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)

FINANCIAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL SUMMARY

- Revenue for the Year amounted to RMB20,022.9 million.
- Gross profit for the Year amounted to RMB1,148.8 million with gross margin of 5.7%.
- During the Year, the Group recognized non-cash impairment of goodwill and intangible assets-car dealership of RMB867.9 million in total.
- Loss for the Year was RMB754.0 million.
- Net cash flow from operating activities for the Year amounted to RMB482.3 million.
- Proposed final dividend of RMB0.0337 per ordinary share.

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of China MeiDong Auto Holdings Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2025 (the "**Year**") (together with the comparative figures of 2024).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025
(Expressed in RMB'000)

	Note	**2025**	2024
Revenue	*2*	**20,022,928**	22,153,952
Cost of sales		**(18,874,148)**	(20,592,921)
Gross profit		**1,148,780**	1,561,031
Other revenue and other net (loss)/income	*3*	**42,431**	183,982
Distribution costs		**(524,942)**	(584,698)
Administrative expenses		**(513,947)**	(662,047)
Impairment losses on goodwill and intangible assets	*4(c)*	**(867,874)**	(2,910,952)
Loss from operations		**(715,552)**	(2,412,684)
Finance costs	*4(a)*	**(210,796)**	(239,325)
Share of profits of a joint venture		**17,176**	17,492
Loss before taxation	*4*	**(909,172)**	(2,634,517)
Income tax	*5(a)*	**155,167**	375,685
Loss for the year		**(754,005)**	(2,258,832)
Other comprehensive income for the year (after tax):			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation of financial statements of the Company		**938**	(6,888)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**(464)**	9,151
Other comprehensive income for the year		**474**	2,263
Loss and total comprehensive income for the year		**(753,531)**	(2,256,569)

	Note	2025	2024
Loss attributable to:			
Equity shareholders of the Company		**(754,990)**	(2,264,060)
Non-controlling interests		**985**	5,228
Loss for the year		**(754,005)**	(2,258,832)
Total comprehensive income attributable to:			
Equity shareholders of the Company		**(754,516)**	(2,261,797)
Non-controlling interests		**985**	5,228
Total comprehensive income for the year		**(753,531)**	(2,256,569)
Loss per share			
Basic *(RMB cents)*	*6(a)*	**(56.08)**	(168.18)
Diluted *(RMB cents)*	*6(b)*	**(56.08)**	(168.18)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

(Expressed in RMB'000)

	Note	**31 December 2025**	31 December 2024
Non-current assets			
Property, plant and equipment	*7*	**1,244,647**	1,431,364
Right-of-use assets	*8*	**1,392,751**	1,545,998
Intangible assets	*9*	**237,801**	1,129,773
Goodwill	*10*	**–**	17,527
Interest in a joint venture		**30,436**	32,803
Pledged bank deposits		**24,634**	–
Other non-current assets		**70,046**	74,650
Deferred tax assets		**147,243**	136,133
		3,147,558	4,368,248
Current assets			
Inventories	*11*	**914,601**	760,711
Trade and other receivables	*12*	**1,435,094**	1,587,709
Pledged bank deposits		**1,088,668**	2,108,108
Financial assets measured at fair value through profit or loss ("**FVPL**")	*13*	**171,375**	–
Fixed deposits with more than three months to maturity when placed		**24,000**	12,000
Cash and cash equivalents		**732,615**	2,644,539
		4,366,353	7,113,067
Current liabilities			
Loans and borrowings		**512,935**	709,785
Trade and other payables	*14*	**3,022,704**	4,056,458
Lease liabilities		**95,119**	169,916
Convertible bonds	*15*	**–**	1,759,170
Income tax payables	*5(c)*	**94,618**	93,065
		3,725,376	6,788,394
Net current assets		**640,977**	324,673
Total assets less current liabilities		**3,788,535**	4,692,921

	Note	**31 December 2025**	31 December 2024
Non-current liabilities			
Loans and borrowings		**468,845**	291,700
Lease liabilities		**1,116,412**	1,150,533
Deferred tax liabilities		**67,351**	293,905
		1,652,608	1,736,138
NET ASSETS		**2,135,927**	2,956,783
EQUITY			
Share capital	*16(b)*	**107,888**	107,888
Reserves		**1,913,050**	2,726,413
Total equity attributable to equity shareholders of the Company		**2,020,938**	2,834,301
Non-controlling interests		**114,989**	122,482
TOTAL EQUITY		**2,135,927**	2,956,783

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2025

(Expressed in RMB'000)

	Note	**2025**	2024
Operating activities:			
Cash generated from operations		**563,220**	1,097,124
Income tax paid	*5(c)*	**(80,944)**	(232,469)
Net cash generated from operating activities		**482,276**	864,655
Investing activities:			
Payment for purchase of property, plant and equipment		**(141,343)**	(110,911)
Proceeds from disposal of property, plant and equipment		**96,255**	138,633
(Increase)/decrease in fixed deposits with more than three months to maturity when placed		**(12,000)**	549,905
Dividends received from a joint venture		**19,543**	21,008
Payment for investment in financial assets measured at FVPL		**(213,131)**	–
Interest received		**9,882**	131,839
Others		**2,220**	–
Net cash (used in)/generated from investing activities		**(238,574)**	730,474
Financing activities:			
Capital element of lease rentals paid		**(80,897)**	(80,134)
Interest element of lease rentals paid		**(70,691)**	(78,533)
Proceeds from loans and borrowings		**6,660,740**	7,603,056
Repayment of loans and borrowings		**(6,680,034)**	(8,045,561)
(Increase)/decrease in pledged bank deposits		**(14,955)**	5,801
Dividends declared and paid to equity shareholders	*16(a)*	**(59,908)**	(44,426)
Dividends paid to non-controlling interests	*16(a)*	**(8,478)**	(16,631)
Redemption/repurchase of convertible bonds	*15*	**(1,848,964)**	(585,968)
Interest paid		**(44,076)**	(70,518)
(Repayment to)/advance from a related party		**(7,675)**	731
Net cash used in financing activities		**(2,154,938)**	(1,312,183)
Net (decrease)/increase in cash and cash equivalents		**(1,911,236)**	282,946
Cash and cash equivalents at 1 January		**2,644,539**	2,361,671
Effect of foreign exchange rate changes		**(688)**	(78)
Cash and cash equivalents at 31 December		**732,615**	2,644,539

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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**").

(a) Statement of compliance

These financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards("**HKFRSs**"), Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**the Listing Rules**").

The HKICPA has issued certain new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries and the Group's interests in a joint venture.

The measurement basis used in the preparation of the financial statements is the historical cost basis, except for investments in securities which have been measured at fair value.

These consolidated financial statements are presented in Renminbi ("**RMB**") which is the Group's presentation currency, rounded to the nearest thousands, except for earnings per share information.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

The Group has applied amendments to HKAS 21, The effects of changes in foreign exchange rates – Lack of exchangeability issued by the HKICPA to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

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

2 REVENUE AND SEGMENT REPORTING

(a) Revenue

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2025	2024
	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	**16,097,330**	17,726,326
– After-sales and mortgage facilitation services	**3,925,598**	4,427,626
	20,022,928	22,153,952

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 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.

3 OTHER REVENUE AND OTHER NET (LOSS)/INCOME

	2025 *RMB'000*	2024 *RMB'000*
Other revenue		
Insurance commission	**66,095**	72,282
Interest income	**9,441**	103,965
Management service income	**3,587**	3,604
	79,123	179,851

	2025 *RMB'000*	2024 *RMB'000*
Other net (loss)/income		
Net loss on disposal of property, plant and equipment	**(20,538)**	(10,213)
Net foreign exchange loss	**(1,617)**	(21,594)
Unrealised loss on financial assets measured at FVPL	**(41,756)**	–
Government subsidy	**1,768**	3,040
Penalty income	**6,672**	5,397
Gain on repurchase of convertible bonds	**–**	11,227
Others	**18,779**	16,274
	(36,692)	4,131
	42,431	183,982

4 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

		Note	**2025** **RMB'000**	2024 RMB'000
(a)	**Finance costs:**			
	Interest on			
	– loans and borrowings		**33,066**	57,223
	– convertible bonds		**2,975**	90,834
	– lease liabilities		**70,691**	78,533
	Total interest expense		**106,732**	226,590
	Loss on redemption of convertible bonds		**92,315**	–
	Other finance cost	*(i)*	**11,749**	12,735
			210,796	239,325
(b)	**Staff costs:**			
	Salaries, wages and other benefits		**716,620**	670,054
	Equity settled share-based payment expenses	*(ii)*	**1,061**	5,892
	Contributions to defined contribution retirement plans	*(iii)*	**37,571**	35,138
			755,252	711,084

(i) The amount represents the interest expenses borne by the Group arising from discounting of bills issued to automobile manufacturers.

(ii) The Group recognised an expense of RMB1,061,000 for the year ended 31 December 2025 (2024: RMB5,892,000) in relation to share options granted to certain employees of the Group pursuant to share option schemes.

(iii) 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.

(c) Other items:

	2025 *RMB'000*	2024 *RMB'000*
Cost of inventories	**18,548,729**	20,330,016
Write-down of inventories	**40,232**	42,057
Depreciation		
– owned property, plant and equipment	**204,635**	228,943
– right-of-use assets	**133,545**	146,142
Impairment losses		
– goodwill *(note 10)*	**17,527**	943,466
– intangible assets *(note 9)*	**850,347**	1,967,486
Amortisation of intangible assets	**41,625**	179,607
Short-term lease expenses	**4,366**	3,251
Net foreign exchange loss	**1,617**	21,594
Auditors' remuneration	**5,850**	6,150

5 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of comprehensive income represents:

	2025 *RMB'000*	2024 *RMB'000*
Current tax:		
Provision for PRC income tax for the year	**82,497**	200,544
Deferred tax:		
Origination of temporary differences	**(237,664)**	(576,229)
	(155,167)	(375,685)

(b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	2025 *RMB'000*	2024 *RMB'000*
Loss before taxation	**(909,172)**	(2,634,517)
Notional tax on loss before taxation, calculated at the rates applicable in the jurisdictions concerned (i)	**(188,374)**	(646,520)
Tax effect of non-deductible expenses	**16,850**	246,851
Tax effect of non-taxable income on share of profits of a joint venture	**(4,294)**	(4,373)
Tax effect of unused tax losses not recognised, net of utilisation of tax losses for which no deferred tax asset was recognised in previous periods	**20,651**	21,538
Effect of PRC dividend withholding tax (ii)	**–**	6,819
Actual tax expense	**(155,167)**	(375,685)

(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 subsidiary located in Hong Kong as the subsidiary did not have assessable profits subject to Hong Kong Profits Tax during the reporting period. The payments of dividends by companies in Hong Kong are not subject to any Hong Kong withholding tax.

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

(ii) 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 relevant periods.

(c) Current taxation in the consolidated statement of financial position represents:

	2025	2024
	RMB'000	*RMB'000*
At the beginning of the year	**93,065**	124,990
Provision for current income tax for the year	**82,497**	200,544
Payment during the year	**(80,944)**	(232,469)
At the end of the year	**94,618**	93,065

6 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of RMB754,990,000 (2024 loss: RMB2,264,060,000) and the weighted average of 1,346,247,000 ordinary shares in issue (2024: 1,346,247,000 shares) during the year ended 31 December 2025.

(b) Diluted loss per share

For the year ended 31 December 2025 and 2024, the effect of share options issued under employee share option scheme and the Group's outstanding convertible bonds till the date of redemption are not included in the calculation of diluted loss per share because their effect would have been anti-dilutive.

Therefore, diluted loss per share is equal to basic loss per share for the year ended 31 December 2025 and 2024.

7 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Plant and machinery	Passenger vehicles	Office equipment and furniture	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:							
At 1 January 2024	1,033,281	616,138	304,636	369,996	181,469	3,054	2,508,574
Additions	–	42	2,877	96,482	1,475	142	101,018
Transfer	–	176	–	–	–	(176)	–
Disposals	(8,375)	(20,149)	(6,343)	(177,221)	(6,483)	–	(218,571)
At 31 December 2024	1,024,906	596,207	301,170	289,257	176,461	3,020	2,391,021
At 1 January 2025	1,024,906	596,207	301,170	289,257	176,461	3,020	2,391,021
Additions	–	527	3,387	131,604	2,208	–	137,726
Transfer	–	2,585	–	–	–	(2,585)	–
Disposals	(8,196)	(20,893)	(3,278)	(148,953)	(2,442)	(435)	(184,197)
At 31 December 2025	1,016,710	578,426	301,279	271,908	176,227	–	2,344,550
Accumulated depreciation:							
At 1 January 2024	253,170	209,726	144,245	72,625	120,673	–	800,439
Charge for the year	65,512	53,688	29,629	61,022	19,092	–	228,943
Written back on disposals	(5,658)	(9,208)	(3,220)	(46,840)	(4,799)	–	(69,725)
At 31 December 2024	313,024	254,206	170,654	86,807	134,966	–	959,657
At 1 January 2025	313,024	254,206	170,654	86,807	134,966	–	959,657
Charge for the year	64,464	51,557	27,006	47,739	13,869	–	204,635
Written back on disposals	(6,598)	(8,937)	(437)	(46,819)	(1,598)	–	(64,389)
At 31 December 2025	370,890	296,826	197,223	87,727	147,237	–	1,099,903
Net book value:							
At 31 December 2025	**645,820**	**281,600**	**104,056**	**184,181**	**28,990**	**–**	**1,244,647**
At 31 December 2024	711,882	342,001	130,516	202,450	41,495	3,020	1,431,364

The Group's property, plant and equipment are located in the PRC.

The Group has yet to obtain property ownership certificates of certain buildings with an aggregate net book value of RMB380,934,000 as at 31 December 2025 (2024: RMB410,306,000). Notwithstanding this, the directors are of the opinion that the Group owned the beneficial title to these buildings as at 31 December 2025.

Property, plant and equipment with net book value of RMB1,560,000 are pledged as security for bank loans as at 31 December 2025 (2024: RMB1,692,000).

8 RIGHT-OF-USE ASSETS

	Land use rights carried at cost (i) *RMB'000*	Properties and land leased for own use carried at cost (ii) *RMB'000*	Total *RMB'000*
Cost:			
At 1 January 2024	527,049	1,641,613	2,168,662
Additions	–	72,394	72,394
Derecognition	–	(55,140)	(55,140)
At 31 December 2024	527,049	1,658,867	2,185,916
Additions	–	45,355	45,355
Derecognition	–	(98,538)	(98,538)
At 31 December 2025	527,049	1,605,684	2,132,733
Accumulated amortisation:			
At 1 January 2024	(45,787)	(462,170)	(507,957)
Charge for the year	(15,880)	(130,262)	(146,142)
Reversal for derecognition	–	14,181	14,181
At 31 December 2024	(61,667)	(578,251)	(639,918)
Charge for the year	(15,880)	(117,665)	(133,545)
Reversal for derecognition	–	33,481	33,481
At 31 December 2025	(77,547)	(662,435)	(739,982)
Net book value:			
At 31 December 2025	**449,502**	**943,249**	**1,392,751**
At 31 December 2024	465,382	1,080,616	1,545,998

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2025	2024
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset:		
Land use rights	**15,880**	15,880
Properties and land leased for own use	**117,665**	130,262
	133,545	146,142
Interest on lease liabilities *(note 4(a))*	**70,691**	78,533
Expense relating to short-term leases *(note 4(c))*	**4,366**	3,251
Gain on derecognition of right-of-use assets	**(8,319)**	(4,960)

During the year ended 31 December 2025, the Group entered into a number of new tenancy agreements and therefore recognised of additions to right-of-use assets were RMB45,355,000 (2024: RMB72,394,000).

(i) Land use rights

Land in respect of land use rights are all located in the PRC with a remaining lease period of 19 – 33 years when acquired.

Land use rights with net book value of RMB4,478,000 are pledged as security for bank loans as at 31 December 2025 (2024: RMB4,684,000).

(ii) Properties and land leased for own use

The Group has obtained the right to use other properties and land through tenancy agreements. The leases typically run for an initial period of 2 to 20 years.

Some leases include an option to terminate the lease before the end of the contract term. The Group considers it reasonably certain not to exercise the option to early terminate at lease commencement date.

9 INTANGIBLE ASSETS

The Group

	Car dealership *RMB'000*	Software *RMB'000*	Total *RMB'000*
Cost:			
At 1 January 2024, 31 December 2024 and 1 January 2025	3,639,037	9,046	3,648,083
Accumulated amortisation:			
At 1 January 2024	(346,797)	(6,383)	(353,180)
Charge for the year	(178,984)	(623)	(179,607)
At 31 December 2024	(525,781)	(7,006)	(532,787)
At 1 January 2025	(525,781)	(7,006)	(532,787)
Charge for the year	(41,002)	(623)	(41,625)
At 31 December 2025	(566,783)	(7,629)	(574,412)
Accumulated impairment losses:			
At 1 January 2024	(18,037)	–	(18,037)
Provision for the year	(1,967,486)	–	(1,967,486)
At 31 December 2024	(1,985,523)	–	(1,985,523)
At 1 January 2025	(1,985,523)	–	(1,985,523)
Provision for the year	(850,347)	–	(850,347)
At 31 December 2025	(2,835,870)	–	(2,835,870)
Net book value:			
At 31 December 2025	**236,384**	**1,417**	**237,801**
At 31 December 2024	1,127,733	2,040	1,129,773

(i) ***Intangible assets – car dealership***

The car dealerships arise from prior business combinations and relate to the Group's relationship with 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.

(ii) ***Impairment testing of intangible assets – car dealership***

The Group is principally engaged in the sales of traditional luxury brand cars. In prior periods, the Group recognised impairment losses on intangible assets-car dealership in view of macro-economic uncertainties and increasingly intense competition in the automotive sector. During 2025, these adverse factors continued to intensify beyond the management's prior expectations, which led to the operating results of certain stores of the Group to be significantly lower than expected. In addition, the introduction of the consumption tax policy on ultra-luxury cars and the decline in mortgage facilitation commission rates posed further challenges to the expected future profitability of those cash generated units ("**CGUs**").

The management, with the assistance of an external valuer, performed impairment assessments to determine the recoverable amounts of those CGUs at the end of each reporting period. Based on those assessments, the Group recognised an impairment loss of intangible assets – car dealerships of RMB850,347,000 for those underperforming CGUs in "Impairment losses on goodwill and intangible assets" during the year ended 31 December 2025 (year ended 31 December 2024: RMB1,967,486,000). Any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

The recoverable amounts of the relevant CGUs have been determined based on value-in-use calculations using cash flow projections derived from financial budgets approved by management. For the impairment assessments performed in 2025, the value-in-use calculations were based on cash flow projections covering a period of five years, with cash flows beyond the five-year period extrapolated using estimated growth rate of 2.0% (year ended 31 December 2024: 2.0%), which management considered to be consistent with the forecasts included in industry reports available at the relevant dates.

Key assumptions used in the value-in-use calculations include: (i) annual revenue growth rates during the forecast period, (ii) gross profit margin, and (iii) discount rate.

Given the intensified industry competition and the ongoing uncertainties, marked by lower-than-expected gross margins and significant uncertainties over the time frame of recovery, the Group's management have further lowered their expectations for future performance of those underperforming CGUs for the forecast period compared to the forecasts at the end of 2024.

The key inputs and assumptions used in the impairment test for those material CGUs at 31 December 2025 and 31 December 2024 are set out below:

	As at 31 December 2025		
Inputs	**2026**	**2027**	**2028-2030**
Annual revenue growth rate	**-5.5%~1.1%**	**0.4%**	**0.4%~4.9%**
Gross profit margin	**3.7%~9.7%**	**3.9%~10.0%**	**4.2%~11.1%**

	As at 31 December 2024		
Inputs	2025	2026	2027-2029
Annual revenue growth rate	-3.5%~2.0%	0%~0.3%	0%~0.3%
Gross profit margin	4.2%~11.4%	4.2%~11.4%	4.2%~11.4%

The estimates and assumptions used at 31 December 2025 were based on information available to the management at that date. In particular, they took into account the actual financial performance achieved in 2025 and the management's expectations, at that date, of the future macroeconomic and industry-specific developments in light of the changes to the operating environment.

As at 31 December 2025, the pre-tax discount rates applied to the impairment test ranged from 11.8% to 15.9% (31 December 2024: 13.5% to 15.9%), reflecting current market assessments of the time value of money and the risks specific to the relevant CGUs.

There have been no changes in the basis used to determine recoverable amount during the year ended 31 December 2025 compared with that adopted in the year ended 31 December 2024, which continued to be value in use.

10 GOODWILL

	RMB'000
Cost:	
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	1,004,512
Accumulated impairment losses:	
At 1 January 2024	(43,519)
Impairment loss	(943,466)
At 31 December 2024	(986,985)
At 1 January 2025	(986,985)
Impairment loss	(17,527)
At 31 December 2025	(1,004,512)
Carrying amount:	
At 31 December 2025	–
At 31 December 2024	17,527

The management performed an impairment test for goodwill and recognised a full impairment loss of RMB17,527,000 in "Impairment losses on goodwill and intangible assets" during the year ended 31 December 2025 (2024: RMB943,466,000).

11 INVENTORIES

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

	2025	2024
	RMB'000	*RMB'000*
Motor vehicles	**784,855**	610,835
Others	**129,746**	149,876
	914,601	760,711

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2025	2024
	RMB'000	*RMB'000*
Carrying amount of inventories sold	**18,548,729**	20,330,016
Write-down of inventories	**40,232**	42,057

Inventories with carrying amount of RMB175,440,000 have been pledged as security for loans and borrowings as at 31 December 2025 (2024: RMB116,780,000).

Inventories with carrying amount of RMB652,768,000 have been pledged as security for the bills payable as at 31 December 2025 (2024: RMB566,974,000).

12 TRADE AND OTHER RECEIVABLES

	2025	2024
	RMB'000	*RMB'000*
Trade receivables	**164,165**	319,838
Prepayments	**228,933**	290,147
Other receivables and deposits	**1,040,016**	973,122
Amounts due from third parties	**1,433,114**	1,583,107
Amounts due from related parties	**1,980**	4,602
Trade and other receivables	**1,435,094**	1,587,709

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

Other receivables and deposits include rebate receivables with carrying amount of RMB895,313,000 (2024: RMB830,176,000).

Credit risk in respect of trade receivables is limited since credit sales are offered in rare cases subject to high level management's approval. Trade receivables balances mainly represent mortgage granted by major financial institutions to customers of the Group, insurance commission receivables from insurance companies and warranty receivables from automobile manufacturers. The mortgage is normally settled within one month directly by major financial institutions. While for the receivables from insurance companies and automobile manufacturers, risk of default is considered low, as these are either reputable companies or with good credit rating. Based on past experience, the Group was of the opinion that no provision for impairment was necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable. Normally, the Group does not obtain collateral from customers.

Credit risk in respect of prepayments and other receivables and deposits is limited since the counterparties are mainly reputable automobile manufacturers.

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 that are neither individually nor collectively considered to be impaired is as follows:

	2025	2024
	RMB'000	*RMB'000*
Within 1 month	**145,767**	294,078
1 to 2 months	**15,696**	13,466
2 to 3 months	**2,294**	10,348
Over 3 months	**408**	1,946
	164,165	319,838

13 FINANCIAL ASSETS MEASURED AT FVPL

	2025	2024
	RMB'000	*RMB'000*
Investment in equity security listed on Hong Kong capital market	**171,375**	–

In October, the Group invested in an equity security listed on Hong Kong with principal amount of RMB213,131,000 and recognized an unrealised loss on this financial asset of RMB41,756,000 during the year ended 31 December 2025. This listed equity investment has been classified as financial assets measured at FVPL as they were held for trading.

14 TRADE AND OTHER PAYABLES

	2025	2024
	RMB'000	*RMB'000*
Trade payables	**160,060**	168,693
Bills payable – supplier finance arrangement	**1,851,744**	2,871,092
	2,011,804	3,039,785
Contract liabilities	**722,623**	721,004
Other payables and accruals	**284,370**	286,590
Amounts due to third parties	**3,018,797**	4,047,379
Amounts due to related parties	**3,907**	9,079
Trade and other payables	**3,022,704**	4,056,458

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

(b) 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:

	2025	2024
	RMB'000	*RMB'000*
Within 3 months	**1,750,073**	2,692,099
After 3 months but within 6 months	**261,731**	347,686
	2,011,804	3,039,785

15 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.

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 at 106.9428 per cent of their principal amount.

When the Group extinguishes the bonds before maturity through an early repurchase or redemption in which the original conversion privileges are unchanged, the Group allocates consideration paid and any transaction costs for the repurchase or redemption to the liability and equity components of the bonds at the date of such transaction. The method used in allocating is consistent with that used in the original allocation when the bonds were issued. Once the allocation is made, any resulting gain or loss relating to the liability and equity components is recognised in profit or loss and in equity, respectively.

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

	Liability component (At amortised cost)	**Equity component (Residual amount)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2024	2,206,781	203,976	2,410,757
Interest charge *(note 4(a))*	90,834	–	90,834
Repurchase	(579,606)	(17,623)	(597,229)
Exchange adjustment	41,161	–	41,161
At 31 December 2024	1,759,170	186,353	1,945,523
Interest charge *(note 4(a))*	2,975	–	2,975
Redemption (i)	(1,757,640)	(186,353)	(1,943,993)
Exchange adjustment	(4,505)	–	(4,505)
At 31 December 2025	–	–	–

(i) Redemption of convertible bonds

On 13 January 2025, the Group, at the option of the bondholders of the Convertible Bonds, redeemed all outstanding Convertible Bonds. The gross consideration paid was HK$2,003,039,000 (equivalent to approximately RMB1,848,964,000), resulting in a loss on settlement of the liability component of RMB92,315,000 recognised in finance costs.

16 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year:

	2025	2024
	RMB'000	*RMB'000*
Final dividend proposed after the statement of financial position date of RMB0.0337 per ordinary share (2024: RMB0.0445 per ordinary share)	**45,369**	59,908

The final dividend proposed after the statement of financial position date has not been recognised as a liability at the statement of financial position date.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2025	2024
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB0.0445 per ordinary share (2024: RMB0.0330 per ordinary share)	**59,908**	44,426

(iii) Other dividends

During the year ended 31 December 2025, certain subsidiaries of the Group declared and paid dividends of RMB8,478,000 (2024: RMB16,631,000) in cash to non-controlling shareholders.

(b) Share capital

The share capital of the Group as at 31 December 2025 represented the amount of issued and paid-up capital of the Company with details set out below:

Authorised:

			2025		2024	
				Nominal value		Nominal value
			Number of	**of ordinary**	Number of	of ordinary
		Par value	**shares**	**shares**	shares	shares
	Note	*HK$*	***(thousand)***	***HK$'000***	*(thousand)*	*HK$'000*
At 31 December	*(i)*	0.1	**20,000,000**	**2,000,000**	20,000,000	2,000,000

Ordinary shares, issued and fully paid:

	Number of ordinary shares *(thousand)*	**Nominal value of ordinary shares** *HK$'000*
At 1 January 2024, 31 December 2024 and 2025	1,346,247	134,625
RMB equivalent ('000) at 31 December 2025 and 2024		107,888

(i) Authorised share capital

The Company was incorporated on 24 February 2012 with an authorised share capital of HK$10,000,000 divided into 100,000,000 ordinary shares of HK$0.1 each. Pursuant to a resolution dated 16 October 2013 passed by its sole shareholder, Apex Sail, the authorised share capital of the Company was increased from HK$10,000,000 to HK$2,000,000,000 by the creation of 19,900,000,000 new share of HK$0.1 each.

17 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) Proposed final dividend

After the end of the reporting period, the directors proposed a final dividend in respect of the year ended 31 December 2025. Further details are disclosed in note 16(a).

(b) Grant of share options

Under the share option scheme adopted by a resolution passed by the shareholders of the Company on 10 June 2025, the Company granted share options (the "**Share Options**") carrying rights to subscribe for a total of 8,559,000 ordinary shares with an exercise price of HK$1.38 of a nominal or par value of HK$0.10 each in the share capital of the Company to eligible participants (the "**Grantees**", being directors and employees of the Group) on 29 January 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

Looking back at 2025, with the synergistic effects of a series of policies aimed at stabilizing growth and promoting consumption, the Chinese passenger vehicle market achieved steady growth amidst a complex environment. Benefiting from the increased strength and expanded scope of the car trade-in and scrap renewal policies (the "**Two New Policies**"), coupled with the continuation of the policy on exemption of vehicle purchase tax for new energy vehicles, fiscal interest subsidies for consumer loans and other multiple measures, overall consumption potential had been effectively released. According to data published by the China Association of Automobile Manufacturers ("**CAAM**"), the cumulative retail sales of passenger vehicles nationwide reached 30.10 million units throughout the Year, representing a year-on-year increase of 9.2%. In particular, new energy vehicles were the primary driver of market growth, with cumulative sales of 16.49 million units, a year-on-year surge of 28.2%, and a market penetration rate that further climbed to 54.0%.

However, industry competition was intense under the surface of overall growth. Affected by the continuous expansion of the market share of Chinese domestic brands and the accelerated replacement of traditional fuel vehicles by new energy vehicle models, the luxury car market experienced a profound structural adjustment, with traditional luxury brands generally facing a decline in sales volume. In order to alleviate inventory backlog and maintain market share, numerous distributors continuously increased promotions. Meanwhile, the expansion of the consumption tax policy on ultra-luxury cars further impacted the sales performance of luxury cars. The cash flow and profit margins of dealers consequently continued to be under pressure. According to data from the China Automobile Dealers Association, the number of automobile 4S stores nationwide saw a net decrease of 446 in 2025, with 4,961 stores withdrawing from networks. Against the backdrop of price inversion, the industry anticipated that the wave of network withdrawals would further intensify in 2026.

Apart from new vehicle sales, the mortgage facilitation commission rates also experienced a significant decline during the Year due to policy adjustments, which not only put further pressure on the gross profit margins of automobile dealers but also indirectly increased the car purchasing costs for consumers, thereby affecting the demand for value-added services such as after-sales maintenance and extended warranties.

Against the backdrop of insufficient consumption momentum, the failure of supply chains to adjust in a timely manner, and the decline in mortgage facilitation commission rates, dealers abandoned a development path oriented towards scale expansion and instead focused on improving store efficiency, inventory management and cash flow performance. Meanwhile, although measures such as the "Two New Policies" and the exemption of vehicle purchase tax for new energy vehicles supported sales volumes to a certain extent, the timeliness of policies, strategic adjustments of major luxury brands, the integration of dealer networks, and even the transformation of sales models for new energy vehicles had all brought more uncertainties to existing market participants.

BUSINESS AND FINANCIAL REVIEW

During the Year, despite the structural adjustments in the luxury car market, the Group's new passenger vehicle sales volume still recorded slight growth, driven by the Two New Policies and the strong performance of individual brands. For after-sales and mortgage facilitation services, the Group continued to maintain a steady performance. Although revenue decreased due to the decline in mortgage facilitation commission rates, the overall number of vehicles served still increased, and the absorption rate (excluding financial costs and impairment losses on goodwill and intangible assets) remained at a healthy level of approximately 201.0%. Facing a severe operating environment, the Group also strove to maintain rigorous expense management and a sound financial position. During the Year, the ratio of distribution costs, administrative expenses and finance costs to revenue further decreased from approximately 6.7% for the same period in 2024 to approximately 6.2%. The Group also fully redeemed and canceled convertible bonds in the total principal amount of HK$1,873.0 million during the Year. Therefore, the total amount of loans and borrowings and the convertible bonds decreased by approximately 64.4% compared to 2024, enabling the Group to navigate market uncertainties and prudently explore market opportunities.

However, the imbalance between supply and demand in the passenger vehicle market, the accelerated replacement by new energy vehicles, and increasingly fierce price competition resulted in the operating results of certain of the Group's stores (especially those for certain luxury brands) being significantly lower than expected. In addition, the impact of the ultra-luxury car sales tax on new car sales and the decline in mortgage facilitation commission rates were expected to pose further challenges to the profitability of such stores. A net loss of approximately RMB754.0 million was therefore recorded during the Year, representing a decrease as compared to the loss of approximately RMB2,258.8 million for the same period in 2024.

In prior periods, the Group recognised impairment on goodwill and intangible assets – car dealership, respectively, in view of the prevail macro-economic uncertainties and increasingly intense competition in the automotive sector. In 2025, these macro-economic uncertainties and price competition further intensified and exceeded the management's prior forecast, the sales prices and gross profit margins of certain of the Group's stores, especially related to certain luxury brands, showed signs of continual decline, and their operating results were also significantly lower than expected. Meanwhile, the introduction of the consumption tax policy on ultra-luxury cars and the decline in mortgage facilitation commission rates posed further challenges to the future profitability of those stores. Consequently, with the assistance of an external valuer (namely, AVISTA Business Consulting (Shanghai) Co., Ltd.), the Group conducted impairment tests on goodwill and dealership rights for stores with performance far below expectations.

As mentioned above, the gross profit margin during the Year was further impacted by the expansion of the consumption tax policy for ultra-luxury cars, coupled with decline in mortgage facilitation commission rates which in turn affected the overall profitability of those stores. The Group adjusted key assumptions downward compared to the forecasts at the end of 2024, lowering expectations for future performance. As a result, the Group further recognised a non-cash impairment of goodwill and dealership rights, of approximately RMB17.5 million and RMB850.4 million respectively for those underperforming CGUs (cash generating units) which were acquired in 2021 and 2022 (including notifiable transactions set out in the Company's announcement dated 12 August 2021 and circular dated 6 April 2022, and other acquisitions (which did not constitute notifiable transactions of the Company under the Listing Rules)) during the Year.

The recoverable amounts of these CGUs have been determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a period of five years. The fair values less costs of disposal ("**FVLCD**") of the CGUs are not estimated to be materially different from their respective value-in-use amounts ("**VIU**") as the fair values of CGUs under discounted cash flow approach and VIU share similar financial forecast, forecast period and discount rate. Considering the FVLCD calculation requires specific inclusion of costs of disposal, FVLCD of CGUs are not estimated to be higher than their respective VIU amount. Thus, VIU is adopted as the recoverable amount in the impairment testing. There have been no changes in the valuation method used compared with that adopted for the year ended 31 December 2024. The pre-tax discount rates applied to the impairment test were within a range from 11.8% to 15.9% (2024: 13.5% to 15.9%) as the global economy underwent an interest rate reduction cycle in 2025, resulting in lower cost of debt and this forecast shows a significant decrease compared to historical periods, with lower realizability risks in financial projections. More information (including key inputs, basis and assumptions used in the valuation) is set out in note 9 to the consolidated financial information in this announcement.

Revenue

The Group recorded a revenue of approximately RMB20,022.9 million, representing a year-on-year decrease of approximately 9.6% (2024: approximately RMB22,154.0 million). In particular, due to the decrease in the transaction prices of new vehicles, revenue from sales of passenger vehicles decreased by approximately 9.2% year-on-year to approximately RMB16,097.3 million (2024: approximately RMB17,726.3 million), accounting for approximately 80.4% (2024: approximately 80.0%) of total revenue. Revenue from after-sales and mortgage facilitation services reached RMB3,925.6 million (2024: approximately RMB4,427.6 million), representing a year-on-year decrease of approximately 11.3% and accounting for approximately 19.6% (2024: approximately 20.0%) of total revenue. During the Year, despite an increase in the number of after-sales vehicles served, affected by the structural downgrading of consumption and the decrease in mortgage facilitation commission rates, customers generally reduced the frequency of visits to workshops and scaled back on individual maintenance projects and expenditures, and the demand for mortgage services also declined, resulting in a decrease in the revenue of this business.

Cost of Sales

Cost of sales decreased by approximately 8.3% year-on-year from approximately RMB20,592.9 million in 2024 to approximately RMB18,874.1 million. The decrease was mainly due to the year-on-year decrease in revenue from sales of passenger vehicles, which resulted in a year-on-year decrease of approximately 9.5% in its cost of sales.

Gross Profit

During the Year, gross profit decreased by approximately 26.4% year-on-year from approximately RMB1,561.0 million in 2024 to approximately RMB1,148.8 million. Overall gross profit margin decreased by 1.3 percentage points to approximately 5.7% (2024: approximately 7.0%). Among which, the gross profit margin of new passenger vehicle sales increased slightly by 0.4 percentage points to approximately -5.8% (2024: approximately -6.2%); whereas the gross profit margin of after-sales and mortgage facilitation services decreased by 6.9 percentage points year-on-year to approximately 53.2% (2024: approximately 60.1%) due to the decline in mortgage facilitation commission rates.

Costs and Expenses

Due to the persistent weakness in consumption confidence, the intensified imbalance between supply and demand in the passenger vehicle market, and the widespread promotional strategies among dealers, the selling prices and profit levels of luxury car are expected to remain under pressure. At the same time, the mortgage policy previously widely adopted by financial institutions to promote the automobile loan business is also facing substantive adjustments, which is expected to have a certain adverse impact on after-sales and mortgage facilitation services as well as the overall profitability of stores. As a result, the Group conducted impairment test with the assistance of an external valuer, an impairment of goodwill and dealership rights approximately RMB17.5 million and RMB850.4 million respectively (2024: approximately RMB943.5 million and RMB1,967.5 million respectively) was incurred during the Year.

Notwithstanding the challenging external environment, the Group maintained prudent cost control and sustained its profit margins by continuously enhancing operational efficiency. During the Year, total operating expenses (distribution costs, administrative expenses and finance costs) decreased year-on-year. In particular, distribution costs amounted to approximately RMB524.9 million (2024: approximately RMB584.7 million), accounting for approximately 2.6% of total revenue, same as last year. Administrative expenses amounted to approximately RMB513.9 million (2024: approximately RMB662.0 million), accounting for approximately 2.6% of total revenue, representing a decrease of 0.4 percentage points as compared to the same period of last year. Finance costs amounted to approximately RMB210.8 million (2024: approximately RMB239.3 million), accounting for approximately 1.1% of total revenue, same as last year.

Taxation

During the Year, the Group's income tax credit amounted to approximately RMB155.2 million, as compared to the income tax credit of approximately RMB375.7 million for the same period of last year. The decrease was mainly attributable to a reduction in the reversal of deferred tax liabilities arising from the impairment of intangible assets.

Profit/Loss for the Year

During the Year, impacted by compressed gross profit margins from new passenger vehicle sales and after-sales and mortgage facilitation services, as well as impairment of goodwill and dealership rights, the Group recorded a loss of approximately RMB754.0 million for the Year (2024: a loss of approximately RMB2,258.8 million). The profit margin increased by 6.4 percentage points from approximately -10.2% in the corresponding period last year to approximately -3.8%.

Dividend

The Board recommended a final dividend of RMB0.0337 per ordinary share of the Company ("**Share(s)**") for the year ended 31 December 2025 (2024: RMB0.0445 per Share).

The Company does not have any treasury shares or repurchased Shares pending cancellation as at the date of this announcement.

Joint Venture

During the Year, share of profits of a joint venture amounted to approximately RMB17.2 million, representing a year-on-year decrease of approximately 1.8% as compared to approximately RMB17.5 million for the same period of last year.

Passenger Vehicles Sales

During the Year, although favorable national policies continued to exert influence and effectively supported a slight increase in overall sales volume, affected by intensified competition and increased promotional efforts, segment revenue decreased by approximately 9.2% as compared with the same period last year to approximately RMB16,097.3 million (2024: approximately RMB17,726.3 million). Sales of luxury brand vehicles remained the Group's major revenue contributor, accounting for approximately 84.8% (2024: approximately 87.0%) of total revenue from the new passenger vehicle sales. The sales of new passenger vehicles of Porsche, BMW and Lexus amounted to approximately RMB5,229.3 million, RMB5,318.3 million, and RMB3,105.3 million respectively, accounting for approximately 32.5%, 33.0%, and 19.3% of total revenue from the new passenger vehicle sales. In terms of sales volume, benefiting from the Group's efficient operations and low inventory strategy, 57,554 units (2024: 56,930 units) of new passenger vehicles were sold during the Year, representing a year-on-year increase of 1.1%. Sales volume of Porsche, BMW and Lexus was 7,550 units, 20,074 units and 11,358 units, respectively during the Year.

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 other automobile-related services such as vehicle registration services and mortgage facilitation services. During the Year, although the Group's service base continued to expand, the mortgage facilitation commission rates decreased, resulting in a decrease in revenue from after-sales and mortgage facilitation services, which fell by approximately 11.3% year-on-year to approximately RMB3,925.6 million (2024: approximately RMB4,427.6 million). The number of vehicles served was 762,633 units, representing a year-on-year increase of approximately 2.2%. The gross profit margin of after-sales and mortgage facilitation services also decreased due to the decline in mortgage facilitation commission rates, falling by 6.9 percentage points year-on-year to 53.2% (2024: approximately 60.1%).

Current Stores Network

The Group continues to implement its proven strategy of focusing on luxury brands, and strives to maintain an efficient distribution network aligning with a single-city-single-store strategy. As at 31 December 2025, the Group had 74 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 and one Tesla after-sales service center.

The number of stores/service centers operated by the Group as at 31 December 2025 was as follows:

Number of stores/service centers under operation	**31 December 2025**	31 December 2024	Change
Porsche	**15**	16	-1
BMW	**27**	27	–
Lexus	**20**	20	–
Toyota	**11**	12	-1
Audi	**0**	1	-1
Tesla after-sales service center	**1**	2	-1
Total	**74**	78	-4

Liquidity, Financial Resources and Position

As at 31 December 2025, the total equity of the Group amounted to approximately RMB2,135.9 million (31 December 2024: approximately RMB2,956.8 million). Current assets amounted to approximately RMB4,366.4 million (31 December 2024: approximately RMB7,113.1 million). The decrease in current assets was mainly due to the Group's redemption and cancellation of outstanding convertible bonds in accordance with the terms of the convertible bonds, as well as its efforts to repay its bills payable, resulting in a significant decrease in cash and cash equivalents and pledged bank deposits at the end of the Year, which decreased by 72.3% and 48.4%, respectively. Current liabilities amounted to approximately RMB3,725.4 million (31 December 2024: approximately RMB6,788.4 million). The decrease in current liabilities was mainly due to the above redemption of outstanding convertible bonds and a decrease in trade and other payables. Net current assets amounted to approximately RMB641.0 million at the end of the Period (31 December 2024: approximately RMB324.7 million).

As at 31 December 2025, the Group's loans and borrowings amounted to approximately RMB981.8 million, representing a decrease of approximately 2.0% as compared to RMB1,001.5 million as of 31 December 2024. Of which, short-term loans and borrowings amounted to approximately RMB512.9 million; and long-term loans and borrowings amounted to approximately RMB468.8 million. The Group redeemed the outstanding convertible bonds in full during the Year (31 December 2024: approximately RMB1,759.2 million). The gearing ratio of the Group (being the sum of loans and borrowings, convertible bonds (if applicable) and lease liabilities divided by total equity attributable to equity shareholders of the Company) was approximately 108.5% as at 31 December 2025 (31 December 2024: approximately 144.0%).

As at 31 December 2025, cash and cash equivalents, fixed deposits with more than three months to maturity when placed, and pledged bank deposits amounted to approximately RMB1,869.9 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 RMB, USD, and Hong Kong dollars. Apart from part of the cash that are denominated in USD and RMB in overseas companies, the Group's business operations are located in Chinese Mainland and a majority of its transactions are denominated in RMB. 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 Year, 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 will closely monitor foreign exchange risks, and will consider hedging significant foreign exchange risks when necessary.

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 31 December 2025, 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 Year. 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 at 31 December 2025, the Group pledged property, plant and equipment, right-of-use assets, inventories, trade and other receivables, and pledged bank deposits of approximately RMB2,135.7 million in aggregate (31 December 2024: approximately RMB3,053.2 million) to secure certain bills payable, loans and borrowings.

PROSPECTS

Looking ahead to 2026, the automobile dealership industry will continue to be impacted by multiple adverse factors, including weak consumption momentum, intensifying price wars, the expansion of the ultra-luxury vehicle tax scope, and the decline in commission rates for mortgage applications. In view of this, the Group will adhere to its prudent and cautious operating strategies, focusing on increasing the operating efficiency of single store, and reducing operational risks and maintaining stable cash flow performance by maintaining a low inventory level. In terms of business expansion, the Group will adhere to its light-asset and low-risk business model, and prudently explore opportunities in the new energy vehicle sector. Meanwhile, as the brands it represents gradually consolidate their dealer networks, the Group will fully leverage its service capabilities and regional coverage advantages to proactively acquire and convert customers of dealers withdrawals from networks, thereby steadily increasing its market share, and laying a solid foundation for a return to growth in the future.

STAFF TRAINING AND DEVELOPMENT

As at 31 December 2025, the Group had a total of 3,763 employees (31 December 2024: 3,706), with the majority of them based in the PRC. The total staff costs of the Group for the Year amounted to approximately RMB755.3 million (2024: approximately RMB711.1 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.

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 Year. The independent non-executive Directors have reviewed the status of compliance of such undertakings, and have confirmed that, as far as they can ascertain, they were not aware of any breach of such non-compete undertakings in the Year.

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 Year. Progress of the relevant matters will be announced, if required, in accordance with relevant regulations.

USE OF PROCEEDS FROM ISSUE IN PRIOR YEARS

In January 2023, the Company placed 68,000,000 new 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 (all of which were not yet utilised as of 1 January 2025). Set out below is the Company's plan on the use of such net proceeds:

Original intended use of net proceeds	**Percentage of total proceeds of such issue**	**Utilised during the Year** *(in HK$ million, approximately)*	**Unutilised as at 31 December 2025** *(in HK$ million, approximately)*
Business expansion (including strategic investments and acquisitions)	50%	–	506
Working capital and other general corporate purposes	50%	506	0
Total	100%	506	506

Upon evaluation by the Board, for more efficient use of resources and the proceeds for the benefit of the Group's operations and in light of the current business strategy of the Group, the Board resolved to change the use of the remaining unutilised net proceeds in the amount of approximately HK$506 million to be used as working capital and other general corporate purposes, it is expected the remaining proceeds fully utilised by the Group by the end of 2028.

IMPORTANT EVENTS AND OTHER INFORMATION

Full redemption of Convertible Bonds issued by Sail Vantage Limited

In January 2022, Sail Vantage Limited ("**CB Issuer**", a wholly-owned subsidiary of the Company) issued the Convertible Bonds to professional investors (as defined in Chapter 37 of the Rules (the "**Listing Rules**") Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")) with an initial aggregate principal amount of HK$2,750 million, and guaranteed by the Company. Listing of the Convertible Bonds commenced on the Stock Exchange on 14 January 2022. 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 were utilised prior to the Year.

As of 1 January 2025, an aggregate principal amount of HK$1,873 million of the Convertible Bonds was outstanding. No conversion took place in the year.

Pursuant to the terms and conditions of the Convertible Bonds, the CB Issuer redeemed all outstanding Convertible Bonds with an aggregate principal amount of HK$1,873 million (representing approximately 68.11% of the Convertible Bonds initially issued) at 106.9428 per cent. of their principal amount. Such redeemed Convertible Bonds carried rights to convert into 42,398,203 Shares based on the then prevailing conversion price of HK$44.1764 per Share) on 13 January 2025 upon receiving the bondholders' notice. The redemption was funded by the Group's internal resources and external borrowings. All redeemed Convertible Bonds were cancelled. There are no outstanding Convertible Bonds in issue, and listing of the Convertible Bonds on the Stock Exchange was withdrawn with effect upon the close of business on 22 January 2025. See also the Company's announcement dated 14 January 2025 and note 15 to the financial information contained in this announcement.

Share option scheme

The prior share option scheme expired in November 2023. On 18 February 2025, the Company announced that it has resolved to propose the adoption of the 2025 Share Option Scheme (the "**2025 Share Option Scheme**"). The purposes of the 2025 Share Option Scheme are to recognise and acknowledge the contributions which the directors and employees of the Group (including persons who are granted options (the "**Options**") under the 2025 Share Option Scheme as an inducement to enter into employment contracts (whether full time or part time) with these companies) have made or may make to the Group. The 2025 Share Option Scheme constitutes a share scheme involving the issue of new Shares under Chapter 17 of the Listing Rules and is accordingly subject to the approval of the shareholders of the Company (the "**Shareholders**") in general meeting. The 2025 Share Option Scheme and a mandate (the "**Share Mandate Limit**") for the allotment and issuance of new Shares for the satisfaction of any Options (upon exercise of the subscription rights attaching to such Options) not exceeding the Scheme Mandate Limit was approved by the Shareholders at an extraordinary general meeting held on 10 June 2025 (the "**EGM**"). Please refer to the Company's announcement dated 18 February 2025, its circular dated 21 May 2025 and its announcement for the poll results of EGM dated 10 June 2025.

As of 31 December 2025, 10,907,250 share options were outstanding under such prior share option scheme (with 1,571,000 share options lapsed during the Year), and no Options were outstanding under the 2025 Share Option Scheme. On 29 January 2026, 8,559,000 Options (with an exercise price of HK$1.38 per ordinary share of the Company) were granted under the 2025 Share Option Scheme. See also the Company's announcement dated 29 January 2026. More information will be set out in the 2025 Annual Report.

Change in composition of the Board committee and other corporate changes

With effect from 27 August 2025, Ms. LUO Liuyu (an executive Director) and Mr. CHEN Guiyi (an independent non-executive Director) have been appointed as members of the Company's Nomination Committee.

Ms. CHAN Charmayne replaced Mr. WONG Cheung Ki Johnny as the company secretary, an authorised representative under Rule 3.05 of the Listing Rules, an authorized representative for accepting service of process and notice on behalf of the Company under Part 16 of the Companies Ordinance and the person authorised to accept service of process and notices on the Company's behalf under Rule 19.05(2) of the Listing Rules, with effect from 18 February 2025.

See also the Company's announcements dated 27 August 2025 and 18 February 2025.

Cornerstone investment in Seres

On 23 October 2025, the Company (as investor) entered into the cornerstone investment agreement with Seres Group Co., Ltd. ("**Seres**") and China International Capital Corporation Hong Kong Securities Limited, pursuant to which the Company has agreed to subscribe for H shares of Seres as part of Seres international offering in the amount of USD20,000,000 (exclusive of brokerage and levies; the number of H shares to be rounded down to the nearest whole board lot) at the offer price (at which Seres offered/ sold its shares in its global offering). See also the Company's announcement dated 23 October 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save as disclosed in this announcement, neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of its listed securities (including treasury shares, as defined under the Listing Rules) during the Year and until the date of this announcement. As at 31 December 2025, 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 Year. More information of the corporate governance of the Group will be set out in the "Corporate Governance Report" in the 2025 Annual Report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "**Model Code**") as the code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiries by the Company, that he/she complied with the required standards set out in the Model Code throughout the Year.

REVIEW BY AUDIT COMMITTEE

The annual results for the Year and this announcement have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF EXTERNAL AUDITOR

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated statements for the year. Pursuant to the Hong Kong Standards on Auditing, Hong Kong Standard on Review Engagement or Hong Kong Standard on Assurance Engagements issued by the Auditing and Assurance Standards Committee of the Hong Kong, the work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the auditor on this announcement.

ANNUAL GENERAL MEETING AND PUBLICATION OF ANNUAL REPORT

The Company's annual general meeting (the "**AGM**") is scheduled to be held on Wednesday, 13 May 2026. The 2025 Annual Report and a notice of the AGM setting out details of the resolutions to be proposed and meeting arrangements will be published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.meidongauto.com in due course.

FINAL DIVIDEND

Notwithstanding the accumulated losses recorded, the Company has sufficient distributable share premium and reserves available for dividend distribution. The Board recommended the payment of a final cash dividend of RMB0.0337 per Share for the Year (2024: RMB0.0445 per Share) to Shareholders whose names are on the register of members of the Company on Thursday, 10 September 2026 (the record date for final dividend). The declaration and payment of the final dividend is subject to, among other things, approval by Shareholders at the AGM and applicable requirements under the Cayman Islands company law, the Listing Rules and the Company's articles of association. Subject to the fulfillment of the above conditions, the final dividend will be paid in cash in Hong Kong dollars, calculated based on an exchange rate to be announced by the Company in due course. Based on the number of Shares in issue as at the date of this announcement, the total amount of proposed dividend is approximately RMB45.37 million. Following the payment of the proposed final dividend, the Company will still maintain a surplus balance of distributable share premium and reserves. It is expected that the cheques for cash dividends will be sent by ordinary mail to Shareholders at their own risk on Wednesday, 28 October 2026.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed for the following periods:

1. From Friday, 8 May 2026 to Wednesday, 13 May 2026 (the record date for eligibility to attend, speak and vote at the AGM) (both days inclusive), during which period no transfer of shares will be registered for the purpose of ascertaining the Shareholders entitled to attend, speak and vote at the AGM. All completed transfer forms 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, 7 May 2026; and

2. From Monday, 7 September 2026 to Thursday, 10 September 2026 (the record date for final dividend) (both days inclusive), during which period no transfer of shares will be registered for the purpose of ascertaining the Shareholders entitled to the final dividend to be approved at the AGM. All completed transfer forms 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 the above address no later than 4:30 p.m. on Friday, 4 September 2026.

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 Year. I would also like to express my appreciation to our shareholders and investors for their continuous support.

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

Hong Kong, 31 March 2026

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

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.