominently displayed in large, red, three-dimensional letters across the upper facade. Below the letters, a glass-walled showroom is visible, featuring a white sports car on display. The building is set against a background of blue and white abstract, flowing lines that suggest motion and speed.

**PORSCHE**

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The image shows the Porsche logo in a large, blue, 3D font mounted on a curved building facade. The building has a modern, glass-fronted design. Below the logo, a glass-walled showroom is visible, containing several cars, including a silver sports car in the foreground. The entire scene is overlaid with a semi-transparent blue filter.

# 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  
WONG Cheung Ki Johnny  
FCPA, FCG (CS, CGP), HKFCG (CS, CGP)

## COMPANY SECRETARY

WONG Cheung Ki Johnny  
FCPA, FCG (CS, CGP), HKFCG (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

## 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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

# CORPORATE INFORMATION

## AUDITOR

KPMG  
Public Interest Entity Auditor registered in  
accordance with the 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](http://www.meidongauto.com)

## MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2023, despite the diminishing impact of the pandemic, the Chinese consumption market did not see the expected strong rebound. Given the increased macroeconomy uncertainties and below-expectation consumer sentiment and purchasing power, automobile manufacturers and dealers faced more imminent inventory and cash flow issues. Coupled with the decreased subsidies and expected implementation of the new phase of China's National VI Emission Standard, automobile companies launched large-scale promotions to accelerate cash turnover. This, in turn, posed greater pressure on the gross profit per vehicle of dealers.

According to the statistics from the China Automobile Dealers Association, for the six months ended 30 June 2023 (the "Period"), sales volume of passenger vehicles in the end market was 9.656 million units, representing an increase of 4.2% yoy. Among this, benefited from the promotional activities and alleviated chip shortage, sales volume of premium brand vehicles in the end market was 1.797 million units, representing an increase of 9.7% yoy. In the first half of 2023, the performance of individual brands varied due to differences in supply and demand dynamics and pricing distinctions.

On the other hand, according to the data from the China Passenger Car Association, sales of new energy vehicles (NEVs) have seen rapid growth in recent years, with its penetration rate reached 27.6% in 2022. However, due to a combination of factors such as the waning effect of a low base, the withdrawal of subsidy policies by the government, and weak consumption sentiments and other factors, the yoy sales growth experienced deceleration. In the first half of 2023, domestic retail sales volume of NEVs was 3.086 million units, representing an increase of 37.3% yoy, as compared with the annual growth of 90.1% in 2022.

Overall, in the first half of the year, domestic automobile dealers faced challenges such as weak end-consumer demand and imbalances in supply and demand for specific brands. The industry as a whole is experiencing fierce competition. Given the planned supply adjustment of some brand manufacturers based on the market landscape, anticipation of forthcoming economic subsidy policies, coupled with the arrival of the traditional peak seasons for automobile sales, we remain cautiously optimistic and continue to adhere to our principles of high inventory turnover. Especially in a more challenging macro environment, automobile dealers need to prioritize efficient operations, robust cash flows and solid financial, while continuously reducing costs, improving efficiency, enhancing profitability and expanding market share.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS AND FINANCIAL REVIEW

During the Period, the Group maintained a focus on prudent and conservative operations in a challenging business environment, upholding consistently high operational efficiency. The Group actively optimized its sales strategy and committed to maintaining a robust cash flow. Thanks to the Group's proactive strategy planning, both its revenue from sales of new vehicles and after-sales services saw yoy growth during the Period. In particular, sales of new vehicles of Porsche saw double-digit growth, which fully demonstrated its stability and strong brand value. Furthermore, the after-sales services of the Group maintained strong revenue growth and stable gross profit margin. With the pandemic coming to an end and the resumption of regular traveling and tourism, it is expected to see further growth in the future. Although the Group's profit for the Period was adversely impacted by factors such as unfavorable market conditions and non-cash expenses such as amortization costs resulting from acquisitions and convertible bond financing, the Group's operational efficiency remained strong. Various key performance indicators, including inventory turnover days, maintained healthy and stable levels. Our balance sheet and cash flows for the Period remained sturdy, providing stable support for the Group in the face of economic uncertainties.

### Revenue

The Group recorded a revenue of approximately RMB14,088.7 million for the Period, representing an increase of approximately 11.3% yoy (first half of 2022: approximately RMB12,658.4 million). Revenue from new passenger vehicles sales increased by approximately 8.7% yoy to approximately RMB12,126.5 million (first half of 2022: approximately RMB11,152.2 million), accounting for approximately 86.1% (first half of 2022: approximately 88.1%) of the total revenue. Revenue from after-sales services increased by approximately 30.3% yoy to approximately RMB1,962.2 million (first half of 2022: approximately RMB1,506.2 million). Such an increase was mainly thanks to the efficient operations and the increased contributions from the Porsche stores.

### Cost of Sales

Cost of sales increased by 15.6% from approximately RMB11,324.2 million in the first half of 2022 to approximately RMB13,087.6 million for the Period. The increase in cost of sales was mainly due to the growth of the Group's two major business segments, namely sales of new passenger vehicles and after-sales services. Among this, the cost of sales for new passenger vehicles and after-sales services increased by approximately 14.6% and 29.7%, respectively.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Gross Profit

During the Period, gross profit decreased by 25.0% from approximately RMB1,334.2 million in the first half of 2022 to approximately RMB1,001.1 million. Overall gross profit margin decreased by 3.4 percentage points to approximately 7.1% (first half of 2022: approximately 10.5%). Gross profit of new passenger vehicle sales business was impacted by the weak end-demand consumption and industry wide discount and promotions. Gross profit margin of new passenger vehicles sales decreased by 5.0 percentage points to approximately 0.2% (first half of 2022: approximately 5.2%), while gross profit margin of after-sales services remained stable at approximately 50.1% (first half of 2022: approximately 49.8%).

## Costs and Expenses

During the Period, the Group incurred the following expenses arising from the acquisition of Starchase Motorsports Limited (which owns 7 Porsche stores) and associated financing in 2022: 1) an amortized cost of approximately RMB76.8 million for the relevant dealership right (first half of 2022: approximately RMB25.6 million); and 2) approximately RMB53.2 million (first half of 2022: approximately RMB44.3 million) from the amortization of the liability portion of the HK\$2,750,000,000 zero coupon guaranteed convertible bonds due 2027 adopting effective interest method in the first half of 2023. In addition, during the Period, the Group also incurred other operating costs such as impairment losses of RMB37.2 million in relation to the goodwill and intangible assets — car dealership of certain CGUs. However, as the Group strived to control its costs and improve its operating efficiency during the Period, its overall distribution costs saw certain declines. Distribution costs amounted to approximately RMB382.0 million, which accounted for approximately 2.7% of the total revenue, representing a decrease of 0.4 percentage point as compared to that of approximately 3.1% for the same period of last year. Administrative expenses were approximately RMB400.6 million, which accounted for approximately 2.8% of the total revenue, representing a decrease of 0.2 percentage point as compared to that of approximately 3.0% for the same period of last year. Finance costs amounted to approximately RMB149.3 million, which accounted for approximately 1.1% of the total revenue, remaining at a similar level as that of the same period of last year (first half of 2022: approximately 1.0%).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Taxation

During the Period, the Group's income tax expenses amounted to approximately RMB121.4 million, representing a decrease of approximately 36.4% as compared to approximately RMB190.9 million for the same period of last year. The decrease in income tax expenses was mainly due to the decrease in profit before tax, partially offset by the estimated withholding tax on dividend in respect of dividends paid and to be paid to foreign controlling company amounting to approximately RMB52.5 million.

## Profit for the Period and Profit attributable to Shareholders for the Period

During the Period, the overall sales volume of new premium brand vehicles and the gross profit margin of new passenger vehicles sales were impacted by the macro environment. Coupled with the aforementioned costs and expenses, the Group's profit for the Period decreased by approximately 87.8% yoy to approximately RMB44.7 million (first half of 2022: approximately RMB366.6 million) and the profit margin for the Period also decreased by 2.6 percentage points from approximately 2.9% for the same period of last year to approximately 0.3%. The profit attributable to shareholders for the Period decreased from approximately RMB343.2 million for the same period of last year to approximately RMB39.0 million during the Period.

## Dividend

The Board recommended an interim dividend of RMB0.0087 per ordinary share of the Company (the "Share") for the Period (first half of 2022: RMB0.0808 per Share), with the payout ratio reaching approximately 30.0% (first half of 2022: payout ratio approximately 30.0%).

## Joint Venture Entity

For the Period, share of profit of a joint venture amounted to approximately RMB10.8 million, representing a decrease of approximately 34.7% as compared to approximately RMB16.5 million for the same period of last year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## New Passenger Vehicles Sales

During the Period, amid the market environment that full of challenges and uncertainties, new passenger vehicles sales of the Group still recorded stable growth. Revenue from new passenger vehicles sales amounted to approximately RMB12,126.5 million (first half of 2022: approximately RMB11,152.2 million), representing an increase of approximately 8.7% as compared to the same period of last year. Sales of premium brand vehicles remained the major revenue contribution of the Group. Sales of new passenger vehicles of Porsche, BMW, Lexus and Audi aggregated to approximately RMB10,826.1 million, accounting for approximately 89.3% of the total sales of new passenger vehicles (first half of 2022: 87.2%). In terms of sales volume, under the influence of macro factors and promotional activities by automobile companies, the Group sold 31,589 new passenger vehicles in total, representing an increase of 6.5% yoy, among which sales volume of premium brands totaled 22,777 units, accounting for approximately 72.1% of the sales volume of new passenger vehicles.

## After-Sales Services

During the Period, as service customer base further expanded and regular travel and tourism resumed after the lifting of pandemic related policies, growth of revenue from after-sales services remained strong. Revenue from after-sales services amounted to approximately RMB1,962.2 million (first half of 2022: approximately RMB1,506.2 million), representing an increase of approximately 30.3% yoy. The total number of vehicles served was 385,861 units, representing an increase of approximately 11.8% yoy. The gross profit margin from after-sales services remained at a healthy level of approximately 50.1% (first half of 2022: 49.8%), driving the gross profit of after-sales services to increase by approximately 30.9% yoy.

## Current Network

During the Period, the Group explored opportunities in NEVs by opening a new after-sales service center for Tesla. As of 30 June 2023, the Group has 77 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2023, the number of stores operated by the Group was as follows:

Number of stores under operation	As of 30 June		Change
	2023	2022	
Porsche	16	16	—
BMW	27	27	—
Lexus	20	19	+1
Toyota	12	13	(1)
Hyundai	0	1	(1)
Audi	1	1	—
After-sales services for Tesla	1	0	+1
Total	77	77	+0

## Liquidity, Financial Resources and Position

As at 30 June 2023, total equity of the Group amounted to approximately RMB5,179.7 million (31 December 2022: approximately RMB4,433.8 million), current assets amounted to approximately RMB6,244.8 million (31 December 2022: approximately RMB5,888.5 million), and current liabilities amounted to approximately RMB4,268.3 million (31 December 2022: approximately RMB4,873.7 million).

As at 30 June 2023, the Group's loans and borrowings amounted to approximately RMB1,697.9 million denominated in Renminbi (among which approximately RMB1,358.4 million bore interest at fixed rates), representing a decrease of approximately 10.9% as compared to RMB1,906.7 million as of 31 December 2022, out of which short-term loans and borrowings amounted to approximately RMB1,326.5 million, long-term loans and borrowings amounted to approximately RMB371.4 million. As at 30 June 2023, there was convertible bonds amounted to approximately RMB2,394.8 million (31 December 2022: approximately RMB2,274.9 million). As at 30 June 2023, the Group's gearing ratio (being the sum of loans and borrowings, convertible bonds payable and lease liabilities divided by total equity attributable to equity shareholders of the Company) was approximately 109.4% (31 December 2022: approximately 131.9%).

## MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2023, cash and cash equivalents, fixed deposits with more than three months to maturity when placed and pledged bank deposits amounted to approximately RMB3,946.6 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 and fixed deposits with more than three months to maturity when placed that are denominated in USD and Renminbi in overseas companies, the Group's business operations are located principally in China and a majority of its transactions are denominated in Renminbi. Therefore, the Group expects that its foreign exchange risks will have minimal effect on the Group and have no material adverse effect on its normal operations. For the six months ended 30 June 2023, 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 its foreign exchange risks, and will consider hedging significant foreign exchange risks when 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 of 30 June 2023, a subsidiary of the Group is the respondent in legal dispute case in relation to certain investment made before 2022. While the arbitration is still ongoing and the future development cannot be estimated with certainty, the directors of the Company, having given due consideration to the legal advice and the relevant facts and circumstances, are of the opinion that it is not probable that the Group will need to make payments to the claimant. Therefore, no provision has been made in respect of the case as at 30 June 2023. More information is set out in note 20 to the notes to the unaudited interim financial report.

As of 30 June 2023, except for the aforementioned contingency associated with the legal dispute case, the Group did not have any material contingent liabilities.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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.

## Pledged Assets of the Group

As at 30 June 2023, the Group pledged property, plant and equipment, right-of-use assets, inventories, trade and other receivables, and pledged bank deposits of approximately RMB232.5 million in aggregate (31 December 2022: approximately RMB127.7 million) to secure certain loans and borrowings.

## PROSPECTS

Looking forward to the second half of 2023, uncertainties such as the macro-economy and geopolitical environment are expected to continue influencing the automobile industry. However, driven by the general expectation of gradual implementation of domestic subsidies and beneficial economic policies in the market, the adjustment of supply strategies by automobile manufacturers and other positive factors, the Group believes that the supply and demand dynamic of domestic passenger vehicles will improve, providing higher profit for automobile dealers. In order to flexibly address market challenges, the Group will adhere to its sound and prudent approaches to further enhance the operating efficiency with efficient and data-driven management, while also timely optimizing our operating strategies based on changes in the macro environment to fully seize new opportunities presented by various niche markets.

Furthermore, in light of the immense prospects in the NEVs sector, the Group is proactively exploring and developing the potential of after-sales services for NEVs. The Company aims to capitalize on the higher-profit and more stable business model as an entry point into the NEV market. The first Tesla after-sales service outlet of the Group was officially launched during the Period and exhibited healthy financial performance. In the second half of the year, another Tesla after-sales service outlet has been added, further exploring opportunities in the NEV market. Meanwhile, the Group will continue to maintain a healthy balance sheet and cash flows while cautiously and prudently assessing merger and acquisition opportunities.

## OTHER INFORMATION

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

As at 30 June 2023, the interests or short positions of the Directors and chief executives in the ordinary shares of the Company (the "Shares") and underlying shares 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 of Hong Kong Limited (the "Stock Exchange"); (b) section 352 of Part XV of the SFO as recorded in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") to be notified to the Company and the Stock Exchange, were as follows:

#### Long Positions or Short Positions in Shares and Underlying Shares

Name of Director	Capacity	Interest in Shares		Interest in underlying Shares pursuant to share options <sup>(3)</sup>	Approximate percentage of shareholding <sup>(2)</sup>
		Personal interest in Shares	Family interest in Shares		
YE Fan <sup>(1)</sup>	Settlor of trust	—	702,712,000	—	52.20%
YE Tao	Beneficial owner	2,000,000	—	2,000,000	0.30%
LUO Liuyu	Beneficial owner	48,000	—	415,000	0.03%
CHEN Guiji	Beneficial owner	750,000	—	250,000	0.07%
WANG, Michael Chou	Beneficial owner	188,000	—	500,000	0.05%

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 702,712,000 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 2023, being 1,346,247,201.
- (3) Details of the Directors' interests in share options granted by the Company are set out under the heading "Share Option Scheme" below.

### **DIRECTORS' RIGHTS TO ACQUIRE SHARES**

Save for 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 the paragraph headed "Share Option Scheme" below), as of 30 June 2023, 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.

## OTHER INFORMATION

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

As at 30 June 2023, 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	Capacity	Interest in Shares	Approximate percentage of shareholding <sup>(1)</sup>
<b>Substantial shareholders</b>			
Apex Sail <sup>(2)</sup>	Beneficial owner	702,712,000	52.20%
Apex Holdings <sup>(2)</sup>	Interest in a controlled corporation	702,712,000	52.20%
IQ EQ (Switzerland) Limited <sup>(2)</sup>	Trustee	702,712,000	52.20%
HU Huanran <sup>(3)</sup>	Interest of spouse	702,712,000	52.20%

Notes:

- (1) The percentage is calculated based on the total number of issued Shares as at 30 June 2023, being 1,346,247,201.
- (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 therefore deemed to be interested in such 702,712,000 Shares by virtue of the SFO.

Save for the above, so far as the Directors are aware, the Company had not been notified by any other persons (other than the Directors and chief executives of the Company) of any interest or a short position in the Shares or underlying shares of the Company as recorded in the register to be kept by the Company under Section 336 of the SFO or otherwise notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO.

### SHARE OPTION SCHEME

The Company has adopted the SOS 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 SOS, 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 SOS, 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 ("Option") 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.

The SOS will remain in force for a period of 10 years commencing on 13 November 2013.

The Options under the SOS 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.

## OTHER INFORMATION

The total number of Shares in respect of which Options may be granted under the SOS 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 SOS or any other share option schemes at the time it is proposed to grant the relevant options to that employee.

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

During the Period, no Options were granted by the Company.

Further information of the outstanding Options under the SOS during the Period is set out below:

Name of grantees	Date of grant	Exercise price (HK\$)	Outstanding as of 1 January 2023	During the Period			Outstanding as of 30 June 2023	Exercise period
				Granted	Exercised (Relevant closing price <sup>1</sup> )	Cancelled		
<b>Directors</b>								
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

## OTHER INFORMATION

Name of grantees	Date of grant	Exercise price (HK\$)	Outstanding as of 1 January 2023	During the Period				Outstanding as of 30 June 2023	Exercise period
				Granted	Exercised (Relevant closing price <sup>2</sup> )	Cancelled	Lapsed		
LUO Liuyu	04.01.2018	2.58	225,000	—	(150,000) HK\$8.89	—	—	75,000	04.01.2021– 03.01.2028
	18.07.2019	6.00	57,500	—	(15,000) HK\$8.89	—	—	42,500	18.07.2021– 17.07.2029
		6.00	57,500	—	—	—	—	57,500	18.07.2022– 17.07.2029
	25.05.2022	26.20	60,000	—	—	—	—	60,000	25.05.2022– 24.05.2032
		26.20	60,000	—	—	—	—	60,000	25.05.2023– 24.05.2032
		26.20	60,000	—	—	—	—	60,000	25.05.2024– 24.05.2032
		26.20	60,000	—	—	—	—	60,000	25.05.2025– 24.05.2032
CHEN Guiyi	18.07.2019	6.00	250,000	—	—	—	250,000	18.07.2022– 17.07.2029	
WANG, Michael Chou	18.07.2019	6.00	250,000	—	—	—	—	250,000	18.07.2021– 17.07.2029
		6.00	250,000	—	—	—	—	250,000	18.07.2022– 17.07.2029
<b>Subtotal</b>			<b>3,330,000</b>	<b>—</b>	<b>(165,000)</b> <b>HK\$8.89</b>	<b>—</b>	<b>—</b>	<b>3,165,000</b>	

## OTHER INFORMATION

Name of grantees	Date of grant	Exercise price (HK\$)	Outstanding as of 1 January 2023	During the Period			Outstanding as of 30 June 2023	Exercise period
				Granted	Exercised (Relevant closing price <sup>2</sup> )	Cancelled		
<b>Employees</b>								
Five highest paid individual(s) (not being a Director or chief executive of the Company)	04.01.2018	2.58	45,000	—	(37,500) HK\$8.89	—	7,500	04.01.2018– 03.01.2028
		2.58	157,500	—	—	—	157,500	04.01.2019– 03.01.2028
		2.58	157,500	—	—	—	157,500	04.01.2020– 03.01.2028
		2.58	332,500	—	(100,000) HK\$8.89	—	232,500	04.01.2021– 03.01.2028
	18.07.2019	6.00	553,750	—	(15,000) HK\$8.89	—	538,750	18.07.2019– 17.07.2029
		6.00	566,250	—	—	—	566,250	18.07.2020– 17.07.2029
		6.00	578,750	—	(12,500) HK\$8.89	—	566,250	18.07.2021– 17.07.2029
		6.00	578,750	—	(12,500) HK\$8.89	—	566,250	18.07.2022– 17.07.2029
	16.01.2020	10.80	375,000	—	—	—	375,000	16.01.2020– 15.01.2030
		10.80	375,000	—	—	—	375,000	16.01.2021– 15.01.2030
		10.80	375,000	—	—	—	375,000	16.01.2022– 15.01.2030
		10.80	375,000	—	—	—	375,000	16.01.2023– 15.01.2030
	25.05.2022	26.20	165,000	—	—	—	165,000	25.05.2022– 24.05.2032
		26.20	165,000	—	—	—	165,000	25.05.2023– 24.05.2032
		26.20	165,000	—	—	—	165,000	25.05.2024– 24.05.2032
		26.20	165,000	—	—	—	165,000	25.05.2025– 24.05.2032

## OTHER INFORMATION

Name of grantees	Date of grant	Exercise price (HK\$)	Outstanding as of 1 January 2023	During the Period				Outstanding as of 30 June 2023	Exercise period	
				Granted	Exercised (Relevant closing price <sup>2</sup> )	Cancelled	Lapsed			
Other senior management (Not being a Director, chief executive or five highest paid individuals)	04.01.2018	2.58	100,000	—	(100,000) HK\$10.78	—	—	—	04.01.2021– 03.01.2028	
		18.07.2019	6.00	12,500	—	(12,500) HK\$10.78	—	—	—	18.07.2019– 17.07.2029
			6.00	12,500	—	(12,500) HK\$10.78	—	—	—	18.07.2020– 17.07.2029
		6.00	12,500	—	(12,500) HK\$10.78	—	—	—	18.07.2021– 17.07.2029	
		6.00	12,500	—	(12,500) HK\$10.78	—	—	—	18.07.2022– 17.07.2029	
	25.05.2022	26.20	52,500	—	—	—	—	52,500	25.05.2022– 24.05.2032	
		26.20	52,500	—	—	—	—	52,500	25.05.2023– 24.05.2032	
		26.20	52,500	—	—	—	—	52,500	25.05.2024– 24.05.2032	
		26.20	52,500	—	—	—	—	52,500	25.05.2025– 24.05.2032	
		26.20	52,500	—	—	—	—	52,500	25.05.2026– 24.05.2032	
Other employees in aggregate	04.01.2018	2.58	100,000	—	(100,000) HK\$15.80	—	—	—	04.01.2018– 03.01.2028	
		2.58	100,000	—	(100,000) HK\$15.80	—	—	—	04.01.2019– 03.01.2028	
		2.58	175,000	—	(100,000) HK\$15.80	—	—	75,000	04.01.2020– 03.01.2028	
		2.58	217,500	—	(100,000) HK\$15.80	—	—	117,500	04.01.2021– 03.01.2028	
	18.07.2019	6.00	48,750	—	—	—	—	48,750	18.07.2019– 17.07.2029	
		6.00	48,750	—	—	—	—	48,750	18.07.2020– 17.07.2029	
		6.00	402,500	—	(236,250) HK\$18.16	—	—	166,250	18.07.2021– 17.07.2029	
		6.00	471,250	—	(293,750) HK\$17.48	—	—	177,500	18.07.2022– 17.07.2029	

## OTHER INFORMATION

Name of grantees	Date of grant	Exercise price (HK\$)	Outstanding as of 1 January 2023	During the Period				Outstanding as of 30 June 2023	Exercise period
				Granted	Exercised (Relevant closing price <sup>3</sup> )	Cancelled	Lapsed		
	16.01.2020	10.80	—	—	—	—	—	16.01.2020–15.01.2030	
		10.80	80,000	—	(10,000) HK\$18.84	—	(2,500)	16.01.2021–15.01.2030	
		10.80	82,500	—	(10,000) HK\$18.84	—	(2,500)	16.01.2022–15.01.2030	
		10.80	95,000	—	(12,500) HK\$15.80	—	(7,500)	16.01.2023–15.01.2030	
	25.05.2022	26.20	1,875,750	—	—	—	(145,250)	25.05.2022–24.05.2032	
		26.20	1,875,750	—	—	—	(145,250)	25.05.2023–24.05.2032	
		26.20	1,875,750	—	—	—	(145,250)	25.05.2024–24.05.2032	
		26.20	1,875,750	—	—	—	(145,250)	25.05.2025–24.05.2032	
Subtotal (All employees, not being senior management or five highest paid individuals)			9,324,250	—	(962,500) HK\$16.96	—	(593,500)	7,768,250	
Total			18,144,250 <sup>6</sup>	—	(1,455,000) HK\$14.42	—	(593,500)	16,095,750 <sup>7</sup>	

### Notes:

1. The total number of Shares which may be issued upon exercise of all Options available for grant under the SOS was 56,079,000 Shares (representing approximately 4.39% of the issued Shares) as of the beginning of the Period, 56,079,000 Shares (representing approximately 4.17% of the issued Shares) as of the end of the Period, and 56,079,000 Shares (representing approximately 4.17% of the issued Shares) as of the date of this report as at the relevant time, respectively.
2. A consideration of HK\$1 was payable by each grantee upon acceptance of the Option.
3. Being the weighted average closing price per Share immediately before the date on which the Options were exercised.

4. *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 Share Option Scheme.*
5. *Following the exercise of these Options, an aggregate of 1,455,000 Shares (with an aggregate nominal value of HK\$145,500) were issued, with a total fund of approximately HK\$6.19 million. Such funds has not been applied, and is expected to be applied for working capital and other corporate purposes within the next three years.*

*A total fund of approximately HK\$13.5 million from the issue of Shares upon exercise of Options in previous years was brought forward to the Period. Such fund has not yet been applied during the Period. The Company intends to apply such fund for its working capital and general corporate purposes before 31 December 2024.*
6. *Representing approximately 1.42% of the total issued Shares as of the beginning of the Period.*
7. *Representing approximately 1.20% of the total issued Shares as of the end of the Period.*

### THE CONVERTIBLE BONDS DUE 2027

In January 2022, Sail Vantage Limited (“CB Issuer”, a wholly-owned subsidiary of the Company) issued zero coupon guaranteed Convertible Bonds due 2027 to professional investors (as defined in Chapter 37 of the Listing Rules) with an initial aggregate principal amount of HK\$2,750 million. The Company has agreed to guarantee payment of all sums payable by the CB Issuer in relation to the Convertible Bonds. 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 have been applied prior to the Period. Listing of the Convertible Bonds commenced on the Stock Exchange on 14 January 2022.

The conversion price of the Convertible Bonds was HK\$45.4881 per Share during the Period. Subsequently and with effect from 4 August 2023, the conversion price has been adjusted to HK\$44.7582 per Share (subject to adjustments) pursuant to the terms and conditions of the Convertible Bonds.

## OTHER INFORMATION

During the Period, 219,837 Shares (with an aggregate nominal value of HK\$21,983.7) were issued upon exercise of the conversion rights attached to Convertible Bonds with principal amount of HK\$10 million at the then prevailing conversion price of HK\$45.4881 per Share by holder(s) of the Convertible Bonds. No additional proceeds were raised. As of the end of the Period and as of the date of this report, an aggregate principal amount of HK\$2,740 million was outstanding. Assuming full conversion of such outstanding amount at the current conversion price of HK\$44.7582 per Share, 61,217,832 Shares may fall to be issued (with an aggregate nominal value of approximately HK\$6,121,783).

Assuming full conversion of the Convertible Bonds at the current conversion price, the shareholding of Apex Sail (a controlling shareholder of the Company) will be changed from approximately 52.20% to 49.93% (assuming there being no change other than the allotment of shares from full conversion).

An analysis of the Company's share price at which it would be equally financially advantageous for the holders of the Convertible Bonds to convert or redeem the Convertible Bonds based on their implied internal rate of return at a range of dates in the future is set out below:

<b>Relevant date and event</b>	<b>Share price of the Company at the relevant date</b>
13 January 2025 (i.e. the date when the CB Issuer will, at the option of the holder of any Convertible Bonds, redeem such bonds at 106.9428% of their principal amount)	106.9428% of the then adjusted conversion price (subject to adjustments) of the Convertible Bonds
13 January 2027 (i.e. the maturity date when the CB Issuer will redeem the Convertible Bonds at 111.8370% of their principal amount)	111.8370% of the then adjusted conversion price (subject to adjustments) of the Convertible Bonds

Save as the above, no redemption, purchase or cancellation of the Convertible Bonds by the Company or its subsidiaries took place during the Period.

The computation of diluted earnings per Share for the Period does not assume the conversion of the Convertible Bonds. Please refer to the paragraph headed "Liquidity, financial resources and position" on page 9, and note 7 of the notes to the unaudited interim financial report in this interim report, and the Company's 2022 annual report for further information with respect to the Convertible Bonds.

## ISSUE OF SHARES, BONDS AND WARRANTS

### Top-up placing of existing shares and subscription of new shares under general mandate

On 4 January 2023, the Company, Apex Sail Limited (“Apex Sail”) and Citigroup Global Markets Limited (the “Placing Agent”) entered into the placing and subscription agreement (the “Placing and Subscription Agreement”), pursuant to which (i) Apex Sail agreed to sell, and the Placing Agent agreed, as Apex Sail’s agent, to procure not less than six places to purchase (or failing which, to purchase itself) a total of 68,000,000 shares at the placing price of HK\$15.05 per Share; and (ii) Apex Sail agreed to subscribe as principal for, and the Company agreed to issue to Apex Sail, 68,000,000 Shares (with an aggregate nominal value of HK\$6,800,000) (equivalent to the number of placing shares) at the subscription price of HK\$15.05 per Share (equivalent to the placing price). The closing price as quoted on the Stock Exchange on 4 January 2023 (being the date on which the subscription price was fixed), was HK\$17.14 per Share. The Board considers that the placing and the subscription represent an opportunity to raise additional funds to strengthen the financial position, to enlarge the Shareholders’ equity and capital base of the Company in support of a sustainable overall development and expansion of the Company.

The Company received approximately HK\$1,012 million after deducting placement cost in respect of it. The net price under the subscription as calculated based on such net proceeds was approximately HK\$14.89 per Share. Set out below is the Company’s plan on use of net proceeds:

<b>Intended use of net proceeds</b>	<b>Percentage of total net proceeds of such issue (approximately)</b>	<b>Unutilised proceeds as at 30 June 2023 (in HK\$ million)</b>
Business expansion (including strategic investments and acquisitions)	50%	506
Working capital and other general corporate purposes	50%	506
<b>Total</b>	<b>100%</b>	<b>1,012</b>

## OTHER INFORMATION

*Notes: The net proceeds has not yet been utilised during the Period. The Company intends to utilise the proceeds within three years from the date of allotment. The expected timeline for utilising the proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.*

Save for the above, the allotment of 219,837 Share upon exercise of convertible rights under the Convertible Bonds, and the allotment of 1,455,000 Shares as a result of the exercise of Options granted under the SOS, there were no issue or placing of bonds, shares or warrants during the Period.

### NON-COMPETITION UNDERTAKING

Each of the controlling shareholders of the Company (the “Controlling Shareholders”) has provided to the Company a written confirmation in respect of his/its compliance with the non-compete undertakings dated 13 November 2013 (the “Non-Compete Undertakings”) for the six months ended 30 June 2023. The independent non-executive directors of the Company have also reviewed the status of compliance by each of the Controlling Shareholders with the undertakings in the Non-Compete Undertakings and have confirmed that, as far as he/it can ascertain, there is no breach of any of the undertakings in the Non-Compete Undertakings.

### STAFF TRAINING AND DEVELOPMENT

As at 30 June 2023, the Group had a total of 4,520 employees (31 December 2022: 4,689), the majority of whom are based in the PRC. The total staff costs of the Group for the Period amounted to approximately RMB426.9 million (six months ended 30 June 2022: approximately RMB478.1 million). In addition to offering competitive remuneration packages to employees, discretionary bonuses and share options which may be granted to eligible employees based on individual performance, the Group advocates simple, direct and data-oriented corporate culture, which has become one of key elements of attracting talents. The management team of the Group values satisfaction of employees, strives for creating a better working environment and career paths for employees.

### **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 six months ended 30 June 2023. The Group will promptly announce the progress of the relevant matters in accordance with relevant regulations.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period and until the date of this report.

### **CORPORATE GOVERNANCE**

The Company has complied with the applicable code provisions as set out in Part 2 of the Corporate Governance Code as contained in Appendix 14 of the Listing Rules during the six months ended 30 June 2023.

At the 2022 annual general meeting, the shareholders approved the amendments to the memorandum and articles of association of the Company which reflects the amendments of the Listing Rules and the laws of the Cayman Islands.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules 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 six months ended 30 June 2023.

### **IMPORTANT EVENTS AFTER THE PERIOD**

Save as disclosed in this report, or in note 22 to the unaudited interim financial report of the Company, no important events affecting the Group has occurred since the end of the Period.

## OTHER INFORMATION

### AUDIT COMMITTEE

The Company has an audit committee (the “Audit Committee”) which was established in accordance with the requirements of the Listing Rules for the purpose of reviewing and providing supervision over the Group’s financial reporting process, risks management and internal controls.

An Audit Committee meeting was held on 30 August 2023 and the Audit Committee has reviewed the unaudited interim results for the Period. 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.

### INTERIM DIVIDEND AND CLOSURE OF THE REGISTER OF MEMBERS

The Board resolved to declare an interim dividend of RMB0.0087 per Share for the six months ended 30 June 2023 (six months ended 30 June 2022: RMB0.0808 per Share). The interim dividend will be paid in cash. Based on the number of Shares in issue as at the date of this report, a total amount of dividend of approximately RMB11.7 million will be distributed.

The interim dividend will be distributed to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Tuesday, 26 September 2023. The register of members of the Company will be closed from Friday, 22 September 2023 to Tuesday, 26 September 2023 (both days inclusive), during such period no share transfer will be registered. To qualify for the interim dividend, all transfer of Shares accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Thursday, 21 September 2023. It is expected that cheques for the dividend will be despatched by ordinary mail to the shareholders at their own risks on or about Wednesday, 20 December 2023.

The latest time for holders of the Convertible Bonds (Debt stock code: 4401, SAIL VAN B2701) to exercise their conversion rights in order to be entitled to the interim dividend is 4:30 p.m. on Monday, 11 September 2023.

# 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 29 to 66 which comprises the consolidated statement of financial position of China MeiDong Auto Holdings Limited as of 30 June 2023 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*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the 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.

### **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*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, 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.

# REPORT ON REVIEW OF INTERIM FINANCIAL REPORT

## 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 2023 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

### **Certified Public Accountants**

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

30 August 2023

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023 — unaudited

	Note	Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
<b>Revenue</b>	3	14,088,673	12,658,377
Cost of sales	5	(13,087,582)	(11,324,227)
<b>Gross profit</b>		1,001,091	1,334,150
Other revenue and other net income	4	123,446	109,117
Distribution costs		(382,043)	(397,834)
Administrative expenses		(400,643)	(377,310)
Impairment losses on goodwill and intangible assets	5(c)	(37,198)	—
<b>Profit from operations</b>		304,653	668,123
Finance costs	5(a)	(149,293)	(127,146)
Share of profits of a joint venture		10,801	16,531
<b>Profit before taxation</b>	5	166,161	557,508
Income tax	6	(121,434)	(190,937)
<b>Profit for the period</b>		44,727	366,571
<b>Other comprehensive income for the period (after tax):</b>			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation of financial statements of the Company		(6,069)	12,899
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		2,905	12,198
<b>Other comprehensive income for the period</b>		(3,164)	25,097
<b>Profit and total comprehensive income for the period</b>		41,563	391,668

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023 — unaudited

	Note	Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
<b>Profit attributable to:</b>			
Equity shareholders of the Company		38,991	343,223
Non-controlling interests		5,736	23,348
<b>Profit for the period</b>		<b>44,727</b>	<b>366,571</b>
<b>Total comprehensive income attributable to:</b>			
Equity shareholders of the Company		35,827	368,320
Non-controlling interests		5,736	23,348
<b>Total comprehensive income for the period</b>		<b>41,563</b>	<b>391,668</b>
<b>Earnings per share</b>			
Basic (RMB cents)	7(a)	2.91	27.02
Diluted (RMB cents)	7(b)	2.90	26.75

The notes on pages 36 to 66 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023 — unaudited

	Note	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	8	1,813,119	1,843,046
Right-of-use assets	9	1,734,950	1,785,399
Intangible assets	10	3,381,539	3,477,100
Goodwill	10	971,588	1,004,512
Interest in a joint venture		26,664	38,985
Other non-current assets		72,246	74,904
Deferred tax assets		133,308	126,980
		8,133,414	8,350,926
<b>Current assets</b>			
Inventories	11	943,112	1,069,360
Trade and other receivables	12	1,355,066	1,560,489
Pledged bank deposits	13	692,938	910,307
Fixed deposits with more than three months to maturity when placed	14	1,508,117	712,696
Cash and cash equivalents	14	1,745,531	1,635,625
		6,244,764	5,888,477
<b>Current liabilities</b>			
Loans and borrowings	15	1,326,553	1,413,918
Trade and other payables	16	2,683,751	3,192,872
Income tax payables		91,909	101,751
Lease liabilities		166,118	165,195
		4,268,331	4,873,736
<b>Net current assets</b>		1,976,433	1,014,741
<b>Total assets less current liabilities</b>		10,109,847	9,365,667

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023 — unaudited

	Note	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
<b>Non-current liabilities</b>			
Loans and borrowings	15	371,395	492,813
Convertible bonds	17	2,394,840	2,274,932
Deferred tax liabilities		902,105	873,518
Lease liabilities		1,261,758	1,290,624
		4,930,098	4,931,887
<b>NET ASSETS</b>		5,179,749	4,433,780
<b>EQUITY</b>			
Share capital	18	107,888	101,888
Reserves		4,940,808	4,173,138
<b>Total equity attributable to equity shareholders of the Company</b>		5,048,696	4,275,026
<b>Non-controlling interests</b>		131,053	158,754
<b>TOTAL EQUITY</b>		5,179,749	4,433,780

Approved and authorised for issue by the board of directors on 30 August 2023.

**Ye Fan**  
Director

**Ye Tao**  
Director

The notes on pages 36 to 66 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023 — unaudited

	Attributable to equity shareholders of the Company										
	Share capital	Share premium	Capital redemption reserve	Capital reserves	Statutory reserves	Retained earnings	Exchange reserve	Other reserve	Sub-total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2022</b>	99,520	344,554	986	(34,623)	391,041	3,145,146	—	—	3,946,624	169,969	4,116,593
Profit for the period	—	—	—	—	—	343,223	—	—	343,223	23,348	366,571
Other comprehensive income for the period	—	—	—	—	—	—	25,097	—	25,097	—	25,097
Total comprehensive income for the period	—	—	—	—	—	343,223	25,097	—	368,320	23,348	391,668
Dividends approved in respect of the previous years (Note 18(a))	—	(891,651)	—	—	—	—	—	—	(891,651)	—	(891,651)
Dividends paid to non-controlling interests (Note 18(a))	—	—	—	—	—	—	—	—	—	(20,460)	(20,460)
Equity settled share-based transactions (Note 18(b))	—	—	—	18,347	—	—	—	—	18,347	—	18,347
Issue of ordinary shares upon exercise of share options (Note 18(b))	430	16,350	—	(4,579)	—	—	—	—	12,201	—	12,201
Issue of new shares, net of issuance expense	1,835	626,980	—	—	—	—	—	—	628,815	—	628,815
Equity component of convertible bonds (Note 17)	—	—	—	—	—	—	—	208,515	208,515	—	208,515
<b>Balance at 30 June 2022 and 1 July 2022</b>	101,785	96,233	986	(20,855)	391,041	3,488,369	25,097	208,515	4,291,171	172,857	4,464,028
Profit for the period	—	—	—	—	—	177,806	—	—	177,806	11,559	189,365
Other comprehensive income for the period	—	—	—	—	—	—	(103,550)	—	(103,550)	—	(103,550)
Total comprehensive income for the period	—	—	—	—	—	177,806	(103,550)	—	74,256	11,559	85,815
Capital contributed by non-controlling interests	—	—	—	—	—	—	—	—	—	4,900	4,900
Dividends declared and paid (Note 18(a))	—	(103,055)	—	—	—	—	—	—	(103,055)	—	(103,055)
Dividends paid to non-controlling interests (Note 18(a))	—	—	—	—	—	—	—	—	—	(12,323)	(12,323)
Changes in ownership interests in subsidiaries without change in control	—	—	—	—	—	(6,761)	—	—	(6,761)	(182,399)	(25,000)
Equity-settled share-based payment (Note 18(b))	—	—	—	13,201	—	—	—	—	13,201	—	13,201
Issue of ordinary shares upon exercise of share options (Note 18(b))	103	8,309	—	(2,198)	—	—	—	—	6,214	—	6,214
Appropriation to reserves	—	—	—	—	44,707	(44,707)	—	—	—	—	—
<b>Balance at 31 December 2022</b>	101,888	1,487	986	(9,852)	455,748	3,614,707	(78,453)	208,515	4,275,026	158,754	4,433,780

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023 — unaudited

	Attributable to equity shareholders of the Company										
	Share capital	Share premium	Share redemption reserve	Capital reserves	Capital statutory reserves	Retained earnings	Exchange reserve	Other reserve	Sub-total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2023</b>	101,888	1,487	986	(9,852)	435,748	3,614,707	(78,453)	208,515	4,275,026	158,754	4,433,780
Profit for the period	—	—	—	—	—	38,991	—	—	38,991	5,736	44,727
Other comprehensive income for the period	—	—	—	—	—	—	(3,164)	—	(3,164)	—	(3,164)
Total comprehensive income for the period	—	—	—	—	—	38,991	(3,164)	—	35,827	5,736	41,563
Capital contributed by non-controlling interests	—	—	—	—	—	—	—	—	—	2,073	2,073
Dividends approved in respect of the previous year (Note 18(a))	—	(157,511)	—	—	—	—	—	—	(157,511)	—	(157,511)
Dividends paid to non-controlling interests (Note 18(a))	—	—	—	—	—	—	—	—	—	(35,510)	(35,510)
Equity-settled share-based payment (Note 18(b))	—	—	—	9,954	—	—	—	—	9,954	—	9,954
Issue of ordinary shares upon exercise of share options (Note 18(b))	129	7,235	—	(1,895)	—	—	—	—	5,469	—	5,469
Issue of new shares, net of issuance expense (Note 18(c))	5,852	865,339	—	—	—	—	—	—	871,191	—	871,191
Conversion of convertible bonds (Note 18(d))	19	9,479	—	—	—	—	(758)	—	8,740	—	8,740
<b>Balance at 30 June 2023</b>	107,888	726,029	986	(1,793)	435,748	3,653,698	(81,617)	207,757	5,048,696	131,053	5,179,749

The notes on pages 36 to 66 form part of this interim financial report.

# CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2023 — unaudited

	Note	Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
<b>Operating activities</b>			
Cash generated from operations		535,965	929,489
Income tax paid		(109,017)	(218,380)
<b>Net cash generated from operating activities</b>		<b>426,948</b>	<b>711,109</b>
<b>Investing activities</b>			
Payment for the purchase of property, plant and equipment		(216,537)	(106,038)
Proceeds from disposal of property, plant and equipment		140,915	53,878
Net cash flow from business combination		—	(2,259,463)
Increase in fixed deposits with more than three months to maturity when placed	14	(795,421)	—
Dividends received from a joint venture		23,122	47,893
Interest received		15,203	18,452
Others		—	(253)
<b>Net cash used in investing activities</b>		<b>(832,718)</b>	<b>(2,245,531)</b>
<b>Financing activities</b>			
Capital element of lease rentals paid		(42,021)	(38,146)
Interest element of lease rentals paid		(42,016)	(40,878)
Proceeds from loans and borrowings		6,038,833	7,372,295
Repayment of loans and borrowings		(6,247,616)	(7,655,623)
Decrease in pledged bank deposits	13	5,103	—
Net proceeds from issuance of convertible bonds	17	—	2,198,814
Dividends paid to non-controlling interests	18(a)	(35,510)	(20,460)
Proceeds from exercise of share options	18(b)	5,469	12,201
Interest paid		(54,232)	(40,082)
Proceeds from issuance of new shares, net of issuance expenses	18(c)	871,191	628,815
Proceeds from partial disposal of interests in subsidiaries		9,000	—
Capital contributed by non-controlling interests		2,073	—
Others		204	(3,339)
<b>Net cash generated from financing activities</b>		<b>510,478</b>	<b>2,413,597</b>
<b>Net increase in cash and cash equivalents</b>		<b>104,708</b>	<b>879,175</b>
<b>Cash and cash equivalents at 1 January</b>	14	<b>1,635,625</b>	<b>2,593,083</b>
<b>Effect of foreign exchange rate changes</b>		<b>5,198</b>	<b>24,100</b>
<b>Cash and cash equivalents at 30 June</b>	14	<b>1,745,531</b>	<b>3,496,358</b>

The notes on pages 36 to 66 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 30 August 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 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.

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 2022 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 Hong Kong Financial Reporting Standards (“HKFRSs”).

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 27 to 28.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 2 CHANGES IN ACCOUNTING POLICIES

### (a) New and amended HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

- HKFRS 17, Insurance contracts
- Amendments to HKAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates
- Amendments to HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to HKAS 12, Income taxes: International tax reform — Pillar Two model rules

Except for the amendment to HKAS12, none of these amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendments to HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 2 CHANGES IN ACCOUNTING POLICIES *(continued)*

### (a) New and amended HKFRSs *(continued)*

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities in the annual financial statements, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under HKAS 12.

## 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	
	2023	2022
	RMB'000	RMB'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products or service lines		
— Sales of passenger vehicles	12,126,498	11,152,216
— After-sales services	1,962,175	1,506,161
	<b>14,088,673</b>	<b>12,658,377</b>

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 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 services in mainland China and the principal non-current assets employed by the Group are located in mainland China. Accordingly, no analysis by geographical segments 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	
	2023	2022
	RMB'000	RMB'000
<b>Other revenue</b>		
Commission income	41,187	64,687
Bank interest income	51,436	18,834
Management service income	2,723	4,210
	95,346	87,731

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
<b>Other net income</b>		
Net gain on disposal of property, plant and equipment	19,761	14,991
Net foreign exchange gain/(loss)	5,569	(6,093)
Others	2,770	12,488
	28,100	21,386
	123,446	109,117

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
<b>(a) Finance costs:</b>		
Interest on:		
— loans and borrowings	47,588	32,110
— convertible bonds	53,241	44,267
— lease liabilities	42,016	40,876
Total interest expense	142,845	117,253
Interest on bills discounting	6,448	9,893
Total finance costs	149,293	127,146

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
<b>(b) Staff costs:</b>		
Salaries, wages and other benefits	400,777	439,935
Equity settled share-based payment expenses (i)	9,954	18,347
Contributions to defined contribution retirement plans (ii)	16,137	19,827
	426,868	478,109

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
<b>(c) Other items:</b>		
Cost of inventories	12,976,713	11,210,172
Write-down of inventories	10,074	10,764
Depreciation charge		
— owned property, plant and equipment	125,624	103,105
— right-of-use assets	72,360	63,323
Impairment losses		
— goodwill (note 10)	32,924	—
— intangible assets (note 10)	4,274	—
Amortisation of intangible assets	91,287	40,245
Lease expenses	3,853	3,651
Net foreign exchange (gain)/loss	(5,569)	6,093

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 5 PROFIT BEFORE TAXATION *(continued)*

- (i) The Group recognised an expense of RMB9,954,000 for the six months ended 30 June 2023 in relation to share options granted to certain employees of the Group pursuant to a share option scheme (six months ended 30 June 2022: RMB18,347,000) (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	
	2023	2022
	RMB'000	RMB'000
<b>Current tax:</b>		
Provision for PRC income tax for the period (i)	99,175	180,230
<b>Deferred tax:</b>		
Origination of temporary differences (ii)	22,259	10,707
	121,434	190,937

- (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 enjoyed preferential Corporate Income Tax rates which was 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.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 6 INCOME TAX (continued)

- (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 2023.

The Group recognised PRC dividend withholding tax of RMB52.5 million related to the estimated dividend distribution out of earnings of PRC subsidiaries of RMB1,050 million in the foreseeable future, out of which RMB50 million has already been distributed during the six months ended 30 June 2023.

## 7 EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2023 is based on the profit attributable to equity shareholders of the Company of RMB38,991,000 (six months ended 30 June 2022: RMB343,223,000) and the weighted average of 1,339,224,000 ordinary shares in issue (six months ended 30 June 2022: 1,270,474,000 ordinary shares) during the interim period.

Weighted average number of ordinary shares

	Six months ended 30 June	
	2023	2022
Issued ordinary shares at 1 January	1,276,572,000	1,247,867,000
Effect of exercise of share options (note 18(b))	933,000	853,000
Effect of new shares issued (note 18(c))	61,613,000	21,754,000
Effect of conversion of convertible bonds (note 18(d))	106,000	—
Weighted average number of ordinary shares at 30 June	1,339,224,000	1,270,474,000

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 7 EARNINGS PER SHARE *(continued)*

### (b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 June 2023 is based on the profit attributable to equity shareholders of the Company of RMB38,991,000 (six months ended 30 June 2022: RMB343,223,000) and the weighted average of 1,344,510,000 ordinary shares (six months ended 30 June 2022: 1,283,160,000 ordinary shares) after adjusting for the effect of all dilutive potential ordinary shares under the Company's employee share option scheme during the period ended 30 June 2023.

Weighted average number of ordinary shares (diluted)

	Six months ended 30 June	
	2023	2022
Weighted average number of ordinary shares at 30 June	1,339,224,000	1,270,474,000
Effect of deemed issue of shares under the employee share option scheme	5,286,000	12,686,000
Weighted average number of ordinary shares (diluted) at 30 June	1,344,510,000	1,283,160,000

The computation of diluted earnings per share for the six months ended 30 June 2023 and 2022 does not assume the conversion of the Group's outstanding convertible bonds since its exercise had anti-dilutive effect that would result in an increase in earnings per share for the six months ended 30 June 2023 and 2022.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 8 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired items of property, plant and equipment with original costs of RMB216,849,000 (six months ended 30 June 2022: RMB599,067,000). Items of property, plant and equipment with a net book value of RMB121,153,000 were disposed of during the six months ended 30 June 2023 (six months ended 30 June 2022: RMB38,887,000), resulting in a gain on disposal of RMB19,761,000 (six months ended 30 June 2022: RMB14,991,000).

## 9 RIGHT-OF-USE ASSETS

During the six months ended 30 June 2023, the Group entered into a number of new tenancy agreements and therefore recognised the additions to right-of-use assets of RMB24,502,000 (six months ended 30 June 2022: RMB373,033,000).

## 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.

# 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 goodwill

Having considered the impacts of macroeconomic environment changes, the intense competition in the automobile dealership industry and the recent development in customer demand observed in the Chinese automobile market post COVID, the Group's management performed an impairment assessment, assisted by an external valuer, to determine the recoverable amounts of the cash generated units (CGUs) containing intangible assets-car dealerships and/or goodwill as at 30 June 2023. Based on the management's assessment result, the Group recognised an impairment loss of goodwill of RMB32,924,000 for certain underperforming CGUs in the six months ended 2023.

The recoverable amounts of CGUs have been determined based on the higher of its fair value less costs to sell and 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 2.5%, which is consistent with the forecasts included in industry reports. The pre-tax discount rates applied to the cash flow projections are with a range from 17.3%–17.7%.

For a CGU which had ceased operation, a full impairment loss of RMB4,274,000 has been provided against its intangible assets — car dealership during the six months period ended 30 June 2023.

# 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:

	<b>At</b> <b>30 June</b> <b>2023</b> <b>RMB'000</b>	At 31 December 2022 RMB'000
Motor vehicles	734,004	882,987
Spare parts and accessories	209,108	186,373
	<b>943,112</b>	<b>1,069,360</b>

- (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	
	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Carrying amount of inventories sold	12,976,713	11,210,172
Write-down of inventories	10,074	10,764

# 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:

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
Within 3 months	235,041	275,874
Over 3 months	5,710	3,084
Trade debtors	240,751	278,958
Prepayments	298,876	391,125
Other receivables and deposits	811,386	888,687
Amounts due from third parties	1,351,013	1,558,770
Amounts due from related parties (note 21(c))	4,053	1,719
Trade and other receivables	1,355,066	1,560,489

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

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 13 PLEDGED BANK DEPOSITS

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
Restricted bank deposits pledged in respect of loans and borrowings	10,528	15,631
Restricted bank deposits pledged in respect of bills payable	682,410	894,676
	<b>692,938</b>	<b>910,307</b>

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

## 14 CASH AND CASH EQUIVALENTS AND FIXED DEPOSITS WITH BANKS

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
Fixed deposits with banks with more than three months to maturity when placed	1,508,117	712,696
Cash at banks and in hand	1,745,531	1,635,625

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 15 LOANS AND BORROWINGS

(a) At 30 June 2023, loans and borrowings were repayable as follows:

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
Within 1 year or on demand	1,326,553	1,413,918
After 1 year but within 2 years	205,795	293,313
After 2 years but within 5 years	165,600	199,500
	371,395	492,813
	1,697,948	1,906,731

(b) At 30 June 2023, loans and borrowings were secured as follows:

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
Secured bank loans (i)	1,675,623	1,861,382
Secured borrowings from other financial institutions (i)	22,325	45,349
	1,697,948	1,906,731

(i) As at 30 June 2023, 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:

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
Within 3 months	1,256,242	1,768,061
Over 3 months but within 6 months	79,380	70,789
Total trade payables and bills payable (i)	1,335,622	1,838,850
Contract liabilities	896,391	1,019,748
Dividends payable	157,511	—
Other payables and accruals	285,550	326,161
Amounts due to third parties	2,675,074	3,184,759
Amounts due to related parties (note 21(c))	8,677	8,113
Trade and other payables	2,683,751	3,192,872

- (i) As at 30 June 2023, total bills payable amounted to RMB1,109,338,000 (31 December 2022: RMB1,370,946,000) and certain bills payable were guaranteed by a related party.
- (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 rights of the bondholders to convert the Convertible Bonds into ordinary shares are as follows:

- subject to redemption options pursuant to the terms and conditions of the Convertible Bonds, conversion rights are exercisable at any time from 23 February 2022 to 3 January 2027 (both days inclusive) at the bondholders' option;
- the bond holders could convert part of or the entire outstanding bond balances at the holder's option into fully paid ordinary shares of the Company at an initial conversion price of HK\$46.75 per share, subject to the terms and conditions of the Convertible Bonds;
- with effect from 5 August 2022, the conversion price has been adjusted to HK\$45.4881 per share pursuant to the terms and conditions of the Convertible Bonds, according to the announcements issued by the Company dated 5 August 2022;
- 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 (the "Put Option Date") at 106.9428 per cent. of their principal amount.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 17 CONVERTIBLE BONDS *(continued)*

The Convertible Bonds can be settled by exchange of a fixed amount of cash in HK\$ with a fixed number of the Company's equity instruments. In accordance with the Group's accounting policy, the Convertible Bonds are accounted for as compound financial instruments which contain both a liability component and an equity component. At initial recognition, the liability component is measured 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.

Transaction costs associated with the issuance of the Convertible Bonds are allocated to the liability and equity components in proportion to the allocation of proceeds. The liability component is subsequently carried at amortised cost calculated using the effective interest method. The equity component is recognised in other reserve until either the Convertible Bonds are converted or redeemed.

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

	<b>Liability component (At amortised cost)</b>	<b>Equity component (Residual amount)</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000
At the date of issuance	1,990,299	208,515	2,198,814
Interest charge	96,488	—	96,488
Exchange adjustment	188,145	—	188,145
At 31 December 2022 and 1 January 2023	2,274,932	208,515	2,483,447
Interest charge (note 5(a))	53,241	—	53,241
Conversion (note 18(d))	(8,740)	(758)	(9,498)
Exchange adjustment	75,407	—	75,407
At 30 June 2023	2,394,840	207,757	2,602,597

# 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.*

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Interim dividend declared after the interim period, of RMB0.0087 per ordinary share (six months ended 30 June 2022: RMB0.0808 per ordinary share)	11,697	103,054

The interim dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

*(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	
	2023	2022
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved during the following interim period, of RMB0.1170 per ordinary share (six months ended 30 June 2022: RMB0.6991 per ordinary share)	157,511	891,651

# 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 2023, a subsidiary of the Group declared and paid dividends to its shareholders, among which RMB35,510,000 (six months ended 30 June 2022: RMB20,460,000) was paid to non-controlling interests.

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

#### (i) Share options granted on 20 January 2014

Pursuant to a resolution of the board of directors of the Company passed on 20 January 2014, 11,400,000 share options were granted to certain eligible employees of the Group under the share option scheme adopted by the Company on 13 November 2013, to subscribe for 11,400,000 shares of the Company in aggregate with an exercise price of HK\$1.8, among which 2,000,000 and 2,150,000 share options were granted to Mr. Ye Tao and Ms. Liu Xuehua (retired with effect from 25 March 2019), the executive directors of the Company, respectively.

Each option gives the holder the right to subscribe for one ordinary share of HK\$0.1 each of the Company. Each 25% of these share options will vest on 1 January 2015, 1 January 2016, 1 January 2017, and 1 January 2018, respectively, and be exercisable until 12 November 2023.

The number of options granted on 20 January 2014 still outstanding at 30 June 2023 and 31 December 2022 is Nil.

# 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) *Share options granted on 4 January 2018*

Pursuant to a resolution of the board of directors of the Company passed on 4 January 2018, 11,980,000 share options were granted to certain eligible employees of the Group under the share option scheme adopted by the Company on 13 November 2013, to subscribe for 11,980,000 shares of the Company in aggregate with an exercise price of HK\$2.58, among which 2,000,000 and 2,150,000 share options were granted to Mr. Ye Tao and Ms. Liu Xuehua (retired with effect from 25 March 2019), the executive directors of the Company, respectively.

Each option gives the holder the right to subscribe for one ordinary share of HK\$0.1 each of the Company. Each 25% of these share options will vest on 4 January 2018, 4 January 2019, 4 January 2020 and 4 January 2021, respectively, and be exercisable until 3 January 2028.

During the six months ended 30 June 2023, 787,500 options were exercised (six months ended 30 June 2022: 1,787,500) at a subscription price of HK\$2.58 per ordinary share for a total consideration of HK\$2,031,750 (equivalent to RMB1,818,000) and consequently, RMB70,000 and RMB1,748,000 was recorded in share capital and share premium account respectively. Accordingly, the fair value of these share options in an aggregate amount of RMB567,000 previously recognised in the capital reserve was transferred to the share premium account upon the exercise of share option.

The number of options granted on 4 January 2018 still outstanding at 30 June 2023 are 2,822,500 (31 December 2022: 3,610,000) which have an exercise price of HK\$2.58 (31 December 2022: HK\$2.58) and a remaining contractual life of 4.51 years (31 December 2022: 5.01 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)*

#### (iii) Share options granted on 18 July 2019

Pursuant to a resolution of the board of directors of the Company passed on 18 July 2019, 9,700,000 share options were granted to certain eligible employees of the Group under the share option scheme adopted by the Company on 13 November 2013, to subscribe for 9,700,000 shares of the Company in aggregate with an exercise price of HK\$6.00, among which 230,000 share options were granted to Ms. Luo Liyu (appointed as an executive director of the Company with effect from 25 March 2019) and 1,000,000 share options each were granted to Mr. Chen Guiyi, Mr. WANG Michael Chou, and Mr. JIP Ki Chi, the independent non-executive directors of the Company.

Each option gives the holder the right to subscribe for one ordinary share of HK\$0.1 each of the Company. Each 25% of these share options will vest on 18 July 2019, 18 July 2020, 18 July 2021 and 18 July 2022, respectively, and be exercisable until 17 July 2029.

During the six months ended 30 June 2023, 635,000 options were exercised (six months ended 30 June 2022: 740,000) at a subscription price of HK\$6.00 per ordinary share for a total consideration of HK\$3,810,000 (equivalent to RMB3,345,000) and consequently, RMB56,000 and RMB3,289,000 was recorded in share capital and share premium account respectively. Accordingly, the fair value of these share options in an aggregate amount of RMB1,226,000 previously recognised in the capital reserve was transferred to the share premium account upon the exercise of share option.

The Group recorded equity settled share-base payment expenses of nil for the six months ended 30 June 2023 (six months ended 30 June 2022: RMB610,000) (see note 5(b)(i)).

# 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)*

#### (iii) Share options granted on 18 July 2019 *(continued)*

The number of options granted on 18 July 2019 still outstanding at 30 June 2023 are 3,528,750 (31 December 2022: 4,163,750) which have an exercise price of HK\$6.00 (31 December 2022: HK\$6.00) and a remaining contractual life of 6.04 years (31 December 2022: 6.54 years).

#### (iv) Share options granted on 16 January 2020

Pursuant to a resolution of the board of directors of the Company passed on 16 January 2020, 1,940,000 share options were granted to certain eligible employees under the share option scheme adopted by the Company on 13 November 2013, to subscribe for 1,940,000 shares of the Company in aggregate with an exercise price of HK\$10.80.

Each option gives the holder the right to subscribe for one ordinary share of HK\$0.1 each of the Company. Each 25% of these share options will vest on 16 January 2020, 16 January 2021, 16 January 2022 and 16 January 2023, respectively, and be exercisable until 15 January 2030.

During the six months ended 30 June 2023, 12,500 options were forfeited, and 32,500 options were exercised (six months ended 30 June 2022: 82,500) at a subscription price of HK\$10.80 per ordinary share for a total consideration of HK\$351,000 (equivalent to RMB306,000) and consequently, RMB3,000 and RMB303,000 was recorded in share capital and share premium account respectively. Accordingly, the fair value of these share options in an aggregate amount of RMB102,000 previously recognised in the capital reserve was transferred to the share premium account upon the exercise of share option.

# 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)*

#### (iv) Share options granted on 16 January 2020 *(continued)*

The Group recorded equity settled share-base payment expenses of RMB21,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: RMB265,000) (see note 5(b)(i)).

The number of options granted on 16 January 2020 still outstanding at 30 June 2023 are 1,712,500 (31 December 2022: 1,757,500) which have an exercise price of HK\$10.80 (31 December 2022: HK\$10.80) and a remaining contractual life of 6.55 years (31 December 2022: 7.05 years).

#### (v) Share options granted on 25 May 2022

Pursuant to a resolution of the board of directors of the Company passed on 25 May 2022, 8,901,000 share options were granted to certain eligible employees under the share option scheme adopted by the Company on 13 November 2013, to subscribe for 8,901,000 shares of the Company in aggregate with an exercise price of HK\$26.20, among which 240,000 share options were granted to Ms. Luo Liuyu, an executive director of the Company.

Each option gives the holder the right to subscribe for one ordinary share of HK\$0.1 each of the Company. Each 25% of these share options will vest on 25 May 2022, 25 May 2023, 25 May 2024 and 25 May 2025, respectively, and be exercisable until 24 May 2032.

The Group recorded equity settled share-base payment expenses of RMB9,933,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: RMB17,472,000) (see note 5(b)(i)).

# 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)*

#### (v) *Share options granted on 25 May 2022 (continued)*

During the six months ended 30 June 2023, 581,000 options were forfeited. The number of options granted on 25 May 2022 still outstanding at 30 June 2023 are 8,032,000 (31 December 2022: 8,613,000) which have an exercise price of HK\$26.20 (31 December 2022: HK\$26.20) and a remaining contractual life of 8.91 years (31 December 2022: 9.41 years)

### (c) Placement of new shares

On 17 January 2023, the Company placed 68,000,000 new ordinary shares at the subscription price of HK\$15.05 per share. The gross proceeds of HK\$1,023,400,000 (equivalent to RMB880,778,000), net of direct share placement expenses of HK\$11,140,000 (equivalent to RMB9,587,000), were raised, of which RMB5,852,000 and RMB865,339,000 was credited to share capital and share premium account, respectively.

### (d) Conversion of convertible bonds

During the six months ended 30 June 2023, certain holders of Convertible Bonds with principal amount of HK\$10,000,000 exercised the conversion option and converted into 219,837 ordinary shares allotted and issued by the Company at a conversion price of HK\$45.4881.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 19 COMMITMENTS

Capital commitments outstanding at 30 June 2023 not provided for in the interim financial report

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
Contracted for	511	1,283

## 20 CONTINGENT LIABILITIES

As of 30 June 2023, a subsidiary of the Group is respondent in legal dispute case in relation to certain investment made before 2022. While the arbitration is still ongoing and the future development cannot be estimated with certainty, the directors of the Company, having given due consideration to the legal advice and the relevant facts and circumstances, are of the opinion that it is not probable that the Group will need to make payments to the claimant.

Therefore, no provision has been made in respect of the case as at 30 June 2023.

As of 30 June 2023, except for the aforementioned contingency associated with the legal dispute case, the Group did not have any material contingent liabilities.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 21 MATERIAL RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2023, the directors are of the view that the following companies are related parties of the Group:

<b>Name of party</b>	<b>Relationship</b>
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

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

### (a) Recurring transactions

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
<b>Short-term rental expense:</b>		
— Dadong Group	—	855
<b>Management service income:</b>		
— Dongguan Meidong	2,723	4,210

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 21 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

### (b) Non-recurring transactions

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
<b>Sales of passenger vehicles to:</b>		
— Dongguan Meidong	6,141	15,300
<b>Purchases of passenger vehicles from:</b>		
— Dongguan Meidong	13,862	16,664

### (c) Balances with related parties

At 30 June 2023, the Group had the following balances with related parties:

	At	At
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
<b>Other receivables due from:</b>		
— Dongguan Meidong	4,053	1,719
	4,053	1,719
<b>Other payables due to:</b>		
— Dadong Group	1,764	1,404
— Ye Fan	6,913	6,709
	8,677	8,113

- (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)

## 21 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

### (d) Guarantees and securities issued by related parties

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
<b>Guarantees issued by related parties in respect of loans and borrowings borrowed by the Group:</b>		
— Ye Fan	1,504,644	1,601,335
— Dadong Group	14,300	15,300
<b>Guarantees issued by a related party in respect of bills payable issued by the Group:</b>		
— Ye Fan	1,109,338	1,370,946

### (e) Guarantees issued by the Group

	<b>At 30 June 2023 RMB'000</b>	The Group At 31 December 2022 RMB'000
<b>Guarantees issued by the Group in respect of financial facilities granted to a related party:</b>		
— Dongguan Meidong	80,000	80,000
<b>Guarantees issued by the Group in respect of bank loans and borrowings granted to a related party:</b>		
— Dongguan Meidong	130,000	130,000

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 21 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	
	2023 RMB'000	2022 RMB'000
Short-term employee benefits	5,921	9,181
Equity compensation benefits	1,512	2,653
	7,433	11,834

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

## 22 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

### (a) Interim dividend

After the end of the reporting period, the directors declared an interim dividend. Further details are disclosed in note 18(a).