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# CIMC 中集车辆

## 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

### PROPOSED FURTHER CHANGES IN THE USE OF PROCEEDS FROM THE GLOBAL OFFERING

Reference is made to announcements of CIMC Vehicles (Group) Co., Ltd. (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) dated 5 December 2019, 25 March 2020, 12 October 2020 and 20 November 2020 (the “**Announcements**”), in relation to the changes in the use of proceeds from the Global Offering. Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

#### PROPOSED FURTHER CHANGES IN THE USE OF PROCEEDS FROM THE GLOBAL OFFERING

In light of the reasons as set out in the paragraphs headed “Reasons for and Benefits of the Changes in Use of the Proceeds from the Global Offering” below, on 25 August 2021, the board of directors of the Company (the “**Board**”) approved the proposed further change in the intended use of the net proceeds from the Global Offering (“**Proposed Further Changes in the Use of Proceeds from the Global Offering**”), which are presented as follows:

|  | Original<br>intended<br>amount<br>(HK\$ in<br>millions) | Utilized<br>amount<br>as of<br>30 June<br>2021<br>(HK\$ in<br>millions) | Amount<br>arranged<br>to pay as<br>of 30 June<br>2021<br>(HK\$ in<br>millions) | Remaining<br>amount<br>as of<br>30 June<br>2021<br>(HK\$ in<br>millions) | Amount<br>for the<br>changed<br>use<br>(HK\$ in<br>millions) | Unutilized<br>amount for<br>allocation<br>after<br>further<br>changes<br>(HK\$ in<br>millions) |
|--|---|---|--|--|--|--|
| <b>Intended use of the net proceeds</b>  |   |   |  |  |  |  |
| <b>Develop new manufacturing or assembly plants and upgrade the marketing model</b>  | <b>1,102.70</b>   | <b>630.08</b>   | <b>340.09</b>  | <b>132.53</b>  | <b>145.56</b>  | <b>618.18</b>  |
| – Develop a new automated production facility for chassis trailers in the coastline regions along the eastern or southern US | 39.20   | 38.83   | –  | 0.37   | (0.37)   | –  |
| – Develop a new assembly plant for high-end refrigerated trailers in the UK or Poland  | 38.50   | 14.30   | 17.80  | 6.40   | (6.40)   | 17.80  |

| <b>Intended use of the net proceeds</b>   | <b>Original<br/>intended<br/>amount<br/>(HK\$ in<br/>millions)</b> | <b>Utilized<br/>amount<br/>as of<br/>30 June<br/>2021<br/>(HK\$ in<br/>millions)</b> | <b>Amount<br/>arranged<br/>to pay as<br/>of 30 June<br/>2021<br/>(HK\$ in<br/>millions)</b> | <b>Remaining<br/>amount<br/>as of<br/>30 June<br/>2021<br/>(HK\$ in<br/>millions)</b> | <b>Amount<br/>for the<br/>changed<br/>use<br/>(HK\$ in<br/>millions)</b> | <b>Unutilized<br/>amount for<br/>allocation<br/>after<br/>further<br/>changes<br/>(HK\$ in<br/>millions)</b> |
|---|--|--|---|---|--|--|
| – Develop a new automated production facility for refrigerated trailers in Monon, the US                  | 165.40   | 159.38   | 3.62  | 2.40  | (2.40)   | 3.62   |
| – Develop a new assembly plant for swap bodies and chassis and flatbed trailers in the Netherlands        | 105.30   | 78.27  | 26.92   | 0.11  | (0.11)   | 26.92  |
| – Develop a new assembly plant for refrigerated trailers in Canada  | 39.00  | 15.99  | 4.25  | 18.76   | (18.76)  | 4.25   |
| – Develop a new manufacturing plant in Jiangmen, China  | 87.00  | 65.58  | 21.42   | –   | –  | 21.42  |
| – Upgrade the marketing model in China  | 99.60  | –  | –   | 99.60   | (99.60)  | –  |
| – Technical reform and informatization construction for Xi'an plant in China                              | 32.90  | –  | 32.71   | 0.19  | (0.19)   | 32.71  |
| – Develop a new manufacturing plant in Baoji City, China  | 70.00  | –  | 70.00   | –   | –  | 70.00  |
| – Build a vehicle park in Kunming, China  | 78.40  | 48.03  | 30.37   | –   | –  | 30.37  |
| – Expand the manufacturing plant for semi-trailers in Dongguan, China                                     | 118.40   | 63.11  | 51.66   | 3.63  | (3.63)   | 51.66  |
| – Expand the manufacturing plant for dry truck bodies and refrigerated truck bodies in Zhenjiang, China   | 35.50  | 9.94   | 24.49   | 1.07  | (1.07)   | 24.49  |
| – Expand the manufacturing and assembly plant for chassis trailers in Rayong, Thailand                    | 193.50   | 136.65   | 56.85   | –   | –  | 56.85  |
| – Increase the registered capital and production capacity of subsidiaries in the UK (Note 1)              | –  | –  | –   | –   | 278.09   | 278.09   |
| <b>Research and develop new products</b>  | <b>157.50</b>  | <b>55.13</b>   | <b>11.43</b>  | <b>90.94</b>  | <b>(90.94)</b>   | <b>11.43</b>   |
| – Invest in industrial funds  | 84.10  | 34.43  | –   | 49.67   | (49.67)  | –  |
| – Develop high-end refrigerated trailers  | 26.30  | 14.87  | 11.43   | –   | –  | 11.43  |
| – Develop other smart trailers  | 15.70  | –  | –   | 15.70   | (15.70)  | –  |
| – Invest in product standardization, unit weight reduction and modularization in our Europe and US plants | 15.70  | –  | –   | 15.70   | (15.70)  | –  |
| – Develop other trailer products  | 15.70  | 5.83   | –   | 9.87  | (9.87)   | –  |
| <b>Repay the principal amount and interests of bank borrowings</b>  | <b>157.50</b>  | <b>153.77</b>  | <b>–</b>  | <b>3.73</b>   | <b>(3.73)</b>  | <b>–</b>   |
| <b>Working capital and general corporate purposes</b>   | <b>173.60</b>  | <b>151.45</b>  | <b>–</b>  | <b>22.15</b>  | <b>(22.15)</b>   | <b>–</b>   |
| <b>Interest income generated from the designated account</b>  | <b>–</b>   | <b>–</b>   | <b>–</b>  | <b>28.74</b>  | <b>(28.74)</b>   | <b>–</b>   |
| <b>Total (Note 2)</b>   | <b><u>1,591.30</u></b>   | <b><u>990.43</u></b>   | <b><u>351.52</u></b>  | <b><u>278.09</u></b>  | <b><u>–</u></b>  | <b><u>629.61</u></b>   |

Note 1: New use of net proceeds

Note 2: Any discrepancies between totals and sums of amounts added are due to rounding

## **REASONS FOR AND BENEFITS OF THE CHANGES IN USE OF THE PROCEEDS FROM THE GLOBAL OFFERING**

Based on the actual use of the proceeds from the Global Offering in each project and taking into consideration the changes in the global trading environment, the Group made corresponding adjustments to the strategic arrangements for its overseas businesses. Accordingly, the Company determines to centralize and reallocate all the remaining amount after deducting the amount of scheduled payments or unutilized amount of the proceeds from the Global Offering for each intended use, together with the interest accrued in designated bank account for the proceeds from Global Offering, totalling approximately HK\$278.09 million to the additional project located in the UK as described in the above table, and the proceeds from the Global Offering are not used for certain projects for the following reasons:

### **1. Upgrade the new marketing model in China**

Reference is made to the announcement of the Company dated 5 December 2019 which discloses the intention to invest HK\$99.6 million in upgrading the marketing model in China, but due to the impact of the COVID-19 outbreak, the preliminary preparation for the project was later than originally planned. Meanwhile, the capital currently invested by the Company in “upgrade the new marketing model in China” is focused on customer needs, product customization, supply chain integration, and the linkage between the marketing system and manufacturing plant operations, and is mainly working capital, which differs from the investment model of the proceeds from the Global Offering in the construction of manufacturing plants and assembly plants. Therefore, the proceeds for this project has not been arranged and used properly.

On 6 May 2020, the Company officially commenced the project for A share offering and listing on the ChiNext Market of the Shenzhen Stock Exchange (“**A Share Offering**”). According to the Company’s supplemental circular dated 3 June 2020 and the overseas regulatory announcement dated 5 July 2021 which set out the Prospectus for the Initial Public Offering and Listing of Shares of CIMC Vehicles (Group) Co., Ltd. on the ChiNext Market, the proceeds from the Global Offering are mainly used for building new manufacturing or assembly plants in China or overseas, and projects for research and development of high-end refrigerated trailers and other new products; the proceeds from A Share Offering are mainly used for “Light Tower Plants” upgrade and construction project, digital transformation, research and development projects, new marketing construction projects and other projects in China. The amount of RMB100 million in the proceeds from A Share Offering proposed to be invested in the new marketing construction is mainly used for replenishing working capital and workplace layout.

Therefore, the Board recommends not to invest the proceeds from the Global Offering in the above project, and arrangements will be made subsequently according to the plan for use of the proceeds from A Share Offering.

### **2. Invest in industrial funds**

Since the second and third tranches of capital for investment in industrial funds shall be paid in 2022 and 2023, the Board recommends to use its own funds for the investment project subsequently, in order to improve the efficiency in the use of funds.

### **3. Develop other smart trailers**

Due to the global impact of the COVID-19 outbreak and global production line adjustment by the Group, the development project was later than originally planned. Subsequent research and development will be re-planned and carried out mainly in the “Semi-trailer Core Module Digitalisation Upgrading Project” and “New Generation Intelligent Refrigerated Truck Bodies Module Digitalisation Upgrading Project” in the projects proposed to be funded by the proceeds from A Share Offering. Therefore, the Board recommends not to invest the proceeds from the Global Offering in the above project, and arrangements will be made subsequently according to the plan for use of the proceeds from A Share Offering.

### **4. Invest in product standardization, unit weight reduction and modulization in European and US plants**

Due to the global impact of the COVID-19 outbreak, it is difficult for the Group to mobilize personnel to carry out overseas research and development collaboratively. In view of the uncertainty about the date of subsequent commencement, the Board recommends not to invest the proceeds from the Global Offering in the above project.

### **5. Develop other trailer products**

The amount of HK\$5.83 million in the proceeds from the Global Offering was invested by the Group in “develop other trailer products”, with relevant investment used for developing the life cycle management system for semi-trailer products, which serves as a platform for modular and digital design of semi-trailer products generally used by the Company and its subsidiaries. The system has gone live. According to the arrangements of the Company in relation to the proceeds from A Share Offering, subsequent research and development in relation to other trailer products will be converted to the “Semi-trailer Core Module Digitalisation Upgrading”, a project funded by the proceeds from the A Share Offering, for unified planning and implementation. Therefore, the Board recommends not to invest the proceeds from the Global Offering in the above project, and arrangements will be made subsequently according to the plan for use of the proceeds from A Share Offering.

## ***New Project***

In order to realize the Group's global operation strategy and optimal allocation of global resources, the Company has made a strategic arrangement in Europe through CIMC Vehicles UK Limited ("CIMC UK"), a wholly-owned subsidiary of the Company in the UK, mainly engaged in the research and development, production, sales and related services of semi-trailers. SDC Trailers Ltd, a wholly-owned subsidiary of CIMC UK, is mainly engaged in research, development, production and sales of semi-trailer products including curtain-side trailer, platform semi-trailer and other semi-trailer products. In 2021, as Brexit becomes a reality, the Company expects that the development trend of the semi-trailer market in the UK will improve in the next five years, and the semi-trailer market environment will be further stabilized. Meanwhile, the Group adjusted its global supply chain strategy, and CIMC UK and its subsidiaries will become one of the main manufacturing bases for the Group's overseas business. In order to seize the opportunity of expanding the market share in the UK, the Group determines to use the remaining or unutilized amounts under "develop new manufacturing or assembly plants and upgrade the marketing model", "research and develop new products", "repay the principal amount and interests of bank borrowings", and "working capital and general corporate purposes" and interest accrued in the designated bank account for the proceeds from the Global Offering totalling approximately HK\$278.09 million to increase the registered capital of SDC Trailers Ltd, so as to support the expansion of its production scale and payment of relevant production expenses (such as costs of purchasing raw materials and labor costs), and the amount is planned to be used within one year from the date of approval at the general meeting of the Company.

The Board believes that further changes in the use of the net proceeds from the Global Offering will help more effectively use the Group's financial resources and facilitate the future development of the Group, and are in the best interests of the Company and its shareholders as a whole.

## **SHAREHOLDERS' APPROVAL AND GENERAL INFORMATION**

The Proposed Further Changes in the Use of Proceeds from the Global Offering are subject to approval by the shareholders of the Company at the general meeting. A circular containing, among others, details of the Proposed Further Changes in the Use of Proceeds from the Global Offering, will be despatched by the Company to its shareholders in due course.

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

Hong Kong, 25 August 2021

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

\* *Executive Director*

\*\* *Non-executive Directors*

\*\*\* *Independent non-executive Directors*