

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities. It is not an invitation or offer to sell or acquire or the solicitation of an offer to buy securities in the United States or in any other jurisdiction in which such invitation, offer, acquisition, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Neither this announcement nor anything herein forms the basis for any contract or commitment whatsoever. Neither this announcement nor any copy hereof may be taken into, released or distributed in the United States or any other jurisdiction where such taking, release or distribution might be unlawful. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended, or with any securities regulatory authority of any state of the United States or other jurisdiction and may not be offered or sold in the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the United States Securities Act of 1933, as amended, and applicable state or local securities laws. No public offer of securities is to be made in the United States.



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)

**TOP-UP PLACING OF EXISTING SHARES
AND SUBSCRIPTION OF NEW SHARES
UNDER GENERAL MANDATE**

Sole Overall Coordinator



Citigroup Global Markets Asia Limited

Sole Placing Agent



On 4 January 2023 (after trading hours), the Company, the Seller and the Placing Agent entered into the Agreement, pursuant to which (i) the Seller agreed to sell, and the Placing Agent agreed, as the Seller's agent, to procure not less than six places to purchase (or failing which, to purchase itself) a total of 68,000,000 Placing Shares at the Placing Price of HK\$15.05 per Share; and (ii) the Seller agreed to subscribe as principal for, and the Company agreed to issue to the Seller, 68,000,000 Subscription Shares (being equivalent to the number of Placing Shares) at the Subscription Price of HK\$15.05 per Share (which is equivalent to the Placing Price), in each case on the terms and subject to the conditions set out in the Agreement.

The number of the Placing Shares represents approximately 5.33% of the total number of Shares in issue as at the date of this announcement; and approximately 5.06% of the total number of Shares in issue as enlarged by the Subscription (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Subscription other than the issue of the Subscription Shares).

The net proceeds from the Subscription (after deducting all relevant fees, costs and expenses to be borne or incurred by the Company) are estimated to be approximately HK\$1,011 million. The Company intends to use the net proceeds for business expansion, working capital and other general corporate purposes, including strategic investments and acquisitions.

The Subscription Shares are to be issued under the General Mandate. As such, the allotment and issue of the Subscription Shares are not subject to additional Shareholders' approval. Application will be made to the Stock Exchange for approval for the listing of, and permission to deal in, the Subscription Shares.

Completion of the Placing and the Subscription is subject to the Agreement not being terminated, and fulfillment of the respective conditions under the Agreement. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

THE AGREEMENT

Date: 4 January 2023 (after trading hours)

Parties: (i) the Company
(ii) the Seller; and
(iii) the Placing Agent

The Seller

As at the date of this announcement and before the Placing, the Seller holds 702,712,000 Shares, representing approximately 55.05% of the total number of Shares in issue as at the date of this announcement.

The Placing Agent

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent is an Independent Third Party.

The Placing

The Placing Agent conditionally agreed to act as the Seller's agent to procure not less than six places to purchase a total of 68,000,000 Placing Shares at the Placing Price of HK\$15.05 per Share or failing which to purchase the Placing Shares itself.

Placing Shares

The number of the Placing Shares represents approximately 5.33% of the total number of Shares in issue as at the date of this announcement; and approximately 5.06% of the total number of Shares in issue as enlarged by the Subscription (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Subscription other than the issue of the Subscription Shares).

Placing Price

The Placing Price is HK\$15.05 per Share and represents:

- (i) approximately 12.19% discount of the closing price of HK\$17.14 per Share as quoted on the Stock Exchange on 4 January 2023, being the Last Trading Date;
- (ii) approximately 8.48% discount of the average closing price of approximately HK\$16.44 per Share over the five consecutive trading days up to and including the Last Trading Date;
- (iii) approximately 7.96% discount of the average closing price of approximately HK\$16.35 per Share over the 10 consecutive trading days up to and including the Last Trading Date;
- (iv) approximately 6.61% discount of the average closing price of approximately HK\$16.12 per Share over the 20 consecutive trading days up to and including the Last Trading Date;

- (v) approximately 1.65% discount of the average closing price of approximately HK\$15.30 per Share over the 30 consecutive trading days up to and including the Last Trading Date; and
- (vi) approximately 6.64% premium over the average closing price of approximately HK\$14.11 per Share over the 50 consecutive trading days up to and including the Last Trading Date.

The Placing Price was determined with reference to the prevailing market price of the Shares, the recent trading volume of the Shares, and the prospects of the Group, and was negotiated on an arm's length basis between the Company, the Seller and the Placing Agent. The Board considers that the Placing Price and the terms of the Agreement are fair and reasonable under the current market condition and are in the interests of the Company and the Shareholders as a whole.

It is expected that the placees who are professional, institutional or other investors, who and their ultimate beneficial owners will be independent of and not connected with the Company or its connected persons. It is not expected that any placee will become a substantial shareholder (as defined under the Listing Rules) of the Company as a result of the Placing.

Conditions of the Placing

Completion of the Placing is expected to take place on 9 January 2023 (or at such other time and/or date as the Seller and the Placing Agent may agree), subject to fulfilment of, among other things, the following conditions (which may be waived by the Placing Agent in its sole discretion):

- (a) before the closing of the Placing, there shall not have occurred:
 - (i) any material adverse change, or any development reasonably likely to involve a material adverse change, in the condition, financial or otherwise, or in the earnings, assets, business, operations or prospects of the Company, or the Company and its subsidiaries taken as a whole; or
 - (ii) any suspension or limitation of trading (a) in any of the Company's securities by the Stock Exchange (save and except for any trading halt in relation to the Placing and the Subscription), or (b) generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the London Stock Exchange, the New York Stock Exchange or the Nasdaq National Market; or
 - (iii) any outbreak or escalation of hostilities, act of terrorism, the declaration by Hong Kong, the Cayman Islands, the British Virgin Islands, the PRC, Japan, Singapore, the United States, the United Kingdom or any other member of the EEA of a national emergency or war or other calamity or crisis; or

- (iv) any material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the Cayman Islands, the British Virgin Islands, the PRC, Japan, Singapore, the United States, the United Kingdom or any other member of the EEA and/or a general moratorium on commercial banking activities having been declared by the relevant authorities in Hong Kong, the Cayman Islands, the British Virgin Islands, the PRC, Japan, Singapore, the United States, the United Kingdom or any member of the EEA; or
- (v) any material adverse change or development involving a prospective material adverse change in or affecting the financial markets in Hong Kong, the Cayman Islands, the British Virgin Islands, the PRC, Japan, Singapore, the United States, the United Kingdom or any member of the EEA or in international financial, political or economic conditions, currency exchange rates, exchange controls or taxation,

that, in the sole judgment of the Placing Agent, would make the placement of the Placing Shares or the enforcement of contracts to purchase the Placing Shares impracticable or inadvisable, or would materially prejudice trading of the Placing Shares in the secondary market;

- (b) the representations and warranties made by any of the Company and the Seller pursuant to the Agreement being true and accurate and not misleading as at the date of the Agreement and the closing date of the Placing;
- (c) each of the Company and the Seller having complied with all of the agreements and undertakings and satisfied all of the conditions on its part to be complied with or satisfied under the Agreement on or before the closing date of the Placing;
- (d) the Seller shall, on the date of closing of the Placing, provide the Placing Agent with a copy of the resolutions of the board of directors of the Seller authorising the entering into of the Agreement and the consummation of the transactions contemplated under the Agreement;
- (e) the Company shall, on the date of the closing of the Placing, provide the Placing Agent with a copy of the resolutions of the Board authorising the entering into of the Agreement and the consummation of the transactions contemplated under the Agreement;
- (f) the Placing Agent having received on the date of closing of the Placing, an opinion of its U.S. counsel to the Placing Agent, to the effect that the offer and sale of the Placing Shares by the Placing Agent as set forth in the Agreement are not required to be registered under the U.S. Securities Act, as amended, and such other matters as the Placing Agent shall reasonably request, such opinion to be in form and substance reasonably satisfactory to the Placing Agent.

Commission

In consideration of the services provided by the Placing Agent under the Agreement, the Placing Agent is entitled to a commission equivalent to 0.95% of the aggregate value of the Placing Share and the Placing Price, which shall be borne by the Company.

The Subscription

Subscription Shares

The Seller agreed to subscribe as principal for, and the Company agreed to issue, 68,000,000 Subscription Shares at the Subscription Price, free from all pledges, liens, charges and encumbrances, equities, security interests or other claims on the terms and subject to the constitutional documents of the Company and the conditions of the Agreement.

The number of the Subscription Shares (being 68,000,000 Shares with an aggregate nominal value of HK\$6,800,000) is equivalent to the number of Placing Shares, and represents: (i) approximately 5.33% of the total number of Shares in issue as at the date of this announcement; and (ii) approximately 5.06% of the enlarged total number of Shares in issue upon completion of the Subscription (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the date of completion of the Subscription other than the issue of the Subscription Shares).

The Subscription Shares shall, when fully paid, rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company on or prior to the date of completion of the Subscription including the rights to all dividends and other distributions declared, made or paid on or after the date of allotment.

Subscription Price

The Subscription Price is the same as the Placing Price, and was determined after arm's length negotiations between the Company and the Seller with reference to the Placing Price.

The Company will bear the commission and transactional expenses (such as Hong Kong stamp duty, trading fee and levy) incurred by the Seller under the Agreement. The net price of each Subscription Share based on the estimated net proceeds of approximately HK\$1,011 million as described in the paragraph headed "Use of Proceeds from the Subscription" and 68,000,000 Subscription Shares to be allotted is estimated to be approximately HK\$14.87 per Subscription Share.

Conditions and Completion of the Subscription

Completion of the Subscription is conditional upon, among other things, the fulfilment of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares; and
- (ii) completion of the Placing having occurred pursuant to the terms of the Agreement.

Completion of the Subscription shall take place on the second business day after the date upon which the last of the conditions set out above having been satisfied, provided that it shall take place on a date no later than 14 days after the date of the Agreement (or such other time and/or date as the Company, the Seller and the Placing Agent may agree in writing and in compliance with the Listing Rules), or otherwise the obligations and liabilities of the Seller and the Company under the Subscription shall be null and void and neither the Company nor the Seller shall have any claim against the other for costs, damages, compensation or otherwise.

As the Seller is a connected person of the Company and the Subscription constitutes a connected transaction of the Company exempted under Rule 14A.92(4) of the Listing Rules, if the Subscription is not completed within 14 days after the date of the Agreement, the relevant provision of the Listing Rules in relation to connected transactions will apply (including the independent Shareholders' approval requirement) to the Subscription. Further announcement(s) will be made by the Company if this occurs.

Lock-up

Pursuant to the Agreement, the Seller agreed that it shall not and shall procure that none of its nominees, any person controlled by it, any trust associated with it or any person acting on its or their behalf shall, without the prior written consent of the Placing Agent: (i) offer, sell, lend, contract to sell, pledge, grant any option over, make any short sale or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Seller or any Affiliate of the Seller or any person in privity with the Seller or any Affiliate of the Seller), directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company; (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) above or this (ii) is to be settled by delivery of Shares or such other securities, in cash or otherwise; or (iii) publicly announce an intention to effect any such transaction, for a period beginning on the date of the Agreement and ending on the date which is 90 days after the completion of the Placing. The foregoing shall not apply to the sale of Shares under the Agreement.

Pursuant to the Agreement, the Company agreed that it shall not, and the Seller shall procure that the Company will not, without the prior written consent of the Placing Agent (i) effect or arrange or procure placement of, allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for, or enter into any transaction which is designed to, or might reasonably be expected to, result in any of the aforesaid (whether by actual disposition or effective economic disposition due to cash settlement or otherwise), directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company; or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) above or this (ii) is to be settled by delivery of Shares or such other securities, in cash or otherwise; or (iii) publicly announce an intention to effect any such transaction, for a period beginning on the date of the Agreement and ending on the date which is 90 days after the closing date of the Placing.

These do not apply to the change in the number of conversion shares resulted from adjustment to conversion price of the Convertible Bonds pursuant to its terms.

The Board is of the view that the above arrangement is fair and reasonable on the grounds that (i) the lock-up period of 90 days is in line with the market practice and is a result of the arm's length commercial negotiation between the Company and the Placing Agent; and (ii) such arrangement is intended to ensure an orderly market of the Shares.

General Mandate and Application for Listing

The Subscription Shares are to be issued under the General Mandate granted to the Directors at the 2022 AGM to allot and issue up to 254,073,472 Shares. As at the date of this announcement, the Company has not issued any Shares pursuant to the General Mandate. The allotment and issue of the Subscription Shares will utilise approximately 26.76% of the General Mandate. As such, the allotment and issue of the Subscription Shares is not subject to additional Shareholders' approval.

Application will be made to the Stock Exchange for granting the listing of, and permission to deal in, the Subscription Shares.

EFFECT ON THE SHAREHOLDING STRUCTURE

Shareholders	As at the date of this announcement		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Placing and the Subscription	
	No. of Shares	Approximate % ⁽¹⁾	No. of Shares	Approximate % ⁽¹⁾	No. of Shares ⁽³⁾	Approximate % ⁽¹⁾
Seller ⁽²⁾	702,712,000	55.05	634,712,000	49.72	702,712,000	52.26
Directors:						
YE Tao	2,000,000	0.16	2,000,000	0.16	2,000,000	0.15
CHEN Guiyi	750,000	0.06	750,000	0.06	750,000	0.06
LUO Liuyu	48,000	0.0038	48,000	0.0038	48,000	0.0036
WANG Michael Chou	188,000	0.01	188,000	0.01	188,000	0.01
Places	0	0	68,000,000	5.33	68,000,000	5.06
Other public Shareholders	<u>570,874,364</u>	<u>44.72</u>	<u>570,874,364</u>	<u>44.72</u>	<u>570,874,364</u>	<u>42.46</u>
Total	<u><u>1,276,572,364</u></u>	<u><u>100.00</u></u>	<u><u>1,276,572,364</u></u>	<u><u>100.00</u></u>	<u><u>1,344,572,364</u></u>	<u><u>100.00</u></u>

Notes:

- Certain percentage figures included in the above table have been subject to rounding adjustments.
- Mr. YE Fan is the settlor of the Ye Family Trust, a revocable discretionary family trust. The entire capital of Apex Holdings Enterprises Limited is an asset of such family trust, and Apex Holdings Enterprises Limited holds the entire issued share capital of the Seller, which in turn directly holds 702,712,000 Shares as at the date of this announcement.
- The above table assumes (i) there is no change to the issued share capital of the Company from the date of this announcement to the date of completion of the Placing and the Subscription except for the issue of the Subscription Shares (including, among other things, no shares will be issued pursuant to any exercise of share options under the Company's share option scheme, or pursuant to any exercise of Convertible Bonds), and (ii) the places do not and will not hold any Shares other than the Placing Shares.

As at the date of this announcement, an aggregate principal amount of HK\$2,750,000,000 of the Convertible Bonds remains outstanding. Assuming full conversion of the Convertible Bonds at the current conversion price of HK\$45.4881 per Share, a maximum of 60,455,371 Shares might be issued. The Subscription, if completes, may trigger an adjustment of the above conversion price of the Convertible Bonds pursuant to the terms and conditions of the Convertible Bonds. The Company will make further announcement in due course.

Pursuant to Note 6 on dispensations from Rule 26 of the Takeovers Code, a waiver under Rule 26 of the Takeovers Code is not required where a shareholder, together with persons acting in concert with it, has continuously held more than 50% of the voting rights of a company for at least 12 months immediately preceding the relevant placing and top-up transaction. As the Seller, together with persons acting in concert with it, has continuously held more than 50% of the voting rights of the Company for at least 12 months immediately preceding the date of the Agreement, a waiver under Rule 26 of the Takeovers Code is not required for the Placing and Subscription.

USE OF PROCEEDS FROM THE SUBSCRIPTION

The Group is principally engaged in the automobile dealership business authorised by the respective automobile manufacturers of a particular brand in the PRC including the sale of new passenger cars and spare parts, provision of after-sales service and survey services.

The gross proceeds and net proceeds (after deducting all relevant fees, costs and expenses to be borne or incurred by the Company) from the Subscription are estimated to be approximately HK\$1,023 million and HK\$1,011 million, respectively. The Company intends to use the net proceeds for business expansion, working capital and other general corporate purposes, including strategic investments and acquisitions.

REASONS FOR THE PLACING AND THE SUBSCRIPTION

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 Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement are fair and reasonable, on normal commercial terms and in the interests of the Group and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save for the followings, the Company has not undertaken any equity fund raising exercise over the period of twelve months prior to the date of this announcement:

A top-up share placement and subscription was completed on 13 January 2022 pursuant to an agreement entered into on 6 January 2022, under which the Company allotted to the Seller 22,500,000 Shares at the price of HK\$34.63 per Share (equivalent to the number of shares and equivalent to the placing price per Share placed by the Seller to not less than six Independent Third Party procured by the placing agents).

In January 2022, Sail Vantage Limited (a wholly-owned subsidiary of the Company) issued the Convertible Bonds to professional investors (as defined in Chapter 37 of the Listing Rules) with an aggregate principal amount of HK\$2,750 million, on the terms and conditions of a subscription agreement dated 6 January 2022.

Please refer to the announcement of the Company dated 6 January 2022 for further details.

The net proceeds from the above issues of Convertible Bonds and the Shares were approximately HK\$2,690 million and HK\$771 million, respectively. They have been fully utilised on the Group's business expansion (including strategic investments and acquisitions), working capital and other general corporate purposes as intended.

Immediately after completion of the Placing and the Subscription, it is expected that the public float of the Company will be no less than 25% of the total number of Shares in issue as enlarged by the issue of the Subscription Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Subscription other than the issue by the Company of the Subscription Shares).

Completion of the Placing and the Subscription is subject to the Agreement not being terminated, and fulfillment of the respective conditions under the Agreement. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“2022 AGM”	annual general meeting of the Company held on 24 May 2022
“Affiliates”	has the meaning specified in Rule 501(b) of Regulation D under the U.S. Securities Act
“Agreement”	the placing and subscription agreement dated 4 January 2023 and entered into between the Company, the Seller and the Placing Agent in respect of the Placing and the Subscription
“Board”	the board of Directors
“Company”	China MeiDong Auto Holdings Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands, shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Convertible Bonds”	zero coupon guaranteed convertible bonds due 2027 issued by Sail Vantage Limited (a wholly-owned subsidiary of the Company) and guaranteed by the Company (Debt stock code: 4401)
“Director(s)”	director(s) of the Company
“EEA”	the European Economic Area
“General Mandate”	the general mandate granted to the Directors by a resolution of Shareholders passed at the 2022 AGM to allot, issue and deal with up to 254,073,472 new Shares (being 20% of the total number of Shares in issue as at the date of the 2022 AGM)
“Group”	the Company and its subsidiaries
“HK\$”	the Hong Kong dollar(s), the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any entity or person who is not a connected person of the Company
“Last Trading Date”	4 January 2023, being the last full trading day prior to the Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of the Placing Shares by the Placing Agent to the placees at the Placing Price pursuant to the Agreement
“Placing Agent”	Citigroup Global Markets Limited
“Placing Price”	HK\$15.05 per Share (exclusive of brokerage (if any), Hong Kong stamp duty, transaction levies of the Securities and Futures Commission and of the Accounting and Financial Reporting Council and trading fees of the Stock Exchange)
“Placing Shares”	68,000,000 Shares held by the Seller and to be placed by the Placing Agent pursuant to the Agreement
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Seller”	Apex Sail Limited, a company incorporated in the British Virgin Islands with limited liability
“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Seller pursuant to the Agreement

“Subscription Price”	HK\$15.05 per Share
“Subscription Shares”	68,000,000 new Shares to be subscribed by the Seller under the Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	The United States Securities Act of 1933 (as amended)
“Ye Family Trust”	the Ye Family Trust 2012, a trust set up pursuant to a trust deed dated 27 July 2012 where Mr. YE Fan is the settlor, and Mr. YE Fan, Mr. YE Tao and certain of their respective family members are beneficiaries
“%”	per cent.

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

By the order of the Board
China MeiDong Auto Holdings Limited
YE FAN
Chairman

Hong Kong, 4 January 2023

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

Executive Directors:

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

Independent Non-executive Directors:

Mr. CHEN Guiyi
Mr. WANG Michael Chou
Mr. TO Siu Lun