MEIDONG AUTO

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 RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

FINANCIAL HIGHLIGHTS

- For the Period, revenue amounted to RMB7,378.0 million, representing a decrease of 27.2% as compared to the corresponding period in 2025.
- Gross profit for the Period amounted to RMB394.6 million, representing a decrease of 17.0% as compared to the corresponding period in 2025. Gross profit margin for the Period was 5.3%, representing an increase of 0.6 percentage point as compared to the corresponding period in 2025.
- Loss for the Period was RMB286.3 million.
- Net cash inflow generated from operating activities for the Period amounted to RMB399.4 million, representing an increase of 43.5% compared to the corresponding period in 2025.

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of China MeiDong Auto Holdings Limited (the "**Company**") announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2026 (the "**Period**" or the "**Reporting Period**").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026 – unaudited

		Six months ended 30 June	
		2026	2025
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**7,377,980**	10,134,666
Cost of sales	*5*	**(6,983,336)**	(9,658,922)
Gross profit		**394,644**	475,744
Other revenue and other net (loss)/income	*4*	**(126,583)**	41,024
Distribution costs		**(246,738)**	(259,769)
Administrative expenses		**(226,815)**	(258,216)
Impairment losses on goodwill and intangible assets	*5(c)*	**–**	(867,874)
Loss from operations		**(205,492)**	(869,091)
Finance costs	*5(a)*	**(54,837)**	(156,259)
Share of (losses)/profits of joint ventures		**(5,612)**	4,405
Loss before taxation	*5*	**(265,941)**	(1,020,945)
Income tax	*6*	**(20,387)**	202,795
Loss for the period		**(286,328)**	(818,150)
Other comprehensive income for the period (after tax):			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation of financial statements of the Company		**7,961**	142
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**(2,098)**	271
Other comprehensive income for the period		**5,863**	413
Loss and total comprehensive income for the period		**(280,465)**	(817,737)

	Note	Six months ended 30 June **2026** ***RMB'000***	2025 *RMB'000*
Loss attributable to:			
Equity shareholders of the Company		**(275,467)**	(814,662)
Non-controlling interests		**(10,861)**	(3,488)
Loss for the period		**(286,328)**	(818,150)
Total comprehensive income attributable to:			
Equity shareholders of the Company		**(269,604)**	(814,249)
Non-controlling interests		**(10,861)**	(3,488)
Total comprehensive income for the period		**(280,465)**	(817,737)
Loss per share			
Basic *(RMB cents)*	*7(a)*	**(20.46)**	(60.51)
Diluted *(RMB cents)*	*7(b)*	**(20.46)**	(60.51)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026 – unaudited

	Note	**At 30 June 2026** *RMB'000*	At 31 December 2025 *RMB'000*
Non-current assets			
Property, plant and equipment	*8*	**1,033,291**	1,244,647
Investment property	*8*	**31,650**	–
Right-of-use assets	*9*	**1,205,734**	1,392,751
Intangible assets		**229,654**	237,801
Interests in joint ventures		**54,324**	30,436
Pledged bank deposits	*13*	**24,100**	24,634
Other non-current assets		**109,652**	70,046
Deferred tax assets		**135,012**	147,243
		2,823,417	3,147,558
Current assets			
Inventories	*11*	**1,204,987**	914,601
Trade and other receivables	*12*	**852,440**	1,435,094
Pledged bank deposits	*13*	**606,097**	1,088,668
Financial assets measured at fair value through profit or loss ("**FVPL**")	*10*	**70,720**	171,375
Fixed deposits with more than three months to maturity when placed	*14*	**13,000**	24,000
Cash and cash equivalents	*14*	**962,595**	732,615
		3,709,839	4,366,353
Current liabilities			
Loans and borrowings	*15*	**680,178**	512,935
Trade and other payables	*16*	**2,626,897**	3,022,704
Income tax payables		**55,834**	94,618
Lease liabilities		**92,140**	95,119
		3,455,049	3,725,376
Net current assets		**254,790**	640,977
Total assets less current liabilities		**3,078,207**	3,788,535

	Note	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Non-current liabilities			
Loans and borrowings	*15*	**216,311**	468,845
Lease liabilities		**986,534**	1,116,412
Deferred tax liabilities		**65,300**	67,351
		1,268,145	1,652,608
NET ASSETS		**1,810,062**	2,135,927
EQUITY			
Share capital	*17*	**107,888**	107,888
Reserves		**1,599,134**	1,913,050
Total equity attributable to equity shareholders of the Company		**1,707,022**	2,020,938
Non-controlling interests		**103,040**	114,989
TOTAL EQUITY		**1,810,062**	2,135,927

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. 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 26 August 2026.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 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 2025 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRS Accounting Standards that are first effective for the current accounting period. Of these, only the amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: Disclosures – Amendments to the classification and measurement of financial instruments*, are relevant to the Group's financial statements. The amendments do not have a material impact on this interim report.

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

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	
	2026	2025
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Sales of passenger vehicles	**5,839,142**	7,929,796
– After-sales and mortgage facilitation services	**1,538,838**	2,204,870
	7,377,980	10,134,666

All revenue was recognised at a point in time.

(b) Segment reporting

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

(i) Information about geographical area

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

(ii) Information about major customers

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

4 OTHER REVENUE AND OTHER NET (LOSS)/INCOME

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Other revenue		
Commission income	**16,255**	26,823
Bank interest income	**2,697**	7,173
Management service income	**1,131**	1,317
	20,083	35,313

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Other net (loss)/income		
Unrealised loss on financial assets measured at FVPL	**(95,431)**	–
Net loss on disposal of property, plant and equipment	**(93,225)**	(4,866)
Gain on lease termination	**34,782**	1,502
Net foreign exchange gain/(loss)	**183**	(1,364)
Dividend income from investment in equity security measured at FVPL	**1,281**	–
Others	**5,744**	10,439
	(146,666)	5,711
	(126,583)	41,024

5 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
(a) Finance costs:		
Interest on:		
– loans and borrowings	**16,102**	19,224
– convertible bonds	**–**	2,975
– lease liabilities	**32,680**	36,131
Total interest expense	**48,782**	58,330
Loss on redemption of convertible bonds	**–**	92,315
Other finance costs	**6,055**	5,614
Total finance costs	**54,837**	156,259

		Six months ended 30 June	
		2026	2025
	Note	***RMB'000***	*RMB'000*
(b) Staff costs:			
Salaries, wages and other benefits		**321,046**	344,742
Equity settled share-based payment expenses	*17(b)*	**1,057**	1,061
Contributions to defined contribution retirement plans	*(i)*	**14,686**	13,917
		336,789	359,720

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
(c) Other items:		
Cost of inventories	**6,824,473**	9,469,146
Write-down of inventories	**70,392**	52,595
Depreciation charge		
– owned property, plant and equipment	**89,026**	113,776
– right-of-use assets	**64,658**	67,551
– investment property	**4,578**	–
Impairment losses		
– goodwill	**–**	17,527
– intangible assets	**–**	850,347
Amortisation of intangible assets	**8,147**	33,478
Short-term lease expenses	**1,410**	996
Net foreign exchange (gain)/loss	**(183)**	1,364

(i) 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.

6 INCOME TAX

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Current tax:		
Provision for PRC income tax for the period	**10,208**	25,826
Deferred tax:		
Reversal/(origination) of temporary differences	**10,179**	(228,621)
	20,387	(202,795)

(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, the statutory income tax rate is 25%. The Group's PRC subsidiaries are subject to income tax at the statutory tax rate.

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

(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 the PRC enterprises imposed a withholding tax at 5% during the period ended 30 June 2026.

7 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share for the six months ended 30 June 2026 is based on the loss attributable to equity shareholders of the Company of RMB275,467,000 (six months ended 30 June 2025: RMB814,662,000) and the weighted average of 1,346,247,000 ordinary shares in issue (six months ended 30 June 2025: 1,346,247,000 ordinary shares) during the reporting period.

(b) Diluted loss per share

For the six months ended 30 June 2026 and 2025, the effects of share options issued under employee share option scheme and outstanding convertible bonds redeemed in January 2025 were not included in the calculation of diluted loss per share because their effects would have been anti-dilutive.

Therefore, diluted loss per share is equal to basic loss per share for the six months ended 30 June 2026 and 2025.

8 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

During the six months ended 30 June 2026, the Group acquired items of property, plant and equipment with original costs of RMB71,856,000 (six months ended 30 June 2025: RMB81,198,000). Items of property, plant and equipment with a net book value of RMB176,485,000 were disposed of during the six months ended 30 June 2026 (six months ended 30 June 2025: RMB59,397,000), resulting in a net loss on disposal of RMB93,225,000 (six months ended 30 June 2025: RMB4,866,000).

During the six months ended 30 June 2026, the Group transferred items of property, plant and equipment and land use rights to investment property with net book value of RMB15,412,000 and RMB20,816,000, respectively.

9 RIGHT-OF-USE ASSETS

During the six months ended 30 June 2026, the Group entered into a few of new tenancy agreements and therefore recognised additions to right-of-use assets of RMB42,416,000 (six months ended 30 June 2025: RMB332,000).

10 FINANCIAL ASSETS MEASURED AT FVPL

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Investment in equity security listed on Hong Kong capital market	**70,720**	171,375
	70,720	171,375

11 INVENTORIES

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

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Motor vehicles	**1,098,008**	784,855
Others	**106,979**	129,746
	1,204,987	914,601

(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	
	2026 *RMB'000*	2025 *RMB'000*
Carrying amount of inventories sold	**6,824,473**	9,469,146
Write-down of inventories	**70,392**	52,595

12 TRADE AND OTHER RECEIVABLES

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

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Within 3 months	**130,067**	163,757
Over 3 months	**2,429**	408
Trade receivables (i)	**132,496**	164,165
Prepayments	**132,481**	228,933
Other receivables and deposits	**574,361**	1,040,016
Amounts due from third parties	**839,338**	1,433,114
Amounts due from related parties	**13,102**	1,980
Trade and other receivables	**852,440**	1,435,094

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

13 PLEDGED BANK DEPOSITS

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Current:		
Restricted bank deposits pledged in respect of loans and borrowings (i)	**30,618**	35,028
Restricted bank deposits pledged in respect of bills payable (i)	**575,479**	1,053,640
	606,097	1,088,668
Non-current:		
Others	**24,100**	24,634
	630,197	1,113,302

(i) 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

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Fixed deposits with banks with more than three months to maturity when placed	**13,000**	24,000
Cash at banks and in hand	**962,595**	732,615

15 LOANS AND BORROWINGS

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

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Within 1 year or on demand	**680,178**	512,935
After 1 year but within 2 years	**–**	243,900
After 2 years but within 5 years	**216,311**	224,945
	216,311	468,845
	896,489	981,780

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

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Secured bank loans – supplier finance arrangement (i)	**142,688**	141,227
Secured borrowings from other financial institutions – supplier finance arrangement (i)	**109,884**	82,114
Unsecured borrowings from a related party	**216,311**	224,945
Other secured bank loans (i)	**427,606**	533,494
	896,489	981,780

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

16 TRADE AND OTHER PAYABLES

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

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Trade payables	**145,163**	160,060
Bills payable – supplier finance arrangement (i)	**1,542,542**	1,851,744
	1,687,705	2,011,804
Within 3 months	**1,638,134**	1,750,073
Over 3 months but within 6 months	**49,571**	261,731
Total trade payables and bills payable (i)	**1,687,705**	2,011,804
Contract liabilities	**648,275**	722,623
Other payables and accruals	**235,493**	224,462
Dividends payable	**45,369**	59,908
Amounts due to third parties	**2,616,842**	3,018,797
Amounts due to related parties	**10,055**	3,907
Trade and other payables	**2,626,897**	3,022,704

(i) As at 30 June 2026, bills payable were all under supplier finance arrangement with amount of RMB1,542,542,000 (31 December 2025: RMB1,851,744,000), and certain bills payable were guaranteed by a related party or secured by inventories, trade and other receivables and pledged banks deposits.

(ii) All trade and other payables are expected to be settled within one year.

17 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

No interim dividend was declared after the end of reporting period of six months ended 30 June 2026 and 2025.

(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	
	2026	2025
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved during the following interim period, of RMB0.0337 per ordinary share (six months ended 30 June 2025: RMB0.0445 per ordinary share)	**45,369**	59,908

(iii) Other dividends

During the six months ended 30 June 2026, none of the Group's subsidiaries declared and paid dividends to its non-controlling shareholders (six months ended 30 June 2025: RMB4,783,000).

(iv) Capital reduction to non-controlling interests

During the six months ended 30 June 2026, the Group reduced the registered capital of a certain subsidiary and repaid capital of RMB1,088,000 to its non-controlling shareholder.

(b) Equity settled share-based transactions

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

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to directors:			
– On 20 January 2014	4,150,000	25% on 1 January 2015 25% on 1 January 2016 25% on 1 January 2017 25% on 1 January 2018	9.82 years
– On 4 January 2018	4,150,000	25% on 4 January 2018 25% on 4 January 2019 25% on 4 January 2020 25% on 4 January 2021	10.00 years
– On 18 July 2019	3,230,000	25% on 18 July 2019 25% on 18 July 2020 25% on 18 July 2021 25% on 18 July 2022	10.00 years
– On 25 May 2022	240,000	25% on 25 May 2022 25% on 25 May 2023 25% on 25 May 2024 25% on 25 May 2025	10.00 years
– On 29 January 2026	1,310,000	25% on 29 January 2027 25% on 29 January 2028 25% on 29 January 2029 25% on 29 January 2030	10.00 years
Options granted to employees:			
– On 20 January 2014	7,250,000	25% on 1 January 2015 25% on 1 January 2016 25% on 1 January 2017 25% on 1 January 2018	9.82 years
– On 4 January 2018	7,830,000	25% on 4 January 2018 25% on 4 January 2019 25% on 4 January 2020 25% on 4 January 2021	10.00 years
– On 18 July 2019	6,470,000	25% on 18 July 2019 25% on 18 July 2020 25% on 18 July 2021 25% on 18 July 2022	10.00 years
– On 16 January 2020	1,940,000	25% on 16 January 2020 25% on 16 January 2021 25% on 16 January 2022 25% on 16 January 2023	10.00 years
– On 25 May 2022	8,661,000	25% on 25 May 2022 25% on 25 May 2023 25% on 25 May 2024 25% on 25 May 2025	10.00 years
– On 29 January 2026	7,249,000	25% on 29 January 2027 25% on 29 January 2028 25% on 29 January 2029 25% on 29 January 2030	10.00 years
Total share options granted	52,480,000		

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

	At 30 June 2026		At 31 December 2025	
	Weighted average exercise price	***Number of options***	*Weighted average exercise price*	*Number of options*
Outstanding at the beginning of the period/year	**HK$15.73**	**10,907,250**	HK$16.75	12,478,250
Granted during the period/year	**HK$1.38**	**8,559,000**	–	–
Forfeited during the period/year	**HK$12.41**	**(216,000)**	HK$23.80	(1,571,000)
Outstanding at the end of the period/year	**HK$9.39**	**19,250,250**	HK$15.73	10,907,250
Exercisable at the end of the period/year	**HK$9.39**	**10,811,250**	HK$15.73	10,907,250

The options outstanding at 30 June 2026 are under exercise price of HK$1.38, HK$2.58, HK$6.00, HK$10.80 or HK$26.20, respectively (31 December 2025: HK$2.58, HK$6.00, HK$10.80 or HK$26.20, respectively) and a weighted average remaining contractual life of 6.53 years (31 December 2025: 4.66 years).

18 COMMITMENTS

No material capital commitments outstanding at 30 June 2026 and 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Despite the strengthening and expansion of the car trade-in policy, the continuation of purchase tax incentives for new energy vehicles, and the successive implementation of consumption promotion policies across various regions, the passenger vehicle market in Chinese Mainland remained under pressure in the first half of 2026. According to the data released by China Passenger Car Association ("**CPCA**") of China Automobile Dealers Association, affected by factors such as the pre-emptive consumption of some car purchase demand due to earlier promotional policies, weak consumer sentiment among residents, and continued market wait-and-see attitudes, the cumulative retail sales volume of domestic passenger vehicles during the Period was 8.701 million units, representing a year-on-year decrease of 20.2%. Among these, the retail penetration rate of new energy vehicles has exceeded 60% for three consecutive months, reflecting the continuous shift of the automotive market towards new energy vehicles.

As new energy vehicle brands continue to penetrate the luxury car market, and consumers' demand for intelligence and electrification continues to increase, the market share of traditional luxury brands is under sustained pressure. Concurrently, affected by the geopolitical condition in the Middle East, domestic oil prices have also shown a trend of "more increases than decreases", further increasing the cost of using fuel vehicles, and thereby enhancing the competitiveness of new energy vehicles. Multiple luxury brands recorded varying degrees of sales decline in the first half of 2026. In addition, the reduction in support policies and subsidy efforts for certain brands has further weakened terminal market demand and dealers' profitability.

According to the "2025-2026 China Automobile Dealership Industry Development Report" released by the China Automobile Dealers Association, 81.9% of automobile dealers experienced varying degrees of price inversion, reflecting that losses on new car sales have become the new normal. Some dealers, facing inventory backlogs and cash flow pressure, have been compelled to stimulate sales by increasing discounts and sacrificing gross profit, leading to a further increase in operating pressure. Against the backdrop of approximately 5,000 dealers exiting the network nationwide in 2025, the number of authorised dealer nationwide outlets closed in the first half of 2026 was estimated at around 1,800, bringing the cumulative total of 4S stores that have withdrawn in Chinese Mainland over the past five years to nearly 15,000.

In addition to pressure faced by traditional luxury brands, automotive manufacturers and dealers are also facing issues such as declining profitability and increasing operational pressure in the new energy vehicle market, which is seeing the rise of numerous brands. Therefore, automobile dealers not only need to make cautious attempts with new energy vehicle brands, but also need to balance network efficiency, inventory levels, capital utilisation, and short-term profitability, in order to maintain sustainable business development amidst the ongoing industry consolidation and concentration trends.

BUSINESS AND FINANCIAL REVIEW

Affected by weak end-market demand, ongoing adjustments in the luxury brand market, and a further increase in new energy vehicle penetration, the Group's sales of new passenger vehicles decreased year-on-year. Facing the continuously changing market environment, the Group actively adjusted its store network and adopted a more prudent operating strategy, striving to maintain a better balance among sales scale, inventory levels and profitability. Therefore, although the profitability of the new vehicle business remains under pressure, the gross profit margin for passenger vehicles has improved compared to the same period last year. Regarding after-sales and mortgage facilitation services, the number of vehicles served during the Period remained largely stable despite the impact of store network adjustments. However, demand and commission rates for mortgage facilitation services decreased significantly year-on-year, resulting in a certain decline in the segment's revenue. The absorption rate (excluding finance costs and impairment losses on goodwill and intangible assets) remained at a healthy level of 126.9% (first half of 2025: 257.9%).

The Group has also continuously strengthened its cost, inventory and capital management to cope with the operating pressure brought about by industry adjustments. As of 30 June 2026, cash and cash equivalents increased by 31.4% compared to the end of last year, and the amount of loans and borrowings further decreased by approximately 8.7% compared to the end of last year. The Group maintained a sound financial position. The net loss for the Period was approximately RMB286.3 million (first half of 2025: loss of approximately RMB818.2 million).

Revenue for the Period

The Group recorded a revenue of approximately RMB7,378.0 million for the Period, representing a year-on-year decrease of approximately 27.2% (first half of 2025: approximately RMB10,134.7 million). In particular, affected by factors such as weak market demand, adjustments to the store network, and intensified market competition, revenue from new passenger vehicle sales decreased by approximately 26.4% year-on-year to approximately RMB5,839.1 million (first half of 2025: approximately RMB7,929.8 million), accounting for approximately 79.1% of total revenue (first half of 2025: approximately 78.2%). Revenue from after-sales and mortgage facilitation services was approximately RMB1,538.8 million, representing a year-on-year decrease of approximately 30.2% (first half of 2025: approximately RMB2,204.9 million), and accounted for approximately 20.9% of total revenue (first half of 2025: approximately 21.8%). The decrease was primarily attributable to the decline in demand and commission rates for mortgage facilitation services during the Period.

Cost of Sales

Cost of sales decreased by approximately 27.7% year-on-year from approximately RMB9,658.9 million in the first half of 2025 to approximately RMB6,983.3 million for the Period. The decrease in cost of sales was primarily attributable to a year-on-year decrease in revenue from passenger vehicle sales, which led to a year-on-year reduction of approximately 31.2% in its cost of sales.

Gross Profit

Gross profit decreased by approximately 17.0% year-on-year from approximately RMB475.7 million in the first half of 2025 to approximately RMB394.6 million, impacted by the decrease in revenue during the Period. The overall gross profit margin increased by 0.6 percentage point year-on-year to approximately 5.3% (first half of 2025: approximately 4.7%). In particular, with the Group actively maintaining a better balance among sales scale, inventory levels and profitability, the gross profit margin of the passenger vehicle sales business segment increased by 7.3 percentage points year-on-year to approximately -3.5% (first half of 2025: approximately -10.8%).

Costs and Expenses

The Group continues to optimise its store network and strengthen cost control. Its total operating expenses (including distribution costs, administrative expenses and finance costs) decreased in the Period year-on-year. Distribution costs amounted to approximately RMB246.7 million (first half of 2025: approximately RMB259.8 million). Administrative expenses amounted to approximately RMB226.8 million (first half of 2025: approximately RMB258.2 million). Finance costs amounted to approximately RMB54.8 million (first half of 2025: approximately RMB156.3 million).

Taxation

During the Period, the Group's income tax expense amounted to approximately RMB20.4 million, as compared to the income tax credit of approximately RMB202.8 million for the corresponding period of last year. The change was primarily attributable to the reversal of deferred tax liabilities resulting from the impairment loss on intangible assets in the corresponding period last year, with no such items in the Period.

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

During the Period, affected by the store network adjustments, the decline in demand for mortgage facilitation services and commission rates, and unrealised loss on financial assets measured at FVPL, the Group recorded a loss for the Period of approximately RMB286.3 million (first half of 2025: loss of approximately RMB818.2 million), with the profit margin improving by 4.2 percentage points from approximately -8.1% in the same period last year to approximately -3.9%. The loss attributable to shareholders for the Period also decreased from approximately RMB814.7 million for the same period last year to approximately RMB275.5 million for the Period.

Dividend

The Board resolved not to declare an interim dividend for the Period due to the loss for the Period (first half of 2025: nil). The Company's 2025 annual report sets out more information about its dividend policy.

Joint Venture

During the Period, share of loss of three joint ventures amounted to approximately RMB5.6 million, compared with a profit of approximately RMB4.4 million for the corresponding period of last year. During the Period, the Group established two Porsche joint ventures, each with the Group holding 50% of its equity interests.

Passenger Vehicle Sales

During the Period, affected by factors such as weak market demand, adjustments to the store network, and a decline in market share of luxury brands, revenue from sales of new passenger vehicles decreased by approximately 26.4% as compared with the same period last year to approximately RMB5,839.1 million (first half of 2025: approximately RMB7,929.8 million). Sales of premium brand vehicles remained the major revenue contributor, accounting for approximately 83.2% of the Group's new passenger vehicle sales revenue (first half of 2025: 85.4%). Revenue from sales of new passenger vehicles of Porsche, BMW, and Lexus amounted to approximately RMB1,523.4 million, RMB2,146.8 million, and RMB1,183.4 million respectively, accounting for approximately 26.1%, 36.8%, and 20.3% of total new passenger vehicle sales. In terms of sales volume, 22,614 units of new passenger vehicles were sold during the Period (first half of 2025: 28,214 units), representing a year-on-year decrease of approximately 19.8%. Among which, sales volume of Porsche, BMW, and Lexus was 2,334 units, 8,238 units and 4,439 units, respectively.

After-Sales and Mortgage Facilitation Services

Revenue from after-sales and mortgage facilitation services consists principally of spare parts sales, provision of repair and maintenance services, provision of certain automobile-related services such as vehicle registration services and mortgage facilitation services. During the Period, affected by store network adjustments and a decrease in demand and commission rates for facilitation, revenue from after-sales and mortgage facilitation services was approximately RMB1,538.8 million (first half of 2025: approximately RMB2,204.9 million), representing a year-on-year decrease of approximately 30.2%; the number of vehicles served was 378,473 units, representing a year-on-year decrease of approximately 1.5%.

Current Network

The Group continues to implement its proven strategy of focusing on luxury brands, and expands its distribution network through new store openings and acquisitions on a single-city-single-store strategy. During the period ended 30 June 2026, the Group had 72 self-operated stores situated in provinces and cities such as Beijing, Hebei, Hubei, Hunan, Jiangxi, Fujian, Guangdong, Gansu and Anhui, including three joint ventures operated by the Group and one Tesla after-sales service center.

During the period ended 30 June 2026, the number of stores/service centers operated by the Group was as follows:

Number of stores under operation	**30 June 2026**	30 June 2025	Change
Porsche	**15**	15	–
BMW	**27**	27	–
Lexus	**20**	20	–
Toyota	**9**	11	-2
Tesla after-sales service center	**1**	1	–
Total	**72**	74	-2

Liquidity, Financial Resources and Position

As at 30 June 2026, the total equity of the Group amounted to approximately RMB1,810.1 million (31 December 2025: approximately RMB2,135.9 million). Current assets amounted to approximately RMB3,709.8 million (31 December 2025: approximately RMB4,366.4 million). The decrease in current assets was mainly due to a decrease in trade and other receivables during the Period. Current liabilities amounted to approximately RMB3,455.0 million (31 December 2025: approximately RMB3,725.4 million). The decrease in current liabilities was mainly due to a decrease in trade and other payables. Therefore, net current assets amounted to approximately RMB254.8 million (31 December 2025: approximately RMB641.0 million).

As at 30 June 2026, the Group's loans and borrowings amounted to approximately RMB896.5 million, representing a decrease of approximately 8.7% as compared to approximately RMB981.8 million as of 31 December 2025. Of which, short-term loans and borrowings amounted to approximately RMB680.2 million; and long-term loans and borrowings amounted to approximately RMB216.3 million. The gearing ratio (being the sum of loans and borrowings and lease liabilities divided by total equity attributable to equity shareholders of the Company) was approximately 115.7% (31 December 2025: approximately 108.5%).

As at 30 June 2026, cash and cash equivalents, fixed deposits with more than three months to maturity when placed, and pledged bank deposits amounted to approximately RMB1,605.8 million. Most of the cash and cash equivalents, fixed deposits with more than three months to maturity when placed, and pledged bank deposits were denominated in Renminbi, USD, and Hong Kong dollars. Apart from part of the cash that are denominated in USD and Renminbi held by the Group's overseas companies, the Group's business operations are principally located in Chinese Mainland and a majority of its transactions are denominated in Renminbi. Therefore, the Group expects that foreign exchange risks will have a limited effect on the Group, and are unlikely to have any material adverse effect on its normal operations. During the Period, the Group did not employ any significant financial instruments such as forward foreign exchange contracts, nor did it employ any financial instruments for hedging purposes. The management of the Company closely monitors foreign exchange risks, and will consider hedging significant foreign exchange risks when necessary or appropriate.

The operating and capital expenditure of the Group is principally 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 its contractual obligations and operating requirements during the Period and as of the date of this announcement.

Contingent Liabilities

As of 30 June 2026, the Group did not have any material contingent liabilities.

Significant Investments, Material Acquisitions and Disposals

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

Pledged Assets of the Group

As of 30 June 2026, the Group pledged property, plant and equipment, right-of-use assets, inventories, trade and other receivables, and pledged bank deposits of approximately RMB1,848.1 million in aggregate (31 December 2025: approximately RMB2,135.7 million) to secure certain bills payable, loans and borrowings.

PROSPECTS

Looking ahead to the second half of 2026, the automotive industry faces challenges such as slow demand recovery, persistent price competition, and accelerated industry consolidation. The market environment is expected to remain highly uncertain. The Group will adhere to a prudent and cautious operating strategy, continuously advance the consolidation of its store network, strengthen cost control, and enhance capital utilisation efficiency. The Company's strategy is to maintain ample cash levels and a healthy asset-liability structure, so as to respond more flexibly to market changes and potential risks.

At the same time, the Group will continue to review its existing brand portfolio and business layout, and prudently evaluate development opportunities related to new energy vehicles, including actively exploring the feasibility of transforming existing store resources and introducing cooperation with new energy brands. The Group will also pay attention to new business opportunities in the automotive sales and related services sector, injecting greater impetus into future business development while maintaining financial stability and controllable risks.

STAFF TRAINING AND DEVELOPMENT

As of 30 June 2026, the Group had a total of 3,628 employees (31 December 2025: 3,763), with the majority of them based in Chinese Mainland.

The total staff costs of the Group for the Period was approximately RMB336.8 million (first half of 2025: approximately RMB359.7 million). In addition to offering competitive remuneration packages, discretionary bonuses and equity-based incentive which may be granted to eligible employees based on individual performance, the Group leverages its simple, direct, and data-driven corporate culture to serve as one of its key elements in attracting talents. The management team of the Group values the satisfaction of employees, and strives to create a better working environment and career path for all employees.

The Company operates a share option scheme (the 2025 Share Option Scheme) to recognise and acknowledge the contributions of its staff and other eligible participants. During the Period, the Company granted share options carrying rights to subscribe for a total of 8,559,000 ordinary shares of the Company with an exercise price of HK$1.38 per share to eligible participants (being directors and employees of the Group) under such share option scheme. As at the date of this announcement, the total number of Shares available for issue under the 2025 Share Option Scheme was 126,065,720, representing 9.36% of the entire issued share capital of the Company as at the date of this announcement.

As of 30 June 2026, there were 19,250,250 outstanding share options under the Company's current and prior share option schemes (with 216,000 share options lapsed during the Period).

More information about the share options will be available in the 2026 interim report.

NON-COMPETITION UNDERTAKING

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

STATUS UPDATE FOR RECTIFICATION OF PROPERTIES TITLE DEFECT

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

USE OF PROCEEDS FROM PRIOR YEARS

In January 2023, the Company placed 68,000,000 new shares of the Company ("**Shares**") at the subscription price of HK$15.05 per Share. The Company received a net proceeds of approximately HK$1,012 million, after deducting the relevant placement cost. Set out below is the Company's current plan on the use of such proceeds:

Intended use of net proceeds as at 30 June 2026	**Percentage of total net proceeds of such issue** *(approximately)*	**Utilised during the Period**	**Unutilised proceeds as at 30 June 2026** *(in HK$ million, approximately)*
Business expansion (including strategic investments and acquisitions)	50%	–	**0**
Working capital and other general corporate purposes	50%	0	**506**
Total	100%	0	**506**

The remaining unutilised net proceeds is expected to be fully utilised by the Group by the end of 2028. More information is available in the Company's 2025 annual report.

The Directors will continuously assess the changing market conditions and may amend the use of any unutilised net proceeds if and when necessary.

Save as disclosed in this announcement, the Company has had no material event during the Period and up to the date of this announcement.

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 (including treasury shares, as defined under the Listing Rules) during the Period and until the date of this announcement. As of 30 June 2026, the Company did not hold any treasury shares.

CORPORATE GOVERNANCE

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules 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 such Model Code throughout the Period.

REVIEW BY AUDIT COMMITTEE AND EXTERNAL AUDITOR

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

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

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the Period will be available on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.meidongauto.com in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my gratitude to all the staff and management team for their contributions during the Period. I would also like to express my appreciation for the continuous support of our shareholders and investors.

By Order of the Board
China MeiDong Auto Holdings Limited
YE Tao
Chief Executive Officer

Hong Kong, 26 August 2026

As at the date of this announcement, the directors of the Company are:

Executive Directors:	***Independent Non-executive Directors:***
Mr. YE Fan *(Chairman)*	Mr. CHEN Guiyi
Mr. YE Tao *(Chief Executive Officer)*	Mr. WANG, Michael Chou
Ms. LUO Liuyu	Mr. TO Siu Lun

Certain figures in this announcement have been subject to rounding adjustments. This announcement contains forward-looking statements that reflect the Company's beliefs, plans or expectations about the future. These statements are based on a number of assumptions, current estimates and projections, and are subject to risks, uncertainties and factors which may be beyond control. Actual outcomes may differ. Nothing contained in these statements is, or shall be, relied upon as any assurance as to the future or as any representation or warranty otherwise. Neither the Company nor its directors, staff, agents, advisers or representatives assume any responsibility to update, supplement or correct these statements or to adapt them to future developments.

The English version of this announcement shall prevail over the Chinese version in case of inconsistency.