

**Stock Exchange**

**CIMC Vehicles (Group) Co., Ltd.**

**中集車輛(集團)股份有限公司**

**(Stock Code: 1839)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED JUNE 30, 2019**

**FINANCIAL HIGHLIGHTS**

Board
Company  
Group
Reporting  
**Period**  
**corresponding period of 2018**

## CONDENSED CONSOLIDATED INCOME STATEMENT

	<b>Six months ended June 30,</b>	
	<b>2019</b>	
	<b>RMB'000</b>	
	<b>(Unaudited)</b>	
	<b>12,605,058</b>	
	<b>(11,010,113)</b>	
<b>Gross profit</b>	<b>1,594,945</b>	
	<b>(269,378)</b>	
	<b>(605,325)</b>	
	<b>2,964</b>	
	<b>110,116</b>	
	<b>142,941</b>	
<b>Operating profit</b>	<b>976,263</b>	
	<b>41,440</b>	
	<b>(61,045)</b>	
	<b>(19,605)</b>	
	<b>5,381</b>	
<b>Profit before income tax</b>	<b>962,039</b>	
	<b>(134,514)</b>	
<b>Profit for the period</b>	<b>827,525</b>	
<b>Attributable to:</b>		
	<b>752,083</b>	
	<b>75,442</b>	
	<b>827,525</b>	
<b>Earnings per share (expressed in RMB per share)</b>	<b>0.50</b>	-

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>Six months ended June 30,</b>	
	<b>2019</b>	
	<b>RMB'000</b>	
	<b>(Unaudited)</b>	
<b>Profit for the period</b>	<b>827,525</b>	
<b>Other comprehensive income/(loss):</b>		
<i>Foreign currency translation differences</i>	<b>7,247</b>	
<i>Other</i>	<b>-</b>	
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>7,247</b>	
<b>Total comprehensive income for the period</b>	<b>834,772</b>	
<b>Total comprehensive income for the period attributable to:</b>		
<i>Shareholders of the Company</i>	<b>758,509</b>	
<i>Non-controlling interests</i>	<b>76,263</b>	
	<b>834,772</b>	

## CONDENSED CONSOLIDATED BALANCE SHEET

As of  
June 30,  
2019  
RMB'000  
(Unaudited)

### ASSETS

#### Non-current assets

Investment properties	-
Investment in subsidiaries	3,656,767
Investment in associates	590,591
Investment in joint ventures	106,118
Long-term receivables	392,289
Long-term prepayments	540,210
Long-term deposits	231,492
Long-term financial assets	13,748
Long-term receivables from related parties	176,425
Long-term prepayments from related parties	174,353
	<hr/>
	<b>5,881,993</b>
	<hr/> <hr/>

#### Current assets

Accounts receivable	3,982,426
Accounts payable	123,985
Prepaid expenses	5,567
Other receivables	7,098
Other long-term receivables	688,460
Other long-term prepayments	2,981,080
Other long-term deposits	559,615
Other long-term financial assets	-
Other long-term receivables from related parties	2,491
Other long-term prepayments from related parties	253,088
Other long-term deposits from related parties	2,173,503
	<hr/>
	<b>10,777,313</b>
	<hr/>
	<b>197,874</b>
	<hr/>
	<b>10,975,187</b>
	<hr/>
<b>Total assets</b>	<b>16,857,180</b>
	<hr/> <hr/>

As of  
June 30,  
2019  
RMB'000  
(Unaudited)

**LIABILITIES**

**Non-current liabilities**

Long-term debt	100,500		
Long-term payables	94,049		
Long-term contract liabilities	25,499		
Long-term deferred income tax	931		
Other non-current liabilities	132,312		
	<b>353,291</b>		

**Current liabilities**

Accounts payable	2,844		
Accounts receivable	3,644,084		
Contract liabilities	1,776,894		
Contract liabilities	589,485		
Other payables	1,694,085		
Long-term payables	19,492		
Contract liabilities	122,791		
Other payables	137,173		
Other payables	254,343		
Other payables	-		
	<b>8,241,191</b>		

**Total liabilities**

**8,594,482**

**EQUITY**

**Equity attributable to owners of the Company**

Capital	1,500,000		
Reserves	2,390,800		
Other equity	3,951,519		

**Non-controlling interests**

7,842,319  
420,379

**Total equity**

**8,262,698**

**Total equity and liabilities**

**16,857,180**

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				Non- controlling interests	Total
	Share capital	Other reserves	Retained earnings	Sub-total		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>		
<b>Balance at January 1, 2018 (Audited)</b>	1,000,000	1,000,000	1,000,000	3,000,000	4,000,000	4,000,000
<b>Comprehensive income</b>						
Net income			100,000	100,000	50,000	150,000
Other comprehensive income		100,000		100,000	50,000	150,000
Dividend income		100,000		100,000	50,000	150,000
<b>Total comprehensive income for the period</b>		300,000	100,000	400,000	200,000	600,000
<b>Transactions with owners in their capacity as owners</b>						
Share repurchases	(100,000)			(100,000)		(100,000)
Share-based payment		100,000	100,000	200,000	100,000	300,000
Share-based payment		100,000	100,000	200,000	100,000	300,000
<b>Total transactions with owners in their capacity as owners</b>	(100,000)	200,000	200,000	300,000	150,000	450,000
<b>Balance at June 30, 2018 (Unaudited)</b>	800,000	1,300,000	1,300,000	3,700,000	4,000,000	4,000,000

**Attributable to owners of the Company**

	<b>Share capital</b> <i>RMB'000</i>	<b>Other reserves</b> <i>RMB'000</i>	<b>Retained earnings</b> <i>RMB'000</i>	<b>Sub-total</b> <i>RMB'000</i>	<b>Non- controlling interests</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>Balance at January 1, 2019 (Audited)</b>	1,000,000	1,000,000	1,000,000	3,000,000	1,000,000	5,000,000
<b>Comprehensive income</b>						
Net income	100,000	100,000	100,000	300,000	100,000	600,000
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>300,000</u>	<u>100,000</u>	<u>600,000</u>
<b>Transactions with owners in their capacity as owners</b>						
Issuance of shares	100,000	-	-	100,000	-	100,000
Share repurchases	(100,000)	-	-	(100,000)	-	(100,000)
Dividends	-	-	(100,000)	(100,000)	-	(100,000)
<b>Total transactions with owners in their capacity as owners</b>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>300,000</u>	<u>100,000</u>	<u>600,000</u>
<b>Balance at June 30, 2019 (Unaudited)</b>	<u><u>1,100,000</u></u>	<u><u>1,100,000</u></u>	<u><u>1,100,000</u></u>	<u><u>3,300,000</u></u>	<u><u>1,100,000</u></u>	<u><u>5,600,000</u></u>





## NOTES:

### 1 GENERAL INFORMATION

The Company is a company incorporated in the People's Republic of China ("PRC") under the laws of the PRC.

The Company's functional currency is the Renminbi ("RMB").

The Company's registered office is located at [Address].

### 2 BASIS OF PREPARATION

The financial statements are prepared in accordance with International Accounting Standards ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"). The financial statements are presented in the historical financial information.



2019年1月1日，本公司按照《企业会计准则第16号——租赁》的规定，对租赁业务进行了重新评估。对于符合融资租赁定义的租赁合同，本公司按照《企业会计准则第16号——租赁》的规定，确认了融资租赁资产和负债。对于符合经营租赁定义的租赁合同，本公司按照《企业会计准则第16号——租赁》的规定，确认了经营租赁资产和负债。上述会计政策变更对2019年1月1日财务报表的影响如下：

新标准、修订及解释	生效日期
《企业会计准则第16号——租赁》	2019年1月1日
《企业会计准则第22号——金融工具确认和计量》	2019年1月1日
《企业会计准则第23号——金融资产转移》	2019年1月1日
《企业会计准则第24号——套期会计》	2019年1月1日
《企业会计准则第37号——金融工具列报》	2019年1月1日

#### 4 CHANGES IN ACCOUNTING POLICIES

On January 1, 2019, the Company re-evaluated its lease business in accordance with the provisions of the Accounting Standards for Business Enterprises (ASBE) No. 16, Leases. For lease contracts that meet the definition of finance lease, the Company recognized finance lease assets and liabilities in accordance with the provisions of ASBE No. 16. For lease contracts that meet the definition of operating lease, the Company recognized operating lease assets and liabilities in accordance with the provisions of ASBE No. 16. The impact of the above accounting policy changes on the financial statements as of January 1, 2019 is as follows:

##### Adjustments recognised on adoption of IFRS 16

The following table shows the adjustments recognised on adoption of IFRS 16 as of January 1, 2019. The adjustments are presented in RMB'000.

	2019 RMB'000
Lease liability recognised as of January 1, 2019	119,685
Lease liability recognised as of January 1, 2019	119,685

The above table shows the adjustments recognised on adoption of IFRS 16 as of January 1, 2019. The adjustments are presented in RMB'000.

	<b>June 30, 2019</b>	
	<b>RMB'000</b>	
Investment in subsidiaries	590,591	
Investment in associates	103,597	
Investment in joint ventures	2,521	
	<u>106,118</u>	
	<u><b>696,709</b></u>	
		<b>Six months ended</b>
		<b>June 30, 2019</b>
		<b>RMB'000</b>
Investment in subsidiaries		—
Investment in associates		598,492
Investment in joint ventures		<u>6,773</u>
<b>Net book amount</b>		<u><b>605,265</b></u>
<b>Period ended June 30, 2019</b>		
Investment in subsidiaries		605,265
Investment in associates		168
Investment in joint ventures		(6,970)
Investment in equity instruments of unlisted entities		(144)
Investment in equity instruments of listed entities		<u>(7,728)</u>
<b>Closing net book amount</b>		<u><b>590,591</b></u>
<b>As of June 30, 2019</b>		
Investment in subsidiaries		591,010
Investment in equity instruments of listed entities		<u>(419)</u>
<b>Net book amount</b>		<u><b>590,591</b></u>

Investment in equity instruments of listed entities is measured at fair value through profit or loss. All other investments are measured at cost less impairment.

Investment in equity instruments of unlisted entities is measured at cost less impairment. Impairment is recognized when the fair value of the investment is lower than its carrying amount. The fair value of the investment is determined by reference to the market value of the equity instrument of the investee, if available. If there is no available market value, the fair value of the investment is determined by reference to the market value of the equity instrument of the investee's parent or other entities in the same group, if available. If there is no available market value, the fair value of the investment is determined by reference to the market value of the equity instrument of the investee's industry, if available. If there is no available market value, the fair value of the investment is determined by reference to the market value of the equity instrument of the investee's country, if available. If there is no available market value, the fair value of the investment is determined by reference to the market value of the equity instrument of the investee's region, if available. If there is no available market value, the fair value of the investment is determined by reference to the market value of the equity instrument of the investee's market, if available. If there is no available market value, the fair value of the investment is determined by reference to the market value of the equity instrument of the investee's industry, if available. If there is no available market value, the fair value of the investment is determined by reference to the market value of the equity instrument of the investee's country, if available. If there is no available market value, the fair value of the investment is determined by reference to the market value of the equity instrument of the investee's region, if available. If there is no available market value, the fair value of the investment is determined by reference to the market value of the equity instrument of the investee's market, if available.

**(i) Impact on earnings per share**

There is no impact on earnings per share as a result of the reclassification of the above items.

**(ii) Practical expedients applied**

The practical expedients applied are described in the following paragraphs.

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**5 SEGMENT INFORMATION**

▲ **CODM** / **CEO**

The following table provides information about the segments of the Company.

The following table provides information about the segments of the Company.

The following table provides information about the segments of the Company.

	Six months ended June 30, 2019				
	The PRC RMB'000	North America RMB'000	Europe RMB'000	Other regions RMB'000	Total RMB'000
<b>(Unaudited)</b>					
Revenue	7,253,786	2,691,781	1,131,199	586,659	11,663,425
Cost of sales	284,963	341,006	161,799	8,590	796,358
Operating profit	75,481	-	65,329	4,465	145,275
Revenue	7,614,230	3,032,787	1,358,327	599,714	12,605,058
Cost of sales	(6,454,040)	(2,290,083)	(1,032,040)	(499,941)	(10,276,104)
Operating profit	(225,914)	(317,950)	(113,865)	(6,872)	(664,601)
Operating profit	(19,880)	-	(47,503)	(2,025)	(69,408)
Operating profit	(6,699,834)	(2,608,033)	(1,193,408)	(508,838)	(11,010,113)
<b>Gross profit</b>	<b>914,396</b>	<b>424,754</b>	<b>164,919</b>	<b>90,876</b>	<b>1,594,945</b>

	2019	2018	2017	2016	2015
Revenue	1,594,945	1,594,945	1,594,945	1,594,945	1,594,945
Cost of sales	(435,550)	(435,550)	(435,550)	(435,550)	(435,550)
<b>Gross profit</b>	<b>1,159,395</b>	<b>1,159,395</b>	<b>1,159,395</b>	<b>1,159,395</b>	<b>1,159,395</b>
Operating expenses	(269,378)	(269,378)	(269,378)	(269,378)	(269,378)
Other income	(605,325)	(605,325)	(605,325)	(605,325)	(605,325)
Other expenses	2,964	2,964	2,964	2,964	2,964
Finance income	110,116	110,116	110,116	110,116	110,116
Finance expenses	(142,941)	(142,941)	(142,941)	(142,941)	(142,941)
Income tax	(19,605)	(19,605)	(19,605)	(19,605)	(19,605)
Share of profit of associates	5,381	5,381	5,381	5,381	5,381
Share of loss of associates	(134,514)	(134,514)	(134,514)	(134,514)	(134,514)
<b>Profit for the period</b>	<b>827,525</b>	<b>827,525</b>	<b>827,525</b>	<b>827,525</b>	<b>827,525</b>

**Six months ended June 30,  
2019  
RMB'000  
(Unaudited)**

<b>Segment gross profit</b>	<b>1,594,945</b>	
Operating expenses	(269,378)	
Other income	(605,325)	
Other expenses	2,964	
Finance income	110,116	
Finance expenses	(142,941)	
Income tax	(19,605)	
Share of profit of associates	5,381	
Share of loss of associates	(134,514)	
<b>Profit for the period</b>	<b>827,525</b>	

Revenue is derived from the sale of goods and services. Revenue is recognized when the goods are delivered to the customer and the customer has accepted the goods. Revenue is recognized when the services are rendered to the customer and the customer has accepted the services.

## 6 REVENUES

	<b>Six months ended June 30,</b>	
	<b>2019</b>	
	<b>RMB'000</b>	
	<b>(Unaudited)</b>	
<b>Revenue from contract with customers:</b>		
Revenue from contracts with customers	11,663,425	11,663,425
Revenue from contracts with customers	796,358	796,358
Revenue from contracts with customers	114,493	114,493
	<hr/>	<hr/>
	12,574,276	12,574,276
	<b>12,535,491</b>	<b>12,535,491</b>
	<b>69,567</b>	<b>69,567</b>
	<hr/>	<hr/>
<b>Revenue from other sources</b>		
	<b>30,782</b>	<b>30,782</b>
	<hr/>	<hr/>
	<b>12,605,058</b>	<b>12,605,058</b>

## 8 FINANCE COSTS – NET

	<b>Six months ended June 30, 2019 RMB'000 (Unaudited)</b>	<b>Six months ended June 30, 2018 RMB'000 (Unaudited)</b>
<b>Finance costs:</b>		
Interest expense	61,045	10,000
Interest income	-	-
	<u>61,045</u>	<u>10,000</u>
<b>Finance income:</b>		
Interest income	(41,440)	(1,000)
	<u>19,605</u>	<u>9,000</u>

## 9 INCOME TAX EXPENSE

	<b>Six months ended June 30, 2019 RMB'000 (Unaudited)</b>	<b>Six months ended June 30, 2018 RMB'000 (Unaudited)</b>
Enterprise income tax	147,627	13,000
Corporate income tax	(13,113)	-
	<u>134,514</u>	<u>13,000</u>

### (a) Enterprise income tax in mainland China (“EIT”)

The Company is subject to EIT in mainland China at the statutory rate of 25% on its taxable income. The Company has applied for and obtained the qualification of a high-tech enterprise in mainland China. As a result, the Company is entitled to a preferential EIT rate of 15% on its taxable income.

### (b) Corporate income tax in other jurisdictions

The Company is subject to corporate income tax in other jurisdictions at the statutory rate of 25% on its taxable income. The Company has applied for and obtained the qualification of a high-tech enterprise in other jurisdictions. As a result, the Company is entitled to a preferential corporate income tax rate of 15% on its taxable income.

### (c) Preferential EIT rate

The Company is subject to EIT in mainland China at the statutory rate of 25% on its taxable income. The Company has applied for and obtained the qualification of a high-tech enterprise in mainland China. As a result, the Company is entitled to a preferential EIT rate of 15% on its taxable income.



## 10 DIVIDENDS

	Six months ended June 30, 2019 RMB'000 (Unaudited)	Six months ended June 30, 2018 RMB'000 (Unaudited)
Dividends paid	-	-
Dividends payable	400,000	-
	<u>(400,000)</u>	<u>-</u>
	<u>-</u>	<u>-</u>

*Dividends payable* represents the amount of dividends payable to the shareholders of the Company as of the reporting date.

## 11 EARNINGS PER SHARE

	Six months ended June 30, 2019 (Unaudited)	Six months ended June 30, 2018 (Unaudited)
Basic earnings per share	752,083	1,500,000
Diluted earnings per share	1,500,000	3,000,000
	<u>0.50</u>	<u>-</u>

## 12 TRADE AND BILL RECEIVABLES

	As of June 30, 2019 RMB'000 (Unaudited)	As of June 30, 2018 RMB'000 (Unaudited)
Trade receivables	6,028	9,100
Bill receivables	9,100	15,128
	<u>15,128</u>	<u>24,228</u>
Trade receivables	3,046,816	3,046,816
Bill receivables	51,126	51,126
	<u>3,097,942</u>	<u>3,097,942</u>
Trade receivables	3,113,070	3,113,070
Bill receivables	(131,990)	(131,990)
	<u>2,981,080</u>	<u>2,981,080</u>

2019 2018  
 2019 2018  
 2019 2018

	<b>As of</b>	
	<b>June 30,</b>	
	<b>2019</b>	
	<b>RMB'000</b>	
	<b>(Unaudited)</b>	
2019	<b>2,506,125</b>	
2018	<b>400,188</b>	
2017	<b>92,081</b>	
2016	<b>99,548</b>	
	<b>3,097,942</b>	

2019 2018  
 2019 2018  
 2019 2018

2019 2018  
 2019 2018  
 2019 2018

	<b>Six months</b>	
	<b>ended June 30,</b>	
	<b>2019</b>	
	<b>(Unaudited)</b>	
<b>At the beginning of the period</b>	<b>141,102</b>	
	<b>(3,882)</b>	
	<b>(5,233)</b>	
	<b>3</b>	
<b>At the end of the period</b>	<b>131,990</b>	

2019 2018  
 2019 2018  
 2019 2018

### 13 PREPAYMENTS AND OTHER RECEIVABLES

	As of June 30, 2019 <i>RMB'000</i> (Unaudited)	
Prepayments	242,565	
Other receivables	17,909	
Other receivables	27,311	
	<hr/>	
	287,785	
	(6,202)	
	<hr/>	
	281,583	
	<hr/>	
Prepayments	55,401	
Other receivables	28,414	
Other receivables	85,124	
Other receivables	73,082	
Other receivables	43,002	
Other receivables	50,234	
	<hr/>	
	335,257	
	(57,225)	
	<hr/>	
	278,032	
	<hr/>	
	559,615	
	<hr/> <hr/>	

### 14 TRADE AND BILL PAYABLES

	As of June 30, 2019 <i>RMB'000</i> (Unaudited)	
Trade payables	3,494,631	
Bill payables	149,453	
	<hr/>	
	3,644,084	
	<hr/> <hr/>	

14. *As of June 30, 2019, the Company's bank deposits are held in the following currencies:*

	<b>As of June 30, 2019 RMB'000 (Unaudited)</b>	
U.S. dollars	2,036,152	
U.S. dollars denominated deposits	874,331	
U.S. dollars denominated deposits	450,609	
U.S. dollars denominated deposits	282,992	
	<b>3,644,084</b>	

## 15 OTHER PAYABLES AND ACCRUALS

	<b>As of June 30, 2019 RMB'000 (Unaudited)</b>	
Accounts payable	162,841	
Accounts payable	606,025	
Accounts payable	384,766	
Accounts payable	214,194	
Accounts payable	101,277	
Accounts payable	96,844	
Accounts payable	20,443	
Accounts payable	26,812	
Accounts payable	27,758	
Accounts payable	22,444	
Accounts payable	113,490	
	<b>1,776,894</b>	

## 16 EVENTS OCCURRING AFTER THE REPORTING PERIOD

16.1 *Global Offering* - On July 1, 2019, the Company completed a global offering of 100,000,000 shares of its common stock at a price of \$1.00 per share. The net proceeds from the offering, after deducting underwriting discounts and commissions, were approximately \$95 million. The net proceeds from the offering will be used for general corporate purposes, including working capital and capital expenditures.

## MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis (MDA) is a section of a company's annual report that provides a narrative overview of the company's performance, financial position, and future prospects. It is typically written by the company's management and is intended to provide investors and other stakeholders with a clear understanding of the company's operations and financial results.

### Product portfolio

The company's product portfolio consists of the following products:

1. **Product A**: This product is the company's primary offering and has a long history of success. It is a high-quality, reliable product that has been widely adopted by customers.

2. **Product B**: This product is a newer offering that has gained significant traction in the market. It is a high-quality, reliable product that has been widely adopted by customers.

3. **Product C**: This product is a newer offering that has gained significant traction in the market. It is a high-quality, reliable product that has been widely adopted by customers.

4. **Product D**: This product is a newer offering that has gained significant traction in the market. It is a high-quality, reliable product that has been widely adopted by customers.

5. **Product E**: This product is a newer offering that has gained significant traction in the market. It is a high-quality, reliable product that has been widely adopted by customers.

The company's product portfolio is diverse and well-balanced.

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1. **Product A**: This product is the company's primary offering and has a long history of success. It is a high-quality, reliable product that has been widely adopted by customers.

2. **Product B**: This product is a newer offering that has gained significant traction in the market. It is a high-quality, reliable product that has been widely adopted by customers.

3. **Product C**: This product is a newer offering that has gained significant traction in the market. It is a high-quality, reliable product that has been widely adopted by customers.

## BUSINESS REVIEW AND OUTLOOK

### Operating Revenue

Operating revenue is the total amount of revenue generated by the company's operations. It is calculated as the sum of all sales of goods and services, less discounts, allowances, and returns. Operating revenue is a key indicator of a company's financial performance and is used to measure its profitability.

- **Product A**: This product is the company's primary offering and has a long history of success. It is a high-quality, reliable product that has been widely adopted by customers.
- **Product B**: This product is a newer offering that has gained significant traction in the market. It is a high-quality, reliable product that has been widely adopted by customers.
- **Product C**: This product is a newer offering that has gained significant traction in the market. It is a high-quality, reliable product that has been widely adopted by customers.
- **Product D**: This product is a newer offering that has gained significant traction in the market. It is a high-quality, reliable product that has been widely adopted by customers.
- **Product E**: This product is a newer offering that has gained significant traction in the market. It is a high-quality, reliable product that has been widely adopted by customers.

The company's operating revenue is expected to grow significantly over the next few years. This is due to the company's strong product portfolio and its focus on expanding its market presence.

- **Cost of Sales** is the cost of the goods sold. It is calculated as the cost of the goods available for sale minus the ending inventory. The cost of goods available for sale is the sum of the beginning inventory and the purchases during the period. The ending inventory is the value of the goods on hand at the end of the period.
- **Gross Profit** is the difference between the sales revenue and the cost of sales. It represents the profit earned on the goods sold before deducting the operating expenses. It is calculated as Sales minus Cost of Sales.
- **Operating Profit** is the profit earned from the company's core operations. It is calculated as Gross Profit minus Operating Expenses. Operating expenses include salaries, rent, utilities, and other costs incurred in the normal course of business.
- **Net Profit** is the profit earned after deducting all expenses, including taxes and interest. It is calculated as Operating Profit minus Non-Operating Expenses and Taxes.

## Gross Margin and Profitability

- **Gross Margin** is a measure of profitability that indicates the percentage of sales revenue that remains after deducting the cost of sales. It is calculated as  $\frac{\text{Gross Profit}}{\text{Sales Revenue}} \times 100$ .
- **Profitability** is a measure of a company's ability to generate profit. It is calculated as  $\frac{\text{Net Profit}}{\text{Sales Revenue}} \times 100$ .

## Review by Business Segment

Six months ended June 30,  
2019

	Revenue	Gross Margin	Operating Profit	Operating Profit Margin
Vehicle sales	11,663.4	11.9%	1,387.8	11.9%
Parts and components sales	796.4	16.5%	130.3	16.4%
Other businesses	145.3	52.2%	76.0	52.3%
<b>Total</b>	<b>12,605.1</b>	<b>12.7%</b>	<b>1,594.1</b>	<b>12.7%</b>

### *Sales of vehicles business*

Vehicle sales revenue decreased 1.0% from 11,769.8 million yen in the same period of the previous year to 11,663.4 million yen in the current period. This was due to a decrease in sales volume of 1,000 units, which was caused by a decrease in sales volume of 1,000 units in the current period. The gross margin rate increased 0.1 percentage points from 11.8% in the same period of the previous year to 11.9% in the current period. This was due to an increase in the gross margin rate of 0.1 percentage points in the current period.

### *Sales of parts and components business*

Parts and components sales revenue decreased 1.0% from 800.0 million yen in the same period of the previous year to 796.4 million yen in the current period. This was due to a decrease in sales volume of 1,000 units, which was caused by a decrease in sales volume of 1,000 units in the current period. The gross margin rate increased 0.1 percentage points from 16.4% in the same period of the previous year to 16.5% in the current period. This was due to an increase in the gross margin rate of 0.1 percentage points in the current period.

### *Other businesses*

Other businesses revenue decreased 1.0% from 145.3 million yen in the same period of the previous year to 145.3 million yen in the current period. This was due to a decrease in sales volume of 1,000 units, which was caused by a decrease in sales volume of 1,000 units in the current period. The gross margin rate increased 0.1 percentage points from 52.1% in the same period of the previous year to 52.2% in the current period. This was due to an increase in the gross margin rate of 0.1 percentage points in the current period.

Operating profit increased 1.0% from 1,594.1 million yen in the same period of the previous year to 1,594.1 million yen in the current period. This was due to an increase in operating profit of 1.0% in the current period. The operating profit margin increased 0.1 percentage points from 12.6% in the same period of the previous year to 12.7% in the current period. This was due to an increase in the operating profit margin of 0.1 percentage points in the current period.

## Review by Market Region

Six months ended June 30,  
2019

	Revenue	Gross Margin	Operating Profit	Operating Profit Margin
<b>The PRC</b>				
Revenue	7,253.8	11.0%	798.4	10.9%
Operating Profit	285.0	20.7%	285.0	20.7%
Operating Profit Margin	75.4	73.7%	75.4	73.7%
<b>North America</b>				
Revenue	2,691.8	14.9%	399.0	14.8%
Operating Profit	341.0	6.8%	341.0	6.8%
Operating Profit Margin	-	-	-	-
<b>Europe</b>				
Revenue	1,131.2	8.8%	100.0	8.8%
Operating Profit	161.8	29.6%	161.8	29.6%
Operating Profit Margin	65.3	27.3%	65.3	27.3%
<b>Other Regions<sup>3</sup></b>				
Revenue	586.7	14.8%	86.7	14.8%
Operating Profit	8.6	20.0%	8.6	20.0%
Operating Profit Margin	4.5	54.6%	4.5	54.6%
<b>Total</b>	<b>12,605.1</b>	<b>12.7%</b>	<b>1,333.7</b>	<b>10.6%</b>

### The PRC

Revenue increased 10.0% from 6,588.0 million yuan in the six months ended June 30, 2018 to 7,253.8 million yuan in the six months ended June 30, 2019. Revenue increase was primarily due to the increase in sales volume of our products in the six months ended June 30, 2019. Operating profit increased 10.0% from 285.0 million yuan in the six months ended June 30, 2018 to 285.0 million yuan in the six months ended June 30, 2019. Operating profit increase was primarily due to the increase in sales volume of our products in the six months ended June 30, 2019. Operating profit margin increased 10.0% from 75.4% in the six months ended June 30, 2018 to 73.7% in the six months ended June 30, 2019. Operating profit margin increase was primarily due to the increase in sales volume of our products in the six months ended June 30, 2019.

<sup>3</sup> Other Regions include Latin America, Africa, Middle East, Europe, and Asia.



## North America

The North American market is characterized by a high level of competition and a focus on innovation. Key players in this region include Microsoft, Amazon, and Google, all of whom have invested heavily in research and development. The market is also characterized by a strong emphasis on customer service and a focus on building long-term relationships with clients. In addition, the North American market is highly regulated, with a focus on data privacy and security. This has led to the development of a robust legal and regulatory framework that governs the operation of technology companies in the region. Overall, the North American market is a highly competitive and dynamic environment that offers significant opportunities for growth and innovation.

## Europe

The European market is characterized by a strong emphasis on data privacy and security, which has led to the development of a robust legal and regulatory framework. This has created a highly competitive and dynamic environment that offers significant opportunities for growth and innovation. Key players in this region include Microsoft, Amazon, and Google, all of whom have invested heavily in research and development. The market is also characterized by a strong emphasis on customer service and a focus on building long-term relationships with clients. In addition, the European market is highly regulated, with a focus on data privacy and security. This has led to the development of a robust legal and regulatory framework that governs the operation of technology companies in the region. Overall, the European market is a highly competitive and dynamic environment that offers significant opportunities for growth and innovation.

## Other Regions

Other regions, such as Asia and Latin America, are also experiencing rapid growth and innovation. Key players in these regions include Alibaba, Tencent, and Mercado Libre, all of whom have invested heavily in research and development. The market is also characterized by a strong emphasis on customer service and a focus on building long-term relationships with clients. In addition, the Other Regions market is highly regulated, with a focus on data privacy and security. This has led to the development of a robust legal and regulatory framework that governs the operation of technology companies in the region. Overall, the Other Regions market is a highly competitive and dynamic environment that offers significant opportunities for growth and innovation.

## Future Plans and Strategies

State Council

《關於加快道路貨運行業轉型升級促進高質量發展的意見》  
Guideline

《打贏藍天保衛戰三年行動計劃》

中國汽車工業協會專用車分會  
漢陽專用汽車研究所  
中國掛車高質量發展聯席會

1998-1999

1. The first step in the process of identifying a problem is to define the problem. This involves identifying the symptoms of the problem and determining the scope of the problem.

2. The second step is to identify the causes of the problem.

3. The third step is to identify the stakeholders who are affected by the problem. This involves identifying the individuals, groups, and organizations that are impacted by the problem and determining their interests and needs.

4. The fourth step is to develop a plan of action. This involves identifying the goals of the plan, determining the resources needed to implement the plan, and developing a timeline for the plan.

5. The fifth step is to implement the plan. This involves putting the plan into action and monitoring the progress of the plan.

6. The sixth step is to evaluate the results of the plan. This involves comparing the actual results of the plan to the goals of the plan and determining the effectiveness of the plan.

7. The seventh step is to communicate the results of the plan. This involves sharing the results of the plan with the stakeholders and providing feedback to the stakeholders.

8. The eighth step is to review the process and make improvements.

9. The ninth step is to document the process. This involves creating a record of the process and the results of the plan.





... 2019年6月30日，本公司及附屬公司之總資產為人民幣1,794.6百萬元，較2018年12月31日增加人民幣1,109.6百萬元。本公司及附屬公司之總負債為人民幣1,694.1百萬元，較2018年12月31日增加人民幣1,109.6百萬元。本公司及附屬公司之淨資產為人民幣100.5百萬元，較2018年12月31日增加人民幣100.5百萬元。

... 全球營運 地方智慧 ...

## Financial Review

### Liquidity and Financial Resources

... 2019年6月30日，本公司及附屬公司之總資產為人民幣1,794.6百萬元，較2018年12月31日增加人民幣1,109.6百萬元。本公司及附屬公司之總負債為人民幣1,694.1百萬元，較2018年12月31日增加人民幣1,109.6百萬元。本公司及附屬公司之淨資產為人民幣100.5百萬元，較2018年12月31日增加人民幣100.5百萬元。

	<b>As of June 30, 2019</b>	
	<b>RMB in millions</b>	
<b>Long-term borrowings</b>		
... 2019年6月30日	-	-
... 2018年12月31日	<b>100.5</b>	-
<b>Subtotal</b>	<b>100.5</b>	-
<b>Short-term borrowings</b>		
... 2019年6月30日	<b>1,109.6</b>	-
... 2018年12月31日	<b>331.3</b>	-
... 2019年6月30日	<b>80.0</b>	-
... 2018年12月31日	-	-
... 2019年6月30日	<b>173.2</b>	-
<b>Subtotal</b>	<b>1,694.1</b>	-
<b>Total borrowings</b>	<b>1,794.6</b>	-



## Capital Structure

Capital structure refers to the mix of debt and equity used to finance a company's operations and growth. It is a key component of a company's financial strategy and can significantly impact its risk profile and cost of capital. The most common types of capital structure are debt, equity, and a combination of both. Debt capital structure involves borrowing money from lenders, while equity capital structure involves raising funds from investors. A company's capital structure is determined by its industry, size, and growth prospects. For example, a company in a capital-intensive industry like manufacturing may have a higher proportion of debt, while a company in a service industry may have a higher proportion of equity. The optimal capital structure for a company is the one that minimizes its cost of capital and maximizes its value.

Debt capital structure is characterized by fixed payments to lenders, which can increase the company's financial risk. However, it also provides a tax shield and can be a more stable source of financing. Equity capital structure, on the other hand, does not require fixed payments and is generally less risky, but it can dilute the ownership of the company. A company's capital structure is also influenced by its credit rating and the availability of financing options. A company with a high credit rating may be able to borrow more easily and at a lower cost, while a company with a lower credit rating may face higher interest rates and more restrictive terms. The optimal capital structure for a company is the one that balances the benefits of debt and equity financing to minimize its overall cost of capital.

## Capital Commitments

Capital commitments refer to the amount of capital that a company has committed to invest in various projects, acquisitions, or other strategic initiatives. These commitments are typically made over a period of time and can have a significant impact on the company's financial performance and risk profile. Capital commitments are often used to fund long-term growth and expansion, and they can be a key indicator of a company's financial strength and commitment to its strategic goals.



## **Plans for significant investment or purchase of capital assets in the future and its financing proposals**

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### **Contingent Liabilities**

#### **(1) Financial guarantees**

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#### **(2) Outstanding performance bond and letter of credit**

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### **Number and remuneration of employees, remuneration policy and training plan**

\_\_\_\_\_

\_\_\_\_\_

## Interim Dividend

## Use of Proceeds from Global Offering

**CopurRedemptng tran14.917 0.053 T2sam962**



## Securities Transactions by Directors and Supervisors

Model Code

CIMC Vehicles (Group) Co., Ltd.  
Li Guiping