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China MeiDong Auto Holdings Limited
中國美東汽車控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1268)

SUPPLEMENTAL ANNOUNCEMENT

Reference is made to the interim report of China MeiDong Auto Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") for the six months ended 30 June 2026, which contains information on the use of proceeds from the placing of 68,000,000 new shares of the Company in January 2023. As at 30 June 2026, the remaining unutilised net proceeds amounted to approximately HK$506 million, representing 50% of the total net proceeds from the placing.

The Company wishes to provide the following further information on the principal intended uses of the remaining unutilised net proceeds and the currently expected timing of their utilisation.

The Company currently intends to apply the remaining unutilised net proceeds primarily to the following three categories:

(i) staff costs (including wages and other benefits), representing approximately 35% of the total net proceeds from the placing;

(ii) short-term lease expenses and other lease payments, representing approximately 10% of the total net proceeds from the placing; and

(iii) purchase of inventories (including motor vehicles and spare parts), representing approximately 5% of the total net proceeds from the placing.

Staff costs, short-term lease expenses and other lease payments, and the purchase of inventories all constitute working capital requirements arising in the ordinary and continuing course of business of the Group and are directly related to the continuing operation of the Group's existing business. The Group will utilise the relevant proceeds as appropriate based on actual business and operational needs, the actual incurrence of relevant expenses, the overall liquidity position and the availability of different funding sources. The Company expects that the remaining unutilised net proceeds will be fully utilised by the end of 2028.

(i) Staff costs (including wages and other benefits)

The Company currently intends to apply an amount representing approximately 35% of the total net proceeds from the placing, being approximately HK$354.2 million, to the payment of the Group's staff costs, including wages and other benefits.

The Group's continuing operation of automobile dealership and related businesses requires stable human resource support. The relevant staff are engaged in automobile sales, after-sales services, store operations, administration, management and other supporting functions, and the relevant staff costs mainly comprise wages and other employee benefits paid or borne by the Group in respect of its employees in the ordinary course of business. Such expenses are directly related to the Group's maintenance of its existing business operations and day-to-day operating activities, and form part of the operating expenses and working capital requirements normally and continuously incurred by the Group in the course of its continuing operations.

(ii) Short-term lease expenses and other lease payments

The Company currently intends to apply an amount representing approximately 10% of the total net proceeds from the placing, being approximately HK$101.2 million, to the payment of the Group's short-term lease expenses and other lease payments.

In the ordinary course of business, the Group uses leased properties and other leased assets relating to automobile dealership and related businesses to support store operations, after-sales services, administration and other day-to-day operating activities, thereby incurring corresponding short-term lease expenses and other lease payments. Such expenses are directly related to the Group's maintenance of its existing business operations and day-to-day operating activities, and form part of the operating expenses and working capital requirements normally incurred by the Group in the course of its continuing operations.

(iii) Purchase of inventories (including motor vehicles and spare parts)

The Company currently intends to apply an amount representing approximately 5% of the total net proceeds from the placing, being approximately HK$50.6 million, to the purchase of inventories, including motor vehicles and spare parts.

The Group is principally engaged in automobile dealership business and, in the ordinary course of business, purchases motor vehicles to support its automobile sales business and purchases spare parts to support automobile repair, maintenance and other related after-sales service activities. The relevant inventories of motor vehicles and spare parts are directly related to the Group's principal business and day-to-day operating activities, and form part of the Group's normal operating cycle and working capital requirements.

REASONS FOR EXTENDING THE EXPECTED UTILISATION PERIOD OF THE PROCEEDS TO THE END OF 2028

Following the adjustment of the use of the relevant proceeds to the payment of staff costs, short-term lease expenses and other lease payments, and the purchase of inventories, the relevant funding requirements have shifted from relatively large and concentrated project-based uses to working capital requirements that arise gradually in the course of the Group's continuing operations. However, the remaining unutilised net proceeds are not the Group's only source of funds for paying the above expenses. The Group will make appropriate allocations among different funding sources based on actual business needs, its overall liquidity position and other available funding sources. Accordingly, the incurrence of the above three categories of expenses does not necessarily result in the Group utilising the net proceeds from the placing immediately or at the same pace.

Based on the nature of the above use of funds and the overall funding arrangements, the board of directors expects that the remaining unutilised net proceeds will be fully utilised by the end of 2028. The board of directors considers that such arrangements provide greater flexibly to align the utilization of the proceeds with the actual expenditure under the above three uses, the Group's cash flow position and its overall treasury management arrangements.

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

Hong Kong, 13 November 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