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CIMC VEHICLES

CIMC Vehicles (Group) Co., Ltd.

中集車輛(集團)股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1839)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2022

The Board of the Company announces the unaudited interim results of the Group for the six months ended June 30, 2022.

I. IMPORTANT NOTICE

- (1) The Board, the Supervisory Committee and the Directors, Supervisors and senior management of the Company warrant that there are no misrepresentations, misleading statements or material omissions contained in the interim results announcement for the six months ended June 30, 2022 (the “**Announcement**”), and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the information contained in the Announcement.
- (2) All the Directors attended the Board meeting in relation to, among others, approval of the interim results for the six months ended June 30, 2022.
- (3) The person in charge of the Company, Mr. Li Guiping, the person in charge of accounting and Manager of Finance Department (accounting chief), Mr. Zhan Rui, hereby warrant the truthfulness, accuracy and completeness of the financial statements as set out in the Announcement.
- (4) The forward-looking statements in the Announcement regarding future development plans do not constitute a material commitment by the Company to investors. Investors and the relevant persons are advised to be fully aware of the risks involved and understand the differences between plans, forecasts and commitments. The Company reminds investors to carefully read the full text of the Announcement and pay special attention to the risk factors faced by the Company, details of which are set out in “VII. Risk Exposures of the Company and Responsive Initiatives” under Section IV “Management Discussion and Analysis” in the Announcement.
- (5) Approved by the Board meeting, the Company proposed not to distribute cash dividend, bonus shares or increase share capital by way of transfer from capital reserves for the 2022 interim period.
- (6) The Announcement is published in English and Chinese. In the event of any inconsistency between the two versions, the Chinese version shall prevail.

II. COMPANY PROFILE AND KEY FINANCIAL INDICATORS

(1) Company Information

Stock abbreviation	CIMC Vehicles	Stock code	301039 (A Shares) 01839 (H Shares)
Stock exchanges on which the Shares are listed	SZSE, Hong Kong Stock Exchange		
Legal name in Chinese of the Company	中集車輛(集團)股份有限公司		
Legal short name in Chinese of the Company	中集車輛		
Legal name in English of the Company (if any)	CIMC Vehicles (Group) Co., Ltd.		
Legal short name in English of the Company (if any)	CIMC VEHICLES		

(2) Contact Persons and Means of Communication

	Secretary to the Board	Representative of Securities Affairs
Name	Mao Yi	Yang Ying
Contact address	No. 2, Gangwan Avenue, Shekou, Nanshan District, Shenzhen, China	No. 2, Gangwan Avenue, Shekou, Nanshan District, Shenzhen, China
Telephone	(86) 0755-26802598	(86) 0755-26802598
Facsimile	(86) 0755-26802700	(86) 0755-26802700
Email address	ir_vehicles@cimc.com	ir_vehicles@cimc.com

(3) Other Information

1. Company contact information

Were there changes in the registered address, office address and postal code, website address and e-mail address of the Company during the Reporting Period

Applicable Not applicable

There were no changes in the registered address, office address and postal code, website address and e-mail address of the Company during the Reporting Period. For details, please refer to the 2021 Annual Report.

2. Information disclosure and locations for documents for inspection

Were there changes in information disclosure and locations for documents for inspection during the Reporting Period

Applicable Not applicable

There were no changes in the name of the newspaper selected by the Company for information disclosure, the website designated by the CSRC for publication of semi-annual reports, or locations for semi-annual reports of the Company for inspection. For details, please refer to the 2021 Annual Report.

3. Change of registration

Were there changes in the registration during the Reporting Period

Applicable Not applicable

There were no changes in the registration of the Company during the Reporting Period. For details, please refer to the 2021 Annual Report.

(4) Major Accounting Data and Financial Indicators

Whether retrospective adjustments or restatements would be made by the Company to the accounting data for prior periods.

Yes No

	Six months ended June 30, 2022	Six months ended June 30, 2021	Increase/(decrease) compared with same period of last year
Revenue (RMB)	11,195,842,138.07	17,711,844,059.18	(36.79%)
Net profit attributable to shareholders of the Company (RMB)	365,758,163.71	688,457,493.07	(46.87%)
Net profit attributable to shareholders of the Company after deducting non-recurring profit or loss (RMB)	348,586,596.96	456,219,830.54	(23.59%)
Net cash flow from operating activities (RMB)	206,778,405.88	282,318,213.73	(26.76%)
Basic earnings per share (RMB/share)	0.18	0.39	(53.85%)
Diluted earnings per share (RMB/share)	0.18	0.39	(53.85%)
Weighted average return on net assets	3.08%	6.69%	(3.61%)
	June 30, 2022	December 31, 2021	Increase/(decrease) compared with the end of last year
Total assets (RMB)	22,375,502,392.44	21,781,333,224.44	2.73%
Net assets attributable to shareholders of the Company (RMB)	11,766,954,532.10	11,738,895,400.14	0.24%

(5) Differences in Accounting Data Under Domestic and Overseas Accounting Standards

1. Differences in net profit and in net assets in the financial statements as disclosed under International Accounting Standards and China Accounting Standards for Business Enterprises (“CASBE”)

Applicable Not applicable

There was no difference in the net profit and in the net assets in the financial statements as disclosed under international accounting standards and CASBE during the Reporting Period.

2. Differences in net profit and in net assets in the financial statements as disclosed under overseas accounting standards and CASBE

Applicable Not applicable

There was no difference in the net profit and in the net assets in the financial statements as disclosed under overseas accounting standards and CASBE during the Reporting Period.

3. Description of the reasons for the differences in accounting data under domestic and overseas accounting standards

Applicable Not applicable

(6) Non-recurring Profit or Loss Items and Amounts

Applicable Not applicable

Unit: RMB

Items	Six months ended	
	June 30, 2022	Note
Losses on disposal of non-current assets	(9,383,105.14)	
Government grants recognized in profit or loss	41,360,047.32	Various government grants
Gains/(losses) arising from changes in fair value of financial assets and liabilities held for trading and derivative financial instruments, and investment income/(loss) arising from the changes in fair value of investment properties which are subsequently measured at fair value, and the investment income arising from disposals of financial assets and liabilities held for trading and derivative financial instruments	(11,425,801.97)	Loss from fair value change on derivative financial assets and liabilities
Other non-operating income and expenses other than the above-mentioned items	2,881,028.80	
Less: Income tax	2,319,964.84	
Non-controlling interests, net of tax	3,940,637.42	
	17,171,566.75	

Details of other gain or loss items within the definition of non-recurring profit or loss:

Applicable Not applicable

The Company did not have other gain or loss item that was within the definition of non-recurring profit or loss.

Explanations on defining the non-recurring profit or loss items set out in the “Explanatory Announcement No. 1 on Information Disclosure by Companies Offering Securities to the Public – Non-Recurring Profits or Losses” as recurring profit or loss items

Applicable Not applicable

The Company did not define the non-recurring profit or loss items set out in the “Explanatory Announcement No. 1 on Information Disclosure by Companies Offering Securities to the Public – Non-Recurring Profits or Losses” as recurring profit or loss items.

III. SHAREHOLDERS AND SHARE CAPITAL

(1) Number of Shareholders and the Shareholding of the Company

Unit: Share

Name of shareholder	Nature of shareholder	Shareholding percentage	Shareholdings of the Shareholders holding more than 5% of the shares or the top ten Shareholders				Pledged, charged or frozen shares Status	Number
			Number of shares held as at the end of the Reporting Period	Changes during the Reporting Period	Number of shares held subject to trading restrictions	Number of shares held not subject to trading restrictions		
CIMC	Domestic non-state-owned legal person	36.10%	728,443,475	0	728,443,475	0		
CIMC Hong Kong (note 1)	Overseas legal person	19.67%	396,801,000	5,849,500	284,985,000	111,816,000		
Ping An Capital Co., Ltd. (平安資本有限責任公司) – Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥))	Others	8.32%	167,836,525	0	167,836,525	0		
HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司) (note 2)	Overseas legal person	8.28%	167,056,532	(5,867,000)	0	167,056,532		

Shareholdings of the Shareholders holding more than 5% of the shares or the top ten Shareholders

Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares held as at the end of the Reporting Period	Changes during the Reporting Period	Number of shares held subject to trading restrictions	Number of shares held not subject to trading restrictions	Pledged, charged or frozen shares Status Number
Ping An Capital Co., Ltd. (平安資本有限責任公司) – Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企業(有限合夥))	Others	8.01%	161,602,500	0	161,602,500	0	
Xiangshan Huajin	Domestic non-state-owned legal person	4.80%	96,877,500	0	96,877,500	0	
Central Enterprises Poor Regions Industry Investment Fund Co., Ltd. (中央企業鄉村產業投資基金股份有限公司)	State-owned legal person	1.42%	28,735,632	815,000	28,735,632	0	
China Insurance Investment Co., Ltd. (中保投資有限責任公司) – China Insurance Investment Fund L.P. (中國保險投資基金(有限合夥))	Others	1.28%	25,862,068	0	25,862,068	0	
Shenzhen Longyuan	Domestic non-state-owned legal person	1.15%	23,160,000	0	23,160,000	0	
Shenzhen Nanshan Dacheng Fund Management Limited Company (深圳南山大成基金管理有限公司) – Shenzhen Nan Shan Da Cheng New Material Investment Partnership (Limited Partnership) (深圳南山大成新材料投資合夥企業(有限合夥))	Others	1.15%	23,160,000	0	23,160,000	0	

Strategic investors or ordinary legal persons becoming top ten Shareholders by way of placing of new Shares Central Enterprises Poor Regions Industry Investment Fund Co., Ltd. (中央企業鄉村產業投資基金股份有限公司) and China Insurance Investment Co., Ltd. (中保投資有限責任公司) – China Insurance Investment Fund L.P. (中國保險投資基金(有限合夥)) became top ten Shareholders by way of placing of new Shares. Except for a lock-up period from July 8, 2021 to July 7, 2022, neither the start date nor the end date of the shareholding period has been agreed with these shareholders.

Description of connected relationships or concerted actions of the above shareholders

1. CIMC Hong Kong is a wholly-owned subsidiary of CIMC;
2. Each of Ping An Capital Co., Ltd. (平安資本有限責任公司) – Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥)) and Ping An Capital Co., Ltd. (平安資本有限責任公司) – Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企業(有限合夥)) is a private investment fund. Their fund manager is Ping An Capital Co., Ltd. (平安資本有限責任公司), and their executive partner is Ping An Decheng. Both Ping An Decheng and Ping An Capital Co., Ltd. (平安資本有限責任公司) are enterprises whose equity interests are indirectly owned as to 100% by Ping An Group (a listed company, 601318.SH/02318.HK). Ping An Capital Co., Ltd. (平安資本有限責任公司) – Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥)) and Ping An Capital Co., Ltd. (平安資本有限責任公司) – Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企業(有限合夥)) are under the control of the same entity and are persons acting in concert.

Saved as disclosed above, the Company is not aware of any other related relationship among the above shareholders, or whether they are persons acting in concert.

Shareholdings of the Shareholders holding more than 5% of the shares or the top ten Shareholders

Name of shareholder	Nature of shareholder	Shareholding percentage	Number of	Changes	Number of	Number of	Pledged, charged or frozen shares	
			shares held as at the end of the Reporting Period	during the Reporting Period	shares held subject to trading restrictions	shares held not subject to trading restrictions		
			Period	Period	restrictions	restrictions	Status	Number

Description of entrusting/being entrusted voting rights or waiving voting rights of the above Shareholders Not applicable

Special description of the special accounts for repurchase held by the top ten Shareholders Not applicable

Note 1: As at the end of the Reporting Period, 111,816,000 H Shares of the Company held by CIMC Hong Kong were registered under HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司). The number of shares held by CIMC Hong Kong and the shareholding percentage in the above table have taken into account the number of such shares.

Note 2: HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司) is the nominee holder on

(2) Disclosure of Shareholdings of the Substantial Shareholders and Other Parties under the SFO of Hong Kong

As at June 30, 2022, to the knowledge of Directors, the following persons other than the Directors, Supervisors and Chief Executive of the Company had interests and/or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept pursuant to Section 336 of the SFO:

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares	Long Position/ Short Position	Approximate Percentage of the Relevant Class of Shares	Approximate Percentage of the Total Issued Share Capital of the Company
CIMC	Beneficial owner	A Shares	728,443,475	Long position	50.11%	36.10%
	Interest in controlled corporation ⁽¹⁾	H Shares	396,801,000	Long position	70.36%	19.67%
Ping An Decheng	Interest in controlled corporation ⁽²⁾	A Shares	329,439,025	Long position	22.66%	16.33%
Ping An Financial	Interest in controlled corporation ⁽²⁾	A Shares	329,439,025	Long position	22.66%	16.33%
Ping An Life Insurance	Interest in controlled corporation ⁽⁴⁾	A Shares	329,439,025	Long position	22.66%	16.33%
Ping An Group	Interest in controlled corporation ⁽²⁾	A Shares	329,439,025	Long position	22.66%	16.33%
CIMC Hong Kong	Beneficial owner	H Shares	396,801,000	Long position	70.36%	19.67%
Shanghai Taifu	Beneficial owner	A Shares	167,836,525	Long position	11.55%	8.32%
Chi Xiao	Interest in controlled corporation ⁽³⁾	A Shares	167,836,525	Long position	11.55%	8.32%
Nanshan Group	Interest in controlled corporation ⁽³⁾	A Shares	167,836,525	Long position	11.55%	8.32%
Taizhou Taifu	Beneficial owner	A Shares	161,602,500	Long position	11.12%	8.01%
Ping An Health Partnership	Interest in controlled corporation ⁽⁴⁾	A Shares	161,602,500	Long position	11.12%	8.01%

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares	Long Position/ Short Position	Approximate Percentage of the Relevant Class of Shares	Approximate Percentage of the Total Issued Share Capital of the Company
Shenzhen Sidao Branch Investment Co., Ltd. (深圳市思道科技投資有限公司)	Interest in controlled corporation ⁽⁴⁾	A Shares	161,602,500	Long position	11.12%	8.01%
Shenzhen Pingan Yuanxin Investment Development Holdings Co., Ltd. (深圳市平安遠欣投資發展控股有限公司)	Interest in controlled corporation ⁽⁴⁾	A Shares	161,602,500	Long position	11.12%	8.01%
Xiangshan Huajin	Beneficial owner	A Shares	96,877,500	Long position	6.66%	4.80%
Shenzhen Longhui	Interest in controlled corporation ⁽⁵⁾	A Shares	96,877,500	Long position	6.66%	4.80%
Hong Kong Tiancheng Investment & Trading Co. Limited	Beneficial owner	H Shares	42,556,500	Long position	7.55%	2.11%
Shandong Linglong Tire Co., Ltd.	Interest in controlled corporation ⁽⁶⁾	H Shares	42,556,500	Long position	7.55%	2.11%
Linglong Group Co., Ltd. (玲瓏集團有限公司)	Interest in controlled corporation ⁽⁶⁾	H Shares	42,556,500	Long position	7.55%	2.11%
Wang Xicheng	Interest in controlled corporation ⁽⁶⁾	H Shares	42,557,500	Long position	7.55%	2.11%
Citigroup Inc.	Interest in controlled corporation	H Shares	20,000	Long position	0.004%	0.001%
			20,500	Short Position	0.004%	0.001%
	Approved lending agent	H Shares	37,588,218	Long position	6.67%	1.86%
GIC Private Limited	Investment manager	H Shares	35,588,000	Long position	6.31%	1.76%

Notes:

- (1) CIMC Hong Kong is a wholly owned subsidiary of CIMC and therefore CIMC is deemed to be interested in H Shares held by CIMC Hong Kong. As at June 30, 2022, CIMC Hong Kong held 396,801,000 H Shares.
- (2) Ping An Decheng is the general partner of Shanghai Taifu and Taizhou Taifu and therefore is deemed to be interested in A Shares held by Shanghai Taifu and Taizhou Taifu. Ping An Decheng is wholly owned by Ping An Financial which is ultimately controlled by Ping An Group and therefore both Ping An Financial and Ping An Group are deemed to be interested in A Shares held by Shanghai Taifu and Taizhou Taifu.
- (3) Chi Xiao is a limited partner of Shanghai Taifu which holds 59.51% equity interest in it and therefore is deemed to be interested in the A Shares held by Shanghai Taifu. Chi Xiao is wholly owned by Nanshan Group and therefore Nanshan Group is also deemed to be interested in A Shares held by Shanghai Taifu in the Company.
- (4) Both Ping An Life Insurance and Ping An Health Partnership are limited partners of Taizhou Taifu, respectively holding 47.62% and 38.33% of its equity interests, and therefore both of them are deemed to be interested in A Shares held by Taizhou Taifu. Shenzhen Sidao Branch Investment Co., Ltd. (深圳市思道科投資有限公司), a wholly owned subsidiary of Shenzhen Pingan Yuanxin Investment Development Holdings Co., Ltd. (深圳市平安遠欣投資發展控股有限公司), holds 55.12% equity interest in Ping An Health Partnership, and therefore is deemed to be interested in A Shares of the Company held by Taizhou Taifu. Ping An Life Insurance holds 40.36% equity interest in Shanghai Taifu, and therefore is deemed to be interested in A Shares held by Shanghai Taifu in the Company.
- (5) Shenzhen Longhui is the general partner of Xiangshan Huajin and holds 37.35% of the equity interest of Xiangshan Huajin, and therefore it is deemed to be interested in 96,877,500 A Shares held by Xiangshan Huajin.
- (6) Mr. Wang Xicheng is interested in 51% of the shares of Linglong Group Co., Ltd. (玲瓏集團有闢黠麒鏗

IV. MANAGEMENT DISCUSSION AND ANALYSIS

I Major Businesses of the Company During the Reporting Period

(I) Major businesses and products

The Company is the world's leader in sophisticated manufacturing of semi-trailers and specialty vehicles. Since the Company entered the industry in 2002, it has focused on its business and technical advantages developed from "dedication and innovation". According to the 2021 Global OEM Ranking List by Global Trailer, the Group ranked first for 9 years consecutively running in terms of production volume. According to the actual operational and strategic management needs, the Company has established six major businesses or groups: "Light Tower Pioneer Business", "North American Business", "European Business", "Champion Tanker Business Group", "Urban Dump Truck Business" and "TB Business Group", so as to remove barriers in operation and achieve the linkage between production and sales and the maximization of benefits.

The Company engages in the manufacture, sales and after-sales market services of seven major categories of semi-trailers in global major markets. Light Tower Pioneer Business is deeply engaged in semi-trailer products in the Chinese market, and operates well-known brands including "Tonghua (通華)", "Huajun (華駿)", "Liangshan Dongyue (梁山東岳)", "Pioneer Series (先鋒系列)", "CIMC Light Tower (中集燈塔)" and "Vanguard Trailer Rental (掛車幫)". Light Tower Pioneer Business had its semi-trailer market share in China continuously increased and ranked first in China for the 3 years consecutively. North American Business consists of van trailer, refrigerated trailer and container chassis trailer businesses, and operates well-known local brands including "Vanguard" and "CIE" in the North American market. With a good product reputation and rapid business development, North American Business won long-term trust and recognition from major North American customers. European Business is deeply engaged in semi-trailer products in the European market and operates "SDC" and "LAG" brands. SDC continuously increases its market share in the United Kingdom by upgrading its production lines and promoting the modular design of products. LAG, an over 70-year-old company ranking first in the European tank truck market, has a good reputation in the European market, with its higher commercial value, fuel saving, low weight and low strength ratio.

In addition, the Company is also a leader in the sophisticated manufacturing for truck bodies of specialty vehicles and van trucks. Champion Tanker Business Group manufactures and sells tank trailers and concrete mixer trucks, and operates strategic brands including “Ruijiang Tanker”, “Tonghua Tanker” and “Shandong Wanshida.” Champion Tanker Business Group ranked first for the five year consecutively in a row in China in terms of sales of concrete mixer trucks, and maintained a leading position in the market in terms of tank trailer products; the urban dump truck bodies manufactured by Urban Dump Truck Business are pioneering in the business of retrofitting of urban dump trucks in China. Urban Dump Truck Business of the Company actively carried out the strategies of joint development with tractor manufacturers for joint design and cross-marketing, keeping a leading competitive advantages during the changes of industry. TB Business Group manufactures refrigerated van truck bodies and dry van truck bodies and operates the “TB” brand, with an innovative spirit and the leading technology research and development level. Through modular product design and professional sophisticated manufacturing, TB Business Group provides customers with high-end products and services, which lead the development trend of the urban distribution and cold-chain logistics industry.

The Company cooperates with many well-known customers in the global semi-trailer and specialty vehicles businesses. In the domestic market, the main customers include well-known logistics and transportation enterprises such as SF Express, JD Logistics, ZTO Express and Deppon Express, as well as major heavy truck enterprises such as Sinotruk, FAW Jiefang, SAIC Hongyan and Shaanxi Automobile Group. In overseas markets, major customers include first-class European and American transportation companies and trailer rental companies such as JB Hunt, Schneider, Milestone, TIP and DHL. The Company carries out its business with technological innovation. Meanwhile, the Company changed its marketing through digital media marketing, co-marketing and other measures, and continuously explored new business forms of trailer sharing, so as to create a “new retail” model to adapt to market changes.

Through continuous exploration and development for years, the Company has deepened an operation model based on “Intercontinental Operation, Local Manufacturing” in line with current global conditions. Moreover, relying on the 22 manufacturing plants and 10 assembly plants of the Company in the world, the Company gave full play to its production and assembly capabilities, global supply chain management and global logistics and distribution, and has formed a transnational operation pattern with core competitiveness. The Company began to explore the construction of a “Sophisticated Manufacturing System” in 2014, and has fully implemented the “Sophisticated Manufacturing System” strategy by upgrade of “product modules”, improvement of “Light Tower” Plants, kick-off of sales and marketing transformation, promotion of organizational development, and establishment of EPS center.

[illegible]

1. Seven major categories of semi-trailer products in the global markets mainly include:

- 13

2. Manufacture of truck bodies for specialty vehicles and sales of fully assembled specialty vehicles in China:

Truck bodies for urban dump truck

Manufacture of truck bodies and sales of fully-assembled vehicles of cement mixer

3. Production of lightweight van truck bodies and sales of fully-assembled lightweight van trucks

Production of refrigerated van truck bodies and sales of fully-assembled refrigerated van trucks

Production of van truck bodies for urban distribution of dry cargoes and sales of fully-assembled trucks for urban distribution of dry cargoes

(II) Development of the industry in which the Company operates

With a leading position in global sophisticated manufacturing of semi-trailers and specialty vehicles, the Company is mainly engaged in the production and sales of semi-trailers, truck bodies for specialty vehicles, fully-assembled specialty vehicles, lightweight van truck bodies and fully-assembled lightweight van trucks, in automobile body, trailer and modified car manufacturing in the automobile manufacturing industry.

In 2022, against the backdrop of rising inflation and interest rates and economic slowdown, the international environment became more uncertain and complicated. However, as stimulus packages actively implemented by major economies in the world were conducive to the recovery of the demand for global logistics and transportation, the demand for semi-trailers in overseas markets was strong.

The flare-ups of the pandemic and lockdowns in China had a severe impact on the steady development of China's economy. According to the data released by the National Bureau of Statistics, in the first half of 2022, the GDP was RMB56.3 trillion, representing a year-on-year increase of 2.5%, which is slower than the growth in the first half of 2021. Due to various factors, there was a certain impact on the semi-trailer and specialty vehicles industries in which the Company was engaged. With the policy of carbon peaking and carbon neutrality and continuous implementation of new national standards, the upgrading trend of China's semi-trailers remains unchanged, and the semi-trailer industry will quickly develop towards van trailers in an intensive manner. The government accelerated the promotion of new energy specialty vehicles, therefore, new energy became a source of growth in the specialty vehicle sector. In addition, the Chinese government promoted rural revitalization, and improved the construction of the urban logistics and distribution transportation network and the cold chain infrastructure, which contributed to the development of lightweight van trucks. With the introduction of the "14th Five-Year Plan" for the development of cold chain logistics, the cold chain logistics was in rapid development, which may release the demand for trucks for urban distribution of dry cargoes and refrigerated vans.

Under the trend of building a “national unified market” in an all-round way, industry integration and industrial upgrading in the domestic market became the central theme. Due to the construction of the “Sophisticated Manufacturing System” and the “new management infrastructure”, the Company seized opportunities from industry change, and actively planned the research and development and upgrade of its core business products to meet market requirements. Meanwhile, the Company actively responded to external adverse factors, enhanced its competitiveness, and promoted the high-quality development of the industries.

Semi-trailers in the market of China

In the first half of 2022, the National Bureau of Statistics showed that there was a year-on-year increase of 3.4% in the value added of the industrial enterprises above designated size in China, and a year-on-year increase of 2.8% in the value added of the manufacturing industry, reflecting the stability of industrial production with a tendency of improvement. According to the data released by the Ministry of Transport, in the first half of 2022, China’s road freight volume decreased by 4.6% year-on-year to 17.71 billion tons, due to the impact of the pandemic and lockdown policies on the logistics and transportation industry in the first half of 2022.

In January 2022, the State Council published the Work Plan for Promoting the Development of Multimodal Transport, Optimizing and Adjusting the Transport Structure (2021-2025). The Chinese government continuously optimized and adjusted the transport structure, improved the comprehensive transport efficiency through multimodal transport and the drop and pull transport, promoted the upgrading of semi-trailers in China, and reduced social logistics costs. The Opinions of the Central Committee of the Communist Party of China and the State Council on Accelerating the Construction of a National Unified Market, which was issued in April 2022, specifies that efforts should be made to construct a modern circulation network and remove key barriers in the economic cycle. As the above-mentioned Opinions plays the role of regulating unfair competition while Golden Tax Phase IV (金稅四期) has the role of regulating the industries, Semi-trailer manufacturers with advantages in management, technology and brand were more likely to gain advantages in full competition. The drop and pull transport and trailer rental became effective ways to reduce costs and increase efficiency in the logistics and transportation industry.

The “Light Tower Pioneer Business” of the Company seized the opportunity from industry change, continuously promoted organizational change, actively adapted to the new business development paradigm, and achieved high-quality development and the upgrading of business models.

Semi-trailers in the North American market

In the first half of 2022, the US governments continuously published stimulus packages, which boosted the economic performance to some extent, with continuous improvement in service consumption and capacity investment. Economic and social activities in the United States returned to normal, with the unemployment rate remaining at 3.6%. In the first half of 2022, imports and exports increased continuously. Against this background, the Semi-trailer and logistics transportation equipment markets in the United States were boosted, leading to a trend of short supply. According to the data released by ACT Research, an organization in the United States, in the first half of 2022, the production of semi-trailers in the United States reached 182,000 units, representing a year-on-year increase of 24.2%.

The impact of commodity and raw material prices on the industry gradually weakened, but the supply side remained tight, leading to the existence of the global supply chain crisis. The impact of raw material price fluctuation and the supply chain on the semi-trailer industry did not fade.

“Vanguard” and “CIE” of the Company’s North American Business had a high local brand awareness. Relying on the advantages of local manufacturing, the Company will seize the opportunity of the strong demand in the North American semi-trailer market, increase production and efficiency, complete order fulfillment, and achieve high-quality improvement in its results.

Semi-trailers in the European market

In the first half of 2022, the continuous geopolitical conflict aggravated the shortage of raw materials and the bottleneck of the supply chain, while the rising import prices in Europe led to the deterioration of the trading environment and the weakening of trade competitiveness, which gave rise to the imported inflationary pressure. The weak recovery and growth of the European market economy increased economic uncertainties. The challenges and opportunities for the automobile manufacturing industry in the European market coexisted.

The Company actively made arrangements for the European market. In terms of the European business, capitalizing on its advantages of intercontinental operation, the Company actively delivered orders, and resisted the impact of fluctuations in raw material prices, supply chain shortages and geopolitical conflicts, so as to actively achieve steady development.

Tank trucks and concrete mixer trucks

In the first half of 2022, according to the data of the National Bureau of Statistics, the national fixed asset investment reached RMB27.1 trillion, representing a year-on-year increase of 6.1%. According to the data of the Ministry of Finance, in the first half of 2022, special bonds increased by RMB3.41 trillion, which played an important role in expanding infrastructure investment and stimulated the demand for specialty vehicles for construction machinery transportation to a certain extent.

In 2021, the Ministry of Transport, the Ministry of Industry and Information Technology, the Ministry of Public Security, and the State Administration for Market Regulation jointly published the Work Plan for Regulation of Atmospheric Liquid Dangerous Goods Tank Trucks (常壓液體危險貨物罐車治理工作方案), to rectify the problems in the management of tank trucks, impose greater demands on the safety of tank trucks, comprehensively improve the safe operation and environmental protection level of tank trucks and accelerate the upgrading of compliant tank truck and concrete mixer truck products.

In addition, as the industry demand was exhausted due to the implementation of China VI emission standards, the sales of the specialty vehicle industry in the first half of 2022 remained low in the second half of 2021, which had an impact on the sales of tank trucks and concrete mixer trucks of the Company. It is worth noting that, according to the statistics of China Association of Automobile Manufacturers, in the first half of 2022, the sales of new energy heavy trucks reached 10,100 units, representing a year-on-year significant increase of 491%, and showing new development momentum of new energy heavy trucks. The market was driven by policies and innovation models instead of policies alone, and there were development opportunities for new energy and lightweight specialty vehicles products, while integration accelerated in the specialty vehicles industry of China.

The Company has established “Champion Tanker Business Group” to continuously upgrade product modules and promote organizational development. The product advantages of tank trailers and concrete mixer trucks which feature new energy, light weight, intelligence and environmental protection have been highlighted.

Urban dump trucks

According to the data released by China Association of Automobile Manufacturers, the sales of China’s heavy trucks reached 378,000 units in the first half of 2022, representing a year-on-year decrease of 64%, as compared with 1,045,000 units in the same period of the previous year. Due to the implementation of China VI and the outbreak, there was downward pressure on the industry. The demand for urban dump trucks was highly related to infrastructure construction. In the first half of 2022, the total growth rate of real estate development investment decreased by 5.4%, representing a month-on-month decrease of 1.3 percentage points, which had a certain impact on the market demand for urban dump trucks.

With the gradual implementation of the national “growth stabilization” policy, relevant policies were introduced in many places in China to speed up the obsolescence of old mucks and promote the use of intelligent and environmental-friendly urban dump trucks. The market space was improved for the environmental-friendly urban dump trucks produced by the Company’s “Urban Dump Truck Business”, with a leading competitive advantage maintained in the industry change.

Light van trucks

According to the data of China Association of Automobile Manufacturers, in the first half of 2022, the sales of light trucks in China reached 849,000 units, representing a year-on-year decrease of 29.5%. The flare-ups of the pandemic, the lower demand for cargo transportation, and the adoption of the new regulations on blue license plates caused a short-term disturbance in the light truck industry.

In January 2022, the Notice on Further Strengthening the Administration of Production and Registration of Light Trucks and Small and Mini Passenger Vehicles was issued, further placing greater demands on the safety, technology, and compliance of light trucks. In April 2022, the Ministry of Transport, the National Railway Administration, Civil Aviation Administration of China, the State Post Bureau and China State Railway Group Co., Ltd. published the Implementation Opinions on Accelerating the High-quality Development of Cold Chain Logistics and Transportation, which specifies that it is necessary to speed up the improvement in the cold chain transportation facility network for production and sales and promote the innovation and upgrading of technical equipment. In May 2022, the General Office of the Ministry of Finance and the General Office of the Ministry of Commerce published the Notice on Supporting the Acceleration of the Construction of the Agricultural Product Supply Chain System and Further Promoting the Development of Cold Chain Logistics, specifying that on the basis of the construction of agricultural product supply chain system, a further focus should be on making up for the shortcomings of cold chain facilities to improve the quality and efficiency of cold chain logistics. In June 2022, the National Development and Reform Commission published the Notice on Promoting the Construction of the Modern Cold Chain Logistics System, and together with the Agricultural Development Bank of China, supported the construction of cold chain logistics projects, providing the credit support of RMB120 billion.

The Company has established “TB Business Group” to actively improve the production capacity arrangements and radiate the core cold chain markets in China, so as to expand the business development for truck bodies for urban refrigerated distribution and truck bodies for urban distribution of dry cargoes.

(III) Major business models of the Company

Through continuous exploration and development for years, the Company has formed an operation model based on “Intercontinental Operation, Local Manufacturing” in line with current global conditions. The Company acquires customers and obtains orders by a combination of direct selling and distribution. The Company obtains required raw materials, parts and components by a combination of centralized purchase, and independent purchase by production plants. The Company organizes efficient production by basing production on sales, and finally delivers its products to customers to make a profit.

(IV) Analysis of the Company's operation during the Reporting Period

In the first half of 2022, with the flare-ups of the global pandemic and the more complicated domestic and international economic situation, the coexistence of uncertainty and urgency became a new norm. During the Reporting Period, the Company recorded a revenue of RMB11,195.8 million, representing a year-on-year decrease of 36.8%; the net profit attributable to shareholders of the parent company was RMB365.8 million, representing a year-on-year decrease of 46.9%; the net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses was RMB348.6 million, representing a year-on-year decrease of 23.6%. The decline in revenue and net profit were mainly due to (1) the suppression of the demand of the domestic logistics semi-trailer market and the decline in the product demand arising out of the decrease in the logistics demand and efficiency as a result of the flare-ups of the pandemic in China; (2) a weak specialty vehicles market in China since the second half of 2021 and during the Reporting Period resulting from exhaustion of the demand for specialty vehicles in China as a result of the implementation of China VI emission standards; (3) the slowdown in infrastructure and real estate investment growth of China, and the decline in the sales of the Company's concrete mixer truck and urban dump truck products in a weak specialty vehicles market; and (4) the continued pressure on the profit margin of the Company arising out of global stagflation and high prices of bulk raw materials.

During the Reporting Period, despite the impact of the changes in the operating environment in the Chinese market on the Company's results for the Reporting Period, the strong performance of the Company's overseas business made up for the stagnant growth of the specialty vehicles business in China to a certain extent. The Company actively responded to the anti-globalization trend. As the intercontinental operation strategy played an active role, the operation of the Company in the North American market in the first half of the year was better than expected. The performance of the semi-trailer business in the North American market was remarkable, mainly because logistics, transportation and semi-trailer markets in North America emerged from the pandemic and began to fully recover, thus the North American semi-trailer market was in short supply. Meanwhile, the overall inflation in the United States remained high, the Company makes price adjustments promptly and the three major products of North American Business increased in volume and price, thus significantly increasing its revenue. During the Reporting Period, the Company actively implemented various strategic measures, integrated its advantageous resources, promoted the arrangements for six major businesses or groups, and adopted a series of measures to increase revenue and control costs, so as to ensure the steady development of its overall business. During the Reporting Period, the Company's gross profit margin improved by 1.1 percentage points year-on-year to 11.2%. The operating cash flow of the Company improved significantly, compared with the second half of 2021, which fully demonstrates the Company's operating resilience.

In the first half of 2022, Light Tower Pioneer Business of the Company maintained steady profitability; North American Business actively seized the growth opportunities from the intercontinental operation, with a significant increase in the revenue and profit; European Business made strategic breakthroughs, with quality growth; Champion Tanker Business Group consolidated its leading position despite the influence of many unfavorable factors; Urban Dump Truck Business continuously developed and launched new energy products; the sophisticated manufacturing production base of TB Business Group was basically completed, thus gradually releasing the production capacity.

During the Reporting Period, the Company sold 73,450 units of vehicles of various types worldwide (1H 2021: 126,630 units), representing a year-on-year decrease of 42.0%. Driven by the strategy of the Sophisticated Manufacturing System and new management infrastructure, the Company started a new round of change and put forward the strategy of the “Light Tower Manufacturing Network”, so as to improve the production efficiency, gross profit margin and market share of products. Through the strategy of the “Light Tower Manufacturing Network” comprising LTP, LTS, LoP and LoM, the Company fully mobilized the superior resources in various regions, businesses and production lines, thus achieving the standardization of production and products.

(1) Operation review of the Company for the first half of the year by major businesses and groups are as follows:

Light Tower Pioneer Business

The market demand for semi-trailers in China was suppressed due to domestic logistics transportation snags arising out of the flares-up of the pandemic, high raw material prices, the rising fuel costs and the resultant increase in the logistics operation costs. The market demand gradually recovered with the gradual advancement of work to ensure smooth logistics and the orderly operation of freight logistics in China. During the Reporting Period, the revenue of Light Tower Pioneer Business of the Company reached RMB2,327.1 million (1H 2021: RMB3,614.0 million).

Due to policies and markets, China’s logistics and transportation industries were integrated more rapidly, and China’s semi-trailer industry was subject to upgrading and iteration, as well as further transition to scale manufacturing. Based on the “Light Tower Manufacturing Network” strategy of the Company, Light Tower Pioneer Business accelerated digital upgrading, and through production line optimization and regional planning, gave full play to the effectiveness of the “Light Tower” Plants, thus making a breakthrough in business. According to the statistics of China Association of Automobile Manufacturers, in 2021, the market share of semi-trailers of the Company in China reached 12.1% and continuously increased, and the Company ranked first in China for the third year in a row.

The “Vanguard Trailer Rental” company of Light Tower Pioneer Business, a service company of life cycle management of semi-trailer products, is committed to creating a standardized, intelligent, cross-industry and interconnected trailer pool for sharing of drop and pull transportation and logistics equipment and providing logistics customers with time-sharing rental of semi-trailers and life cycle management services. During the Reporting Period, the “Vanguard Trailer Rental” company successfully completed the A round of financing, the completion of which will support the business development of Vanguard Trailer Rental, replenish the working capital and accelerate the promotion of business model.

North American Business

Logistics, transportation and semi-trailer markets in North America emerged from the pandemic and began to fully recover, thus the North American semi-trailer market was in short supply. Capitalizing on the advantage of intercontinental operation, the Company actively implemented the strategic measures of North American Business, gave play to the advantages of global resource integration, and controlled the global logistics and distribution costs through centralized purchase and digital management of the global supply chain, and optimized the arrangements for local production and manufacturing, and actively captured the business growth opportunities, and overcame the impact of the “big traffic jam” in the global supply chain, and made profits hit a new record high.

During the Reporting Period, the Company’s North American Business performed brilliantly, with an increase in the sales and prices of its three main products, which led to the revenue increasing by 151.6% to RMB4,628.9 million and the gross profit margin increasing by 4.0 percentage points year-on-year, and significant improvement in the profitability.

Specifically, the demand of the refrigerated trailer market in North America rose continuously. The Company actively seized the opportunity from the growth of the refrigerated trailer market in North America, and released the refrigerated trailer production capacity in North America. During the Reporting Period, the revenue of refrigerated trailers of the Company in North America increased significantly by 189.4% year-on-year, and the gross profit margin increased by 3.0 percentage points year-on-year. According to the data of ACT Research, in 2021, the market share of refrigerated trailers in North America increased, and the Company ranked third in the refrigerated trailer market in North America.

Capitalizing on the established Sophisticated Manufacturing System network, North American Business has formed a flexible, reliable, low-cost and close-distance product delivery network, and actively met the product delivery needs of North American customers.

European Business

European Business consists of, among others, LAG Trailers NV Bree (“**LAG**”) and SDC Trailers Ltd. (“**SDC**”), which are wholly-owned subsidiaries of the Company in Europe.

Under the guidance of the intercontinental operation strategy, SDC actively improved the production line of the localized “Light Tower” Plant, completed the production line upgrade and construction of the UK South Hampton pioneer manufacturing plant and the UK Mansfield manufacturing plant, expanded the modular design and standardized production of products, basically completed the construction of a sophisticated manufacturing system, and greatly improved production efficiency and production capacity.

During the Reporting Period, the Company’s European business strategy plan has shown results, with revenue increasing by 14.1% to RMB1,272.0 million, achieving quality growth.

Champion Tanker Business Group

The end demand in the heavy truck market was continuously sluggish due to factors including the slowdown in infrastructure and real estate investment in China, emission standard transition, the early release of market demand, and the intensification of homogeneous competitions in the industry. During the Reporting Period, the revenue of the Company’s Champion Tanker Business Group reached RMB2,142.2 million (1H 2021: RMB8,571.5 million). Despite the market downturn, Champion Tanker Business Group turned challenges into opportunities, continuously improved the “Light Tower Manufacturing Network”, brought into play the synergistic advantages of the three major production bases, and was continuously and deeply engaged in the market segments. With the extension of the industrial chain and the integration of upstream and downstream resource advantages, the gross profit margin increased by 0.8 percentage points year-on-year.

In the first half of 2022, with the regulation of atmospheric liquid dangerous goods tank trucks by the Chinese government, non-compliant tankers were gradually phased out of the market, while the demand for lightweight stainless-steel products gradually increased. With the Sophisticated Manufacturing System, Champion Tanker Business Group continuously improved the core competitiveness of its products.

With regard to concrete mixer trucks, under the comprehensive implementation of China VI, local governments have intensified efforts to solve on overloading and oversizing and superimposed “carbon peaking and carbon neutrality” strategic guidelines, and the demand for new energy concrete mixer trucks has accelerated. Champion Tanker Business Group promoted automated and intelligent upgrading of production lines, and accelerated the application of pure electric concrete mixer trucks in medium and short-distance transportation, engineering construction and urban infrastructure.

In addition, Champion Tanker Business Group actively developed new high-strength wear-resistant materials to reduce the weight of concrete mixer truck bodies, create industry-leading light and green products and lead the market trend of concrete mixer trucks. According to the statistics of China Association of Automobile Manufacturers, in 2021, the market share of concrete mixer truck bodies of the Company in China reached 29.3%, and the Company ranked first in China for the five years consecutively in a row.

Champion Tanker Business Group regards automation, informatization and leanness as the drivers of sophisticated manufacturing. Through the deep integration of automation and informatization, Champion Tanker Business Group achieves production schedule management, process management, equipment status, energy management and automatic collection of data, making the manufacturing process lean and visual, effectively enhancing the core manufacturing competitiveness.

Urban Dump Truck Business

In the first half of 2022, Urban Dump Truck Business actively carried out product optimization and transformation, deepened the joint development with tractor manufacturers, and continuously made efforts in terms of new energy heavy trucks. During the Reporting Period, the revenue of the Company's Urban Dump Truck Business reached RMB478.5 million (1H 2021: RMB1,685.0 million), and its gross profit margin decreased year-on-year, mainly due to the decline in the market demand, the slowdown in infrastructure and real estate investment in China, the exhaustion of sales due to the implementation of China VI emission standards, and the increase in transportation costs.

In order to further improve the “Light Tower” Plant, Urban Dump Truck Business created better intelligent manufacturing and delivery capacity, shifted from the original pursuit of efficiency to “pursuit of efficiency + flexibility of production lines”, used more flexible laser cutting machines and more flexible working islands to upgrade production lines, sought the balance between production line efficiency and product personalization demand according to modular management of products, and met the special needs of customers for product personalization, achieved product personalization and made prices affordable.

Urban Dump Truck Business proposed the construction of a muck truck production center + a “Royal Housekeeper” light tower manufacturing network, took the road of joint development with tractor manufacturers, and enhanced the deep cooperation between Urban Dump Truck Business and tractor manufacturers, thus promoting the high-quality development of urban dump trucks of China.

TB Business Group

In the first half of the year, the light truck market was in a downturn, with a slowdown in the demand growth, due to the pandemic, more vehicles but less goods, low freight rates and the implementation of new regulations on blue license plates. During the Reporting Period, the revenue of the Company's TB Business Group reached RMB130.5 million (1H 2021: RMB259.9 million).

Through the introduction of North American refrigerated truck body technology and European dry truck body technology, TB Business Group continuously carried out assimilation, innovated, improved and built a Light Tower production line for refrigerated van truck bodies at an international advanced level and a highly automated Light Tower production line for dry van truck bodies, thus promoting the construction of the "Light Tower Manufacturing Network" system. TB Business Group continuously integrated the technical advantages, purchasing channels and sales resources of three major plants in Jiangmen, Guangdong Province, Zhenjiang, Jiangsu Province and Jinan, Shandong Province, and optimized the organizational structure, promoted the development of the cold chain product division and the urban distribution product division, accelerated the digital transformation, further improved the manufacturing management ability and product quality, increased cooperation with tractor manufacturers, and seized the new opportunities from the van truck body development of the Chinese market.

In addition, the rural revitalization strategy of China and the development of the county logistics economy will also promote the steady growth of the lightweight truck market, and accelerate the process of reducing the weight and new energy transition of lightweight trucks. TB Business Group exquisitely seized the opportunity from the new energy transition of lightweight trucks, focused on serving new energy customers, and actively explored and developed new energy products jointly with tractor manufacturers.

2. *Revenue and gross profit margin of core businesses of the Company by product and industry are as follows:*

With regard to global Semi-trailers, during the Reporting Period, the Company's global Semi-trailer business performed steadily, with rapid growth in the North American and European markets. Revenue from the global semi-trailer business reached RMB8,190.1 million (1H 2021: RMB8,393.9 million), representing a year-on-year decrease of 2.4%; the gross profit margin increased by 0.5 percentage point year-on-year.

With regard to Truck bodies for specialty vehicles in China, the revenue from the Company's business of production of truck bodies for specialty vehicles and sales of fully-assembled specialty vehicles in China was RMB1,491.1 million (1H 2021: RMB7,715.3 million), representing a year-on-year decrease of 80.7%, mainly due to the overbuying in the same period last year as a result of the implementation of China VI emission standards; coupled with the slowdown in the growth rate of infrastructure and real estate investment in China, and the sluggish overall market demand; gross profit margin decreased by 2.6 percentage points year-on-year, mainly due to the unstable raw material price and intensified homogeneous competition.

With regard to lightweight van truck bodies, the revenue from the Company's business of production and sales of lightweight van truck bodies in China was RMB93.1 million (1H 2021: RMB153.5 million), representing a year-on-year decrease of 39.4%, with the gross profit margin decreasing year-on-year. The decline in revenue and gross profit margin was mainly due to the adjustment of product structure and the incomplete release of production capacity.

II Analysis of Core Competence

(I) Advantages of intercontinental operation

The Company is the world's leading Semi-trailer and specialty vehicle sophisticated manufacturer operating a number of well-known brands in the world. The Company continuously deepened its business philosophy of "Intercontinental Operation, Local Manufacturing", by establishing six major businesses or groups, namely Light Tower Pioneer Business, North American Business, European Business, Champion Tanker Business Group, Urban Dump Truck Business and TB Business Group, covering four major markets and more than 40 countries in the world, with 22 production plants and 10 assembly plants in the world. The Company gave full play to its production capacity and assembly capacity around the world, global supply chain management capability, global distribution and logistics management capability, and has formed transnational operation pattern with core competitiveness, so as to enhance its business resilience and risk tolerance capability in all types of businesses and markets in the world.

(II) Leading edge in the market

According to the data released by “Global Trailer” on the ranking of global semi-trailer manufacturers by production volume in 2021, the Company ranked first among semi-trailer manufacturers in the world. In terms of Light Tower Pioneer Business, according to the statistics of China Association of Automobile Manufacturers, the Company ranked first in China for the third year in a row, with its Semi-trailer market share in China increasing continuously and reaching 12.1% in 2021. In terms of North American Business, the Company operates well-known brands such as “Vanguard” and “CIE”, and ranked third in the North American market in terms of sales of refrigerated trailers in 2021; the Company further increased its market share and was a well-known and fast-growing manufacturer of refrigerated trailers, as well as a reliable supplier of major North American customers. In terms of European Business, the Company operates “SDC” and “LAG” brands. SDC continuously increases its market share in the United Kingdom by upgrading its production lines and promoting the modular design of products. LAG, an over 70-year-old company ranking first in the European tank truck market, has a good reputation in the European market, with its higher commercial value, fuel saving, low weight and low strength ratio.

The Company is also a leader in the sophisticated manufacturing of truck bodies of special vehicles and van trucks. In terms of Champion Tanker Business Group, according to the statistics from Special Purpose Vehicle Branch of the China Association of Automobile Manufacturers, the Company ranked first for five consecutive years in terms of sale volume of concrete mixer trucks in China. In terms of Urban Dump Truck Business, the Company is the forerunner in the urban dump truck facelift business in China. It actively carried out the strategies of joint development with tractor manufacturers for joint design and cross-marketing, keeping a leading competitive advantages during the changes of industry. In terms of TB Business Group, the Company is a manufacturer of refrigerated van bodies and dry van bodies with an innovative spirit and leading technology research and development level. Through modular product design and professional sophisticated manufacturing, the Company provides customers with high-end products and services for urban distribution and cold chain logistics.

(IV) Manufacturing advantages

The Company reached the industry-leading manufacturing level by comprehensively building the Sophisticated Manufacturing System or establishing “Light Tower” Plants around the world. At present, the Company has 22 “Light Tower” Plants in six major businesses or groups, and set up various series of “product modules” of Semi-trailer products. Four subsidiaries of the Company won the national title of “green plant”, and two subsidiaries were granted the provincial title of “green plant”. The Company will continuously practice low-carbon and green manufacturing and build the Sophisticated Manufacturing System represented by “Light Tower” Plants, so as to bring a new driving force for the sophisticated manufacturing industry in China.

In addition, the Company is also actively building the upgraded version of the “Light Tower” Plant – “Light Tower Manufacturing Network”, uses the newly upgraded production line and equipment to improve production efficiency, reduce product manufacturing costs, realize fully automated, intelligent and digital production, and effectively link the six major businesses or groups together in the long run, so as to ensure business development.

(V) Advantages of global supply chain management

The global business arrangement of the Company has obvious supply chain management advantages and scale effect of purchase. With the resource advantage of centralized purchase platforms, good bargaining power and a wide selection of suppliers around the world, the Company can effectively improve its purchase efficiency, including the ability to purchase steel products on a large scale in China with competitive pricing, and the ability to purchase all kinds of advanced or customized parts and components that meet specifications in local markets. Meanwhile, information on the Company’s EPS electronic purchase platform is open and transparent, and the purchase prices of parts and components and core raw materials are traceable. The EPS electronic purchase platform connects the purchasing-end supply chains in the global market, and has the leading global distribution capability and the capability for raw material storage and management, which can resist the influence of the change in upstream raw material prices on production management to the maximum extent.

(VI) Advantages of the new retail model

In the domestic market, the Company established good and stable partnerships with domestic well-known logistics and transportation enterprises and major heavy truck enterprises, such as SF Express, JD Logistics, ZTO Express and Deppon Express, CNHTC, FAW, SAIC Hongyan and Shaanxi Automobile Group. In overseas markets, the Company cooperated with many well-known customers including first-class European and American transportation companies and trailer rental companies such as JB Hunt, Schneider, Milestone, TIP and DHL.

“Promoting the construction of new retail” serves as one of the five cornerstones of the Sophisticated Manufacturing System. The Company carries out its business with technological innovation. Meanwhile, the Company changed its marketing through digital media marketing, co-marketing and other measures, and continuously explored new business forms of trailer sharing model, so as to create a “new retail” model to adapt to market changes. The “new retail” model can bring the users closer and achieve a closer customer relationship. Under the model, a new retail ecosystem was established through digital platform technology to achieve core goals, and an online and offline new retail ecosystem based on the Salesforce software platform was established. This facilitates online and offline integration, mutual complementation and enabling.

The “New Retail” marketing model will be upgraded continuously, digitally and intelligently according to market changes, and further enhance the core competitiveness of the business by deeply promoting product upgrading and carrying out innovative actions to bring customers closer, thus consolidating the global leading position in product quality.

(VII) Advantages of organizational development

The Company has excellent management teams, business technical teams and sales teams from all over the world. Since 2002, the Company has manufactured and sold Semi-trailers. The senior management team leads the direction of strategic operation of the Company, the management team was experienced in the specialty vehicle and Semi-trailer industries. Meanwhile, the Company also gives full play to its advantages in talent pool and training, by establishing a new-generation young management team with rich industry experience and deep engagement in business.

In order to support the implementation of the “Sophisticated Manufacturing System”, the Company further reviewed the underlying management structure and logic, and optimized management efficiency, with the aim of incorporating digital, intelligent and efficient management factors into its daily management work, and continuously optimized the three driving forces, namely the Promotion Committee, the Efficient Team Organization of Intercontinental Operation and the Senior Leadership Training Center. With innovative thinking, aggressiveness and practical actions, the young management team constantly promotes the high-quality and sustainable development of the Company, and bravely undertakes their roles in the sophisticated manufacturing industry in China.

III Analysis of Core Businesses

1. Overview

See “I. Major Businesses of the Company During the Reporting Period” under Section IV “Management Discussion and Analysis”.

2. Major Financial Data Compared with the Same Period of Last Year

Unit: RMB

	Six months ended June 30, 2022	Six months ended June 30, 2021	Change compared with the same period of last year	Description of Major Changes
Revenue	11,195,842,138.07	17,711,844,059.18	(36.79%)	The domestic vehicle sales business declined, due to the downturn in the domestic market, the repeated epidemic and the slowdown in infrastructure construction
Cost of sales	9,944,943,043.42	15,927,568,598.90	(37.56%)	Cost of sales declined accordingly as revenue declined
Selling expenses	263,724,269.00	383,360,776.54	(31.21%)	Selling expenses declined accordingly as revenue declined
Administrative expenses	398,444,110.44	447,367,998.75	(10.94%)	
Finance expenses	(52,575,847.22)	8,836,328.22	(695.00%)	Mainly the exchange gains and losses
Income tax expenses	85,668,688.02	120,963,651.73	(29.18%)	
Research and development expenses	145,901,201.60	189,778,236.63	(23.12%)	
Net cash flow from operating activities	206,778,405.88	282,318,213.73	(26.76%)	
Net cash flow from investing activities	(315,218,818.82)	(459,208,854.51)	31.36%	Mainly the decrease of cash outflows for purchase of long-term assets
Net cash flow from financing activities	(217,735,736.51)	(97,989,787.46)	(122.20%)	Mainly the increase of cash outflows for repayments of borrowings
Net increase in cash and cash equivalents	(315,335,706.69)	(294,176,835.96)	(7.19%)	

Description of the reasons for a significant change in relevant data

Applicable ☒ Not applicable

There was no material change in the composition or source of the Company's profits during the reporting period.

Industries, products, regions and sales models which generated revenue exceeding 10% of the Company's revenue or profit

☒ Applicable Not applicable

Unit: RMB

	Revenue	Operating costs	Gross profit margin	Change in revenue as compared with the same period of last year	Change in operation costs as compared with the same period of last year	Change in gross profit margin as compared with the same period of last year
By product and service						
Global Semi-trailer	8,190,098,143.22	7,285,126,856.96	11.05%	(2.43%)	(2.96%)	+0.49 pct
Truck Bodies and chassis for specialty vehicles and tractor units	1,491,071,966.60	1,435,931,545.59	3.70%	(80.67%)	(80.14%)	-2.59 pct
By region						
Chinese market	4,538,917,249.54	4,070,717,091.04	10.32%	(66.45%)	(66.58%)	+0.34 pct
North American market	4,774,181,585.58	4,206,714,202.46	11.89%	115.20%	107.35%	+3.34 pct
European market	1,295,686,952.25	1,162,864,108.42	10.25%	6.38%	8.15%	-1.47 pct

IV Analysis of Non-Principal Businesses

√ Applicable Not applicable

Unit: RMB

	Amount	Percentage in total profit	Explanation on the formation	Sustainable or not
Investment income	(2,072,886.45)	(0.45%)	Mainly investment income from long-term equity investments accounted for using the equity method, investment loss from the disposal of financial assets held for trading and losses from discounted notes receivables	No
Profit or loss arising from changes in fair values	(9,375,789.37)	(2.06%)	Mainly changes in fair values of derivative financial assets and liabilities	No
Asset impairment losses	(12,555,324.98)	(2.75%)	Mainly provision for impairment of inventories	No
Non-operating income	5,164,187.96	1.13%	Mainly Penalty income	No
Non-operating expenses	3,059,489.26	0.67%	Mainly Penalty expenses	No
Credit impairment losses	(5,524,064.71)	(1.21%)	Mainly bad debt provision for receivables	No
Gains on disposal of assets	(8,606,775.04)	(1.89%)	Mainly losses on the disposal of fixed assets	No
Other income	38,441,371.21	8.43%	Mainly government grants	No

V Analysis of Assets and Liabilities

1. Significant Changes in Composition of Assets

Unit: RMB

	June 30, 2022		December 31, 2021		Change	Description of
	Amount	As a percentage of total assets	Amount	As a percentage of total assets	in the percentage	Major Changes
Cash at bank and on hand	4,584,933,260.58	20.49%	5,041,982,475.37	23.15%	(2.66%)	No major changes
Accounts receivables	3,357,265,298.34	15.00%	2,781,330,860.48	12.77%	2.23%	No major changes
Inventories	5,622,320,908.97	25.13%	4,939,195,443.70	22.68%	2.45%	No major changes
Investment properties	395,877,604.27	1.77%	393,130,062.84	1.80%	(0.03%)	No major changes
Long-term equity investments	153,770,441.19	0.69%	151,084,643.75	0.69%	0.00%	No major changes
Fixed assets	4,633,471,562.63	20.71%	4,626,675,908.82	21.24%	(0.53%)	No major changes
Construction in progress	592,074,870.11	2.65%	516,572,732.14	2.37%	0.28%	No major changes
Right-of-use assets	239,439,981.65	1.07%	232,392,010.62	1.07%	0.00%	No major changes
Short-term borrowings	660,118,057.06	2.95%	889,554,358.43	4.08%	(1.13%)	No major changes
Contract liabilities	553,914,298.14	2.48%	547,132,006.91	2.51%	(0.03%)	No major changes
Long-term borrowings	388,116,144.07	1.73%	374,823,099.70	1.72%	0.01%	No major changes
Lease liabilities	190,383,279.47	0.85%	185,163,298.60	0.85%	0.00%	No major changes
Advances to suppliers	189,268,136.56	0.85%	221,827,969.94	1.02%	(0.17%)	No major changes
Other current assets	246,972,121.80	1.10%	313,226,364.46	1.44%	(0.34%)	No major changes
Notes payables	742,174,711.89	3.32%	1,098,475,012.01	5.04%	(1.72%)	The settlement method of some suppliers has changed, so the balance of notes payables declined
Accounts payables	4,334,697,968.54	19.37%	3,558,427,089.39	16.34%	3.03%	No major changes
Receivables financing	404,913,942.76	1.81%	510,091,121.74	2.34%	(0.53%)	No major changes
Intangible assets	869,099,544.45	3.88%	892,972,786.18	4.10%	(0.22%)	No major changes
Derivative financial assets	425,076.40	0.00%	2,039,603.00	0.01%	(0.01%)	Changes of forward foreign exchange contracts held
Notes receivables	55,508,737.62	0.25%	109,678,708.95	0.50%	(0.25%)	Decrease in the balance of bank acceptance notes
Long-term prepaid expenses	35,994,512.42	0.16%	25,765,480.68	0.12%	0.04%	Increase of construction and improvement projects
Derivative financial liabilities	10,609,621.22	0.05%	21,100.00	0.00%	0.05%	Changes of forward foreign exchange contracts held
Long-term payables	0.00	0.00%	15,464,866.01	0.07%	(0.07%)	Relevant payables were settled in advance

4. *Restriction on the Asset Rights at the End of the Reporting Period*

Item	Closing book value (RMB)	Reason for the restriction
Cash at bank and on hand	205,565,633.69	Deposits for vehicle loans, bills, etc.
Fixed assets	37,690,725.97	The transfer of some fixed assets is subject to approval by the Shenzhen Municipal People's Government, and they shall not be transferred in part or leased. Some fixed assets are guaranteed for property preservation in civil litigation.
Notes receivables	15,223,940.80	Pledged
Receivables financing	12,494,000.00	Pledged
Total	<u>270,974,300.46</u>	

VI Investment Analysis

1. *Overall conditions*

√ Applicable Not applicable

Amount of Investments During the Reporting Period (RMB)	Amount of Investment During the Same Period of Last Year (RMB)	Change
349,569,598.32	879,062,385.02	(60.23%)

2. *Significant Equity Investments Acquired during the Reporting Period*

Applicable √ Not applicable

3. *Significant Non-equity Investment Ongoing during the Reporting Period*

Applicable √ Not applicable

4. Financial Assets Measured at Fair Value

Applicable Not applicable

Unit: RMB

Class of Asset	Initial Investment Cost	Gains or Losses on Fair Value Change for the Period	Total Fair Value Change Recorded in Equity	Purchase for the Reporting Period	Disposal for the Reporting Period	Accumulated Investment Income	Other Changes	Ending Amount	Source of Fund
Financial derivatives	2,039,603.00	(1,614,526.60)	-	1,201,487.40	1,201,487.40	-	-	425,076.40	Own funds
Receivables financing	510,091,121.74	-	-	2,843,788,610.98	2,947,747,392.94	-	(1,218,397.02)	404,913,942.76	Own funds
Other non-current financial assets	-	-	-	8,005,300.00	-	-	-	8,005,300.00	Own funds
Total	512,130,724.74	(1,614,526.60)	-	2,852,995,398.38	2,948,948,880.34	-	(1,218,397.02)	413,344,319.16	-

5. Use of Proceeds

Applicable Not applicable

(1) General Use of Raised Proceeds from A Share Offering

Applicable Not applicable

Basic Information on Raised Proceeds from A Share Offering

In order to fully expand and capitalize on the financing channels of the A Share capital market, on May 6, 2020, the Board considered and approved the resolution in relation to the proposed initial public offering of A Shares and the proposed listing on the SZSE ChiNext Market. The application for registration of shares in the Company's initial public offering was approved in accordance with the Reply in Relation to Approval for Registration of Shares in Initial Public Offering of CIMC Vehicles (Group) Co., Ltd. (Zheng Jian Xu Ke [2021] No. 1719) issued by the China Securities Regulatory Commission on May 18, 2021. With the consent of SZSE, the Company issued 252.6 million RMB ordinary shares (A Shares) with a par value of RMB1.00 each and raised total proceeds of RMB1,758.096 million, at an issue price of RMB6.96 per share, in the initial public offering. After deducting the issue expenses (including underwriting and sponsoring fees (value-added tax exclusive) and other issue expenses) of RMB174.3192 million, the net proceeds from A Share offering were RMB1,583.7768 million, and the net issue price was approximately RMB6.27 per A Share. The A Share offering was conducted through a combination of targeted placement to strategic investors, placement to qualified investors through

offline price consultation process and subscription by public investors at a price fixed according to market value. The above proceeds were received on July 5, 2021, in respect of which PricewaterhouseCoopers Zhong Tian LLP verified the payment and issued the Capital Verification Report (PwC Zhong Tian Yan Zi (2021) No. 0668). The Company was listed on the ChiNext Market of the Shenzhen Stock Exchange on July 8, 2021 when the closing price of A Shares was RMB15.49 on the SZSE and HK\$7.13 on the Hong Kong Stock Exchange.

As at June 30, 2022, the raised proceeds from A Share offering utilized by the Company during the half year were RMB95.8934 million, the total raised proceeds from A Share offering cumulatively utilized were RMB663.2605 million, and the unutilised raised proceeds from A Share offering were RMB942.9138 million (including net interest income of raised proceeds from A share offering exclusive of bank charges and account management fees).

Management of Raised Proceeds from A Share Offering

In order to standardize the management and use of the raised proceeds, the Company has formulated the Management System for Raised Proceeds of CIMC Vehicles (Group) Co., Ltd., based on the actual situation. According to the system, the raised proceeds were deposited in a special account by the Company. On August 4, 2021, the Company signed the Agreement for Tripartite Supervision of Raised Proceeds and the Agreement for Quadripartite Supervision of Raised Proceeds with the sponsor Haitong Securities Co., Ltd., China Merchants Bank Co., Ltd., Shekou Branch, Shenzhen, and Industrial and Commercial Bank of China Limited, Shekou Branch, Shenzhen. There were no significant differences between such agreements and the model tripartite supervision agreement, and the Company strictly complied with the agreements in utilising the raised proceeds.

Unit: RMB ten thousand

Total amount of raised proceeds	158,377.68
Total amount of raised proceeds invested during the Reporting Period	9,589.34
Total amount of raised proceeds cumulatively invested	66,326.05
Total amount of raised proceed applied to changed purposes during the Reporting Period	0.00
Total amount of raised proceeds cumulatively applied to changed purposes	0.00
Percentage of total amount of raised proceeds cumulatively applied to changed purposes	0.00

Committed Investment Project and Investment of Surplus Proceeds	Whether the Project was Changed (Includings
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(3) *Change of Projects Funded by Raised Proceeds from A Share Offering*

Applicable Not applicable

There was no change to the projects funded by raised proceeds of the Company during the Reporting Period.

(4) *Use of Raised Proceeds from H Share Offering*

Since the Listing Date of H Shares, the H Shares has been listed on the main board of the Hong Kong Stock Exchange. The Company offered 265,000,000 H Shares in total in the Global Offering. After reducing underwriting commissions and expenses in relation to the Global Offering, the net proceeds from the H Share offering amounted to approximately HK\$1,591.3 million. The nominal value of H Shares is RMB1.00 per share.

On December 5, 2019, March 25, 2020, October 12, 2020 and November 20, 2020, the Company has announced the changes to the use of net proceeds from the H Share offering. On August 25, 2021, the Company intended to further change the use of proceeds from the H Share offering and obtained approval at the 2021 first extraordinary general meeting of the Company on September 29, 2021. Please refer to the relevant announcements issued by the Company on the same dates for details.

As at January 1, 2022, net proceeds from H Share offering carried forward from last year by the Company amounted to approximately HK\$432.8 million. The use of the net proceeds from the H Share offering and its utilization as of June 30, 2022, which are intended to be utilized in the next five years after the Listing Date of H Shares, are as follows:

Intended Use of Net Proceeds	Intended Amount (HK\$ million)	Utilized Amount		
		Utilized Amount as of June 30, 2022 (HK\$ million)	during the Reporting Period (HK\$ million)	Unutilized Amount as of June 30, 2022 (HK\$ million)
Develop new manufacturing or assembly plants	1,248.2	1,049.4	224.0	198.8
– Develop a new automated production facility for chassis trailers in the coastline regions along the eastern or southern US	38.8	38.8	–	–
– Develop a new assembly plant for high-end refrigerated trailers in the UK or Poland	32.1	15.8	1.1	

Intended Use of Net Proceeds	Intended Amount (HK\$ million)	Utilized Amount as of June 30, 2022 (HK\$ million)	Utilized Amount during the Reporting Period (HK\$ million)	Unutilized Amount as of June 30, 2022 (HK\$ million)
- Technological reform and informatization of plants in Xi'an, China	32.7	2.7	2.7	30
- Develop a new production plant in Baoji, China	70.0	69.6	30.4	0.4
- Construct a vehicle park in Kunming, China	78.4	78.4	3.6	-
- Expand semi-trailer production plant in Dongguan, China	114.8	101.1	7.9	13.7
- Expand dry bodies and refrigerated bodies production plant in Zhenjiang, China	34.4	11.4	1.3	23
- Expand production and assembly plant for chassis trailers in Rayong, Thailand	193.5	193.5	-	-
- Increase the registered capital and production capacity of subsidiaries in the UK (Note)	278.1	177.0	177.0	101.1
Research and develop new products	66.5	64.6	8.1	1.9
- Invest in industry fund	34.4	34.4	-	-
- Develop high-end refrigerated semi-trailers	26.3	24.4	8.1	1.9
- Develop other trailers	5.8	5.8	-	-
Repay the principal amount and interests of bank borrowings	153.8	153.8	-	-
Working capital and general corporate purposes	151.5	151.5	-	-
Total	<u>1,620.0</u>	<u>1,419.3</u>	<u>232.1</u>	<u>200.7</u>

6. ***Entrusted Wealth Management, Investment in Derivatives and Entrusted Loans***

(1) *Entrusted Wealth Management*

Applicable Not applicable

During the Reporting Period, there was no entrusted wealth management.

(2) *Investment in Derivatives*

Applicable Not applicable

Unit: RMB ten thousand

													Proportion of Investment amount at the end of the Reporting Period to the net assets of the Company at the end of the Reporting Period	Actual profit or loss during the Reporting Period
Name of derivatives investment operator	Relationship with the Group	Related party transaction or not	Type of derivatives investment	Initial investment amount of derivatives investment	Date of commencement	Date of termination	Investment amount at the beginning of the Reporting Period	Purchase during the Reporting Period	Sale during the Reporting Period	Provision for impairment (if any)	Investment amount at the end of the Reporting Period			
BOC, Standard Chartered and other banks	Nil	No	Foreign exchange forward contracts	-	2021/8/6	2023/3/20	8,926.0	-	-	-	43,422.1	3.7%	(1,220.8)	
Total					-	-	8,926.0	-	-	-	43,422.1	3.7%	(1,220.8)	
Source of funds for derivatives investments				Self-owned funds										
Litigation case (if applicable)				Not applicable										
Disclosure date of the resolution in relation to the consideration and approval of derivative investments by the Board (if any)				2022/2/23										
Disclosure date of the resolution in relation to the consideration and approval of derivative investments by the Shareholders' general meeting (if any)				Not applicable										
Risk analysis and explanations on risk control measures for positions in derivatives during the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operation risk and legal risk etc.)				As of June 30, 2022, the derivative financial instruments held by the Group were foreign exchange forward contracts. The risks exposed by foreign exchange forwards were connected with the market risks relating to exchange rates and the Group's cash flow certainty of foreign currency revenues in the future. The Group's control measures on the derivative financial instruments were mainly reflected in: making prudent selection and decision on the type and quantity of derivative financial instruments, and only adopting the exchange forward contracts to hedge the exchange rate risk; as to derivatives transactions, the Group developed rigorous internal approval systems and operational processes, and clarified the approval and authorisation procedures for all levels involved, so as to control the associated risks.										
Changes in market prices or product fair values of derivatives invested during the Reporting Period, where specific methods and relevant assumptions and parameters used shall be disclosed in the analysis of fair values of derivatives				From January to June 2022, the Group's profit or loss arising from changes in fair values of the derivative financial instruments was RMB-1,220.8 ten thousand. Fair values of the derivative financial instruments of the Group were determined based on market price quotations from external financial institutions.										
Explanations on any significant changes in the Company's accounting policies and specific accounting principles on derivatives for the Reporting Period as compared with those for the last reporting period				No										

Name of derivatives investment operator	Relationship with the Group	Related party transaction or not	Type of derivatives investment				Initial investment amount of derivatives investment	Date of commencement	Date of termination	Investment amount at the beginning of the Reporting Period	Purchase during the Reporting Period	Sale during the Reporting Period	Provision for impairment (if any)	Investment amount at the end of the Reporting Period	Proportion of Investment amount at the end of the Reporting Period to the net assets of the Company at the end of the Reporting Period	Actual profit or loss during the Reporting Period

Specific opinions of independent Directors on the derivatives investments and risk control of the Company

The foreign exchange forward hedging business of the Company and its majority-owned subsidiaries is related to the daily global operations, so as to better avoid and guard against the risks of fluctuations in foreign exchange rates and interest rates and to enhance the financial stability of the Company. The Company adheres to the basic principle of hedging and prohibits speculation. The Company formulated the Foreign Exchange Risk Management System and established and improved the corresponding internal control system, which is conducive to strengthening the management and control of transaction risks. The relevant decision-making procedures complied with laws, regulations and other provisions, and there was no damage to the interests of the Company and all shareholders, especially minority shareholders. We unanimously agreed on the matter of the Company in relation to the foreign exchange forward hedging business in 2022.

(3) Entrusted Loans

Applicable Not applicable

During the Reporting Period, there was no entrusted loan.

VII Risk Exposures of the Company and Responsive Initiatives

1. Macroeconomic fluctuation and industry cyclicality risks

The Company is engaged in the specialty vehicles manufacturing industry. It is a Semi-trailer manufacturing enterprise with the highest sales volume in the world, as well as a leading manufacturing enterprise for truck bodies for specialty vehicles and lightweight van truck bodies in China. The market demand for specialty vehicles is closely related to the development of national economy, infrastructure investment and construction, and environmental protection policies, etc. Affected by global macroeconomic fluctuations, the degree of industry prosperity and other factors, the industry in which the Company operates is cyclical to a certain extent. Any future adverse changes in macro environment, market demand and the environment of competition, which will adversely affect the business growth, product sales or production cost of the Company, will lead to a decline in the results of operations of the Company and adversely affect its sustainable profitability.

In addition, the Company's results are significantly influenced by factors including changes in industry policies and the market demand, repeated updates and iteration of product technology, and the increase in labor costs. In the future, in case of any adverse change including failure of the Company to effectively predict the change of market demand or grasp industry policies accurately, or flare-ups of the pandemic, the Company will be subject to risks of a slowdown in the growth of the global business market or even fluctuation of results of operations.

Responsive Initiatives: The Company is committed to promoting the technological innovation and compliant development of products in the industry, further building and improving the business arrangements for semi-trailers, truck bodies for specialty vehicles and lightweight van truck bodies around the world, thus enriching the revenue structure of main businesses of the Company (comru5. In

With the business model of “Intercontinental Operation, Local Manufacturing”, the overseas operation of the Company is subject to many risks and restrictions in relation to business operation in overseas countries and regions, such as overseas regulatory regulations, local industry standards, trade restrictions, technical barriers, protectionism and economic sanctions. These risks and restrictions may adversely affect the Company’s global operations, which may have an adverse impact on the financial position and results of operations of the Company.

Responsive Initiatives: The Company actively promotes the strategic transformation of “Intercontinental Operation, Local Manufacturing” and will further increase its support for overseas subsidiaries, improve the manufacturing capability of overseas plants and the global supply chain management capability, reduce the dependence of overseas sales on domestic manufacturing, and enhance the Company’s development resilience under the new normal of the global economy.

4. *Risk of exchange rate fluctuations*

The Company’s revenue from sales to overseas customers mainly with foreign currency quotation and settlement accounts for a large percentage. The Company has hedged against the impact of exchange rate fluctuations through forward foreign exchange contracts and other measures. However, the Company will remain subject to the risk of exchange loss, in case of significant fluctuations in the exchange rate of the domestic currency against any foreign currency in the future as a result of any changes in the domestic and foreign economic environment, political situation, monetary policies and other factors.

Responsive Initiatives: The Company manages its foreign exchange risk by regularly reviewing its net exposure to foreign exchange risk, and carries out risk management by entering into foreign exchange forward and swap contracts. The period of the Company’s hedging activities shall not exceed 12 months or the term of relevant borrowings. The management of the Company continuously monitors the market environment and its foreign exchange risks, and considers taking appropriate hedging measures when necessary.

5. *Risks of research and development, and innovation*

The semi-trailer and specialty vehicles industries in the world are experiencing industrial upgrading, with the gradual increase in digitalization, automation and intellectualization, which puts greater demand on the technological innovation capacity and model innovation of Semi-trailer and specialty vehicles manufacturing enterprises. If the products developed by the Company are not popular in the market, or if the Company cannot develop and manufacture competitive products according to market demand and industry standards, the Company may be subject to the risk of failure in research and development of new products, which may have a negative impact on its overall development.

Responsive Initiatives: The Company continuously implements the development strategy of “Sophisticated Manufacturing System”, actively promotes the digitalization and intellectualization of “Light Tower” Plants and builds the “Light Tower Manufacturing Network”. In order to maintain its leading edge in the market, enhance its technical strength and core competitiveness, the Company continuously carries out innovation of new technologies and research and development of new products, continuously improves product performance and enriches product functions to meet the diversified needs of customers. The Company has always attached great importance to the role of technology research and development in driving its business development. In order to continuously improve its independent innovation capability and realize innovation-driven development, the Company has established relevant systems and policies that enable the Company to maintain its sustainable innovation capability, and has maintained a pool of core talents and trained core talents according to the needs of its strategic development.

6. *Risk from environmental protection policies*

As the philosophy of green development has become a development consensus, China has put greater demands on environmental protection, thus leading to higher pressure on manufacturing enterprises in terms of environmental protection and an increase in their investment in environmental protection. Manufacturing and transportation are important sectors for implementing the “carbon peaking and carbon neutrality” policy of China. China has also frequently published relevant policies to support green development, which specify the development goals and specific work arrangements, including the continuous decrease in carbon emission intensity, the significant decline in pollutant emission intensity and the steady improvement in energy efficiency. China has improved the green manufacturing system, and built green factories and green industrial parks, thus drawing a new blueprint for the 14th Five-Year Plan for Industrial Green Development. The “Light Tower” Plants of the Company are highly automated and intelligent. Occasional publication of policies of temporary power cuts for environmental protection around China in the future may have a negative impact on the capacities of its plants.

Responsive Initiatives: In the future, the Company will continuously practice low-carbon and green manufacturing and build the Sophisticated Manufacturing System represented by the “Light Tower” Plants and the “Light Tower Manufacturing Network”, and will apply automated, intelligent and digital environmental protection and emission reduction facilities to all production processes, so as to create a new driving force for the green development of the sophisticated manufacturing industry in China.

VIII Future Prospects and Strategies

(I) Changes in the macro situation and industry landscape in the second half of 2022

Looking forward to the second half of 2022, China's economy is in a "new normal", shifting from a high-speed growth stage to a high-quality development stage. The economic structure shifts from "focus on output and capacity enhancement" to "adjustment of the inventory and optimization of the increment", and the driving force of economic development changes from "relying on resources and low-cost labor" to "innovation-driven". The sustained implementation of growth stabilization policies, the accelerated implementation of infrastructure projects and the orderly recovery of supply chain and logistics transportation will support the steady recovery of China's economy; the profits of downstream enterprises in the manufacturing industry are expected to improve.

The Opinions of the Central Committee of the Communist Party of China and the State Council on Accelerating the Construction of a National Unified Market specifies the goal of continuously making domestic markets efficient and smooth and expanding the market size, etc., and the construction of a modern circulation network. The logistics and transportation in the Chinese market will be developed towards standardization and intensification.

In the face of new opportunities and challenges, the management of the Company will actively implement various strategic measures, integrate the superior resources of the Company, and actively make arrangements for local manufacturing while persisting in optimizing the efficiency of intercontinental operation, and improve the product assembly, delivery, after-sales service and financial service capabilities in regions and countries where the markets are located, deepen and expand the influence of local brands, and determine to ensure the deep engagement of the Company in local markets for a long time. Meanwhile, the Company is expanding the profitability in the entire value chain and increasing the opportunities to make a profit in the whole life cycle, so as to ensure the steady development of its six major businesses or groups.

1. Semi-trailers in the Chinese market

The entry into force and stricter implementation of new national standards, the opportunity for upgrading of semi-trailers of China and the implementation of the strategy of "carbon peaking and carbon neutrality" increase the certainty of the semi-trailer business development in China, and raise the concentration and entry threshold of the industry. A healthy competition landscape will be more conducive to compliant enterprises.

Under the background of ensuring smooth logistics, multi-modal transport, drop and pull transport and trailer rental business, as the methods for improving the efficiency of logistics and transportation in China, gain attraction in the market.

2. *Semi-trailers in the North American market*

Due to the loose monetary policy of the Federal Reserve, stimulus packages of governments and other measures, inflation in the United States remained at a high level and peaked subsequently. However, the Semi-trailer and logistics transportation equipment markets in North America were in short supply due to the adoption of the U.S. Infrastructure Investment Act and the continuous growth of residents' consumption demand. The overall demand for Semi-trailers in the North American market will improve in the second half of 2022.

3. *Semi-trailers in the European market*

The European economy is subject to downside risks, affected by rising commodity prices, geopolitical conflicts, energy price fluctuations and supply shortages. The Semi-trailer supply chain, production and manufacturing capacities in the European market are subject to new challenges. The industry reshuffling will accelerate, and the market concentration is expected to further increase.

4. *Tank trucks and concrete mixer trucks*

In the second half of 2022, with the accelerated offering of special bonds by the Chinese government, the growth rate of infrastructure investment will be expected to increase, and the national fixed asset investment is promoted, which will stimulate the market demand for tank trucks and concrete mixer trucks to a certain extent. However, affected by high oil prices and the downturn of the real estate industry, the demand for tank trucks and concrete mixer trucks will be suppressed in the short term. In the long run, the Chinese government will continuously promote the rectification of non-compliant tank trucks, implement strict qualification examination and access standards, and promote the industrial structure adjustment, optimization and upgrading of the chemical industry. There will be opportunities and challenges for the compliant tank semi-trailers manufactured by the Company.

With the full implementation of China VI emission standards, the crackdown on overloading and oversizing and further promotion of new energy specialty vehicles are carried out in many places in China, thus there is an obvious tendency of upgrading and new energy transition of specialty vehicles.

5. *Urban dump truck*

The new energy and environmental protection transformation of urban dump trucks is accelerated, with the progress towards China's strategic goal of carbon peaking and carbon neutrality and the upgrading of urban dump trucks promoted by the implementation of China VI emission standards. The steady improvement in China's infrastructure construction will provide room for the growth of compliant urban dump trucks, but the product demand for traditional urban dump trucks remains under pressure in the short term. The Chinese government makes greater efforts for promotion, which is expected to facilitate the sales of lightweight, intelligent and environmental-friendly new energy urban dump trucks.

6. *Lightweight van trucks*

The lightweight van trucks become a new hot category in the commercial vehicle industry in China, due to the official implementation of the technical specifications against “understating the unloaded weight” of light trucks, and the implementation of policies including “rural revitalization”, the “14th Five-Year Plan for the Development of Cold Chain Logistics” and the “national unified market”. Enterprises manufacturing compliant dry truck bodies are exposed to opportunities, as green and low-carbon transition of urban distribution trucks is accelerated, and the regulatory and entry standards become stricter.

In addition, after the General Office of the State Council of China published the “14th Five-Year Plan for the Development of Cold Chain Logistics”, local governments successively introduced a series of supporting policies to encourage the development of urban logistics and distribution, cold chain logistics and transportation. China continuously promotes the development of the cold chain logistics industry and accelerates the construction of the cold chain logistics system and logistics hub. The market demand for refrigerated trucks is strong but subject to scattered industry competition.

(II) Development strategy of the Company

In 2022, the Company will continuously build the Sophisticated Manufacturing System to promote high-quality development, actively deepen its strategic arrangements for the six major businesses or groups, and further increase its market segment share in China through production and marketing coordination, so that overseas semi-trailers will have competitive advantages in North American, European and emerging markets, thus further enhancing its leading position in the world.

The Company will consolidate its main business according to the core measures and resources of the six major businesses or groups, accelerate the reform that is conducive to improving the efficiency of resource allocation, actively implement standardization strategies and improve the “development achievement” evaluation system through high-quality products and services, strong innovation, high demand identification rate, brand influence, networked and intelligent production organization methods and a complete industrial system, so as to achieve high-quality development.

Meanwhile, the Company will launch the policy to promote the high-quality development of six major businesses or groups from 2023 to 2025, make strategic and organizational development plans, and organize core subsidiaries to regularly explore strategic development and identify a “high-quality development path”.

1. *Promoting the construction of the “Light Tower Manufacturing Network” and incubating an efficient operation organization and process*

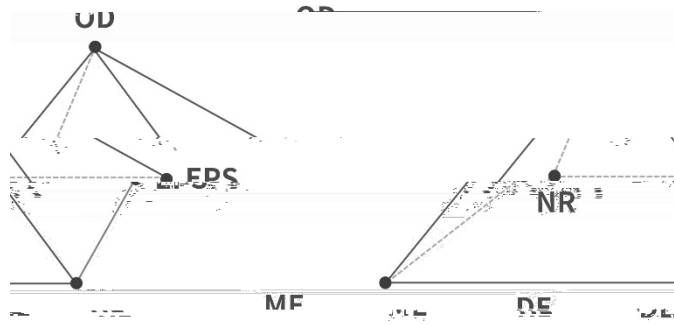
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2. *Building “five cornerstones” of the Sophisticated Manufacturing System to lay a good foundation for organizational development*



(1) Improving the technology research and development and reserve of product modules (DE)

In terms of building specialized product modules, the Company has actively built a system of product module construction, established a professional product module team, united various product engineers for brainstorming, exploration and innovation, and continuously upgraded the technical research and development of product modules, so as to provide customers with high-quality and high-tech products. With models of a year as the subject, the Company has provided special training camps for sophisticated manufacturing, promoted and trained digital and modular technologies, continuously improved the research and development strength of technicians through professional training, and stimulated the innovation enthusiasm for building specialized product modules, thus deepening the construction of the Sophisticated Manufacturing System.

Through research and development and modular exploration, the Company continuously helps improve logistics and transportation efficiency in China. In order to meet customers' needs in e-commerce logistics and improve logistics efficiency, the Company has provided lightweight and large-volume logistics solutions for e-commerce logistics through CAE analysis, prototype validation and other methods. Meanwhile, the Company has actively provided solutions for efficient loading and unloading of van trucks. The Company, together with the Research Institute of Highway Ministry of Transport, has actively promoted the research project for double-trailer trains. As a modular transportation solution, the project greatly improves the loading capacity and is of guiding significance for the development of the logistics industry and the development of regulations of China.

In the future, the Company will continuously increase its investment in product module technology, research and development, and actively make arrangements for lightweight, specialization, intelligentization and new energy. The Company will improve the logistics transportation mode of China and help improve logistics transportation efficiency in China, through its research and development.

(2) Upgrading of green “Light Tower” Plants (ME)

At present, the Company has built 22 “Light Tower” Plants at domestic and abroad. The Sophisticated Manufacturing System has begun to show results, and the economic and environmental benefits arising out of the “Light Tower” Plants have begun to play out. From 2020 to 2022, the Company completed the construction of a high-end production center, namely, the LTP production center, including the TB Plant in Jiangmen, the Stainless Steel Tank Line of Champion Tanker in Wuhu and DS Plant in Thailand. During the same period, the Company also established a sophisticated manufacturing network, namely LoM manufacturing plant, including three chassis trailer pioneer manufacturing lines of CIE, polar bear manufacturing plant and glacier manufacturing plant of CRTI in North America, and UK South Hampton pioneer manufacturing plant and Mansfield manufacturing plant of SDC in Europe, and Pijnacker pioneer manufacturing plant of LAG in the Netherlands. In China and Asia, the Company completed the upgrading of the Yangzhou cement mixer truck manufacturing plant of Champion Tanker Business Group and the construction of the manufacturing plant of TB Business Group.

The Company vigorously promoted the transformation of “Light Tower” Plants from automation to digitalization and intelligentization, actively practiced the philosophy of digitalization and integration of product design and manufacturing, actively participated in the formulation of intelligent manufacturing standards, continuously promoted the manufacturing execution management system (MES) of manufacturing plants, and realized the collection of production site management data, and completed the energy consumption management of a whole workshop, intelligent interconnection IOT and comprehensive management of equipment.

The 8+2 digital management system platform with SAP as the core supplemented by PLM and MES systems was built for the TB Business Group in Jiangmen plant on a trial basis. Starting from the top-level design, the Company carried out forward-looking research and deployment for the flexible storage, efficient utilization and deep mining of its product design data, manufacturing data and financial data, and provided the best practices and cases for its overall digital transformation.

Meanwhile, the “Light Tower” Plants of the Company continuously delivered the green philosophy of “saving energy consumption and reducing pollution”

By selecting and training professional sales personnel, the Company established a new retail professional sales competency model. Through the launch of the customer relationship management (CRM) platform, the Company thoroughly practiced the philosophy of “bringing the users closer and keeping close customer relationship”. With the deepening of the marketing connotation of the new retail (NR) system, the Company further utilized the digital platform to realize the connection between the ERP of plants and the CRM digital platform of the headquarters, and the connection between customers and sales personnel, thus forming the closed loop of the sales order management process.

The Company continuously launched new series of brands under the Sophisticated Manufacturing System, and obtained an advantage in the market by launching brands such as “Pioneer Series”, “CIMC Light Tower”, “TB” and “Vanguard Trailer Rental”. In the year, “Hexi Pioneer” in West China and “Northeast Pioneer” in East China were successively launched, and the sales teams of the “Champion Tanker Business Group” and the “TB Business Group” were remodeled, so as to continuously enhance the brand marketing and word-of-mouth construction, establish the brand awareness and image of the Company, and bring customers closer.

In the complicated and changeable domestic business environment, the Company further established a cross-business group and a cross-enterprise and cross-functional joint service team to promote and innovate the leading customer scenarios in various industry segments, and established in-depth technical and resource cooperation with them; carried out joint development, and launched innovative products and services around the scenarios of strategic directions such as new energy and environmental protection in line with the development trend of China and industries.



(4) Continuously promoting organizational development (OD)

In order to support the implementation of the “Sophisticated Manufacturing System”, the Company further reviewed the underlying management structure and logic, optimized management efficiency, with the aim of incorporating digital, intelligent and efficient management factors into its daily management work, and continuously optimized the three driving forces, namely the Promotion Committee, the Efficient Team Organization of Intercontinental Operation and the Senior Leadership Training Center.

The Company’s diamond pyramid structure has taken shape, and the Company has persisted in developing an efficient operation organization and process in the Sophisticated Manufacturing System. For core key accounts, the Company carried out efficient process optimization and relied on the advantages of the Light Tower Manufacturing Network to consolidate the core competitiveness and establish competition barriers.

The Promotion Committee will serve as the main decision-making department in the process of building the “Sophisticated Manufacturing System” for the Company and will promote the achievement of the Company’s goal of development at a higher stage. In terms of system, the Company will continuously promote the construction of the Sophisticated Manufacturing System for its headquarters and core subsidiaries, and build new management infrastructure. This is reflected in the following: Firstly, the Company will continuously build DE/ME professional space, platforms and teams; secondly, the Company will build professional new retail stores, CRM platforms and professional sales teams; thirdly, the Company will construct digital asset management platforms and reporting systems based on “New Silk Road”; fourthly, the Company will build the upgrading platform for core human resources and the Senior Leadership Training Center.

Meanwhile, under the framework of the Company’s intercontinental operation strategy, “Intercontinental Operation, Local Manufacturing” will define the operation and future development model, seize overseas growth opportunities and realize global enabling. The performance of European Business improved continuously after the completion of the restructuring. Meanwhile, North American Business Group was also ready to achieve “being bigger and stronger” in the United States through business process optimization.

In addition, in order to enhance the organizational vitality and match the efficient professional ability, the Company's Senior Leadership Training Center continuously provides training opportunities for employees in leadership positions and core business positions in the headquarters and core enterprises. The Company has continuously produced more than 10 senior executives with high-end vision to the organization to promote the development of each business or group with new thinking and vision under the principle of "unity of knowledge and action" in each business module. At present, the Company has launched the third senior leadership training plan.

(5) The construction of digital supply chain center has achieved initial results (EPS)

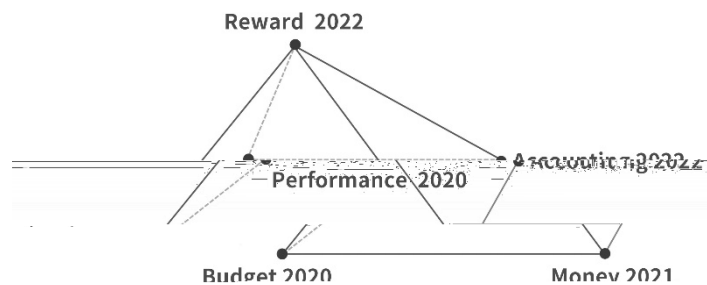
The EPS Center, as the fifth cornerstone of the Sophisticated Manufacturing System, acts as the center of the digital supply chain, which can give full play to the advantages of the EPS platform in terms of time and space, strategies and processes, and realizes the digital management of supply resources and effectively supports the purchase requirements of various businesses or groups. The EPS Center can make full use of the cooperative relationship with the famous parts and components suppliers in the world to establish a stable and reliable supply chain system; reduce the purchase costs of parts and components, with the bargaining power in centralized purchase. This also represents the operating advantage developed by years of deep engagement since the Company's purchase platform operated in the semi-trailer industry. At present, the Company has a unified EPS portal platform and achieves online management of more than 100 suppliers.

The shortage in the global supply chain due to the impact of the pandemic also posed new challenges to the management and operation of the Company's global supply chains. At the time of great changes in the industry, the Company's supply chain management will focus on "products, prices and relationships", and the Company will be committed to building "process digitalization" and continuously advancing the design and global deployment of the EPS platform. At present, the Company has realized the supplier and sourcing management of conventional OE parts on the EPS platform and has completed the exploration of LTS and LTP business models through the platform process, thus efficiently enabling the "Light Tower Manufacturing Network". In the first half of the year when raw material prices were high, the Company conducted bidding for OEM parts through the EPS platform, which had a higher purchase price advantage than as compared with the mainstream market.

In terms of the construction of the “Light Tower Manufacturing Network”, the EPS platform has become the hub of the process, and will link various segments of the Sophisticated Manufacturing System to maximize the “order fulfillment”. In the future, the Company will actively advance “model selection and development of OE parts and components based on product application scenarios”, establish a professional technology-based supply chain team, and promote its subsidiaries to form a unified working platform for the supply chain, so as to promote professional sharing in product modules, improvement of “Light Tower” Plants and construction of new retail, and realize the value proposition of the Company for core parts and components.

The Company’s digital supply chain center will realize the dual-drive model of “business + platform”, focus on the upgrade from “supply chain” to “supply chain+”, and from “product” to “product group”, and the collaboration and integration “between enterprises” and “between products”, and explore the synergy between purchase and value-added services, so as to enrich the digitalization capability and connotation of the supply chain at various levels and support the construction of the Sophisticated Manufacturing System.

3. *New management infrastructure*



As the inevitable result of organizational development, the Company reorganized enterprises with the characteristics of the Sophisticated Manufacturing System into strategic organizations and business units. It is necessary to establish a new enterprise management infrastructure between strategic organizations and business units. As an important promoter to match the strategic planning objectives of the Company, the new management infrastructure will continuously improve its governance and promote the upward development of the organization.

- (1) **Budget 2020:** Budget 2020 is an important cornerstone in the Company’s new management infrastructure. It guides the Company’s operations, investment and financing activities, and provides direction for capital allocation.

- (2) Money 2021: Money 2021, which was launched in 2021, manages funds around strategic and budgetary goals and has rational fund allocation plans.
- (3) Accounting 2022: Accounting 2022, which will be launched in 2022, incorporates information systems as tools and digitization as impetus to establish an accounting system and a report system that are compatible with Budget 2020.
- (4) Performance 2020: Performance 2020, which was launched in 2020, supports the budget system and sets KPI systems, mechanisms and guidance for performance assessment of core enterprises of the Company.
- (5) Reward 2022: Launched in 2022, it identifies special talents that are of great significance to the future strategic development of the Company. It is an incentive mechanism for the core engineers of the Sophisticated Manufacturing System and the core talents who manage the new infrastructure, with a focus on long-term incentives, annual bonuses as the fulcrum to retain core talents and ensure the sustainable driver for development of the Company.

4. *Accelerating digital transformation*

In order to follow the trend of digitalization in the sophisticated manufacturing industry, the Company embraces digital transformation in an all-round way, and makes use of the convenience and advantages of

In terms of ERP, the Company's digitalization team has established end-to-end business processes with a focus on the Sophisticated Manufacturing System, and constructed an integrated operation and management platform, thus comprehensively paving the way for upgrading intelligent manufacturing of enterprises. Meanwhile, according to the vehicle management requirements, the design covers master data management, sales management, production plan and execution management, purchasing management, warehousing management, finance and cost management, etc., thus forming the blueprint process system of the Company. The Company has built a cross-system integrated business process operation platform with the SAP and ERP systems as the core, so as to realize the "integration of sales, research, production and supply" and the "integration of finance and business".

In terms of PLM, under the intelligentization, customization, greenization, high reliability cost trend of the logistics and transportation industry, the Company makes full use of advanced information technology, artificial intelligence, big data, Internet and other technologies to build intelligent products and digital platforms, continuously improves the professional research and development capability for product configuration and customization, gradually shifts from two-dimensional product design to product design which is mainly three-dimensional, improves product and process configuration management, establishes a data chain with product data as the core, realizes the integration of PLM and other business systems, and supports efficient operation of various business systems, while achieving rapid replication.

In the future, the Company will continuously build MES manufacturing execution management and Internet of Things (IOT) management platforms with a focus on 6 major business segments, namely design engineering (DE) of the value chain, NR, supply chain, finance and economics, manufacturing engineering (ME) and industrial interconnection, by actively optimizing product lifecycle management (PLM), customer relationship management (CRM), SRM purchase process management and ERP enterprise resource management.

(2) Digital platform of "New Management Infrastructure"

The digital work platform of "New Management Infrastructure" will aim to optimize the internal budget, statements and resource allocation of funds, provide a visual and multi-dimensional digital system, and improve work efficiency. Meanwhile, through launching the digital work platform, the Company enhances the scale effect of funds, optimizes the allocation of funds and reduces financial expenses. Currently, the digital work platform of "New Management Infrastructure" has been launched for domestic and overseas core enterprises, and achieved intelligent analysis and provided decision-making support.

5. *Promoting the research and development of new energy products to help achieving the “carbon peaking and carbon neutrality” strategy*

With the promotion of the “carbon peaking and carbon neutrality” strategy and the national new energy policy, the penetration rate of new energy commercial vehicles continues to rise. According to the statistics of China Association of Automobile Manufacturers, in the first half of 2022, the total sales of new energy heavy trucks reached 10.1 thousand units, representing a significant increase of 491% on a year-on-year basis, which was a blowout growth. The Company actively promotes the research, development and innovation of new energy products to promote the high-quality development of the road transportation equipment industry and help the country achieve the strategic goal of “carbon peaking and carbon neutrality”.

In terms of new energy product innovation, the Company actively researches and develops new energy lightweight urban dump trucks, which adopt ultra-high strength and wear-resistant steel to ensure the realization of lightweight technology and match with new energy chassis, to have leading advantages in lightweight, durability, corrosion resistance and load capacity; meanwhile, the Company launches pure electric mining trucks, which adopt advanced “ERS” technology to achieve “heavy-duty downhill” energy recovery, with an energy saving rate of over 85%, and are equipped with a wire-controlled chassis to achieve long-range capability. In terms of concrete mixer truck, the Company has developed a variety of new energy pure electric concrete mixer truck products based on the market demand, including rechargeable and exchangeable type, with small capacity battery to provide rotating power for mixing tank, energy saving and emission reduction. In terms of urban distribution vehicles and refrigerated van trucks, the Company has actively joined hands with tractor manufacturers to develop new energy refrigerated vehicles, achieving a weight reduction of more than 1,000 KG in the chassis of the van truck bodies.

In addition, the Company explores innovative business models in new energy and autonomous driving scenarios, creating lightweight and long-life semi-trailer solutions around the rapidly developing development trend of new energy heavy trucks, regional autonomous driving and special line formation driving, transforming customers’ purchase of products from price to value orientation, establishing close cooperative relationships with customers, and forming an innovative exploration with technology, business and investment as a whole. The Company will take the lead in the development of the new energy commercial vehicles market.

(III) Operating plan for the second half of 2022

1. Light Tower Pioneer Business

Light Tower Pioneer Business is deeply engaged in semi-trailer products in the Chinese market. By integrating the resources of various semi-trailer “Light Tower” Plants in China, it has built the Light Tower Manufacturing Network comprising LTP, LTS, LoP and LoM, completed the organization iteration and change, promoted the securing and fulfillment of orders, and consolidated the strong foundation of the semi-trailer business in the domestic circulation.

In order to cope with the uncertain external market, the Company has improved its response measures and further expanded its capacity utilization rate. The Company has upgraded the strategic plan of “Light Tower Manufacturing Network”, carried out production line optimization and regional planning, and made breakthroughs in core products. The Company has actively conducted unified bidding at the headquarters level, distributed orders according to the principle of proximity in vehicle license application, and formed a joint force, thus achieving breakthroughs in sales.

2. North American Business

In the second half of 2022, the demand for semi-trailers in the North American market continuously improved, and the overall market remained in short supply. The core plants of North American Business completed production line optimization and process improvement, and put into use the digital and modular design system, thus continuously improving its delivery efficiency. Meanwhile, the Company continuously made breakthroughs in research and development in terms of weight reduction for fully-assembled vehicles and insulation performance of refrigerated trucks, so as to enhance customer satisfaction and market competitiveness, and continuously gain an advantage in the market recovery.

In the future, according to the market conditions of raw materials, the Company will flexibly stock up, continuously control the production cost, and continuously improve its profitability in the North American market, so as to achieve the objective growth of North American Business.

3. European Business

In the second half of 2022, European Business will actively improve the production line of the local “Light Tower” Plant, and continuously improve the production efficiency and capacity to seize the potential growth opportunities for semi-trailers in the European market. In the face of uncertainties in Europe, the Company started the corporate strategic upgrading plan, optimized management, reduced the costs of raw materials, ensured the stability of the supply chain and improved the order fulfillment capacity by implementing the enterprise ERP system and the global supply chain management system.

4. *Champion Tanker Business Group*

Champion Tanker Business Group produces and sells two core products, namely tank semi-trailers and concrete mixer trucks, and integrates several strategic brands for operation, thus forming a joint force and strategic synergy. It has established strategic cooperation with major and strategic customers, and improved the after-sales service guarantee system and the centralized purchase system of Champion Tanker, so as to promote the placement of orders.

Under the market trend of new energy, the Company has continuously deepened the research and development of new energy concrete mixer truck products, and promoted organizational development and change, and the “Strategic Development Plan for Champion Tankers”, to expand the business of manufacturing enterprises beyond market segments, thus achieving better sales performance than the market.

5. *Urban Dump Truck Business*

In the second half of 2022, it is expected that the exhaustion of the demand in the heavy truck industry due to the implementation of China VI emission standards will be improved. The Company’s Urban Dump Truck Business will continuously promote the joint research and development strategy with tractor manufacturers, including deepening the exploration of new energy chassis and intelligent interconnection, raising the lightweight level, seizing the new energy development opportunities in the industry, and expanding the leading edge of products and businesses.

6. *TB Business Group*

TB Business Group actively serves cold chain logistics and distribution, urban logistics and distribution, express delivery and other industries. The Company makes full use of K2 dual-mode foaming technology with independent intellectual property rights to improve its product manufacturing efficiency, product performance and quality. The total sales goals of the classic refrigerated van body business represented by KG+K2 and the new-generation cost-effective refrigerated truck body business are to exceed those of the market. Meanwhile, the Company continuously integrates the technical advantages, purchasing channels and sales resources of the three plants of TB Business Group. Based on the management requirements of business combinations, the Company has adopted a matrix management structure, and established five major centers and three major bases to support the business departments.

With a focus on “externally seizing the opportunity from the policy of retrofitting by designated truck body manufactures, and internally and comprehensively optimizing the supply chain, and reducing costs and improving the efficiency for ME”, TB Business Group will enhance the core competitiveness of light truck bodies businesses, become an excellent manufacturer of dry truck van bodies, refrigerated truck van bodies and fully-assembled vehicles businesses, and enhance its market position.

IX Disclosure under the Listing Rules of the Hong Kong Stock Exchange

1. Significant Investments during the Reporting Period

During the Reporting Period, the Group did not hold any significant investments including any investment in an investee company with a value of 5% or more of the Group's total assets.

2. Details of Material Acquisitions and Disposals related to Subsidiaries, Associates and Joint Venture

On March 24, 2022, the Company entered into the Capital Increase Agreement with the existing other shareholders of Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. (深圳中集同創供應鏈有限公司) (hereinafter referred to as "CIMC Tongchuang"), namely Shenzhen CIMC Investment Co., Ltd. (深圳市中集投資有限公司) (hereinafter referred to as "CIMC Investment"), CIMC Technology Co., Ltd. (中集技術有限公司) (hereinafter referred to as "CIMC Technology"), CIMC Enric Investment Holdings (Shenzhen) Ltd. (中集安瑞科投資控股(深圳)有限公司) (hereinafter referred to as "CIMC Enric (Shenzhen)"), Cuilian (Shenzhen) Fire-fighting Equipment Co., Ltd. (萃聯(深圳)消防裝備有限公司) (hereinafter referred to as "Cuilian Fire-fighting") and Shenzhen Qili Corporate Management Partnership (Limited Partnership) (深圳齊力企業管理合夥企業(有限合夥)) (hereinafter referred to as "Shenzhen Qili"). Pursuant to which, the Parties agree to increase the registered capital of CIMC Tongchuang from RMB200,000,000 to RMB362,100,500. On the same day, the Board of the Company has resolved to approve the Company to waive the exercise of the preferential subscription right for the capital increase of CIMC Tongchuang. Cuilian Fire-fighting and Shenzhen Qili have also waived the exercise of the preferential subscription right for the capital increase of CIMC Tongchuang. Immediately after the completion of the Capital Increase of CIMC Tongchuang, the shareholding of CIMC Tongchuang held by the Company will be diluted from 10% to 5.52%, which remains as a participating shareholding company of the Company. For relevant information, please refer to the announcement of the Company dated March 24, 2022.

During the Reporting Period, save as disclosed above, the Group had no other details of material acquisitions and disposals related to subsidiaries, associates and joint ventures.

3. Plans for Significant Investment or Purchase of Capital Assets in the Future and its Financing Proposals

Save as disclosed in "5. Use of Proceeds" in "VI. Investment Analysis" under Section IV "Management Discussion and Analysis" in this announcement, and the "Investment Plan for 2022" set out in the "Announcement on Resolutions of the Third Meeting of the Second Session of the Board in 2022" issued by the Company on March 24, 2022, the Group had no other plan approved by the Board for other future material investments or purchases of capital assets in the future as of the date of this announcement.

4. *Liquidity and Financial Resources*

As at June 30, 2022, the Group had cash and cash equivalents of RMB4,379.4 million (December 31, 2021: RMB4,694.7 million). As at June 30, 2022, the Group had borrowings of RMB1,106.1 million (December 31, 2021: RMB1,326.6 million).

	As at June 30, 2022 (RMB in millions)	As at December 31, 2021 (RMB in millions)
Long-term borrowings		
– Bank borrowings	388.1	277.9
– Bank borrowings, guaranteed	–	96.9
Subtotal	388.1	374.8
Current portion of long-term borrowings		
– Bank borrowings	57.9	21.8
– Bank borrowings, guaranteed	–	40.4
Subtotal	57.9	62.2
Short-term borrowings		
– Bank borrowings	475.9	663.4
– Bank borrowings, guaranteed	179.3	226.1
– Loans from third parties		
– Discounted bills	5.0	
Subtotal	660.1	889.6
Total borrowings	1,106.1	1,326.6

Note: There is a difference in the mantissa between the total amounts arrived at through direct adding up and the “total” amount. Such difference is caused by the unit (RMB ten thousand) and the rounding.

The table below sets forth the repayment periods of the Group’s borrowings as below:

	As at June 30, 2022 (RMB in millions)	As at December 31, 2021 (RMB in millions)
Within one year	718.0	951.8
One to two years	83.1	82.6
Two to five years	305.0	292.2
Total	1,106.1	1,326.6

During the Reporting Period, the Group's major cash inflow items are net cash inflow generated from operating activities of RMB206.8 million (2021: RMB282.3 million).

There is no seasonal variation in the Group's borrowing needs. As at June 30, 2022, the interest rate range for short-term borrowings was 0.8% to 4.7% (December 31, 2021: 0.8% to 4.7%), and the interest rate range for long-term borrowings was 3.3% to 5.1% (December 31, 2021: 3.3% to 4.7%). Borrowings at fixed interest rates were approximately RMB442.9 million (December 31, 2021: RMB429.7 million). It is expected that the Group's short-term borrowings will be repaid by its own funds or bank credit facilities. During the Reporting Period, the Group has maintained sufficient cash at bank and liquidity to repay all borrowings as they fell due, and there was no material default in terms of borrowings.

As at June 30, 2022, the Group had current assets of RMB14,759.8 million (December 31, 2021: RMB14,233.9 million), and current liabilities of RMB9,173.2 million (December 31, 2021: RMB8,623.4 million). As at June 30, 2022, the Group's current ratio was approximately 1.6 times (December 31, 2021: 1.7 times). The current ratio equals to total current assets divided by total current liabilities. The current ratio was basically flat as compared to 2021.

5. Capital Structure

During the Reporting Period, the Group had been adopting a prudent financial management policy and handling capital expenditures with caution. After the Reporting Period, the Group will continue to monitor its liquidity and financial resources, and manage them to maintain a good gearing ratio. As at June 30, 2022, the Group's gearing ratio (equal to total debt divided by total equity multiplied by 100%) was 9.2% (December 31, 2021: 11.0%). The decrease in gearing ratio was mainly due to the decrease of the Group's total debt as at the end of the Reporting Period.

As at June 30, 2022, the Group's cash and cash equivalents were mainly denominated in Renminbi, HK dollars and US dollars, and borrowings were also mainly denominated in Renminbi, Great Britain Pound and US dollars. The Group was exposed to foreign exchange risk primarily through sales and purchases, capital expenditures and other expenses that are denominated in a currency other than the functional currency of the relevant subsidiaries. The Group's foreign exchange exposure mainly arises from the conversion of Renminbi against US dollars, Great Britain Pound, HK dollars and Euro. The Group manages our foreign exchange risk by performing regular reviews of net foreign exchange exposure and minimizes these exposures through entering into foreign exchange forward contracts. The effective period of the Group's hedging activities must not exceed 12 months or the term of the relevant borrowings. The management of the Group continues to monitor the market environment and its own foreign exchange risk profile, and considers appropriate hedging measures when necessary. As at June 30, 2022, the notional amount of outstanding foreign exchange forward contracts held by the Group was converted to RMB434.2 million.

6. Capital Commitments

As at June 30, 2022, the Group's capital commitments were approximately RMB92.0 million (December 31, 2021: approximately RMB99.2 million), representing a year-on-year decrease of 7.3%, mainly due to the gradual completion of purchase contracts which have been entered into but have not been performed in whole or in part in the previous year.

The Group has funded and will continue to fund a substantial portion of its capital commitments from operating cash flow and the proceeds from the Public Offering, and may utilize borrowings to provide required funds if a financing gap still exists. In the first half of 2022, our outstanding capital commitments were mainly attributable to the upgrading and improvement of factories and equipment and outward investment.

7. Pledge of the Group's Assets

As at June 30, 2022, except for the pledge for certain bank deposits as disclosed in “(1) Financial guarantees” in “8. Contingent Liabilities” under this section, the Group had the carrying amount of RMB1.3 million of other fixed assets pledged for the guarantees for property preservation in civil procedure (December 31, 2021: RMB0.4 million).

8. Contingent Liabilities

(1) Financial guarantees

The Group entered into financial guarantee contracts relating to customer vehicle mortgage loans mainly with Huishang Bank, Postal Savings Bank of China, Industrial Bank, Sinotruk Auto Finance Co., Ltd. (重汽汽車金融有限公司) and CIMC Finance Company Ltd. (中集集團財務有限公司), etc. to provide guarantees in respect of banking facilities granted to dealers and customers of the Group, who had drawn down loans under banking facilities granted to settle outstanding payables arising from purchasing of vehicles from the Group. As at June 30, 2022, the outstanding balance of the above guarantees provided by the Group to dealers and customers totalled RMB2,504.6 million (December 31, 2021: RMB2,849.4 million), and the bank deposits pledged for these guarantees were RMB156.7 million (December 31, 2021: RMB194.4 million).

(2) Outstanding performance bond and letter of credit

As at June 30, 2022, the Group had outstanding performance bond and letter of credit of a total of RMB179.9 million (December 31, 2021: RMB74.8 million).

9. *Advance to an Entity*

As of June 30, 2022, there was no advance extended by the Company to an entity which is subject to disclosure requirements under the Hong Kong Stock Exchange Listing Rules.

10. *Pledge of Shares by Controlling Shareholders*

As of June 30, 2022, there was no pledge of Shares by the Controlling Shareholders.

11. *Loan Agreements with Covenants relating to Specific Performance of Controlling Shareholders*

As of June 30, 2022, there was no loan agreement of the Company with covenants relating to specific performance of the Controlling Shareholders.

12. *Breach of Loan Agreements*

As of June 30, 2022, there was no breach of the loan agreements by the Company in which the loan involved would have a significant impact on the business operations of the Company.

13. *Financial Assistance and Guarantees to Affiliated Companies*

As of June 30, 2022, there was no financial assistance and guarantee to affiliated companies by the Company which is subject to disclosure requirements under the Hong Kong Stock Exchange Listing Rules.

14. *Employees of the Company*

(1) *Employee number*

As at June 30, 2022, the Group had approximately 12,648 full-time employees (excluding labor dispatch workers) (as at June 30, 2021: 13,211). During the Reporting Period, the employee benefits expenses amounted to approximately a total of RMB1,158.9 million (the corresponding period of 2021: RMB1,332.5 million).

(2) Remuneration Policy

The Group adheres to the “people-oriented” talent philosophy and strategy, strictly complies with the labor law and relevant laws and regulations in the place where the Company is located. Under the “position value, individual ability and individual contribution” salary philosophy and orientation, the Group implements a performance appraisal mechanism for fair work, and continuously improves its employee remuneration and benefit systems. Meanwhile, the Group actively ponders over the challenges in its development, continuously innovates its thinking, establishes and improves a diversified incentive system. It continuously improves the competence of its employees and stimulates the vitality of the organization and its employees by using differentiated incentives and motivation tools, so as to help the Group and its employees develop steadily in the long term. In the first half of 2022, the remuneration of employees of the Group amounted to RMB1,158.9 million (In the first half of 2021: RMB1,332.5 million).

(3) Training Plans

Based on the philosophy of talent management, the Group pays attention to the training and development of its employees and continuously improves its employee training and development system. Based on its core strategy, the Group has established corresponding training and development projects for different levels of employees and different functional sequences. Through internal training courses, external training courses, learning centers, sharing of special topics, discussion, self-learning on online platforms, and mentoring, the Group continuously develops the professional ability, comprehensive quality, leadership and international vision of its employees, and promotes the continuous growth of employees at different career stages, thus achieving the joint development of employees and the organization.

15. Significant Events after the Period

The sixth meeting of the second session of the Board in 2022 was held on July 8, 2022, at which the Board agreed to appoint Ms. Mao Yi as the secretary of the Board and joint company secretary, and Ms. Li Zhimin ceased to act as the secretary of the Board and joint company secretary with effect from July 8, 2022. For details, please refer to the announcement of the Company dated July 11, 2022.

On July 15, 2022, the Company convened the first extraordinary general meeting in 2022, which considered and approved the Resolution on Revision of the Estimated Cap on Continuing Connected Transactions/Daily Connected Transactions with CIMC and its Related Parties in 2022-2024, and approved the proposed Supplementary Agreement to the Procurement and Services Framework Agreement between the Company and CIMC (on its behalf and on behalf of its majority-owned subsidiaries and associates), to revise and increase the annual caps for the three years ending December 31, 2024. For details, please refer to the announcements of the Company dated June 2, 2022 and July 15, 2022 and the circular dated June 24, 2022.

V. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The Group's interim financial statements for the six months ended June 30, 2022 is unaudited. The Group prepares the financial statements and their notes in accordance with the Chinese Accounting Standards for Business Enterprises.

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2022

(All amounts in RMB unless otherwise stated)

	<i>Notes</i>	June 30, 2022	December 31, 2021
ASSETS			
Current assets			
Cash at bank and on hand		4,584,933,260.58	5,041,982,475.37
Derivative financial assets		425,076.40	2,039,603.00
Notes receivables	4	55,508,737.62	109,678,708.95
Accounts receivables	5	3,357,265,298.34	2,781,330,860.48
Receivables financing	6	404,913,942.76	510,091,121.74
Advances to suppliers	7	189,268,136.56	221,827,969.94
Other receivables	8	260,340,278.10	272,965,193.59
Inventories		5,622,320,908.97	4,939,195,443.70
Current portion of non-current assets		37,899,111.45	41,518,285.14
Other current assets		246,972,121.80	313,226,364.46
Total current assets		<u>14,759,846,872.58</u>	<u>14,233,856,026.37</u>
Non-current assets			
Long-term receivables		28,336,224.05	26,581,838.37
Other non-current financial assets		8,005,300.00	—
Long-term equity investments		153,770,441.19	151,084,643.75
Investment properties		395,877,604.27	393,130,062.84
Fixed assets		4,633,471,562.63	4,626,675,908.82
Construction in progress		592,074,870.11	516,572,732.14
Right-of-use assets		239,439,981.65	232,392,010.62
Intangible assets		869,099,544.45	892,972,786.18
Goodwill		391,431,051.22	408,521,522.38
Long-term prepaid expenses		35,994,512.42	25,765,480.68
Deferred tax assets		151,068,726.35	137,466,769.78
Other non-current assets		117,085,701.52	136,313,442.51
Total non-current assets		<u>7,615,655,519.86</u>	<u>7,547,477,198.07</u>
TOTAL ASSETS		<u>22,375,502,392.44</u>	<u>21,781,333,224.44</u>

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2022 (CONTINUED)

(All amounts in RMB unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	<i>Notes</i>	June 30, 2022	December 31, 2021
Current liabilities			
Short-term borrowings	9	660,118,057.06	889,554,358.43
Derivative financial liabilities		10,609,621.22	21,100.00
Notes payables	10	742,174,711.89	1,098,475,012.01
Accounts payables	11	4,334,697,968.54	3,558,427,089.39
Advances from customers		10,093,648.75	8,642,080.45
Contract liabilities	12	553,914,298.14	547,132,006.91
Employee benefits payable		519,820,167.30	533,567,985.84
Taxes payable		233,365,264.39	186,121,358.83
Other payables	13	1,741,414,074.70	1,411,093,894.20
Current portion of non-current liabilities		93,018,501.53	104,017,726.41
Other current liabilities		273,950,490.70	286,361,852.63
Total current liabilities		9,173,176,804.22	8,623,414,465.10
Non-current liabilities			
Long-term borrowings	14	388,116,144.07	374,823,099.70
Lease liabilities		190,383,279.47	185,163,298.60
Long-term payables		—	15,464,866.01
Deferred income		59,700,856.81	60,752,790.97
Deferred tax liabilities		133,648,244.31	134,675,106.28
Other non-current liabilities		—	465,637.40
Total non-current liabilities		771,848,524.66	771,344,798.96
Total liabilities		9,945,025,328.88	9,394,759,264.06
Shareholders' equity			
Share capital		2,017,600,000.00	2,017,600,000.00
Capital reserve		4,779,818,126.58	4,754,868,324.01
Other comprehensive income		(88,134,763.01)	(129,005,928.69)
Surplus reserve		261,108,219.97	261,108,219.97
Undistributed profits	16	4,796,562,948.56	4,834,324,784.85
Total equity attributable to shareholders of the Company		11,766,954,532.10	11,738,895,400.14
Non-controlling interests		663,522,531.46	647,678,560.24
Total shareholders' equity		12,430,477,063.56	12,386,573,960.38
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		22,375,502,392.44	21,781,333,224.44

BALANCE SHEET OF THE COMPANY AS AT JUNE 30, 2022

(All amounts in RMB unless otherwise stated)

ASSETS	June 30, 2022	December 31, 2021
Current assets		
Cash at bank and on hand	2,135,869,404.82	2,129,112,624.05
Accounts receivables	240,970,053.12	241,858,248.97
Receivables financing	218,443.00	—
Advances to suppliers	28,367.35	—
Other receivables	1,137,723,562.60	884,335,492.30
Other current assets	6,981,923.30	16,060,979.94
Total current assets	3,521,791,754.19	3,271,367,345.26
Non-current assets		
Other non-current financial assets	8,005,300.00	—
Long-term equity investments	5,379,228,641.12	5,137,876,328.24
Investment properties	2,265,114.85	2,259,993.11
Fixed assets	29,392,948.58	28,550,148.81
Construction in progress	11,600,125.10	8,730,589.30
Right-of-use assets	2,614,859.38	3,669,493.48
Intangible assets	17,552,640.77	16,655,064.68
Long-term prepaid expenses	2,465,451.65	3,348,749.65
Other non-current assets	2,054,623.50	1,915,376.00
Total non-current assets	5,455,179,704.95	5,203,005,743.27
TOTAL ASSETS	8,976,971,459.14	8,474,373,088.53

BALANCE SHEET OF THE COMPANY AS AT JUNE 30, 2022 (CONTINUED)

(All amounts in RMB unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	June 30, 2022	December 31, 2021
Current liabilities		
Accounts payables	527,771.10	2,006,121.46
Contract liabilities	357,536.29	293,538.20
Employee benefits payable	118,960,248.67	123,386,680.53
Taxes payable	1,817,113.63	3,279,762.61
Other payables	1,273,606,423.73	872,873,083.72
Current portion of non-current liabilities	2,334,754.90	2,267,411.02
Other current liabilities	1,623,648.37	416,284.69
Total current liabilities	1,399,227,496.69	1,004,522,882.23
Non-current liabilities		
Lease liabilities	605,761.75	1,778,298.78
Total non-current liabilities	605,761.75	1,778,298.78
Total liabilities	1,399,833,258.44	1,006,301,181.01
Shareholders' equity		
Share capital	2,017,600,000.00	2,017,600,000.00
Capital reserve	4,620,152,172.67	4,620,483,419.93
Other comprehensive income	18,436,287.93	18,436,287.93
Surplus reserve	261,108,219.97	261,108,219.97
Undistributed profits	659,841,520.13	550,443,979.69
TOTAL SHAREHOLDERS' EQUITY	7,577,138,200.70	7,468,071,907.52
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	8,976,971,459.14	8,474,373,088.53

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated)

Items	Note	Six months ended June 30, 2022	Six months ended June 30, 2021
I. Revenue	17	11,195,842,138.07	17,711,844,059.18
Less: Cost of sales	17	(9,944,943,043.42)	(15,927,568,598.90)
Taxes and surcharges		(41,842,407.56)	(57,722,727.17)
Selling expenses		(263,724,269.00)	(383,360,776.54)
Administrative expenses		(398,444,110.44)	(447,367,998.75)
Research and development expenses		(145,901,201.60)	(189,778,236.63)
Financial expenses	18	52,575,847.22	(8,836,328.22)
Including: Interest expenses	18	22,050,434.04	28,250,115.63
Interest income	18	34,617,381.21	26,035,102.02
Add: Other income	21	38,441,371.21	93,307,601.18
Investment (losses)/income	22	(2,072,886.45)	4,314,934.95
Including: Share of profit of associates and joint ventures		4,058,836.70	2,158,678.03
Fair value (losses)/gains	23	(9,375,789.37)	424,193.36
Credit impairment losses	20	(5,524,064.71)	(69,064,632.13)
Asset impairment losses	19	(12,555,324.98)	(22,089,616.60)
(Losses)/gains on disposals of assets	24	(8,606,775.04)	174,272,570.27
II. Operating profit		453,869,483.93	878,374,444.00
Add: Non-operating income	25	5,164,187.96	6,077,855.40
Less: Non-operating expenses	26	(3,059,489.26)	(2,838,735.52)
III. Profit before income tax		455,974,182.63	881,613,563.88
Less: Income tax expenses	27	(85,668,688.02)	(120,963,651.73)
IV. Profit for the period		370,305,494.61	760,649,912.15
Classified by business continuity			
Net profit from continuing operations		370,305,494.61	760,649,912.15
Net profit from discontinued operations		—	—
Classified by ownership			
Net profit attributable to shareholders of the Company		365,758,163.71	688,457,493.07
Net profit attributable to non-controlling interests		4,547,330.90	72,192,419.08—

INCOME STATEMENT OF THE COMPANY FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated)

Items	Six months ended June 30, 2022	Six months ended June 30, 2021
I. Revenue	14,440,454.66	30,422,224.39
Less: Cost of sales	(363,117.78)	(519,619.10)
Taxes and surcharges	(100,703.28)	(31,940.37)
Selling expenses	(3,939,212.99)	(4,901,132.35)
Administrative expenses	(42,258,661.70)	(97,252,975.41)
Research and development expenses	(10,259,381.44)	(3,724.11)
Financial expenses	15,985,063.26	3,235,915.00
Including: Interest expenses	8,334,275.95	9,349,028.85
Interest income	22,284,933.43	22,527,248.12
Add: Other income	486,524.76	596,656.92
Investment income	541,958,773.37	286,843,798.88
Including: Share of profit of associates and joint ventures	3,975,352.14	2,339,282.89
Fair value gains	5,121.74	917,500.00
Credit impairment losses	(3,052,373.85)	(1,698,968.09)
Gains on disposal of assets	644.55	51,941.80
II. Operating profit	512,903,131.30	217,659,677.56
Add: Non-operating income	14,980.00	5,001.74
Less: Non-operating expenses	(570.86)	(1,819.11)
III. Profit before income tax	512,917,540.44	217,662,860.19
Less: Income tax expenses	—	—
IV. Profit for the period	512,917,540.44	217,662,860.19
Classified by business continuity		
Net profit from continuing operations	512,917,540.44	217,662,860.19
Net profit from discontinued operations	—	—
V. Other comprehensive income, net of tax	—	—
VI. Total comprehensive income	512,917,540.44	217,662,860.19

**CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED
JUNE 30, 2022**

(All amounts in RMB unless otherwise stated)

Items	Six months ended June 30, 2022	Six months ended June 30, 2021
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	9,217,975,776.56	16,842,384,085.41
Refund of taxes and surcharges	158,922,827.45	82,776,423.53
Cash received relating to other operating activities	<u>257,097,326.04</u>	<u>188,751,046.40</u>
Sub-total of cash inflows from operating activities	<u>9,633,995,930.05</u>	<u>17,113,911,555.34</u>
Cash paid for goods and services		

**CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED
JUNE 30, 2022 (CONTINUED)**

(All amounts in RMB unless otherwise stated)

Items	Six months ended June 30, 2022	Six months ended June 30, 2021
III. Cash flows from financing activities		
Cash received from capital injections	100,000,000.00	58,000,000.00
Including: Cash injection from non-controlling interests	50,000,000.00	58,000,000.00
Proceeds from borrowings	885,089,314.02	621,118,663.10
Sub-total of cash inflows from financing activities	985,089,314.02	679,118,663.10
Repayments of borrowings	(1,112,275,494.91)	(663,450,011.93)
Cash payments for dividends distribution and interest expenses of borrowings	(39,478,331.49)	(63,862,679.03)
Including: dividends paid to non-controlling interests of subsidiaries	(18,695,583.19)	(38,998,388.03)
Cash payments relating to other financing activities	(51,071,224.13)	(49,795,759.60)
Sub-total of cash outflows from financing activities	(1,202,825,050.53)	(777,108,450.56)
Net cash used in financing activities	(217,735,736.51)	(97,989,787.46)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	10,840,442.76	(19,296,407.72)
V. Net decrease in cash and cash equivalents	(315,335,706.69)	(294,176,835.96)
Add: Cash and cash equivalents at the beginning of the period	4,694,703,333.58	4,269,375,822.30
VI. Cash and cash equivalents at the end of the period	4,379,367,626.89	3,975,198,986.34

**CASH FLOW STATEMENT OF THE COMPANY FOR THE SIX MONTHS ENDED
JUNE 30, 2022**

(All amounts in RMB unless otherwise stated)

Item	Six months ended June 30, 2022	Six months ended June 30, 2021
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	12,283,136.93	27,712,652.45
Refund of taxes and surcharges	11,008,187.28	7,998,054.15
Cash received relating to other operating activities	23,792,708.63	20,262,994.61
Sub-total of cash inflows from operating activities	47,084,032.84	55,973,701.21
Cash paid to and on behalf of employees	(42,644,192.95)	(47,363,024.52)
Payments of taxes and surcharges	(931,271.08)	(22,124.20)
Cash paid relating to other operating activities	(29,779,975.77)	(29,408,656.11)
Sub-total of cash outflows from operating activities	(73,355,439.80)	(76,793,804.83)
Net cash used in operating activities	(26,271,406.96)	(20,820,103.62)
II. Cash flows from investing activities		
Cash received from disposals of investments	63,934,079.69	—
Cash received from returns on investments	474,525,205.62	430,746,177.87
Proceeds from disposal of fixed assets, intangible assets and other long-term assets	17,118.14	237,512.75
Proceeds from disposal of associates and joint ventures	—	7,600,000.00
Cash received from other investing activities	101,182,390.88	172,406,309.31
Sub-total of cash inflows from investing activities	639,658,794.33	610,989,999.93
Payment for fixed assets, intangible assets and other long-term assets	(14,743,291.46)	(10,703,939.37)
Cash paid for investments	(264,250,000.00)	(495,798,728.70)
Cash paid for other investing activities	(331,000,000.00)	(59,260,000.00)
Sub-total of cash outflows from investing activities	(609,993,291.46)	(565,762,668.07)
Net cash generated from investing activities	29,665,502.87	45,227,331.86

**CASH FLOW STATEMENT OF THE COMPANY FOR THE SIX MONTHS ENDED
JUNE 30, 2022 (CONTINUED)**

(All amounts in RMB unless otherwise stated)

Item	Six months ended June 30, 2022	Six months ended June 30, 2021
III. Cash flows from financing activities		
Cash received from other financing activities	<u>24,720,683.00</u>	<u>68,800,000.00</u>
Sub-total of cash inflows from financing activities	<u>24,720,683.00</u>	<u>68,800,000.00</u>
Cash payments relating to other financing activities	<u>(21,624,554.60)</u>	<u>(39,826,797.47)</u>
Sub-total of cash outflows from financing activities	<u>(21,624,554.60)</u>	<u>(39,826,797.47)</u>
Net cash generated from financing activities	<u>3,096,128.40</u>	<u>28,973,202.53</u>
IV. Effect of foreign exchange rate changes on cash and cash equivalents	<u>266,556.46</u>	<u>(1,503,159.32)</u>
V. Net increase in cash and cash equivalents	6,756,780.77	51,877,271.45
Add: Cash and cash equivalents at the beginning of the period	<u>2,129,112,624.05</u>	<u>1,392,970,681.76</u>
VI. Cash and cash equivalents at the end of the period	<u><u>2,135,869,404.82</u></u>	<u><u>1,444,847,953.21</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2021

(All amounts in RMB unless otherwise stated)

Item	Attributable to shareholders of the Company						Non controlling interests	Total shareholders' equity
	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Sub-total		
Balance at January 1, 2021	<u>1,765,000,000.00</u>	<u>3,405,036,061.31</u>	<u>(7,766,510.96)</u>	<u>211,424,630.23</u>	<u>4,588,539,034.46</u>	<u>9,962,233,215.04</u>	<u>486,465,562.95</u>	<u>10,448,698,777.99</u>
Movements for the period								
Total comprehensive income								
Profit for this period	-	-	-	-	688,457,493.07	688,457,493.07	72,192,419.08	760,649,912.15
Other comprehensive income	-	-	(40,384,562.76)	-	-	(40,384,562.76)	(161,208.44)	(40,545,771.20)
Sub-total	-	-	(40,384,562.76)	-	688,457,493.07	648,072,930.31	72,031,210.64	720,104,140.95
Profit distribution to shareholders and non controlling interests	-	-	-	-	-	-	(38,547,101.61)	(38,547,101.61)
Transactions with non controlling interests	-	(2,364,082.00)	-	-	-	(2,364,082.00)	(446,562.31)	(2,810,644.31)
Others	-	-	-	-	-	-	-	-
Balance at June 30, 2021	<u><u>1,765,000,000.00</u></u>	<u><u>3,402,671,979.31</u></u>	<u><u>(48,151,073.72)</u></u>	<u><u>211,424,630.23</u></u>	<u><u>5,276,996,527.53</u></u>	<u><u>10,607,942,063.35</u></u>	<u><u>519,503,109.67</u></u>	<u><u>11,127,445,173.02</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated)

Item	Attributable to shareholders of the Company						Non controlling interests	Total shareholders' equity
	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Sub-total		
Balance at January 1, 2022	<u>2,017,600,000.00</u>	<u>4,754,868,324.01</u>	<u>(129,005,928.69)</u>	<u>261,108,219.97</u>	<u>4,834,324,784.85</u>	<u>11,738,895,400.14</u>	<u>647,678,560.24</u>	<u>12,386,573,960.38</u>
Movements for the period								
Total comprehensive income								
Profit for this period	-	-	-	-	365,758,163.71	365,758,163.71	4,547,330.90	370,305,494.61
Other comprehensive income	<u>-</u>	<u>-</u>	<u>40,871,165.68</u>	<u>-</u>	<u>-</u>	<u>40,871,165.68</u>	<u>34,598.29</u>	<u>40,905,763.97</u>
Sub-total	<u>-</u>	<u>-</u>	<u>40,871,165.68</u>	<u>-</u>	<u>365,758,163.71</u>	<u>406,629,329.39</u>	<u>4,581,929.19</u>	<u>411,211,258.58</u>
Appropriation to surplus reserves	-	-	-	-	-	-	-	-
Profit distribution to shareholders and non controlling interests	-	-	-	-	(403,520,000.00)	(403,520,000.00)	(63,456,908.14)	(466,976,908.14)
Capital injections from non controlling interests	-	8,636,489.01	-	-	-	8,636,489.01	41,363,510.99	50,000,000.00
Transactions with non controlling interests	-	16,644,560.82	-	-	-	16,644,560.82	33,355,439.18	50,000,000.00
Others	<u>-</u>	<u>(331,247.26)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(331,247.26)</u>	<u>-</u>	<u>(331,247.26)</u>
Balance at June 30, 2022	<u><u>2,017,600,000.00</u></u>	<u><u>4,779,818,126.58</u></u>	<u><u>(88,134,763.01)</u></u>	<u><u>261,108,219.97</u></u>	<u><u>4,796,562,948.56</u></u>	<u><u>11,766,954,532.10</u></u>	<u><u>663,522,531.46</u></u>	<u><u>12,430,477,063.56</u></u>

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2021

(All amounts in RMB unless otherwise stated)

Item	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
Balance at January 1, 2021	<u>1,765,000,000.00</u>	<u>3,289,306,666.62</u>	<u>18,436,287.93</u>	<u>211,424,630.23</u>	<u>708,571,672.01</u>	<u>5,992,739,256.79</u>
Movements for the period						
Total comprehensive income						
Profit for this period	-	-	-	-	217,662,860.19	217,662,860.19
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sub-total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>217,662,860.19</u>	<u>217,662,860.19</u>
Profit distribution to shareholders	-	-	-	-	-	-
Others	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at June 30, 2021	<u><u>1,765,000,000.00</u></u>	<u><u>3,289,306,666.62</u></u>	<u><u>18,436,287.93</u></u>	<u><u>211,424,630.23</u></u>	<u><u>926,234,532.20</u></u>	<u><u>6,210,402,116.98</u></u>

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated)

Item	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
Balance at January 1, 2022	<u>2,017,600,000.00</u>	<u>4,620,483,419.93</u>	<u>18,436,287.93</u>	<u>261,108,219.97</u>	<u>550,443,979.69</u>	<u>7,468,071,907.52</u>
Movements for the period						
Total comprehensive income						
Profit for this period	-	-	-	-	512,917,540.44	512,917,540.44
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sub-total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>512,917,540.44</u>	<u>512,917,540.44</u>
Appropriation to surplus reserves	-	-	-	-	-	-
Profit distribution to shareholders	-	-	-	-	(403,520,000.00)	(403,520,000.00)
Others	<u>-</u>	<u>(331,247.26)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(331,247.26)</u>
Balance at June 30, 2022	<u><u>2,017,600,000.00</u></u>	<u><u>4,620,152,172.67</u></u>	<u><u>18,436,287.93</u></u>	<u><u>261,108,219.97</u></u>	<u><u>659,841,520.13</u></u>	<u><u>7,577,138,200.70</u></u>

1. GENERAL INFORMATION

CIMC Vehicles (Group) Co., Ltd. (the “**Company**”) is a sino-foreign joint venture approved for incorporation by Wai Jing Mao Shen He Zi Zheng Zi (1996) No. 0861 issued by the People’s Government of Shenzhen on August 29, 1996. The Company was listed and traded on the Main Board of the Hong Kong Stock Exchange on July 11, 2019. The Company was listed and traded on the ChiNext Market of the Shenzhen Stock Exchange on July 8, 2021. As of June 30, 2022, the total share capital of the company was RMB2,017,600,000.00, each with par value of one yuan.

The place of registration of the Company is No. 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong province, the People’s Republic of China (the “**PRC**”).

The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are mainly engaged in design, manufacturing and sales of an extensive range of semi-trailers and truck bodies for specialty vehicles and provision of relevant services in China, North America, Europe and other regions.

The ultimate holding company of the Company is China International Marine Containers (Group) Co., Ltd. (“**CIMC Group**”), which is established in the PRC and has its H shares and A shares listing on the Stock Exchange of Hong Kong Limited and the Shenzhen Stock Exchange of the PRC, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY AND ACCOUNTING ESTIMATES

2.1 Basis of preparation

The financial statements were prepared in accordance with the Basic Standard and specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on February 15, 2006, the Application Guidance for Accounting Standards for Business Enterprises, the Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance (hereafter collectively referred to as ‘**the Accounting Standards for Business Enterprises**’ or ‘**CAS**’) and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Rules on Financial Reporting issued by the China Securities Regulatory Commission.

The financial statements are prepared on a going concern basis.

Some notes in this financial statement have been disclosed in accordance with requirements of the Hong Kong Companies Ordinance.

2.2 Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for six months ended June 30, 2022 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Consolidated and the Company as at June 30, 2022 and of their financial performance, cash flows and other information for six months ended June 30, 2022.

2.3 Functional currency

The functional currency of the Company is Renminbi. Subsidiaries of the Company determine their functional currency according to the main economic environment in which they operate. The functional currency of the Company and its domestic subsidiaries is Renminbi. The functional currency of Hong Kong and overseas subsidiaries is the local currency. Currencies other than the functional currency are foreign currencies. Financial statements of the Company are presented in Renminbi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY AND ACCOUNTING ESTIMATES (CONTINUED)

2.4 Preparation of consolidated financial statements

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries.

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Where a subsidiary was acquired a business combination involving enterprises not under common control, the Group adjusts its financial statements based on the fair value of identifiable assets and liabilities at the acquisition date.

All significant inter-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of a subsidiary's equity and the portion of a subsidiary's net profit and loss for the period as well as comprehensive income not attributable to Company are recognized as minority interests, net profit and loss attributable to minority interests as well as and comprehensive income attributable to minority interests presented separately in the consolidated financial statements within equity and net profit as well as total comprehensive income respectively. If the current loss shared by the minority shareholders of a subsidiary exceeds the minority shareholders' share of the beginning owners' equity of the subsidiary, the balance shall be offset against the minority shareholders' equity. The unrealised profit and loss arising from sales of assets to subsidiaries by the Company are fully eliminated against net profit attributable to owners of the Company. The unrealised profit and loss arising from sales of assets to the Company by subsidiaries are eliminated against net profit attributable to owners of the Company as well as net profit attributable to minority interests respectively according to the Company and minority interests' shareholding on the subsidiaries. The unrealised profit and loss arising from sales of assets between subsidiaries are eliminated against net profit attributable to owners of the Company as well as net profit attributable to minority interests respectively according to the Company and minority interests' share holdings on the subsidiary who sold.

The difference on recognizing a same transaction between on the accounting subjects of the Group and of the Company or its subsidiaries would be adjusted on the accounting subject of the Group.

2.5 Changes in accounting policies

No significant accounting policy changes occur for six months ended June 30, 2022.

3. SEGMENT INFORMATION

The main businesses of the Group include the production and sales of special purpose vehicles. The Group considers all these businesses as one single operating segment as they have the similar economic characteristics and are similar in respect of the nature of products, the types of customers, the methods for distributing the products or providing the services, as well as the influence by laws and administrative regulations. Therefore, the segment information was not presented in the financial statements.

The Group presents revenue from external customers and non-current assets (excluding financial assets, long-term equity investments, and deferred tax assets, similarly hereinafter) by regions: The revenue from external customers is categorised by locations of rendering of services and sales of goods. Non-current assets are categorised by locations of real objects (for fixed assets) or location of related business assigned (for intangible assets and goodwill).

4. NOTES RECEIVABLES (CONTINUED)

The provision for bad debts of note receivables are as follows (Continued)

For trade acceptance notes:

As at June 30, 2022, The group shall measure the provision for bad debts based on lifetime ECL. The provision for bad debts is RMB879,472.82 (December 31, 2021: RMB752,778.83).

The provisions accrued for the six months ended June 30, 2022 is RMB941,315.18 (six months ended June 30, 2021: RMB1,528,351.26), and the provisions collected or reversed for the six months ended June 30, 2022 is RMB966,840.65 (six months ended June 30, 2021: RMB2,655,387.27).

No notes receivables were written off for the six months ended June 30, 2022 and 2021.

5. ACCOUNTS RECEIVABLES

	June 30, 2022	December 31, 2021
Accounts receivables	3,515,878,417.07	2,928,963,909.69
Less: Provision for bad debts	(158,613,118.73)	(147,633,049.21)
	<u>3,357,265,298.34</u>	<u>2,781,330,860.48</u>

The credit terms of accounts receivables granted by the Group are generally ranged from 30 days to 180 days.

The ageing analysis of accounts receivables from the date of the initial recognition was as follows: :

	June 30, 2022	December 31, 2021
Within 1 year	3,337,074,074.31	2,763,792,253.13
1 to 2 years	115,644,560.65	104,228,253.45
2 to 3 years	21,823,857.05	19,694,665.51
Over 3 years	41,335,925.06	41,248,737.60
	<u>3,515,878,417.07</u>	<u>2,928,963,909.69</u>

For the six months ended June 30, 2022 and 2021, the Group has no accounts receivables derecognized due to transfer of financial asset.

Provision for bad debts

For the receivables of the Group, whether there is a significant financing component or not, the provision is measured based on lifetime ECL.

5. ACCOUNTS RECEIVABLES (CONTINUED)

Provision for bad debts (Continued)

Receivables that are assessed for impairment on a collective group basis are as follows:

	June 30, 2022		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rates	Amount
Not overdue	2,631,955,323.69	2.17%	57,007,383.06

6. RECEIVABLES FINANCING (CONTINUED)

The Group pledged some bank acceptance notes for the purpose of issuing bank acceptance notes. As at June 30, 2022, the amount of pledged bank acceptance notes receivables disclosed in receivables financing was RMB12,494,000.00 (December 31, 2021: RMB58,622,779.91),

As at June 30, 2022, the Group's endorsed or discounted but not yet due notes receivables listed in receivables financing are as follows:

	Derecognized	Not Derecognized
Bank acceptance notes	<u>2,214,530,466.46</u>	<u>—</u>

7. ADVANCES TO SUPPLIERS

Ageing analysis of advances to suppliers was as follows:

	June 30, 2022		December 31, 2021	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	187,671,936.29	96.17%	218,056,947.61	95.76%
1 to 2 years	990,892.72	0.51%	3,064,761.83	1.35%
2 to 3 years	150,376.50	0.08%	293,984.42	0.13%
Over 3 years	6,331,054.44	3.24%	6,288,399.47	2.76%
	<u>195,144,259.95</u>	<u>100%</u>	<u>227,704,093.33</u>	<u>100.00%</u>
Less: provision for bad debts	<u>(5,876,123.39)</u>		<u>(5,876,123.39)</u>	
	<u>189,268,136.56</u>		<u>221,827,969.94</u>	

8. OTHER RECEIVABLES

	June 30, 2022	December 31, 2021
Amounts due from related parties	30,095,021.99	26,392,773.52
Other receivables from staffs	16,155,752.84	8,161,479.68
Tax refund receivables	13,376,803.16	3,507,757.06
Rental and other deposits	111,258,690.58	110,267,785.76
Disbursement of vehicle mortgage loans	18,369,862.72	24,416,510.27
Receivable from equity/assets transfer	10,902,601.47	24,814,225.55
Reimbursed expenses	40,541,906.69	49,643,318.90
Vendor rebates	18,066,192.73	31,586,136.43
Others	19,427,740.95	14,771,382.82
	<u>278,194,573.13</u>	<u>293,561,369.99</u>
Less: provision for bad debts	<u>(17,854,295.03)</u>	<u>(20,596,176.40)</u>
	<u>260,340,278.10</u>	<u>272,965,193.59</u>

8. OTHER RECEIVABLES (CONTINUED)

Ageing analysis of advances to suppliers was as follows:

	June 30, 2022	December 31, 2021
Within 1 year	246,493,535.25	259,737,404.68
1 to 2 years	2,352,572.97	2,146,186.35
2 to 3 years	1,464,717.96	6,413,163.04
Over 3 years	27,883,746.95	25,264,615.92
	<u>278,194,573.13</u>	<u>293,561,369.99</u>

As at June 30, 2022, there was no provision for bad debts made individually.

The provision for bad debts for the six months ended June 30, 2022 amounted to RMB3,261,908.91 (six months ended June 30, 2021: RMB107,641.28). A provision for bad debts amounted to RMB1,737,478.60 for the six months ended June 30, 2022 has been collected or reversed (six months ended June 30, 2021: RMB2,029,665.38).

The other receivables amounted to RMB4,266,311.68 was written off for the six months ended June 30, 2022 (six months ended June 30, 2021: RMB2,119,927.18), and the provision for bad debts amounted to RMB4,266,311.68 (six months ended June 30, 2021: RMB2,119,927.18).

9. SHORT-TERM BORROWINGS

	June 30, 2022	December 31, 2021
Guaranteed (i)		
RMB	35,051,374.93	108,045,208.20
USD	20,134,200.00	60,569,150.00
THB	63,028,010.09	57,523,101.36
GBP	61,045,458.18	—
	<u>179,259,043.20</u>	<u>226,137,459.56</u>
Unsecured		
RMB	85,043,750.00	120,180,605.60
USD	313,660,203.86	205,667,288.27
EUR	18,572,260.00	19,132,205.00
GBP	58,582,800.00	318,436,800.00
	<u>475,859,013.86</u>	<u>663,416,898.87</u>
Pledged (ii)		
RMB	5,000,000.00	—
	<u>660,118,057.06</u>	<u>889,554,358.43</u>

9. SHORT-TERM BORROWINGS (CONTINUED)

- (i) The Group's short-term guaranteed borrowings include the guaranteed borrowings of Liangshan CIMC Dongyue Vehicles Co., Ltd. and Zhumadian CIMC Huajun Casting Co., Ltd.(all of which are subsidiaries of the Group), amounted to RMB35,051,374.93, and guaranteed borrowings of CIMC Vehicle (Thailand) Co., Ltd amounted to THB 330,682,109.60 (equivalent to RMB63,028,010.09) and guaranteed borrowings of CIMC VEHICLES UK LIMITED amounted to GBP 7,502,668.00 (equivalent to RMB61,045,458.18),all of which are guaranteed by the Company. The guaranteed borrowings of USD3,000,000.00 (equivalent to RMB20,134,200.00) of CIMC Intermodal Equipment, LLC, a subsidiary of the Group, is guaranteed by CIMC Vehicle Investment Holdings Co., Ltd. and CIMC USA Inc, which are also subsidiaries of the Group.
- (ii) As at June 30, 2022, the pledged bank borrowings of RMB5,000,000.00 (December 31, 2021: nil) were short-term borrowings obtained by discounting the trade acceptance notes.

As at June 30, 2022, the interest rate of short term borrowings ranged from 0.80% to 4.68% (December 31, 2021: 0.80% to 4.65%).

10. NOTES PAYABLES

	June 30, 2022	December 31, 2021
Trade acceptance notes	161,641,699.22	95,680,000.00
Bank acceptance notes	580,533,012.67	1,002,795,012.01
	<u>742,174,711.89</u>	<u>1,098,475,012.01</u>

11. ACCOUNTS PAYABLES

	June 30, 2022	December 31, 2021
Related parties	261,260,208.73	181,212,628.67
Third parties	4,073,437,759.81	3,377,214,460.72
	<u>4,334,697,968.54</u>	<u>3,558,427,089.39</u>

As at June 30, 2022, accounts payables aged over one year amounted to RMB61,092,862.00 (December 31, 2021: RMB23,993,213.37), which were mainly material costs payable and have not yet been settled.

The ageing of accounts payables based on their recording dates is as follows:

	June 30, 2022	December 31, 2021
Within 30 days	2,017,898,807.26	1,895,707,492.45
31 to 60 days	794,163,059.21	439,390,266.47
61 to 90 days	788,453,059.86	647,939,676.52
Over 90 days	734,183,042.21	575,389,653.95
	<u>4,334,697,968.54</u>	<u>3,558,427,089.39</u>

12. CONTRACT LIABILITIES

	June 30, 2022	December 31, 2021
Advances for goods	553,914,298.14	547,132,006.91

For the six months ended June 30, 2022, included in contract liabilities balance of RMB406,436,016.77 at the beginning of period was recognized as revenue (six months ended June 30, 2021: RMB659,258,977.50).

13. OTHER PAYABLES

	June 30, 2022	December 31, 2021
Amounts due to related parties	112,981,921.02	116,784,864.38
Dividends due to non controlling interests	44,943,658.41	182,333.46
Dividends due to shareholders	403,520,000.00	—
Accrued expenses	369,013,676.44	494,762,966.22
Deposits for quality guarantees and temporary receipts	514,176,891.22	488,712,798.14
Freights expenses payable	17,629,692.53	13,104,200.99
Payables for equipment and land use rights	149,644,691.47	169,504,298.03
Payables and advance for land use rights	23,934,472.69	23,934,472.69
Advance for equity transactions	4,818,900.00	4,818,900.00
Payable of acquisitions	10,932,782.29	10,932,782.29
Others	89,817,388.63	88,356,278.00
	1,741,414,074.70	1,411,093,894.20

14. LONG-TERM BORROWINGS

	June 30, 2022	December 31, 2021
Guaranteed (i)	—	137,332,915.06
Unsecured	446,002,378.80	299,700,000.00
	446,002,378.80	437,032,915.06
Less: Current portion of long-term borrowings		
Guaranteed	—	(40,409,815.36)
Unsecured	(57,886,234.73)	(21,800,000.00)
	(57,886,234.73)	(62,209,815.36)
	388,116,144.07	374,823,099.70

- (i) As at June 30, 2022, there was no bank guaranteed loan. (December 31, 2021: the bank guaranteed loan of RMB137,332,915.06 of China Jiangsu Vanguard Trailer Rental Co., Ltd., a subsidiary of the Group, is guaranteed by the Company).

As at June 30, 2022, the interest rate of long-term borrowings ranged from 3.25% to 5.05% (December 31, 2021: 3.25% to 4.65%).

15. MONETARY ITEMS DENOMINATED IN FOREIGN CURRENCY

	June 30, 2022		
	Functional currency	Exchange Rate	In RMB
Cash at bank and on hand -			
USD	79,865,197.77	6.7114	536,007,288.31
EUR	8,468,717.44	7.0084	59,352,159.31
HKD	15,327,386.01	0.8552	13,107,980.52
AUD	2,813,155.99	4.6145	12,981,308.32
JPY	86,551,597.93	0.0491	4,249,683.46
GBP	22,134,509.55	8.1365	180,097,436.95
THB	144,387,693.41	0.1906	27,520,294.36
Others			11,431,893.71
			<u>844,748,044.94</u>
Accounts receivables -			
USD	176,570,096.87	6.7114	1,185,032,548.13
EUR	8,297,062.25	7.0084	58,149,131.07
HKD	2,783,415.00	0.8552	2,380,376.51
AUD	6,250,373.75	4.6145	28,842,349.67
JPY	69,116,488.91	0.0491	3,393,619.61
GBP	37,897,503.11	8.1365	308,353,034.05
THB	9,049,344.28	0.1906	1,724,805.02
Others			36,833,063.36
			<u>1,624,708,927.42</u>
Other receivables -			
USD	3,247,090.94	6.7114	21,792,526.13
EUR	776,996.68	7.0084	5,445,503.53
HKD	56,344.94	0.8552	48,186.19
AUD	1,959.11	4.6145	9,040.31
GBP	1,141.30	8.1365	9,286.19
THB	275,312,070.29	0.1906	52,474,480.60
Others			3,215,786.00
			<u>82,994,808.95</u>
Long-term receivables -			
AUD	159,496.20	4.6145	735,995.21

15. MONETARY ITEMS DENOMINATED IN FOREIGN CURRENCY (CONTINUED)

	June 30, 2022		
	Functional currency	Exchange Rate	In RMB
Short-term borrowings -			
USD	49,735,435.80	6.7114	333,794,403.86
EUR	2,650,000.00	7.0084	18,572,260.00
GBP	14,702,668.00	8.1365	119,628,258.18
THB	330,682,109.60	0.1906	63,028,010.09
			<u>535,022,932.13</u>
Accounts payables -			
USD	102,940,287.32	6.7114	690,873,444.32
EUR	6,817,362.23	7.0084	47,778,801.45
AUD	11,476,418.20	4.6145	52,957,931.78
GBP	58,418,674.38	8.1365	475,323,544.09
THB	107,329,593.02	0.1906	20,457,020.43
Others			26,533,298.34
			<u>1,313,924,040.41</u>
Other payables -			
USD	18,248,765.21	6.7114	122,474,762.83
EUR	3,577,828.70	7.0084	25,074,854.66
HKD	48,563,102.75	0.8552	41,531,165.47
AUD	1,468,138.50	4.6145	6,774,725.11
GBP	2,029,875.19	8.1365	16,516,079.48
THB	124,157,460.07	0.1906	23,664,411.89
Others			4,074,462.91
			<u>240,110,462.35</u>

Foreign currencies in which the above monetary items are denominated refer to all currencies other than RMB.

16. UNDISTRIBUTED PROFITS

	Six months ended June 30, 2022	Six months ended June 30, 2021
Undistributed profits at the beginning of the period	4,834,324,784.85	4,588,539,034.46
Add: Net profit attributable to the shareholder of the Company	365,758,163.71	688,457,493.07
Less: Appropriation for surplus reserve	—	—
Dividends paid	(403,520,000.00)	—
Undistributed profits at the end of the period	<u>4,796,562,948.56</u>	<u>5,276,996,527.53</u>

Approved by the shareholders' general meeting on May 31, 2022, the Company distributed cash dividends to the shareholder of the Company, at RMB0.2 per share (tax inclusive). Calculated according to 2,017,600,000 shares issued, totaling to RMB403,520,000.00. For the six months ended June 30, 2022, the Company did not distribute interim cash dividends.

16. UNDISTRIBUTED PROFITS (CONTINUED)

For the six months ended June 30, 2021, the Company did not declare cash dividends. Approved by the Board of Directors on August 25, 2021 and the first extraordinary general meeting on September 29, 2021, the Company distributed the 2021 special interim cash dividends to the Shareholder of the Company, at RMB0.3 per share (tax inclusive). Calculated according to 2,017,600,000 Shares issued, totaling to RMB605,280,000.00.

17. REVENUE AND COST OF SALES

	Six months ended June 30, 2022	Six months ended June 30, 2021
Revenue from main operations	11,046,010,539.56	17,546,971,726.73
Revenue from other operations	149,831,598.51	164,872,332.45
	<u>11,195,842,138.07</u>	<u>17,711,844,059.18</u>
	Six months ended June 30, 2022	Six months ended June 30, 2021
Cost of sales from main operations	9,904,187,295.42	15,897,025,727.17
Cost of sales from other operations	40,755,748.00	30,542,871.73
	<u>9,944,943,043.42</u>	<u>15,927,568,598.90</u>

17. REVENUE AND COST OF SALES (CONTINUED)

Disaggregation of revenue:

	Six months ended June 30, 2022	Six months ended June 30, 2021
Revenue		
- Recognized at a point in time	11,041,016,866.51	17,555,051,787.53
- Recognized over time	76,891,879.57	79,255,771.04
Rental income	77,933,391.99	77,536,500.61
	<u>11,195,842,138.07</u>	<u>17,711,844,059.18</u>

The rental income from the rental of our own buildings, machinery and equipment, motor vehicles, electronic and other equipment. No significant lease changes occur for the six months ended June 30, 2022 and 2021.

18. FINANCIAL EXPENSES

	Six months ended June 30, 2022	Six months ended June 30, 2021
Interest expenses on borrowings	22,022,002.36	27,724,595.21
Add: Interest expense on lease liabilities	4,724,209.18	5,454,687.09
Government grants	(4,695,777.50)	(4,929,166.67)
	<u>22,050,434.04</u>	<u>28,250,115.63</u>
Sub-total	22,050,434.04	28,250,115.63
Less: Interest income	(34,617,381.21)	26,035,102.02
Exchange losses	(42,384,676.12)	4,565,586.35
Others	2,375,776.07	2,055,728.26
	<u>(52,575,847.22)</u>	<u>8,836,328.22</u>

19. ASSET IMPAIRMENT LOSSES

	Six months ended June 30, 2022	Six months ended June 30, 2021
Provision for inventories and costs incurred to fulfil a contract	(12,555,324.98)	(22,089,616.60)

20. CREDIT IMPAIRMENT LOSSES

	Six months ended June 30, 2022	Six months ended June 30, 2021
Reversal of bad debts of notes receivables	25,525.47	1,127,036.01
Losses on bad debts of accounts receivables	(11,510,113.83)	(63,884,460.38)
Reversal of bad debts of receivables financing	368,856.72	389,091.06
Reversal of/(losses) on bad debts of other receivables	(1,524,430.31)	1,922,024.10
Reversal of/(losses) on bad debts of long-term receivables (including current portion of non-current assets)	(30,073.14)	504,793.42
Reversal of/(losses) on financial guarantee contracts provision	7,146,170.38	(9,123,116.34)
	<u>(5,524,064.71)</u>	<u>(69,064,632.13)</u>

21. OTHER INCOME

	Six months ended June 30, 2022	Six months ended June 30, 2021
Government grants	36,664,269.82	92,668,662.38
Extra deductible VAT	640,293.58	11,462.56
Tax refunds	1,136,807.81	627,476.24
	<u>38,441,371.21</u>	<u>93,307,601.18</u>

22. INVESTMENT (LOSSES)/INCOME

	Six months ended June 30, 2022	Six months ended June 30, 2021
Share of net profit of associates and joint ventures	4,058,836.70	2,158,678.03
Losses from disposal of associates and joint ventures	–	(375,851.02)
(Losses)/income from disposal of derivative financial instruments	(2,050,012.60)	2,532,107.94
Losses from discounted notes receivables	(4,081,710.55)	–
	<u>(2,072,886.45)</u>	<u>4,314,934.95</u>

23. FAIR VALUE (LOSSES)/GAINS

	Six months ended June 30, 2022	Six months ended June 30, 2021
Fair value change on investment properties	2,832,342.40	(136,084.05)
Fair value change on equity instruments held for trading	–	(2,364,208.26)
Fair value change on derivative financial assets	(1,614,526.60)	2,854,435.77
Fair value change on derivative financial liabilities	(10,593,605.17)	70,049.90
	<u>(9,375,789.37)</u>	<u>424,193.36</u>

24. (LOSSES)/GAINS ON DISPOSALS OF ASSETS

	Six months ended June 30, 2022	Six months ended June 30, 2021	Amount recognized in non-recurring profit or loss for the six months ended June 30, 2022
Gains on disposals of fixed assets	753,787.04	101,422,975.77	753,787.04
Losses on disposals of fixed assets	(9,360,562.08)	(641,323.96)	(9,360,562.08)
Gains on disposals of intangible assets	–	73,490,918.46	–
	<u>(8,606,775.04)</u>	<u>174,272,570.27</u>	<u>(8,606,775.04)</u>

25. NON-OPERATING INCOME

	Six months ended June 30, 2022	Six months ended June 30, 2021	Amount recognized in non-recurring profit or loss for the six months ended June 30, 2022
Unpayable payables	598,778.97	1,804,714.47	598,778.97
Penalty income	4,155,515.68	2,230,508.10	4,155,515.68
Compensation income	239,180.31	207,286.81	239,180.31
Others	170,713.00	1,835,346.02	170,713.00
	<u>5,164,187.96</u>	<u>6,077,855.40</u>	<u>5,164,187.96</u>

26. NON-OPERATING EXPENSES

	Six months ended June 30, 2022	Six months ended June 30, 2021	Amount recognized in non-recurring profit or loss for the six months ended June 30, 2022
Losses on disposals of fixed assets	776,330.10	1,807,584.09	776,330.10
Compensation expenses	359,806.13	503,827.79	359,806.13
Penalty expenses	1,623,843.34	170,421.39	1,623,843.34
Others	299,509.69	356,902.25	299,509.69
	<u>3,059,489.26</u>	<u>2,838,735.52</u>	<u>3,059,489.26</u>

27. INCOME TAX EXPENSES

	Six months ended June 30, 2022	Six months ended June 30, 2021
Current income tax calculated based on tax law and related regulations	100,297,506.56	114,167,859.24
Deferred income tax	(14,628,818.54)	6,795,792.49
	<u>85,668,688.02</u>	<u>120,963,651.73</u>

27. INCOME TAX EXPENSES (CONTINUED)

Reconciliation between income tax expense and profit before income tax at applicable tax rates is as follows:

	Six months ended June 30, 2022	Six months ended June 30, 2021
Profit before income tax	455,974,182.63	881,613,563.88
Income tax calculated at applicable tax rates	101,022,247.72	144,244,871.92
Income not subject to tax	(5,948,939.47)	(585,821.12)
Expenses not deductible for tax purposes	4,730,962.23	4,015,876.91
Utilization of previously unrecognized deductible tax losses and temporary differences	(11,174,836.82)	(1,369,138.65)
Adjustment on taxation in previous year	(7,998,970.30)	(16,884,782.70)
Deductible tax losses and temporary differences for which no deferred tax asset was recognized	20,450,422.94	14,671,240.42
Research and development expenses bonus deduction	(15,412,198.28)	(23,128,595.05)
Income tax expenses	85,668,688.02	120,963,651.73

The income tax rates applicable to the Company and major subsidiaries are set out below:

	Six months ended June 30, 2022	Six months ended June 30, 2021	Taxation basis
The Company	25%	25%	taxable income
Subsidiaries in mainland China	15%-25%	15%-25%	taxable income
Subsidiaries in Hong Kong	16.5%	16.5%	taxable income
Subsidiaries in BVI	—	—	taxable income
Subsidiaries in Australia	30%	30%	taxable income
Subsidiaries in Thailand	20%	20%	taxable income
Subsidiaries in South Africa	28%	28%	taxable income
Subsidiaries in USA	25%-26%	25%-26%	taxable income
Subsidiaries in Netherlands	16.5%-25%	16.5%-25%	taxable income
Subsidiaries in Belgium	25%	25%	taxable income
Subsidiaries in Poland	19%	19%	taxable income
Subsidiaries in UK	19%	19%	taxable income
Subsidiaries in Russia	20%	20%	taxable income
Subsidiaries in Vietnam	20%	20%	taxable income
Subsidiaries in Malaysia	24%	24%	taxable income
Subsidiaries in Bahrain	—	—	taxable income
Subsidiaries in Canada	28%	28%	taxable income
Subsidiaries in Djibouti	—	—	taxable income

28. EARNINGS PER SHARE

Basic earnings per share

The basic earnings per share is calculated by dividing profit attributable to the owners of the Company by the weighted average of outstanding ordinary shares.

	Six months ended June 30, 2022	Six months ended June 30, 2021
Consolidated net profit attributable to ordinary shareholders of the Company	365,758,163.71	688,457,493.07
Weighted average number of ordinary shares outstanding	<u>2,017,600,000.00</u>	<u>1,765,000,000.00</u>
Basic earnings per share (RMB/share)	<u>0.18</u>	<u>0.39</u>
Including:		
– Basic earnings per share from continuing operations:	<u>0.18</u>	<u>0.39</u>

Diluted earnings per share

Diluted earnings per share is calculated by dividing net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares outstanding.

There were no dilutive potential ordinary shares for the six months ended June 30, 2022 and 2021, and therefore, diluted earnings per share are the same as the basic earnings per share.

VI. OTHER INFORMATION

(1) Purchase, Sale or Redemption of Listed Securities

During the Reporting Period, the Company or its subsidiaries did not purchase, sell or redeem its listed securities.

(2) Corporate Governance

Corporate Governance Practices

The Company understands that Shareholders' confidence and faith in the Company comes with good corporate governance, which is fundamental to enhancing Shareholders' value and interests. The principles applied to the Company's corporate governance practices emphasize an effective Board, prudent risk management and internal control system, corporate transparency and quality disclosure. The Company has adopted the Corporate Governance Code as the main guideline on corporate governance practices and has complied with the code provisions set out in Part 2 of the Corporate Governance Code during the Reporting Period.

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely, Mr. Cheng Hok Kai Frederick, Mr. Feng Jinhua and Mr. Fan Zhaoping. Mr. Cheng Hok Kai Frederick is the chairman of the Audit Committee. The Directors are responsible for the preparation of the financial statements, which give a true and fair view of the condition of the Group. The Audit Committee has reviewed and discussed with the management the interim results and unaudited financial statements of the Group for the six months ended June 30, 2022. The Audit Committee has no disagreement on the accounting treatment adopted by the Company.

(3) Securities Transactions by the Directors and Supervisors

The Company has adopted a set of code of conduct on terms no less exacting than the required standards set out in the Model Code in connection with securities transactions by the Directors and Supervisors. Upon the enquiries made to all Directors and Supervisors, they confirmed that they have adopted the Corporate Governance Code as the main guideline on corporate governance practices and have complied with the standards for securities transactions by the Directors and Supervisors as set out in the Model Code and the code of conduct during the Reporting Period.

(4) Profit Distribution and Conversion of Capital Reserve into Share Capital during the Reporting Period

The Company proposed not to distribute cash dividend, bonus shares or increase share capital by way of transfer from capital reserves for the 2022 interim period.

(5) Disclosure of Information

This announcement will be published on the website of the Hong Kong Stock Exchange at <http://www.hkexnews.hk> and the Company's website at <http://www.cimcvehiclesgroup.com>. The interim report of the Company for the six months ended June 30, 2022 will be despatched by the Company to its Shareholders and published on the websites of the Hong Kong Stock Exchange and the Company in due course.

DEFINITIONS

For the purpose of this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

Items under the definitions	Contents under the definitions
Articles of Association	the articles of association of the Company, as amended from time to time
A Share(s)	ordinary share(s) proposed to be issued by the Company pursuant to the A Share offering, with a nominal value of RMB1.00 each, which will be listed on the ChiNext Market of the SZSE and traded in RMB
Audit Committee	the audit committee under the Board
Automobile makers	the enterprise manufacturing the whole automobile or entire auto assemble is generally referred to as an automobile maker in the industry
Board or Board of Directors	the board of Directors of the Company
CAE	abbreviation of Computer Aided Engineering in engineering design, which means the use of computer-aided solution to analyze the structural mechanical properties of complex engineering and products in order to optimize the structural properties
China VI	the National Stage VI Motor Vehicle Emission Standard, including the Limits and Measurement Methods for Emissions From Light-duty Vehicles (China VI) and the Limits and Measurement Methods for Emissions from Diesel Fuelled Heavyduty Vehicles (China VI)
Chi Xiao	Chi Xiao Enterprise Co., Ltd. (赤曉企業有限公司), a limited liability company established in the PRC, and our Substantial Shareholder
CIMC	China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司), a joint stock company incorporated in the PRC on January 14, 1980 and listed on the Main Board of the Shenzhen Stock Exchange (stock code: 000039) and the Main Board of the Hong Kong Stock Exchange (stock code: 2039), and the Controlling Shareholder of the Company

CIMC Enric	CIMC Enric Holdings Limited (中集安瑞科控股有限公司), a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 03899), and a non-wholly owned subsidiary of CIMC
CIMC Gansu	Gansu CIMC Huajun Vehicles Co., Ltd. (甘肅中集華駿車輛有限公司), a limited liability company established in the PRC on June 6, 2006, and a subsidiary of the Company
CIMC Group	CIMC and its subsidiaries
CIMC Hong Kong	China International Marine Containers (Hong Kong) Limited (中國國際海運集裝箱(香港)有限公司), a limited liability company incorporated in Hong Kong on July 30, 1992, and a wholly owned subsidiary of CIMC and the promoter and Controlling Shareholder of the Company
CIMC Huajun	Zhumadian CIMC Huajun Vehicle Co., Ltd. (駐馬店中集華駿車輛有限公司), a limited liability company established in the PRC on October 30, 1997, and a subsidiary of the Company
CIMC Yangzhou	Yangzhou CIMC Tonghua Special Vehicles Co., Ltd. (揚州中集通華專用車有限公司), a limited liability company established in the PRC on December 14, 1991, and a subsidiary of the Company
Company or CIMC Vehicles	CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)股份有限公司) (including our predecessor, CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)有限公司)), a joint stock company with limited liability established under the laws of the PRC on August 29, 1996
controlling shareholder(s)	has the meaning ascribed to it under the SZSE Listing Rules and the Hong Kong Stock Exchange Listing Rules, unless the context requires otherwise, refers to CIMC
Corporate Governance Code	the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Stock Exchange Listing Rules
CRM	abbreviation for Customer Relationship Management
CSRC	China Securities Regulatory Commission (中國證券監督管理委員會)
Date of the Announcement	August 25, 2022
DE	design engineering. Since the Company is committed to promoting digital design models, DE here also refers to the design by means of digital design models
Director(s)	the director(s) of the Company
Dongguan CIMC	Dongguan CIMC Special Vehicle Co., Ltd. (東莞中集專用車有限公司), a limited liability company established in the PRC on July 21, 2014, and a subsidiary of the Company

LoM	abbreviation for Local Manufacturing
Longyuan Investment	Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd. (深圳市龍源港城投資發展有限責任公司), a limited liability company established in the PRC on December 14, 2015
LoP	abbreviation for Local Procurement
LTP	abbreviation for Light Tower Production
LTS	abbreviation for Light Tower Sourcing
ME	manufacturing engineering
Mendix	low-code development platform
MES	abbreviation for Manufacturing Execution System
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Stock Exchange Listing Rules
Nanshan Dacheng	Shenzhen Nan Shan Da Cheng New Material Investment Partnership (Limited Partnership) (深圳南山大成新材料投資合夥企業(有限合夥)), a limited liability partnership incorporated in the PRC on December 3, 2015, and a Shareholder of our Company
Nanshan Group	China Nanshan Development (Group) Co., Ltd. (中國南山開發(集團)股份有限公司), a limited liability company established in the PRC, and our Substantial Shareholder
New Policy on Blue Plates	the Notice on Further Strengthening the Management of Production and Registration of Light Trucks and Small and Mini Passenger Vehicles issued by the Ministry of Industry and Information Technology and the Ministry of Public Security of the People's Republic of China in January, 2022
NR	new retails
OD	organization development
OE	abbreviation for Original Equipment
OEM	abbreviation for Original Equipment Manufacturer
PaaS	Services provided by Platform-as-a-Service are the deployment of the applications developed or acquired by customers using development languages and tools (such as Java, Python and Net) provided, to the cloud computing infrastructure of suppliers

Ping An Decheng

Shenzhen Ping An Decheng Investment Limited Company (深圳市平安德
成投資有限公司)

Semi-trailer(s)	any vehicle intended to be coupled to a motor vehicle in such a way that part of it rests on the motor vehicle with a substantial part of its weight and the weight of its load being borne by the motor vehicle, and constructed and equipped for the carriage of goods
Shanghai Taifu	Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥)), a limited liability partnership established in the PRC on December 18, 2015, and a Shareholder of the Company
Share(s)	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising A Share(s) and H Share(s)
Shareholder(s)	holder(s) of our Share(s)
Shenzhen Longhui	Shenzhen Long Hui Gang Cheng Enterprise Management Center (Limited Partnership) (深圳市龍匯港城企業管理中心(有限合夥)), a limited

Xiangshan Huajin Xiang Shan Hua Jin Industrial Investment Partnership (Limited Partnership) (象山華金實業投資合夥企業(有限合夥)) (previously known as Xiang Shan Hua Jin Equity Investment Partnership (Limited Partnership) (象山華金股權投資合夥企業(有限合夥))), a limited liability partnership established in the PRC on November 22, 2017, and a Shareholder of the Company

By Order of the Board
CIMC Vehicles (Group) Co., Ltd.
Li Guiping
Executive Director

Hong Kong, August 25, 2022

*As at the date of this announcement, the Board comprises nine members, being Mr. Mai Boliang**, Mr. Li Guiping*, Mr. Zeng Han**, Mr. Wang Yu**, Mr. He Jin**, Mr. Huang Haicheng**, Mr. Feng Jinhua***, Mr. Fan Zhaoping*** and Mr. Cheng Hok Kai Frederick***.*

* *Executive Director*

** *Non-executive Directors*

*** *Independent non-executive Directors*