CIMC 中集

中國國際海運集裝箱(集團)股份有限公司

**CHINA INTERNATIONAL MARINE CONTAINERS (GROUP) CO., LTD.**

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(H Share Stock Code: 2039)**

**(A Share Stock Code: 000039)**

# RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020 (SUMMARY OF THE 2020 INTERIM REPORT)

## 1 IMPORTANT NOTICE

**1.1** The board of directors (the "**Board**"), the supervisory committee (the "**Supervisory Committee**") and the directors (the "**Directors**"), supervisors (the "**Supervisors**") and senior management of China International Marine Containers (Group) Co., Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**") warrant that there are no false records, misleading statements or material omissions in the 2020 interim results announcement (the "**Announcement**"), and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the information contained in the interim report of the Group for the six months ended 30 June 2020 (the "**2020 Interim Report**"). This announcement is extracted from the 2020 Interim Report and is published on the websites of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.cimc.com). The full version of the 2020 Interim Report will be posted on the above websites in due course.

**1.2** The Announcement has been reviewed and approved at the twelfth meeting of the ninth session of the Board in 2020 (the "**Meeting**"). All Directors have attended the Meeting to review and approve the Announcement and the Meeting was held as an on-site + web meeting. All Directors warrant, and there is no dissenting opinion as to, the truthfulness, accuracy and completeness of the Announcement.

**1.3** The financial statements of the Group have been prepared in accordance with China Accounting Standards for Business Enterprises ("**CASBE**"). The 2020 interim financial statements and notes of the Group (the "**2020 Interim Financial Report**") prepared in accordance with CASBE have not been audited. The reporting period (the "**Reporting Period**") refers to the six months starting from 1 January 2020 and ended on 30 June 2020.

**1.4** During the Reporting Period, neither any controlling shareholder (including its subsidiaries) nor substantial shareholder (including its subsidiaries) of the Company has utilised the non-operating funds of the Company.

**1.5** Mr. WANG Hong, Chairman of the Board, Mr. MAI Boliang, CEO and President of the Company, and Mr. ZENG Han, Chief Financial Officer of the Company, warrant the truthfulness, accuracy and completeness of the Announcement and the 2020 Interim Financial Report.

**1.6** The Board does not propose to declare the interim dividend for the period ended 30 June 2020 (same period in 2019: Nil).

**1.7** The Announcement contains certain forward-looking statements made on the basis of subjective assumptions and judgments on future policy and economic development in relation to the financial conditions, operating results and business of the Group, which are subject to a variety of risks, uncertainties and assumptions beyond the Group's control and with a high degree of uncertainty in nature. Therefore, the actual outcome may differ materially from such forward-looking statements. Such forward-looking statements are only the recent expectation of the Group on future events and are not guarantees for future business performance and do not constitute as an actual commitment to investors. Investors should be aware that undue reliance on or use of such information may lead to risks of investment.

**1.8** The Announcement has been prepared in both Chinese and English. In the event of any inconsistency between the two versions, the Chinese version shall prevail.

## 2 BASIC INFORMATION OF THE COMPANY

### 2.1 Basic Information

| | |
|---|---|
| Legal Chinese Name: | 中國國際海運集裝箱(集團)股份有限公司 |
| Abbreviated Chinese Name: | 中集集團 |
| English Name: | China International Marine Containers (Group) Co., Ltd. |
| Abbreviated English Name: | CIMC |
| Legal Representative: | WANG Hong |
| Authorised representatives: | MAI Boliang, YU Yuqun |
| Registered Address and Address of Head Office: | 8th Floor, CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, the People's Republic of China (the "**PRC**") |
| Postal Code: | 518067 |
| Principal Place of Business in Hong Kong: | 3101–2 Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong |
| Company Website: | http://www.cimc.com |
| Email Address: | ir@cimc.com |

### 2.2 Contact Persons and Means of Communication

| | **YU Yuqun**<br>Secretary to the Board, Company Secretary | **WANG Xinjiu**<br>Representative of Securities Affairs |
|---|---|---|
| Telephone: | (86 755) 2669 1130 | (86 755) 2680 2706 |
| Facsimile: | (86 755) 2682 6579 | (86 755) 2682 6579 |
| Email Address: | ir@cimc.com | |

| | |
|---|---|
| Contact Address in mainland China: | CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC (Postal code: 518067) |
| Contact Address in Hong Kong: | 3101–2 Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong |

## 3 SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

### 3.1 Key Accounting Data

During the Reporting Period, the Company did not make retrospective adjustments to or restate the accounting data of previous years due to changes in accounting policies and correction of accounting errors.

*Unit: RMB thousand*

| Consolidated income statement items | January – June 2020 (unaudited) | January – June 2019 (unaudited) | Changes (%) |
|---|---|---|---|
| Operating revenue | **39,431,807** | 42,717,729 | (7.69%) |
| Operating profit | **588,681** | 1,518,517 | (61.23%) |
| Total profit | **641,350** | 1,640,156 | (60.90%) |
| Income tax expense | **399,132** | 537,936 | (25.80%) |
| Net profit | **242,218** | 1,102,220 | (78.02%) |
| Net (loss)/profit attributable to shareholders and other equity holders of the Company | **(182,797)** | 679,829 | (126.89%) |
| Profit or loss attributable to minority Shareholders | **425,015** | 422,391 | 0.62% |
| Net (loss)/profit attributable to shareholders and other equity holders of the Company after deducting non-recurring profit or loss | **(236,265)** | 450,197 | (152.48%) |

*Unit: RMB thousand*

| Consolidated balance sheet items | 30 June 2020 (unaudited) | 31 December 2019 (audited) | Changes (%) |
|---|---|---|---|
| Total current assets | **90,525,972** | 90,023,127 | 0.56% |
| Total non-current assets | **86,421,680** | 82,084,394 | 5.28% |
| Total assets | **176,947,652** | 172,107,521 | 2.81% |
| Total current liabilities | **70,605,092** | 70,551,310 | 0.08% |
| Total non-current liabilities | **50,264,229** | 46,518,233 | 8.05% |
| Total liabilities | **120,869,321** | 117,069,543 | 3.25% |
| Total shareholders' equity | **56,078,331** | 55,037,978 | 1.89% |
| Equity attributable to shareholders and other equity holders of the Company | **40,447,209** | 39,253,886 | 3.04% |
| Minority interests | **15,631,122** | 15,784,092 | (0.97%) |

*Unit: RMB thousand*

| **Consolidated cash flow statement items** | **January – June 2020 (unaudited)** | January – June 2019 (unaudited) | Changes (%) |
|---|---|---|---|
| Net cash flows from operating activities | **2,242,911** | (2,102,412) | 206.68% |
| Net cash flows from investing activities | **(885,872)** | (3,125,255) | 71.65% |
| Net cash flows from financing activities | **561,330** | 427,099 | 31.43% |

## 3.2 Key Financial Indicators

| | **January – June 2020 (unaudited)** | January – June 2019 (unaudited) | Changes (%) |
|---|---|---|---|
| Basic earnings per share *(RMB)* | **(0.0841)** | 0.1618 | (151.98%) |
| Diluted earnings per share *(RMB)* | **(0.0841)** | 0.1604 | (152.43%) |
| Weighted average return on net assets *(%)* | **(0.86%)** | 1.70% | (2.56%) |
| Weighted average return on net assets after deducting non-recurring profit or loss *(%)* | **(1.02%)** | 1.02% | (2.04%) |
| Net cash flows from operating activities per share *(RMB)* | **0.63** | (0.59) | 206.78% |

| | **30 June 2020 (unaudited)** | 31 December 2019 (audited) | Changes (%) |
|---|---|---|---|
| Net assets per share attributable to shareholders and other equity holders of the Company *(RMB)* | **11.28** | 10.95 | 3.01% |

### 3.3 Non-Recurring Profit or Loss Items and Amounts

*Unit: RMB thousand*

| Item | January – June 2020 (unaudited) |
|---|---|
| Gain from disposal of non-current assets | 102,983 |
| Government grants recognised in profit or loss for the current period | 358,619 |
| Gains or losses from changes in fair value arising from holding held-for-trading financial assets, and investment gains arising from disposal of investments in other equity instruments, other debt investments and other non-current financial assets and gains or losses from changes in fair values of investment properties subsequently measured at fair value, except for the effective hedging activities relating to the Group's ordinary activities | (340,672) |
| Net gains from disposal of long-term equity investment | 66,577 |
| Other non-operating income and expenses other than the above items | 59,632 |
| Effect of income tax | (39,469) |
| Effect of minority interests (after tax) | (154,202) |
| Total | 53,468 |

*Note:* Aforesaid non-recurring profit or loss items (other than the effect of minority interests (after tax)) was presented at amount before taxation.

## 4 INFORMATION ON SHAREHOLDERS

### 4.1 Number of Shareholders

As at 30 June 2020, the total number of issued shares of the Company was 3,586,074,802 shares, including 1,526,182,872 shares of issued A shares and 2,059,891,930 shares of issued H shares.

The total number of shareholders of the Company as at 30 June 2020 was 81,599, including 29 registered holders of H shares, 81,570 holders of A shares. Based on the public information available to the Company and as far as the Directors were aware, the minimum public float of the Company has satisfied the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**").

## 4.2 Shareholdings of top 10 shareholders as at the end of the Reporting Period (prepared under domestic securities regulatory rules)

**Shareholdings of the ordinary Shareholders who hold above 5% or the top ten ordinary Shareholders**

| Name of Shareholders | Nature of Shareholders | Percentage of shareholding | Number of ordinary shares held at the end of the Reporting Period *(Shares)* | Changes during the Reporting Period *(Shares)* | Number of ordinary shares with selling restrictions *(Shares)* | Number of ordinary shares without selling restrictions *(Shares)* |
|---|---|---|---|---|---|---|
| HKSCC Nominees Limited *(Note 1)* | Foreign legal person | 57.74% | 2,070,744,627 | (12,478,406) | – | 2,070,744,627 |
| COSCO Container Industries Limited *(Note 2)* | Foreign legal person | 14.46% | 518,606,212 | – | – | 518,606,212 |
| China Securities Finance Corporation Limited | State-owned legal person | 2.37% | 84,959,608 | – | – | 84,959,608 |
| Central Huijin Asset Management Ltd. | State-owned legal person | 1.27% | 45,592,560 | – | – | 45,592,560 |
| CITIC – Prudential Life Insurance Co., Ltd. – participating products *(Note 3)* | Domestic non-state-owned legal person | 0.55% | 19,733,298 | 11,070,715 | – | 19,733,298 |
| Zhong Ou Fund –Agricultural Bank – Zhong Ou CSI Financial Assets Management Program | Domestic non-state-owned legal person | 0.31% | 11,102,880 | – | – | 11,102,880 |
| ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse CSI Financial Assets Management Program | Domestic non-state-owned legal person | 0.31% | 11,054,160 | – | – | 11,054,160 |
| Dacheng Fund – Agricultural Bank – Dacheng CSI Financial Assets Management Program | Domestic non-state-owned legal person | 0.31% | 10,980,360 | – | – | 10,980,360 |
| Yinhua Fund – Agricultural Bank – Yinhua CSI Financial Assets Management Program | Domestic non-state-owned legal person | 0.30% | 10,912,920 | – | – | 10,912,920 |
| E Fund – Agricultural Bank – E Fund China Securities and Financial Assets Management Program | Domestic non-state-owned legal person | 0.30% | 10,842,719 | – | – | 10,842,719 |
| Explanation on the relationship or concerted action of the above Shareholders | Unknown | | | | | |

*Note 1:* Among holders of H shares of the Company, shares of unregistered holders were held by HKSCC Nominees Limited on their behalf. As at 30 June 2020, HKSCC Nominees Limited was the holder of 2,070,744,627 shares of the Company on our behalf, including 11,068,287 A shares and 2,059,676,340 H shares. The H Shares include (but are not limited to) the 880,429,220 H shares held by China Merchants Group Limited ("**China Merchants Group**") through its subsidiaries (including China Merchants (CIMC) Investment Limited, etc.), the 295,010,617 H shares held by China COSCO Shipping Corporation Limited ("**China COSCO Shipping**") through its subsidiaries (including the 30,386,527 H shares directly held by Long Honour Investments Limited and the 264,624,090 H Shares directly held by COSCO Container Industries Limited) and the 166,611,080 H shares held by CITIC – Prudential Life Insurance Co., Ltd.

*Note 2:* As at 30 June 2020, save as the abovementioned 264,624,090 H shares of the Company which were registered under HKSCC Nominees Limited (see above mentioned Note 1), COSCO Container Industries Limited held 518,606,212 A shares of the Company.

*Note 3:* As at 30 June 2020, CITIC-Prudential Life Insurance Co., Ltd. held 19,733,298 A shares of the Company in addition to the above mentioned 166,611,080 H shares of the Company which were registered under HKSCC Nominees Limited (see Note 1 above).

## 4.3 Disclosure of Shareholdings of Substantial Shareholders and Other Parties under the Securities and Futures Ordinance (the "SFO") of Hong Kong

So far as the Directors are aware, as at 30 June 2020, the persons other than a director, supervisor and chief executive of the Company who have interests or short positions in the shares or underlying shares of the Company according to record of the register of interests and short positions required to be kept under section 336 of the SFO of Hong Kong are as follows:

| Name of shareholder | Nature of shareholding | Number of shares *(shares)* | Capacity | Percentage of such shares in the issued shares of the same class *(%)* | Percentage of such shares in the total issued shares *(%)* |
|---|---|---|---|---|---|
| China Merchants Group *(Note 1)* | H shares | 880,429,220 (L) | Interest of corporation controlled by the substantial shareholder | 42.74% | 24.55% |
| China COSCO Shipping *(Note 2)* | A shares | 518,606,212 (L) | Interest of corporation controlled by the substantial shareholder | 33.98% | 14.46% |
| | H shares | 295,010,617 (L) | Interest of corporation controlled by the substantial shareholder | 14.32% | 8.23% |
| Hony Group Management Limited *(Note 3)* | H shares | 424,078,915 (L) | Interest of corporation controlled by the substantial shareholder | 20.59% | 11.83% |
| Broad Ride Limited *(Note 3)* | H shares | 258,244,615 (L) | Beneficial holder | 12.54% | 7.20% |
| | H shares | 165,834,300 (L) | Person having security interest in shares | 8.05% | 4.62% |
| CITIC – Prudential Life Insurance Co., Ltd. | A shares | 19,733,298 (L) | Beneficial holder | 1.29% | 0.55% |
| | H shares | 166,611,080 (L) | Beneficial holder | 8.09% | 4.65% |
| Promotor Holdings Limited | H shares | 165,834,300 (L) | Beneficial holder | 8.05% | 4.62% |

(L) Long position

*Note 1:* China Merchants Group, through its subsidiaries (including China Merchants (CIMC) Investment Limited, etc.), had an interest in the H shares of the Company, all the 880,429,220 H shares (L) were held in the capacity as interest of corporation controlled by the substantial shareholder.

*Note 2:* China COSCO Shipping, through its subsidiaries (including Long Honour Investments Limited and COSCO Container Industries Limited), had an interest in the A shares and H shares of the Company, all the 518,606,212 A shares (L) and 295,010,617 H shares (L) were held in the capacity as interest of corporation controlled by the substantial shareholder.

*Note 3:* Hony Group Management Limited, through various subsidiaries (including Broad Ride Limited), had an interest in the H shares of the Company, and 258,244,615 H shares (L) were held in the capacity as interest of corporation controlled by the substantial shareholder and 165,834,300 H shares (L) were held in the capacity as person having security interest in shares.

Save as disclosed above and so far as the Directors are aware, as at 30 June 2020, no other person (other than a director, supervisor or chief executive of the Company) had any interests or short positions recorded in the register of interests in shares and short positions required to be kept by the Company pursuant to Section 336 of the SFO of Hong Kong.

## 4.4 Information on Substantial Shareholders

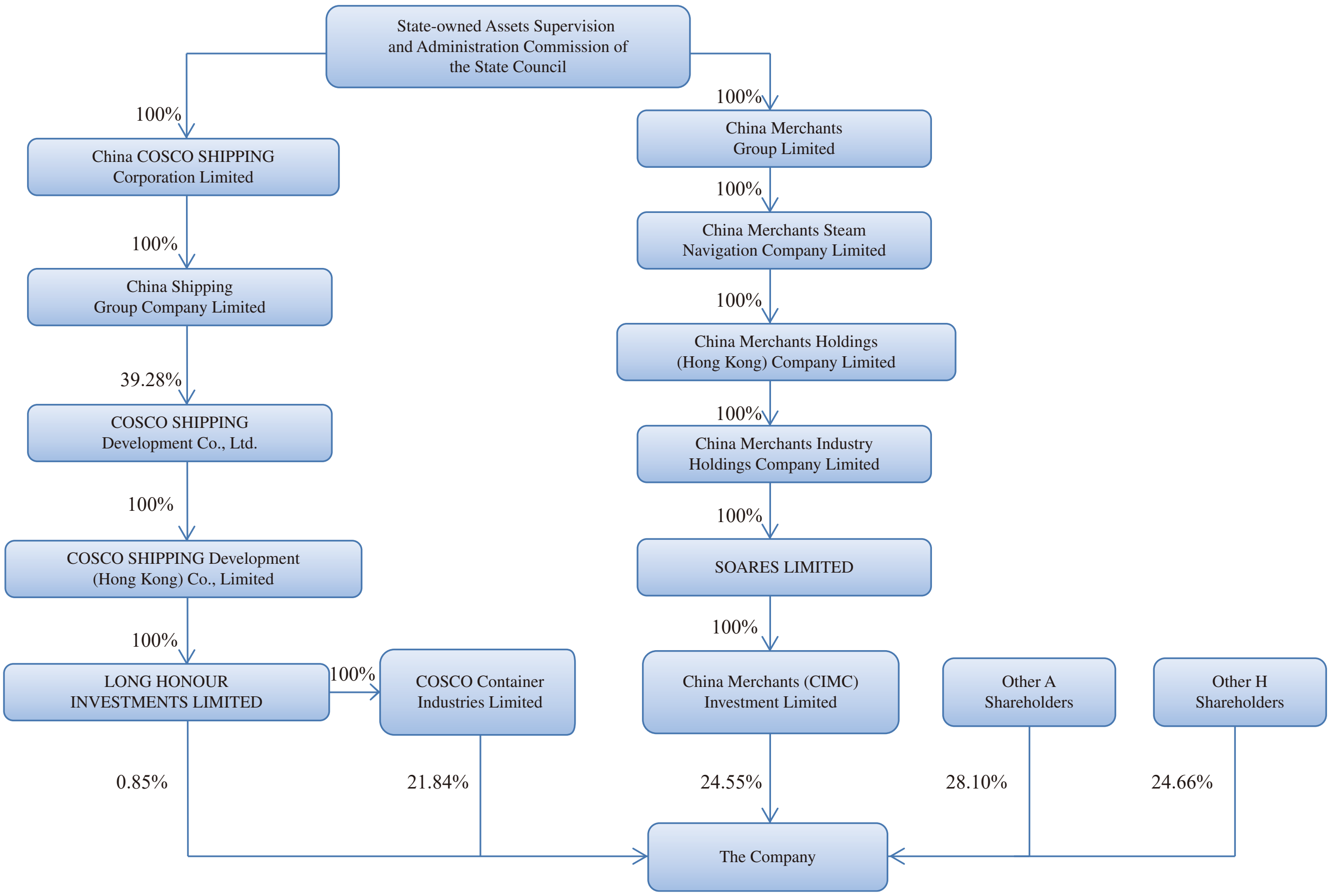
There is no controlling Shareholder or de facto controller of the Company, no change during the Reporting Period. As at the end of the Reporting Period, the substantial Shareholders of the Company are China Merchants Group and China COSCO Shipping.

China Merchants Group was incorporated in October 1986 in the PRC. Its registered capital is RMB10,050 million and its chairman of the board of directors is Mr. LI Jianhong. China Merchants Group's business focuses on three core industries, namely traffic (harbour, highway, shipping and transportation, logistics, ocean engineering and trade), finance (banking, securities, funds and insurance) and real estate (industrial zone development and real estate development) and is evolving from three major industries to three platforms including industrial operation, financial services and investment and capital operation. On 9 June 2017, China Merchants Port Holdings Company Limited, a subsidiary of China Merchants Group, completed the transaction of transferring all shares of Soares Limited to China Merchants Industry Holdings Co., Ltd., another subsidiary of China Merchants Group. As at the end of the Reporting Period, China Merchants Group through its subsidiaries (including China Merchants Steam Navigation Company Limited, China Merchants Holdings (Hong Kong) Company Limited, China Merchants Industry Holdings Company Limited, Soares Limited and China Merchants (CIMC) Investment Limited) held 24.55% of the total issued shares of the Company and remains as the largest shareholder of the Company indirectly.

China COSCO Shipping was incorporated in February 2016 in the PRC. Its registered capital is RMB11.0 billion and its legal representative is Mr. XU Lirong. China COSCO Shipping will take shipping, integrated logistics and related financial services as the pillars to provide global integrated logistics supply chain services among various industrial clusters. As at the end of the Reporting Period, China COSCO Shipping, the indirect second largest shareholder of the Company, through its subsidiaries (including China Shipping Group Company Limited, COSCO SHIPPING Development Co., Ltd., Long Honour Investments Limited and COSCO Container Industries Limited, etc.) held 22.69% of the total issued shares of the Company.

Except for the abovementioned China Merchants Group and China COSCO Shipping, no other legal person or individual holds 10% or more of the total issued shares of the Company (excluding HKSCC Nominees Limited).

### Shareholding Structure between the Company and the Substantial Shareholders as at the end of the Reporting Period




## 5 REPORT OF THE BOARD

### 5.1 Overview of the Operating Results during the Reporting Period

In the first half of 2020, the international economic situation remained complex, and the global economy faced severe risks and challenges. The unexpected COVID-19 outbreak brought unprecedented impact, which led to the deep recession of the global economy. In the first half of the year, prevention and control measures against the epidemic and economic and social development were promoted nationwide in a coordinated way. The domestic economy went down first and then rose with steady recovery due to the function of a series of policies on the basis of strict prevention measures against the epidemic at the early stage and gradual release of the lock-down measures.

During the Reporting Period, the Group's revenue amounted to RMB39,431.807 million (same period in 2019: RMB42,717.729 million), representing a year-on-year decrease of 7.69%. Among the principal businesses, revenue from the offshore engineering business and industrial city development business increased significantly, revenue from the logistics services business and finance and asset management business sustained stable growth, while revenue from the container manufacturing, road transportation vehicles, energy/chemical and liquid food equipment, airport facilities/fire safety and automated logistics equipment and heavy trucks businesses declined to a certain extent. During the Reporting Period, the Group's net loss attributable to the shareholders and other equity holders of the parent company amounted to RMB182.797 million (same period in 2019: net profit amounted to RMB679.829 million), representing a year-on-year decrease of 126.89%.

## 5.2 Review of the Principal Businesses during the Reporting Period

The Group is a world leading equipment and solution provider in logistics and energy industries, and is principally engaged in the manufacture of containers, road transportation vehicles, energy/chemical and liquid food equipment, offshore engineering equipment, airport facilities/fire safety and automated logistics equipment, as well as the provision of relevant services, including the design and manufacture of international standard dry containers, reefer containers, special-purpose containers, tank containers, wooden container floorboards, road tank trucks, natural gas processing equipment and static tanks, road transportation vehicles, heavy trucks, jack-up drilling platforms, semi-submersible drilling platforms, special vessels, passenger boarding bridges and bridge-mounted equipment, airport ground support equipment, fire safety and rescue vehicles, and the design, manufacture and services of automated logistics system and intelligent parking system. In addition, the Group is also engaged in logistics services business, industrial city development, finance and asset management business, unit load business and other businesses. Through business expansion and technology development, the Group has formed an industry cluster focusing on key equipment and solutions provided for the logistics and energy industries.

Currently, the Group is ranked No. 1 in the world in terms of production and sales of standard dry containers and reefer containers; according to statistics from the International Tank Container Organisation, the production and sales of tank containers is ranked No. 1 in the world; the Group is the top semi-trailer manufacturer in the world in terms of sales volumes; the Group's comprehensive competitiveness in boarding bridge business ranks among the world's leaders, as one of the world's three largest passenger boarding bridge manufacturers, and its market share in China has reached more than 95% for four consecutive years; and the Group is also one of the leading high-end offshore engineering equipment enterprises in China.

During the Reporting Period, there was no significant change in the principal business model of the Group, and the businesses contributing 10% or more to the Group's revenue included container manufacturing, road transportation vehicles, energy, chemical and liquid food equipment and logistics services, respectively.

### *Container Manufacturing Business*

The Group's container manufacturing business mainly consists of standard dry containers, reefer containers and special-purpose containers. The Group has the capacity to produce a full series of container products with independent intellectual property rights. Special-purpose containers include North American domestic 53-foot containers, European pallet wide containers, bulk containers, special-purpose reefer containers, flatracks and other products. During the Reporting Period, the Group remained No. 1 in the industry in terms of production and sales of containers.

In the first half of 2020, the pace of global economic growth slowed down amid the epidemic. Consequently, the global trade volume declined sharply and the growth rate of container transportation demand fell into a negative range, and customers significantly reduced their purchases of new containers. However, the lower manufacturing costs resulted from the decrease in the price of steel and other materials, coupled with the context of the industry's healthy and sustainable development actions, led to an obvious year-on-year container price hike. As a result, the overall profit margin of container industry maintained at a good level this year.

During the Reporting Period, affected by the declined demand for container business, the accumulated sales volume of ordinary dry containers of the Group reached 358,300 TEUs (same period in 2019: 573,600 TEUs), representing a year-on-year decrease of 37.53%; the accumulated sales volume of reefer containers reached 53,600 TEUs (same period in 2019: 50,700 TEUs), representing a year-on-year increase of 5.72%. The container business of the Group recorded a revenue of RMB8,448.783 million (same period in 2019: RMB11,332.500 million), representing a year-on-year decrease of 25.45%; and a net profit of RMB238.928 million (same period in 2019: RMB37.580 million), representing a year-on-year increase of 535.78%.

In the first half of 2020, the market demand for containers decreased significantly as compared to the same period last year. Notwithstanding the lower sales volume as compared to the same period last year, the standard dry containers enjoyed an obvious quarter-on-quarter and year-on-year per container price hike in the second quarter, and the reefer container business recorded a slight year-on-year increase. Overall, the profit margin of the Group in container business increased considerably as compared to the same period last year, and the production and operation were carried out in a normal and stable manner.

### *Road Transportation Vehicles Business*

CIMC Vehicles (Group) Co., Ltd. ("**CIMC Vehicles**"), a subsidiary of the Group, is principally engaged in the manufacture and sale of semi-trailers, truck bodies for specialty vehicles and refrigerated van bodies. CIMC Vehicles' product portfolio mainly include (1) global semi-trailer products, comprising skeletal container semi-trailers, flatbed trucks and their derivatives, curtain side semi-trailers, van semi-trailers, refrigerated semi-trailers, tank semi-trailers and other special types of semi-trailers; (2) China's truck bodies for specialty vehicles, comprising urban muck truck bodies and cement mixer truck bodies and fully-assembled vehicles; (3) refrigerated van bodies. Since tapping into the semi-trailer industry in 2002, CIMC Vehicles has maintained its leading position in the industry by building and improving a comprehensive "high-end manufacturing system", with its operational and technical advantages established on "concentration and innovation".

In the first half of 2020, the globalization of road transportation vehicles business was continuously affected by the global outbreak and spread of the COVID-19 epidemic as well as the impact of Sino-US trade tariffs. In the domestic market of semi-trailers, the Work Safety Commission of the State Council deployed the "Three-year Action Plan for National Safety Production Special Rectification" (全國安全生產專項整治三年行動計劃) in the first half of this year, which promoted the replacement of second-generation semi-trailers and the improvement of quality of semi-trailers in China. In the domestic market of specialty vehicles, the market sales rebounded rapidly, as driven by the greater efforts to invest in infrastructure in China. In the domestic market of refrigerated trucks, more consumers preferred to purchase consumer goods under e-commerce model due to the COVID-19 epidemic, driving the accelerated growth of the refrigerated van market. In the overseas market, there were many uncertainties in overseas markets because the downward pressure on the global economy has intensified and the export of foreign trade products have been blocked.

During the Reporting Period, the road transportation vehicles business of the Group achieved a total sales volume of 77,944 units/sets (same period in 2019: 90,123 units/sets), representing a year-on-year decrease of 13.51%; recorded a sales revenue of RMB11,190.519 million (same period in 2019: RMB12,713.598 million), representing a year-on-year decrease of 11.98%; and a net profit of RMB698.246 million (same period in 2019: RMB845.041 million), representing a year-on-year decrease of 17.37%.

In the domestic market: (1) CIMC Vehicles actively implemented the core measures of upgrading the "product modules" and continued to improve the "lighthouse" factories of CIMC Vehicles in China, which significantly increased the unit price and gross profit margin of semi-trailer products; (2) The industry-leading automated coating production line of Luoyang production base under CIMC Vehicles was successfully put into operation, which marked a major breakthrough in the upgrade of the production line of truck bodies for specialty vehicles of CIMC Vehicles. Cement mixer truck and urban muck truck bodies achieved good sales performance, gross profit margin remained stable, and products are among the best in the industry; (3) CIMC Vehicles launched the environmentally friendly, energy-saving and high-end refrigerated van bodies, which led the market in terms of sales volume. It also actively developed new retails, leading to significant increase in revenue and gross profit margin; (4) As the supply chain gradually returned to normal in the second quarter, revenue from components business in the PRC market stabilized.

In overseas markets: (1) For semi-trailer business in North America, during the epidemic, more than 10,000 units of semi-trailers were produced and delivered in the North American market with stable average gross profit margin and the localization of production and manufacturing process was also accelerated; (2) For semi-trailer business in Europe, LAG Trailer NV Bree, a subsidiary of CIMC Vehicles, had good control over the impact of the epidemic, and thus, production efficiency and order delivery gradually recovered, and gross profit margin increased; while SDC Trailer Ltd. was affected by the epidemic, and its revenue and gross profit margin declined as compared with the same period last year; (3) The supply chain of components in overseas markets has been impacted significantly, which affected the components business in North America, Europe and other markets, leading to a decline in revenue.

***Energy, Chemical and Liquid Food Equipment Business***

The Group's energy, chemical and liquid food equipment business segment is principally engaged in the design, development, manufacturing, engineering, sales and operations of various transportation, storage and processing equipment widely used in three sectors, namely clean energy, chemical environment and liquid food, as well as provision of relevant technical and maintenance services. The main operating entity is CIMC Enric Holdings Limited ("**CIMC Enric**").

During the Reporting Period, the Group's energy, chemical and liquid food equipment business recorded a revenue of RMB5,797.777 million (same period in 2019: RMB7,181.715 million), representing a year-on-year decrease of 19.27%; the net profit amounted to RMB156.838 million (same period in 2019: RMB363.421 million), representing a year-on-year decrease of 56.84%. Among the three major business segments of CIMC Enric, a subsidiary of the Group, the clean energy business recorded a revenue of RMB2,993.243 million (same period in 2019: RMB3,120.071 million), representing a year-on-year decrease of 4.1%; the chemical environment business recorded a revenue of RMB1,072.219 million (same period in 2019: RMB1,932.867 million), representing a year-on-year decrease of 44.5%; the liquid food business recorded a revenue of RMB1,021.611 million (same period in 2019: RMB1,507.136 million), representing a year-on-year decrease of 32.2%.

In the first half of 2020, the Group's energy, chemical and liquid food equipment business was affected by the COVID-19 epidemic. The production activities were delayed. The business suspension of customers also delayed the site work (especially the work of overseas projects) to different extent. (1) The clean energy segment: The segment adhered to the main development path of our core business, namely "equipment manufacturing + engineering services + comprehensive solutions", actively kept in line with national policies, and strategically deployed the entire industrial chain of natural gas. But the delivery and performance of customers' orders was delayed by the suspension of production and site work caused by the lockdown measures for fighting COVID-19. However, as the country announced stricter vehicle emission standards, the market witnessed rising demands for LNG-driven heavy trucks, which stimulated the sales volume of LNG fuel tanks to grow. (2) The chemical environment segment: Demands for standard tank containers decreased since the second half of 2019, and the overall demand in the tank container market declined significantly as the COVID-19 epidemic had a negative impact on the global trade. Although the segment was faced with pressure in the short term, its market position will be further enhanced in the long run. (3) The liquid food segment: Most of the businesses in the segment involved site work, and the outbreak of COVID-19 delayed the site work to a great extent, leading to the failure to realize delivery as scheduled. Despite that, the liquid food segment still strived to become the largest global engineering supplier in the distilled liquor industry. In the first half of 2020, the segment acquired 100% equity interest of McMillan (Coppersmiths & Fabricators) Ltd., which will help the segment realize full industrial chain coverage in the distilled liquor industry.

***Offshore Engineering Business***

Established under CIMC Raffles Offshore (Singapore) Limited ("**CIMC Raffles**"), a subsidiary of the Group, are four R&D and design companies, three construction bases and six operation and management companies, whose integrated operation model comprises design, procurement, manufacture, construction, commission and operation, and possesses the capability of mass and industrialised construction of high-end offshore engineering equipment and other special vessels as a general contractor. CIMC Raffles is also one of the leading contractors of high-end offshore engineering equipment in China and has always participated in international competitions within the offshore engineering market. Its major businesses include the design and construction of semi-submersible drilling platforms, semi-submersible accommodation platforms, jack-up drilling platforms, jack-up accommodation platforms, FPSO, liftboats, crane vessels, pipe-laying vessels, OSV, ocean tugs, mid-to-high-end yachts and other vessels, with its products covering the majority of offshore engineering products.

Since 2016, the international oil prices have been generally fluctuating at low levels. Under the tremendous impact of COVID-19 on the global crude oil market, crude oil prices plummeted to bottom in the first quarter of 2020. The low-oil-price business environment has had a direct impact on major energy companies in the world, who have unanimously announced investment cuts.

During the Reporting Period, as new orders for offshore engineering entered the construction period, the offshore engineering business of the Group recorded a revenue of RMB2,527.837 million (same period in 2019: RMB1,687.079 million), representing a year-on-year increase of 49.84%; and a net loss of RMB889.767 million (same period in 2019: net loss of RMB703.312 million), representing a year-on-year loss increase of 26.51%.

In the first half of 2020, CIMC Raffles newly acquired effective orders with a value of USD163 million, and the accumulated value of orders on hand reached USD765 million, of which non-oil and gas orders accounted for approximately 70%, showing a continuous growth trend. Newly acquired effective orders include 5 oil-and-gas modular projects, 4 offshore wind power projects, 1 fishery project, 1 traditional drilling and special ship business line project, and 1 ship repairing project. Project construction: the Sweden roll-on roll-off vessel H487 and the Y-TYPE yacht carrier H485 held the kick-off ceremony in March 2020; YinsonManiford module project contract and the wind power jacket project of Guangzhou Salvage Bureau under the Ministry of Transport both kicked off in April 2020; and "Bohai Hengtong", the largest multifunctional RORO in Asia, was launched in the same month, which represents the first project of CIMC Raffles in transformation for new growth drivers under the sluggish oil and gas market condition. Delivery: "Nordlaks", the world's most automated deep sea breeding vessel, was completed and delivered in April 2020; Genghai 1# Project, a blooming marine flower of steel, was towed and delivered in May; and the hull building project for Lingshui 17−2 semi-submersible platform was successfully completed and delivered at the construction base, Haiyang CIMC Raffles Wharf, in June.

***Airport Facilities, Fire Safety and Automated Logistics Equipment Business***

The principal businesses of the Group's airport facilities, fire safety and automated logistics system business are carried out through its subsidiary CIMC-TianDa Holdings Company Limited ("**CIMC TianDa**").

During the Reporting Period, the airport facilities, fire safety and automated logistics system business of the Group recorded a revenue of RMB2,190.809 million (same period in 2019: RMB2,353.548 million), representing a year-on-year decrease of 6.91%; and a net profit of RMB78.474 million (same period in 2019: RMB73.964 million), representing a year-on-year increase of 6.10%.

In the first half of 2020, the operation of the Group's airport facilities, fire safety and automated logistics system business is as follows: (1) The airport facilities equipment business: Affected by the COVID-19 outbreak, the Group's delivery and installation progress of boarding bridges and bridge-mounted equipment was delayed by going out and travel restrictions and other epidemic containment measures. As the epidemic prevention and control reported positive development, the Group made great efforts to catch up the schedule, and currently most of the projects are able to realize delivery and sales recognition in the second half as scheduled. In February, the Group won the bid for the boarding bridges and bridge-mounted equipment project of Clark International Airport in Philippines, with the value of order exceeding RMB70 million. The strength of professional service teams and the advantage of sufficient subcontracting resources of our overseas enterprises were fully exploited in supporting on-time delivery of overseas projects amid epidemic containment. (2) The fire and rescue vehicle business: Sales revenue and profit in the first half of 2020 recorded a decrease from the level of last year, for the production plan was affected by the supply chain issues (especially for imported chassis). Completing the acquisition of equity interest of Shanghai Jindun Special Vehicle Equipment Co., Ltd., Shenyang Jietong Fire Truck Co., Ltd and Albert Ziegler GmbH last year, CIMC TianDa has become the largest domestic fire truck group, and the strategic layout in respect of market, product and production has also been improved, which laid down a solid foundation for realizing the next plan of becoming the industry champion. The Group is now promoting the integrated operation of fire safety business unit to realize the maximum synergy, and the fire and rescue vehicle business will experience further development after the impact of COVID-19 fades away. (3) The automated logistics systems business: The Group continued to consolidate the logistics business unit vigorously, remained focused on the business and market, and became the reputable and reliable representative of automation solution providers to certain industries. While improving the project management, the Group developed competitive advantages of professionalism and high-efficient delivery. Although the project progress was delayed by COVID-19 in the first half of 2020, relevant parties have fully returned to work as the epidemic control reported positive results in China, and measures including adjusting the schedule and intensifying work efforts will be taken in the future.

### *Heavy Trucks Business*

The Group operates the heavy trucks business through its subsidiary C&C Trucks Co., Ltd. ("**C&C Trucks**"). The strategic vision of C&C Trucks is to build a high-quality heavy truck brand and provide the modernized transportation and logistics with first-class products and services. Its key products cover two categories, namely diesel and natural gas, and four series, namely tractors, mixer trucks, dump trucks, cargo trucks and special-purpose vehicles.

During the Reporting Period, the overall sales volume of C&C Trucks was 3,006 vehicles (same period in 2019: 3,646 vehicles), representing a year-on-year decrease of 17.55%. Sales revenue amounted to RMB880.921 million (same period in 2019: RMB1,111.420 million), representing a year-on-year decrease of 20.74%, and a net loss of RMB137.999 million (same period in 2019: a net loss of RMB43.698 million) was recorded, representing a year-on-year loss increase of 215.80%.

In the first half of 2020, the sales volume of C&C Trucks saw a relatively sharp year-on-year decline due to COVID-19 and other reasons. In spite of that, C&C Trucks focused on products, regional markets and channels in the first half, strengthened marketing system construction and strategy adjustment, and established a dedicated group to handle historical accounts receivable and slow-moving inventories and to vitalise existing assets. It further promoted the product lightweight development and the cost reduction and efficiency improvement.

### *Logistics Services Business*

The logistics service business of the Group is committed to becoming the leader characterising with "equipment + service" in multimodal transport industry in the PRC, focusing on the multimodal transport network layout of major domestic seaports, Yangtze River ports, railway central stations and major international routes. By carrying out equipment leasing and selling business, station operation business, freight services business, as well as ecological support business such as shipping agency, customs declaration, barge and fleet service, the Group endeavors to build a multimodal transport development model combining containers, goods and yards with railway stations as the foundation, equipment as the support, and cargo control as its core.

The unexpected COVID-19 outbreak had a great impact on the logistics sector and market in the first half of 2020. Countries hit by the epidemic were faced with economic downturn, which led to declining overall demands for international multimodal transport and project logistics. Consequently, our principal businesses were affected to different extent. In the first half of 2020, the logistics services business of the Group focused on multimodal transport strategy with the aim of proactively promoting new businesses, exploring new models, implementing multiple measures, controlling costs and capturing opportunities amid difficulties, thereby making progress in terms of both business transformation development and organizational management operation.

During the Reporting Period, the Group's logistics services business recorded a revenue of RMB4,451.534 million (same period in 2019: RMB4,310.316 million), representing a year-on-year increase of 3.28%; net profit was RMB232.089 million (same period in 2019: RMB90.772 million), representing a year-on-year increase of 155.68%, which was mainly affected by the gain arising from the transfer of equity interests in certain subsidiaries to unit load business during the Reporting Period.

In the second half of 2020, as the epidemic is controlled, the domestic manufacturing sector will recover gradually, and the international logistics business is expected to stabilize. The Group will continue to invest in developing the multimodal passage network, controlling core resources and expanding markets, and will also continue to enhance the cost management.

***Industrial City Development Business***

The industrial city development business of the Group is operated mainly through its controlled subsidiary Shenzhen CIMC Industry & City Development Group Co., Ltd. ("**CIMC Industry & City**") and its subsidiaries. Its principal businesses include the development of complexes in industrial cities, development and operation of industrial parks, etc.

During the Reporting Period, the Group's industrial city development business recorded a revenue of RMB1,262.133 million (same period in 2019: RMB563.308 million), representing a year-on-year increase of 124.06%; and a net profit of RMB135.776 million (same period in 2019: RMB78.253 million), representing a year-on-year increase of 73.51%. During the Reporting Period, the revenue and net profits increased significantly as compared with the same period of last year, mainly due to carrying-forward of projects.

In the first half of 2020, the Group's industrial city development business adhered to development strategy of industry and city integration, focusing on the development of two major core areas of Guangdong-Hong Kong-Macao Greater Bay Area and Yangtze River Delta. Overcoming the impact of the COVID-19 epidemic, the Group recorded real estate contracted pre-sale amount of RMB3.819 billion and contracted payment of RMB2.9 billion in the first half of 2020. During the Reporting Period, the first phase of the CIMC Gemdale Meilan City Project in Baoshan, Shanghai was launched, and was about to be capped after completion of the main body construction. The subscription amount reached RMB2.192 billion with accumulated payment of RMB1.16 billion. Qianhai Pre-initiation Project in Shenzhen, the Prince Bay Project in Shenzhen and the Low-orbit Satellite IoT Industrial Park Project in Guangming District of Shenzhen were under rapid development.

***Finance and Asset Management Business***

The Group's finance and asset management business is devoted to establishing a financial service system which matches the Group's strategic role as a leading manufacturer in the world, enhancing the efficiency and effectiveness of the Group's internal capital utilisation, and providing various financial service measures for the Group's strategy extension, business model innovation, industrial structure optimisation and overall competitiveness enhancement. The main operating entities consist of CIMC Financial Leasing Co., Ltd., CIMC Finance Co., Ltd. and offshore engineering asset management platform companies.

During the Reporting Period, the finance and asset management business realized a revenue of RMB1,134.684 million (same period in 2019: RMB940.284 million), representing a year-on-year increase of 20.67%. Net profit amounted to RMB178.750 million (same period in 2019: RMB199.065 million), representing a year-on-year decrease of 10.21%.

In the first half of 2020, CIMC Financial Leasing Co., Ltd. firmly adhered to the strategic positioning of "integration of industry and finance", focused on the Group's core business ecosystem, consolidated the operational and financial synergies in the Group's manufacturing segment, stuck to the strategy of "quality first, strict risk control" and further adjusted and improved the comprehensive risk management system. For the first half of 2020, the launching of new businesses met expectations and maintained safe and steady development on the whole.

In the first half of 2020, CIMC Finance Co., Ltd. launched comprehensive services to meet financing requirements of member companies and industry chain enterprises, set differentiated financial service plans during the outbreak of COVID-19, and offered enterprises different financial support based on their locations, industries and business types. It provided a total of RMB6,700 million in the first half of 2020 by renewing credit, granting new credit, deferring interest payment and reducing charges, thus ensuring a smooth capital chain of the Group with multiple measures. In the meantime, CIMC Finance Co., Ltd. strictly implemented the management and control measures of the Group for special period, further strengthened the centralized capital management, improve the liquidity and enhanced the risk management to ensure that the overall capital chain of the Group was safe and stable.

In the first half of 2020, CIMC's offshore engineering asset management business quickly responded to negative impacts of COVID-19. On one hand, it coordinated resources to actively prevent the epidemic and ensured that projects were not suspended due to the epidemic. On the other hand, it strengthened the cooperation with core customers to achieve the stability and timely collection of leases on hand. For asset operation, 9 enforceable leases were signed. In particular, the "Deepsea Yantai" semi-submersible drilling platform had a lease rate of 99.9% in the first half of 2020, and assisted the owner to discover new oil and gas resources in the North Sea of Norway. The "Blue Whale No. II" ulta-deep water drilling platform made contributions to the success of China's second round of natural gas hydrate pilot production. The "OOS Tiradentes" life support platform operating in Brazil received a new operation notice from Petrobras; several jack-up drilling platforms continued to operate in the Bohai Bay and the Gulf of Mexico where the timely collection rate remained above 90%.

***Unit Load Business***

In March 2020, the Group integrated member companies which were engaged in the logistics vehicles business and established CIMC Unit Load Holdings Co., Ltd. ("**CIMC Unit Load**"). The company has three major business lines: research, development and manufacturing, leasing operation and multimodal transport, focuses on automobile, liquid chemical and rubber industries and provides professional and comprehensive solutions for integrating packaging and transportation of unitized logistics vehicles. After the integration, CIMC Unit Load is of great significance to realize the strategy of "focusing on smart logistics equipment".

During the Reporting Period, the unit load business realized a revenue of RMB1,286.512 million and recorded a net loss of RMB0.74 million under the impact of macro environment.

In the first half of 2020, vehicle manufacturing, leasing operation and multimodal transport businesses of CIMC Unit Load were affected by COVID-19 and global trade frictions to different extent. The vehicle manufacturing was affected by the epidemic, which led to significant decrease in the revenue and the net profit generated from domestic and overseas markets from the levels of corresponding period of last year, especially the overseas market. Although currently the market continues to recover, it rebounds with a weak momentum, and some countries and regions report resurgence of the outbreak. The leasing operation was less affected by the epidemic and maintained a stable operation; the multimodal transport business was hit the worst among the three, and the main reasons were that: economic activities almost stagnated, and people were forbidden from going out or travelling in February to April due to COVID-19; domestic ports, railway stations and other logistics points suspended operation for a period of time, which led to high costs of capacity idleness incurred on ships, vehicles and transportation resources in this business line. Faced with the severe external environment, CIMC Unit Load adopted a series of measures and the business has a positive net profit at present.

***Others Businesses:***

*Modular Building Business*

CIMC Modular Building Investment Company Limited ("**CIMC Modular**"), a subsidiary of the Group, is engaged in modular building business. As a company that is customer-centric, technology-led and innovation-driven, CIMC Modular develops a one-stop service model of "manufacturing + finance + service" integrating the production and finance, striving to become a technological leader in global green modular buildings. During the Reporting Period, the "Technical Regulations for Box-Type Steel Structure Integrated Modular Buildings (《箱式鋼結構集成模塊建築技術規程》)" compiled by CIMC Modular was promulgated and formally implemented by the China Association for Engineering Construction Standardization. The establishment of a design institute with Grade A design qualification has further improved the position of CIMC Modular in the domestic industry.

Overseas markets: The modular building business further cultivated the existing markets amid the COVID-19 epidemic. In the meantime, expansion in Northern Europe market delivered positive outcomes: the first steel structure modular hotel project delivered in Iceland was completed and received great attention from all sectors of the local community; during the Reporting Period, the business obtained the technology certification from authoritative institutions in Norway, and the first modular hotel project was signed with the strategic partner in Norway, the delivery of which is expected to be completed in August.

Domestic market: CIMC Modular actively participated in the construction of industrialized building and the "Belt and Road" with sufficient orders on hand. It further consolidated its cooperation with renowned technology groups, succeeded in delivering a number of domestic information center projects. During COVID-19, CIMC Modular supported medical staffs who worked at the frontline fighting the virus and built apartments for them, delivering a great model effect and further improving its influence in the domestic market. In actively exploring the promotion and application of two new fields, school and visitor centers, it completed contracting signing in both fields, and there were ongoing negotiations about other orders. The first modular school project in Jiangxi Province was delivered, and the first modular visitor service center in the region was put into service.

Hong Kong market in China: The first permanent high-rise and high-end talent apartment project in Hong Kong was delivered on time, through which, CIMC Modular gained advantages in the competition of Hong Kong's modular building market. In order to support the emergency fight against epidemic in Hong Kong, the quarantine center project in Pat Heung was quickly delivered, making contributions to the fight against epidemic in Hong Kong.

***New Business Expansion:***

*Cold Chain Equipment Business*

Under the backdrop of increasing per capita income and consumption upgrade and with the aim of ensuring food quality and reducing food waste, the Company, as the largest cold chain logistics equipment solution provider in the country, actively consolidated the advantageous resources of business segments and strengthened the strategy arrangement aiming to make contribution to the healthy and orderly development by industry-leading whole-cold-chain logistics equipment solutions and forward-looking operation services.

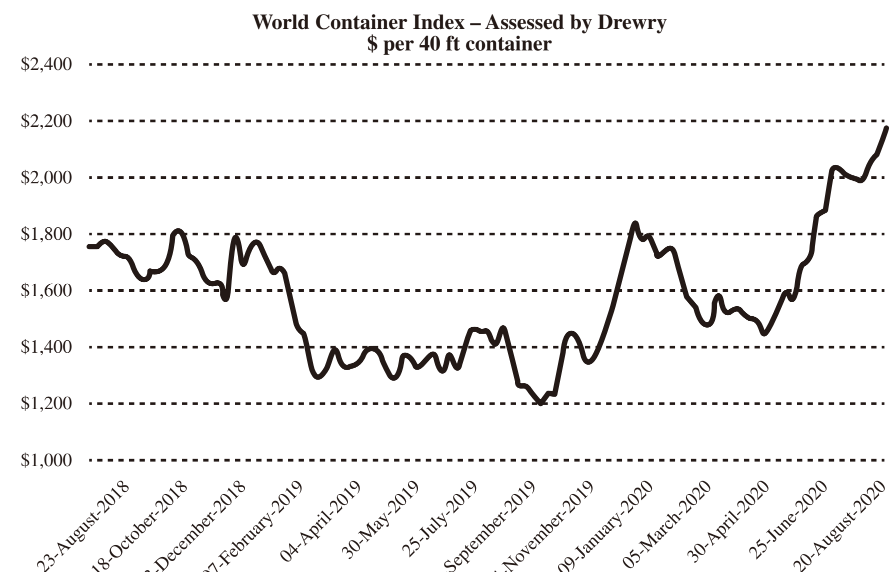
Leveraging its own resources, the Company has developed a series of cold chain equipment so far, including reefer containers, refrigerated trailers, refrigerated van bodies, small cold chain logistics equipment, smart cold chain logistics and warehousing system and mobile cold warehouse, and established a cold chain logistics service company which specializes in cross-border fresh food transportation and provides one-stop cross-border whole-process cold chain transportation services integrating ocean freight and land transportation. It established a relatively mature cold chain logistics information platform, achieved temperature monitoring and remote adjustment in the course of food cold chain logistics, and ensured the food safety and traceability. It the meantime, the Company actively expanded to medical cold chain, aviation cold chain and other fields that had higher requirements on temperature control. Take medical cold chain as an example, during COVID-19, the "Lengyun" team of Beijing CIMC JingXin XiangNeng Technology Co., Ltd. succeeded in sending test kits and other medical materials to hospitals of Hubei and other regions hit hard by the virus and to affected countries in Europe, Africa, North America and Middle East, offering support to the local people to fight against the epidemic. Given that the domestic cold chain logistics market is more standardized and that demands grow continuously and rapidly, the Company is upbeat about the future of cold chain business.

## 5.3 Prospects and Initiatives

### *5.3.1 Industry Development Trends and Market Outlook in the Second Half of 2020*

In the second half of 2020, the domestic economy will gradually recover and improve from the impact of COVID-19 epidemic, and the global economy will gradually show marginal improvement to a lesser extent. Although there are still uncertainties in multilateral trade, especially the economic and trade relationship between China and the United States, global shipping, especially containers trade has shown trends of bottoming out and recovery. It is expected that the impact of COVID-19 epidemic will gradually weaken, and the global economy will recover slowly. In the second half of 2020, a series of economic policies introduced by China, especially the establishment of "a development pattern in which domestic economic cycle plays a leading role while international economic cycle remains its extension and supplement", are expected to promote the steady recovery of domestic demand, and the quarter-by-quarter growth of domestic economy will become the general trend.

**In respect of the container manufacturing business:** According to the latest prediction made by CLARKSON (an authoritative industry analyst), the volume of global container trade would bottom out and meet a turning point, while the growth of trade will rebound to 7.4% till 2021. Affected by the continued global spread of the epidemic, demand in the container industry dropped significantly in the first half of 2020, and the customers generally strengthened their control over costs and cash flow and were relatively not willing to purchase containers. With the gradual resumption of work and release of limits in Europe and the United States, the container trade is gradually recovering, coupled with factors such as the better-than-expected earnings of container industry in the first half of 2020 and the seasonal market boom in the third quarter, customers' willingness to purchase containers will increase significantly in the second half of 2020. The World Container Index assessed by Drewry, an international shipping research and consulting firm, has rebounded rapidly since July, hitting a record high in 2020. It is expected that there will be great improvement in demand for containers in the second half of 2020 compared with that in the first half of 2020, and the demand for the whole year will slightly decrease compared with last year. However, the demand will probably rebound next year.




**In respect of road transportation vehicles business**: The manufacturing segment is faced with strong headwinds in the path of globalization in the second half of 2020: the escalating trade frictions between China and the United States, and the cyclical falling demands of semi-trailers in the European market. In contrast, China's transportation industry enters the window period for upgrading. As the new national standard of second-generation semi-trailers becomes effective in 2020, the 17.5-meter flatbed semi-trailers and the ultra-long fence semi-trailers, currently in service in China, are expected to be replaced by van semi-trailers and curtain side semi-trailers, and the upgrading of semi-trailers driven by the Chinese government's effort to regulate overloading will be promoted from a small scope to a large scale. From a micro perspective, specialty vehicles, eco-friendly urban muck truck bodies and light-weight durable cement mixer truck are benefiting from the Chinese government's strong environmental protection initiatives and strict overloading regulation, and are embracing a development window period. After the COVID-19 epidemic, demands for urban muck trucks and cement mixer trucks that meet the standard will rise strongly; China's fresh product logistics will also enter a long-term growth cycle as the service industry accounts for a greater proportion in the GDP. Demands for refrigerated vans and urban distribution vehicles will become strong after the COVID-19 epidemic.

**In respect of energy, chemical and liquid food equipment business**: As the epidemic is controlled effectively in the country, the resumption of work and production will be promoted in an orderly manner in the second half of 2020; China's economy recovers steadily since the second quarter, and the market expects that the overall economy will witness positive development. China's natural gas consumption demands will continue to grow; therefore, demands for LNG storage and transportation equipment and downstream application equipment will increase greatly, and the clean energy segment as a whole will benefit from the trend. For the chemical environment segment, demands for tank containers in emerging markets will experience gradual growth in response to the replacement and upgrading of traditional transportation modes for local chemical sectors and the high attention to safe, green and efficient transportation of hazardous goods, which will support the global tank container market to maintain a certain level of growth. In the meantime, the country has increased inputs in water environment, air pollution, soil pollution and industrial solid wastes year on year, which will continuously create favorable conditions to the prospect of chemical environment segment. In the liquid food segment, the development strategy will be reviewed continuously; the segment will actively explore more business opportunities, and make full use of its ability to improve the business positioning.

**In respect of the offshore engineering business:** In the second half of 2020, the outbreak of the epidemic and low oil prices together with the major trend of energy transition in future will accelerate the transition from traditional oil and gas to offshore renewable energy with current focus on the expansion of offshore wind power along with future development of offshore hydrogen production, offshore energy (wave energy, tidal energy, temperature difference energy, etc.). To mitigate the impact of the oil and gas cycle fluctuations, non-gas and oil offshore business will be greatly expanded, and it will become the major development momentum in future. Currently, the Group places a particular emphasis on the development of the offshore industry such as deep-sea and offshore fishery that is closely related to big spending.

**In respect of the airport facilities, fire safety and automated logistics equipment business:** In the second half of 2020, due to relaxation of epidemic prevention and control measures in regions and implementation of stimulus policies by the government, it is expected that the overall demand for airport facilities in the market will remain strong. The growth momentum is mainly attributable to facilities upgrade, smart renovation and airport services. In terms of airport facilities equipment business, the GSE (Ground Support Equipment) business, our shuttle buses will continue to maintain its leading position in the industry. The Group will strive to develop other special environmental-friendly vehicles to satisfy the demand for "green airport". Regarding the fire safety and rescue business, the global market will demonstrate an upward trend amid overall stability. There will be updated and new demand in developed countries and developing countries, respectively. The boundary of the fire safety and rescue equipment in the PRC will be reshaped. The sector will witness an increase in market demand and a decrease in market share of imported enterprise, which will be beneficial to the enhancement in market share of domestic leading enterprises. The domestic market demand will increase after the epidemic. In addition, due to rapid development of urbanization construction nationwide, cities are ripe to be equipped with a comprehensive fire safety and rescue equipment system, which will be conducive to the development of the fire vehicles and fire equipment business. With respect to the automated logistics systems business, resumption of work and production will be affected to a certain extent as a result of insufficient raw materials and labor force under the impact of the epidemic. However, according to the review and implication of the outbreak of "SARS" in 2003 and MERS in the South Korea in 2015, both manufacturing industry and logistics industry demonstrated strong resilience after the epidemic was under control. With regard to this, the automated logistics market will maintain a rapid development trend going forward.

**In respect of the heavy trucks business:** In the second half of 2020, the sales of heavy trucks will be significantly enhanced due to eco-upgrade undertaken by the government, elimination of the yellow-label vehicles, upgrade of China III vehicles, investment and construction of major infrastructure projects for internal demand in respective provinces, extraordinary development of e-commerce, Wechat merchants and new retail industry, development and upgrade of green tunnels and cold chain logistics. There will be significant market opportunities for diesel trucks, natural gas trucks, tractors, dump trucks, mixer trucks, various general cargo and dangerous goods trucks meeting China V and China VI emission standards. Regulations governing overloading and legal limit will remain strict. The decrease in transportation capability will result in an increase in demand. Furthermore, there will be increasing development opportunities for light weighted, standard transportation and compliant vehicles.

**In respect of the logistics services business**: In the second half of 2020, the successive introduction of policies to encourage the development of import and export logistics enterprises, such as stabilizing foreign trade, taxes and fees reducing, one-stop customs clearance, and actively promoting multimodal transport and railway reform by the PRC government will bring good opportunities for the development of logistics business. However, due to the shift of the manufacturing industry, the long-term effect of the epidemic and the trade frictions between the PRC and the US, in the second half of 2020, the burden on import and export business in the PRC remains heavy, and there are still uncertainties in logistics business.

**In respect of industrial city development business:** The economy will be subject to numerous uncertainties in the second half of 2020. But the industrial city development business will see the co-existence of opportunities and challenges as the epidemic will be controlled by the country and the economy will recover gradually. On the one hand, the COVID-19 epidemic and the new urbanization will promote the industry chain reorganization and the production space reconstruction; the epidemic will stimulate the development of new industries and the transition and upgrading of traditional industries; the country will vigorously advance the new infrastructure. All of these will bring tremendous opportunities to the industrial city development business. The falling loan prime rate (LPR) and the easing monetary policy will also be favorable for industrial parks to develop and operate and to seek financial resources, thus relieving the operation pressure. On the other hand, the land use policy for the industry will be stricter, which, coupled with the requirement of development smart industrial park, the financialization trend of industrial park assets and the escalated industry reshuffle, will set higher requirements to the expansion of the industrial city development business, the industrial park construction, the industry operation and the capital management ability.

**In respect of finance and asset management business:** In the second half of 2020, the finance lease industry will shift from the exponential growth to the steady development stage under the backdrop of COVID-19 epidemic, downturn pressure on both the national economy and the world's economy, and normalization of finance lease regulation; the industry will witness a slower growth. CIMC Financial Leasing Co., Ltd. will return to the original mission of leasing business, deeply cultivate the physical industry, combine capital with equipment, make use of Fintech and develop the competitive advantages of professionalism and differentiation based on leased assets. In the second half of 2020, as the global offshore engineering asset management industry will further carry out the transition of the mode of development from scale to quality, the high-quality offshore engineering assets currently held by the Company will play a dominant role to realize further development of its business in foreign and domestic markets. In addition, CIMC's offshore engineering asset management business will further follow national and local policies to achieve an integrated development of its business and local economy.

**In respect of unit load business:** The government will adopt the strategy of stimulating domestic demands in the second half of 2020 to cope with the economic slowdown. Local governments will announce policies in succession to support the automobile industry; the automobile industry will recover gradually, and the growth of auto mobile sales will turn from negative to positive. As a result, equipment leasing demands of automobile and rubber industries will rebound. Because of the second wave of COVID-19 outbreak and the China-United State trade frictions, the global trade will remain grim, the industrial manufacturing sector will see a weak sales performance, and the liquid chemical (mainly coating) equipment leasing business will be affected greatly. Considering the gradual recovery of domestic economy and the vigorous promotion of new infrastructure, it is expected that railway freight demands will rebound rapidly in the second half of 2020.

### *5.3.2 Overall Operation Targets for Business Development and Initiatives of the Group in the Second Half of 2020*

In the second half of 2020, the Group will persist in its strategic positioning of "manufacturing + service + financing", continue to promote the transformation and upgrade of its businesses, and extend its manufacturing segment toward the service segment based on customer needs. The Group will also continue to improve its global operating capabilities, optimise its businesses and assets, accelerate the clustering of industries, and develop competitive advantages in its industrial chain. In terms of technological upgrade, business model and management mechanism, the Group will strive for constant innovation and risk control. The Group will also strive to grasp changes in the market and complete the layout of its emerging industries and innovative businesses in order to achieve sustainable quality growth.

**In respect of the container manufacturing business**: In the second half of 2020, in the face of the global spread of the epidemic, the Group will continue to respond positively to the various initiatives in respect of the healthy and sustainable development of the industry advocated by the China Container Industry Association, and fully seize the opportunities arising form the market changes at the meantime to improve the profitability of our major businesses. At the same time, through carrying out innovative upgrade and connotative optimisation, the Group will continue to reshape its core competitiveness in the container manufacturing business, strengthen and enhance its leading position in the container manufacturing industry. The Group will further accelerate the upgrading and transformation of production lines for containers through intelligent manufacture upgrading projects, in particular, the improvement of the automation level of the production line and the green development level of HSE.

**In respect of the road transportation vehicles business**: In the second half of 2020, CIMC Vehicles intends to comprehensively build a "high-end manufacturing system" through digital analog design, automated manufacturing, and digital management. Stimulated by the demand of "new infrastructure", CIMC Vehicles will continue to strengthen the edges of its environmental-friendly urban muck truck and light-weight high-strength durable steel cement mixers, enhance cooperation with main machinery plants, and increase the economies of scale of "lighthouse" factories, so as to expand market share. It will continue to expand the layout of production plants for refrigerated van bodies, and accelerate the design and development of new generation product modules, thus seizing the opportunity of a rapid-growth market. In terms of overseas markets, CIMC Vehicles will, insisting on the business philosophy of "transoceanic management and local manufacturing", promote the localized production of semi-trailers in North America and Europe, while riding on the advantages of "lighthouse" factories and global supply chain platform, minimize the cost of localized production and increase production effectiveness.

**In respect of the energy, chemical and liquid food equipment business:** In the second half of 2020, the clean energy segment of the Group's energy, chemical and liquid food equipment business will continue to seize new opportunities in the development of unconventional natural gas processing and application equipment and offshore LNG applications. Meanwhile, it will further consolidate the overseas energy business, and increase resource inputs to the clean energy field and other new business chains. On the condition of strengthening its leading position in the standard tank container market, the chemical environment segment will vigorously develop the application field of special tank containers, improve the intelligence level of products, leverage the IoT technology to help customers to improve operating efficiency and achieve smart logistics. The segment will build the whole-chain operation ability by basing on the core competence of equipment manufacturing, making technological innovation in the field of environmental improvement as the core competitiveness and focusing on the industrial hazardous waste treatment business. It will promote the large-scale and intensive development and realize the innovation-driven development of environmental protection business. Leveraging the core technology and the engineering procurement construction advantage, the liquid food segment will advance the two-dimension development, vertically, beer industry chain, and horizontally, other liquid food businesses, so that it can expand businesses in the global market and develop the non-beer food equipment and project business.

**In respect of the offshore engineering business:** In the second half of 2020, the Group will continue to actively carry out business transformation and layout of the offshore engineering business, and actively exploring the introduction of strategic investors, aiming to develop the Group into a provider of comprehensive marine resource development solutions with international competitiveness. The Group plans to implement the following key measures: (1) de-stocking: pursuing leasing and disposal of existing assets and improving asset operation and management mechanism; (2) structure adjustment: stabilizing the industrial fluctuation cycle and the industrial structure with high-tech products to form a 50/50 business portfolio and production capacity allocation for oil and gas and non-oil and gas businesses; (3) resource integration: leveraging on the core capabilities of the industrial chain (design/equipment) to integrate the state-owned enterprises and leading domestic and foreign enterprises, and strive to become a member of the offshore industrial chain ecosystem; (4) management upgrade: adhering to refined management, starting a new business to continue to introduce intelligent digital technology and build offshore intelligent design platform.

**In respect of the airport facilities, fire safety and automated logistics equipment business**: In the second half of 2020, the airport facilities, fire safety and automated logistics equipment business of the Group will continue to cultivate strategic market, consolidate and enhance market share, maintain the leading position in the global market of boarding bridge. The Group will strengthen product life cycle management, improve service system, expand broader service business with the support of information technology and big data and substantially increase the sales proportion of service business. On the basis of self-manufacturing upgrade, the airport facilities equipment business will seek possible value-added space in service and consumer side along the industrial chain. Fire safety and rescue business will further deepen the integrated operation and management, unify service, R&D and procurement, increase overall coordination at the sales and production levels and respond proactively to the supply chain issues that may arise afterwards by adjusting the production process; it will also, continue to optimize and innovate the overall solution of fire truck rental, and start new model of "equipment + finance + service" for fire truck business and gradually promote nationwide. Automated logistics systems business will continue to carry out strong integration, focusing on business and market, do well in project management, and form competitive advantages at specialization and efficient delivery.

**Heavy trucks business:** In the second half of 2020, C&C Trucks will continue to carry out work by following the operation strategy of "business concentration, organization and empowerment, risks control and quality development". In the marketing aspect: it will further develop high-quality clients and orders and strengthen the management of accounts receivable. In the product aspect: it will focus on the lightweight development of dump trucks and mixer trucks, upgrade the driver's cab of engineering vehicles, develop large-capacity dual fuel tank and gas cylinder, and improve the mileage per charge. It will improve the terminal service efficiency, enhance the internal redline management, improve the quota management, strictly control the number of staff members, accelerate the disposal of low-efficiency assets and strengthen efforts to reduce business cost.

**Logistics services business:** In the second half of 2020, in the face of changes of internal and external environments, the logistics segment will remain committed to becoming the leader characterizing with "equipment + service" in multimodal transport industry in the PRC and strive to realize steady growth in the severe economic situation. Following the strategy of "one brand, one team and one goal", it will promote the connection, communication and concentration of the business sectors, enhance the capabilities of strategic leading, organizing and empowering, and business promoting, and advance the profound combining of products, customers and strategic resources to further optimize the overall business structure.

**Industrial city development business:** In the second half of 2020, CIMC Industry & City will stick to the development strategy of "one body two wings, light and heavy go hand in hand", based in the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta, focus on key industries such as smart manufacturing, new generation information technology, new energy, life and health and smart logistics, provide governments and business partners with investment, construction, investment attraction, operation, comprehensive supporting services that cover the whole cycle of industrial park, and establish a standardized system with industrial city complex, industrial park and incubator.

**Financial and asset management business:** In the second half of 2020, CIMC Financial Leasing Co., Ltd. and CIMC Finance Co., Ltd. will continue to deepen the coordination of industry and finance, adhere to the Group's overall strategic goal and the management and control requirements for special period, gradually develop a diversified financing system and financing capability and realize sustainable development based on the physical industry. In the second half of 2020, offshore engineering asset management platform companies will continue to promote efficient operation and management, and facilitate potential capital coordination.

**Unit load business:** In the second half of 2020, CIMC Unit Load will be committed to the following aspects: (1) for the research, development and manufacturing business line, it will strengthen the development of domestic market while maintaining existing clients; (2) for the leasing operation business line, it will adjust the product structure as appropriate, accelerate the business arrangement and the investment in new products, and improve the market share in the second half of 2020; (3) for the multimodal transport business line, it will accelerate the construction of domestic platform with railway transportation as the core, make full use of existing client resources and business foundation while targeting the industries of steel, chemical, fast moving consumer goods and provide industry solutions led by innovative equipment by following the core concept that "pack bulk cargo into containers for transportation and adopt standardized transportation for non-standard cargos."

### *5.3.3 Major Risk Factors of the Group*

In the second half of 2020, the business operation environment of the Group will still be exposed to the following macroeconomic and policy adjustment risks.

- **Risk of economic periodic fluctuations:** The industries that the principal business of the Group is engaged in are dependent on global and domestic economic performance and often vary with economic periodical changes. In recent years, the global economy has become increasingly complex with increasing uncertainty factors. In particular, the rise of the trade protectionism will have a negative impact on the growth of the global economy and trade. Downward pressure on the domestic economy is mounting, the overall economic vitality is weak, and the growth rate of consumption and investment is slowing down. There are risks that the growth of the Group's various principal businesses might slow down. The changes and risks in the global economic environment demand higher requirements on the Group's operating and management capabilities.

- **Risk of economic restructuring and industry policy upgrade in China:** China's economy entered into the new normal and the government comprehensively deepened supply-side structural reform to push forward the transformation and upgrade of economic structure. The changes in new industrial policies, tax policies, etc. that have a huge impact on business operations have resulted in uncertainties to the future development of the industry. The main businesses of the Group, as part of the traditional manufacturing industries, will face certain policy adjustment risks in the coming years.

- **Risk of trade protectionism and anti-globalisation:** As affected by trade protectionism measures implemented by China and the US as well as the US presidential election, the unilateralism prevails in the US and it frequently takes unfair trade protectionism measures against Chinese enterprises. Along with the worldwide outbreak of the epidemic, the trend of anti-globalisation is becoming more obvious. Part of the Group's principal businesses will be affected by global trade protectionism and anti-globalisation, such as anti-monopoly, anti-subsidy and anti-dumping investigations, etc.

- **Fluctuations of financial market and exchange risks:** The presentation currency of the consolidated statements of the Group is RMB. The Group's exchange risks are mainly attributable to the foreign currency exposure resulting from the settlement of sales, purchases and finance in currencies other than RMB. During the process of promoting Renminbi internationalisation, and under the backdrop of constant volatility in the global financial market, the exchange rate of RMB against USD will fluctuate with increasing frequency and volatility, thus making it more difficult for the Group to manage its foreign currencies and capitals.

- **Market competition risks:** The Group faces competition from both domestic and foreign enterprises in respect of its various principal businesses. In particular, a weak demand or relative overcapacity will lead to imbalance between supply and demand, which will cause intensified competition in the industry. In addition, the competition pattern of the industry may change due to entry of new players or improved capacity of existing competitors.

- **Employment and environmental protection pressure and risks:** With demographic changes in China and gradual loss of demographic dividend, labour costs in China's manufacturing industries have been continuously rising. Automation represented by robots is becoming one of the key directions for future upgrading of the traditional manufacturing industries. In addition, China has been attaching increasing attention on environmental protection and carrying out sustainable development strategies, strengthening environmental protection requirements for China's traditional manufacturing industries.

- **COVID-19 related risks:** Early in 2020, the world was faced with a more severe and complex economic situation as COVID-19 had swept the globe. Although COVID-19 was effectively contained in China for now, it further spread in other countries and regions, and the development in other countries was subject to high uncertainty, all of which had a more complex impact on China's economy. In response to the current severe situation faced by the Group in such a special period, the Group has adopted a series of key measures, such as establishing a "Special Period Decision-making Committee", further enhancing the awareness of risk management and control, and implementing the management and control measures.

## 6 MANAGEMENT DISCUSSION AND ANALYSIS (PREPARED IN ACCORDANCE WITH RELEVANT REQUIREMENTS OF THE HONG KONG LISTING RULES)

The financial data below is extracted from the unaudited 2020 interim financial statements prepared by the Group in accordance with CASBE. The following discussion and analysis should be read together with the 2020 interim financial statements and theirs notes set forth in other chapters of the Announcement.

**Changes in Accounting Policies for the Reporting Period**

For changes in accounting policies for the Reporting Period, please refer to "11.2 Explanation for Changes in Accounting Policy, Accounting Estimates and Calculation Method as Compared with those for the Financial Report of the Previous Year" in the Announcement.

### 6.1 Key Financial Figures Analysis

***Consolidated Operating Results***

During the Reporting Period, the Group recorded revenue of RMB39,431.807 million (same period in 2019: RMB42,717.729 million), representing a year-on-year decrease of 7.69%, and net loss attributable to shareholders and other equity holders of the parent company of RMB182.797 million (same period in 2019: net profit of RMB679.829 million), representing a year-on-year decrease of 126.89%. For details, please refer to "5.1 Overview of the Operating Results during the Reporting Period" and note 6 of "11 2020 Interim Financial Report" in the Announcement.

*Composition of Principal Businesses during the Reporting Period*

*Unit: RMB thousand*

| | Revenue (unaudited) | Cost of sales (unaudited) | Gross profit margin (unaudited) | Changes in revenue from the same period of the previous year | Changes in cost of sales from the same period of the previous year | Changes in gross profit margin from the same period of the previous year |
|---|---|---|---|---|---|---|
| **By industry/product** | | | | | | |
| Container manufacturing | 8,448,783 | 7,585,176 | 10.22% | (25.45%) | (27.46%) | 2.50% |
| Road transportation vehicles | 11,190,519 | 9,773,123 | 12.67% | (11.98%) | (10.75%) | (1.20%) |
| Energy, chemical and liquid food equipment | 5,797,777 | 4,965,399 | 14.36% | (19.27%) | (17.20%) | (2.13%) |
| Offshore engineering | 2,527,837 | 2,519,805 | 0.32% | 49.84% | 48.18% | 1.11% |
| Airport facilities, fire safety and automated logistics equipment | 2,190,809 | 1,714,349 | 21.75% | (6.91%) | (9.37%) | 2.12% |
| Heavy trucks | 880,921 | 901,075 | (2.29%) | (20.74%) | (14.84%) | (7.09%) |
| Logistics services | 4,451,534 | 4,154,649 | 6.67% | 3.28% | 5.70% | (2.14%) |
| Industrial city development | 1,262,133 | 784,593 | 37.84% | 124.06% | 239.89% | (21.18%) |
| Finance and asset management | 1,134,684 | 829,340 | 26.91% | 20.67% | 28.79% | (4.60%) |
| Unit load | 1,286,512 | 1,150,945 | 10.54% | – | – | – |
| Others | 1,470,735 | 1,273,017 | 13.44% | (22.68%) | (22.82%) | 0.16% |
| Elimination between segments | (1,210,437) | (1,285,239) | (6.18%) | 12.17% | (17.74%) | 7.20% |
| Total | 39,431,807 | 34,366,232 | 12.85% | (7.69%) | (6.99%) | (0.66%) |
| **By region (by receiver)** | | | | | | |
| China | 24,450,132 | – | – | 14.76% | – | – |
| America | 4,795,277 | – | – | (47.72%) | – | – |
| Europe | 6,394,783 | – | – | (16.18%) | – | – |
| Asia (regions excluding China) | 3,253,159 | – | – | (9.56%) | – | – |
| Others | 538,456 | – | – | (46.89%) | – | – |
| Total | 39,431,807 | – | – | (7.69%) | – | – |

*Segment information*

For details of the segment information of the Group during the Reporting Period, please refer to "5.2 Review of the Principal Businesses during the Reporting Period" and note 13 of "11 2020 Interim Financial Report" in the Announcement.

***Gross profit margin and profitability***

During the Reporting Period, the gross profit margin of the Group was 12.85% (same period in 2019: 13.51%), representing a decrease of 0.66%. Among the principal businesses, the gross profit margin of the container manufacturing business, offshore engineering equipment business and airport facilities/fire safety and automated logistics equipment business increased, the gross profit margin of the industrial city development business significantly decreased and the gross profit margin of the remaining segments remained basically stable or slightly decreased as compared with the same period of the previous year.

***Non-operating income***

During the Reporting Period, the non-operating income of the Group was RMB83.485 million (same period in 2019: RMB165.859 million), representing a year-on-year decrease of 49.67%, which were mainly due to the relocation compensation received for the same period of the previous year. For details, please refer to note 8 of "11 2020 Interim Financial Report" in the Announcement.

***Research and development expenses***

During the Reporting Period, the research and development expenses of the Group were RMB589.085 million (same period in 2019: RMB537.657 million), representing a year-on-year increase of 9.57%, which were mainly due to the increase in research and development investment during the period.

***Sales expenses***

During the Reporting Period, the sales expenses of the Group were RMB931.718 million (same period in 2019: RMB952.981 million), representing a year-on-year decrease of 2.23%.

***Financial expenses***

During the Reporting Period, the financial expenses of the Group were RMB674.273 million (same period in 2019: RMB561.019 million), representing a year-on-year increase of 20.19%, which were mainly due to more interest income received for the same period of the previous year.

***General and administrative expenses***

During the Reporting Period, the general and administrative expenses of the Group were RMB2,080.199 million (same period in 2019: RMB2,189.191 million), representing a year-on-year decrease of 4.98%.

***Income tax expenses***

During the Reporting Period, the income tax expenses of the Group were RMB399.132 million (same period in 2019: RMB537.936 million), representing a year-on-year decrease of 25.80%. For details, please refer to note 9 of "11 2020 Interim Financial Report" in the Announcement.

***Minority profit or loss***

During the Reporting Period, the minority profit or loss of the Group was RMB425.015 million (same period in 2019: RMB422.391 million), representing a year-on-year increase of 0.62%.

***Liquidity and financial resources***

The Group's cash at bank and on hand primarily consist of cash and bank deposits. As at 30 June 2020, the Group's cash at bank and on hand amounted to RMB12,571.219 million (31 December 2019: RMB9,714.792 million), representing an increase of 29.40% as compared with the end of the previous year. The Group's funds mainly consist of funds from operations, bank loans and other borrowings. The Group has always adopted prudent financial management policies and maintained sufficient and appropriate cash on hand to repay the due bank loans and ensure the business development.

During the Reporting Period, the Group recorded net cash flows from operating activities of RMB2,242.911 million (same period in 2019: RMB(2,102.412) million), net cash flows from investing activities of RMB(885.872) million (same period in 2019: RMB(3,125.255) million) and net cash flows from financing activities of RMB561.330 million (same period in 2019: RMB427.099 million). As at the end of the Reporting Period, the balance of cash and cash equivalent held by the Group was RMB10,535.347 million (same period in 2019: RMB5,366.704 million) and the main currencies were RMB and US dollar.

***Bank loans and other borrowings***

As at 30 June 2020, the Group's short-term borrowings, non-current borrowings due within one year, long-term borrowings, debentures payable, other current liabilities (issuance of commercial notes) and other non-current liabilities (other financial products) in aggregate amounted to RMB67,993.168 million (31 December 2019: RMB67,083.777 million).

*Unit: RMB thousand*

| | **As at 30 June 2020 (unaudited)** | As at 31 December 2019 (audited) |
|---|---|---|
| Short-term borrowings | **17,939,019** | 17,557,197 |
| Non-current borrowings due within one year | **4,337,493** | 9,407,614 |
| Long-term borrowings | **33,513,835** | 30,918,302 |
| Debentures payable | **8,009,047** | 8,014,049 |
| Other current liabilities (commercial notes) | **2,123,777** | – |
| Other non-current liabilities (other financial products) | **2,069,997** | 1,186,615 |
| Total | **67,993,168** | 67,083,777 |

The Group's bank borrowings are mainly denominated in US dollars, with the interest payments computed using fixed rates and floating rates. As at 30 June 2020, the Group's long-term interest-bearing debts are mainly RMB-denominated floating rate contracts amounted to RMB21,452,107,000 (31 December 2019: RMB20,626,847,000). The interest rate range of the Group's short-term borrowings is 0.80% to 6.31% (31 December 2019: 1.40% to 6.31%), and the interest rate range of long-term borrowings is 1.20% to 6.87% (31 December 2019: 1.20% to 6.87%). As at the end of the Reporting Period, the Group's fixed-rate bank borrowings amounted to approximately RMB24,406.533 million (31 December 2019: approximately RMB22,444.195 million). The long-term borrowings are mainly matured within five years. There is no seasonal feature in respect of the Group's need for borrowing, which is mainly based on the Group's capital and business needs.

The Group's issued debentures are mainly denominated in RMB, with the interest payments computed using fixed rates. As at 30 June 2020, the outstanding balance of fixed-rate debentures issued by the Group amounted to RMB8,009.047 million (31 December 2019: RMB8,014.049 million), the maturity date of debentures is mainly distributed in one to three years.

### *Other equity instruments*

*Unit: RMB thousand*

| | **31 December 2019** | **Issued during the period** | **Carrying interest at par value** | **Paid during the period** | **Other increase for the period** | **30 June 2020** |
|---|---|---|---|---|---|---|
| 18 Marine Containers MTN002 (18海運集裝MTN002) | 2,006,165 | – | 51,700 | – | – | 2,057,865 |
| 18 Renewable Corporate Bonds Tranche 1 | 2,001,380 | – | 48,500 | – | – | 2,049,880 |
| Perpetual Bond Investment Agreement | – | 2,000,000 | 18,685 | (15,370) | – | 2,003,315 |
| Total | 4,007,545 | 2,000,000 | 118,885 | (15,370) | – | 6,111,060 |

| | 31 December 2018 | Issued during the year | Carrying interest at par value | Paid during the year | Other increase for the year | 31 December 2019 |
|---|---|---|---|---|---|---|
| 18 Marine Containers MTN002 (18海運集裝MTN002) | 2,006,165 | – | 103,400 | (103,400) | – | 2,006,165 |
| 18 Renewable Corporate Bonds Tranche 1 | 2,001,380 | – | 97,000 | (97,000) | – | 2,001,380 |
| Total | 4,007,545 | – | 200,400 | (200,400) | – | 4,007,545 |

On 24 October 2018, the Company issued unsecured perpetual bonds with a principal amount of RMB2.0 billion at par value (the "**18 Marine Containers MTN002**"), with a net amount of RMB1,987,264,000 after deducting issuance expenses. This equity instrument was issued for general corporate finance purposes. The equity instrument bears interest at the rate of 5.17% per annum for the first three interest-bearing years, being payable annually from 26 October 2019 and the Company has an option to defer the interest payment. The interest rate will be adjusted every three years from the 4th interest-bearing year. This equity instrument has no fixed maturity date, and the Company can choose to redeem such instrument at the par value together with any accrued, unpaid or deferred interest every three interest-bearing years on 26 October 2021 or later. Before the settlement of deferred interest (including the interest of deferred interest), the issuer may not carry out dividend distribution, capital reduction or other activities.

On 3 December 2018, the Company publicly issued unsecured perpetual bonds of RMB2.0 billion at par value to qualified investors (the "**18 Renewable Corporate Bonds Tranche 1**"), with a net amount of RMB1,994,340,000 after deducting issuance expenses. This equity instrument was issued for general corporate finance purposes. The equity instrument bears interest at the rate of 4.85% per annum for the first three interest-bearing years, being payable annually from 5 December 2019 and the Company has an option to defer the interest payment. The interest rate will be adjusted every three years from the 4th interest-bearing year. This equity instrument has no fixed maturity date, and the Company can choose to redeem such instrument at the par value together with any accrued, unpaid or deferred interest every three interest-bearing years on 5 December 2021 or later.

On 30 April 2020, the Company entered into an agreement with China Merchants Bank to make a perpetual debentures investment in the Company with the funds that are legally raised and can be allocated through an issuance of a bank wealth management plan by China Merchants Bank. The total investment amount that the Company accepted was RMB2,000,000,000. Such investment plan was launched for common corporate financing with initial investment period of 24 months. The investment plan has no settled maturity date, and the Company can choose to pay the principal amount of the perpetual debentures investment, interest payables and all other outstanding payables under the contract on the redemption date or the date of redemption application. Before the settlement of deferred interest (including the interest of deferred interest), the Company may not carry out dividend distribution, capital reduction or other activities.

***Capital structure***

The Group's capital structure consists of equity interest attributable to shareholders and liabilities. As at 30 June 2020, the Group's equity interest attributable to shareholders amounted to RMB56,078.331 million (31 December 2019: RMB55,037.978 million) in aggregate, total liabilities amounted to RMB120,869.321 million (31 December 2019: RMB117,069.543 million) and total assets amounted to RMB176,947.652 million (31 December 2019: RMB172,107.521 million). The Group is committed to maintaining an appropriate combination of equity and debt in order to maintain an effective capital structure and provide maximum returns for shareholders of the Company.

As at the end of the Reporting Period, the Group's gearing ratio was 68.31% (31 December 2019: 68.02%), which increased by 0.29% as compared with the end of the previous year. (Calculation of the gearing ratio: based on the Group's total liabilities divided by our total assets as at the respective dates.)

### *Foreign exchange risk and relevant hedge*

The major currency of the Group's business revenue is US dollars, while most of its expenditure is made in RMB. As the exchange rates of RMB are affected by domestic and international economic and political situations, and the demand and supply of RMB, the Group is exposed to potential foreign exchange risk arising from the exchange rate fluctuation in RMB against other currencies, which may affect the Group's operating results and financial condition. The management of the Group has closely monitored its foreign exchange risk and taken appropriate measures to avoid foreign exchange risk. The Group utilizes financial derivative instruments to guard against foreign exchange risks. At the end of the Reporting Period, the Group's derivative financial assets and liabilities are set out in the following table.

*RMB thousand*

| | *Notes* | **30 June 2020** | 31 December 2019 |
|---|---|---|---|
| Derivative financial assets – | | | |
| Foreign exchange forward contract | *(1)* | **66,458** | 92,098 |
| Foreign exchange option contract | *(2)* | **14** | 56 |
| Futures contract | *(3)* | **5** | – |
| Interest rate swap contract | *(4)* | **–** | 8,826 |
| | | **66,477** | 100,980 |
| Derivative financial liabilities – | | | |
| Foreign exchange forward contract | *(1)* | **94,328** | 50,595 |
| Foreign exchange option contract | *(2)* | **119** | 101 |
| Interest rate swap contract | *(4)* | **141,643** | 166 |
| Commitment to minority shareholders | *(5)* | **301,305** | 301,305 |
| | | **537,395** | 352,167 |

(1) As at 30 June 2020, the forward foreign exchange contracts of the Group mainly consisted of unsettled forward contracts denominated in US dollars, Japanese Yen, Great Britain Pound, Euro, HK dollar, AUD and Canadian dollar, the nominal value of which amounted to USD1,853.772 million, JPY777.746 million, GBP12.9 million, EUR157.968 million, HKD3 million, AUD24 million and CAD1.733 million, respectively. Pursuant to these forward contracts, the Group shall buy/sell US Dollar, Japanese Yen, Great Britain Pound, Euro, HK dollar, Australian Dollar and Canadian dollar, with contracted nominal value at agreed rates in exchange of RMB on the contract settlement dates. These forward contracts of the Group will be settled on a net basis by comparing the market rates at the settlement dates and the agreed rates. The settlement dates of the aforesaid forward contracts range from 2 July 2020 to 20 April 2022.

(2) As at 30 June 2020, foreign exchange option contracts of the Group mainly consisted of unsettled option contracts denominated in US dollars, Japanese Yen and Euro, the nominal value of which amounted to USD1.2 million, JPY40 million and EUR0.6 million, respectively. Pursuant to these option contracts, the Group shall buy/sell US dollar, Japanese Yen and Euro, with contracted nominal value at agreed rates in exchange of RMB on the contract settlement dates. These foreign exchange option contracts of the Group will be settled on a net basis by comparing the market rates at the settlement dates and the agreed rates. The settlement dates of the aforesaid option contracts range from 21 July 2020 to 17 March 2021.

(3) As at 30 June 2020, the Group had 2 unsettled futures contracts, with a nominal value amounting to RMB427,000 and a fair value of RMB5,000. The settlement date of the aforesaid futures contracts is 15 October 2020.

(4) As at 30 June 2020, the Group had 9 unsettled interest rate swap contracts denominated in USD, with a nominal value amounting to USD2,050 million and a fair value of RMB(162.666) million. The settlement dates of the aforesaid interest rate swap contracts range from 19 April 2021 to 28 June 2021.

(5) As at 7 December 2016, SDIC Future Industry Investment Fund (Limited Partnership) ("**Future Industry Investment Fund**") signed a capital increase agreement with our subsidiary China International Marine Containers (Hong Kong) Ltd and CIMC Offshore Holdings Limited ("**CIMC Offshore**"), injecting RMB984,258,000 to CIMC Offshore to obtain 15% equity of CIMC Offshore. The capital injection was completed in December 2017. Our group's shareholding percentage of CIMC Offshore dropped from 100% to 85%. Based on the terms of the agreement, the Future Industry Investment Fund has the right to withdraw by transferring the equity of CIMC Offshore to a third party in the event of the specific circumstances and events specified in the agreement. If the equity transfer amount is lower than the sum of the subscribed capital increase consideration and the annualised earnings calculated at 5.2% (compound interest) for the subscribed capital increase consideration, the difference is made by the Group. The Group would recognize the derivative financial liabilities at fair value for obligation to pay for the difference.

### *Interest rate risk*

The Group is exposed to the market interest rate change risk relating to its interest-bearing bank loans and other borrowings. To minimise the impact of interest rate risk, the Group entered into interest rate swap contracts with certain banks.

The Group's interest rate risks are mainly attributable to long-term interest-bearing debts including long-term bank borrowings and debentures payable. Financial liabilities issued at floating interest rates expose the Group to interest rate risk of cash flow, and financial liabilities issued at fixed interest rates expose the Group to interest rate risk of fair value. The Group determines the proportion of contracts of fixed interest rate and floating interest rate depending on market conditions at the time. As at 30 June 2020, the Group's long-term interest-bearing debts are mainly comprised of contracts of floating interest rate denominated in RMB amounting to RMB21,452.107 million (31 December 2019: RMB20,626.847 million).

As at 30 June 2020, if the interest rates of borrowings with floating interest rates increased or decreased by 50 basis points with all other factors keeping the same as previously, the Group's net profit will decrease or increase by RMB80.445 million (31 December 2019: RMB77.351 million).

### *Credit risk*

The Group's exposures to credit risk are mainly attributable to cash at bank and on hand, accounts receivable and derivative financial instruments for the purpose of hedging. Management will monitor these credit risk exposures on an ongoing basis.

### *Pledge of assets*

As at 30 June 2020, the restricted assets of the Group totally amounted to RMB18,837.699 million (31 December 2019: RMB18,543.985 million), representing an increase of 1.58% as compared with the end of the previous year. For details, please refer to note 14 of "11 2020 Interim Financial Report" in the Announcement.

### *Capital commitments*

As at 30 June 2020, the Group had capital expenditure commitments of approximately RMB163.107 million (31 December 2019: approximately RMB340.141 million), representing a decrease of 52.05% as compared with the end of the previous year, which were mainly fixed assets purchase contracts which have been entered into but not performed or performed partially and completion of construction of vessels for sale or rent purpose. For details, please refer to note 16(1) of "11 2020 Interim Financial Report" in the Announcement.

### *Contingent liability*

As at 30 June 2020, the Group had no contingent liabilities (31 December 2019: the Group did not have contingent liabilities).

### *Significant investments and major acquisitions and disposals relating to subsidiaries, associated companies and joint ventures*

During the Reporting Period, there were no significant investments and major acquisitions and disposals relating to subsidiaries, associated companies and joint ventures.

### *Future plans for significant investments or acquisition of capital assets and expected sources of funding*

For the investment plan of the principal businesses of the Group in the second half of the year, please refer to "5.3.2 Overall Operation Targets for Business Development and Initiatives of the Group in the Second Half of 2020" in the Announcement. The operating and capital expenditures of the Group are mainly financed by our own fund and external financing. The Group will take a prudent attitude to enhance its operating cash flow. The Group has sufficient sources of funding to meet the requirements of capital expenditure and working capital.

### *Capital expenditure and financing plan*

Based on changes in the economic situation and operating environment, as well as the requirements of the Group's strategic upgrade and business development, the expected capital expenditure of the Group in 2020 was approximately RMB4,200 million, among which approximately RMB1,660 million was actually occurred in the first half of this year, which was mainly used for capital contribution to subsidiaries, acquisition of fixed assets, intangible assets and other long-term assets. In the second half of the year, the Group will continue to consider various types of financing arrangements.

### *Use of proceeds from global offering of CIMC Vehicles*

Since July 11, 2019 (the "**Listing Date**"), the H Shares of CIMC Vehicles have been listed and traded on the 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%). CIMC Vehicles 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 CIMC Vehicles is RMB1.00 per Share.

On 5 December 2019, the board of directors of CIMC Vehicles 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 CIMC Vehicles on the same date and further announcement dated 25 March 2020.

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

| **Intended Use of Net Proceeds** | **Intended Amount** *(HK$ in millions)* | **Utilized Amount as of 30 June 2020** *(HK$ in millions)* | **Unutilized Amount as of 30 June 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 | 0 | 220.5 |
| – Develop a new assembly plant for high-end refrigerated trailers in the UK or Poland | 220.5 | 0 | 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 | 0 | 165.4 |
| – Develop a new assembly plant for swap bodies and chassis and flatbed trailers in the Netherlands | 105.3 | 0 | 105.3 |
| – Develop a new assembly plant for refrigerated trailers in Canada | 39.0 | 0 | 39.0 |
| – Develop a new manufacturing plant in Jiangmen, China | 87.0 | 0 | 87.0 |
| – Upgrade the marketing model in China | 99.6 | 0 | 99.6 |
| **Research and develop new products** | **157.5** | **0** | **157.5** |
| – Develop high-end refrigerated trailers | 63.0 | 0 | 63.0 |
| – Develop other smart trailers | 31.5 | 0 | 31.5 |
| – Invest in product standardization, unit weight reduction and modularization in Europe and US plants | 31.5 | 0 | 31.5 |
| – Develop other trailer products | 31.5 | 0 | 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** |

### *Employees, training and share option incentive schemes*

As at 30 June 2020, the Group had approximately 51,155 employees in total (30 June 2019: approximately 50,865 employees) in the PRC. The total staff cost of the Group during the Reporting Period, including directors' remuneration, contribution to the retirement benefit schemes and share option schemes, amounted to RMB3,964.434 million (same period in 2019: RMB4,016.322 million), representing a year-on-year decrease of 1.29%.

The Company has built a multi-level and composite talent training system with its core human resources philosophy of "people-oriented and mutual business" (以人為本、共同事業), including: new employees training, general skills training, professional training, leadership training programme and international talent training programme. The Group provides salary and bonus to its employees based on their performance, qualification, experience and market earnings for incentive purpose. The share option scheme aims to recognise the previous contribution of Directors and core employees to the Group and reward them for their long-term services. Other benefits include contribution to the governmental pension schemes and insurance plans for employees in mainland China. The Group regularly reviews its remuneration policies, including the amount of remuneration payable to the Directors, and strives to formulate an improved incentive and assessment mechanism based on the operating results of the Group and market conditions.

### *Dividend distribution*

The Board proposed that no interim cash dividend for 2020 shall be distributed, no bonus share shall be issued, and no share shall be converted from reserves into share capital (six months ended 30 June 2019: Nil).

### *Social responsibilities*

During the Reporting Period, the Group maintained a stable and healthy development and constantly performed corporate social responsibilities by making contributions to the economic growth, employment and development of the society. The Company has published the 2019 Social Responsibility & Environmental, Social and Governance Report on the website of the Hong Kong Stock Exchange on 26 March 2020. In the future, the Group will continue to deepen industrial transformation and upgrade, pay attention to quality growth, so as to provide high-quality products and services to its customers, provide more training and rewards to its employees, and create greater value for shareholders.

### *Events after the balance sheet date*

For details of events after the balance sheet date during the Reporting Period, please refer to note 18 of "11 2020 Interim Financial Report" in the Announcement.

### *Disclosure under the Hong Kong Listing Rules*

In accordance with paragraph 46 of Appendix 16 of the Hong Kong Listing Rules, the Company confirms that, save as disclosed herein, there has been no material change in the current information regarding the Company from the information disclosed in the 2019 Annual Report of the Company.

## 7 PURCHASE, SALE AND REDEMPTION OF SHARES

The Company and any of its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the Reporting Period.

## 8 COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted the standards prescribed in the Model Code contained in Appendix 10 of the Hong Kong Listing Rules as the code of conduct in dealing in securities of the Company by Directors and Supervisors. After inquiries to all the Directors and Supervisors, they confirmed that they had complied with the required standards in the Model Code as set out in Appendix 10 of the Hong Kong Listing Rules during the Reporting Period.

## 9 COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to raising the standard of corporate governance of the Group and believes that good corporate governance helps the Group to safeguard the interests of the Shareholders and improve its business performance. The Company has complied with the code provisions under the Corporate Governance Code set out in Appendix 14 of the Hong Kong Listing Rules (including the new code provisions in relation to internal control and risk management) during the Reporting Period, except for slight deviation from the code provisions A.1.1. The latest corporate governance report of the Company was set out in the 2019 Social Responsibility & Environmental, Social and Governance Report. Deviations during the Reporting Period have been disclosed in relevant paragraphs below.

Code provision A.1.1 under the Corporate Governance Code requires that "The board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. It is expected regular board meetings will normally involve the active participation, either in person or through electronic means of communication, of a majority of directors entitled to be present. During the Reporting Period, the Company held seven board meetings, of which only one meeting was held on-site. The executive Directors manage and monitor the business operation and propose to hold board meetings to have discussions and make decisions on the Group's major business or management matters from time to time. Accordingly, certain relevant decisions were made by all Directors by way of written resolutions. The Directors are of the opinion that, the fairness and validity of the decisions made for the business had adequate assurance. The Company will strive to put effective corporate governance practices into practice in future.

### 9.1 The Board of Directors

The Board was elected by general meeting of the Company and is responsible for general meeting of the Company, of which fundamental responsibilities are to strategically guide the Company and effectively supervise the management to ensure in compliance with the interests of the Company and be responsible for the shareholders of the Company. Upon the consideration and approval at the eighth meeting of the ninth session of the Board in 2020, the Company amended "Insider Registration and Management System of China International Marine Containers (Group) Co., Ltd." and "Information Disclosure Management System of China International Marine Containers (Group) Co., Ltd." on 6 July 2020, the full text of which was published on Cninfo website (www.cninfo.com.cn), the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website (www.cimc.com) on 6 July 2020.

During the Reporting Period, the ninth session of the Board, comprising 8 Directors, held 7 board meetings, of which 1 meeting was held on-site, 6 meetings were held in a way of written review resolutions with 41 resolutions being reviewed.

Save for the regular meetings, in the course of the management and supervision of the Group's business operations, the executive Directors have brought major business or management matters to the attention of the Board to hold an interim board meeting from time to time, and relevant board decisions were made in the form of written resolutions by all Directors.

### 9.2 Board Committees

During the Reporting Period, a total of 6 meetings were held by the committees of the Board with 12 letters of opinion from Board Committees passed.

### 9.3 The Supervisory Committee

During the Reporting Period, there are three Supervisors at the ninth session of the Supervisory Committee, and four meetings of the ninth session of the Supervisory Committee were held, with nine resolutions reviewed. The Supervisors attended seven meetings of the Board on a non-voting basis. XIONG Bo, a Supervisor, attended the annual general meeting for 2019, and the first A/H shareholders' class meeting for 2020.

### 9.4 Shareholders' General Meeting

On 1 June 2020, the Company held the annual general meeting for 2019, the first A shareholders' class meeting for 2020 and the first H shareholders' class meeting for 2020. The notice, convening, holding and voting procedures of such meetings were in compliance with the relevant requirements of the PRC Company Law, the Articles of Association of China International Marine Containers (Group) Co., Ltd. (the "**Articles of Association**") and the Hong Kong Listing Rules. Upon consideration and approval at the annual general meeting for 2019, the Company has amended the Rules of Procedure for the General Meetings of China International Marine Containers (Group) Co., Ltd. (the "**Rules of Procedure for the General Meeting**"). The full text of the amended Rules of Procedure for the General Meeting was published on Cninfo website (www.cninfo.com.cn), the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website (www.cimc.com) on 1 June 2020.

The non-executive Director of the ninth session of the Board, Mr. WANG Hong, and the executive Director, CEO and President of the Company, Mr. MAI Boliang, the independent non-executive Directors Mr. HE Jiale, Mr. PAN Zhengqi and Ms. LUI FUNG Mei Yee, Mabel and Mr. XIONG Bo, a Supervisor, attended the annual general meeting for 2019, the first A shareholders' class meeting for 2020 and the first H shareholders' class meeting for 2020. The non-executive Directors of the ninth session of the Board, Mr. LIU Chong (Vice-chairman), Mr. HU Xianfu and Mr. MING Dong failed to attend relevant meetings due to other important affairs at relevant time.

On 1 June 2020, as considered and approved at the annual general meeting for 2019, the Company amended the Articles of Association, the full text of which was published on Cninfo website (www.cninfo.com.cn), the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website (www.cimc.com) on 1 June 2020.

## 10 AUDIT COMMITTEE

The Board has appointed three independent non-executive Directors and established the Audit Committee pursuant to the requirements of the Hong Kong Listing Rules. The members of the Audit Committee consist of Mr. HE Jiale (Chairman of the Audit Committee with professional qualifications and experience in relation to financial management such as accounting), Mr. PAN Zhengqi and Ms. LUI FUNG Mei Yee, Mabel.

On 27 August 2020, the Audit Committee has discussed with the management and reviewed the 2020 unaudited interim financial report of the Group for the six months ended 30 June 2020. The Audit Committee has no disagreement with the accounting treatment adopted in the 2020 unaudited interim financial report of the Company and agreed to present the same to the Board.

## 11 2020 INTERIM FINANCIAL REPORT

### 11.1 Auditing Opinion

✔Unaudited ☐Audited

### 11.2 Explanation for Changes in Accounting Policy, Accounting Estimates and Calculation Method as Compared with those for the Financial Report of the Previous Year

☐Applicable ✔Not applicable

### 11.3 Contents, Amount Corrected, Reason and Impact of Material Accounting Errors during the Reporting Period

☐Applicable ✔Not applicable

### 11.4 Explanation for Change in Consolidated Scope Compared with the Financial Report of the Previous Year

There was no material business combinations not under common control, nor was there a material loss of control of subsidiaries by disposal of equity interests in the Group during the Reporting Period.

### 11.5 Statements of the Board and the Supervisory Committee on the "Non-Standard Auditing Report" issued by the Accountant

☐Applicable ✔ Not applicable

## 11.6 Financial Statements Prepared in Accordance with CASBE

### *11.6.1 Consolidated Balance Sheet (unaudited)*

*Unit: RMB thousand*

| ASSETS | *Note* | **30 June 2020** | 31 December 2019 |
|---|---|---|---|
| **Current asset:** | | | |
| Cash at bank and on hand | | **12,571,219** | 9,714,792 |
| Financial assets held for trading | | **358,355** | 415,503 |
| Derivative financial assets | | **66,477** | 100,980 |
| Notes receivables | | **798,529** | 636,619 |
| Accounts receivables | *3* | **18,570,633** | 18,394,971 |
| Receivables financing | | **1,356,435** | 1,236,504 |
| Advances to suppliers | | **2,961,054** | 2,887,353 |
| Other receivables | | **7,944,949** | 7,591,488 |
| Inventories | | **38,301,222** | 41,302,279 |
| Contract assets | | **1,885,255** | 1,946,010 |
| Assets held for sale | | **–** | 93,102 |
| Current portion of non-current assets | | **4,240,578** | 4,294,669 |
| Other current assets | | **1,471,266** | 1,408,857 |
| **Total current assets** | | **90,525,972** | 90,023,127 |
| **Non-current assets:** | | | |
| Other debt investments | | **–** | 31,272 |
| Long-term receivables | | **13,257,579** | 13,777,669 |
| Long-term equity investments | | **5,697,697** | 5,363,574 |
| Investments in other equity instruments | | **1,229,197** | 1,373,385 |
| Other non-current financial assets | | **12** | 74,445 |
| Investment properties | | **7,016,158** | 2,769,715 |
| Fixed assets | | **37,620,006** | 37,849,258 |
| Construction in progress | | **10,601,568** | 9,827,563 |
| Intangible assets | | **5,074,507** | 5,157,551 |
| Right-of-use assets | | **813,000** | 971,211 |
| Development expenditures | | **106,971** | 94,078 |
| Goodwill | | **2,220,283** | 2,182,326 |
| Long-term prepaid expenses | | **728,914** | 753,154 |
| Deferred tax assets | | **2,009,285** | 1,800,265 |
| Other non-current assets | | **46,503** | 58,928 |
| **Total non-current assets** | | **86,421,680** | 82,084,394 |
| **Total assets** | | **176,947,652** | 172,107,521 |

### *11.6.1 Consolidated Balance Sheet (unaudited) (continued)*

*Unit: RMB thousand*

| Liabilities and shareholder's equity | *Notes* | **30 June 2020** | 31 December 2019 |
|---|---|---|---|
| **Current liabilities:** | | | |
| Short-term borrowings | | **17,939,019** | 17,557,197 |
| Derivative financial liabilities | | **537,395** | 352,167 |
| Notes payables | | **2,291,256** | 2,581,139 |
| Accounts payables | *4* | **13,264,068** | 12,745,264 |
| Advances from customers | | **27,759** | 40,683 |
| Contract liabilities | | **9,714,662** | 9,000,821 |
| Employee benefits payable | | **3,197,955** | 3,441,555 |
| Taxes payable | | **1,847,182** | 1,851,771 |
| Other payables | | **13,715,754** | 11,877,217 |
| Provisions | | **1,454,596** | 1,482,975 |
| Current portion of non-current liabilities | | **4,476,850** | 9,616,415 |
| Other current liabilities | | **2,138,596** | 4,106 |
| **Total current liabilities** | | **70,605,092** | 70,551,310 |
| **Non-current liabilities:** | | | |
| Long-term borrowings | | **33,513,835** | 30,918,302 |
| Debentures payable | | **8,009,047** | 8,014,049 |
| Lease liabilities | | **610,472** | 667,964 |
| Long-term payables | | **178,093** | 108,227 |
| Deferred income | | **1,156,434** | 1,096,605 |
| Deferred tax liabilities | | **4,558,554** | 4,330,065 |
| Other non-current liabilities | | **2,237,794** | 1,383,021 |
| **Total non-current liabilities** | | **50,264,229** | 46,518,233 |
| **Total liabilities** | | **120,869,321** | 117,069,543 |
| **Shareholders' equity:** | | | |
| Share capital | | **3,586,075** | 3,584,504 |
| Other equity instruments | | **6,111,060** | 4,007,545 |
| Including: Perpetual bonds | | **6,111,060** | 4,007,545 |
| Capital reserve | | **4,840,230** | 4,881,311 |
| Other comprehensive income | | **1,576,674** | 1,715,326 |
| Surplus reserve | | **3,582,343** | 3,582,343 |
| Undistributed profits | *5* | **20,750,827** | 21,482,857 |
| Total equity attributable to shareholders and other equity holders of the Company | | **40,447,209** | 39,253,886 |
| Minority interests | | **15,631,122** | 15,784,092 |
| **Total shareholders' equity** | | **56,078,331** | 55,037,978 |
| **Total liabilities and shareholders' equity** | | **176,947,652** | 172,107,521 |

### *11.6.2 Balance Sheet of the Company (unaudited)*

*Unit: RMB thousand*

| Assets | **30 June 2020** | 31 December 2019 |
|---|---|---|
| **Current assets:** | | |
| Cash at bank and on hand | **1,361,578** | 1,576,298 |
| Derivative financial assets | **793** | 4,781 |
| Notes receivables | **–** | 100 |
| Other receivables | **26,437,030** | 25,625,655 |
| Other current assets | **816** | 96 |
| **Total current assets** | **27,800,217** | 27,206,930 |
| **Non-current assets:** | | |
| Other equity investments | **623,487** | 728,037 |
| Long-term equity investments | **13,526,563** | 12,836,563 |
| Investment properties | **117,347** | 117,347 |
| Fixed assets | **130,652** | 133,544 |
| Construction in progress | **50,489** | 43,687 |
| Intangible assets | **90,137** | 89,776 |
| Long-term prepaid expenses | **6,853** | 10,280 |
| Deferred tax assets | **43,832** | 56,075 |
| **Total non-current assets** | **14,589,360** | 14,015,309 |
| **Total assets** | **42,389,577** | 41,222,239 |

*11.6.2 Balance Sheet of the Company (unaudited) (continued)*

*Unit: RMB thousand*

| Liabilities and shareholders' equity | 30 June 2020 | 31 December 2019 |
|---|---|---|
| **Current liabilities:** | | |
| Short-term borrowings | **5,262,548** | 6,460,000 |
| Derivative financial liabilities | **418** | 3,379 |
| Employee benefits payable | **292,521** | 342,521 |
| Taxes payable | **7,482** | 23,792 |
| Other payables | **697,349** | 755,251 |
| Current portion of non-current liabilities | **–** | 800,000 |
| **Total current liabilities** | **6,260,318** | 8,384,943 |
| **Non-current liabilities:** | | |
| Long-term borrowings | **4,506,000** | 3,409,000 |
| Debentures payable | **8,000,000** | 8,000,000 |
| Provisions | **18,680** | 18,680 |
| Deferred income | **12,644** | 14,680 |
| **Total non-current liabilities** | **12,537,324** | 11,442,360 |
| **Total liabilities** | **18,797,642** | 19,827,303 |
| **Shareholders' equity:** | | |
| Share capital | **3,586,075** | 3,584,504 |
| Other equity instruments | **6,111,060** | 4,007,545 |
| Including: Perpetual bonds | **6,111,060** | 4,007,545 |
| Capital reserve | **2,769,317** | 2,758,230 |
| Other comprehensive income | **365,950** | 470,500 |
| Surplus reserve | **3,582,343** | 3,582,343 |
| Undistributed profits | **7,177,190** | 6,991,814 |
| **Total equity attributable to shareholders and other equity holders** | **23,591,935** | 21,394,936 |
| **Total liabilities and shareholders' equity** | **42,389,577** | 41,222,239 |

*11.6.3 Consolidated Income Statement (unaudited)*

*Unit: RMB thousand*

| Item | | *Notes* | **January – June 2020** | January – June 2019 |
|---|---|---|---|---|
| I. | **Revenue** | *6* | **39,431,807** | 42,717,729 |
| | Less: Cost of sales | *6* | **34,366,232** | 36,947,210 |
| | Taxes and surcharges | | **341,867** | 330,047 |
| | Selling expenses | | **931,718** | 952,981 |
| | General and administrative expenses | | **2,080,199** | 2,189,191 |
| | Research and development expenses | | **589,085** | 537,657 |
| | Financial expenses | | **674,273** | 561,019 |
| | Including: Interest expenses | | **891,761** | 874,784 |
| | Interest income | | **(211,190)** | (371,671) |
| | Asset impairment losses | *7* | **16,840** | (129) |
| | Credit losses | *7* | **92,273** | 50,798 |
| | Add: Other income | | **358,619** | 428,719 |
| | Investment income | | **118,283** | 89,208 |
| | Including: Share of profit of associates and joint ventures | | **54,891** | 25,064 |
| | Fair value losses | | **(337,487)** | (203,183) |
| | Gains on disposals of assets | | **109,946** | 54,818 |
| II. | **Operating profit** | | **588,681** | 1,518,517 |
| | Add: Non-operating income | *8* | **83,485** | 165,859 |
| | Less: Non-operating expenses | | **30,816** | 44,220 |
| III. | **Profit before income tax** | | **641,350** | 1,640,156 |
| | Less: Income tax expenses | *9* | **399,132** | 537,936 |
| IV. | **Net profit** | | **242,218** | 1,102,220 |
| | **Classified by business continuity** | | | |
| | Net profit from continuing operations | | **242,218** | 1,102,220 |
| | Net profit from discontinued operations | | **–** | – |
| | **Classified by ownership** | | | |
| | Net (losses)/profit attributable to shareholders and other equity holders of the Company | | **(182,797)** | 679,829 |
| | Non-controlling interests | *10* | **425,015** | 422,391 |

### *11.6.3 Consolidated Income Statement (unaudited) (continued)*

*Unit: RMB thousand*

| Item | | Notes | **January – June 2020** | January – June 2019 |
|---|---|---|---|---|
| **V.** | **Other comprehensive income, net of tax** | | **(122,442)** | 324,619 |
| | Attributable to shareholders and other equity holders of the Company | | **(138,652)** | 305,940 |
| | Items that will not be reclassified to profit or loss | | **(174,988)** | 34,993 |
| | Changes in fair value of other equity investments | | **(174,988)** | 34,993 |
| | Items that may be reclassified to profit or loss | | **36,336** | 270,947 |
| | Changes in fair value of other debt investments | | **5** | 349 |
| | Loss of cash flow hedges | | **–** | (142) |
| | Revaluation gain on the date of transfer from owner-occupied properties to investment properties | | **–** | 116,819 |
| | Currency translation differences | | **36,331** | 153,921 |
| | Minority interests | | **16,210** | 18,679 |
| **VI.** | **Total comprehensive income** | | **119,776** | 1,426,839 |
| | Attributable to shareholders and other equity holders of the Company | | **(321,449)** | 985,769 |
| | Minority interests | | **441,225** | 441,070 |
| **VII.** | **Earnings per share** | | | |
| | Basic earnings per share *(RMB)* | *11* | **(0.0841)** | 0.1618 |
| | Diluted earnings per share *(RMB)* | *11* | **(0.0841)** | 0.1604 |

### *11.6.4 Income Statement of the Company (unaudited)*

*Unit: RMB thousand*

| Item | | **January – June 2020** | January – June 2019 |
|---|---|---|---|
| **I.** | **Revenue** | **88,254** | 124,533 |
| | Less: Cost of sales | **–** | 2,130 |
| | Taxes and surcharges | **3,139** | 3,282 |
| | General and administrative expenses | **82,118** | 143,498 |
| | Research and development expenses | **2,964** | 1,774 |
| | Financial (income)/expenses | **(108,240)** | 41,513 |
| | Including: Interest expense | **418,562** | 468,752 |
| | Interest income | **(393,776)** | (411,609) |
| | Add: Other income | **4,833** | 5,526 |
| | Investment income | **634,473** | 1,539,517 |
| | Fair value losses | **(1,027)** | (339) |
| | Gains on disposals of assets | **300** | – |
| **II.** | **Operating profit** | **746,852** | 1,477,040 |
| | Add: Non-operating income | **–** | – |
| | Less: Non-operating expenses | **–** | 2 |
| **III.** | **Total profit** | **746,852** | 1,477,038 |
| | Less: Income tax expenses | **12,243** | 4,715 |
| **IV.** | **Net profit** | **734,609** | 1,472,323 |
| | **Classified by business continuity** | | |
| | Net profit from continuing operations | **734,609** | 1,472,323 |
| | Net profit from discontinued operations | **–** | – |
| **V.** | **Other comprehensive income, net of tax** | **(104,550)** | 92,202 |
| | Items that will not be reclassified to profit or loss | **(104,550)** | (24,617) |
| | Changes in fair value of other equity investments | **(104,550)** | (24,617) |
| | Items that may be reclassified to profit or loss | **–** | 116,819 |
| | Revaluation gain on the date of transfer from owner-occupied properties to investment properties | **–** | 116,819 |
| **VI.** | **Total comprehensive income** | **630,059** | 1,564,525 |

### *11.6.5 Consolidated Cash Flow Statement (unaudited)*

*Unit: RMB thousand*

| Item | | January – June 2020 | January – June 2019 |
|---|---|---|---|
| **I.** | **Cash flows from operating activities** | | |
| | Cash received from sales of goods or rendering of services | **38,923,567** | 43,085,330 |
| | Refund of taxes and surcharges | **879,907** | 1,454,095 |
| | Cash received relating to other operating activities | **625,741** | 559,297 |
| | **Sub-total of cash inflows from operating activities** | **40,429,215** | 45,098,722 |
| | Cash paid for goods and services | **31,024,341** | 39,449,095 |
| | Cash paid to and on behalf of employees | **4,107,621** | 3,680,612 |
| | Payments of taxes and surcharges | **1,320,942** | 2,294,007 |
| | Cash paid relating to other operating activities | **1,733,400** | 1,777,420 |
| | **Sub-total of cash outflows from operating activities** | **38,186,304** | 47,201,134 |
| | **Net cash inflows from operating activities** | **2,242,911** | (2,102,412) |
| **II.** | **Cash flows from investing activities** | | |
| | Cash received from disposal of investments | **101,169** | 15,927 |
| | Cash received from returns on investments | **40,955** | 125,817 |
| | Net cash received from disposal of fixed assets, intangible assets and other long-term assets | **233,374** | 60,545 |
| | Net cash received from disposal of subsidiaries | **67,969** | 11,948 |
| | Cash received relating to other investing activities | **–** | 51,285 |
| | **Sub-total of cash inflows from investing activities** | **443,467** | 265,522 |
| | Cash paid to acquire fixed assets, intangible assets and other long-term assets | **871,270** | 1,764,802 |
| | Cash paid to acquire investments | **397,365** | 1,521,326 |
| | Net cash paid for acquisition of subsidiaries | **37,431** | 104,649 |
| | Cash paid relating to other investing activities | **23,273** | – |
| | **Sub-total of cash outflows from investing activities** | **1,329,339** | 3,390,777 |
| | **Net cash outflows from investing activities** | **(885,872)** | (3,125,255) |

### *11.6.5 Consolidated Cash Flow Statement (unaudited) (continued)*

*Unit: RMB thousand*

| Item | | January – June 2020 | January – June 2019 |
|---|---|---|---|
| **III.** | **Cash flows from financing activities** | | |
| | Cash received from capital contributions | **137,054** | 114,680 |
| | Including: Cash received from capital contributions by minority shareholders of subsidiaries | **124,517** | 114,680 |
| | Cash received from issuing perpetual bonds | **2,000,000** | – |
| | Cash received from borrowings | **28,737,111** | 18,394,706 |
| | Cash received from issuing bonds | **–** | 2,000,000 |
| | Cash received relating to other financing activities | **565,333** | 2,084,235 |
| | **Sub-total of cash inflows from financing activities** | **31,439,498** | 22,593,621 |
| | Cash repayments of borrowings | **28,643,273** | 19,246,889 |
| | Cash payments for distribution of dividends or profits and interest expenses | **2,023,921** | 2,807,235 |
| | Including: Cash payments for dividends or profit to minority shareholders of subsidiaries | **290,596** | 351,543 |
| | Cash payments relating to other financing activities | **210,974** | 112,398 |
| | **Sub-total of cash outflows from financing activities** | **30,878,168** | 22,166,522 |
| | **Net cash inflows from financing activities** | **561,330** | 427,099 |
| **IV.** | **Effect of foreign exchange rate changes on cash and cash equivalents** | **(42,907)** | (365,481) |
| **V.** | **Net increase/(decrease) in cash and cash equivalents** | **1,875,462** | (5,166,049) |
| | Add: Balance of cash and cash equivalents at the beginning of the year | **8,659,885** | 10,532,753 |
| **VI.** | **Closing balance of cash and cash equivalents** | **10,535,347** | 5,366,704 |

### *11.6.6 Cash Flow Statement of the Company (unaudited)*

*Unit: RMB thousand*

| Item | **January – June 2020** | January – June 2019 |
|---|---|---|
| **I. Cash flows from operating activities** | | |
| Cash received from sales of goods or rendering of services | **323,282** | 192,471 |
| Cash received relating to other operating activities | **6,336,404** | 7,145,525 |
| **Sub-total of cash inflows from operating activities** | **6,659,686** | 7,337,996 |
| Cash paid to and on behalf of employees | **103,083** | 100,675 |
| Payments of taxes and surcharges | **40,165** | 41,270 |
| Cash paid relating to other operating activities | **7,052,128** | 7,733,436 |
| **Sub-total of cash outflows from operating activities** | **7,195,376** | 7,875,381 |
| **Net cash outflows from operating activities** | **(535,690)** | (537,385) |
| **II. Cash flows from investing activities** | | |
| Cash received from returns on investments | **604,167** | 1,586,478 |
| Net cash received from disposal of fixed assets | **69** | – |
| Net cash received from disposal of subsidiaries | **–** | 44,075 |
| **Sub-total of cash inflows from investing activities** | **604,236** | 1,630,553 |
| Cash paid to acquire fixed assets and other long-term assets | **15,197** | 1,754 |
| Net cash paid to acquire subsidiaries | **690,000** | 200,000 |
| **Sub-total of cash outflows from investing activities** | **705,197** | 201,754 |
| **Net cash inflows from investing activities** | **(100,961)** | 1,428,799 |

*11.6.6 Cash Flow Statement of the Company (unaudited) (continued)*

*Unit: RMB thousand*

| Item | January – June 2020 | January – June 2019 |
|---|---|---|
| **III. Cash flows from financing activities** | | |
| Cash received from capital contributions | **12,537** | – |
| Cash received from borrowings | **12,805,444** | 6,980,000 |
| Cash received from issuing perpetual bonds | **2,000,000** | – |
| Cash received from issuing bonds | **–** | 2,000,000 |
| **Sub-total of cash inflows from financing activities** | **14,817,981** | 8,980,000 |
| Cash repayments of borrowings | **12,605,895** | 7,990,000 |
| Cash payments for distribution of dividends or profits and interest expenses | **684,725** | 1,601,821 |
| Cash payments relating to other financing activities | **5,602** | 15,531 |
| **Sub-total of cash outflows from financing activities** | **13,296,222** | 9,607,352 |
| **Net cash flows from/(used in) financing activities** | **1,521,759** | (627,352) |
| **IV. Effect of foreign exchange rate changes on cash and cash equivalents** | **23** | (4,167) |
| **V. Net increase in cash and cash equivalents** | **885,131** | 259,895 |
| Add: Balance of cash and cash equivalents at the beginning of the year | **452,966** | 721,395 |
| **VI. Closing balance of cash and cash equivalents** | **1,338,097** | 981,290 |

# 11.6.7 Consolidated Statement of Changes in Shareholders' Equity (unaudited)

*Unit: RMB thousand*

January – June 2020

| Item | Share capital | Other equity instruments | Capital surplus | Other comprehensive income | Surplus reserve | Undistributed profits | Minority interest | Total shareholders' equity |
|---|---|---|---|---|---|---|---|---|
| | Attributable to shareholders and other equity holders of the Company | | | | | | | |
| **I. Balance at the end of prior year** | **3,584,504** | **4,007,545** | **4,881,311** | **1,715,326** | **3,582,343** | **21,482,857** | **15,784,092** | **55,037,978** |
| Changes in accounting policies | - | - | - | - | - | - | - | - |
| **II. Balance at the beginning of current year** | **3,584,504** | **4,007,545** | **4,881,311** | **1,715,326** | **3,582,343** | **21,482,857** | **15,784,092** | **55,037,978** |
| **III. Movements for the period** | | | | | | | | |
| (I) Total comprehensive income | | | | | | | | |
| 1. Net profit | - | 118,885 | - | - | - | (301,682) | 425,015 | 242,218 |
| 2. Other comprehensive income | - | - | - | (138,652) | - | - | 16,210 | (122,442) |
| Sub-total of 1&2 | - | 118,885 | - | (138,652) | - | (301,682) | 441,225 | 119,776 |
| (II) Capital contribution and withdrawal by owners | | | | | | | | |
| 1. Increase in capital reserve resulted from share option exercised by company | 1,571 | - | 11,087 | - | - | - | - | 12,658 |
| 2. Contribution by minority shareholders | - | - | (55,137) | - | - | - | 210,008 | 154,871 |
| 3. Increase in minority interests resulted from acquisition or establishment of subsidiary | - | - | (5,301) | - | - | - | 95,236 | 89,935 |
| 4. Acquisition of minority interests of subsidiaries | - | - | 882 | - | - | - | (26,210) | (25,328) |
| 5. Disposal of subsidiaries (without loss of control) | - | - | - | - | - | - | - | - |
| 6. Disposal of subsidiaries (loss of control) | - | - | - | - | - | - | (134,038) | (134,038) |
| 7. Increase in capital reserve resulted from the exercise of share options by subsidiaries | - | - | (30) | - | - | - | 146 | 116 |
| 8. Increase in shareholders' equity resulted from share-based payments | - | - | 4,488 | - | - | - | 2,093 | 6,581 |
| 9. Redemption of the buyback options granted to minority shareholders | - | - | - | - | - | - | - | - |
| 10. Issuance of other equity instruments | - | 2,000,000 | - | - | - | - | - | 2,000,000 |
| 11. Redemption of other equity instruments | - | - | - | - | - | - | - | - |
| 12. Reverse the repurchase right granted to minority shareholders | - | - | - | - | - | - | - | - |
| 13. Increase in capital from capital reserves | - | - | - | - | - | - | - | - |
| 14. Others | - | - | 2,930 | - | - | - | - | 2,930 |
| (III) Profit distribution | - | - | - | - | - | - | - | - |
| 1. Appropriation to surplus reserve | - | - | - | - | - | - | - | - |
| 2. Profit distribution to shareholders | - | - | - | - | - | (430,348) | (741,430) | (1,171,778) |
| 3. Interest paid on other equity instruments | - | (15,370) | - | - | - | - | - | (15,370) |
| **IV. Balance at the end of current period** | **3,586,075** | **6,111,060** | **4,840,230** | **1,576,674** | **3,582,343** | **20,750,827** | **15,631,122** | **56,078,331** |

2019

| Item | Share capital | Other equity instruments | Capital surplus | Other comprehensive income | Surplus reserve | Undistributed profits | Minority interest | Total shareholders' equity |
|---|---|---|---|---|---|---|---|---|
| | Attributable to shareholders and other equity holders of the Company | | | | | | | |
| **I. Balance at the end of prior year** | 2,984,989 | 4,007,545 | 4,128,400 | 838,711 | 3,282,585 | 22,082,769 | 15,077,989 | 52,402,988 |
| Changes in accounting policies | - | - | - | - | - | - | - | - |
| **II. Balance at the beginning of current year** | 2,984,989 | 4,007,545 | 4,128,400 | 838,711 | 3,282,585 | 22,082,769 | 15,077,989 | 52,402,988 |
| **III. Movements for the period** | | | | | | | | |
| (I) Total comprehensive income | | | | | | | | |
| 1. Net profit | - | 200,400 | - | - | - | 1,341,826 | 967,887 | 2,510,113 |
| 2. Other comprehensive income | - | - | - | 876,615 | - | - | 198,861 | 1,075,476 |
| Sub-total of 1&2 | - | 200,400 | - | 876,615 | - | 1,341,826 | 1,166,748 | 3,585,589 |
| (II) Capital contribution and withdrawal by owners | | | | | | | | |
| 1. Increase in capital reserve resulted from share option exercised by company | 2,427 | - | 18,113 | - | - | - | - | 20,540 |
| 2. Contribution by minority shareholders | - | - | 15,669 | - | - | - | 2,729,045 | 2,744,714 |
| 3. Increase in minority interests resulted from acquisition or establishment of subsidiary | - | - | - | - | - | - | 458,984 | 458,984 |
| 4. Acquisition of minority interests of subsidiaries | - | - | 506 | - | - | - | (84,347) | (83,841) |
| 5. Disposal of subsidiaries (without loss of control) | - | - | 23,150 | - | - | - | (3,088,425) | (3,065,275) |
| 6. Disposal of subsidiaries (loss of control) | - | - | - | - | - | - | (92,469) | (92,469) |
| 7. Increase in capital reserve resulted from the exercise of share options by subsidiaries | - | - | (1,487) | - | - | - | 45,905 | 44,418 |
| 8. Increase in shareholders' equity resulted from share-based payments | - | - | 39,326 | - | - | - | 18,042 | 57,368 |
| 9. Redemption of the buyback options granted to minority shareholders | - | - | - | - | - | - | - | - |
| 10. Issuance of other equity instruments | - | - | - | - | - | - | - | - |
| 11. Redemption of other equity instruments | - | - | - | - | - | - | - | - |
| 12. Reverse the repurchase right granted to minority shareholders | - | - | 1,249,826 | - | - | - | - | 1,249,826 |
| 13. Increase in capital from capital reserves | 597,088 | - | (597,088) | - | - | - | - | - |
| 14. Others | - | - | 4,896 | - | - | - | - | 4,896 |
| (III) Profit distribution | - | - | - | - | - | - | - | - |
| 1. Appropriation to surplus reserve | - | - | - | - | 299,758 | (299,758) | - | - |
| 2. Profit distribution to shareholders | - | - | - | - | - | (1,641,980) | (447,380) | (2,089,360) |
| 3. Interest paid on other equity instruments | - | (200,400) | - | - | - | - | - | (200,400) |
| **IV. Balance at the end of current period** | 3,584,504 | 4,007,545 | 4,881,311 | 1,715,326 | 3,582,343 | 21,482,857 | 15,784,092 | 55,037,978 |

## 11.6.8 Statement of Changes in Shareholders' Equity of the Company (unaudited)

*Unit: RMB thousand*

| Item | January – June 2020 Share capital | Other equity instruments | Capital surplus | Other comprehensive income | Surplus reserve | Undistributed profits | Total shareholders' equity | 2019 Share capital | Other equity instruments | Capital surplus | Other comprehensive income | Surplus reserve | Undistributed profits | Total shareholders' equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **I. Balance at the end of prior year** | **3,584,504** | **4,007,545** | **2,758,230** | **470,500** | **3,582,343** | **6,991,814** | **21,394,936** | 2,984,989 | 4,007,545 | 3,337,205 | 344,122 | 3,282,585 | 2,750,598 | 16,707,044 |
| Changes in accounting policies | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **II. Balance at the beginning of current year** | **3,584,504** | **4,007,545** | **2,758,230** | **470,500** | **3,582,343** | **6,991,814** | **21,394,936** | 2,984,989 | 4,007,545 | 3,337,205 | 344,122 | 3,282,585 | 2,750,598 | 16,707,044 |
| **III. Movements for the period** | | | | | | | | | | | | | | |
| (I) Total comprehensive income | | | | | | | | | | | | | | |
| 1. Net profit | - | **118,885** | - | - | - | **615,724** | **734,609** | - | 200,400 | - | - | - | 6,182,954 | 6,383,354 |
| 2. Other comprehensive income | - | - | - | **(104,550)** | - | - | **(104,550)** | - | - | - | 126,378 | - | - | 126,378 |
| Sub-total of 1&2 | - | **118,885** | - | - | - | **615,724** | **630,059** | - | 200,400 | - | 126,378 | - | 6,182,954 | 6,509,732 |
| (II) Capital contribution and withdrawal by owners | | | | | | | | | | | | | | |
| 1. Increase in shareholders' equity resulted from share- based payments | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2. Increase in capital reserve resulted from share option exercised by company | **1,571** | - | **11,087** | - | - | - | **12,658** | 2,427 | - | 18,113 | - | - | - | 20,540 |
| 3. Issuance of other equity instruments | - | **2,000,000** | - | - | | - | **2,000,000** | - | - | - | - | - | - | - |
| 4. Redemption of other equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5. Increase in capital from capital reserve | - | - | - | - | - | - | - | 597,088 | - | (597,088) | - | - | - | - |
| (III) Profit distribution | | | | | | | | | | | | | | |
| 1. Appropriation to surplus reserves | - | - | - | - | - | - | - | - | - | - | - | 299,758 | (299,758) | - |
| 2. Profit distribution to shareholders | - | - | - | - | - | **(430,348)** | **(430,348)** | - | - | - | - | - | (1,641,980) | (1,641,980) |
| 3. Interest paid on other equity instruments | - | **(15,370)** | - | - | - | - | **(15,370)** | - | (200,400) | - | - | - | - | (200,400) |
| **IV. Balance at the end of current period** | **3,586,075** | **6,111,060** | **2,769,317** | **365,950** | **3,582,343** | **7,177,190** | **23,591,935** | 3,584,504 | 4,007,545 | 2,758,230 | 470,500 | 3,582,343 | 6,991,814 | 21,394,936 |

*NOTES:*

## 1. BASIS OF PREPARATION

The financial statements were prepared in accordance with the Basic Standard of the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC on 15 February 2006, and the specific accounting standards and the relevant regulations issued thereafter (hereinafter collectively referred to as the "Accounting Standards for Business Enterprises" or "**CASBE**") and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No. 15 − General Rules on Financial Reporting issued by the China Securities Regulatory Commission.

The financial statements are prepared on a going concern basis.

Certain matters in the financial statements have been disclosed in accordance with the requirements of Hong Kong Companies Ordinance.

## 2. STATEMENT REGARDING COMPLIANCE WITH CASBE

The Company's financial statements for the period from 1 January 2020 to 30 June 2020 are in compliance with the requirements of CASBE, and truly and completely present the consolidated and corporate financial position of the Company as at 30 June 2020 and other related information including the consolidated and corporate operating results and cash flows during January to June 2020.

## 3. ACCOUNTS RECEIVABLES

(1) Accounts receivables analysed by customer categories are as follows:

*Unit: RMB thousand*

| | **30 June 2020** | 31 December 2019 |
|---|---|---|
| Containers manufacturing | **6,007,536** | 5,397,086 |
| Road transportation vehicles | **2,990,611** | 2,384,897 |
| Energy, chemical and liquid food equipment | **2,711,557** | 2,873,133 |
| Offshore engineering | **1,093,664** | 1,316,397 |
| Airport facilities, fire safety and automated logistics equipment | **2,201,261** | 2,607,812 |
| Logistics services | **1,323,306** | 1,507,332 |
| Heavy truck | **1,183,133** | 1,650,464 |
| Others | **2,105,710** | 1,792,918 |
| Sub-total | **19,616,778** | 19,530,039 |
| Less: provision for bad debts | **(1,046,145)** | (1,135,068) |
| Total | **18,570,633** | 18,394,971 |

(2) The aging analysis of accounts receivables from the date of the initial recognition is as follows:

| | **30 June 2020** | 31 December 2019 |
|---|---|---|
| Within 1 year (inclusive) | **17,061,671** | 17,579,518 |
| 1 to 2 years (inclusive) | **1,232,188** | 853,807 |
| 2 to 3 years (inclusive) | **705,135** | 672,276 |
| Over 3 years | **617,784** | 424,438 |
| Sub-total | **19,616,778** | 19,530,039 |
| Less: provision for bad debts | **(1,046,145)** | (1,135,068) |
| Total | **18,570,633** | 18,394,971 |

## 4. ACCOUNTS PAYABLES

(1) Accounts payable are as follows:

*Unit: RMB thousand*

| | **30 June 2020** | 31 December 2019 |
|---|---|---|
| Due to raw materials suppliers | **10,700,958** | 9,827,823 |
| Integrated logistics service charges | **567,035** | 759,352 |
| Project contract charges | **830,224** | 1,197,805 |
| Project procurement charges | **99,450** | 136,533 |
| Equipment procurement charges | **586,484** | 593,824 |
| Transportation charges | **176,368** | 58,157 |
| Processing charges | **76,443** | 67,990 |
| Others | **227,106** | 103,780 |
| Total | **13,264,068** | 12,745,264 |

(2) The aging analysis of accounts payables according to the date of its entry is as follows:

*Unit: RMB thousand*

| | **30 June 2020** | 31 December 2019 |
|---|---|---|
| Within 1 year (inclusive) | **12,339,733** | 11,802,112 |
| 1 to 2 years (inclusive) | **642,931** | 510,225 |
| 2 to 3 years (inclusive) | **99,180** | 200,371 |
| Over 3 years | **182,224** | 232,556 |
| Total | **13,264,068** | 12,745,264 |

## 5. UNDISTRIBUTED PROFITS

*Unit: RMB thousand*

| | *Note* | **January – June 2020** | 2019 |
|---|---|---|---|
| Undistributed profits at the beginning of the year | | **21,482,857** | 22,082,769 |
| Changes in accounting policies | | **–** | – |
| Undistributed profits at the beginning of the year | | **21,482,857** | 22,082,769 |
| Add: Net profit attributable to shareholders and other equity holders of the parent company for the current period | | **(182,797)** | 1,542,226 |
| Less: Effect of issue of perpetual bonds by the Company | | **(118,885)** | (200,400) |
| Less: Appropriation to surplus reserve | | **–** | (299,758) |
| Less: Ordinary share dividends payable | *(1)* | **(430,348)** | (1,641,980) |
| Undistributed profits at the end of the period | | **20,750,827** | 21,482,857 |

(1) Dividends of ordinary shares declared during the period

*Unit: RMB thousand*

| | **January – June 2020** | 2019 |
|---|---|---|
| Dividends proposed but not declared at the end of the period | **–** | – |
| Total proposed dividends during the period | **430,348** | 1,641,980 |

In accordance with the approval at the shareholders' general meeting held on 1 June 2020, the Company paid cash dividends for 2019 in the amount of RMB0.12 per share (2019: paid cash dividends for 2018 in the amount of RMB0.55 per share) to the ordinary shareholders on 24 June 2020, totalling RMB430,348,000 (2019: paid cash dividends for 2018, totalling RMB1,641,980,000).

## 6. REVENUE AND COST OF SALES

*Unit: RMB thousand*

| | **January – June 2020** | January – June 2019 |
|---|---|---|
| Revenue from principal operations | **38,524,656** | 41,770,290 |
| Revenue from other operations | **907,151** | 947,439 |
| Total | **39,431,807** | 42,717,729 |
| Cost of sales from principal operations | **33,612,216** | 36,540,349 |
| Cost of sales from other operations | **754,016** | 406,861 |
| Total | **34,366,232** | 36,947,210 |

## 7. ASSET IMPAIRMENT LOSSES AND CREDIT LOSSES

*Unit: RMB thousand*

### (1) Asset impairment losses

| | **January – June 2020** | January – June 2019 |
|---|---|---|
| Construction in progress | **–** | – |
| Inventories and costs incurred to fulfil a contract | **15,151** | 13,818 |
| Goodwill | **–** | – |
| Fixed assets | **–** | – |
| Intangible assets | **–** | – |
| Long-term equity investments | **–** | – |
| Advances to suppliers | **1,689** | (13,947) |
| Total | **16,840** | (129) |

### (2) Credit losses

| | **January – June 2020** | January – June 2019 |
|---|---|---|
| Long-term receivables (including current portion of non-current assets) | **54,022** | 27,156 |
| Notes receivables | **(2,558)** | – |
| Accounts receivables | **35,902** | 22,599 |
| Contract assets | **1,065** | 3,867 |
| Other receivables | **2,929** | (2,824) |
| Financial guarantee for vehicle loans | **913** | – |
| | **92,273** | 50,798 |

## 8. NON-OPERATING INCOME

Non-operating income by categories is as follows:

*Unit: RMB thousand*

| | **January – June 2020** | January – June 2019 | Amount recognised in non-recurring profit or loss in January – June 2020 |
|---|---|---|---|
| Unpayable payables | **44,252** | 51,515 | 44,252 |
| Compensation income | **2,524** | 18,920 | 2,524 |
| Penalty income | **9,944** | 1,253 | 9,944 |
| Relocation compensation | **–** | 69,880 | – |
| Others | **26,765** | 24,291 | 26,765 |
| Total | **83,485** | 165,859 | 83,485 |

## 9. INCOME TAX EXPENSES

*Unit: RMB thousand*

| | **January – June 2020** | January – June 2019 |
|---|---|---|
| Current income tax calculated based on tax law and related regulations | **379,662** | 486,533 |
| Deferred income tax | **19,470** | 51,403 |
| Total | **399,132** | 537,936 |

Reconciliation between tax expense and accounting profit at applicable tax rates:

| | **January – June 2020** | January – June 2019 |
|---|---|---|
| Profit before tax | **641,350** | 1,640,156 |
| Income tax expenses calculated at applicable tax rates | **418,960** | 414,085 |
| Effect of tax incentive | **(107,002)** | (50,639) |
| Expenses not deductible for tax purposes | **5,846** | 9,260 |
| Other income not subject to tax | **(194,265)** | (88,901) |
| Deductible losses in previously unrecognized deferred income tax assets | **(39,599)** | (16,744) |
| Deductible losses in unrecognized deferred income tax assets | **253,664** | 222,157 |
| Deductible temporary differences in unrecognized deferred income tax assets | | |
| Deductible temporary differences for which no deferred income tax asset was recognized in previous years | **89,050** | 58,378 |
| Effect of tax rate change on deferred tax | **2,832** | (4,113) |
| Tax refund for income tax annual filing | **(30,354)** | (5,547) |
| Income tax expenses | **399,132** | 537,936 |

## 10. MINORITY PROFIT OR LOSS

During the Reporting Period, the Group's minority profit recorded RMB425.015 million (same period in 2019: profit of RMB422.391 million).

## 11. EARNINGS PER SHARE

### (1) Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net profit attributable to ordinary shareholders of the Company (adjusted) by the weighted average number of ordinary shares outstanding of the Company:

*Unit: RMB thousand*

| | **January – June 2020** | January – June 2019 |
|---|---|---|
| Consolidated net profit attributable to ordinary shareholders and other equity holders of the Company | **(182,797)** | 679,829 |
| Effect of issue of perpetual bonds by the Company | **(118,885)** | (100,200) |
| Consolidated net profit attributable to ordinary shareholders of the Company (adjusted) | **(301,682)** | 579,629 |
| Weighted average number of ordinary shares outstanding of the Company *('000)* | **3,585,290** | 3,582,369 |
| Basic earnings per share *(RMB per share)* | **(0.0841)** | 0.1618 |
| Including: continuously operating basic earnings per share | **(0.0841)** | 0.1618 |

### (2) Diluted earnings per share

Diluted earnings per share is calculated by dividing consolidated net profit attributable to ordinary shareholders of the Company (adjusted) by the adjusted weighted average number of ordinary shares outstanding of the Company:

*Unit: RMB thousand*

| | **January – June 2020** | January – June 2019 |
|---|---|---|
| Consolidated net profit attributable to ordinary shareholders and other equity holders of the Company | **(182,797)** | 679,829 |
| Effect of issue of perpetual bonds by the Company | **(118,885)** | (100,200) |
| Effect of issue of convertible bonds by the Group's subsidiaries | **–** | – |
| Effect of the share-based payment of the Group's subsidiaries | **–** | (4,113) |
| Consolidated net profit attributable to ordinary shareholders of the Company (adjusted) | **(301,682)** | 575,516 |
| Weighted average number of ordinary shares outstanding of the Company (diluted) *('000)* (adjusted) | **3,585,290** | 3,589,101 |
| Diluted earnings per share *(RMB per share)* | **(0.0841)** | 0.1604 |

Calculation of weighted average number of ordinary shares (diluted):

| | **January – June 2020** | January – June 2019 |
|---|---|---|
| Weighted average number of ordinary shares outstanding of the Company *('000)* | **3,585,290** | 3,582,369 |
| Effect of share options of the Company *('000)* | **–** | 6,732 |
| Weighted average number of ordinary shares outstanding of the Company (diluted) *('000)* | **3,585,290** | 3,589,101 |

The Board of the Company was authorised to grant 60,000,000 share options (1.67% of the 3,586,074,802 shares issued by the Company at the end of the current period) to the senior management and other staff of the Company.

## 12. DIVIDENDS

The Directors did not propose to declare the interim dividend for the six months ended 30 June 2020 (the corresponding period in 2019: Nil).

## 13. SEGMENT REPORTING

In accordance with the Group's internal organisation structure, management requirement and internal reporting process, nine reportable segments are identified by the Group, including: container manufacturing, road transportation vehicles, energy, chemical and liquid food equipment, offshore engineering, airport facilities equipment, logistics service, finance, industrial city development and heavy trucks. Each reportable segment is an independent business segment providing different products and services. Independent management is applied to individual business segments as different technical and market strategies are adopted. The Group's management reviews the financial information of individual business segments regularly to determine resource allocation and performance assessment.

In order to assess the segment performance and resources allocation, the Group's management reviews assets, liabilities, revenue, expenses and operating results of each segment regularly. The preparation basis of such information is detailed as follows:

Segment assets include current assets of each segment, such as tangible assets, intangible assets, other long-term assets and receivables, but exclude deferred income tax assets and other unallocated headquarters assets. Segment liabilities include payables, bank borrowings, provisions, special payables and other liabilities of each segment, while deferred income tax liabilities are excluded.

Segment operating results represents segment revenue (including external revenue and inter-segment revenue), offsetting segment expenses, depreciation and amortisation and impairment losses attributable to assets of each segment, net interest expenditure generated from bank deposits and bank borrowings directly attributable to each segment. Transactions conducted among segments are under similar non-related party transaction commercial terms.

Segment information in the first half of 2020 and at 30 June 2020 is as follows:

*Unit: RMB thousand*

| Item | Container manufacturing January – June 2020 | Road transportation vehicles January – June 2020 | Energy, chemical and liquid food equipment January – June 2020 | Offshore engineering January – June 2020 | Airport facilities, fire safety and automated logistics equipment January – June 2020 | Heavy trucks January – June 2020 | Logistics services January – June 2020 | Industrial city development January – June 2020 | Finance and asset management January – June 2020 | Unit load January – June 2020 | Others January – June 2020 | Elimination between segments January – June 2020 | Total January – June 2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| External transaction revenue | 8,092,629 | 11,128,997 | 5,755,355 | 2,418,164 | 2,185,170 | 880,648 | 4,428,634 | 1,260,015 | 970,165 | 1,200,040 | 1,258,378 | (146,388) | 39,431,807 |
| Inter-segment transaction revenue | 356,154 | 61,522 | 42,422 | 109,673 | 5,639 | 273 | 22,900 | 2,118 | 164,519 | 86,472 | 212,357 | (1,064,049) | - |
| Cost of sales from principal operations | 7,566,954 | 9,704,416 | 4,893,168 | 2,458,394 | 1,706,215 | 867,023 | 4,146,008 | 778,908 | 379,946 | 1,143,175 | 1,273,017 | (1,305,008) | 33,612,216 |
| Investment (losses)/income in associates and joint ventures | - | 6,013 | (1,581) | - | 1,426 | 13,868 | 7,725 | 23,914 | - | 3,580 | (54) | - | 54,891 |
| Asset impairment losses | - | 13,578 | 740 | (1,297) | 2,050 | - | 47 | - | - | 1,700 | 22 | - | 16,840 |
| Depreciation and amortisation expenses | 215,425 | 200,334 | 171,203 | 388,234 | 88,251 | 72,434 | 86,850 | 28,613 | 335,608 | 39,664 | 29,553 | (6,567) | 1,649,602 |
| Interest income | 68,913 | 38,232 | 58,995 | 22,990 | 3,781 | 18,086 | 8,125 | 47,522 | 143,011 | 7,632 | 1,223,943 | (1,852,420) | (211,190) |
| Interest expenses | 63,333 | 59,884 | 60,321 | 697,139 | 38,755 | 49,136 | 15,217 | 11,578 | 91,939 | 11,518 | 1,137,029 | (1,344,088) | 891,761 |
| Total profit/(losses) | 257,237 | 787,481 | 201,351 | (872,272) | 94,750 | (138,012) | 246,985 | 236,152 | 246,436 | 4,258 | (232,764) | (190,252) | 641,350 |
| Income tax expenses | 18,309 | 89,235 | 44,513 | 17,495 | 16,276 | (13) | 14,896 | 100,376 | 67,686 | 4,998 | 18,344 | 7,017 | 399,132 |
| Net profit/(losses) | 238,928 | 698,246 | 156,838 | (889,767) | 78,474 | (137,999) | 232,089 | 135,776 | 178,750 | (740) | (251,108) | (197,269) | 242,218 |
| Total assets | 16,897,851 | 20,648,068 | 16,056,468 | 38,054,467 | 8,661,192 | 3,912,075 | 4,747,433 | 30,327,719 | 49,444,034 | 2,375,937 | 57,259,514 | (71,437,106) | 176,947,652 |
| Total liabilities | 9,443,760 | 10,623,526 | 8,796,053 | 42,612,409 | 5,704,753 | 4,121,321 | 2,715,932 | 21,952,162 | 46,104,261 | 1,338,837 | 50,290,243 | (82,833,936) | 120,869,321 |
| Other substantial non-cash items: | | | | | | | | | | | | | |
| – Other non-cash expenditures/ (income) other than depreciation and amortisation | 41,246 | 44,794 | 11,786 | (8,113) | 788 | 22 | 27,775 | - | 51,400 | 5,310 | 240,733 | (59,524) | 356,217 |
| – Long-term equity investment of associates and joint ventures | 256,819 | 107,324 | 33,052 | 100,768 | 25,348 | 284,147 | 440,351 | 3,601,771 | 417,979 | 64,055 | 366,083 | - | 5,697,697 |
| – Additions of other non-current assets other than long-term equity investment, financial assets and deferred tax assets | 449,638 | 613,037 | 209,646 | 86,992 | 31,748 | 173,348 | 193,385 | 4,352,253 | 31,428 | 1,072,774 | 20,840 | (1,009,964) | 6,225,125 |

Segment information in the first half of 2019 and at 30 June 2019 is as follows:

*Unit: RMB thousand*

| Item | Container manufacturing January – June 2019 | Road transportation vehicles January – June 2019 | Energy, chemical and liquid food equipment January – June 2019 | Offshore engineering January – June 2019 | Airport facilities, fire safety and automated logistics equipment January – June 2019 | Heavy trucks January – June 2019 | Logistics services January – June 2019 | Industrial city development January – June 2019 | Finance and asset management January – June 2019 | Others January – June 2019 | Elimination between segments January – June 2019 | Total January – June 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| External transaction revenue | 11,118,126 | 12,652,494 | 7,087,351 | 1,354,503 | 2,352,116 | 997,099 | 4,287,819 | 561,217 | 940,284 | 1,366,720 | – | 42,717,729 |
| Inter-segment transaction revenue | 214,374 | 61,104 | 94,364 | 332,576 | 1,432 | 114,321 | 22,497 | 2,091 | – | 535,369 | (1,378,128) | – |
| Cost of sales from principal operations | 10,273,104 | 10,863,318 | 5,912,731 | 1,623,461 | 1,843,710 | 1,051,001 | 3,919,288 | 219,856 | 643,956 | 1,640,599 | (1,450,675) | 36,540,349 |
| Investment (losses)/income in associates and joint ventures | (1,774) | 2,525 | – | – | 169 | 10,170 | 15,948 | 645 | (74) | (20) | (2,525) | 25,064 |
| Asset impairment losses | 316 | 9,440 | (1,694) | – | 406 | 2,716 | (13,704) | – | – | 2,391 | – | (129) |
| Depreciation and amortisation expenses | 219,137 | 178,136 | 163,394 | 195,354 | 70,492 | 95,998 | 83,516 | 11,957 | 142,344 | 72,737 | – | 1,233,065 |
| Interest income | 202,163 | 41,545 | 48,084 | 201,314 | 2,542 | 19,355 | 14,039 | 194,387 | 160,245 | 1,447,173 | (1,959,176) | 371,671 |
| Interest expenses | 142,152 | 56,519 | 67,131 | 629,179 | 26,421 | 53,755 | 21,367 | 402,867 | 66,481 | 1,234,981 | (1,826,069) | 874,784 |
| Total profit/(losses) | 32,723 | 968,774 | 446,899 | (703,491) | 84,233 | (43,539) | 117,547 | 211,914 | 279,012 | (110,645) | 356,729 | 1,640,156 |
| Income tax expenses | (4,857) | 123,733 | 83,478 | (179) | 10,269 | 159 | 26,775 | 133,661 | 79,947 | 42,994 | 41,956 | 537,936 |
| Net profit/(losses) | 37,580 | 845,041 | 363,421 | (703,312) | 73,964 | (43,698) | 90,772 | 78,253 | 199,065 | (153,639) | 314,773 | 1,102,220 |
| Total assets | 22,071,016 | 16,361,679 | 15,815,190 | 33,225,393 | 8,423,988 | 4,177,420 | 4,970,047 | 19,984,634 | 44,322,448 | 55,121,810 | (60,910,355) | 163,563,270 |
| Total liabilities | 12,606,009 | 8,078,865 | 8,858,618 | 36,368,470 | 5,420,423 | 3,637,484 | 3,023,234 | 13,385,639 | 35,336,045 | 51,383,656 | (68,220,959) | 109,877,484 |
| Other substantial non-cash items: | | | | | | | | | | | | |
| – Other non-cash expenditures/(income) other than depreciation and amortisation | 28,467 | 2,350 | 5,673 | 9,985 | 5,364 | 4,830 | (8,955) | (1) | 31,482 | 218,465 | (50,534) | 247,126 |
| – Long-term equity investment of associates and joint ventures | 138,785 | 102,672 | 15,661 | 40,954 | 21,816 | 260,092 | 555,209 | 3,490,325 | 228,409 | 576,915 | – | 5,430,838 |
| – Additions of other non-current assets other than long-term equity investment, financial assets and deferred tax assets | 322,504 | 579,030 | 873,610 | 157,509 | 1,032,643 | 54,717 | 59,485 | 146,908 | 185,597 | 248,250 | 126,917 | 3,787,170 |

## 14. RESTRICTED ASSETS OF THE GROUP AS AT 30 JUNE 2020

*Unit: RMB thousand*

| | 31 December 2019 | Current period addition | Current period decrease | Exchange differences arising from translating foreign currencies | 30 June 2020 |
|---|---|---|---|---|---|
| – Cash at bank and on hand | 1,708,360 | 656,917 | (198,525) | – | 2,166,752 |
| – Notes receivable | 33,924 | 7,800 | (32,834) | – | 8,890 |
| – Receivables financing | 715,605 | 5,286 | (13,845) | – | 707,046 |
| – Long term receivables | 8,027,760 | – | (309,852) | – | 7,717,908 |
| – Fixed assets | 40,237 | 116,989 | – | – | 157,226 |
| – Inventories | 8,018,099 | – | (879,062) | – | 7,139,037 |
| – Investment property | – | 677,443 | – | – | 677,443 |
| – Intangible assets | – | 263,397 | – | – | 263,397 |
| Total | 18,543,985 | 1,727,832 | (1,434,118) | – | 18,837,699 |

The restricted cash at bank and on hand was security deposits and deposits with the People's Bank of China by the Finance Company, a subsidiary of the Group. Notes receivables were used for pledge for letter of guarantee and pledge for pool of notes. Receivables financing were discounted notes that have not yet expired and are subject to recourse. Long term receivables and inventories were used as collateral for mortgage loans. The restricted fix assets were used as collateral for long term payables.

## 15. CONTINGENCIES

### (1) Guarantees provided for external parties

CIMC Raffles, a subsidiary of the Group, provided the vessel leasing guarantee to its clients. As at 30 June 2020, the amount of guarantee was approximately RMB60,979,000 (31 December 2019: RMB118,750,000).

CIMC Vehicles, a subsidiary of the Group, carried out vehicle buyer credit business and signed loan guarantee contracts with Huishang Bank, Industrial Bank and China Guangfa Bank, providing credit guarantee to the relevant banks financing of the distributors and customers of the Group and its holding subsidiaries arising from purchase of vehicle products. As at 30 June 2020, the aggregate amount of credit facilities in respect of which the Group and its holding subsidiaries provided guarantees to the distributors and customers was RMB1,243,828,000 (31 December 2019: RMB1,161,439,000).

Shenyang CIMC Industrial Park Investment Development Co., Ltd. and Shaanxi CIMC Vehicles Industrial Park Investment Development Co., Ltd., subsidiaries of the Group, cooperated with China Construction Bank and Shaanxi Xianyang Qindu Rural Commercial Bank, respectively, in mortgage credit cooperation and signed a property loan guarantee contract, providing phased guarantee to the loans that the customers of the two companies obtained from the relevant banks. As at 30 June 2020, the customer financing loans provided by the Shenyang Vehicle Industrial Park and Shaanxi Vehicle Industrial Park was approximately RMB18,818,000 (31 December 2019: RMB18,953,000).

CIMC Industry & City, a subsidiary of the Group, and its holding subsidiaries, provided guarantees to purchasers of commodity homes by the way of secured loans with external banks. The amount of guarantees provided by the Group was RMB2,305,132,000 as at 30 June 2020 (31 December 2019: RMB1,738,861,000).

C&C Trucks, a subsidiary of the Group, and its holding subsidiaries signed contracts with external banks, pursuant to which relevant banks provided guarantees in respect of banking facilities granted to the distributors and customers of C&C Trucks and its subsidiaries arising from purchase of vehicle products. As at 30 June 2020, the aggregate amount of credit facilities in respect of which C&C Trucks and its holding subsidiaries provided guarantees to the distributors and customers was approximately RMB984,357,000 (31 December 2019: RMB869,185,000).

Ningxia Chang Ming Natural Gas Development Co., Ltd. ("**Ningxia Changming**"), a holding subsidiary of the Group's subsidiary Enric, provided the guarantee for current loans from external banks to its minority shareholder, Ningxia Yuanshan New Energy Group. As at 30 June 2020, relevant amounts totaled RMB20,000,000 (31 December 2019: nil).

**(2) Notes payable issued but not accounted for, outstanding letters of credit issued and outstanding performance guarantees issued**

The Group currently does not recognise notes payable or letter of credit issued as deposits. The Group accounted for the corresponding inventories or prepayments and notes payable at the earlier of the date of delivery of goods and the maturity date of the notes. As at 30 June 2020, the Group had no notes payable issued but not accounted for and outstanding letters of credit issued amounted to RMB286,779,000 (31 December 2019: RMB187,630,000).

As at 30 June 2020, the outstanding performance guarantee issued by the Company for its subsidiaries amounted to RMB575,965,000, USD208,689,000 (equivalent to RMB1,476,913,000), EUR23,660,000 (equivalent to RMB188,378,000), GBP5,670,000 (equivalent to RMB49,390,000) and PLN76,895,000 (equivalent to RMB137,460,000), totaling RMB2,428,106,000 (total amount as at 31 December 2019: RMB3,151,112,000).

As at 30 June 2020, the subsidiaries of the Group had the amount of outstanding guarantees issued by banks amounting to RMB1,993,877,000, primarily including balance of performance guarantees, quality guarantees, advance payment guarantees and other of RMB1,193,819,000, RMB43,884,000, RMB709,485,000 and RMB46,689,000, respectively (31 December 2019: RMB1,340,667,000).

**(3) Significant pending litigations**

CIMC Enric Investment Holdings (Shenzhen) Ltd.* (中集安瑞科投資控股(深圳)有限公司) ("**Enric Shenzhen**"), an indirect wholly-owned subsidiary of CIMC Enric, a subsidiary of the Group, received certain litigation documents served by the Jiangsu Province High People's Court*(江蘇省高級人民法院), including a notice of response to action [(2018) Su Min Chu No.37*((2018)蘇民初37號)] and a writ of summons in December 2018, pursuant to which, the plaintiff SOEG PTE LTD ("**SOEG**") sued the defendant Enric Shenzhen, and petitioned the court to: 1) order Enric Shenzhen to pay SOEG the remaining balance of the equity transfer of RMB153,456,000; 2) order Enric Shenzhen to bear the attorney fee loss of RMB50,000 incurred by SOEG; 3) order Enric Shenzhen to bear the costs of this case. The litigation entered the trial stage in September 2019, and the Nantong Intermediate Court has recently made the first-instance judgment: 1) the claim made by the plaintiff SOEG has been dismissed; 2) the case acceptance fee of RMB809,330 shall be borne by the plaintiff SOEG; 3) if the judgment is not accepted, the plaintiff SOEG and the defendant Enric Shenzhen may submit an appeal to the Nantong Intermediate Court within 30 days and 15 days, respectively, from the date on which the judgment is served, and may provide the copies of the appeal in the same number as that of the parties involved. The appeal (if any) will proceed at the Jiangsu Province High People's Court, and the case acceptance fee for the appeal shall be prepaid to the Jiangsu Province High People's Court according to the "Measures for Payment of Litigation Costs"* (《訴訟費用交納辦法》). In August 2020, Enric Shenzhen has received the SOEG petition served by the Nantong Intermediate People's Court of Jiangsu Province* (江蘇省南通市中級人民法院), and the case will then be transferred to the Jiangsu Province High People's Court for second instance.

## 16. COMMITMENTS

**Significant commitments**

***(1) Capital commitments***

*Unit: RMB thousand*

| | **January – June 2020** | 2019 |
|---|---|---|
| Fixed assets purchase contracts entered into but not performed or performed partially | **163,107** | 74,821 |
| Vessels manufactured for sales or lease | **–** | 265,320 |
| Total | **163,107** | 340,141 |

## 17. SUPPLEMENTARY INFORMATION

**Return on Net Assets and Earnings per Share**

In accordance with the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings Per Share (as amended in 2010) issued by the CSRC and relevant requirements of the Accounting Standards for Business Enterprises, the calculation of return on net assets and earnings per share of the Company is listed as follows:

*Unit: RMB/share*

| | **Weighted average return on net assets *(%)*** | | **Earnings per share** | | | |
|---|---|---|---|---|---|---|
| | | | **Basic earnings per share** | | **Diluted earnings per share** | |
| | **January to June 2020** | January to June 2019 | **January to June 2020** | January to June 2019 | **January to June 2020** | January to June 2019 |
| Net profit attributable to ordinary shareholders of the Company | **(0.86%)** | 1.70% | **(0.0841)** | 0.1618 | **(0.0841)** | 0.1604 |
| Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss | **(1.02%)** | 1.02% | **(0.0991)** | 0.0977 | **(0.0991)** | 0.0964 |

## 18. EVENTS AFTER THE BALANCE SHEET DATE

(1) On 22 July 2020, the Company and Xiang Shan Hua Jin Industrial Investment Partnership (Limited Partnership) (象山華金實業投資合夥企業(有限合夥)) ("**Xiang Shan Hua Jin**") entered into an equity transfer agreement with Shanghai Tai Fu Xiang Zhong Investment Fund Partnership (Limited Partnership) ("**Tai Fu Xiang Zhong**"). On the same date, the Company and Xiang Shan Hua Jin entered into the share confirmation with respect to the transfer of target shares. Pursuant to the equity transfer agreement and the share confirmation, the Company decided to purchase from Tai Fu Xiang Zhong 63,493,475 shares held in CIMC Vehicles at RMB6.80 per share for a consideration of RMB431,755,630. Upon completion of the transaction, the Company will hold approximately 57.42% equity interest in CIMC Vehicles and CIMC Vehicles will remain as a non-wholly owned subsidiary of the Company. The transaction was considered and approved at the ninth meeting in 2020 of the ninth session of the Board, at which no Director was required to abstain from voting on the relevant Board resolution due to any material interest in the transaction. The independent Directors of the Company have conducted preliminary review and issued independent opinions. The transaction was not required to be submitted to the general meeting of the Company for consideration and approval. For relevant details, please refer to announcement published on Cninfo website (www.cninfo.com.cn), the announcement published on the Company's website (www.cimc.com) (Announcement No.: [CIMC] 2020–052) and the announcement published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) by the Company on 22 July 2020.

(2) On 6 August 2020, it was considered and approved at the tenth meeting in 2020 of the ninth session of the Board of the Company that Country Garden Real Estate Group Co., Ltd. ("**Country Garden**") will pay additional capital of RMB1,606,124,427 to CIMC Industry & City, an indirect non-wholly owned subsidiary of the Company, and the corresponding additional capital to the equity value of uncompleted parts of Qianhai Projects (if any) will be increased to a maximum of RMB39,012,616. Upon the completion of the transaction, the equity interests in CIMC Industry & City held by Country Garden will increase from 25% to 30%. The independent Directors of the Company have conducted preliminary review and issued independent opinions. Such matters are subject to consideration and approval at the general meeting of the Company. For relevant details, please refer to announcements published on Cninfo website (www.cninfo.com.cn), the announcements published on the Company's website (www.cimc.com) (Announcement Nos.: [CIMC] 2020–057 and [CIMC] 2020–058) and the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) by the Company on 6 August 2020.

(3) On 12 August 2020, the Company, Shenzhen CIMC Intelligent Technology Co., Ltd. ("**CIMC Intelligent**", a subsidiary of the Company), Shenzhen Southern CIMC Containers Manufacture Co., Ltd., a wholly-owned subsidiary of the Company, and Dongjie Intelligent (Shenzhen) Co., Ltd. (東傑智能(深圳)有限公司) ("**Shenzhen Dongjie**") signed the Equity Transfer Agreement Regarding Shenzhen CIMC Intelligent Technology Co., Ltd. (the "**Equity Transfer Agreement**"). Pursuant to the Equity Transfer Agreement, the Group intends to transfer its 55% equity interest in CIMC Intelligent to an independent third party, Shenzhen Dongjie, for a transaction consideration of RMB49.5 million. Upon completion of the transaction, the Company's equity in CIMC Intelligent will be reduced from 68% to 13%, and CIMC Intelligent will cease to be a subsidiary of the Company. At the same time, upon completion of the transaction, the Company's loan amounting to RMB15 million to CIMC Intelligent constitutes the external financial assistance. As stipulated in the Equity Transfer Agreement, the relevant parties shall repay the principal and interest in one lump sum within three months from the date of equity transfer in this transaction (bearing interest based on annualized interest rate of 6%). For relevant details, please refer to the announcement published by the Company on Cninfo website (www.cninfo.com.cn), the announcement published on the Company's website (www.cimc.com) (Announcement No.: [CIMC]2020–059) and the announcement published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 12 August 2020.

(4) According to the capital increase agreement dated 18 August 2020, Xi'an Qujiang Cultural Industry Investment (Group) Co., Ltd. ("**Qujiang Cultural Industry Investment**") paid the tentative proposed additional capital price of RMB2,351,531,106.75 to CIMC Industry & City, an indirect non-wholly owned subsidiary of the Company, of which, RMB90,940,737.86 will be used to subscribe for the registered capital of CIMC Industry & City correspondingly, and RMB2,260,590,368.89 is proposed to be transferred to the capital reserve of CIMC Industry & City. Upon completion of the transaction, the registered capital of CIMC Industry & City will be increased to RMB454,703,689.29, Qujiang Cultural Industry Investment will hold 20% equity interest in CIMC Industry & City. As at the date of the announcement, CIMC Industry & City is an indirect non-wholly owned subsidiary of the Company, in which the Company holds 61.5% equity interest. Upon completion of the capital increase by Country Garden, the Company will hold 57.4% equity interest in CIMC

Industry & City, and upon completion of the capital increase by Qujiang Cultural Industry Investment, the percentage of equity interest held by the Company in CIMC Industry & City will be decreased to 45.92%. The transaction is required to be submitted to the general meeting of the Company for consideration. Upon the completion of the transaction, the scope of the Company's consolidated statements will be changed. CIMC Industry & City will no longer be an indirect non-wholly owned subsidiary of the Company, instead, it will become an associate of the Company. In addition, as certain directors and senior management of the Group will hold directorship on the new board of directors of CIMC Industry & City, according to the Shenzhen Listing Rules, CIMC Industry & City will also constitute a related party of the Company under the Shenzhen Listing Rules. After CIMC Industry & City introduces the strategic investor, its fund transfer with the Group and providing related party guarantees to CIMC Industry & City are required to be submitted to the general meeting of the Company for consideration. Such matters stated above have been considered and approved by the eleventh meeting in 2020 of the ninth session of the Board and is required to be submitted to the general meeting for consideration. The independent Directors have issued review opinions in advance. For relevant details, please refer to the announcements published on Cninfo website (www.cninfo.com.cn), the announcements published on the Company's website (www.cimc.com) (Announcement Nos.: [CIMC] 2020–063 and [CIMC] 2020–064) and the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) by the Company on 18 August 2020.

## OTHER SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In addition to above "Events after the Balance Sheet Date", other significant events of the Company after the Reporting Period are as follows:

(1) On 18 August 2020, the Company received notices from COSCO SHIPPING Development Co., Ltd., Broad Ride Limited and Promotor Holdings Limited, being shareholders of the Company, whom have been proposing to transfer part of their shareholdings in the Company. Specific transaction plan is still being planned and related transaction is subject to approval of competent authorities, which is subject to uncertainty. As of 18 August 2020, there is no controlling shareholder of the Company while China Merchants (CIMC) Investment Limited is its largest shareholder. Thus, the issue may involve changes of the largest shareholder of the Company. On 25 August 2020, COSCO Container Industries Limited and Long Honour Investments Limited, both being wholly-owned subsidiaries of COSCO SHIPPING Development Co., Ltd., together with Broad Ride Limited and Promotor Holdings Limited, as the four shareholders, and Shenzhen Capital Operation Group Co., Ltd. entered into the Letter of Intent on Transfer of Shares of China International Marine Containers (Group) Co., Ltd., pursuant to which the four shareholders agreed to transfer part or all of their respective shares held in the Company to Shenzhen Capital Operation Group Co., Ltd. and its designated wholly-owned subsidiary. For relevant details, please refer to announcements published on Cninfo website (www.cninfo.com.cn), the announcements published on the Company's website (www.cimc.com) (Announcement Nos.: [CIMC] 2020–062 and [CIMC] 2020–066) and the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) by the Company on 18 August 2020 and 25 August 2020.

By Order of the Board
**China International Marine Containers (Group) Co., Ltd.**
**WANG Hong**
*Chairman*

Hong Kong, 27 August 2020

*As at the date of this announcement, the Board of directors of the Company comprises Mr. WANG Hong (Chairman), Mr. LIU Chong (Vice-chairman), Mr. HU Xianfu and Mr. MING Dong as non-executive directors; Mr. MAI Boliang as an executive director; and Mr. HE Jiale, Mr. PAN Zhengqi and Ms. LUI FUNG Mei Yee, Mabel as independent non-executive directors.*