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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2020

FINANCIAL HIGHLIGHTS

		Six Months Ended June 30,		
		2020	2019	Change
Revenue	*RMB'000*	**11,154,962**	12,605,058	-11.50%
Profit for the period	*RMB'000*	**696,605**	827,525	-15.82%
Profit attributable to owners of the Company	*RMB'000*	**635,412**	752,083	-15.51%
Gross profit margin	*%*	**11.5**	12.7	-1.2 pct point
Profit margin for the period	*%*	**6.2**	6.6	-0.4 pct point
Profit margin attributable to owners of the Company	*%*	**5.7**	6.0	-0.3 pct point
Earnings per share – Basic and diluted	*RMB*	**0.36**	0.50	-0.14

The Board of Directors (the "**Board**") of CIMC Vehicles (Group) Co., Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") announces the unaudited financial results of the Group for the six months ended June 30, 2020 (the "**Reporting Period**") together with the comparative figures for the six months ended June 30, 2019 (the "**comparative period**" or the "**2019 comparative period**"), as follows:

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited Six months ended June 30,	
		2020	2019
	Note	***RMB'000***	*RMB'000*
Revenue	*4*	**11,154,962**	12,605,058
Cost of sales		**(9,877,212)**	(11,010,113)
Gross profit		**1,277,750**	1,594,945
Selling and distribution expenses		**(296,396)**	(269,378)
Administrative expenses		**(481,670)**	(605,325)
Net impairment (losses)/reversal on financial assets and financial guarantee contracts		**(50,628)**	2,964
Other income	*5*	**258,873**	178,746
Other gains – net	*6*	**74,055**	74,311
Operating profit		**781,984**	976,263
Finance income		**25,074**	41,440
Finance costs		**(36,750)**	(61,045)
Finance costs – net		**(11,676)**	(19,605)
Share of net profits of associates and joint ventures accounted for using the equity method		**11,346**	5,381
Profit before income tax		**781,654**	962,039
Income tax expense	*7*	**(85,049)**	(134,514)
Profit for the period		**696,605**	827,525
Attributable to:			
Owners of the Company		**635,412**	752,083
Non-controlling interests		**61,193**	75,442
		696,605	827,525
Earnings per share (expressed in RMB per share)			
– Basic and diluted	*9*	**0.36**	0.50

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
Profit for the period	**696,605**	827,525
Other comprehensive (loss)/income		
Items that maybe reclassified to profit or loss		
Currency translation differences	**(45,695)**	7,247
Other comprehensive (loss)/income for the period, net of tax	**(45,695)**	7,247
Total comprehensive income for the period	**650,910**	834,772
Total comprehensive income for the period attributable to:		
Owners of the Company	**589,936**	758,509
Non-controlling interests	**60,974**	76,263
	650,910	834,772

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**Unaudited As of June 30, 2020** *RMB'000*	Audited As of December 31, 2019 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**4,291,579**	4,016,070
Right-of-use for land use rights		**741,477**	746,961
Right-of-use assets		**165,450**	136,938
Investment properties		**386,846**	382,659
Intangible assets		**521,858**	554,772
Investments accounted for using the equity method		**200,517**	252,287
Deferred tax assets		**181,082**	169,667
Other non-current assets		**109,936**	59,178
		6,598,745	6,318,532
Current assets			
Inventories		**4,216,195**	3,829,425
Tax recoverable		**98,679**	117,581
Other current assets		**8,005**	12,227
Contract costs		**2,561**	10,668
Trade and bill receivables	*10*	**3,032,847**	2,304,107
Prepayments and other receivables	*11*	**565,640**	650,331
Financial assets at fair value through profit or loss		**206,310**	215,255
Financial assets at fair value through other comprehensive income		**1,305,939**	1,059,722
Derivative financial instruments		**32**	778
Restricted cash		**280,101**	278,780
Cash and cash equivalents		**4,472,477**	3,791,161
		14,188,786	12,270,035
Assets held for sale		**62,996**	92,517
		14,251,782	12,362,552
Total assets		**20,850,527**	18,681,084

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	**Unaudited As of June 30, 2020**	Audited As of December 31, 2019
		RMB'000	*RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings	*12*	**–**	88,500
Lease liabilities		**140,742**	96,031
Deferred income		**23,048**	25,659
Long-term payables		**108**	562
Deferred tax liabilities		**123,615**	128,483
		287,513	339,235
Current liabilities			
Derivative financial instruments		**739**	–
Trade and bill payables	*13*	**4,601,352**	3,617,559
Other payables and accruals	*14*	**2,962,775**	2,001,109
Contract liabilities		**783,136**	524,557
Borrowings	*12*	**1,825,105**	1,566,176
Lease liabilities		**12,157**	27,276
Income tax liabilities		**141,917**	117,124
Provisions		**163,194**	125,417
Deferred income		**59,605**	141,957
		10,549,980	8,121,175
Total liabilities		**10,837,493**	8,460,410
Net assets		**10,013,034**	10,220,674
EQUITY			
Share capital		**1,765,000**	1,765,000
Reserves		**3,639,195**	3,682,651
Retained earnings		**4,144,026**	4,302,864
Equity attributable to owners of the Company		**9,548,221**	9,750,515
Non-controlling interests		**464,813**	470,159
Total equity		**10,013,034**	10,220,674

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Attributable to owners of the Company					
	Share capital *RMB'000*	Other reserves *RMB'000*	Retained earnings *RMB'000*	Sub-total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
Balance at January 1, 2019	1,500,000	2,390,316	3,597,364	7,487,680	460,029	7,947,709
Comprehensive income						
Profit for the period	–	–	752,083	752,083	75,442	827,525
Currency translation differences	–	6,426	–	6,426	821	7,247
Total comprehensive income for the period	–	6,426	752,083	758,509	76,263	834,772
Transactions with owners in their capacity as owners						
Acquisition of non-controlling interests in non-wholly owned subsidiaries	–	(7,028)	2,072	(4,956)	(82,769)	(87,725)
Dividends	–	–	(400,000)	(400,000)	(33,144)	(433,144)
Others	–	1,086	–	1,086	–	1,086
Total transactions with owners in their capacity as owners	–	(5,942)	(397,928)	(403,870)	(115,913)	(519,783)
Balance at June 30, 2019	1,500,000	2,390,800	3,951,519	7,842,319	420,379	8,262,698

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Unaudited					
	Attributable to owners of the Company					
	Share capital *RMB'000*	Other reserves *RMB'000*	Retained earnings *RMB'000*	Sub-total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
Balance at January 1, 2020	**1,765,000**	**3,682,651**	**4,302,864**	**9,750,515**	**470,159**	**10,220,674**
Comprehensive income						
Profit for the period	–	–	635,412	635,412	61,193	696,605
Currency translation differences	–	(45,476)	–	(45,476)	(219)	(45,695)
Total comprehensive income for the period	–	(45,476)	635,412	589,936	60,974	650,910
Transactions with owners in their capacity as owners						
Dividends	–	–	(794,250)	(794,250)	(69,552)	(863,802)
Others	–	2,020	–	2,020	3,232	5,252
Total transactions with owners in their capacity as owners	–	2,020	(794,250)	(792,230)	(66,320)	(858,550)
Balance at June 30, 2020	**1,765,000**	**3,639,195**	**4,144,026**	**9,548,221**	**464,813**	**10,013,034**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
Net cash generated from operating activities	**1,075,272**	855,177
Net cash used in investing activities	**(472,246)**	(70,117)
Net cash generated from/(used in) financing activities	**47,316**	(1,234,880)
Net increase/(decrease) in cash and cash equivalents	**650,342**	(449,820)
Cash and cash equivalents at the beginning of the period	**3,791,161**	2,616,979
Exchange gains on cash and cash equivalents	**30,974**	6,344
Cash and cash equivalents at the end of period	**4,472,477**	2,173,503

NOTE:

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 9, 1996. On October 23, 2018, the Company was converted into a joint stock company with limited liability with registered capital of RMB1,500,000,000. The H shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited on July 11, 2019.

The address of the Company's registered office 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 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 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.

The interim condensed consolidated balance sheet as of June 30, 2020, and the related interim condensed consolidated income statement, statements of comprehensive income, changes in equity and cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes (collectively defined as the "Interim Financial Information") of the Group have been approved for issue by the Board of Directors ("Board") on August 27, 2020.

The Interim Financial Information is presented in Renminbi ("RMB"), unless otherwise stated.

The Interim Financial Information has not been audited but has been reviewed by the external auditor of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The Interim Financial Information has been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim financial reporting". The Interim Financial Information should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and included in the 2019 annual report of the Company.

Except as described below, the accounting policies applied are consistent with those of the Group's consolidated financial statements for the year ended December 31, 2019.

(b) New and amended standards adopted

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after January 1, 2020:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Revised Conceptual Framework for Financial Reporting
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7.

Management's preliminary assessment is that the application of the above standards, interpretations and amendments will not have a material impact on the Group.

(c) New and amended standards not yet adopted

A number of new standards and amendments to standards have not come into effect for the financial year beginning January 1, 2020.

These new and amended accounting standards have been published that are not mandatory for June 30, 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3. SEGMENT INFORMATION

The Group's business activities are regularly reviewed and evaluated by the chief operating decision-maker ("CODM"). The Group's CODM has been identified as the President who reviews internal reporting when making decisions about allocating resources and assessing performance of the Group. The President has determined the operating segments based on these reports. The President considers the business from customer's location perspective, and determines that the Group has the following operating segments:

- The PRC;
- North America;
- Europe; and
- Other regions.

The Group currently does not allocate assets and liabilities to its segments, as the President does not use this information to allocate resources to or evaluate the performance of the operating segments. Therefore, the Group does not report measure of total assets or total liability for each reportable segment.

The segment information provided to the Group's CODM for the reportable segments for the periods is as follows:

	Unaudited Six months ended June 30, 2020				
	The PRC *RMB'000*	**North America** *RMB'000*	**Europe** *RMB'000*	**Other regions** *RMB'000*	**Total** *RMB'000*
Sales of vehicles	**7,668,975**	**1,614,881**	**560,666**	**396,462**	**10,240,984**
Sales of parts and components	**307,997**	**299,429**	**147,332**	**3,677**	**758,435**
Other revenue	**87,635**	**–**	**51,502**	**16,406**	**155,543**
Revenue in total	**8,064,607**	**1,914,310**	**759,500**	**416,545**	**11,154,962**
Cost of sales of vehicles	**(6,862,155)**	**(1,405,099)**	**(531,081)**	**(335,262)**	**(9,133,597)**
Cost of sales of parts and components	**(270,122)**	**(277,976)**	**(101,342)**	**(1,836)**	**(651,276)**
Cost of other revenue	**(38,699)**	**–**	**(40,833)**	**(12,807)**	**(92,339)**
Cost in total	**(7,170,976)**	**(1,683,075)**	**(673,256)**	**(349,905)**	**(9,877,212)**
Gross profit	**893,631**	**231,235**	**86,244**	**66,640**	**1,277,750**

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

	Unaudited Six months ended June 30,	
	2020 *RMB'000*	2019 *RMB'000*
Segment gross profit	**1,277,750**	1,594,945
Selling and distribution expenses	**(296,396)**	(269,378)
Administrative expenses	**(481,670)**	(605,325)
Net impairment (losses)/reversal on financial assets and financial guarantee contracts	**(50,628)**	2,964
Other income	**258,873**	178,746
Other gains – net	**74,055**	74,311
Finance costs – net	**(11,676)**	(19,605)
Share of net profits of associates and joint ventures accounted for using the equity method	**11,346**	5,381
Income tax expense	**(85,049)**	(134,514)
Profit for the period	**696,605**	827,525

During the period, there was no revenue derived from a single external customer accounting for 10% or more of the Group's revenue.

4. REVENUE

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	Unaudited Six months ended June 30, 2020 *RMB'000*	2019 *RMB'000*
Revenue from contract with customers:		
Sales of vehicles	**10,240,984**	11,663,425
Sales of parts and components	**758,435**	796,358
Other revenue	**108,422**	114,493
	11,107,841	12,574,276
Recognised at a point in time	**11,037,528**	12,504,709
Recognised over time	**70,313**	69,567
Revenue from other sources		
Rental income	**47,121**	30,782
	11,154,962	12,605,058

5. OTHER INCOME

	Unaudited Six months ended June 30, 2020 *RMB'000*	2019 *RMB'000*
Government grants	**187,021**	68,630
Disposal of scraps and wastes	**54,804**	52,729
Others	**17,048**	57,387
	258,873	178,746

6. OTHER GAINS – NET

	Unaudited Six months ended June 30 2020 *RMB'000*	2019 *RMB'000*
Fair value gain on investment properties	**4,266**	231
Net foreign exchange gains	**32,690**	2,044
Gains on disposal of property, plant and equipment and intangible assets	**34,604**	57,348
Write-off of payables	**1,609**	4,364
Gains on disposal of financial assets/liabilities at fair value through profit or loss and derivative financial instruments	**504**	5,973
Net fair value losses on financial assets/liabilities at fair value through profit or loss and derivative financial instruments	**(13,021)**	(3,298)
Penalty income	**2,940**	4,669
Gain on remeasurement of previously held interests due to acquisition of control over an associate	**1,014**	–
Others	**9,449**	2,980
	74,055	74,311

7. INCOME TAX EXPENSE

The income tax expense of the Group during the period are analysed as follows:

	Unaudited Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
Current income tax	**101,428**	147,627
Deferred income tax	**(16,379)**	(13,113)
Income tax expense	**85,049**	134,514

(a) Enterprise income tax in mainland China ("EIT")

The income tax provision of the Group in respect of its operations in the PRC was calculated at the tax rate of 25% on the assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof.

(b) Corporate income tax in other jurisdictions

Some of the Group's subsidiaries are located in other jurisdictions, including Hong Kong, United States, Europe, East Asia and South Africa etc. The respective rates prevailing in the relevant jurisdiction are ranging from 15% to 30% (2019: 15% to 30%).

(c) Preferential EIT rate

Certain subsidiaries of the Group in the PRC are approved as "high and new technology enterprise" or established and engaged in the promoted industries in western regions and accordingly, they are subject to a reduced preferential corporate income tax rate of 15% for the period.

8. DIVIDENDS

Dividend declared and paid by the Company to the shareholders are as follows:

	Unaudited Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
Dividends payable:		
At the beginning of the period	**–**	–
Dividend declared	**794,250**	400,000
Dividend paid	**–**	(400,000)
At the end of the period	**794,250**	–

During the six months ended June 30, 2020, the Board declared a dividend of RMB794,250,000 to the shareholders.

9. EARNINGS PER SHARE

	Unaudited Six months ended June 30,	
	2020	2019
Profit attributable to owners of the Company (RMB'000)	**635,412**	752,083
Weighted average number of shares in issue (thousands shares)	**1,765,000**	1,500,000
Earnings per share – basic and diluted (RMB per share)	**0.36**	0.50

10. TRADE AND BILL RECEIVABLES

	Unaudited As of June 30, 2020	Audited As of December 31, 2019
	RMB'000	*RMB'000*
Bill receivables – third parties	**105,249**	13,578
Bill receivables – related parties	**7,000**	–
	112,249	13,578
Trade receivables – third parties	**2,991,720**	2,350,360
Trade receivables – related parties	**90,748**	61,991
	3,082,468	2,412,351
	3,194,717	2,425,929
Less: allowance for impairment	**(161,870)**	(121,822)
Total trade and bill receivables – net	**3,032,847**	2,304,107

(a) The credit terms of trade receivables granted by the Group is generally ranged from 30 to 180 days. Aging analysis based on recognition date of the gross trade receivables at the respective reporting dates are as follows:

	Unaudited As of June 30, 2020	Audited As of December 31, 2019
	RMB'000	*RMB'000*
Within 3 months	**2,446,869**	1,872,486
3 to 12 months	**497,403**	414,206
1 to 2 years	**60,933**	37,282
Over 2 years	**77,263**	88,377
	3,082,468	2,412,351

Aging of bill receivables is within one year as of June 30, 2020.

(b) Movements on the provision for impairment of the trade receivables as follows:

	Unaudited Six months ended June 30, 2020	Audited Year ended December 31, 2019
	RMB'000	*RMB'000*
At the beginning of the period/year	**121,618**	141,102
Provision/(reversal) for impairment	**39,195**	(5,230)
Receivables written off as uncollectible	**(3,443)**	(14,447)
Currency translation differences	**4**	193
At the end of the period/year	**157,374**	121,618

11. PREPAYMENTS AND OTHER RECEIVABLES

	Unaudited As of June 30, 2020	Audited As of December 31, 2019
	RMB'000	*RMB'000*
Prepayment for raw materials	**244,566**	334,962
Prepayment to related parties	**12,823**	6,412
	257,389	341,374
Less: provision for impairment	**(5,940)**	(6,202)
	251,449	335,172
Amounts due from related parties	**62,907**	54,122
Refundable tax	**24,416**	49,415
Rental and other deposits	**117,588**	76,040
Disbursement of vehicles loans	**53,450**	48,460
Other receivables from staffs and third parties	**84,598**	94,972
Others	**13,136**	32,707
	356,095	355,716
Less: provision for impairment	**(41,904)**	(40,557)
	314,191	315,159
Total prepayments and other receivables	**565,640**	650,331

12. BORROWINGS

	Unaudited As of June 30, 2020	Audited As of December 31, 2019
	RMB'000	*RMB'000*
Included in non-current liabilities		
Bank borrowings, guaranteed	**–**	88,500
Included in current-liabilities		
Bank borrowings	**1,641,349**	1,496,106
Bank borrowings, guaranteed	**183,102**	62,600
Loans from third parties	**654**	2,190
Discounted bills	**–**	5,280
	1,825,105	1,566,176
Total borrowings	**1,825,105**	1,654,676

13. TRADE AND BILL PAYABLES

	Unaudited As of June 30, 2020	Audited As of December 31, 2019
	RMB'000	*RMB'000*
Third parties	**4,513,716**	3,528,921
Related parties	**87,636**	88,638
	4,601,352	3,617,559

(a) The credit terms of trade payables granted by the suppliers of the Group is generally 30 to 90 days. The aging analysis of trade and bill payable based on recognition date is as follows:

	Unaudited As of June 30, 2020	Audited As of December 31, 2019
	RMB'000	*RMB'000*
0-30 days	**3,716,119**	2,482,882
31-60 days	**512,478**	772,185
61-90 days	**147,004**	150,027
Over 90 days	**225,751**	212,465
	4,601,352	3,617,559

14. OTHER PAYABLES AND ACCRUALS

	Unaudited As of June 30, 2020	Audited As of December 31, 2019
	RMB'000	*RMB'000*
Amounts due to related parties	**151,907**	155,452
Dividends payable to shareholders	**658,307**	–
Dividend payables to non-controlling interests	**135,943**	25,828
Payroll and welfare payables	**619,746**	637,560
Accrued expenses	**440,721**	366,103
Deposits and temporary receipts	**449,718**	417,111
Other taxes payables	**111,431**	88,372
Freights expenses payable	**20,049**	11,033
Payables for equipment and right-of-use for land use rights	**48,187**	24,201
Financial guarantee for vehicle loans	**29,156**	29,695
Advance payment of assets held for sale	**–**	118,265
Accrued listing expenses	**7,707**	21,453
Demolition compensation	**146,709**	–
Others	**143,194**	106,036
	2,962,775	2,001,109

MANAGEMENT DISCUSSION AND ANALYSIS

According to the Global Trailer's 2019 top global OEM ranking list for semi-trailer manufacturers (in terms of sales volume), the Group was the world's No. 1 semi-trailer manufacturer in terms of sales volume. The Group primarily engages in the manufacture, sale and after-sales services of seven major categories of semi-trailers in global major markets. In the Chinese market, the Company is a competitive and innovative manufacturer of truck bodies for specialty vehicles as well as a manufacturer of refrigerated truck bodies.

Since entering the semi-trailer industry in 2002, the Company has formed its business and technical advantages around the concept of "Focus and Innovation". We market and sell our products in China under renowned brands "Tonghua (通華)", "Huajun (華駿)", "SCVC SAILING (深揚帆)", "Ruijiang Vehicles (瑞江汽車)", "Lingyu Vehicles (凌宇汽車)" and "Liangshan Dongyue (梁山東岳)", in North America under the "Vanguard" and "CIE" brands, and in Europe under the "SDC" and "LAG" brands which are well-known brands with long history.

The Company began to explore the construction of "sophisticated manufacturing system" since 2014. At present, we have established globally 12 "Light Tower" Plants for the production of semi-trailer, 6 "Light Tower" Plants for the production of truck bodies of specialty vehicles, and 2 "Light Tower" Plants for truck bodies of the refrigerated vans, as well as "Product Module" for a number of semi-trailer series. We will continue to focus on the comprehensive construction and improvement of "sophisticated manufacturing system" to maintain continuous competitive advantages of the Company.

Product portfolio:

(1) Seven major categories of semi-trailer products in the global markets include:

① Container chassis trailers

② Flatbed trailers and relevant derivative types, mainly including side-wall trailers and stake trailers

③ Curtain-side trailers

④ Van trailers

⑤ Refrigerated trailers

⑥ Tank trailers, mainly including dry bulk tank trailers and liquid tank trailers

⑦ Other special types of trailers, mainly including center-axle car carriers and terminal trailers

(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) Manufacture of truck bodies and sales of fully-assembled vehicles of refrigerated truck

CHAPTER I BUSINESS REVIEW AND ANALYSIS FOR THE FIRST HALF OF 2020

I. The Macro-environment and Changes in Industrial Demands

1. In the first half of 2020, as global economic activities were severely affected by the global outbreak and spread of COVID-19, and additional Sino-US tariffs were imposed, the Group's global development continued to be impacted. With intensified downward pressure on the global economy and the block of foreign trade products, there were uncertainties in business of overseas markets.

2. In China's semi-trailer market, the new national standards of second-generation semi-trailers (GB1589-2016 and GB7258-2017) came into force in 2020. According to the Three-year Action Plan for Special Remediation of National Work Safety (全國安全生產專項整治三年行動計劃) and the Implementation Plan for Three-year Action on Special Remediation of Road Transportation Safety (道路運輸安全專項整治三年行動實施方案) issued by the Safe Production Commission under the State Council, the special remediation inspection on illegally modified trucks will be conducted to prevent and contain illegal modification of trucks and ensure the safety of road transportation. The PRC government proactively promulgated supporting policies to optimize the business environment, and comprehensively promoted the replacement of second-generation semi-trailers and the high-quality development of semi-trailers in China.

3. In terms of specialty vehicles in China, with the stable resumption of work production, intelligent environmentally-friendly urban dump trucks and light and durable cement mixer trucks that the Group has vigorously operated benefit from China's environmental protection measures, tightening regulation of vehicle overloading, replacement of old vehicles, intensified investment in infrastructure construction and favorable macro policies.

4. In terms of refrigerated vans in China, under the influence of the COVID-19 outbreak, more consumers purchase various consumer goods through e-commerce models, and boost the demand for fresh food delivery to home. The surge in global demand for pharmaceutical supplies and biological products under low-temperature transportation has further stimulated the demand for cold chain transportation of medical supplies. As the Chinese government plans to establish 17 national core cold-chain logistics bases and implements the reduction or exemption of expressway transportation charges for agricultural products in 2020, the growth of China's refrigerated vans market will be accelerated.

II. Review on Core Business Performance

During the Reporting Period, the Group sold a total of 51,019 units of semi-trailers worldwide. A total of 24,580 sets of truck bodies for specialty vehicles and 2,345 units of refrigerated van trailers were sold in China. The revenue from global sales of semi-trailers and specialty vehicle parts and components business amounted to RMB758.4 million.

The revenue and gross profit margin of each core business are listed as follows:

1. Global semi-trailer business in the first half of 2020

	Six months ended June 30, 2020		
	Revenue *RMB in millions*	**Gross profit** *RMB in millions*	**Gross profit margin** *%*
China semi-trailer	**2,983.1**	**409.8**	**13.7**
North America semi-trailer	**1,614.9**	**209.8**	**13.0**
Europe semi-trailer	**560.7**	**29.6**	**5.3**
Other markets semi-trailer	**396.5**	**61.2**	**15.4**
Subtotal	**5,555.2**	**710.4**	**12.8**

As a leading global semi-trailer manufacturer, the Group is directly affected by the macro-economic situation and fluctuation of demand from China, North America and Europe, the three major markets of semi-trailers. Therefore, the Group had lowered its expectation for the North America markets when formulating the expected plan at the beginning of 2020. Although the sudden outbreak of COVID-19 caused inestimable impact on the global economy, the operation performance of our global semi-trailer business was in line with expectation due to our solid foundation of "Global Operation" developed by the Group over the years and the "Local Manufacturing" by the local enterprises of the Group.

Semi-trailer business in China in the first half of 2020 — Despite the significant impact of the COVID-19 outbreak in the first quarter of 2020, the Group rode over the impact of COVID-19 on the Chinese market through efficient remote office model as well as scientific management and control of the resumption of work and production. In addition, the increased demands for the second-generation semi-trailers resulted from the Chinese government's quickened pace to address the issue of "over-limit and overload vehicles", especially the national standards of second-generation semi-trailers coming into force in 2020. With the reshaped consumption habits during the COVID-19 outbreak and the constant development of e-commerce logistics in China, the sales of van trailers and transitional chassis trailers + van bodies increased. The sales of tank trailers in the Chinese market were boosted by the decline in international oil prices during the Reporting Period, leading to favorable crude oil reserves in China.

In addition to significant increase in sales of tank semi-trailers, the Group actively implemented core measures to upgrade our "Product Module", and continued to upgrade and improve "Light Tower" Plants in China. Our revenue from semi-trailer business in China increased to RMB2,983.1 million, a significant year-on-year increase of 31.3%, and the gross profit margin increased to 13.7%, a year-on-year increase of 2.8 percentage points.

Semi-trailer business in North America in the first half of 2020 — The business is mainly comprised of three major types of trailers: van trailers, refrigerated trailers and Chassis trailers.

In the first half of 2020, the Group produced and delivered a total of over 10,000 semi-trailers in North America, which were delivered in accordance with contracts, thus receiving praise from customers. The average gross profit margin of the three products reached 13.0%. Despite the slight decrease compared with the corresponding period of last year, it still recorded profit. Meanwhile, the localization of production was accelerated, and the chassis trailer production lines of CIE Manufacturing brand located in California and Virginia had already been put into operation in North America market. The new refrigerated trailer plant of CRTI brand located in Indiana will be completed in 2020 as planned.

At the beginning of the outbreak, the management team of the Group in the United States put forward the action plan of "Protect Our Working Place, Protect Our Working People Initiatives" in a timely manner. The action plan helped effectively control the impact of the COVID-19 outbreak on manufacturing plants and maintain the "low-speed operation" of the five plants of the Group in the United States. The "low-speed operation" also resulted in the decline in revenue from the semi-trailer business in North America.

Semi-trailer business in Europe in the first half of 2020 has recovered relatively well, despite the impact of the COVID-19 outbreak.

LAG Trailers NV Bree, a wholly-owned subsidiary of the Group, possessed sound amount of orders in the first quarter of 2020 prior to the outbreak in Europe, and its delivery and sales were impacted to some extent due to the discontinuation of work and production in the second quarter of 2020. However, based on its ample reservation of orders and excellent supply chain management measures, its production efficiency and order delivery gradually returned to normal levels following the resumption of work and production since May in the second quarter of 2020, and the gross profit margin increased.

In the first half of 2020, SDC Trailers Ltd. produced and delivered a total of more than 1,500 semi-trailers, which were delivered in full compliance with relevant local epidemic prevention measures and requirements and basically in accordance with contracts, thus receiving praise from customers. The revenue from parts and components business increased slightly compared with the corresponding period of last year, and the gross profit margin increased by 3.7 percentage points year-on-year. The overall gross profit margin of SDC Trailers Ltd. decreased by 1.1 percentage points year-on-year.

During the outbreak, under the leadership of the chairman of the Board of the Group, the management team of SDC Trailers Ltd. actively promoted organizational development, optimized the supply chain, closed certain inefficient production facilities, and completed the upgrade of the production line of the semi-trailer assembly plant in Mansfield, England, thus laying a good foundation for increasing production and improving efficiency in the future.

The revenue from the semi-trailer business in Europe decreased as a result of the impact of the COVID-19 outbreak.

Semi-trailer business in Other Markets in the first half of 2020 — The business performance of semi-trailers in other markets was affected by the COVID-19 outbreak.

The revenue and gross profit margin of the global semi-trailer business of the Group in the first half of 2020 and the first half of 2019 and the percentage point changes are listed as follows. Particularly, the changes in revenue of the global semi-trailer business were mainly due to the decline in revenue from the semi-trailer business in North America, Europe and other markets which were affected by the COVID-19 outbreak.

	Six months ended June 30,					
	Revenue			**Gross profit margin**		
	2020	2019	Change	**2020**	2019	Change
	RMB in millions	*RMB in millions*	*%*	***%***	*%*	*Percentage point*
China semi-trailer	**2,983.1**	2,272.6	+31.3	**13.7**	10.9	+2.8
North America semi-trailer	**1,614.9**	2,691.8	-40.0	**13.0**	14.9	-1.9
Europe semi-trailer	**560.7**	1,131.2	-50.4	**5.3**	8.8	-3.5
Other markets semi-trailer	**396.5**	586.6	-32.4	**15.4**	14.8	+0.6
Subtotal	**5,555.2**	6,682.2	-16.9	**12.8**	12.5	+0.3

2. Manufacture of truck bodies for specialty vehicles and sales of fully-assembled specialty vehicles in China in the first half of 2020

	Six months ended June 30, 2020		
	Revenue	**Gross profit**	**Gross profit margin**
	RMB in millions	***RMB in millions***	***%***
Manufacture and sales of truck bodies for specialty vehicles	**1,870.4**	**314.7**	**16.8**
Truck chassis and tractor unit	**2,590.8**	**30.2**	**1.2**
Subtotal	**4,461.2**	**344.9**	**7.7**

- With the acceleration of Made in China 2025 and Industry 4.0, China comprehensively promotes the implementation of its strategy of strengthening China through sophisticated manufacturing. We have formed overall scale advantages in upgrading towards sophisticated manufacturing and automated and intelligent production models. Although the overall market was affected in the first quarter of 2020, the Group launched intelligently manufactured and intelligent cement mixer trucks after the recovery of the COVID-19 outbreak, maintaining a leading position in the Chinese market. During the Reporting Period, we sold a total of 13,207 cement mixers.

- The urban dump truck body business of the Group ranked in the top in the industry. During the Reporting Period, due to the impact of the COVID-19 outbreak, the supply chains of some tractor manufacturer partners in China were hit in the first quarter of 2020, resulting in insufficient supply of truck chassis. With the rapid recovery of the heavy truck market in the second quarter of 2020, orders of the urban dump truck body business rebounded in the second quarter of 2020.

- During the Reporting Period, the industry-leading automated coating production line located in Luoyang plant went into operation, representing a significant breakthrough in the upgrade of production line of truck bodies for specialty vehicles, which will significantly improve the coating of products as well as automation and intelligent level of coating system.

The revenue and gross profit margin of the manufacture of truck bodies for specialty vehicles and the sales of fully-assembled specialty vehicles of the Group in the first half of 2020 and the first half of 2019 and the changes thereof were set out as follows.

The revenue from the manufacture of truck bodies for specialty vehicles and the sales of fully-assembled specialty vehicles of the Group in China decreased in the first half of 2020, which was mainly due to the insufficient supply of truck chassis.

	Six months ended June 30,					
	Revenue			**Gross profit margin**		
	2020	2019	Change	**2020**	2019	Change
	RMB in millions	*RMB in millions*	*%*	*%*	*%*	*Percentage point*
Manufacture and sales of truck bodies for specialty vehicles	**1,870.4**	2,600.7	-28.1	**16.8**	18.2	-1.4
Truck chassis and tractor unit	**2,590.8**	2,173.0	+19.2	**1.2**	1.7	-0.5
Subtotal	**4,461.2**	4,773.7	-6.5	**7.7**	10.7	-3.0

3. Manufacture of truck bodies for refrigerated trucks and sales of fully-assembled refrigerated trucks in China in the first half of 2020

- In the first half of 2020, the subsidiaries of the Group, CIMC Vehicles (Shandong) Co., Ltd. ("**Shandong CIMC**"), Qingdao CIMC Reefer Trailer Co., Ltd. ("**Qingdao Reefer**"), Zhenjiang Truck Body Plant and Yangzhou CIMC Tonghua Special Vehicles Co., Ltd. ("**Yangzhou Tonghua**") produced and delivered a total of 2,345 refrigerated van truck bodies. It is worth mentioning that Shandong CIMC actively carried out new retail activities during the COVID-19 outbreak, thus securing sufficient orders and increasing its gross profit margin. The gross profit margin in the first half of 2020 increased to 23.0%, representing an increase of 5.9 percentage points compared with the corresponding period of last year.

4. Sales of parts and components for semi-trailer and specialty vehicle business in the first half of 2020

	Six months ended June 30, 2020		
	Revenue *RMB in millions*	**Gross profit** *RMB in millions*	**Gross profit margin** *%*
China market	**308.0**	**37.9**	**12.3**
North America market	**299.4**	**21.5**	**7.2**
Europe market	**147.3**	**46.0**	**31.2**
Other markets	**3.7**	**1.8**	**48.6**
Subtotal	**758.4**	**107.2**	**14.1**

The revenue from the sales of parts and components of truck bodies for semi-trailer and specialty vehicles of the Group in the first half of 2020 has generally remained stable. The revenue, gross profit margin and changes in the first half of 2020 and the first half of 2019 were set out as follows:

- The parts and components business is related to the stock of sold semi-trailers and specialty vehicles. Therefore, compared with the semi-trailer and specialty vehicle businesses, the impact of the COVID-19 outbreak on the parts and components business was controlled within a certain range, and its supply chain was also gradually returned to normal level in the second quarter of 2020.

- As China quickly went through the trough caused by the COVID-19 outbreak, its rapid recovery of economic activities led to growth in the revenue of the parts and components business in the Chinese market. The parts and components business in China has shifted from simply selling parts to vehicle repair and maintenance. With more focus on repair and maintenance services, we integrated the parts and components business in China into after-sales services to ensure our competitive advantages in parts and components.

- Due to significant impact on the parts and components supply chain in North America and Europe caused by the COVID-19 outbreak, our parts and components business in North America, Europe and other markets were affected, leading to decline in revenue.

	Six months ended June 30,					
	Revenue			**Gross profit margin**		
	2020	2019	Change	**2020**	2019	Change
	RMB in millions	*RMB in millions*	*%*	***%***	*%*	*Percentage point*
China market	**308.0**	285.0	+8.1	**12.3**	20.7	-8.4
North America market	**299.4**	341.0	-12.2	**7.2**	6.8	+0.4
Europe market	**147.3**	161.8	-9.0	**31.2**	29.6	+1.6
Other markets	**3.7**	8.6	-57.0	**48.6**	20.0	+28.6
Subtotal	**758.4**	796.4	-4.8	**14.1**	16.5	-2.4

5. Other businesses in the first half of 2020

The Group's other businesses mainly included: (1) sales of other types of vehicles such as sanitation trucks; (2) others, including rental and maintenance fee income and other value-added business income.

The revenue and gross profit margin of other businesses in the first half of 2020 and the first half of 2019 and the changes were set out as follows:

	Six months ended June 30,					
	Revenue			**Gross profit margin**		
	2020	2019	Change	**2020**	2019	Change
	RMB in millions	*RMB in millions*	*%*	*%*	*%*	*Percentage point*
Sales of other types of vehicles	**97.7**	109.5	-10.8	**24.9**	21.7	+3.2
Others	**155.5**	145.3	+7.0	**40.6**	52.2	-11.6

III. REVIEW OF CONSOLIDATED FINANCIAL RESULTS AND EXPLANATION

The revenue and the net profit of the Group for the six months ended June 30, 2020 was RMB11,155.0 million and RMB696.6 million respectively.

1. On November 13, 2017, Yangzhou CIMC Tonghua Special Vehicles Co., Ltd. (揚州中集通華專用車有限公司) ("**Yangzhou Tonghua**"), a subsidiary of the Group, entered into a Relocation and Compensation Agreement (the "**Relocation and Compensation Agreement**") with the Demolition Management Office of Yangzhou Economic and Technical Development Zone (揚州經濟技術開發區拆遷安置管理辦公室) (the "**Demolition Management Office**"). The Group has recorded other income of RMB177.0 million during the Reporting Period (six months ended June 30, 2019: RMB126.7 million).

2. Benefited from the favorable investment environment of Yangzhou Economic and Technological Development Zone, the Group has obtained sufficient land in the development zone to expand the existing "Light Tower" Plants. In 2019, the Group invested and built a digital semi-trailer plant for Yangzhou Tonghua, and the investment and construction of a tank truck plant for Yangzhou Tonghua will be completed in 2020.

3. In July 2020, the Company paid a final dividend of 2019 to the shareholders, amounting to RMB794,250,000.

CHAPTER II FINANCIAL POSITION AND ANALYSIS

I. Financial Position for the First Half of 2020

1. Changes in the Group's total assets and net assets

	As of June 30, 2020 ***RMB in millions***	As of December 31, 2019 *RMB in millions*
Total assets	**20,850.5**	18,681.1
Net assets	**10,013.0**	10,220.7

As of June 30, 2020, the Group's total assets increase mainly due to: (1) increase of inventory, trade and bills receivable and cash and cash equivalents totalling to RMB1,796.8 million from daily operation; and (2) increase of net book value of RMB275.5 million as of June 30, 2020 for property, plant and equipment from consistent investment to the main factories.

As of June 30, 2020, the Group's net assets decrease mainly due to declaration of final dividend during the Reporting Period, amounting to RMB794,250,000.

2. Changes in the Group's cash and cash equivalents

	Six months ended June 30, 2020 ***RMB in millions***	Six months ended June 30, 2019 *RMB in millions*
Changes in cash and cash equivalents	**681.3**	-443.5

The cash inflows from operating activities for the six months ended June 30, 2020 was RMB1,075.3 million (six months ended June 30, 2019: RMB855.2 million).

No loan from or repayment to related parties during the period ended June 30, 2020 (six months ended June 30, 2019: loan repayment and interest payment of RMB828.9 million).

Final dividend was declared but not paid as of June 30, 2020 (six months ended June 30, 2019: RMB400.0 million dividend paid).

3. Changes in the Group's Return on Equity (ROE)

For the six months ended June 30, 2020, the net profit of Group was RMB696.6 million (six months ended June 30, 2019: RMB827.5 million).

	Six months ended June 30, 2020	Six months ended June 30, 2019
	%	%
Return on equity (ROE)[1]	**6.9**	10.2

For the six months ended June 30, 2020, the Group's ROE decreases due to: (1) the net profit of the Group decreased by RMB130.9 million compared to the corresponding period of the last year; and (2) the Group successfully listed on the Hong Kong Stock Exchange in the second half of 2019 and increased the net assets of the Group with the proceeds raised from the issuing of new shares at the end of 2019.

(1) Calculated by the net profit of the Group for the period divided by the average of total equity at the beginning and the end of the period.

II. Investment in Core Assets to Promote the Upgrading of Production Lines in the First Half of 2020

In the first half of 2020, the Group has continued to promote the construction of the "Light Tower" Plants for global semi-trailer and the establishment of a comprehensive sophisticated manufacturing system, and the related investment amounted to RMB200.0 million during the Reporting Period.

The core projects of the investment in the first half of 2020 was Semi-trailer "Light Tower" Plant in Yangzhou, Jiangsu Province with an investment of RMB200.0 million.

III. Significant Investment during the Reporting Period

During the Reporting Period, the Group did not hold any significant investments that accounted for 5% and more of the Group's total assets.

IV. Details of Material Acquisitions and Disposals related to Subsidiaries, Associates and Joint Ventures

On June 12, 2020, the Company and CIMC Vehicle Investment Holdings Company Limited (中集車輛投資控股有限公司) ("**CIMC Vehicle Investment**", a wholly-owned subsidiary of the Company), entered into the Tianjin Kangde Logistics Equipment Co., Ltd. (天津康德物流設備有限公司) ("**Tianjin Kangde**") Equity Transfer Agreement I and the Tianjin Kangde Equity Transfer Agreement II with CIMC Unit Load Holdings Co., Ltd. (中集載具控股有限公司) ("**CIMC Unit Load**", a wholly-owned subsidiary of China International Marine Containers (Group) Co., Ltd. ("**CIMC Group**")), respectively, pursuant to which, the Company and CIMC Vehicle Investment agreed to transfer their respective 22.5% and 22.5% equity interests in Tianjin Kangde, and CIMC Unit Load agreed to acquire an aggregate of 45% equity interests in Tianjin Kangde, at a total consideration of approximately RMB14.4 million. On the same day, the Company and CIMC Vehicle Investment entered into the

Tianjin CIMC Logistics Equipment Co., Ltd. (天津中集物流裝備有限公司) ("**Tianjin Logistics**") Equity Transfer Agreement I and the Tianjin Logistics Equity Transfer Agreement II with CIMC Unit Load, respectively, pursuant to which, the Company and CIMC Vehicle Investment agreed to transfer their respective 20% and 25% equity interests in Tianjin Logistics, and CIMC Unit Load agreed to acquire an aggregate of 45% equity interests in Tianjin Logistics, at a total consideration of approximately RMB53.8 million. Please refer to the Company's announcement dated June 12, 2020 for relevant information.

On June 23, 2020, Exploitatiemaatschappij Intraprogres B.V. (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with Beheermaatschappij "Burg" B.V. (a wholly-owned subsidiary of CIMC Group), pursuant to which Exploitatiemaatschappij Intraprogres B.V. agreed to purchase and Beheermaatschappij "Burg" B.V. agreed to sell the land located in No. 75-77 Katwijkerloan, Pijnacker, Rotterdam, the Netherlands, and the plant and equipment thereon ("**Land acquisition project in Dutch**"). The total consideration of the acquisition is EUR7,185,000 (approximately HK$62,712,000), payable in cash. Please refer to the Company's announcement dated June 23, 2020 for relevant information.

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

Save as disclosed in this announcement and in the "FEASIBILITY ANALYSIS REPORT ON THE PROCEEDS-FUNDED INVESTMENT PROJECTS FROM THE A SHARES OFFERING" as set out in the appendix I of the supplemental circular of the Company dated June 3, 2020, there was no plan approved by the Board for other future material investments or purchases of capital assets in the future at of the date of this announcement.

VI. Use of Proceeds from the Global Offering in the First Half of 2020

Since July 11, 2019 (the "**Listing Date**"), the H Shares of the Company have been listed and traded on the Hong Kong Stock Exchange. The Offer Price has been determined at HK$6.38 per Offer Share (exclusive of brokerage of 1.0%, transaction levy of the Securities and Futures Commission of Hong Kong of 0.0027% and Stock Exchange trading fee of 0.005%). The Company has issued a total of 265,000,000 H Shares in the Global Offering. After deducting the underwriting fees and expenses on the Global Offering, the net proceeds from the Global Offering is approximately HK$1,575.2 million and net price per H Share is approximately HK$5.9. The nominal value of the H Shares of the Company is RMB1.00 per H Share.

On December 5, 2019, the Board resolved to change the use of the net proceeds from the Global Offering. For relevant information, please refer to the announcement on change in use of the net proceeds from the Global Offering published by the Company on the same date and further announcement dated March 25, 2020.

The use of the net proceeds from the Global Offering and its utilization as of June 30, 2020, which are intended to be utilized in the next five years from the Listing Date, are as follows:

Intended Use of Net Proceeds	**Original Intended Amount** *(HK$ in millions)*	**Utilized Amount as of June 30, 2020** *(HK$ in millions)*	**Unutilized Amount as of June 30, 2020** *(HK$ in millions)*
Develop new manufacturing or assembly plants and upgrade the marketing model	**1,102.7**	**78.2**	**1,024.5**
—Develop a new automated production facility for chassis trailers in the coastline regions along the eastern or southern US	220.5	–	220.5
—Develop a new assembly plant for high-end refrigerated trailers in the UK or Poland	220.5	–	220.5
—Develop a new automated production facility for refrigerated trailers in Monon, the US	165.4	78.2	87.2
—Develop a new assembly plant for curtain-side trailers in the Midlands region of the UK	165.4	–	165.4
—Develop a new assembly plant for swap bodies and chassis and flatbed trailers in the Netherlands	105.3	–	105.3
—Develop a new assembly plant for refrigerated trailers in Canada	39.0	–	39.0
—Develop a new manufacturing plant in Jiangmen	87.0	–	87.0
—Upgrade the marketing model in China	99.6	–	99.6
Research and develop new products	**157.5**	**–**	**157.5**
—Develop high-end refrigerated trailers	63.0	–	63.0
—Develop other smart trailers	31.5	–	31.5
—Invest in product standardization, unit weight reduction and modularization in our Europe and US plants	31.5	–	31.5
—Develop other trailer products	31.5	–	31.5
Repay the principal amount and interests of bank borrowings	**157.5**	**153.8**	**3.7**
Working capital and general corporate purposes	**157.5**	**151.5**	**6.0**
Total	**1,575.2**	**383.5**	**1,191.7**

VII. Liquidity and Financial Resources

As of June 30, 2020, the Group had cash and cash equivalents of RMB4,472.5 million (December 31, 2019: RMB3,791.2 million). As of June 30, 2020, the Group had borrowings of RMB1,825.1 million (December 31, 2019: RMB1,654.7 million).

	As of June 30, 2020	As of December 31, 2019
	RMB in millions	*RMB in millions*
Long-term borrowings		
– Bank borrowings, guaranteed	**–**	88.5
Short-term borrowings		
– Bank borrowings	**1,641.3**	1,496.1
– Bank borrowings, guaranteed	**183.1**	62.6
– Loans from third parties, unguaranteed	**0.7**	2.2
– Discounted bills	**–**	5.3
	1,825.1	1,566.2
Total borrowings	**1,825.1**	1,654.7

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

	As of June 30, 2020	As of December 31, 2019
	RMB in millions	*RMB in millions*
Within one year	**1,825.1**	1,566.2
One to two years	**–**	88.5
Total	**1,825.1**	1,654.7

For the six months ended June 30, 2020, the Group's major cash inflow items include: net cash inflow generated from operating activities of RMB1,075.3 million (six months ended June 30, 2019: RMB855.2 million).

There is no seasonal variation in the Group's borrowing needs. As of June 30, 2020, the weighted average interest rate for short-term borrowings was 3.27% (December 31, 2019: 4.24%) per annum. Borrowings at fixed interest rates were approximately RMB890.4 million (December 31, 2019: RMB539.4 million). It is expected that the Group's short-term borrowings will be repaid by its own funds, bank credit facilities or proceeds from the Public Offering. During the reporting period, the Group has maintained sufficient cash at bank and on hand to repay all borrowings as they fell due, and there was no material default in terms of borrowings.

As of June 30, 2020, the Group had current assets of RMB14,251.8 million (December 31, 2019: RMB12,362.6 million), and current liabilities of RMB10,550.0 million (December 31, 2019: RMB8,121.2 million). As of June 30, 2020, the Group's current ratio was approximately 1.4 times (December 31, 2019: 1.5 times). The current ratio equals to total current assets divided by total current liabilities. The current ratio decreased slightly from that as of December 31, 2019.

VIII. 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 of June 30, 2020, the Group's gearing ratio (equal to total borrowings divided by total equity multiplied by 100%) was 18.2% (December 31, 2019: 16.2%). The increase in gearing ratio was mainly due to the increase of the Group's borrowings during the Reporting Period.

As of June 30, 2020, the Group's cash and cash equivalents were mainly denominated in Renminbi, Hong Kong dollar and US dollar, and borrowings were also mainly denominated in Renminbi and US dollar. 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 dollar, Great Britain Pound, Japanese Yen, Hong Kong dollar and Euro. We manage our foreign exchange risk by performing regular reviews of our net foreign exchange exposure and minimize these exposures through entering into foreign exchange forward and swap 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 of June 30, 2020, the foreign exchange forward contracts held by the Group were mainly outstanding US dollar to Renminbi forward contracts with a notional amount of US$12.0 million.

IX. Capital Commitments

As of June 30, 2020, the Group's capital commitments were approximately RMB282.4 million (December 31, 2019: approximately RMB201.6 million), representing an increase of 40.1%, mainly because the Group has added a land acquisition project in Dutch and a land acquisition project in Zhenjiang. The Group has funded and will continue to fund a substantial portion of our 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 2020, our outstanding capital commitments were mainly attributable to: (1) the upgrading of factories and equipment; (2) the acquisition of target land and acquisition of the factory and equipment above to the target land.

X. Pledge of the Group's Assets

As of June 30, 2020, except for the pledge for certain bank deposits as disclosed in "Financial guarantees", the Group had the carrying amount of RMB3.2 million of fixed assets pledged for the guarantees for property preservation in civil procedure (December 31, 2019: RMB3.2 million).

XI. Contingent Liabilities

(1) Financial guarantees

The Group entered into financial guarantee contracts relating to vehicle mortgage loans mainly with Huishang Bank, Postal Savings Bank of China, Zhongyuan Bank Co., Ltd., Industrial Bank, Shandong HOWO Auto Finance Co., Ltd. (山東豪沃汽車金融有限公司) and CIMC Finance Company Ltd. (中集集團財務有限公司) 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 of June 30, 2020, the outstanding balance of the above guarantees provided by the Group to dealers and customers totalled RMB1,838.3 million (December 31, 2019: RMB1,786.0 million), and the bank deposits pledged for these guarantees were RMB143.3 million (December 31, 2019: RMB139.4 million).

(2) Outstanding performance bond and letter of credit

As of June 30, 2020, the Group had outstanding performance bond and letter of credit of a total of RMB7.4 million (December 31, 2019: RMB4.1 million).

XII. Interim Dividend

The Board does not recommend payment of an interim dividend for the six months ended June 30, 2020.

XIII. Significant Events Occurring After the Reporting Period

Uncertainty of antidumping cases in the United States

On July 30, 2020, American chassis trailer manufacturing enterprises and their industries submitted written applications to the United States International Trade Commission and the United States Department of Commerce, requesting an anti-dumping and anti-subsidy investigation into the chassis trailers and their components imported from China ("**Anti-dumping and Anti-subsidy Investigation**"). The United States International Trade Commission, which is responsible for the "Anti-dumping and Anti-subsidy Investigation", has just started the investigation procedure, while the United States Department of Commerce, which is responsible for the dumping and subsidy investigation, has filed a case on August 19, 2020. The case is still at the initiation stage, and the subsequent investigation procedure may last for approximately 12 to 18 months, and therefore, the board of directors is unable to evaluate the results at the initial stage.

As of June 30, 2020, the overall impact of the above events on the financial statements cannot be reliably estimated. The Group will closely monitor the development of the above event and assess the impact of the event on the financial position and operating conditions of the Group.

CHAPTER III BUSINESS PROSPECTS AND STRATEGY

I. Changes in Macro environment and Industrial Landscape in 2020

In the 2019 Annual Report, the Group has made descriptions on "Changes in Macro Environment and Industrial Landscape" as follows:

"Entering 2019, the globalization of manufacturing industry experienced headwinds: the Sino-US trade war escalated, and the demand for semi-trailer in Europe also fell into the phase of cyclical downward adjustment. Meanwhile, China's transportation industry encountered a window of opportunity for "upgrading".

With the new national standard of second-generation semi-trailers coming into force in 2020, the 17.5 meters long flatbed trailers and over-length fence trailers which are dominating most of the China's long-distance road transport market will be replaced by compliant van trailers and curtain-side trailers.

Truck bodies for specialty vehicles, especially environmentally-friendly urban dump trucks bodies in China that the Group has vigorously operated, as well as light and durable cement mixer trucks benefit from the Chinese government's efforts to promote environmental protection and regulate the vehicle overloading at the micro level, thus entering a favorable period of rapid development.

China's fresh food logistics has entered a long-term growth cycle along with increased proportion of the service industry in GDP. This trend will fundamentally boost the demand for refrigerated trailers and refrigerated van trailers in China. The outbreak of African swine fever in 2019 has accelerated this process.

After the COVID-19 epidemic, the PRC government has taken measures to effectively control the spread of the epidemic, and advance the resumption of work and production in an orderly manner, thus contributing to the robust recovery of economic growth.

After the COVID-19 epidemic, there would be a high demand for compliant urban dump trucks and cement mixer trucks.

After the COVID-19 epidemic, there would be a high demand for refrigerated van trailers and urban distribution trailers."

Entering the second half of 2020, the "over-limit and overload" regulating efforts by the PRC government are turning the partial "upgrading" of semi-trailers in China to a comprehensive one.

Entering the second half of 2020, the US COVID-19 epidemic is continuously deteriorating, and the Sino-US trade war shows no signs of abating. The road to resumption of work in the United States appears to become longer and longer. As predicted at the beginning of 2020, the semi-trailer demand in the United States can only reach 70% of that in normal years. Europe is showing signs of a peak epidemic. As predicted at the beginning of the year, the semi-trailer demand in Europe can only reach 70% of that in normal years.

II. Future Developments and Challenges

In the 2019 Annual Report of the Company, the Group has made descriptions on the "Future Developments and Challenges" as follows:

"The Group will ride on opportunities to strengthen its solid position in environmentally-friendly urban dump trucks, and put more efforts to work with tractor manufacturers to enhance the scale of manufacturing and procurement, adding value to the tractor manufacturers.

The Group will seize opportunities to strengthen its leading position in light and durable cement mixer trucks, trying to jointly design with tractor manufacturers to cut down the Total Ownership Cost of products; jointly carry out new marketing campaigns with tractor manufacturers to bring better experience to users for purchasing.

The Group will continue to expand its presence in manufacturing plants of truck bodies for refrigerated van trucks, accelerate the development of new-generation product modules and production technologies, in order to well prepare for the forthcoming development.

The Group will seize the opportunity for upgrading semi-trailers in China by capitalizing on new marketing and retail channels to improve the sales of second-generation trailers, as well as the gross profit margin of products."

The above description has fairly accurately reflected the Group's action plan in China's internal circular economy.

Entering the second half of 2020, the Group will promote the localized manufacturing of refrigerated trailers and chassis trailers in North America more actively. The Group will try to overcome the COVID-19 epidemic and keep the plants in operation by such major approaches as active investment in digital modeling design, upgrading of "Light Tower" Plants and investment in the global supply chain management system based on EPS (electronic procurement system) among the semi-trailer manufacturers in North America and Europe.

The Group will seize the opportunity of issuing additional A shares at Shenzhen Stock Exchange, improve governance structure, build a long-term incentive mechanism for core talents, develop existing teams, and attract more fresh talents to join in and establish with concerted efforts CIMC Vehicles' sophisticated manufacturing system based on the cornerstones of "Upgrade of the "Product Module", Improvement of "Light Tower" Plants, Kick-off of "Sales and Marketing Transformation" and Promotion of the Organizational Development".

III. Key Initiatives to Improve Long-Term Competitiveness: Comprehensive Establishment of CIMC Vehicles' "Sophisticated Manufacturing System"

In the 2019 Annual Report of the Company, the Group has described in details the specific initiatives on how to upgrade the product module, improve the "Light Tower" Plants, kick off the sales and marketing transformation and promote the organizational development in the section of "Manufacturing of Truck Bodies of Specialty Vehicles in China". These specific initiatives are actually a concrete portrayal of the 4 cornerstones and 21 levers of CIMC Vehicles' "sophisticated manufacturing system".

In the opinion of the Group, the comprehensive establishment of CIMC Vehicles' sophisticated manufacturing system will directly and greatly enhance the Group's long-term competitiveness, as well as rapidly increase the Group's profitability when macro environment is favorable; and it will also strengthen the Group's resilience in the face of challenges such as the COVID-19 epidemic.

The Group has formulated the work plan for comprehensively establishing CIMC Vehicles' sophisticated manufacturing system in the three years of 2020-2022.

1. Manufacturing of Truck Bodies of Specialty Vehicles in China

1) Upgrade of "Product Module"

Build up the digital design model for the second-generation dump trucks *Note 1*; build up the digital design model for the second-generation light and durable cement mixer trucks, establish digital DE teams *Note 2* in six manufacturers of the truck bodies of specialty vehicles, and fully apply for NX and PLM platform.

2) Improvement of "Light Tower" Plants

In order to support the upgrade of product modules and respond to requirements for environmental protection, the Group has commenced to build "Light Tower" plants of truck bodies for specialty vehicles in its original factory buildings since 2017. Currently, the Group has built up five "Light Tower" plants of truck bodies for specialty vehicles.

The Group has built one more "Light Tower" plant of truck bodies for specialty vehicles:

Plant	**Urban dump trucks bodies**	**Mixer trucks bodies**
Xi'an City, Shaanxi Province	O	
Zhumadian City, Henan Province	O	
Shenzhen City, Guangdong Province	O	
Wuhu City, Anhui Province		O
Jiangmen City, Guangdong Province		O
Luoyang City, Henan Province		●

In order to promote the operating efficiency of "Light Tower" plants, the Group will establish the "Light Tower" ME teams *Note 3* in these six enterprises.

Note 1: Digital design modelling means modular planning of products, and use of digital modelling for design and even indicating the manufacturing details, mainly through NX (3D modeling software) and PLM (product life cycle management system).

Note 2: DE Team means design engineering team. As the Group is making efforts to promote digital design modelling, in such context, DE also means design through digital design modelling.

Note 3: Me Team means the manufacture engineering team.

3) *Kick-off of "Sales and Marketing Transformation"*

The production of bodies for urban dump trucks is closely related to tractor manufacturers. The Group, in the principle of "strong horse with strong saddle", focuses on providing first-class products and fast delivery services to selected tractor manufacturers and, playing the role as a "royal baby-sitter", increase the value to those manufacturers.

The Group actively participates in the sales and after-sales services of cement mixer trucks, trying to design and market and sell vehicles jointly with tractor manufacturers, so as to provide an integrated and seamless shopping experience for consumers.

4) *Promotion of the Organizational Development*

The Group endeavors to cultivate general managers of the enterprises into entrepreneurs, establishes digital DE teams and "Light Tower" ME teams in these enterprises, implement the post allowance system [Note 4], and encourage the enterprises to expand the market creatively, thereby upgrading into a "consortium" [Note 5].

2. *Manufacturing of Bodies for Refrigerated Van Trucks in China*

The rapid popularization of fresh food distribution has not only boosted the demand for refrigerated van trucks with refrigerator, but also contributed to the fast-growing demand for 4.2 meters long heat-insulating urban distribution trucks without refrigerator. While establishing the sophisticated manufacturing system for production of bodies for refrigerated van trucks in China, the Group has also taken into account the extension of production bases to achieve effective coverage of the market.

1) *Upgrade of "Product Module"*

Build up the digital design models for model 960 and model 420 refrigerated trucks, and establish the corporate-level digital DE teams.

2) *Construction of "Light Tower" Plant*

The Group is utilizing the technology in "Light Tower" Plant of refrigerated trailers to transform two plants manufacturing refrigerated truck and trailers. It is planning to invest in a new "Light Tower" Plant of refrigerated truck and trailers in Guangdong Province.

Note 4: Post Allowance System means putting certain annual assessment bonuses into the post allowance pool, which are distributed to core DE, ME and various core and management personnel on a monthly basis.

Note 5: Consortium refers in particular to a small semi-trailer and specialty vehicle manufacturing group consisting of several (generally 2-3) enterprises of the Group with a focus on synergy. In the 18-year global operation of the Group, three enterprises have the strong ability to grow organically and seize market opportunities, as well as a galaxy of talents. The Group encourages such enterprises to "grow organically", and expand their product portfolio locally and establish assembly plants in different places. The most productive consortium is Shenzhen CIMC Special Vehicle Consortium (SCVC), which started its operation in Shenzhen in 2004 and currently effectively manages and controls four enterprises.

3) Kick-off of "Sales and Marketing Transformation"

A. The production of bodies for refrigerated van trucks is closely related to light truck manufacturers. The Group, in the principle of "strong horse with strong saddle", focuses on providing first-class products and fast delivery services to selected tractor manufacturers and, playing the role as a "royal baby-sitter", increase the value to those manufacturers.

B. Besides, the Group will establish the "new retail team" *Note 6* to actively promote the "JNKOGEL" and "Greenbody" series trucks to end customers.

4) Promotion of the Organizational Development

The Group endeavors to cultivate general managers of the enterprises into entrepreneurs, establishes digital DE teams and "Light Tower" ME teams in these enterprises, implement the post allowance system *Note 4*, and encourage the enterprises to expand the market creatively, thereby upgrading into a "consortium" *Note 5*.

3. Trailer Business in China

The Group is comprehensively developing the second-generation trailer product platform, and based on this new product platform, the Group will launch the "Trailer Vanguard" series products on the PRC market.

1) Upgrade of "Product Module"

The second-generation trailer is composed of three Level 1 modules (cargo platform module, trailer chassis module and travelling mechanism module).

Major Levers of Cornerstone 1:

Lever 11 · Sort out the Level 1 module of #1-#6 trailers.

Lever 12 · Define the Level 2 and Level 3 modules under the Level 1 module.

Lever 13 · Optimize the Level 2 and Level 3 modules by surrounding the five dimensions of "light weight, pretty appearance, high cost-performance ratio, long service life and easy maintenance".

Lever 14 · Carry out digital modeling design of the optimized Level 2 and Level 3 modules.

Lever 15 · Build the Product Configurator.

Lever 16 · Use PLM to the manage the above process and Level 2 and Level 3 product modules.

Note 6: New Retail Team means a professional sales team established for promoting new retail. For the new retail, the Group aims to get closer to users. Pioneering stores, professional sales teams and the network of partners form an ecosphere recursively, through the new retail of the Group. An advanced CRM (customer relationship management) platform is used for management and promotion.

2) *Improvement of "Light Tower" Plants*

Advantages of the "Light Tower" Plants: Good product quality, high material utilization, high production efficiency, and no worries about environmental protection.

Limitations of the "Light Tower" Plants: Batch production, modularized work pieces and perfect materials management must be available.

Major Levers of Cornerstone 2:

Lever 21 · Develop the high-precision uncoiling, blanking and stamping ability.

Lever 22 · For highly repetitive welding work, set the automated welding device or robotic welding station.

Lever 23 · Set the electrophoretic primer device with low VOCs emissions.

Lever 24 · Establish the automated spraying device and the powder spraying workstation controlled by robots.

Lever 25 · Adopt the tact-system production line for the modularized Level 1 module.

Lever 26 · Establish the digital management process and label for the modularized modules and the product configurator for trailer products.

3) *Kick-off of "New Retail" for Vanguard Series Products*

Major Levers of Cornerstone 3:

Lever 31 · Establish new retail sales teams.

Lever 32 · Establish Vanguard stores in a planned way.

Lever 33 · Establish a "new retail partner network" in a planned way.

Lever 34 · Build the cost model, gross profit calculation sheet and quotation model of Vanguard series products.

Lever 35 · Establish the national quality warranty and maintenance partner network for Vanguard series products to realize the life-cycle guarantee of Vanguard series products as well as the realization and increase of product value.

4) *Promotion of the Organizational Development*

Organizational developments refers to a series of organizational measures for safeguarding the realization of the product modules for Vanguard series trailers and the construction of "Light Tower" Plants and New Retail.

Major Levers of Cornerstone 4:

Lever 41 · Establish the digital DE teams.

Lever 42 · Establish the ME teams for "Light Tower" Plants.

Lever 43 · Develop the "terminal to terminal" organizational structure in "Light Tower" Plants.

Lever 44 · Establish the supporting mechanism for the Company's sophisticated manufacturing system:

(1) Promote the "Budget 2020" Operating Procedures.

(2) Promote the "Cash 2020" Operating Procedures.

(3) Promote the "Assessment 2020" Operating Procedures.

(4) Promote the "Incentive 2020" Operating Procedures.

4. *Trailer Business in North America and Europe*

In the 2019 Annual Report of the Company, the Group described in detail how to build a sophisticated semi-trailer manufacturing system in North America and Europe, and strengthened the connotation of the four cornerstones. The details were as follows:

1) Upgrade of "Product Module"

In recent years, the Group has completed the product module upgrade of European liquid tank trailers, so that the tank module of liquid tank trailers produced by the Group's tank trailer plant in Bree, Belgium can be successfully produced at the Light Tower Plants in China, achieving high consistency in products, and then shipped to Europe for assembly.

Beginning in 2019, we have made the same attempt on body modules of refrigerated trailers and chassis modules of container chassis trailers in North America, which are currently advancing rapidly.

2) Improvement of "Light Tower" Plants

In 2016, the first "Light Tower" Plant of van trailers the Group invested in North America began production in Trenton, Georgia, USA. In the past few years, the Group has continued to make improvements to the van trailer plant in Monon, Indiana, USA, and the tank trailer plant in Bree, Belgium in a way of "Light Tower" Plants.

At the same time, the Group will set up a new assembly plant for refrigerated trailers in Sarnia, Ontario of Canada, build an automated production facility for refrigerated trailers in Monon, Indiana of the USA, and build automated production facilities for container chassis trailers in Emporia, Virginia, and South Gate, California, the USA, as planned. In addition, the Group will also set up container chassis trailer plants in Southampton of England, and Pijnacker of the Netherlands. Meanwhile, it will inject technical resources and funds to improve the curtain-sider semi-trailer manufacturing plants in Belfast, Northern Ireland, and Mansfield, England; and improve the same in Melbourne, Australia.

With the gradual improvement of the capacity of the "Light Tower" Plants in China, the Group plans to invest the overflow capacity and technology of refrigerated trailers and van trailers into Europe to enrich its product portfolio."

3) Kick-off of "Sales and Marketing Transformation"

A. Broaden the brand coverage:

Broaden the semi-trailer brands in North America { Vanguard · National Trailer; Vanguard Reefer Trailer; Vanguard Parts

Coverage of Vanguard

Broaden the semi-trailer brands in England { SDC Trailer; SDC Parts

Coverage of SDC

B. Create brands and product series that are in line with local manufacturing:

(1) CIE has been changed into CIE Manufacturing.

(2) Chassis Pioneer series of products are launched by CIE Manufacturing.

C. New retail activities are initiated on Salesforce.

4) Promotion of the Organizational Development

A. Promote organizational development of CIE Manufacturing, by establishing a digital DE team, "Light Tower" ME team and an EPS team, which, together with other professional teams of the Group, create a sophisticated manufacturing system.

B. Promote organizational development of SDC, according to the path of transformation and upgrade of CIE Manufacturing.

C. Construct a supporting system of main enterprises such as Vanguard, LAG, CRTI, CIE and SDC, for the sophisticated semi-trailer manufacturing system of CIMC Vehicles:

(1) Measures to promote the "Budget 2020".

(2) Measures to promote the "Cash 2020".

(3) Measures to promote the "Assessment 2020".

(4) Measures to promote the "Incentive 2020".

D. Establish the "North American Night Beacon Group" and the "European Night Beacon Group" to regularly communicate on how to resume work and production during the COVID-19 outbreak.

OTHER INFORMATION

I. Purchase, Sale or Redemption of Listed Securities

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

II. Corporate Governance

Corporate Governance Practices

For the six months ended June 30, 2020, the Company has complied with the applicable code provisions under the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Audit Committee

The audit committee (the "**Audit Committee**") of the Company 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 interim financial results are unaudited but have been reviewed by the Company's independent auditor, PricewaterhouseCoopers, and the Audit Committee. The Audit Committee has no disagreement on the accounting treatment adopted by the Company.

III. 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 for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") in connection with securities transactions by the Directors and Supervisors. Upon the specific enquiries made to all Directors and Supervisors of the Company, they confirmed that they 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 since the listing.

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

Hong Kong, August 27, 2020

*As at the date of this announcement, the Board members comprise Mr. Mai Boliang**, Mr. Li Guiping*, Ms. Zeng Beihua**, Mr. Wang Yu**, Mr. Chen Bo**, Mr. Huang Haicheng**, Mr. Feng Jinhua***, Mr. Fan Zhaoping*** and Mr. Cheng Hok Kai Frederick***.*

* *Executive Director*
** *Non-executive Directors*
*** *Independent non-executive Directors*