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CIMC VEHICLES
CIMC Vehicles (Group) Co., Ltd.
中集車輛(集團)股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1839)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

The Board of the Company announces the unaudited interim results of the Group for the six months ended June 30, 2023.

I. IMPORTANT NOTICE

- (1) The Board, the Supervisory Committee and the Directors, Supervisors and senior management of the Company warrant that there are no misrepresentations, misleading statements or material omissions contained in the interim results announcement for the six months ended June 30, 2023 (the “**Announcement**”), and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the information contained in the Announcement.
- (2) All the Directors attended the Board meeting in relation to, among others, approval of the interim results for the six months ended June 30, 2023.
- (3) The person in charge of the Company, Mr. Li Guiping, the person in charge of accounting and Manager of Finance Department (accounting chief), Mr. Zhan Rui, hereby warrant the truthfulness, accuracy and completeness of the financial statements as set out in the Announcement.
- (4) The forward-looking statements in the Announcement regarding future development plans do not constitute a material commitment by the Company to investors. Investors and the relevant persons are advised to be fully aware of the risks involved and understand the differences between plans, forecasts and commitments. The Company reminds investors to carefully read the full text of the Announcement and pay special attention to the risk factors faced by the Company, details of which are set out in “(VII) Risk Exposures of the Company and Responsive Initiatives” under Section IV “Management Discussion and Analysis” in the Announcement.
- (5) Approved by the Board meeting, the Company proposed not to distribute cash dividend, bonus shares or increase share capital by way of transfer from capital reserves for the 2023 interim period.
- (6) The Announcement is published in English and Chinese. In the event of any inconsistency between the two versions, the Chinese version shall prevail.

II. COMPANY PROFILE AND KEY FINANCIAL INDICATORS

(1) Company Information

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

(2) Contact Persons and Means of Communication

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

(3) Other Information

1. *Company contact information*

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

Applicable Not applicable

There were no changes in the registered address, office address and postal code, website address and e-mail address of the Company during the Reporting Period. For details, please refer to the 2022 Annual Report.

2. **Information disclosure and locations for documents for inspection**

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

Applicable Not applicable

There were no changes in the name of the newspaper selected by the Company for information disclosure, the website designated by the CSRC for publication of semi-annual reports, or locations for semi-annual reports of the Company for inspection. For details, please refer to the 2022 Annual Report.

3. **Change of registration**

Were there changes in the registration during the Reporting Period

Applicable Not applicable

There were no changes in the registration of the Company during the Reporting Period. For details, please refer to the 2022 Annual Report.

(4) **Major Accounting Data and Financial Indicators**

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

Yes No

	This Reporting Period	Same period last year	Increase/(decrease) compared with the same period last year
Revenue (RMB)	13,469,630,221.58	11,195,842,138.07	20.31%
Net profit attributable to Shareholders of the Company (RMB)	1,896,532,237.44	365,758,163.71	418.52%
Net profit attributable to Shareholders of the Company after deducting non-recurring profit or loss (RMB)	1,035,465,573.09	348,586,596.96	197.05%
Net cash flow from operating activities (RMB)	1,245,480,784.93	206,778,405.88	502.33%
Basic earnings per share (RMB/share)	0.94	0.18	422.22%
Diluted earnings per share (RMB/share)	0.94	0.18	422.22%
Weighted average return on net assets	13.86%	3.08%	10.78%

	End of the Reporting Period	End of last year	Increase/(decrease) compared with the end of last year
Total assets (RMB)	25,383,133,686.14	22,217,230,064.00	14.25%
Equity attributable to Shareholders of the Company (RMB)	14,271,477,107.31	12,699,782,738.40	12.38%

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

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

Applicable Not applicable

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

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

Applicable Not applicable

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

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

Applicable Not applicable

Unit: RMB

Items	Six months ended June 30, 2023	Note
Gains or losses from disposal of non-current assets (including elimination of provision for impairment of assets)	(1,129,915.30)	
Government grants recognized in profit or loss (except for government grants that are closely related to the Company's normal business operations, in line with national policies and in accordance with certain standards of fixed or quantitative continuous enjoyment)	22,018,243.30	Various government grants
The cost of investments in subsidiaries, associates and joint ventures acquired by an enterprise is less than its share of the gain arising from the fair value of the investee's identifiable net assets at the time of investment acquisition	3,999,081.31	
Gains or losses on debt restructuring	(12,800.00)	

Items	Six months ended June 30, 2023	Note
Gains or losses from changes in fair value of financial assets held for trading, derivative financial instruments and investment income, gains or losses from changes in fair value of investment properties subsequently measured using the fair value model and investment income from the disposal of derivative financial instruments	(11,883,905.23)	Changes in fair value of financial assets held for trading, derivative financial assets and liabilities; investment gains from financial assets held for trading; investment gains or losses from disposal of derivative financial assets and liabilities, and gains or losses on changes in fair value of investment properties
Other non-operating income and expenses other than the above-mentioned items	4,200,912.98	
Net gain on disposal of long-term equity investments	1,112,158,428.45	Net gain on disposal of equity interest in Shenzhen CIMC Special Vehicle
Reorganization costs on disposal of long-term equity investments	(35,371,122.00)	Reorganization costs arising from the sale of Shenzhen CIMC Special Vehicle
Less: Income tax	228,969,013.46	
Non-controlling interests, net of tax	3,943,245.70	
Total	861,066,664.35	

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

Applicable Not applicable

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

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

Applicable Not applicable

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

III. SHAREHOLDERS AND SHARE CAPITAL

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

Unit: Share

	Total number of ordinary Shareholders as at the end of the Reporting Period	Total number of Shareholders: 29,719 (among which, A Shares: 29,674, and H Shares: 45)	Total number of preferred Shareholders whose voting rights have been reinstated as at the end of the Reporting Period	0	Total number of Shareholders holding Shares with special voting rights	0		
Shareholdings of the Shareholders holding more than 5% of the Shares or the top ten Shareholders								
Name of Shareholder	Nature of Shareholder	Shareholding percentage	Number of shares held as at the end of the Reporting Period	Changes during the Reporting Period	Number of shares held subject to trading restrictions	Number of shares held not subject to trading restrictions	Pledged, charged or frozen shares Status	Number
CIMC Group	Domestic non-state-owned legal person	36.10%	728,443,475	0	728,443,475	0		
CIMC Hong Kong (note 1)	Overseas legal person	20.68%	417,190,600	13,935,000	284,985,000	132,205,600		
HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司) (note 2)	Overseas legal person	7.27%	146,668,432	(13,933,500)	0	146,668,432		
Ping An Capital Co., Ltd. (平安資本有限責任公司) – Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥))	Others	3.73%	75,273,188	(50,956,400)	0	75,273,188		
Ping An Capital Co., Ltd. (平安資本有限責任公司) – Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企業(有限合夥))	Others	3.65%	73,581,905	(48,103,600)	0	73,581,905		
Xiangshan Huajin	Domestic non-state-owned legal person	3.56%	71,894,400	(3,983,100)	0	71,894,400		
Hong Kong Securities Clearing Company Limited	Overseas legal person	1.57%	31,679,168	29,873,365	0	31,679,168		
Shenzhen Longyuan	Domestic non-state-owned legal person	1.15%	23,160,000	0	0	23,160,000		
Central Enterprises Poor Regions Industry Investment Fund Co., Ltd. (中央企業鄉村產業投資基金股份有限公司)	State-owned legal person	0.42%	8,572,832	(20,162,800)	0	8,572,832		
China Merchants Bank (招商銀行股份有限公司) – China Europe Internet Pioneer Hybrid Securities Investment Fund (中歐互聯網先鋒混合型證券投資基金)	Others	0.42%	8,498,900	8,498,900	0	8,498,900		

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

Name of Shareholder	Nature of Shareholder	Shareholding percentage	Number of	Changes	Number of	Number of	Pledged, charged or	
			shares held as at the end of the Reporting Period	during the Reporting Period	shares held subject to trading restrictions	shares held not subject to trading restrictions	frozen shares Status	Number
Strategic investors or ordinary legal persons becoming top ten Shareholders by way of placing of new Shares	Central Enterprises Poor Regions Industry Investment Fund Co., Ltd. (中央企業鄉村產業投資基金股份有限公司) became top ten Shareholders by way of placing of new Shares, the shares held by which were released from the restriction on sale on July 8, 2022. Neither the start date nor the end date of the shareholding period has been agreed with the Shareholder.							
Description of connected relationships or concerted actions of the above Shareholders	<ol style="list-style-type: none"> CIMC Hong Kong is a wholly owned subsidiary of CIMC Group; Each of Ping An Capital Co., Ltd. (平安資本有限責任公司) – Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥)) and Ping An Capital Co., Ltd. (平安資本有限責任公司) – Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企業(有限合夥)) is a partnership private equity investment fund. The executive partner of Ping An Capital Co., Ltd. (平安資本有限責任公司) – Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥)) is Ping An Capital Co., Ltd. (平安資本有限責任公司), and the executive partner of Ping An Capital Co., Ltd. (平安資本有限責任公司) – Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企業(有限合夥)) is Ping An Decheng. Both Ping An Decheng and Ping An Capital Co., Ltd. (平安資本有限責任公司) are enterprises whose equity interests are indirectly owned as to 100% by Ping An Group (a listed company, 601318.SH/02318.HK). Ping An Capital Co., Ltd. (平安資本有限責任公司) – Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥)) and Ping An Capital Co., Ltd. (平安資本有限責任公司) – Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企業(有限合夥)) are under the control of the same entity and are persons acting in concert. <p>Saved as disclosed above, the Company is not aware of any other related relationship among the above Shareholders, or whether they are persons acting in concert.</p>							
Description of entrusting/being entrusted voting rights or waiving voting rights of the above Shareholders	Not applicable							
Special description of the special accounts for repurchase held by the top ten Shareholders	Not applicable							

Note 1: As at the end of the Reporting Period, 132,205,600 H Shares of the Company held by CIMC Hong Kong were registered under HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司). The number of shares held by CIMC Hong Kong and the shareholding percentage in the above table have taken into account the number of such shares.

Note 2: HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司) is the nominee holder on behalf of the non-registered Shareholders of the H Shares. As at the end of the Reporting Period, 278,874,032 H Shares were registered under HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司). The number of Shares held and the shareholding percentage of HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司) in the above table do not take into account the 132,205,600 H Shares registered thereunder and held by CIMC Hong Kong.

Whether the Company had voting rights difference arrangement

Applicable Not applicable

Whether any agreed repurchase transaction was entered into by the Company's top ten ordinary Shareholders and the top ten ordinary Shareholders not subject to trading restrictions during the Reporting Period

Yes No

The Company's top ten ordinary Shareholders and the top ten ordinary Shareholders not subject to trading restrictions did not enter into any agreed repurchase transaction during the Reporting Period.

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

As at June 30, 2023, to the knowledge of Directors, the following persons other than the Directors, Supervisors and chief executive of the Company had interests and/or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept pursuant to Section 336 of the SFO:

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares	Long Position/ Short Position	Approximate Percentage of the Relevant Class of Shares	Approximate Percentage of the Total Issued Share Capital of the Company
CIMC Group	Beneficial owner	A Shares	728,443,475	Long position	50.11%	36.10%
	Interest in controlled corporation ⁽¹⁾	H Shares	417,190,600	Long position	73.98%	20.68%
Ping An Decheng	Interest in controlled corporation ⁽²⁾	A Shares	73,581,905	Long position	5.06%	3.65%
Ping An Financial	Interest in controlled corporation ⁽²⁾	A Shares	148,855,093	Long position	10.24%	7.38%
Ping An Life Insurance	Interest in controlled corporation ⁽⁴⁾	A Shares	148,855,093	Long position	10.24%	7.38%
Ping An Group	Interest in controlled corporation ⁽²⁾	A Shares	148,855,093	Long position	10.24%	7.38%
CIMC Hong Kong	Beneficial owner	H Shares	417,190,600	Long position	73.98%	20.68%
Shanghai Taifu	Beneficial owner	A Shares	75,273,188	Long position	5.18%	3.73%

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares	Long Position/ Short Position	Approximate Percentage of the Relevant Class of Shares	Approximate Percentage of the Total Issued Share Capital of the Company
Chi Xiao	Interest in controlled corporation ⁽³⁾	A Shares	75,273,188	Long position	5.18%	3.73%
Nanshan Group	Interest in controlled corporation ⁽³⁾	A Shares	75,273,188	Long position	5.18%	3.73%
Taizhou Taifu	Beneficial owner	A Shares	73,581,905	Long position	5.06%	3.65%
Ping An Health Partnership	Interest in controlled corporation ⁽⁴⁾	A Shares	73,581,905	Long position	5.06%	3.65%
Shenzhen Sidao Branch Investment Co., Ltd. (深圳市思道科技投資有限公司)	Interest in controlled corporation ⁽⁴⁾	A Shares	73,581,905	Long position	5.06%	3.65%
Shenzhen Pingan Yuanxin Investment Development Holdings Co., Ltd. (深圳市平安遠欣投資發展控股有限公司)	Interest in controlled corporation ⁽⁴⁾	A Shares	73,581,905	Long position	5.06%	3.65%
Hong Kong Tiancheng Investment & Trading Co. Limited	Beneficial owner	H Shares	39,948,500	Long position	7.08%	1.98%
Shandong Linglong Tire Co., Ltd.	Interest in controlled corporation ⁽⁵⁾	H Shares	39,948,500	Long position	7.08%	1.98%
Linglong Group Co., Ltd. (玲瓏集團有限公司)	Interest in controlled corporation ⁽⁵⁾	H Shares	39,948,500	Long position	7.08%	1.98%
Wang Xicheng	Interest in controlled corporation ⁽⁵⁾	H Shares	39,948,500	Long position	7.08%	1.98%
GIC Private Limited	Investment manager	H Shares	33,816,000	Long position	6.00%	1.68%
Citigroup Inc.	Interest in controlled corporation	H Shares	55,356	Long position	0.01%	0.003%
			55,000	Short Position	0.01%	0.003%
	Approved lending agent	H Shares	33,769,758	Long position	5.99%	1.67%

Notes:

- (1) CIMC Hong Kong is a wholly owned subsidiary of CIMC Group and therefore CIMC Group is deemed to be interested in H Shares held by CIMC Hong Kong. As at June 30, 2023, CIMC Hong Kong held 417,190,600 H Shares.
- (2) Ping An Decheng is the general partner of Taizhou Taifu and therefore is deemed to be interested in A Shares held by Taizhou Taifu. Ping An Capital Co., Ltd. (平安資本有限責任公司) is the executive partner of Shanghai Taifu and therefore is deemed to be interested in A Shares held by Shanghai Taifu. Ping An Capital Co., Ltd. (平安資本有限責任公司) is wholly owned by Shenzhen Pingan Yuanxin Investment Development Holdings Co., Ltd. (深圳市平安遠欣投資發展控股有限公司), which is wholly owned by Ping An Financial. Ping An Decheng is wholly owned by Ping An Financial which is ultimately controlled by Ping An Group and therefore both Ping An Financial and Ping An Group are deemed to be interested in A Shares held by Shanghai Taifu and Taizhou Taifu.
- (3) Chi Xiao is a limited partner of Shanghai Taifu which holds 59.51% equity interest in it and therefore is deemed to be interested in the A Shares held by Shanghai Taifu. Chi Xiao is wholly owned by Nanshan Group and therefore Nanshan Group is also deemed to be interested in A Shares held by Shanghai Taifu.
- (4) Both Ping An Life Insurance and Ping An Health Partnership are limited partners of Taizhou Taifu, respectively holding 47.62% and 38.33% of its equity interests, and therefore both of them are deemed to be interested in A Shares held by Taizhou Taifu. Shenzhen Sidao Branch Investment Co., Ltd. (深圳市思道科投資有限公司), a wholly owned subsidiary of Shenzhen Pingan Yuanxin Investment Development Holdings Co., Ltd. (深圳市平安遠欣投資發展控股有限公司), holds 55.12% equity interest in Ping An Health Partnership, and therefore is deemed to be interested in A Shares held by Taizhou Taifu. Ping An Life Insurance holds 40.36% equity interest in Shanghai Taifu, and therefore is deemed to be interested in A Shares held by Shanghai Taifu.
- (5) Mr. Wang Xicheng is interested in 51% of the shares of Linglong Group Co., Ltd. (玲瓏集團有限公司) which in turn holds 38.96% of the equity interest of Shandong Linglong Tire Co., Ltd.. Hong Kong Tiancheng Investment & Trading Co. Limited is also a wholly owned subsidiary of Shandong Linglong Tire Co., Ltd., and therefore all of them are deemed to be interested in the H Shares held by Hong Kong Tiancheng Investment & Trading Co. Limited.

(3) Change of Controlling Shareholders or De Facto Controller

Changes in controlling shareholders during the Reporting Period

Applicable Not applicable

During the Reporting Period, there was no change in controlling shareholders of the Company.

Changes in de facto controller during the Reporting Period

Applicable Not applicable

IV. MANAGEMENT DISCUSSION AND ANALYSIS

(I) Major Businesses of the Company during the Reporting Period

1. *Major businesses and products*

The Company is the world's leader in the sophisticated manufacturing of semi-trailers and specialty vehicles, a pioneer in the high-quality development of road transport equipment in China, and an explorer and innovator in new energy specialty vehicles in China. According to the 2022 Global OEM Ranking List published by Global Trailer, the Company ranked first among semi-trailer manufacturers in the world, for the tenth year in a row.

The Company had six major businesses or groups, namely "Light Tower Pioneer Business Group", "North American Business" and "European Business" engaged in the global semi-trailer market, "Champion Tanker Business Group", "TB Business Group – Dump Truck Business" and "TB Business Group – Urban Distribution Van Truck Bodies Business" with focus on sophisticated manufacturing of truck bodies for specialty vehicles and van truck bodies, covering four major markets in the world, more than 40 countries and regions, and had 23 "Light Tower" Plants at home and abroad.

Under the business model of "Intercontinental Operation, Local Manufacturing", the Company deepened the construction of the "Light Tower Manufacturing Network", actively made arrangements for the LTP production center and the LoM manufacturing plant, and promoted the digital upgrade of the LTL "Light Tower" logistics, LTS "Light Tower" sourcing center and LoP local procurement. Meanwhile, the Company made arrangements for the "Star-chained Manufacturing Network" to promote the structural reform of semi-trailer production organizations in China, and established semi-trailer business groups to break through the development bottleneck of semi-trailers, facilitate the changes of end-to-end business models, promote the accumulation and improvement of sales and profits, and achieve the vision of high-quality industry integration, innovation of distribution model, and continuous increase in market share and value.

In the global semi-trailer market, Light Tower Pioneer Business Group was deeply engaged in seven series of semi-trailer products in the semi-trailer market, established the “LTP Production Centers Organization for Star Chain Semi-trailer”, formed “CIMC Light Tower Semi-trailer Business Group” and “Tonghua Pioneer Semi-trailer Business Group”, and operated well-known brands including “CIMC Light Tower”, “Pioneer Series”, “Tonghua” and “Liangshan Dongyue”. As of 2022, Light Tower Pioneer Business ranked first in the share of the domestic semi-trailer market for the fourth year in a row. North American Business focused on refrigerated trailer, van trailer and container chassis trailer products in the North American market, and operated well-known local brands including “Vanguard” and “CIE”. North American Business won long-term recognition from major customers in North America. European Business focused on semi-trailer products in the European market, and operated “SDC” and “LAG” brands. SDC ranked first among the market in the UK. LAG, an over-70-year-old company, ranked among the best in the European tank trailer market, with its high commercial value, low fuel consumption and low weight.

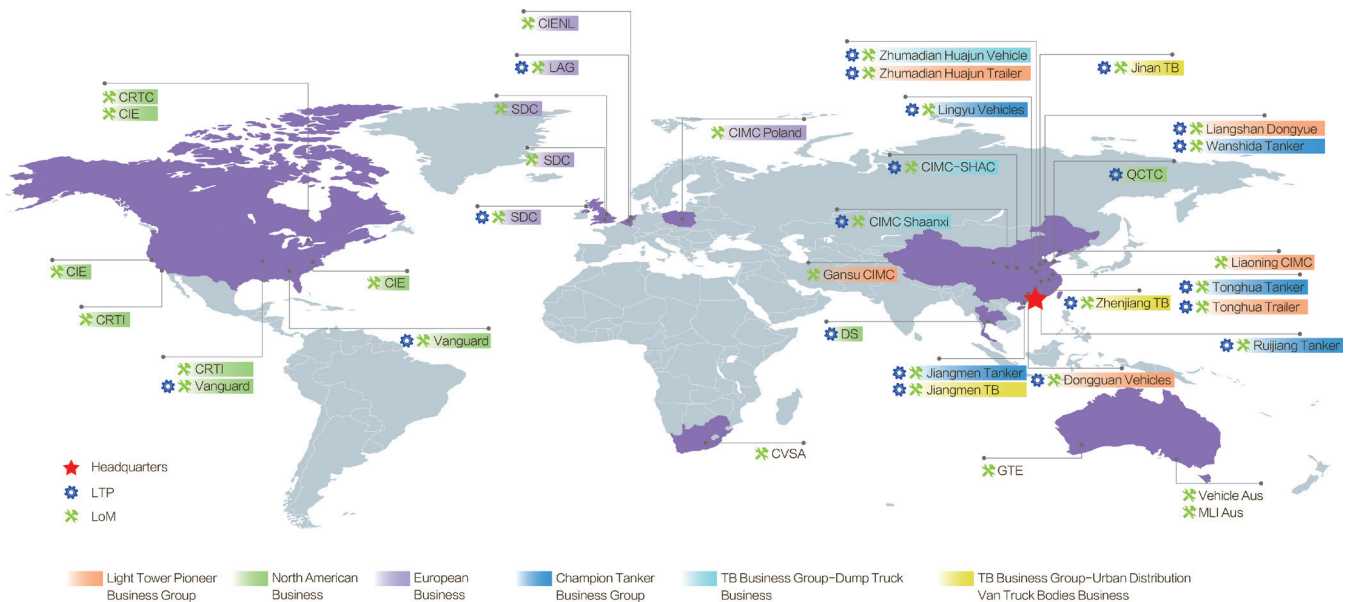
In truck bodies for specialty vehicles and van truck bodies market, the Company led the development trend of road transport equipment. Champion Tanker Business Group produced and sold tank trailers and concrete mixer trucks, and ranked first in terms of sales volume of concrete mixer trucks in China for the sixth year in a row and maintained a leading position in the tank trailer market in 2022. TB Business Group – Dump Truck Business produced and manufactured dump truck and cargo truck products and was a pioneer in the business of retrofitting of truck bodies for specialty vehicles in China; TB Business Group – Urban Distribution Van Truck Bodies Business produced and sold lightweight van truck bodies, and operated the “TB” brand, with an innovative spirit and leading technology research and development level. TB Business Group provided customers with high-quality products and services that led the development of urban distribution and cold chain logistics industries.

In new energy specialty vehicles, in line with the trend of electrification and intelligentization, the Company embarked on the path of exploration and innovation. The Company produced and sold new energy lightweight urban dump trucks, pure electric mining trucks, concrete mixer trucks with battery charging and swapping, and new energy refrigerated van trucks, and developed innovative products including new energy electric semi-trailers, self-driving mining trucks and dump trucks. The Company developed innovative business models under new energy and self-driving scenarios. As a result, the Company got ahead in development in the new energy specialty vehicle market.

In addition, the Company cooperated with many well-known customers. In the domestic market, its main customers included well-known e-commerce logistics and transportation enterprises such as SF Express, JD Logistics, ZTO Express and Deppon Express, as well as major tractors and construction machinery manufacturing enterprises such as Sinotruk, Shaanxi Automobile Group and Xugong Automobile. In overseas markets, major customers included first-class European and American transportation companies and semi-trailer rental companies such as JB Hunt, Star Leasing, Direct ChassisLink, KAL and TIP. With the innovative retail model, the Company launched the “Sanhao Development Center” and “Pioneer Center” enabling end customers to experience, so as to improve the new retail network and promote the supply-side structural reform in the commercial vehicle industry.

As China’s economy entered a new stage of development, the Company started a business for the third venture; adopted a new development philosophy and constructed a new development paradigm. Under the background of the “national unified market” policy and the domestic smooth circulation, we seized the great opportunity from industry reform; deepened the supply side structural reform; eliminated supply constraints; removed barriers in production, circulation, distribution and consumption; realized intensive growth by innovation; achieved the strategy of short-term breakthroughs in sales volume and long-term sustainable growth; and promoted high-quality development.

“Light Tower Manufacturing Network” Layout of Six Major Businesses or Groups:



Major products of six major businesses or groups:

Six major businesses or groups	Global semi-trailer market							Truck bodies and van truck bodies for specialty vehicles market			
	① Container chassis trailers	② Flatbed trailers and relevant derivative types	③ Curtain - side trailers	④ Van trailers	⑤ Refrigerated trailers	⑥ Tank trailers	⑦ Other special types of trailers	Truck bodies for cement mixer trucks	Truck bodies for dump trucks and cargo trucks	Refrigerated van truck bodies	Dry van truck bodies
Light Tower Pioneer Business Group	✓	✓	✓	✓	✓		✓				
North American Business	✓			✓	✓						
European Business	✓	✓	✓	✓		✓	✓				
Champion Tanker Business Group						✓		✓			
TB Business Group - Dump Truck Business									✓		
TB Business Group - Urban Distribution Van Truck Bodies Business										✓	✓

2. *Development of the industry in which the Company operates*

In the first half of 2023, the competition among major countries has become increasingly fierce, the economic globalization has faced countercurrents, and the world has entered a new period of turmoil and change. To cope with the continuous inflation, the short supply in global supply chains and the high demand for logistics equipment, European and American governments have taken underpinning measures to support the market.

The year 2023 marks the first year of fully implementing the spirit of the 20th CPC National Congress, and China's economy and society have generally returned to normal operation. As macro policies exerted an obvious effect, the national economy has gradually recovered and generally improved, the industrial upgrading unleashed accumulated strength, and the high-quality development made new strides. According to the data released by the National Bureau of Statistics, China's GDP reached RMB59.3 trillion in the first half of 2023, representing a year-on-year increase of 5.5%.

Standing at a new starting point of China's new development stage, the commercial vehicle industry faced complicated situations of three overlapping phases including a slowing growth phase, a painful structural adjustment phase, and a phase of absorbing the adverse effects of previous stimulus policies. At present, the commercial vehicle industry of China has rebounded, China's heavy truck industry shows the trend of recovery, China semi-trailer industry is facing historic changes and opportunities, and China new energy vehicle industry is shaping a new scale and global pattern.

Semi-trailer Market in China

In the first half of 2023, the total value of social logistics goods in China reached RMB160.6 trillion, representing a year-on-year increase of 4.8%. Driven by factors such as policy dividends and consumption recovery, the logistics and transportation industry of China has improved, and the prosperity index of the logistics industry has rebounded. According to the data of the Ministry of Transport, the road freight volume in China was 19.01 billion tons, representing a year-on-year increase of 7.5%. With the smooth road traffic network and the recovery of domestic logistics demand, the semi-trailer industry of China showcased a strong recovery.

Riding on the trend of unified national market and high-quality development in China, the Company promoted the efficient deployment of the "Star-chained Manufacturing Network" based on its unique advantages, and fully implemented the nationwide structural reform of semi-trailer production organizations to adapt to the new development pattern and start panoramic exploration.

Overseas Semi-trailer Market

In the first half of 2023, the U.S. Government continued to implement economic stimulus policies to cope with sustained inflation and supply chain shortage. According to the data of ACT Research, the production of semi-trailers in the United States reached 204,000 units in the first half of 2023, representing a year-on-year increase of 10.9%. The semi-trailer market in North America maintained a high demand due to sustained tensions between the supply and demand of local manufacturing. Relying on our advantages in global supply chain management and the deployment of Light Tower Manufacturing Network in North America, our North American Business maintained a growth trend.

In the first half of 2023, Europe faced challenges in economic recovery and was still in economic recession due to the impact of high interest rates and inflation. Capitalizing on our advantages in stable global supply chain system and intercontinental operation, our European Business made breakthroughs against the trend and achieved steady growth.

Meanwhile, China's independent brands of commercial vehicles continued to implement the "going global" strategy. According to the statistics of China Association of Automobile Manufacturers, the export volume of China's commercial vehicles reached 361,000 units in the first half of 2023, representing a year-on-year increase of 31.9%. Emerging markets recorded a strong demand for products due to the rapid increase in the local demand for infrastructure and logistics. The Company followed the development trend of emerging markets and actively captured opportunities for high growth in emerging markets.

Specialty Vehicle Market in China

According to the data of the National Bureau of Statistics, the national fixed asset investment reached RMB24.3 trillion in the first half of 2023, representing a year-on-year increase of 3.8%. According to the data of China Association of Automobile Manufacturers, the sales volume of commercial vehicles in China reached 1.971 million units in the first half of 2023, representing a year-on-year increase of 15.8%. Among them, the sales volume of heavy trucks in China reached 488,000 units, representing a year-on-year increase of 28.5%, with an obvious recovery of the heavy truck market.

In February 2023, eight authorities including the Ministry of Industry and Information Technology issued the Notice on Organizing Pilot Work for Full Electrification of Public Vehicles in Pilot Areas, which will promote the improvement in the electrification level of public vehicles and accelerate the construction of a green and low-carbon transportation system.

In May 2023, five governmental authorities including the Ministry of Ecology and Environment and the Ministry of Industry and Information Technology issued a joint circular in relation to the implementation of the China VI emission standards for vehicles, according to which the China VI-b emission standards for vehicles will be fully implemented nationwide from July 2023. The sales volume of heavy trucks in China increased rapidly from 2016 to 2017, and the demand for replacement of heavy trucks will be unleashed due to the approaching service life of vehicles.

In June 2023, the General Office of the Ministry of Ecology and Environment issued the Notice on Soliciting Public Comments on the Opinions on Promoting the Implementation of Ultra-low Emissions in the Cement Industry and the Opinions on Promoting the Implementation of Ultra-low Emissions in the Coking Industry, according to which the ultra-low emissions will be implemented in the cement industry and the coking industry, and enterprises will be encouraged to prioritize the green and low-carbon transportation mode.

The Company fully integrated the manufacturing and channel sales capabilities of truck bodies for specialty vehicles, and made proactive research and development on new energy products, so as to capture development opportunities during the industry recovery relying on new energy, lightweight, intelligent and environment-friendly products.

Lightweight Van Truck Market in China

According to the data of China Association of Automobile Manufacturers, the sales volume of lightweight trucks in China totaled 932,000 units in the first half of 2023, representing a year-on-year increase of 9.7%, showcasing a moderate recovery of the lightweight truck industry in China.

In June 2023, the Ministry of Commerce proposed to accelerate to strengthen the weakness in the development of urban and rural circulation, speed up the development of cold chain logistics for agricultural products, and support the construction of county-level logistics distribution centers and township express logistics stations.

The Company has completed the production capacity layout of lightweight van truck bodies, developed integrated new energy products, and promoted the development of van truck body business relying on leading innovative technologies and high-quality products.

3. *Major business models*

After the first and the second venture, the Company has formed a business model based on “Intercontinental Operation, Local Manufacturing”. In the stage of starting the third venture, the Company acquires customers and obtains orders by a combination of direct selling and distribution. The Company utilizes the LTL “Light Tower” logistics, the LTS “Light Tower” sourcing center and the LoP local procurement to obtain required raw materials, parts and components by a combination of centralized purchase or independent purchase. Meanwhile, the Company organizes production and assembly through the LTP production centers and LoM manufacturing plants under the six major businesses or groups, and finally delivers its products to customers to make profits.

4. *Analysis of operation during the Reporting Period*

In the first half of 2023, under the macro background of fully implementing the new development concept, accelerating the construction of new development pattern, focusing on promoting high-quality development and coordinating both domestic and international situations, the Company reached a new record in results with significant growth, and hit a historic high and achieved a milestone breakthrough in net profit. The revenue of the Company was RMB13,469.63 million, representing a year-on-year increase of 20.31%; the net profit attributable to shareholders of the Company was RMB1,896.53 million, representing a significant year-on-year increase of 418.52%; and the net profit attributable to shareholders of the Company after deducting non-recurring gains or losses was RMB1,035.47 million, representing a year-on-year increase of 197.05%.

The significant increase of net profit was mainly due to: (1) North American Business of the Company captured market opportunities arising from the sustained inflation and the shortage of supply chains in the United States, and undertook the growth trend in the second half of 2022; actively captured development opportunities in other markets and achieved sound business growth in other overseas markets; and maintained a stable business trend in the domestic market and improved market shares in segment markets. (2) During the Reporting Period, as CIMC Group, the controlling shareholder of the Company, intended to integrate its relevant industrial resources in Shenzhen and enhance the efficiency of resources, the Company and CIMC VEHICLE INVESTMENT HOLDINGS COMPANY LIMITED, a wholly owned subsidiary of the Company (“**CIMC VEHICLE INVESTMENT**”), transferred the total 100% equity of Shenzhen Special CIMC Vehicle held by them to CIMC Group, the controlling shareholder of the Company and generated income from the equity disposal, with non-recurring gains of RMB847.97 million after deducting income tax.

Under the guidance of the intercontinental operation strategy, in the first half of 2023, the Company sold 73,404 units/sets of vehicles of various types worldwide, the sales volume remained stable. During the Reporting Period, the gross profit margin of the Company increased to 19.34%, benefiting from the stable raw material prices, the optimization of product structure, innovative sales models and the scale effect of the Light Tower Manufacturing Network.

In terms of the six major businesses or groups, the Light Tower Pioneer Business Group promoted the structural reform of the semi-trailer production organization in China, captured opportunities from the strong demand in emerging markets, and enhanced the gross profit margin. The North American Business maintained a growth trend, thus achieving a year-on-year increase in both revenue and gross profit margin. The European Business promoted the cost reduction and efficiency increase, and optimized the manufacturing process and supply chain management, thus achieving a year-on-year increase in both revenue and gross profit margin. The Champion Tanker Business Group launched the “going global” strategy and enhanced the market share in segment markets despite unfavorable factors. The TB Business Group – Dump Truck Business made innovative efforts to explore transformation, and achieved a sustained increase in the market share. Meanwhile, the TB Business Group – Urban Distribution Van Truck Bodies Business gradually unleashed the production capacity and promoted the business development.

From the tenacious fight in the Chinese market, vigorous efforts to turn the tide in the North American market, the successful transformation in the European market, to the establishment of intercontinental operation, the Company launched the third venture. While fully implementing the “2023 Light Tower Manufacturing Network” strategy, the Company adopted newly upgraded production lines and equipment to enhance the production efficiency, reduce the production cost of products and improve the profitability of products, thus achieving a significant growth in the overall operation.

(1) Operation review of the Company for the first half of 2023 by major businesses and groups:

Light Tower Pioneer Business Group

Light Tower Pioneer Business is deeply engaged in seven major series of semi-trailer products. During the Reporting Period, the Light Tower Pioneer Business Group consolidated its fundamentals in the domestic market, and vigorously expanded emerging markets. The revenue from the Light Tower Pioneer Business Group reached RMB2,283.75 million, and the gross profit margin recorded a year-on-year increase of 3.23 percentage points.

In the first half of 2023, the Company has fully launched the “Star-chained Manufacturing Network”. Under the efficient deployment of the “Star-chained Manufacturing Network”, the Company has established the domestic semi-trailer business group consisting of “CIMC Light Tower Semi-trailer Business Group”, “Tonghua Pioneer Semi-trailer Business Group” and “LTP Production Centers Organization for Star Chain Semi-trailer”. In line with the “Star-chained Manufacturing Network”, the Company actively integrated the production, circulation, distribution and consumption resources of seven semi-trailer plants in China, and promoted the structural reform of semi-trailer production organizations in China.

In addition, the Light Tower Pioneer Business Group accelerated the progress in new retail changes and built the sales model of “integration of tractors and trailers” under “excellent tractors with excellent trailers”, so as to enhance the overall operation efficiency and achieve a win-win cooperation with tractor manufacturers. According to the statistics of Hanyang Specialty Vehicle Institute (漢陽專用汽車研究所), the Company ranked first in the share of the domestic semi-trailer market in the first half of 2023.

North American Business

During the Reporting Period, the North American Business recorded a revenue of RMB6,233.56 million with a year-on-year increase of 34.67%, higher than expected, and the gross profit margin increased, mainly due to the inertial trend of product price increases and ocean freight declines as well as the exchange gains arising from stronger U.S. Dollar in the first half of 2023.

The North American Business made active measures to share channels and resources, increase the proportion of major customers, and leverage the advantages in global supply chain management to shorten the delivery cycle of orders. During the Reporting Period, the revenue from refrigerated trailers in North America increased by 25.58% year-on-year, and the revenue from van trailers in North America increased by 46.03% year-on-year, maintaining a leading position in the van trailer market in North America.

In the first half of 2023, the North American Business successfully delivered to local customers new energy refrigerated trailers, which integrates multi-temperature refrigeration unit, electric wheel hub system and wireless sensing control system. Such new energy refrigerated trailers achieved energy saving and emission reduction, remote precise temperature control, the recovery and storage of braking energy, the long endurance mileage and other functions, becoming an industry benchmark of new energy refrigerated trailers.

European Business

Due to the impact of high inflation and geopolitical conflicts in Europe, the demand in the European semi-trailer market slowed down and remained a relatively high product price. The European Business continued to optimize the manufacturing process and value stream, gave play to the centralized procurement platform, and improved the Light Tower Manufacturing Network, thus enhancing the production efficiency of local manufacturing. During the Reporting Period, the revenue from European Business increased by 28.12% to RMB1,629.72 million year-on-year, and the gross profit margin increased by 1.81 percentage points, making breakthroughs against the trend and achieving high-quality growth.

SDC in the UK under the European Business proactively promoted the strategy of reducing costs and increasing efficiency. Relying on its good relationship with local customers and sound after-sales service system, SDC gave full play to the advantages in efficient operations under global supply chain management, and explored growth opportunities in new energy markets. During the Reporting Period, the profit of SDC hit a post-acquisition high.

LAG in Belgium under the European Business leveraged its brand advantage to tap the incremental market demand, actively promoted the innovative research and development of products, and developed super-slip container chassis trailers and 30-foot low-voltage tanks that were recognized by customers. During the Reporting Period, LAG recorded a year-on-year increase in revenue and a stable gross profit margin.

Champion Tanker Business Group

During the Reporting Period, the Champion Tanker Business Group consolidated its fundamentals, explored opportunities from segment markets, improved market shares in segment markets, and actively gained the vast incremental space in overseas markets. The revenue of Champion Tanker Business Group reached RMB2,458.67 million with a year-on-year increase of 14.77%, and the gross profit margin increased.

As the demand for new energy specialty vehicles unleashed, the Champion Tanker Business Group relied on its cooperation with major tractor manufacturers to research and develop integrated new energy products and promote new energy-related cooperation, with a view to exerting linkage effect in the industrial chain. During the Reporting Period, the sales volume of new energy cement mixers of Champion Tanker Business Group increased significantly. According to the data of China Association of Automobile Manufacturers, the sales volume of our cement mixers ranked first in China for six consecutive years as of 2022. According to the statistics of Hanyang Specialty Vehicle Institute (漢陽專用汽車研究所), in the first half of 2023, the market share of our cement mixers in China increased significantly to 42.09%, ranking first and hitting a record high.

Meanwhile, the Champion Tanker Business Group made innovative efforts in marketing and service models, and offered integrated solutions from research and development to customer in line with the model of “excellent trucks with excellent tanks”, thus building an industry-leading business model.

Under the guidance of the “Light Tower Manufacturing Network” strategy for Champion tankers, the Champion Tanker Business Group promoted the decoupling of LTP and LoM at the delivery side, and maximized the production efficiency through the coordinated division among production centers. The Champion Tanker Business Group actively built LoM manufacturing plants at home and abroad, and established a sound low-cost and fast-delivery process for the Light Tower Manufacturing Network through modular construction, fast packing and low-cost logistics and transportation solutions.

TB Business Group – Dump Truck Business

During the Reporting Period, as the demand in the domestic dump truck market has not yet recovered, the TB Business Group – Dump Truck Business reached RMB311.99 million with a year-on-year decline in revenue and gross profit margin.

In the first half of 2023, the TB Business Group – Dump Truck Business reversely facilitated the product transformation with advanced manufacturing technologies of Light Tower Plants, so as to gradually achieve the diversification of products and enhance our competitiveness. Meanwhile, in order to gain the market share, the TB Business Group – Dump Truck Business actively optimized modular design, and leveraged the advantages of LTP + LoM delivery. According to the statistics of Hanyang Specialty Vehicle Institute (漢陽專用汽車研究所), during the Reporting Period, the market share of our urban dump trucks in China increased to 12.33%.

The TB Business Group – Dump Truck Business made an early deployment in new energy products and tracked potential customers, and successfully launched a number of core products with bulk sales and application, including the bodies for hydrogen dump trucks and electric dump trucks, wide-body mining trucks and electric ballast transport vehicles through expanding the cooperation channels of new energy products. According to the statistics of Hanyang Specialty Vehicle Institute (漢陽專用汽車研究所), during the Reporting Period, our market share of new energy urban dump trucks in China increased significantly to 32.50%.

TB Business Group – Urban Distribution Van Truck Bodies Business

With the recovery of the urban distribution and logistics market in China, the TB Business Group – Urban Distribution Van Truck Bodies Business unleashed the production capacity, and promoted the business development with leading innovative technologies and product quality. During the Reporting Period, the revenue of TB Business Group – Urban Distribution Van Truck Bodies Business increased by 56.33% to RMB204.05 million year-on-year.

Meanwhile, with the acceleration of new energy lightweight trucks, the Company perceptively captured opportunities from new energy lightweight trucks, strengthened the cooperation with major new energy tractor manufacturers in China, and jointly explored and built integrated new energy refrigerated vans, with a view to gaining new energy customers and markets with lightweight, standard and high-end products.

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

In terms of global semi-trailers, during the Reporting Period, the global semi trailer business of the Company recorded a stable performance and intensified fundamentals in the domestic market, a growth in the North American and European markets, and an outstanding performance in emerging markets. The revenue of the global semi-trailer business reached RMB10,268.17 million (the first half of 2022: RMB8,190.10 million), representing a year-on-year increase of 25.37%, and the gross profit margin increased by 10.86 percentage points year-on-year.

In terms of truck bodies for specialty vehicles, the market demand for specialty vehicles in China has not yet fully recovered due to the impact of the macro environment. During the Reporting Period, the revenue from the production of truck bodies for specialty vehicles and sales of fully-assembled specialty vehicles reached RMB1,347.73 million (the first half of 2022: RMB1,491.07 million), representing a year-on-year decrease of 9.61%; and the gross profit margin decreased by 0.67 percentage points year-on-year.

In terms of lightweight van truck bodies, during the Reporting Period, the domestic cold chain logistics market recovered moderately, and the revenue from the production and sale of lightweight van truck bodies reached RMB193.46 million (the first half of 2022: RMB93.05 million), representing a year-on-year increase of 107.91%; and the gross profit margin decreased by 1.15 percentage points year-on-year, which was mainly due to the incomplete release of production capacity and the adjustment of product structure.

(II) Analysis of Core Competence

1. *Advantages of intercontinental operation*

The Company is the world's leader in the sophisticated manufacturing of semi-trailers and specialty vehicles, a pioneer in the high-quality development of road transport equipment in China, and an explorer and innovator in the field of new energy specialty vehicles in China. The Company has continuously deepened the business philosophy of "Intercontinental Operation, Local Manufacturing" and established six major businesses or groups that penetrated four major markets around the world: the Light Tower Pioneer Business Group, the North American Business, the European Business, the Champion Tanker Business Group, the TB Business Group – Dump Truck Business and the TB Business Group – Urban Distribution Van Truck Bodies Business. The Company has 23 "Light Tower" Plants and a sales network covering over 40 countries in the world. The Company gives full play to its production capacity, assembly capacity, global supply chain management capacity and global distribution logistics management capacity worldwide, and has formed a transnational operation arrangement with core competitiveness, which has enhanced business resilience and risk resistance of various businesses and markets around the world.

2. *Leading edge in the market*

According to the 2022 Global OEM Ranking List released by Global Trailer, the Company ranked first among semi-trailer manufacturers in the world for ten consecutive years. In terms of Light Tower Pioneer Business Group, according to the statistics of China Association of Automobile Manufacturers, as of 2022, the Company has occupied a market share in China's semi-trailer market, ranking first for four consecutive years. In terms of North American Business, the Company operated well-known brands including "Vanguard" and "CIE", and held the lead in the market share of refrigerated semi-trailers in North America market. In terms of European Business, the Company operated "SDC" and "LAG" brands. SDC ranked ahead in the market in the UK. LAG, an over-70-year-old company, ranked first in the tank truck market in Europe.

In truck bodies for specialty vehicles and van truck bodies market, the Company led the development trend of road transport equipment in the market of truck bodies for specialty vehicles and van bodies. In terms of Champion Tanker Business Group, according to the statistics of China Association of Automobile Manufacturers, as of 2022, the Company ranked first in terms of the sales volume of concrete mixer trucks in China for six consecutive years. In terms of TB Business Group – Dump Truck Business, the Company was a pioneer in the urban dump truck retrofitting business in China. In terms of TB Business Group – Urban Distribution Van Truck Bodies Business, the Company was an innovative and advanced technology research and development manufacturer of van truck bodies.

In new energy specialty vehicles, the Company followed the trend of electrification and intelligentization, and embarked on the path of exploration and innovation. According to the statistics of Hanyang Specialty Vehicle Institute (漢陽專用汽車研究所), the Company had 32.50% of the market of new energy dump trucks.

3. *Advantages of innovation and development*

The Company always adheres to the innovation-driven development strategy and promotes industrial transformation and development under the guidance of “innovation as driving force, and high-quality supply”. The Company has obvious advantages in terms of research and development technology. As of June 30, 2023, the Company had more than 600 research and development personnel in the world and over 1,400 registered patents, and participated in the formulation and revision of 30 national and industry standards for semi-trailers and truck bodies for specialty vehicles in China.

In implementing the digitization and informatization process of industrial production, the Company made significant technological innovation achievements. The Company used the refrigerated van truck bodies series of products with pioneering open foaming and color plate materials, to further enhance the competitiveness of the products in terms of environmental protection, energy conservation, light weight, cost reduction and efficiency enhancement. Meanwhile, the Company developed a number of innovative products including new energy lightweight urban dump trucks, pure electric mining trucks, concrete mixer trucks with battery charging and swapping, new energy refrigerated vans and new energy electric semi-trailers. The Company actively developed innovative business models under new energy and self-driving scenarios. As a result, the Company got ahead in development in the new energy specialty vehicle market.

4. *Advantages of the transformation of production organizations*

The Company deepened the construction of the “Light Tower Manufacturing Network”, actively made arrangements for the LTP production center and the LoM manufacturing plant, and promoted the digital upgrade of the LTL “Light Tower” logistics, LTS “Light Tower” sourcing center and LoP local procurement. Meanwhile, the Company launched the “Star-chained Manufacturing Network” to promote the structural reform of semi-trailer production organizations in China, and established semi-trailer business groups to break through the bottleneck of the semi-trailer business, facilitate the changes of end-to-end business models, promote the accumulation and improvement of sales and profits, and achieve the vision of high-quality industry integration, innovation of distribution model, and continuous increase in market share and value.

5. *Advantages of the global supply chain management*

Under the unified deployment of “Star-chained Manufacturing Network” and through the organizational restructuring and the standardization of LTS process, the EPS Center (i.e. the digital supply chain center) of the Company, as the hub of the “Light Tower Manufacturing Network”, can better match the business processes of platform procurement with the material flow of “Star-chained Manufacturing Network”, effectively support the procurement needs of our businesses or groups, and implement the centralized procurement and standardized and unified operations to deeply tap the value of procurement. Meanwhile, the EPS unified portal platform was integrated with the ERP system of pilot enterprises, which can be applied in the whole process from the procurement strategies of regular procurement business to the procurement execution of the EPS platform supply chain. Currently, more than 1,300 suppliers have realized the online shared management via the EPS Center. Through years of deep engagement, the Company has formed significant supply chain management advantages and scale effect of purchase.

6. *Advantages of the new retail model*

The Company promoted “seven integrations”, namely marketing organization integration, channel organization integration, brand building integration, promotion and delivery integration, marketing policy integration, product development integration and service coordination integration, so as to create new demand and new kinetic energy for commercial vehicles. The Company provided end customer experience based on the “Sanhao Development Center” and “Pioneer Center”, and improved the new retail network. Through in-depth joint retail with tractor manufacturers, the Company deepened the cooperation in the whole industrial chain as an automobile company, promoted the collaboration in the research and development, supply chain, services and financial policies, and invested in resources in the production, circulation, distribution and consumption, so as to provide customers with more professional, higher quality and more diversified solutions and services integrating tractors, bodies and vehicles, and promote the supply-side structural reform of the commercial vehicle industry under innovative retail models.

7. *Advantages of organizational development*

As the Company manufactured and sold semi-trailers since 2002, the senior management team led the direction of strategic operation of the Company and was experienced in the semi-trailer and specialty vehicle industries. In order to support the strategy of starting a business for the third venture, the Company further reviewed the top management structure, established the leadership team for starting a business for the third venture, and improved the talent strategy and system. Through senior leadership training programs, the Company provided senior executives with strategic vision for six major businesses or groups, reshaped the organizational structure of the semi-trailer business under the “Star-chained Manufacturing Network”, and built a core team consisting of DE/ME technical experts and MBA talents. With innovative thinking, aggressiveness and practical actions, the young management team promotes the high-quality development of the Company with new look and actions.

(III) Analysis of Core Businesses

1. Overview

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

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

Unit: RMB

	This Reporting Period	Same period last year	Year-on-year change	Description of major changes
Revenue	13,469,630,221.58	11,195,842,138.07	20.31%	
Cost of sales	10,864,684,412.39	9,944,943,043.42	9.25%	
Selling expenses	362,631,042.01	263,724,269.00	37.50%	Selling expenses rising accordingly as revenue rising during the Reporting Period
Administrative expenses	634,021,567.25	398,444,110.44	59.12%	Management expenses and management remuneration rising accordingly as revenue rising during the Reporting Period
Finance expenses	(52,263,937.89)	(52,575,847.22)	0.59%	
Income tax expenses	594,829,645.75	85,668,688.02	594.34%	Positive profitability, higher profit before tax and corresponding increase in income tax expense during the Reporting Period
Research and development expenses	169,673,482.64	145,901,201.60	16.29%	
Net cash flow from operating activities	1,245,480,784.93	206,778,405.88	502.33%	Net cash flows from operating activities from North American operations rose sharply year-on-year during the Reporting Period
Net cash flow from investing activities	273,439,507.64	(315,218,818.82)	186.75%	As a result of share transfer proceeds received from the sale of equity interest in Shenzhen CIMC Special Vehicle during the Reporting Period
Net cash flow from financing activities	(207,302,105.43)	(217,735,736.51)	4.79%	
Net increase in cash and cash equivalents	1,374,648,284.55	(315,335,706.69)	535.93%	Significant increase in net increase in cash and cash equivalents resulting from the net increase in the net cash flows from operating activities from North American operations year-on-year and the share transfer proceeds received from the sale of equity interest in Shenzhen CIMC Special Vehicle during the Reporting Period

Description of the reasons for a significant change in relevant data during the Reporting Period

Applicable Not applicable

There was no material change in the composition or source of the Company's profits during the Reporting Period

Products and services which generated revenue exceeding 10% of the Company's revenue or profit

Applicable Not applicable

Unit: RMB

	Revenue	Operating costs	Gross profit margin	Change in revenue as compared with the same period last year	Change in operating costs as compared with the same period last year	Change in gross profit margin as compared with the same period last year
By product and service						
Global Semi-trailer	10,268,171,192.00	8,018,150,240.27	21.91%	25.37%	10.06%	+10.86 pct
Truck Bodies and chassis for specialty vehicles and tractor units	1,347,731,991.68	1,306,932,728.64	3.03%	-9.61%	-8.98%	-0.67 pct
By region						
Chinese market	4,239,102,002.19	3,854,239,750.60	9.08%	-6.61%	-5.32%	-1.24 pct
North American market	6,322,983,740.38	4,555,688,115.25	27.95%	32.44%	8.30%	+16.06 pct
European market	1,673,451,638.26	1,432,771,385.93	14.38%	29.16%	23.21%	+4.13 pct

(IV) Analysis of Non-core Businesses

Applicable Not applicable

Unit: RMB

	Amount	As a percentage of profit before income tax	Description for amount	Sustainable or not
Investment income	1,110,032,442.56	44.64%	Mainly attributable to investment income arising from the disposal of equity interest in Shenzhen CIMC Special Vehicle	No
Fair value gains/(losses)	(3,982,163.82)	(0.16%)	Losses from changes in fair value of mainly trading financial assets, investment properties, derivative financial assets and liabilities	No
Asset impairment losses	(60,307,874.06)	(2.43%)	Mainly provision for inventories	No
Non-operating income	4,984,413.01	0.20%	Mainly Penalty income	No
Non-operating expenses	846,869.35	0.03%	Mainly Penalty expenses	No
Credit impairment losses	(33,441,937.19)	(1.34%)	Mainly bad debt provision for receivables	No
Gains on disposal of assets	(1,066,545.98)	(0.04%)	Mainly loss on the disposal of fixed assets	No
Other income	24,830,356.64	1.00%	Mainly government grants	No

(V) Analysis of Assets and Liabilities

1. Significant Changes in Composition of Assets

Unit: RMB

	End of the Reporting Period		End of last year		Change in the percentage	Description of major changes
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Cash at bank and on hand	6,197,739,832.62	24.42%	4,850,527,987.23	21.83%	2.59%	
Accounts receivables	4,257,784,370.40	16.77%	3,121,505,473.81	14.05%	2.72%	As revenue increases, accounts receivable increase accordingly during the Reporting Period
Inventories	5,525,774,291.13	21.77%	5,514,764,338.69	24.82%	(3.05%)	Increase in total assets at the end of the period compared to the beginning of the year and decrease in the proportion of inventories during the Reporting Period
Investment properties	408,724,634.44	1.61%	405,746,795.38	1.83%	(0.22%)	
Long-term equity investments	226,251,856.14	0.89%	193,282,252.60	0.87%	0.02%	
Fixed assets	4,811,498,513.89	18.96%	4,933,210,366.18	22.20%	(3.24%)	Total assets at the end of the period increased compared to the beginning of the year, and the proportion of fixed assets decreased during the Reporting Period
Construction in progress	198,417,307.83	0.78%	247,577,774.52	1.11%	(0.33%)	
Right-of-use assets	255,493,667.00	1.01%	238,375,993.30	1.07%	(0.06%)	
Short-term borrowings	255,299,573.65	1.01%	467,995,600.44	2.11%	(1.10%)	Partial repayment of guaranteed loans during the Reporting Period
Contract liabilities	738,961,008.46	2.91%	618,541,399.99	2.78%	0.13%	
Long-term borrowings	333,655,097.84	1.31%	331,206,865.99	1.49%	(0.18%)	
Lease liabilities	197,997,938.81	0.78%	188,590,165.71	0.85%	(0.07%)	
Other receivables	1,082,772,000.42	4.27%	232,452,952.37	1.05%	3.22%	Increase in other receivables at the end of the period due to the share transfer receivable from the sale of equity interest in Shenzhen CIMC Special Vehicle
Taxes payable	604,987,824.10	2.38%	331,548,587.53	1.49%	0.89%	Increase in corporate income tax payable
Other payables	1,746,940,453.98	6.88%	1,142,928,896.80	5.14%	1.74%	Increase in other payables due to unpaid dividends on ordinary shares at the end of the Reporting Period

2. Major Oversea Assets

Applicable Not applicable

Unit: RMB

Asset	Method of Obtaining the Asset	Size of the Asset	Location	Operating Model	Control Measures to Ensure the Asset Safety	Revenue	Overseas Assets as a Percentage of Net Assets of the Company	Whether There are Significant Impairment Risks
VANGUARD NATIONAL TRAILER CORPORATION	Acquisition	2,432,582,607.06	United States	Production and operation	Internal controls were carried out continuously and effectively	400,737,598.35	17.05%	No

3. Assets and Liabilities Measured at Fair Value

Applicable Not applicable

Unit: RMB

Item	Balance at the Beginning of the Period	Gains or Losses on Fair Value Change for the Current Period	Total Fair Value Change Recorded in Equity	Impairment for the Period	Purchase for the Period	Disposal for the Period	Other Changes	Balance at the End of the Period
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets)	22,209,407.79	17,847,283.69	-	-	-	-	1,491,655.49	41,548,346.97
2. Derivative financial assets	6,161,436.00	(6,161,436.00)	-	-	690,317.47	690,317.47	-	-
Sub-total of financial assets	28,370,843.79	11,685,847.69	-	-	690,317.47	690,317.47	1,491,655.49	41,548,346.97
Investment properties	405,746,795.38	774,508.27	-	-	2,068,143.71	-	135,187.08	408,724,634.44
Receivables financing	258,818,435.64	-	-	(747,720.51)	2,016,126,089.00	2,025,704,354.69	-	248,492,449.44
Other non-current financial assets	10,786,384.58	-	-	-	-	-	-	10,786,384.58
Total	703,722,459.39	12,460,355.96	-	(747,720.51)	2,018,884,550.18	2,026,394,672.16	1,626,842.57	709,551,815.43
Financial liabilities	5,683,205.67	16,442,519.78	-	-	9,701,976.44	9,701,976.44	2,704.41	22,128,429.86

Other changes

Other changes in financial assets held for trading consisted of the amount of dividend distribution from DEEWIN TIANXIA CO., LTD, the content of other changes in investment properties and financial liabilities is the effect of translation of foreign currency statements.

Whether there were significant changes in the measurement attributes of the Company's major assets during the Reporting Period

Yes No

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

Item	Net book value (RMB)	Reason for the restriction
Cash at bank and on hand	140,274,379.72	Deposits for vehicle loans, bills, etc.
Receivables financing	<u>6,100,168.88</u>	Pledged
Total	<u><u>146,374,548.60</u></u>	

(VI) Investment Analysis

1. Overall Conditions

Applicable Not applicable

Amount of Investments During the Reporting Period (RMB)	Amount of Investment During the Same Period of Last Year (RMB)	Change
256,141,418.88	349,569,598.32	(26.73%)

2. Significant Equity Investments Acquired during the Reporting Period

Applicable Not applicable

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

Applicable Not applicable

4. Financial Assets Measured at Fair Value

Applicable Not applicable

Unit: RMB

Class of Asset	Balance at the Beginning of the Period	Gains or Losses on Fair Value Change for the Current Period	Total Fair Value Change Recorded in Equity	Purchase for the Reporting Period	Disposal for the Reporting Period	Accumulated Investment Income	Other Changes	Balance at the End of the Period	Source of Fund
Financial derivatives	6,161,436.00	(6,161,436.00)	-	690,317.47	690,317.47	-	-	-	Own funds
Receivables financing	258,818,435.64	-	-	2,016,126,089.00	2,025,704,354.69	-	(747,720.51)	248,492,449.44	Own funds
Financial assets held for trading	22,209,407.79	17,847,283.69	-	-	-	-	1,491,655.49	41,548,346.97	Own funds
Other non-current financial assets	10,786,384.58	-	-	-	-	-	-	10,786,384.58	Own funds
Total	297,975,664.01	11,685,847.69	-	2,016,816,406.47	2,026,394,672.16	-	743,934.98	300,827,180.99	

5. Use of Proceeds

Applicable Not applicable

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

Basic Information on A Share Proceeds

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

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

As at June 30, 2023, the proceeds used by the Company in the first half of 2023 were RMB20.3428 million and the total proceeds used were RMB750.3944 million, and the unutilized proceeds were RMB875.0175 million (including net interest income of proceeds of RMB41.6351 million exclusive of bank charges and account management fees).

As at June 30, 2023, the actual use of A Share Proceeds of the Company was as follows:

Unit: RMB ten thousand

Year of Fundraising	Fundraising Method	Total Proceeds	Utilized Proceeds During the Period	Total Utilized Proceeds	Total Proceeds with Changed Use During the Reporting Period	Total Proceeds with Changed Use	Proportion of Total Proceeds with Changed Use	Unutilized Proceeds	Proposed Use Total and Investment of Unutilized Proceeds	Proceeds Unutilized for Over Two Years
2021	Initial public offering	158,377.68	2,034.28	75,039.44	-	-	-	87,501.75	Deposited in the special account for the proceeds	-
Total	-	158,377.68	2,034.28	75,039.44	-	-	-	87,501.75	-	-

Overall Use of Proceeds

As at June 30, 2023, the proceeds from A Share offering used by the Company in the first half of 2023 were RMB20.3428 million and the total proceeds from A Share offering used were RMB750.3944 million, and the unutilized proceeds from A Share offering were RMB875.0175 million (including net interest income of proceeds from A Share offering of RMB41.6351 million exclusive of bank charges and account management fees).

(2) *Committed Projects Funded by Raised Proceeds from A Share Offering*

Applicable Not applicable

Unit: RMB ten thousand

Committed Investment Project and Investment of Surplus Proceeds	Whether the Project was Changed (Including Partial Change)	Total Committed Investment of Raised Proceeds	Adjusted Total Investment ⁽¹⁾	Investment for the Reporting Period	Accumulated Investment as at the End of the Period ⁽²⁾	Investment Progress as at the End of the Period ^{(3)=(2)/(1)}	Date on Which the Project is Ready for its Intended Use	Accumulated Benefits		Whether the Expected Benefits are Achieved	Whether There are Significant Changes in the Project Feasibility
								Generated during the Reporting Period	Generated as at the End of the Reporting Period		
Committed Investment Projects											
Digital Transformation, Research and Development Project	No	43,877.68	43,877.68	1,116.55	5,651.31	13%	July 2026	N/A	N/A	N/A	No
Project for Lighthouse Factory Upgrade and Construction	No	79,500.00	65,203.03	917.73	44,388.13	68%	December 2024	N/A	N/A	N/A	No
New Retail and Construction Project	No	10,000.00	-	-	-	-	Terminated	N/A	N/A	N/A	No
Repayment of bank loans and replenishment of working capital	No	25,000.00	25,000.00	-	25,000.00	100%	N/A	N/A	N/A	N/A	No
Sub-total of committed investment projects	-	158,377.68	134,080.71	2,034.28	75,039.44	-	-	-	-	-	-
Investment of Surplus Proceeds											
N/A	-	-	-	-	-	-	-	-	-	-	-
Total	-	158,377.68	134,080.71	2,034.28	75,039.44	-	-	-	-	-	-

Information on and reasons for the failure to get ready for the intended use or achieve expected benefits (by project) (including the reasons for selecting “N/A” with “Whether the Expected Benefits are Achieved”)	<p>I. Digital Transformation, Research and Development Project</p> <p>1. As at June 30, 2023, the sub-project of the digital transformation, research and development project, namely the “project for digital upgrade of core modules of semi-trailers”, failed to progress as scheduled. The main reasons are as follows: with the full implementation of the External Dimensions, Axle Load and Quality Limit on Vehicles, Trailers and Trains (GB1589-2016), the domestic market demand for semi-trailers changed. Meanwhile, new energy transformation progresses rapidly in commercial vehicles. The design of semi-trailers needs to be comprehensively improved based on the matching performance of tractors, by matching the driving stability and braking efficiency of vehicles and optimizing the design of products in terms of air resistance reduction. Based on the current industrial development trend and in consideration of its development plan, the Company adjusted the product development direction. The Company will continue to orient research and development towards modularization of new-generation semi-trailer products, in consideration of the application of lightweight, Internet of Things technology, etc. The failure of the project to progress as scheduled is due to the time needed for product technology demonstration and integration, and the influence of the delay in supply from suppliers over the progress in the product development demonstration as a result of factors in the early stage. According to Article 6.3.4 of the Self-Regulatory Guidelines for Listed Companies of the Shenzhen Stock Exchange No. 2 – the Compliant Operation of Listed Companies of the ChiNext Market, the Company re-demonstrated the “project for digital upgrade of core modules of semi-trailers”. In order to improve the efficiency of the use of the proceeds, maximize the interests of the shareholders of the Company, and avoid any loss of funds and resources, the project is no longer suitable for the current development plan of the Company. The Company has conducted a careful study and intends to terminate the implementation of the “project for digital upgrade of core modules of semi-trailers”. This matter has been considered and approved at the seventh meeting of the second session of the Board of Directors for 2023 and the sixth meeting of the second session of the Supervisory Committee for 2023 held by the Company on August 23, 2023, and will be submitted to the shareholders’ general meeting of the Company for consideration.</p> <p>2. As at June 30, 2023, the sub-project of the digital transformation, research and development project, namely the “project for digital upgrade of core modules of specialty vehicles truck bodies”, failed to progress as scheduled. The main reasons are as follows: weak macro-economy and the slowdown in investment and construction of real estate and infrastructure in China resulted in a decline in the sales volume of dump trucks, mixer trucks, urban dump trucks and other products; According to the changes in market conditions, in terms of dump trucks and urban dump trucks, the Company will further develop U-shaped and V-shaped dump truck body product modules based on light-weight requirements of new energy transformation of vehicle bodies, and further optimize the integrated design of body chassis of commercial vehicle chassis manufacturers and the vehicle performance, and in terms of mixer trucks, the Company will orient research towards electric rotary drives of tanks and vehicle body operation safety inspection, etc. In the process of further overall planning for product technology upgrade and iteration, technical demonstration, test and verification work was difficult and time-consuming, resulting in the failure of the project to progress as scheduled.</p>
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3. As at June 30, 2023, the sub-project of the digital transformation, research and development project, namely the “project for construction of the semi-trailer test center of CIMC Vehicles Group”, failed to progress as scheduled. The main reasons are as follows: due to the impact of the economic downturn, the construction of the civil construction foundation of the project for construction of the semi-trailer test center was delayed. Meanwhile, due to the impact of objective factors, the delivery of the imported equipment was delayed. As a result, the planning for the simulation data management platform and the experimental data cloud platform, and the new planning for the parts/vehicle laboratory were delayed, resulting in the failure of the project to progress as scheduled.

The Company re-demonstrated the sub-projects of the digital transformation, research and development project, namely the “project for digital upgrade of core modules of specialty vehicles truck bodies” and the “project for construction of the semi-trailer test center of CIMC Vehicles Group”:

(I) Feasibility

Since May 2020, relevant national policies have been issued one after another, providing policy support for the digital transformation of enterprises. After years of development, the Company has established modular research and development and design systems for semi-trailers, bodies of light and durable cement mixer trucks, bodies of environmentally-friendly urban dump trucks, and refrigerated van bodies, and explored ways and means for a digital and technical upgrade of semi-trailer products and modules. Meanwhile, the Company’s existing technical team can provide personnel support for the implementation of the projects.

(II) Necessity

The Company has a leading position due to its long-term competitive advantage in “global operation”. At present, as the global supply chain is strained, the pursuit of lightweight, reliability and specialty vehicles’ high performance is the technological development trend of semi-trailers and specialty vehicles. With the development of new technologies and new infrastructure, digital transformation of the Company’s existing operation system is required. In order to conform to the development trend of the industry, the Company needs to enhance the competitiveness of the new-generation products through digital upgrade of its core product modules and digital transformation and research and development innovation.

(III) Conclusions of the re-demonstration

The Company believes that it is necessary and feasible to invest in the sub-projects of the digital transformation, research and development project, namely the “project for digital upgrade of core modules of specialty vehicles truck bodies” and the “project for construction of the semi-trailer test center of CIMC Vehicles Group”, which are in line with the Company’s strategic plan, and the Company will continue to implement the above projects. The Company will pay close attention to relevant environmental changes and make timely arrangements for the proceeds-funded projects.

II. Light Tower Plant Upgrade and Construction Project and New Retail Construction Project

During the Reporting Period, the Company convened the fourth meeting of the second session of the Board of Directors for 2023 and the third meeting of the second session of the Supervisory Committee for 2023 on March 27, 2023, which considered and approved the Resolution on Re-demonstration and Termination of A Share Proceeds-funded Projects and the Resolution on Re-demonstration and Extension of the Terms of A Share Proceeds-funded Projects, authorizing the Company to terminate the sub-projects of the Light Tower Plant upgrade and construction project, namely the “project for upgrade and technology transformation of coating lines”, the “project for digital upgrade of semi-trailers of Yangzhou Tonghua” and the new retail construction project, based on the actual situation of the A Share proceeds-funded projects; and to extend the periods of the sub-projects of the Light Tower Plant upgrade and construction project, namely “CIMC intelligent logistics equipment project (phase I)”, “annual production of 50,000 sets of travelling mechanism products (axle plus suspension project)” and the “project for upgrade and technical transformation of production lines of refrigerated and intelligent distribution vehicles”, and to extend the dates of getting ready for intended use to December 31, 2023, December 31, 2024, and April 30, 2024.

Description of significant changes in the project feasibility	During the Reporting Period, the Company convened the fourth meeting of the second session of the Board of Directors for 2023 and the third meeting of the second session of the Supervisory Committee for 2023 on March 27, 2023, which considered and approved the Resolution on Re-demonstration and Termination of A Share Proceeds-funded Projects and the Resolution on Re-demonstration and Extension of the Terms of A Share Proceeds-funded Projects, authorizing the Company to terminate the sub-projects of the Light Tower Plant upgrade and construction project, namely the “project for upgrade and technology transformation of coating lines”, the “project for digital upgrade of semi-trailers of Yangzhou Tonghua” and the new retail construction project; and to extend the periods of the sub-projects of the Light Tower Plant upgrade and construction project, namely “CIMC intelligent logistics equipment project (phase I)”, “annual production of 50,000 sets of travelling mechanism products (axle plus suspension project)” and the “project for upgrade and technical transformation of production lines of refrigerated and intelligent distribution vehicles”, and to extend the dates of getting ready for intended use to December 31, 2023, December 31, 2024, and April 30, 2024.
Amount, use and progress in the use of surplus proceeds	N/A
Change of location of the raised proceeds-funded projects	During the Reporting Period, there is no change in the location of the raised proceeds-funded projects of the Company.
Adjustments to the implementation method of the raised proceeds-funded projects	During the Reporting Period, there is no change in the implementation method of the raised proceeds-funded projects of the Company.

Initial investments and fund replacements in raised proceeds-funded projects	On August 25, 2021, the Company held the tenth meeting of the first session of the board of directors for 2021 and the fourth meeting of the first session of the supervisory committee for 2021, which considered and approved the Resolution on Replacement of Self-raised Funds Invested in the Raised Proceeds-funded Projects and Used to Cover the Issue Expenses in Advance with Raised Proceeds from A Share Offering, authorizing the Company to replace the self-raised funds totaling RMB326.2496 million invested in the proceeds-funded projects and used to cover the issue expenses in advance, with the raised proceeds from A Share offering. The issue expenses of RMB41.4293 million (exclusive of value-added tax) were paid by the Company out of its self-raised funds in advance, while RMB284.8203 million of the self-raised funds was invested in the A Share proceeds-funded projects in advance.
Use of unutilized raised proceeds for temporary replenishment of working capital	During the Reporting Period, there are no unutilized raised proceeds used for temporary replenishment of working capital.
Amount of and reasons for the remaining balance of raised proceeds after the implementation of the project	As of June 30, 2023, the raised proceeds of the Company are still in the progress of investing, and therefore the remaining balance of raised proceeds is not available.
Proposed use and investment of the unutilized raised proceeds	As of June 30, 2023, the unutilized raised proceeds of the Company were deposited in the special account for raised proceeds in demand deposits, with a balance of RMB875.0175 million (including net interest income of raised proceeds exclusive of bank charges and account management fees).
Problems or other matters in the use and disclosure of the raised proceeds	On August 25, 2022, the Company held the seventh meeting of the second session of the Board for 2022 and the fifth meeting of the second session of the Supervisory Committee for 2022, and reviewed and approved the Proposal on Using Part of the Idle Proceeds from A Shares for Cash Management, it was agreed that on the premise of not affecting the construction of the investment projects of the proceeds from A shares and the use of the proceeds and effectively controlling the risks, the Company and its subsidiaries intend to use part of the unutilized proceeds from A shares not exceeding RMB950.00 million (inclusive) for cash management, which will be used to purchase products that meet the requirements of high security and good liquidity, including agreed deposits, large certificates of deposit and capital preservation bank wealth management products. The term of a single investment product shall not exceed 12 months and the use period shall be valid for 12 months from the date of consideration and approval by the board of directors of the Company. Within the above quota and period of use, the funds can be used on a rolling basis, and the board of directors authorizes the CEO and President of the Company and their authorized officers to exercise decision-making authority and sign relevant contractual documents. The independent directors expressed their consents and performed the necessary procedures. As at June 30, 2023, the balance of the Company's agreed deposit account was RMB874.9266 million, which did not exceed the deliberation limit and validity period of the board of directors and the board of supervisors of the Company regarding the use of some of the idle proceeds from A Shares for cash management.

Note: Economic benefits shall be calculated based on "net profit" other than indicators such as "revenue" and "operating profit".

(3) *Change of Projects Funded by Raised Proceeds from A Share Offering*

Applicable Not applicable

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

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

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

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

As at January 1, 2023, net proceeds from H Share offering carried forward from last year by the Company amounted to approximately HK\$79.3 million. The use of the net proceeds from the H Share offering and its utilization as of June 30, 2023, which are intended to be utilized in the next five years after the Listing Date of H Shares, are as follows:

Intended Use of Net Proceeds	Intended Amount (HK\$ million)	Utilized Amount		
		Utilized Amount as of June 30, 2023 (HK\$ million)	during the Reporting Period (HK\$ million)	Unutilized Amount as of June 30, 2023 (HK\$ million)
Develop new manufacturing or assembly plants	1,248.2	1,186.3	15.7	61.9
– Develop a new automated production facility for chassis trailers in the coastline regions along the eastern or southern US	38.8	38.8	0	0
– Develop a new assembly plant for high-end refrigerated trailers in the UK or Poland	32.1	25.7	3.3	6.4
– Develop a new automated production facility for refrigerated trailers in Monon, the US	163.0	159.4	0	3.6
– Develop a new assembly plant for swap bodies and chassis and flatbed trailers in the Netherlands	105.2	105.2	0	0
– Develop a new assembly plant for refrigerated trailers in Canada	20.2	20.2	0	0
– Develop a new manufacturing plant in Jiangmen, China	87.0	79.6	0	7.4
– Technological reform and informatization of plants in Xi'an, China	32.7	8.3	3.2	24.4
– Develop a new production plant in Baoji, China	70.0	70	0	0
– Construct a vehicle park in Kunming, China	78.4	78.4	0	0
– Expand semi-trailer production plant in Dongguan, China	114.8	105.7	1.6	9.1

Intended Use of Net Proceeds	Intended Amount (HK\$ million)	Utilized Amount		Unutilized Amount as of June 30, 2023 (HK\$ million)
		Utilized Amount as of June 30, 2023 (HK\$ million)	during the Reporting Period (HK\$ million)	
- Expand dry bodies and refrigerated bodies production plant in Zhenjiang, China	34.4	23.4	7.6	11
- Expand production and assembly plant for chassis trailers in Rayong, Thailand	193.5	193.5	0	0
- Increase the registered capital and production capacity of subsidiaries in the UK (Note)	278.1	278.1	0	0
Research and develop new products	66.5	64.8	-	1.7
- Invest in industry fund	34.4	34.4	0	0
- Develop high-end refrigerated semi-trailers	26.3	24.6	0	1.7
- Develop other trailers	5.8	5.8	0	0
Repay the principal amount and interests of bank borrowings	153.8	153.8	0	0
Working capital and general corporate purposes	151.5	151.5	0	0
Total	<u>1,620.0</u>	<u>1,556.4</u>	<u>15.7</u>	<u>63.6</u>

Note: According to the announcement of the Company dated August 25, 2021 in relation to the “Proposed Further Changes in the Use of Proceeds from the Global Offering” and the Company’s circular dated September 13, 2021, the Group determines to use the remaining or unutilized amounts under “develop new manufacturing or assembly plants and upgrade the retail model”, “research and develop new products”, “repay the principal amount and interests of bank borrowings”, and “working capital and general corporate purposes” and interest accrued in the designated bank account for the proceeds from the Global Offering totalling approximately HK\$278.09 million to increase the registered capital of SDC Trailers Ltd. The interest accrued in the designated bank account for the proceeds from the Global Offering is HK\$28.74 million.

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

(1) *Entrusted Wealth Management*

Applicable Not applicable

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

(2) *Derivative investment*

Applicable Not applicable

① Derivative investment for the purpose of hedging during the Reporting Period

Applicable Not applicable

Unit: RMB ten thousand

Type of Derivatives	Initial Investment Amount	Gains or Losses on Fair Value Change for the Period	Total Fair Value Change Recorded in Equity	Amount of Purchase for the Reporting Period	Amount of Disposal for the Reporting Period	Amount as at the End of the Period	Investment Amount as at the End of the Period as a Percentage of Net Assets as at the End of the Reporting Period
Foreign exchange forward contract	33,569.37	-2,260.40	0	0	0	64,682.46	4.34%
Total	33,569.37	-2,260.40	0	0	0	64,682.46	4.34%
Description of the accounting policies and specific accounting principles for the hedging business during the Reporting Period, and whether there was a significant change as compared with the previous reporting period	The Company accounted for and disclosed the foreign exchange forward hedging business in accordance with relevant provisions and guidelines of ASBE 22 – Recognition and Measurement of Financial Instruments, ASBE 24 – Hedging, and ASBE 37 – Presentation of Financial Instruments. Consistent with the previous reporting period.						
Description of actual profit or loss for the Reporting Period	The gains or losses on changes in fair value of the Group's derivative financial instruments in the first half of 2023 was RMB-22.6040 million.						
Description of hedging effect	The foreign exchange forward hedging carried out by the Company was closely related to the Company's business. Based on the Company's foreign exchange assets and liabilities, and foreign exchange receipts and payments, foreign exchange forward hedging can further improve the Company's ability to cope with foreign exchange fluctuations, help better avoid and prevent the risks of foreign exchange rate fluctuations to the Company, and enhance the Company's financial stability.						
Sources of derivative investment funds	Own funds						
Description of risk analysis and control measures for derivative positions during the Reporting Period (including but not limited to market, liquidity, credit, operational and legal risks)	As at June 30, 2023, the derivative financial instruments held by the Group were foreign exchange forward contracts. The exposure to foreign currency forwards related to the exchange rate market risk and the certainty of the Group's future cash flows from foreign currency revenue. The Group's control measures for derivative financial instruments are mainly reflected in the following: The Group carried out prudent selection and determination of the types and quantities of derivative financial instruments, and only used foreign exchange forward contracts to hedge exchange rate risk; For derivative transactions, the Group developed strict and standardized internal approval systems and business operation processes, and defined approval and authorization procedures for relevant levels, so as to facilitate the control of relevant risks.						
Description of the change in market price or fair value of the derivatives invested during the Reporting Period, and disclosure of the specific method, related assumptions and parameters used in the analysis of the fair value of derivatives	The gains or losses on changes in fair value of the Group's derivative financial instruments in the first half of 2023 was RMB-22.6040 million. The fair value of the Group's derivative financial instruments is determined according to the market quotation of external financial institutions.						
Litigation involved (if applicable)	Not applicable						
Date of disclosure of Board announcement on derivative investment approval (if any)	February 21, 2023						
Date of disclosure of announcement of the general meeting on derivative investment approval (if any)	None						
Special opinions of independent Directors on derivative investment and risk control of the Company	The foreign exchange forward hedging business of the Company and its majority-owned subsidiaries was related to the daily global operations, so as to better avoid and guard against the risks of fluctuations in foreign exchange rates and interest rates and to enhance the financial stability of the Company. The Company adhered to the basic principle of hedging and prohibits speculation. The Company formulated the Foreign Exchange Risk Management System and established and improved the corresponding internal control system, which was conducive to strengthening the management and control of transaction risks. The relevant decision-making procedures complied with laws, regulations and other provisions, and there was no damage to the interests of the Company and all Shareholders, especially minority Shareholders. We unanimously agreed on the matter of the Company in relation to the continuation of the foreign exchange forward hedging business in 2023.						

② Derivative investment for speculation purposes during the Reporting Period

Applicable Not applicable

The Company did not invest in derivatives for speculation purposes during the Reporting Period.

(3) *Entrusted Loans*

Applicable Not applicable

During the Reporting Period, there was no entrusted loan.

(VII) Risk Exposures of the Company and Responsive Initiatives

1. *Macroeconomic fluctuation and industry cyclical risks*

The market demand for specialty vehicles is closely related to the development of national economy, infrastructure investment and construction, and environmental protection policies, etc. Affected by global macroeconomic fluctuations, the degree of industry prosperity and other factors, the industry in which the Company operates is cyclical to a certain extent. Any adverse changes in macro environment, market demand and the environment of competition in the future, which will adversely affect the business growth, product sales or production cost of the Company, will lead to a decline in the results of operations of the Company and adversely affect its sustainable profitability.

Responsive Initiatives: The Company is committed to promoting the technological innovation and compliant development of products in the industry, further building and improving the arrangements for the six major businesses or groups, thus enriching the revenue structure of main businesses of the Company and maintaining the sustainable competitive advantage of the Company in the complex environment. Meanwhile, the Company has always closely monitored the regulatory trend in the places where it operates, adjusted its business strategies in a timely manner, thoroughly studied the industry standards in the places where it operates, and continuously improved its products so as to ensure that the Company meets the conditions of its business licenses, and guarantees the high-quality development of its business.

2. *Short supply of raw materials and risk of price fluctuations*

The Company's production process depends on the timely and stable supply of several raw materials, and parts and components. Despite stable partnerships established by the Company with major suppliers, sufficient supply of relevant raw materials, parts and components in the market, and relatively stable prices, any sudden and significant changes in production and operation of major suppliers, the quality of goods supplied or the period of supply of goods failing to

meet the Company's requirements, any changes in the business relationship with the Company, or significant fluctuations of the supply prices and failure of the Company to adjust the selling price of products proportionally in a timely manner may have an adverse impact on the production and operation of the Company.

Responsive Initiatives: The Company will actively use the price and scale advantage created by centralized purchase channels as well as effective control of global supply chain platforms, to reduce purchase costs and the impact of fluctuations of raw material prices.

3. *Risks of overseas investment and intercontinental operation*

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

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

4. *Risk of exchange rate fluctuations*

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

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

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

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

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

6. *Risk from environmental protection policies*

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

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

(VIII) Future Prospects and Strategies

(1) Changes in the macro situation and industry landscape

Looking forward to the second half of 2023, the global economy still faces a number of risks and uncertainties, and will be affected by risks including the decline pace of inflation, the duration of high interest rates, global debt crisis, trade protectionism and the escalation of geopolitical conflicts. The global economic momentum has weakened due to fading demand resilience. With the structural adjustment of the industrial chain and the economic slowdown in Europe and the United States, the global manufacturing industry may enter a downward cycle.

The Chinese macro economy is expected to maintain an upward trend in the first half of 2023. Under the new development paradigm featuring the domestic circulation and the international circulation, the commercial vehicles in China are expected to usher in an upward cycle and make steady progress in the global automobile industry benefiting from favorable factors such as the economic recovery, construction of infrastructure, recovery of logistics and high export growth.

Semi-trailers in the Chinese market

In the second half of 2023, the transportation industry of China will continue to recover, and logistics freight volume is expected to continue to rise, and the semi-trailer market will usher in a new pattern featuring continuous recovery, supply-side reform and accelerated concentration of top effect.

In May 2023, the National Technical Committee of Auto Standardization issued the “Letter on Conducting Research on the Implementation of GB7258-2017 and GB1589-2016 Standards and Revision Requirements”, which will guide the direction of the upgrading of semi-trailer vehicle technologies and promote the improvement of transportation efficiency and safety.

With the further orderly regulation of the domestic semi-trailer market, the reduction of overrun and overload and the iterative upgrade of products, the implementation of multi-modal transport, the drop and pull transport model and the trailer rental model will drive the semi-trailer industry of China into a new stage featuring compliant, standard, intelligent, electric and lightweight products.

Semi-trailers in overseas markets

In the second half of 2023, due to the increasing downward pressure on the macro economy, slow economic expansion, weak freight volume and the gradual decline in the pressed demand for logistics equipment in the United States, the North American semi-trailer market will stand at a turning point.

As the European economy faces the continuous impact of geopolitical conflicts and energy crisis, the transportation demand for logistics is under pressure. There are still challenges in the European semi-trailer market, and semi-trailer manufacturers with stable supply chain support systems will gain competitive advantages.

With the surging internal and external demand in emerging markets, the promotion of Belt and Road Initiative and the full expansion of the “going global” strategy for China’s commercial vehicles, the semi-trailers in emerging markets have vast space for high growth.

Specialty vehicles in the Chinese market

In the second half of 2023, the Chinese government will accelerate the implementation of major projects during the 14th Five-Year Plan, and implement urban upgrading actions to promote the high-quality urban development. The specialty vehicle market of China is expected to unleash demand with the construction of new infrastructure. Due to the continuous intensification of regulating over-limit and overload, the development of products towards standardization and lightweight, and the weakening impact by the shift of emission standards, it is expected that the specialty vehicle market of China will speed up recovery and that the sophisticated manufacturing will undergo accelerate the transformation and upgrading.

Meanwhile, as China promotes electric specialty vehicles, the penetration rate of new energy products is increasing, and the new energy specialty vehicles show promising development prospects in terms of intelligent driving, safety, cost reduction and efficiency improvement.

Lightweight van trucks in China

With the strict implementation of new regulations on “labeling tonnage in less tons” and blue-plate lightweight trucks, the lightweight truck market is accelerating the transformation towards compliance and standardization. There are opportunities in the lightweight truck market from the accelerated upgrading and replacement of diesel vehicles in China IV standards. As China implemented a series of policies to promote consumption and expand domestic demand, the active consumption in urban scenarios will stimulate the demand for compliant lightweight van trucks.

China continues to introduce policies to support the development of new energy lightweight trucks, so that new energy lightweight trucks in China have a blue ocean market and are expected to become a major driving force in the new round of development.

(2) Development strategy of the Company

Starting a business for the third venture in high spirit toward promising future

Profound changes unseen in a century are accelerating across the world, and China has embarked on a new journey for fully building a modern socialist country. As China ushers in a new economic development stage transforming from high-speed growth to high-quality development and faces a complex and severe international environment and the arduous task of carrying out domestic reform, the Company has always maintained its strategic focus, insisted on making progress while maintaining stability, implemented new development concepts in a complete, accurate and comprehensive manner, accelerated the construction of a new development pattern, and promoted high-quality development.

Over the past 20 years, the Company has made concerted efforts to start the first venture featuring “earth breaking” and for the second venture featuring “intercontinental operation” relying on audacious and innovative strategic design and planning as well as targeted deployment and effective execution. Under the new development pattern of “dual circulation”, in which domestic and foreign markets reinforce each other, with the domestic market as the mainstay, the Company fully started a business for the third venture in high spirit toward a promising future, and strove to build an innovative and entrepreneurial platform that supports new energy tractors and trailers and provides integrated solutions for the transformation of traditional tractors and trailers.

Those who work will succeed, and those who walk will arrive at their destination. In the journey of starting a business for the third venture, the Company will move ahead against winds and waves and implement a panoramic exploration. The Company will make efficient arrangements for the “Star-chained Manufacturing Network” to build a benchmark for the supply-side reform of the domestic semi-trailer industry; deepen the construction of the “2023 Light Tower Manufacturing Network” to realize specialized production; deepen the continuous empowerment by “Sophisticated Manufacturing System” and “New Management Infrastructure” and efficiently implement business strategies; accelerate the presence in the new energy sector and innovative products and business models; launch the “Deep Space Exploration Plan” to build a new business pattern for North America Business; and promote the “Champion Tanker Growth Program” to establish a unified operation of tankers under the guidance of the strategy.

Looking forward to the future, the Company will pool resources to promote all businesses under the “National Unified Market for Commercial Vehicle and Specialty Vehicles”, and enter the new energy commercial vehicle industry with innovative technology and business models. Meanwhile, the Company will rely on innovation to drive endogenous growth and achieve a steady improvement in the operation quality of six major businesses or groups, so as to promote the high-quality development of the road transportation equipment industry as well as contribute to the construction of Chinese modernization.

Firstly, making efficient arrangements for the “Star-chained Manufacturing Network” to build a benchmark for the supply-side reform of the domestic semi-trailer industry

The Company has effectively deployed the “Star-chained Manufacturing Network”, and established the domestic semi-trailer business group consisting of “LTP Production Centers Organization for CIMC Star Chain Semi-trailer”, “CIMC Light Tower Semi-trailer Business Group” and “Tonghua Pioneer Semi-trailer Business Group”. Through the integration of production and manufacturing resources, the business group has achieved a leapfrog improvement in market share, sales and profits, and become a benchmark for the supply-side reform of the domestic semi-trailer industry, a model of high-quality development and a paradigm of dual-wheel drive.

The “Star-chained Manufacturing Network” is efficiently promoted based on unique advantages of the Company. Firstly, as the only semi-trailer manufacturer with production qualifications in many cities nationwide, the Company can legally promote production and supply-side reforms. Secondly, the whole product line of the Company can provide customers with coordinated sales covering different application scenarios to meet their diversified needs. Thirdly, the Company deepened its strategic layout of tractor and trailer integration, rapidly expanded the dealer network with the help of tractor manufacturers to enhance the sales of modular products, and achieved cost reduction and efficiency increase by virtue of the scale economy. Meanwhile, the successful modular production and operation experience of the Company in North America and Europe can be used to establish domestic business models, and the dual-wheel drive of domestic and overseas markets will accelerate the implementation of the “Star-chained Manufacturing Network”.

The “Star-chained Manufacturing Network” will promote the changes of end-to-end business models in the domestic semi-trailer business, which focuses on three semi-trailer products and integrates the procurement (LTS), production (LTP), circulation (LTL), manufacturing (LoM) and distribution (sales channels) resources of seven domestic semi-trailer plants. It will also promote continuous cost reduction and steady improvement in the price competitiveness, shorten the cycle of product delivery, enhance mass delivery capacity relying on modular inventory, launch integrated tractor and trailer products, promote the sales of new vehicles, and expand the second-hand car business.

Currently, the Company has completed the top-level planning and the adjustment of organizational structure of “Star-chained Manufacturing Network”, successfully established the business group, verified the business model, and defined high-level goals. In the next stage, the “Star-chained Manufacturing Network” will refine the organizational design to ensure the implementation of the organization, solidify the “6+4” core processes to ensure the smooth operation of key business processes, and establish a transformation office mechanism with focus on the Promotion Committee of Star-chained Manufacturing Network to form a normal work mechanism for promoting transformation in the next two to three years.

Secondly, deepening the construction of the “2023 Light Tower Manufacturing Network” to realize specialized production

In the new development stage of starting a business for the third venture, the Company will deepen the construction of the “2023 Light Tower Manufacturing Network”, build the “Light Tower Manufacturing Network” for Champion tankers, the Star Chain “Semi-trailer Light Tower Manufacturing Network” and the “TB Light Tower Manufacturing Network”, so as to achieve the decoupling and reshaping of LTP and LoM, realize specialized production and enhance the scale effect.

The construction of the “Light Tower Manufacturing Network” for Champion tankers will promote the decoupling and reshaping of the production organization of concrete mixer trucks, liquid tank trailers and dry bulk tank trailers, ensure the smooth operation of the internal chain of the business group to form group advantages, and realize specialized production to promote the development of Champion Tanker Business Group. The construction of the Star Chain “Semi-trailer Light Tower Manufacturing Network” will complete the structural reform of the production organizations of seven domestic semi-trailer manufacturers, and promote the growth of the Light Tower Pioneer Business Group. The construction of the “TB Light Tower Manufacturing Network” will establish LTP production centers + auxiliary warehouses + LoM manufacturing plants.

Thirdly, deepening the continuous empowerment by the Sophisticated Manufacturing System and efficiently implementing business strategies

- (1) Promoting the iteration of specialized product modules to lead the technological development of the industry (DE)

Relying on the Sophisticated Manufacturing System and modular products and processes, DE can optimize the “Light Tower Manufacturing Network” system, promote the complementary advantages and efficient collaboration among business groups, and provide the global semi-trailer users with products, technologies and services of higher quality. Meanwhile, DE will continue to carry out projects with focus on lightweight, specialized and new energy products, and promote iterative optimization of product modules, so as to create profit space for customers and the Company.

With the implementation of “Star-chained Manufacturing Network”, the modular DE under the Sophisticated Manufacturing System will be iterated to modular DE products under the “Star-chained Manufacturing Network”. In line with the structural reform of semi-trailer production organizations in China, DE will leverage the PLM system digital platform to develop standard Star-chained modular products as well as product series that is more suitable to Star-chained “LTP + LoM” and LTL “Light Tower” distribution network, thus providing platform-based unified modular products in all LTP plants under the “Star-chained Manufacturing Network” and effectively boosting the “Star-chained Manufacturing Network”.

- (2) Upgrading Star-chained production and manufacturing lines to build a benchmark for high-end manufacturing (ME)

ME will upgrade the Sophisticated Manufacturing System to the “Star-chained Manufacturing Network”, vigorously promote the structural reform of production organizations, optimize the manufacturing process and technology, accelerate the layout of LTP + LoM production models, and improve the construction of the “Light Tower Manufacturing Network”.

In terms of semi-trailers, ME will rely on the construction of Star-chained LTP and LoM production lines, fully improve the automated and paced production and manufacturing of modular products, and build production lines and processes suitable for the production models of “Star-chained Manufacturing Network” to empower modular production. Star-chained LTP will build intelligent Star-chained LTP production lines in Dongguan, Yangzhou, Zhumadian and other places to fully upgrade the automated production equipment. Star-chained LoM will build a number of high-efficient LoM production lines, iterate the assembly process in line with unified standards and the assembly models of modular products, and promote the supply chain management and centralized procurement relying on the unified EPS procurement platform, so as to reduce the man-hours of semi-trailer assembly and the costs of core components.

In terms of truck bodies for specialty vehicles and van truck bodies, ME has expanded the application of new adhesive materials, and developed foam hot-melt adhesive products that can significantly increase the bonding strength between the body foam and skin by 30%. The frame fully adopted environment-friendly coating processes to better protect the environment in the product processes. In addition, in order to better meet the market demand, the Company has successfully developed the foaming technology for reinforced glass skin to enhance the applicability of open foaming process, which has been applied in the top plate of van truck body in small batches.

- (3) Expanding the reach of new retail nationwide to form network and scale effect (NR)

Since the launch of the “Star-chained Manufacturing Network”, the Company has deepened the transformation of new retail, took the lead in the exploration of end-to-end business models in the domestic semi-trailer business, and made solid efforts in the front-line market to quickly responded to the needs of customers, thus retail breakthroughs in the overall market share of the Company.

The Company provided end customer experience based on the “Sanhao Development Center” and “Pioneer Center”, and improved the new retail network. Through in-depth joint retail with tractor manufacturers and under the guidance of “innovation as driving force, and high-quality supply”, the Company upgraded its sales models and transitioned to integrated vehicle products and services, thus providing one-stop solutions to meet their purchase needs and further creating new demand and driving force of commercial vehicles.

Since the establishment of the first “Sanhao Development Center” in Xi’an in December 2022, the Company gradually expanded its coverage. Currently, the Company has successively established and put into operation “Sanhao Development Center” in Dongguan, Guangzhou, Nanning, Zhengzhou, Kunming, Chengdu, Fuyang and other places. Meanwhile, the Company has successively completed “Pioneer Center” mainly in Yingkou, Tangshan and Changchun, indicating that the Company has fully kick-off its strategic layout of deepening segment markets nationwide.

- (4) Establishing the top-level design of “2023 Organizational Development” (OD) with sound overall planning

The Company will carry out the organizational construction and reform of the “Star-chained Manufacturing Network”, promote the overall top-level design, and establish the Promotion Committee of Star-chained Manufacturing Network and eight professional sub-committees, which aim to reshape the business models and promote the decoupling and optimization of the organization. In addition, the business groups and LTP production centers under the “Star-chained Manufacturing Network” has sorted out six core processes and four key business processes to ensure that the new organizational models can meet business needs.

Talent is the most important resource to realize the high quality development. In order to build a work platform of sophisticated manufacturing system and new management infrastructure, the Company initiated the “2025 Technical Talent” cultivation project, promoted the “Advanced Leadership Training Program” and “Employee Stock Ownership Plan”, and established the “Professionalized MBA Organization” and “Organization Development Promotion Committee”. The Company actively promoted the iterative upgrade of the senior management, and has established the triangle leading team for the intercontinental operation in the course of starting a business for the third venture. Meanwhile, the Company also gradually upgraded its governance structure in line with the iterative upgrade of the senior management, so as to gradually enhance the corporate governance of the Company.

- (5) Promoting unified standards and organizational upgrade (EPS) leveraging the core role of the hub

During the Reporting Period, the EPS unified portal platform was integrated with the ERP system of pilot enterprises, which can be applied in the whole process from the procurement strategies of regular procurement business to the procurement execution of the EPS platform supply chain. It can also quickly optimize and iterate functions based on the needs for improvement, thus achieving accurate connection and efficient collaboration on the EPS platform among internal organizations at all levels and between the procurement and external suppliers. As of the end of the Reporting Period, the platform provided the online shared management for more than 1,300 suppliers, with stable growth in the proportion of centralized procurement.

As a core hub, the EPS platform will continue to support the deployment of the “Star-chained Manufacturing Network”. Relying on the organizational restructuring and standard LTS processes, the Company further promoted the unification of standards, enhanced the proportion of centralized procurement, and deeply tapped the value of procurement.

In the future, the EPS platform will support the implementation of the “Star-chained Manufacturing Network”, promote organizational upgrade, better match the business processes with the material flow, prioritize the complementary system functions, and implement measures for quick success.

Fourthly, deepening New Management Infrastructure and establishing a long-term incentive mechanism for starting a business for the third venture

As an important driving force for the Company to implement its business strategy, the New Management Infrastructure will promote the iteration of the MBA Promotion Committee, help the Company realize the digital and mobile financial management, and enhance the operating efficiency of the Company’s financial system in terms of funds, budgets and statements.

Budget 2020 is an important cornerstone of the New Management Infrastructure of the Company, and with the BI system as the carrier, the Company can remove barriers in the data flow of “vehicle headquarters – business group – enterprise”, regulate the underlying data logic, and build a digital “data middle platform”. Money 2021 will establish the “treasury system” of the Company in addition to the existing digital capital system and the RMB + FT cross-border dual capital pool, explore the online electronic settlement platform for connected transactions, and strengthen the risk prevention of overseas funds. Accounting 2022 will focus on improving the quality of statements of overseas companies, and promote the data quality governance and digital upgrade of accounting. Performance 2020 will gradually solidify the system foundations via the trial of process, and further optimize the KPI management system. Reward 2022 will focus on long-term incentives, continuously cultivate and develop core talents to promote high-quality development and empower the course of starting a business for the third venture. After three years of iteration, the Company has improved the accuracy of budgets and significantly shortened the cycle of consolidated statements.

In addition, the Company will establish a long-term incentive mechanism for starting a business for the third venture, and provide incentives to and retain high-level and middle-level management and employees who play a key role in the course of starting a business for the third venture. While promoting the high-quality development, the Company will establish a joint mechanism of shared responsibilities and benefits in the spirit of “hardworking individuals” and “aggressive teams”, diversify incentive models and methods, optimize the remuneration incentive system, and gradually move towards security-based remuneration.

Fifthly, actively exploring the new energy sector, and relying on innovation to drive endogenous growth

Since the launch of starting a business for the third venture, the Company has intensified the in-depth exploration of the new energy sector, actively promoted the development and innovation of new energy and intelligent products, and become an important player among the new forces of commercial vehicle manufacturing.

In terms of semi-trailers, the Company has a full knowledge of business scenarios of commercial vehicles and is capable to define products. The Company started the definition and pre-research of the integration of new energy tractors and trailers, which are progressing in line with the expected research and development schedule. The project team has established a preliminary structure of EV-RT platform, completed the design, trial production and test calibration of prototype vehicle, achieved the communication between tractor and trailer, auxiliary trailer drive and energy recovery, and made exploration and breakthroughs in the coordinated control over driving force and braking force of tractors and trailers. The Company promotes the concept of modular production for new energy products, and incorporates scenario-based modules based on the new energy tractors and trailers, with a view to gaining the first-mover advantage in the electric semi-trailers, overtaking in a different road, and promoting the reform of the industry.

In terms of specialty vehicles, the Company launched pure electric mining trucks with long endurance mileage, and developed various new energy concrete mixer truck products with battery charging and swapping, to greatly reduce the self-weights of the vehicles and improve the economy of use by customers.

In terms of refrigerated van bodies, the Company actively cooperates with tractor manufacturers to develop new energy refrigerated truck products.

In terms of intelligence, the Company will continue to strengthen the research and development of intelligent products and enhance the overall competitiveness of products. The Company actively expanded new business scenarios, and developed a 360-view solution to cope with the pain points of driving safety and limited vision of liquid tank trailers. In addition, the Company upgraded the function of the data collection box, and developed a solution with a high-concurrency, high-frequency and mass of data to monitor the real-time driving status, which can collect, process and upload to the cloud the real-time data of refrigerated vans including the accelerated speed, load, temperature and humidity. The real data of vehicle from the high-performance cloud computing will lay a solid foundation for subsequent data mining and big data computing.

The Company has established close cooperation with end customers relying on its advantages in various scenarios, and has formed an industrial chain layout integrating technology, business and investment as well as an innovative business model. The Company will actively develop an innovative platform that supports new energy tractors and trailers and provides integrated solutions for the transformation of traditional tractors and trailers.

Sixthly, achieving transformation and unified operation, implementing the “Deep Space Exploration Plan”, and promoting the “Champion Tanker Growth Program”

In the past few years, the Company has promoted the orderly transformation of production organizations and the reshaping of the central organization, and optimized the production and manufacturing layout under the “intercontinental operation, local manufacturing” strategy. In particular, despite the headwinds in the global trend, the Company has completed the transformation and upgrading of Dongguan Plant in China, and developed it as an LTP production center under the domestic semi-trailer business group to transfer the original production capacity to the domestic market. Meanwhile, the Company has completed the construction of a LTP production center in Thailand, and placed its high-end manufacturing capacity to North America and other overseas markets. The transformation and reform of production organizations will provide the internal momentum for business growth and long-term development.

In the future, the Company will fully implement the “Deep Space Exploration Plan”, and build the “Light Tower Manufacturing Network” in North America. The Company will establish a new paradigm for business development in North American relying on the sharing of resources and channels, innovative sales of product portfolios under the multimodal transport business, the control over the supply chain of key OE components and the establishment of LoM manufacturing plant in North American.

The Company will promote the “Champion Tanker Growth Program” to enhance its competitive advantage and increase its market share. Under the Champion Tanker Business Group, the tank trailer business will be transformed from the decentralized operation to the unified operation for the long-term development.

Seventhly, increasing the application of digital technologies in the research and development of new energy commercial vehicle products

The Company relies on digital transformation and innovation to drive endogenous growth. Under the background of starting a business for the third venture, the Company has increased the application of digital technologies in the research and development of new management infrastructure and new energy commercial vehicle products.

Based on the AMESIM system simulation platform, the digital team can analyze the hybrid power platform, pure electric platform and fuel cell-based powertrain platform of the integrated new energy tractor and trailer, and make a full exploration of relevant key technologies including energy control strategy, traction-braking force control strategy and new traction and connection system.

In addition, based on the SDM product performance simulation and analysis platform, the Company can verify the performance of main products under the “Star-chained Manufacturing Network” using cloud computing technology, focus on the core technical indicators of products including light weight and long life, and conduct the whole-process evaluation of digital performance from the conceptual design to detailed design and then to production and manufacturing, so as to ensure the quality of product delivery.

(3) *Business plan for the second half of 2023*

1. *Light Tower Pioneer Business Group*

The Company will build a new development pattern for the domestic semi-trailers, implement the “Star-chained Manufacturing Network”, and promote the structural reform of production organizations of the domestic semi-trailers. Through integrating the resources of seven semi-trailer plants, the Company will achieve a leapfrog improvement in market share, sales and profits, and become a benchmark for the supply-side reform, a model of high-quality development and a paradigm of dual-wheel drive.

The Light Tower Pioneer Business Group will vigorously develop business in emerging markets, capture development opportunities from strong demand, and continuously achieve sound business growth in emerging markets.

2. *North American Business*

In the second half of 2023, due to the increasing downward pressure on the macro economy and the gradual decline in the pressed demand for logistics equipment in the United States, its local supply and demand will be balanced. The North American Business will optimize the product delivery cycle, accelerate the modular upgrades of products, reduce costs and increase efficiency through internal and external synergy, and adjust the LTP + LoM operation plan to cope with the change of orders.

Meanwhile, the North American Business will continue to implement the “Deep Space Exploration Plan”. While consolidating the existing business, it will achieve the high-quality integration and stable operation through the orderly transformation of production organizations, the reshaping of the central organization, and the sharing of channels and sales resources.

3. *European Business*

The European Business will continue to improve the layout of LoM manufacturing plants, promote cost reduction and efficiency increase, and improve the supply of key components based on the global supply chain system, so as to consolidate the high-quality business development and increase the market share. Meanwhile, the European Business will actively explore new products and businesses, and introduce new development patterns with new growth opportunities.

4. *Champion Tanker Business Group*

The Champion Tanker Business Group will continue to implement the “Light Tower Manufacturing Network” strategy for Champion tankers and plan to complete the reshaping of LTP and LoM; further expand the market coverage of the tank trailer business; and reposition channel capabilities, optimize and upgrade existing channels, expand the distribution network, and provide a strong support for sales channels.

In line with the market trend of new energy products, the Champion Tanker Business Group will continue to cooperate with new energy tractor manufacturers to jointly explore the integrated research and development of new energy products. Meanwhile, it will continue to improve its businesses in overseas markets, develop personalized products, and enhance the profitability of products.

5. *TB Business Group – Dump Truck Business*

The TB Business Group – Dump Truck Business will maintain a stable market position, enhance the cost performance of products, develop differentiated competition, and ensure the steady improvement in stock businesses. It will also create a second growth curve to seek for multiple breakthroughs, expand the segment market of cargo trucks according to the needs of customers, and increase sales and improve profitability through the cooperation with high-quality channels.

Meanwhile, the TB Business Group – Dump Truck Business will capture development opportunities from the accelerated new energy transformation, give full play to the advantages of LTP+LoM delivery, and step up the local layout to seize the market share.

6. *TB Business Group – Urban Distribution Van Truck Bodies Business*

The TB Business Group – Urban Distribution Van Truck Bodies Business will continue to promote the construction of the “TB Light Tower Manufacturing Network”, enhance the mass production capacity, and actively build LoM manufacturing plants, thus meeting the delivery needs of tractor manufacturers in different sales areas and promoting the delivery of orders for new energy products.

The TB Business Group – Urban Distribution Van Truck Bodies Business will promote the “Starlight” Program, enhance the operational efficiency of the LTP production center by reshaping the strategic direction and optimizing the organizational structure, actively expand the incremental business, strengthen the horizontal cooperation with commercial light truck enterprises, and improve the overall operation level of the TB Business Group.

(IX) Disclosure under the Hong Kong Stock Exchange Listing Rules

1. Significant Investments during the Reporting Period

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

2. Details of the Material Acquisitions and Disposals Related to Subsidiaries, Associates and Joint Ventures

On February 17, 2023, the Company officially entered into the equity transfer agreement in respect of transfer of equity of Shenzhen CIMC Special Vehicle with CIMC VEHICLE INVESTMENT, a wholly owned subsidiary of the Company and CIMC Group. Pursuant to the equity transfer agreement, the Company and CIMC VEHICLE INVESTMENT will sell their 75% and 25% equity interests in Shenzhen CIMC Special Vehicle, respectively, and CIMC Group will acquire 100% equity interest in Shenzhen CIMC Special Vehicle and all interests, benefits attached and all rights legally entitled, and all obligations assumed in accordance with laws. According to the terms in the equity transfer agreement in respect of transfer of equity of Shenzhen CIMC Special Vehicle and confirmed by both parties, the adjusted consideration of equity transfer was RMB1,316,998,600, payable in cash. After the Completion, the Company and CIMC VEHICLE INVESTMENT will no longer hold any interest in Shenzhen CIMC Special Vehicle. Shenzhen CIMC Special Vehicle will no longer be a subsidiary of the Company, and Shenzhen CIMC Special Vehicle will no longer be included in the consolidated accounts of the Company. For further details, please refer to the announcements of the Company dated February 6, 2023, February 17, 2023 and the circular dated March 6, 2023.

Save as disclosed above, the Group has no other details of material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

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

Save as disclosed in “5. Use of Proceeds” in “(VI) Investment Analysis” under Section IV “Management Discussion and Analysis” in the Announcement, the “Investment Plan for 2023” set out in the “Announcement on Resolutions of the Fourth Meeting of the Second Session of the Board of Directors in 2023” issued by the Company on March 27, 2023, and the “Investment Progress Review for Self-raised Funds and Investment Plan for Proceeds for the First Half of 2023” set out in the “Announcement on Resolutions of the Seventh Meeting of the Second Session of the Board of Directors in 2023” issued by the Company on August 23, 2023, as of the date of the Announcement, the Group had no other plans for significant investment or purchase of capital assets in the future approved by the Board.

4. *Liquidity and Financial Resources*

As at June 30, 2023, the Group had cash and cash equivalents of RMB6,057.5 million (December 31, 2022: RMB4,682.8 million). As at June 30, 2023, the Group had borrowings of RMB730.9 million (December 31, 2022: RMB881.8 million).

	As at June 30, 2023 <i>(RMB in millions)</i>	As at December 31, 2022 <i>(RMB in millions)</i>
Long-term borrowings		
– Bank borrowings	284.7	331.2
– Bank borrowings, guaranteed	48.9	–
Subtotal	333.6	331.2
Current portion of long-term borrowings		
– Bank borrowings	133.3	82.6
– Bank borrowings, guaranteed	8.6	–
Subtotal	142.0	82.6
Short-term borrowings		
– Bank borrowings	182.6	229.5
– Bank borrowings, guaranteed	69.6	238.4
– Loans from third parties	–	–
– Discounted bills	3.1	–
Subtotal	255.3	468.0
Total borrowings	730.9	881.8

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

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

	As at June 30, 2023 <i>(RMB in millions)</i>	As at December 31, 2022 <i>(RMB in millions)</i>
Within one year	397.3	550.6
One to two years	183.3	143.0
Two to five years	150.4	188.2
Over five years	–	–
Total	730.9	881.8

During the Reporting Period, the Group's major cash inflow items are net cash inflow generated from operating activities of RMB1,245.48 million (2022: RMB1,153.9 million).

There is no seasonal variation in the Group's borrowing needs. As at June 30, 2023, the interest rate range for short-term borrowings was 3.0% to 7.0% (December 31, 2022: 0.8% to 6.0%), and the interest rate range for long-term borrowings was 3.2% to 4.6% (December 31, 2022: 4.0% to 4.7%). Borrowings at fixed interest rates were approximately RMB223.0 million (December 31, 2022: RMB355.1 million). It is expected that the Group's short-term borrowings will be repaid by its own funds or bank credit facilities. During the Reporting Period, the Group has maintained sufficient cash at bank and liquidity to repay all borrowings as they fell due, and there was no material default in terms of borrowings.

As at June 30, 2023, the Group had current assets of RMB18,001.1 million (December 31, 2022: RMB14,673.4 million), and current liabilities of RMB9,733.5 million (December 31, 2022: RMB8,128.2 million). As at June 30, 2023, the Group's current ratio was approximately 1.8 times (December 31, 2022: 1.8 times). The current ratio equals to total current assets divided by total current liabilities. The current ratio was basically flat as compared to 2022.

5. Capital Structure

During the Reporting Period, the Group had been adopting a prudent financial management policy and handling capital expenditures with caution. After the Reporting Period, the Group will continue to monitor its liquidity and financial resources, and manage them to maintain a good gearing ratio. As at June 30, 2023, the Group's gearing ratio (equal to total debt divided by total equity multiplied by 100%) was 4.9% (December 31, 2022: 7.6%). The decrease in gearing ratio was mainly due to the decrease of the Group's total debt as at the end of the Reporting Period.

As at June 30, 2023, the Group's cash and cash equivalents were mainly denominated in Renminbi, HK dollars and US dollars, and borrowings were also mainly denominated in Renminbi, Great Britain Pound and US dollars. The Group was exposed to foreign exchange risk primarily through sales and purchases, capital expenditures and other expenses that are denominated in a currency other than the functional currency of the relevant subsidiaries. The Group's foreign exchange exposure mainly arises from the conversion of Renminbi against US dollars, Great Britain Pound, HK dollars and Euro. The Group manages our foreign exchange risk by performing regular reviews of net foreign exchange exposure and minimizes these exposures through entering into foreign exchange forward contracts. The effective period of the Group's hedging activities must not exceed 12 months or the term of the relevant borrowings. The management of the Group continues to monitor the market environment and its own foreign exchange risk profile, and considers appropriate hedging measures when necessary. As at June 30, 2023, the notional amount of outstanding foreign exchange forward contracts held by the Group was converted to RMB646.8 million.

6. Capital Commitments

As at June 30, 2023, the Group's capital commitments were approximately RMB51.7 million (December 31, 2022: approximately RMB70.1 million), representing a year-on-year decrease of 26%, mainly due to the gradual completion of purchase contracts which have been entered into but have not been performed in whole or in part in the first Half Year.

The Group has funded and will continue to fund a substantial portion of its capital commitments from operating cash flow and the proceeds from the Public Offering, and may utilize borrowings to provide required funds if a financing gap still exists. In the first half of 2023, our outstanding capital commitments were mainly attributable to the upgrading and improvement of factories and equipment and outward investment.

7. Pledge of the Group's Assets

As at June 30, 2023, except for the pledge for certain bank deposits as disclosed in “(1) Financial guarantees” in “8. Contingent Liabilities” under this section, the Group had no fixed assets pledged for the guarantees for property preservation in civil procedure (December 31, 2022: nil).

8. Contingent Liabilities

(1) Financial guarantees

The Group entered into financial guarantee contracts relating to customer vehicle mortgage loans mainly with Huishang Bank, Postal Savings Bank of China, Industrial Bank, Sinotruk Auto Finance Co., Ltd. (重汽汽車金融有限公司) and CIMC Finance Company Ltd. (中集集團財務有限公司), etc. to provide guarantees in respect of banking facilities granted to dealers and customers of the Group, who had drawn down loans under banking facilities granted to settle outstanding payables arising from purchasing of vehicles from the Group. As at June 30, 2023, the outstanding balance of the above guarantees provided by the Group to dealers and customers totalled RMB1,358.1 million (December 31, 2022: RMB1,986.1 million), and the bank deposits pledged for these guarantees were RMB75.73 million (December 31, 2022: RMB113.02 million).

(2) Outstanding performance bond and letter of credit

As at June 30, 2023, the Group had outstanding performance bond and letter of credit of a total of RMB335.4 million (December 31, 2022: RMB377.8 million).

9. Advance to an Entity

As of June 30, 2023, there was no advance extended by the Company to an entity which is subject to disclosure requirements under the Hong Kong Stock Exchange Listing Rules.

10. Pledge of Shares by Controlling Shareholders

As of June 30, 2023, there was no pledge of Shares by the controlling shareholders.

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

As of June 30, 2023, there was no loan agreement of the Company with covenants relating to specific performance of the controlling shareholders.

12. Breach of Loan Agreements

As of June 30, 2023, there was no breach of the loan agreements by the Company in which the loan involved would have a significant impact on the business operations of the Company.

13. Financial Assistance and Guarantees to Affiliated Companies

As of June 30, 2023, there was no financial assistance and guarantee to affiliated companies by the Company which is subject to disclosure requirements under the Hong Kong Stock Exchange Listing Rules.

14. Employees of the Company

(1) Employee Number

As at June 30, 2023, the Group had approximately 11,705 full-time employees (excluding labor dispatch workers) (as at June 30, 2022: 12,648). During the Reporting Period, the employee benefits expenses amounted to approximately a total of RMB1,312.6 million (the corresponding period of 2022: RMB1,158.9 million).

(2) Remuneration Policy

The Group adheres to the “people-oriented” talent philosophy and strategy, strictly complies with the labor law and relevant laws and regulations in the place where the Company is located. Under the “position value, individual ability and individual contribution” salary philosophy and orientation, the Group implements a performance appraisal mechanism for fair work, and continuously improves its employee remuneration and benefit systems. Meanwhile, the Group actively ponders over the challenges in its development, continuously innovates its thinking, establishes and improves a diversified incentive system. It continuously improves the competence of its employees and stimulates the vitality of the organization and its employees by using differentiated incentives and motivation tools, so as to help the Group and its employees develop steadily in the long term. For six months ended June 30, 2023, the salary expenses of the Group’s employees were RMB1,312.6 million (six months ended June 30, 2022: RMB1,158.9 million).

(3) Training Plans

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

(4) Implementation of the Employee Stock Ownership Plan

The Company convened the sixth meeting in 2023 of the second session of the Board of Directors and the fifth meeting in 2023 of the second session of the Supervisory Committee on May 19, 2023, which considered and approved the Resolution on the Employee Stock Ownership Plan (2023-2027) (Draft) of CIMC Vehicles (Group) Co., Ltd. and its Summary and relevant resolutions. At the 2023 second extraordinary general meeting held on June 15, 2023, the Company considered and approved the aforesaid resolutions. During the Reporting Period, the first phase of the Company's Employee Stock Ownership Plan (2023-2027) had opened securities account, and as of the date of the Announcement, the Employee Stock Ownership Plan had not purchased any A Shares of the Company. For details, please refer to relevant announcements of the Company dated May 22, 2023 and June 15, 2023 and the circular of the Company dated May 29, 2023 respectively.

15. Significant Events after the Reporting Period

On August 23, 2023, the Company held the seventh meeting in 2023 of the second session of the Board of Directors and the sixth meeting in 2023 of the second session of the Supervisory Committee, at which the Resolution on Termination and Changes of Certain A Share Proceeds-funded Projects was considered and approved by unanimous vote, authorizing the Company to terminate and change certain A Share proceeds-funded projects in line with reality of the A Share proceeds-funded projects, and open a special account to deposit the proceeds for the new A Share proceeds-funded projects, and agreeing to authorize the chief executive officer and president of the Company and his authorized persons to handle the matters in relation to the termination and changes of A Share proceeds-funded projects, including but not limited to the cancellation and opening of the special account for the proceeds, and the signing of related agreements and documents. The relevant resolution will be submitted to general meeting of the Company for approval. For details, please refer to the announcement of the Company dated August 23, 2023 titled "Announcement in relation to Termination and Changes of Certain A Share Proceeds-funded Projects".

Save as disclosed above, no significant event has occurred for the Group since the end of the Reporting Period and up to the date of the Announcement.

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

The Group's interim financial statement for the six months ended June 30, 2023 is unaudited. The Group prepares the financial statements and their notes in accordance with the Chinese Accounting Standard for Business Enterprises.

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2023

(All amounts in RMB unless otherwise stated)

	<i>Note</i>	June 30, 2023	December 31, 2022
ASSETS			
Current assets			
Cash at bank and on hand		6,197,739,832.62	4,850,527,987.23
Financial assets held for trading		41,548,346.97	22,209,407.79
Derivative financial assets		–	6,161,436.00
Notes receivables	4	138,604,889.43	93,034,550.82
Accounts receivables	5	4,257,784,370.40	3,121,505,473.81
Receivables financing	6	248,492,449.44	258,818,435.64
Advances to suppliers	7	238,100,179.48	239,789,397.31
Other receivables	8	1,082,772,000.42	232,452,952.37
Inventories		5,525,774,291.13	5,514,764,338.69
Current portion of non-current assets		76,554,878.47	88,906,160.21
Other current assets		193,746,457.95	245,182,741.32
Total current assets		18,001,117,696.31	14,673,352,881.19
Non-current assets			
Long-term receivables		13,808,780.65	13,964,818.87
Other non-current financial assets		10,786,384.58	10,786,384.58
Long-term equity investments		226,251,856.14	193,282,252.60
Investment properties		408,724,634.44	405,746,795.38
Fixed assets		4,811,498,513.89	4,933,210,366.18
Construction in progress		198,417,307.83	247,577,774.52
Right-of-use assets		255,493,667.00	238,375,993.30
Intangible assets		755,681,369.43	844,157,433.69
Goodwill		432,188,583.01	402,268,655.29
Long-term prepaid expenses		28,733,447.91	34,258,397.20
Deferred tax assets		171,117,021.80	143,858,729.81
Other non-current assets		69,314,423.15	76,389,581.39
Total non-current assets		7,382,015,989.83	7,543,877,182.81
TOTAL ASSETS		25,383,133,686.14	22,217,230,064.00

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2023 (CONTINUED)

(All amounts in RMB unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	<i>Note</i>	June 30, 2023	December 31, 2022
Current liabilities			
Short-term borrowings	9	255,299,573.65	467,995,600.44
Derivative financial liabilities		22,128,429.86	5,683,205.67
Notes payables	10	860,125,176.31	809,432,692.20
Accounts payables	11	4,329,264,313.27	3,740,535,444.53
Advances from customers		10,078,213.46	11,619,033.61
Contract liabilities	12	738,961,008.46	618,541,399.99
Employee benefits payable		706,959,363.80	640,955,242.09
Taxes payable		604,987,824.10	331,548,587.53
Other payables	13	1,746,940,453.98	1,142,928,896.80
Current portion of non-current liabilities		191,674,059.64	126,750,345.95
Other current liabilities		<u>267,063,372.10</u>	<u>232,168,335.30</u>
Total current liabilities		<u>9,733,481,788.63</u>	<u>8,128,158,784.11</u>
Non-current liabilities			
Long-term borrowings	14	333,655,097.84	331,206,865.99
Lease liabilities		197,997,938.81	188,590,165.71
Deferred income		77,489,609.12	71,970,975.17
Deferred tax liabilities		121,593,154.46	120,722,396.58
Other non-current liabilities		<u>16,111,862.04</u>	<u>16,099,977.15</u>
Total non-current liabilities		<u>746,847,662.27</u>	<u>728,590,380.60</u>
Total liabilities		<u>10,480,329,450.90</u>	<u>8,856,749,164.71</u>
Shareholders' equity			
Share capital		2,017,600,000.00	2,017,600,000.00
Capital reserve		4,799,987,227.70	4,800,309,693.04
Other comprehensive income		352,766,291.86	72,001,695.05
Surplus reserve		322,977,011.06	322,977,011.06
Undistributed profits	16	<u>6,778,146,576.69</u>	<u>5,486,894,339.25</u>
Total equity attributable to shareholders of the Company		<u>14,271,477,107.31</u>	<u>12,699,782,738.40</u>
Non-controlling interests		<u>631,327,127.93</u>	<u>660,698,160.89</u>
Total shareholders' equity		<u>14,902,804,235.24</u>	<u>13,360,480,899.29</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>25,383,133,686.14</u>	<u>22,217,230,064.00</u>

BALANCE SHEET OF THE COMPANY AS AT JUNE 30, 2023

(All amounts in RMB unless otherwise stated)

ASSETS	June 30, 2023	December 31, 2022
Current assets		
Cash at bank and on hand	3,195,378,243.97	2,507,272,276.81
Accounts receivables	248,568,494.09	279,253,005.24
Receivables financing	–	289,100.00
Other receivables	1,441,761,227.27	1,044,980,628.00
Other current assets	9,072,436.31	5,818,797.75
Total current assets	4,894,780,401.64	3,837,613,807.80
Non-current assets		
Other non-current financial assets	10,786,384.58	10,786,384.58
Long-term equity investments	5,539,933,079.14	5,568,418,761.89
Investment properties	2,099,631.55	2,292,131.60
Fixed assets	38,413,149.65	27,868,641.57
Construction in progress	22,740,689.83	17,752,377.88
Right-of-use assets	8,196,432.45	11,775,617.49
Intangible assets	23,581,694.39	18,632,997.26
Long-term prepaid expenses	1,200,143.88	2,074,887.36
Other non-current assets	2,034,971.60	4,719,632.00
Total non-current assets	5,648,986,177.07	5,664,321,431.63
TOTAL ASSETS	10,543,766,578.71	9,501,935,239.43

BALANCE SHEET OF THE COMPANY AS AT JUNE 30, 2023 (CONTINUED)

(All amounts in RMB unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	June 30, 2023	December 31, 2022
Current liabilities		
Accounts payables	895,242.68	694,753.25
Contract liabilities	–	302,352.29
Employee benefits payable	167,849,716.25	138,316,748.67
Taxes payable	162,977,068.54	1,693,006.24
Other payables	2,217,358,141.67	1,664,424,174.78
Current portion of non-current liabilities	6,041,516.64	6,767,201.72
Other current liabilities	1,308,567.16	1,391,369.41
Total current liabilities	2,556,430,252.94	1,813,589,606.36
Non-current liabilities		
Lease liabilities	2,688,221.56	5,437,061.90
Total non-current liabilities	2,688,221.56	5,437,061.90
Total liabilities	2,559,118,474.50	1,819,026,668.26
Shareholders' equity		
Share capital	2,017,600,000.00	2,017,600,000.00
Capital reserve	4,619,829,707.33	4,620,152,172.67
Other comprehensive income	18,436,287.93	18,436,287.93
Surplus reserve	322,977,011.06	322,977,011.06
Undistributed profits	1,005,805,097.89	703,743,099.51
TOTAL SHAREHOLDERS' EQUITY	7,984,648,104.21	7,682,908,571.17
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	10,543,766,578.71	9,501,935,239.43

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated)

Item	Note	Six months ended June 30, 2023	Six months ended June 30, 2022
I. Revenue	17	13,469,630,221.58	11,195,842,138.07
Less: Cost of sales	17	(10,864,684,412.39)	(9,944,943,043.42)
Taxes and surcharges		(44,312,333.84)	(41,842,407.56)
Selling expenses		(362,631,042.01)	(263,724,269.00)
Administrative expenses		(634,021,567.25)	(398,444,110.44)
Research and development expenses		(169,673,482.64)	(145,901,201.60)
Financial income	18	52,263,937.89	52,575,847.22
Including: Interest expenses	18	(19,399,139.48)	(22,050,434.04)
Interest income	18	52,195,353.69	34,617,381.21
Add: Other income	21	24,830,356.64	38,441,371.21
Investment (income)/losses	22	1,110,032,442.56	(2,072,886.45)
Including: Share of profit of associates and joint ventures		11,088,768.49	4,058,836.70
Fair value losses	23	(3,982,163.82)	(9,375,789.37)
Credit impairment losses	20	(33,441,937.19)	(5,524,064.71)
Asset impairment losses	19	(60,307,874.06)	(12,555,324.98)
Losses on disposals of assets	24	(1,066,545.98)	(8,606,775.04)
II. Operating profit		2,482,635,599.49	453,869,483.93
Add: Non-operating income	25	4,984,413.01	5,164,187.96
Less: Non-operating expenses	26	(846,869.35)	(3,059,489.26)
III. Profit before income tax		2,486,773,143.15	455,974,182.63
Less: Income tax expenses	27	(594,829,645.75)	(85,668,688.02)
IV. Profit for the period		1,891,943,497.40	370,305,494.61
Classified by business continuity			
Net profit from continuing operations		1,891,943,497.40	370,305,494.61
Net profit from discontinued operations		-	-
Classified by ownership			
Net profit attributable to shareholders of the Company		1,896,532,237.44	365,758,163.71
Net profit attributable to non-controlling interests		(4,588,740.04)	4,547,330.90

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(All amounts in RMB unless otherwise stated)

Item	<i>Note</i>	Six months ended June 30, 2023	Six months ended June 30, 2022
V. Other comprehensive income, net of tax		280,722,373.56	40,905,763.97
Attributable to shareholders of the Company		280,764,596.81	40,871,165.68
Items that may be reclassified subsequently to profit or loss		280,764,596.81	40,871,165.68
Currency translation differences		280,764,596.81	40,871,165.68
Attributable to non-controlling interests		(42,223.25)	34,598.29
VI. Total comprehensive income		2,172,665,870.96	411,211,258.58
Attributable to shareholders of the Company		2,177,296,834.25	406,629,329.39
Attributable to non-controlling interests		(4,630,963.29)	4,581,929.19
VII. Earnings per share			
Basic earnings per share (RMB)		0.94	0.18
Diluted earnings per share (RMB)		0.94	0.18

INCOME STATEMENT OF THE COMPANY FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated)

Item	Six months ended June 30, 2023	Six months ended June 30, 2022
I. Revenue	26,622,669.21	14,440,454.66
Less: Cost of sales	–	(363,117.78)
Taxes and surcharges	(530,918.75)	(100,703.28)
Selling expenses	(4,876,586.18)	(3,939,212.99)
Administrative expenses	(110,712,101.06)	(42,258,661.70)
Research and development expenses	(12,329,846.10)	(10,259,381.44)
Financial income	12,861,956.73	15,985,063.26
Including: Interest expenses	(16,307,688.49)	(8,334,275.95)
Interest income	28,760,742.62	22,284,933.43
Add: Other income	2,368,011.98	486,524.76
Investment income	1,153,895,407.16	541,958,773.37
Including: Share of profit of associates and joint ventures	9,648,251.53	3,975,352.14
Fair value (losses)/gains	(192,500.05)	5,121.74
Credit impairment losses	(2,457,241.62)	(3,052,373.85)
Gains on disposal of assets	–	644.55
II. Operating profit	1,064,648,851.32	512,903,131.30
Add: Non-operating income	248,464.27	14,980.00
Less: Non-operating expenses	(6,397.70)	(570.86)
III. Profit before income tax	1,064,890,917.89	512,917,540.44
Less: Income tax expenses	(157,548,919.51)	–
IV. Profit for the period	907,341,998.38	512,917,540.44
Classified by business continuity		
Net profit from continuing operations	907,341,998.38	512,917,540.44
Net profit from discontinued operations	–	–
V. Other comprehensive income, net of tax	–	–
VI. Total comprehensive income	907,341,998.38	512,917,540.44

**CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED
JUNE 30, 2023**

(All amounts in RMB unless otherwise stated)

Item	Six months ended June 30, 2023	Six months ended June 30, 2022
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	11,367,641,401.46	9,217,975,776.56
Refund of taxes and surcharges	161,853,350.43	158,922,827.45
Cash received relating to other operating activities	132,022,249.36	257,097,326.04
Sub-total of cash inflows	11,661,517,001.25	9,633,995,930.05
Cash paid for goods and services	(7,980,160,643.60)	(7,291,181,487.05)
Cash paid to and on behalf of employees	(1,223,840,752.37)	(1,178,176,546.01)
Payments of taxes and surcharges	(598,845,874.89)	(528,673,740.71)
Cash paid relating to other operating activities	(613,188,945.46)	(429,185,750.40)
Sub-total of cash outflows	(10,416,036,216.32)	(9,427,217,524.17)
Net cash generated from operating activities	1,245,480,784.93	206,778,405.88
II. Cash flows from investing activities		
Cash received from disposals of investments	–	13,911,624.08
Cash received from returns on investments	16,906,175.01	1,041,792.00
Proceeds from disposal of fixed assets, intangible assets and other long-term assets	19,116,382.92	19,397,363.42
Proceeds from disposal of associates and joint ventures	518,336,472.63	–
Sub-total of cash inflows	554,359,030.56	34,350,779.50
Payment for fixed assets, intangible assets and other long-term assets	(224,213,515.89)	(347,519,585.72)
Cash paid for investments	(22,500,000.00)	–
Payments for acquisition of a subsidiary	(9,427,902.99)	–
Cash paid relating to other investing activities	(24,778,104.04)	(2,050,012.60)
Sub-total of cash outflows	(280,919,522.92)	(349,569,598.32)
Net cash generated from/(used) in investing activities	273,439,507.64	(315,218,818.82)

**CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED
JUNE 30, 2023 (CONTINUED)**

(All amounts in RMB unless otherwise stated)

Item	Six months ended June 30, 2023	Six months ended June 30, 2022
III. Cash flows from financing activities		
Cash received from capital injections	–	100,000,000.00
Including: Cash injection from non-controlling interests	–	50,000,000.00
Proceeds from borrowings	<u>318,991,507.89</u>	<u>885,089,314.02</u>
Sub-total of cash inflows	<u>318,991,507.89</u>	<u>985,089,314.02</u>
Repayments of borrowings	(476,243,767.55)	(1,112,275,494.91)
Cash payments for dividends distribution and interest expenses of borrowings	(24,727,292.25)	(39,478,331.49)
Including: dividends paid to non-controlling interests of subsidiaries	(5,865,222.19)	(18,695,583.19)
Cash payments relating to other financing activities	(25,322,553.52)	(51,071,224.13)
Sub-total of cash outflows	<u>(526,293,613.32)</u>	<u>(1,202,825,050.53)</u>
Net cash used in financing activities	<u>(207,302,105.43)</u>	<u>(217,735,736.51)</u>
IV. Exchange loss on cash and cash equivalents	<u>63,030,097.41</u>	<u>10,840,442.76</u>
V. Net increase/(decrease) in cash and cash equivalents	1,374,648,284.55	(315,335,706.69)
Add: Cash and cash equivalents at the beginning of the period	<u>4,682,817,168.35</u>	<u>4,694,703,333.58</u>
VI. Cash and cash equivalents at the end of the period	<u><u>6,057,465,452.90</u></u>	<u><u>4,379,367,626.89</u></u>

**CASH FLOW STATEMENT OF THE COMPANY FOR THE SIX MONTHS ENDED
JUNE 30, 2023**

(All amounts in RMB unless otherwise stated)

Item	Six months ended June 30, 2023	Six months ended June 30, 2022
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	56,415,931.97	12,283,136.93
Refund of taxes and surcharges	–	11,008,187.28
Cash received relating to other operating activities	41,793,957.26	23,792,708.63
	<hr/> 98,209,889.23	<hr/> 47,084,032.84
Sub-total of cash inflows		
Cash paid to and on behalf of employees	(46,987,189.47)	(42,644,192.95)
Payments of taxes and surcharges	(994,451.24)	(931,271.08)
Cash paid relating to other operating activities	(47,067,281.47)	(29,779,975.77)
	<hr/> (95,048,922.18)	<hr/> (73,355,439.80)
Sub-total of cash outflows		
Net cash generated/(used) in operating activities	<hr/> 3,160,967.05	<hr/> (26,271,406.96)
II. Cash flows from investing activities		
Cash received from disposals of investments	518,523,885.00	63,934,079.69
Cash received from returns on investments	271,491,516.13	474,525,205.62
Proceeds from disposal of fixed assets, intangible assets and other long-term assets	3,301.94	17,118.14
Proceeds from disposal of associates and joint ventures	–	–
Cash received from other investing activities	114,305,629.93	101,182,390.88
	<hr/> 904,324,333.00	<hr/> 639,658,794.33
Sub-total of cash inflows		
Payment for fixed assets, intangible assets and other long-term assets	(25,252,294.79)	(14,743,291.46)
Cash paid for investments	(149,472,477.10)	(264,250,000.00)
Cash paid for other investing activities	(147,000,000.00)	(331,000,000.00)
	<hr/> (321,724,771.89)	<hr/> (609,993,291.46)
Sub-total of cash outflows		
Net cash generated from investing activities	<hr/> 582,599,561.11	<hr/> 29,665,502.87

**CASH FLOW STATEMENT OF THE COMPANY FOR THE SIX MONTHS ENDED
JUNE 30, 2023 (CONTINUED)**

(All amounts in RMB unless otherwise stated)

Item	Six months ended June 30, 2023	Six months ended June 30, 2022
III. Cash flows from financing activities		
Cash received from other financing activities	<u>1,017,543,707.11</u>	<u>24,720,683.00</u>
Sub-total of cash inflows	<u>1,017,543,707.11</u>	<u>24,720,683.00</u>
Cash payments relating to other financing activities	<u>(915,645,629.44)</u>	<u>(21,624,554.60)</u>
Sub-total of cash outflows	<u>(915,645,629.44)</u>	<u>(21,624,554.60)</u>
Net cash generated from financing activities	<u>101,898,077.67</u>	<u>3,096,128.40</u>
IV. Exchange loss on cash and cash equivalents	<u>447,361.33</u>	<u>266,556.46</u>
V. Net increase in cash and cash equivalents	688,105,967.16	6,756,780.77
Add: Cash and cash equivalents at the beginning of the period	<u>2,507,272,276.81</u>	<u>2,129,112,624.05</u>
VI. Cash and cash equivalents at the end of the period	<u><u>3,195,378,243.97</u></u>	<u><u>2,135,869,404.82</u></u>

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

(All amounts in RMB unless otherwise stated)

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated)

Item	Attributable to shareholders of the Company							Non controlling interests	Total shareholders' equity
	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Sub-total			
Balance at January 1, 2023	2,017,600,000.00	4,800,309,693.04	72,001,695.05	322,977,011.06	5,486,894,339.25	12,699,782,738.40	660,698,160.89	13,360,480,899.29	
Movements for the period									
Total comprehensive income									
Profit for this period	-	-	-	-	1,896,532,237.44	1,896,532,237.44	(4,588,740.04)	1,891,943,497.40	
Other comprehensive income	-	-	280,764,596.81	-	-	280,764,596.81	(42,223.25)	280,722,373.56	
Sub-total	-	-	280,764,596.81	-	1,896,532,237.44	2,177,296,834.25	(4,630,963.29)	2,172,665,870.96	
Profit distribution to shareholders and non controlling interests	-	-	-	-	(605,280,000.00)	(605,280,000.00)	(25,773,230.67)	(631,053,230.67)	
Others	-	(331,247.26)	-	-	-	(331,247.26)	1,033,161.00	710,695.66	
Balance at June 30, 2023	<u>2,017,600,000.00</u>	<u>4,799,987,227.70</u>	<u>352,766,291.86</u>	<u>322,977,011.06</u>	<u>6,778,146,576.69</u>	<u>14,271,477,107.31</u>	<u>631,327,127.93</u>	<u>14,902,804,235.24</u>	

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

(All amounts in RMB unless otherwise stated)

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated)

Item	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
Balance at January 1, 2022	<u>2,017,600,000.00</u>	<u>4,620,152,172.67</u>	<u>18,436,287.93</u>	<u>322,977,011.06</u>	<u>703,743,099.51</u>	<u>7,682,908,571.17</u>
Movements for the period						
Total comprehensive income						
Profit for this period	-	-	-	-	907,341,998.38	907,341,998.38
Other comprehensive income	-	-	-	-	-	-
Sub-total	-	-	-	-	907,341,998.38	907,341,998.38
Profit distribution to shareholders	-	-	-	-	(605,280,000.00)	(605,280,000.00)
Others	-	(322,465.34)	-	-	-	(322,465.34)
Balance at June 30, 2023	<u><u>2,017,600,000.00</u></u>	<u><u>4,619,829,707.33</u></u>	<u><u>18,436,287.93</u></u>	<u><u>322,977,011.06</u></u>	<u><u>1,005,805,097.89</u></u>	<u><u>7,984,648,104.21</u></u>

1. GENERAL INFORMATION

CIMC Vehicles (Group) Co., Ltd. (the “**Company**”) is a sino-foreign joint venture approved for incorporation by Wai Jing Mao Shen He Zi Zheng Zi (1996) No. 0861 issued by the People’s Government of Shenzhen on August 29, 1996. The Company was listed and traded on the Main Board of the Stock Exchange of Hong Kong Limited on July 11, 2019. The Company was listed and traded on the ChiNext Market of the Shenzhen Stock Exchange on July 8, 2021. As of June 30, 2023, the total share capital of the company was RMB2,017,600,000.00, each with par value of one yuan.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY AND ACCOUNTING ESTIMATES

2.1 Basis of preparation

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

The financial statements are prepared on a going concern basis.

2.2 Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for six months ended June 30, 2023 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Consolidated and the Company as at June 30, 2023 and of their financial performance, cash flows and other information for six months ended June 30, 2023.

2.3 Functional currency

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

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

2.4 Preparation of consolidated financial statements

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

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

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

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

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

2.5 Significant changes in accounting policies

In 2021, the Ministry of Finance issued the Notice on Printing and Distributing the "Interpretation of Accounting Standards for Business Enterprises No. 15" (hereinafter referred to as "Interpretation No. 15"), and in 2022 and 2023, issued the Notice on Printing and Distributing the "Interpretation of Accounting Standards for Business Enterprises No. 16" (hereinafter referred to as "Interpretation No. 16") and the "Q&A for the Implementation of Accounting Standards for Business Enterprises". The Group and the Company have adopted the above-mentioned notices and implementation Q&A to prepare the financial statements for 2022. The above amendments have no significant impact on the financial statements of the Group and the Company.

3. SEGMENT INFORMATION

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

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

Revenue from external customers	Six months ended June 30, 2023	Six months ended June 30, 2022
China	4,239,102,002.19	4,538,917,249.54
North America	6,322,983,740.38	4,774,181,585.58
Europe	1,673,451,638.26	1,295,686,952.25
Other countries/regions	1,234,092,840.75	587,056,350.70
	<u>13,469,630,221.58</u>	<u>11,195,842,138.07</u>
Total non-current assets	June 30, 2023	December 31, 2022
China	5,280,553,309.86	5,337,664,834.77
North America	708,700,567.57	657,052,243.40
Europe	819,809,799.70	823,394,663.03
Other countries/regions	150,988,269.53	363,873,255.75
	<u>6,960,051,946.66</u>	<u>7,181,984,996.95</u>

4. NOTES RECEIVABLES

	June 30, 2023	December 31, 2022
Trade acceptance notes	122,023,544.96	36,400,973.57
Bank acceptance notes	18,765,349.89	57,586,756.68
Less: Provision for bad debts	<u>(2,184,005.42)</u>	<u>(953,179.43)</u>
	<u>138,604,889.43</u>	<u>93,034,550.82</u>

As of June 30, 2023, the Group had no pledged notes receivable.

4. NOTES RECEIVABLES (CONTINUED)

As at June 30, 2022, The Group's notes receivable, which have been endorsed or discounted but are not yet due, are presented below:

	Discontinued	Not Derecognized
Trade acceptance notes	–	17,401,322.61
Bank acceptance notes	–	55,130,351.35
	<hr/>	<hr/>
	–	72,531,673.96
	<hr/> <hr/>	<hr/> <hr/>

Provision for bad debts

Notes receivables of the group are generated from daily business activities such as selling goods and providing services. No matter whether there is significant financing component or not, the provision for loss is measured based on lifetime ECL.

The provision for bad debts of note receivables are as follows

For bank acceptance notes:

As at June 30, 2023, The group shall measure the provision for bad debts based on lifetime ECL. The provision for bad debts is RMB56,296.05 (December 31, 2022: RMB172,760.27). The Group believes that its bank acceptance notes are not exposed to significant credit risk and the probability of default of these banks is very low.

For trade acceptance notes:

As at June 30, 2023, The group shall measure the provision for bad debts based on lifetime ECL. The provision for bad debts is RMB2,127,709.37 (December 31, 2022: RMB780,419.16).

The provisions accrued for the six months ended June 30, 2023 is RMB2,184,005.42 (six months ended June 30, 2022: RMB941,315.18), and the provisions collected or reversed for the six months ended June 30, 2023 is RMB953,179.43 (six months ended June 30, 2022: RMB966,840.65).

No notes receivables were written off for the six months ended June 30, 2023 and 2022.

5. ACCOUNTS RECEIVABLES

	June 30, 2023	December 31, 2022
Accounts receivables	4,475,265,902.90	3,294,607,520.44
Less: Provision for bad debts	<u>(217,481,532.50)</u>	<u>(173,102,046.63)</u>
	<u><u>4,257,784,370.40</u></u>	<u><u>3,121,505,473.81</u></u>

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

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

	June 30, 2023	December 31, 2022
Within 1 year (inclusive)	4,212,668,572.17	3,083,345,472.07
1 to 2 years (inclusive)	168,240,355.45	145,766,591.22
2 to 3 years (inclusive)	46,656,599.58	16,981,204.75
Over 3 years	<u>47,700,375.70</u>	<u>48,514,252.40</u>
	<u><u>4,475,265,902.90</u></u>	<u><u>3,294,607,520.44</u></u>

For the six months ended June 30, 2023 and 2022, the Group has no accounts receivables derecognized due to transfer of financial asset.

Provision for bad debts

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

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

	June 30, 2023		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rates	Amount
Not overdue	3,345,449,833.62	2.01%	67,268,751.96
Overdue within 1 year	940,622,470.19	5.16%	48,561,685.56
Overdue 1 to 2 years	127,687,616.66	34.78%	44,410,084.46
Overdue 2 to 3 years	17,810,991.14	76.05%	13,546,019.23
Overdue over 3 years	<u>43,694,991.29</u>	<u>100.00%</u>	<u>43,694,991.29</u>
	<u><u>4,475,265,902.90</u></u>		<u><u>217,481,532.50</u></u>

5. ACCOUNTS RECEIVABLES (CONTINUED)

Provision for bad debts (Continued)

	December 31, 2022		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rates	Amount
Not overdue	2,314,106,991.08	2.11%	48,891,105.80
Overdue within 1 year	817,078,983.64	4.78%	39,091,986.01
Overdue 1 to 2 years	108,661,396.91	29.84%	32,422,846.36
Overdue 2 to 3 years	13,035,538.25	84.17%	10,971,497.90
Overdue over 3 years	41,724,610.56	100.00%	41,724,610.56
	<u>3,294,607,520.44</u>		<u>173,102,046.63</u>

The provision for bad debts for the six months ended June 30, 2023 amounted to RMB50,077,765.10 (six months ended June 30, 2022: RMB18,736,939.06). A provision for bad debts amounted to RMB3,706,075.47 has been collected or reversed (six months ended June 30, 2022: RMB7,226,825.23). The Group has no significant collection or reversal of accounts receivables.

The accounts receivables amounted to RMB747,842.06 was written off for the six months ended June 30, 2023 (six months ended June 30, 2022: RMB254,015.35), and the provision for bad debts amounted to RMB747,842.06 (six months ended June 30, 2022: RMB254,015.35). The Group has no significant accounts receivable write-offs.

As at June 30, 2023 and December 31, 2022, the Group had no accounts receivables pledged to the bank as a guarantee for short-term borrowings.

6. RECEIVABLES FINANCING

	June 30, 2023	December 31, 2022
Bank acceptance notes	249,240,169.95	259,594,363.78
Less: provision for bad debts	<u>(747,720.51)</u>	<u>(775,928.14)</u>
	<u>248,492,449.44</u>	<u>258,818,435.64</u>

The Group had no bank acceptance notes for which the provision for impairment was made individually. As at June 30, 2023, the Group have measured provision as lifetime ECL amounted to RMB747,720.51 (December 31, 2022: RMB775,928.14). The Group believes that its bank acceptance notes are not exposed to significant credit risk and the probability of default of these banks is very low.

The Group pledged some bank acceptance notes for the purpose of issuing bank acceptance notes. As at June 30, 2023, the amount of pledged bank acceptance notes receivables disclosed in receivables financing was RMB6,100,168.88 (December 31, 2022: RMB7,309,187.09),

6. RECEIVABLES FINANCING (CONTINUED)

As at June 30, 2023, the Group's endorsed or discounted but not yet due notes receivables listed in receivables financing are as follows:

	Derecognized	Not Derecognized
Bank acceptance notes	<u>2,025,704,354.69</u>	<u>–</u>

7. ADVANCES TO SUPPLIERS

Ageing analysis of advances to suppliers was as follows:

	June 30, 2023		December 31, 2022	
	Amount	% of total balance	Amount	% of total balance
Within 1 year (inclusive)	235,628,950.06	98.96%	232,061,848.59	96.77%
1 to 2 years (inclusive)	2,317,798.39	0.97%	7,333,582.50	3.06%
2 to 3 years (inclusive)	150,935.59	0.06%	88,358.00	0.04%
Over 3 years	2,495.44	0.01%	305,608.22	0.13%
	<u>238,100,179.48</u>	<u>100%</u>	<u>239,789,397.31</u>	<u>100.00%</u>

8. OTHER RECEIVABLES

	June 30, 2023	December 31, 2022
Amounts due from related parties	824,594,223.07	29,484,444.99
Other receivables from staffs	10,923,079.54	6,133,672.18
Tax refund receivables	1,086,250.57	5,473,976.92
Rental and other deposits	114,715,087.32	90,975,981.36
Disbursement of vehicle mortgage loans	28,623,546.06	25,253,825.91
Receivable form equity/assets transfer	10,902,601.47	10,902,601.47
Reimbursed expenses	59,971,986.11	60,552,852.44
Vendor rebates	25,215,498.96	18,181,653.37
Others	18,053,146.07	8,373,996.12
	<u>1,094,085,419.17</u>	<u>255,333,004.76</u>
Less: provision for bad debts	<u>(11,313,418.75)</u>	<u>(22,880,052.39)</u>
	<u>1,082,772,000.42</u>	<u>232,452,952.37</u>

8. OTHER RECEIVABLES (CONTINUED)

Ageing analysis of advances to suppliers was as follows:

	June 30, 2023	December 31, 2022
Within 1 year (inclusive)	1,027,492,478.09	156,751,395.39
1 to 2 years (inclusive)	26,111,033.08	67,856,634.49
2 to 3 years (inclusive)	12,945,670.85	1,875,538.66
Over 3 years	27,536,237.15	28,849,436.22
	<u>1,094,085,419.17</u>	<u>255,333,004.76</u>

As at June 30, 2023, the Group has no individually accrued bad debt provision.

The provision for bad debts for the six months ended June 30, 2023 amounted to RMB2,759,034.65 (six months ended June 30, 2022: RMB3,261,908.91). A provision for bad debts amounted to RMB4,533,071.80 for the six months ended June 30, 2023 has been collected or reversed (six months ended June 30, 2022: RMB1,737,478.60).

The other receivables amounted to RMB1,426,632.32 was written off for the six months ended June 30, 2023 (six months ended June 30, 2022: RMB4,266,311.68), and the provision for bad debts amounted to RMB1,426,632.32 (six months ended June 30, 2022: RMB4,266,311.68). Shenzhen CIMC Special Vehicle was disposed of during the period, resulting in a decrease in the book value of other receivables by RMB8,365,964.17 (six months ended June 30, 2022: nil) and a decrease in the provision for bad debts by RMB8,365,964.17 (six months ended June 30, 2022: nil).

9. SHORT-TERM BORROWINGS

	June 30, 2023	December 31, 2022
Guaranteed(i)		
RMB	69,569,866.00	92,595,662.64
THB	–	113,055,174.92
GBP	–	32,796,571.32
	<u>69,569,866.00</u>	<u>238,447,408.88</u>
Unsecured		
RMB	40,040,916.68	30,025,361.07
USD	55,833,764.98	119,414,625.49
EUR	20,874,315.00	19,670,685.00
GBP	65,831,040.00	60,437,520.00
	<u>182,580,036.66</u>	<u>229,548,191.56</u>
Pledged(ii)		
RMB	3,149,670.99	–
	<u>255,299,573.65</u>	<u>467,995,600.44</u>

9. SHORT-TERM BORROWINGS (CONTINUED)

- (i) The Group's short-term guaranteed borrowings include the guaranteed borrowings of CIMC Taizijie Vehicle Body Manufacturing (Zhenjiang) Co., Ltd., CIMC Taizijie Vehicle Body Manufacturing (Jiangmen) Co., Ltd., Liangshan CIMC Dongyue Vehicles Co., Ltd. and Zhumadian CIMC Huajun Casting Co., Ltd (all of which are subsidiaries of the Group) amounted to RMB69,569,866.00, all of which are guaranteed by the Company.
- (ii) As at June 30, 2023, the pledged bank borrowings of RMB3,149,670.99 (December 31, 2022: nil) were short-term borrowings obtained by discounting of commercial acceptance bills of the Group's subsidiary, Luoyang CIMC Linyu AUTOMOBILE Co., Ltd.

As at June 30, 2023, the interest rate of short term borrowings ranged from 3.02% to 7.00% (December 31, 2022: 0.80% to 5.98%).

10. NOTES PAYABLES

	June 30, 2023	December 31, 2022
Trade acceptance notes	236,447,601.29	101,965,578.70
Bank acceptance notes	623,677,575.02	707,467,113.50
	860,125,176.31	809,432,692.20

11. ACCOUNTS PAYABLES

	June 30, 2023	December 31, 2022
Related parties	275,400,081.51	221,415,018.33
Third parties	4,053,864,231.76	3,519,120,426.20
	4,329,264,313.27	3,740,535,444.53

As at June 30, 2023, accounts payables aged over one year amounted to RMB63,596,532.99 (December 31, 2022: RMB78,645,390.80), which were mainly material costs payable and have not yet been settled.

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

	June 30, 2023	December 31, 2022
Within 30 days	2,457,893,174.95	2,207,910,273.84
31 to 60 days	1,037,752,240.78	935,903,109.43
61 to 90 days	443,802,246.63	136,928,659.54
Over 90 days	389,816,650.91	459,793,401.72
	4,329,264,313.27	3,740,535,444.53

12. CONTRACT LIABILITIES

	June 30, 2023	December 31, 2022
Advances for goods	<u>738,961,008.46</u>	<u>618,541,399.99</u>

For the six months ended June 30, 2023, included in contract liabilities balance of RMB591,281,243.81 at the beginning of period was recognized as revenue (six months ended June 30, 2022: RMB406,436,016.77).

13. OTHER PAYABLES

	June 30, 2023	December 31, 2022
Amounts due to related parties	71,769,579.40	96,122,124.09
Dividends payable to shareholders – related parties	420,832,250.40	–
Dividends payable to shareholders – third parties	184,447,749.60	
Dividends due to non controlling interests	23,699,964.67	3,791,956.19
Accrued expenses	429,264,661.42	296,076,966.01
Deposits for quality guarantees and temporary receipts	308,417,753.30	412,161,288.86
Freights expenses payable	59,831,043.58	37,389,419.25
Payables for equipment	125,710,286.83	159,932,835.76
Payables and advance for land use rights	23,934,472.69	23,934,472.69
Payable of acquisitions	17,578,166.16	10,932,782.29
Others	81,454,525.93	102,587,051.66
	<u>1,746,940,453.98</u>	<u>1,142,928,896.80</u>

14. LONG-TERM BORROWINGS

	June 30, 2023	December 31, 2022
Guaranteed(i)	57,553,906.50	–
Unsecured	418,056,519.73	413,805,730.98
	<u>475,610,426.23</u>	<u>413,805,730.98</u>
Less: Current portion of long-term borrowings		
Guaranteed	(8,633,086.44)	–
Unsecured	(133,322,241.95)	(82,598,864.99)
	<u>(141,955,328.39)</u>	<u>(82,598,864.99)</u>
	<u>333,655,097.84</u>	<u>331,206,865.99</u>

(i) At June 30, 2023, The Group's long-term secured borrowings are secured borrowings provided by the Group to Kunming CIMC Vehicle Industrial Park Development Co., Ltd.

As at June 30, 2023, the interest rate of long-term borrowings ranged from 3.20% to 4.60% (December 31, 2022: 4.00% to 4.65%).

15. MONETARY ITEMS DENOMINATED IN FOREIGN CURRENCY

	June 30, 2023		
	Functional currency	Exchange Rate	In RMB
Cash at bank and on hand -			
USD	176,712,256.18	7.2258	1,276,887,420.68
EUR	9,814,713.69	7.8771	77,311,481.21
HKD	18,260,957.10	0.9220	16,836,602.45
AUD	7,933,003.89	4.7992	38,072,072.27
GBP	27,864,311.71	9.1432	254,768,974.79
THB	594,637,378.22	0.2034	120,949,242.73
Others			11,558,277.32
			<u>1,796,384,071.45</u>
Accounts receivables -			
USD	277,029,676.48	7.2258	2,001,761,036.29
EUR	3,389,468.92	7.8771	26,699,185.60
HKD	3,356,160.63	0.9220	3,094,380.10
AUD	1,616,059.88	4.7992	7,755,794.58
JPY	156,673,394.41	0.0501	7,849,337.06
GBP	38,126,949.07	9.1432	348,602,320.71
THB	21,471,359.88	0.2034	4,367,274.60
Others			48,531,343.85
			<u>2,448,660,672.79</u>
Other receivables -			
USD	23,656,167.73	7.2258	170,934,736.75
EUR	2,932,358.84	7.8771	23,098,483.81
HKD	4,017,812.28	0.9220	3,704,422.92
AUD	239,055.74	4.7992	1,147,276.31
THB	233,784,667.11	0.2034	47,551,801.29
Others			4,082,326.88
			<u>250,519,047.96</u>

15. MONETARY ITEMS DENOMINATED IN FOREIGN CURRENCY (CONTINUED)

	June 30, 2023		
	Functional currency	Exchange Rate	In RMB
Short-term borrowings -			
USD	7,727,001.16	7.2258	55,833,764.98
EUR	2,650,000.00	7.8771	20,874,315.00
GBP	7,200,000.00	9.1432	65,831,040.00
			<u>142,539,119.98</u>
Accounts payables -			
USD	117,449,215.77	7.2258	848,664,543.33
EUR	11,843,222.70	7.8771	93,290,249.54
HKD	1,859.52	0.9220	1,714.48
AUD	4,321,051.14	4.7992	20,737,588.61
GBP	46,715,863.96	9.1432	427,132,487.32
THB	93,406,716.18	0.2034	18,998,926.07
Others			38,978,489.48
			<u>1,447,803,998.83</u>
Other payables -			
USD	81,064,527.29	7.2258	585,756,061.31
EUR	1,076,426.94	7.8771	8,479,122.65
HKD	6,405,091.28	0.9220	5,905,494.16
AUD	2,121,150.95	4.7992	10,179,827.63
GBP	1,313,167.00	9.1432	12,006,548.51
THB	59,871,687.22	0.2034	12,177,901.18
Others			11,749,374.69
			<u>646,254,330.13</u>

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

16. UNDISTRIBUTED PROFITS

	Six months ended June 30, 2023	Six months ended June 30, 2022
Undistributed profits at the beginning of the period	5,486,894,339.25	4,834,324,784.85
Add: Net profit attributable to the shareholder of the Company	1,896,532,237.44	365,758,163.71
Less: Appropriation for surplus reserve	-	-
Dividends paid	(605,280,000.00)	(403,520,000.00)
Undistributed profits at the end of the period	<u>6,778,146,576.69</u>	<u>4,796,562,948.56</u>

Approved by the general meeting on May 25, 2023, the Company distributed cash dividends to the shareholder of the Company, at RMB0.3 per share (tax inclusive). Calculated according to 2,017,600,000 shares issued, totaling to RMB605,280,000.00.

17. REVENUE AND COST OF SALES

	Six months ended June 30, 2023	Six months ended June 30, 2022
Revenue from main operations	13,291,290,536.62	11,046,010,539.56
Revenue from other operations	178,339,684.96	149,831,598.51
	<u>13,469,630,221.58</u>	<u>11,195,842,138.07</u>
	Six months ended June 30, 2023	Six months ended June 30, 2022
Cost of sales from main operations	10,770,560,157.06	9,904,187,295.42
Cost of sales from other operations	94,124,255.33	40,755,748.00
	<u>10,864,684,412.39</u>	<u>9,944,943,043.42</u>

Revenue and cost of sales from main operations

	Six months ended June 30, 2023		Six months ended June 30, 2022	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Sales of vehicles	11,847,264,897.57	9,556,883,643.95	9,808,657,822.78	8,851,092,461.46
Sales of parts and components	1,275,241,527.18	1,099,917,015.75	1,059,834,973.93	934,571,048.23
Others	168,784,111.87	113,759,497.36	177,517,742.85	118,523,785.73
	<u>13,291,290,536.62</u>	<u>10,770,560,157.06</u>	<u>11,046,010,539.56</u>	<u>9,904,187,295.42</u>

Revenue and cost of sales from other operations

	Six months ended June 30, 2023		Six months ended June 30, 2022	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Sales of scrap	48,751,557.32	1,328,588.90	68,035,700.75	2,727,923.79
Others	129,588,127.64	92,795,666.43	81,795,897.76	38,027,824.21
	<u>178,339,684.96</u>	<u>94,124,255.33</u>	<u>149,831,598.51</u>	<u>40,755,748.00</u>

17. REVENUE AND COST OF SALES (CONTINUED)

Disaggregation of revenue:

	Six months ended June 30, 2023	Six months ended June 30, 2022
Revenue	13,373,106,711.01	11,117,908,746.08
– Recognized at a point in time	13,302,646,358.86	11,041,016,866.51
– Recognized over time	70,460,352.15	76,891,879.57
Rental income	<u>96,523,510.57</u>	<u>77,933,391.99</u>
	<u>13,469,630,221.58</u>	<u>11,195,842,138.07</u>

The rental income from the operating rental of our own buildings, machinery and equipment, motor vehicles, electronic and other equipment. No significant lease changes occur for the six months ended June 30, 2023 and 2022.

18. FINANCIAL INCOME

	Six months ended June 30, 2023	Six months ended June 30, 2022
Interest expenses on borrowings	17,734,531.80	22,022,002.36
Add: Interest expense on lease liabilities	3,755,857.12	4,724,209.18
Less: Government grants	<u>(2,091,249.44)</u>	<u>(4,695,777.50)</u>
Sub-total	19,399,139.48	22,050,434.04
Less: Interest income	(52,195,353.69)	(34,617,381.21)
Exchange losses	(23,375,554.65)	(42,384,676.12)
Others	<u>3,907,830.97</u>	<u>2,375,776.07</u>
	<u>(52,263,937.89)</u>	<u>(52,575,847.22)</u>

19. ASSET IMPAIRMENT LOSSES

	Six months ended June 30, 2023	Six months ended June 30, 2022
Provision for inventories and costs incurred to fulfil a contract	(60,218,256.85)	(12,555,324.98)
Others	<u>(89,617.21)</u>	<u>–</u>
	<u>(60,307,874.06)</u>	<u>(12,555,324.98)</u>

20. CREDIT IMPAIRMENT LOSSES

	Six months ended June 30, 2023	Six months ended June 30, 2022
(Provision)/reversal of provision for notes receivables	(1,230,825.99)	25,525.47
Provision for accounts receivables	(46,371,689.63)	(11,510,113.83)
Reversal of provision for receivables financing	28,207.63	368,856.72
Reversal/(provision) of provision for other receivables	1,774,037.15	(1,524,430.31)
Reversal/(provision) of provision for long-term receivables (including current portion of non-current assets)	1,356,939.94	(30,073.14)
Reversal of provision for financial guarantee contracts	<u>11,001,393.71</u>	<u>7,146,170.38</u>
	<u>(33,441,937.19)</u>	<u>(5,524,064.71)</u>

21. OTHER INCOME

	Six months ended June 30, 2023	Six months ended June 30, 2022
Government grants	24,109,492.74	36,664,269.82
Extra deductible VAT	28,810.19	640,293.58
Tax refunds	692,053.71	1,136,807.81
	<u>24,830,356.64</u>	<u>38,441,371.21</u>

22. INVESTMENT INCOME/(LOSSES)

	Six months ended June 30, 2023	Six months ended June 30, 2022
Share of net profit of associates and joint ventures	11,088,768.49	4,058,836.70
Income from disposal of long-term equity investments	1,112,158,428.45	–
Losses from disposal of derivative financial instruments	(9,011,658.97)	(2,050,012.60)
Investment income from trading financial assets during the holding period	1,109,917.56	–
Losses from discounted notes receivables and Others	(5,313,012.97)	(4,081,710.55)
	<u>1,110,032,442.56</u>	<u>(2,072,886.45)</u>

23. FAIR VALUE LOSSES

	Six months ended June 30, 2023	Six months ended June 30, 2022
Fair value change on investment properties	774,508.27	2,832,342.40
Fair value change on equity instruments held for trading	17,847,283.69	–
Fair value change on derivative financial assets	(6,161,436.00)	(1,614,526.60)
Fair value change on derivative financial liabilities	(16,442,519.78)	(10,593,605.17)
	<u>(3,982,163.82)</u>	<u>(9,375,789.37)</u>

24. LOSSES ON DISPOSALS OF ASSETS

	Six months ended June 30, 2023	Six months ended June 30, 2022	Amount recognized in non-recurring profit or loss for the six months ended June 30, 2023
Gains on disposals of fixed assets	1,595,569.82	753,787.04	1,595,569.82
Loss on disposals of fixed assets	(2,662,115.80)	(9,360,562.08)	(2,662,115.80)
	<u>(1,066,545.98)</u>	<u>(8,606,775.04)</u>	<u>(1,066,545.98)</u>

25. NON-OPERATING INCOME

	Six months ended June 30, 2023	Six months ended June 30, 2022	Amount recognized in non-recurring profit or loss for the six months ended June 30, 2023
Unpayable payables	991,832.20	598,778.97	991,832.20
Penalty income	2,706,833.90	4,155,515.68	2,706,833.90
Compensation income	444,493.85	239,180.31	444,493.85
Donations	215,000.00	–	215,000.00
Others	626,253.06	170,713.00	626,253.06
	<u>4,984,413.01</u>	<u>5,164,187.96</u>	<u>4,984,413.01</u>

26. NON-OPERATING EXPENSES

	Six months ended June 30, 2023	Six months ended June 30, 2022	Amount recognized in non-recurring profit or loss for the six months ended June 30, 2023
Losses on disposals of fixed assets	63,369.32	776,330.10	63,369.32
Compensation expenses	27,052.84	359,806.13	27,052.84
Penalty expenses	338,774.33	1,623,843.34	338,774.33
Donations	15,000.00	–	15,000.00
Others	402,672.86	299,509.69	402,672.86
	<u>846,869.35</u>	<u>3,059,489.26</u>	<u>846,869.35</u>

27. INCOME TAX EXPENSES

	Six months ended June 30, 2023	Six months ended June 30, 2022
Current income tax calculated based on tax law and related regulations	621,217,179.86	100,297,506.56
Deferred income tax	<u>(26,387,534.11)</u>	<u>(14,628,818.54)</u>
	<u>594,829,645.75</u>	<u>85,668,688.02</u>

27. INCOME TAX EXPENSES (CONTINUED)

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

	Six months ended June 30, 2023	Six months ended June 30, 2022
Profit before income tax	2,486,773,143.15	455,974,182.63
Income tax calculated at applicable tax rates	609,122,168.23	101,022,247.72
Income not subject to tax	(3,686,169.04)	(5,948,939.47)
Expenses not deductible for tax purposes	8,022,091.11	4,730,962.23
Utilization of previously unrecognized deductible tax losses and temporary differences	(27,026,198.25)	(11,174,836.82)
Adjustment on taxation in previous year	(9,618,152.29)	(7,998,970.30)
Deductible tax losses and temporary differences for which no deferred tax was recognized	32,632,666.44	20,450,422.94
Research and development expenses bonus deduction	(14,616,760.45)	(15,412,198.28)
Income tax expenses	<u>594,829,645.75</u>	<u>85,668,688.02</u>

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

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

28. EARNINGS PER SHARE

Basic earnings per share

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

	Six months ended June 30, 2023	Six months ended June 30, 2022
Consolidated net profit attributable to ordinary shareholders of the Company	1,896,532,237.44	365,758,163.71
Weighted average number of ordinary shares outstanding	2,017,600,000.00	2,017,600,000.00
Basic earnings per share (RMB/share)	<u>0.94</u>	<u>0.18</u>
Including:		
– Basic earnings per share from continuing operations:	<u>0.94</u>	<u>0.18</u>

Diluted earnings per share

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

There were no dilutive potential ordinary shares for the six months ended June 30, 2023 and 2022, and therefore, diluted earnings per share are the same as the basic earnings per share.

VI. OTHER INFORMATION

(1) Purchase, Sale or Redemption of Listed Securities

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

(2) Corporate Governance

Corporate Governance Practices

The Company understands that Shareholders' confidence and faith in the Company comes with good corporate governance, which is fundamental to enhancing Shareholders' value and interests. The principles applied to the Company's corporate governance practices emphasize an effective Board, prudent risk management and internal control system, corporate transparency and quality disclosure. The Company continued to review and improve the quality of corporate governance practice with reference to local and international standards. Since the Listing Date of H Shares, the Company has adopted the Corporate Governance Code set out in Appendix 14 to the Hong Kong Stock Exchange Listing Rules as its principal guideline on corporate governance practices, and complied with the code provisions set out in Part II of the Corporate Governance Code.

The Audit Committee

The Audit Committee of the Company is chaired by Mr. Cheng Hok Kai Frederick, who possesses professional financial qualifications. The other members of the Audit Committee are Mr. Feng Jinhua and Mr. Fan Zhaoping. All the above three Directors are independent non-executive Directors and none of them is a former partner of the external auditor of the Group.

The interim financial information of the Company for the six months ended June 30, 2023 has not been audited but has been reviewed by the Audit Committee. The Audit Committee has also reviewed the accounting policies, standards and practices adopted by the Company, and discussed with the Company on risk management, internal control system and financial reporting. The Audit Committee has no disagreement on the accounting treatment adopted by the Company.

(3) Securities Transactions by the Directors and Supervisors

The Company has adopted a set of code of conduct on terms no less exacting than the required standards set out in the Model Code in connection with securities transactions by the Directors and Supervisors. Upon the enquiries made to all Directors and Supervisors of the Company, they confirmed that they have complied with the standards for securities transactions by the directors and supervisors as set out in the Model Code and the code of conduct during the Reporting Period, save as the following events occurring after the Reporting Period:

Ms. Yu Siwei (“**Ms. Yu**”), the spouse of Mr. He Jin (“**Mr. He**”, a Director of the Company), dealt in A Shares of the Company by way of call auction. Ms. Yu bought 1,000 A Shares on July 17, 2023, sold 1,000 A Shares on July 25, 2023, and bought 1,000 A Shares on July 26, 2023. The above transactions violated the provisions of A.3(a)(ii), A.6 and B.8 of the Model Code, and constitute the short-swing transaction under Article 44 of the Securities Law of the PRC (“**Securities Law**”). As at July 26, 2023, Mr. He is deemed to hold 1,000 A Shares under the Securities and Futures Ordinance.

The Company paid high attention to the incident upon the knowledge of it, and has conducted relevant verification and investigation in a timely manner. Mr. He Jin and his spouse Ms. Yu Siwei have actively cooperated with the investigation and made corrections. Upon verification, Ms. Yu made the above transactions due to her insufficient knowledge of relevant laws and regulations, and her dealing in shares of the Company was a discretionary act based on her judgment of the secondary market. Mr. He was not aware of this short-swing transaction, and did not inform Ms. Yu of information on the operations of the Company prior to and following this short-swing transaction. Therefore, there was no insider dealing in shares of the Company, benefit from insider information, or intentional violation of rules. Mr. He has expressed deep remorse for failing to perform his supervision obligations to his spouse in a timely manner, and Ms. Yu was also fully aware of the severity of this non-compliant transaction and has expressed sincere apology for the adverse impact of the above transaction on the Company and the market. Ms. Yu undertook that she will consciously comply with the provisions of the Securities Law, the Several Provisions on the Reduction of Shares Held in a Listed Company by the Shareholders, Directors, Supervisors, and Senior Executives of the Listed Company, the Hong Kong Stock Exchange Listing Rules, the Securities and Futures Ordinance and other relevant laws and regulations, carefully learn the relevant requirements of relevant laws and regulations, strictly abide by the relevant regulations, and avoid the recurrence of such incident in the future.

The Company has adopted the following actions and measures in relation to the incident:

- (1) According to the provisions of Article 44 of the Securities Law and the relevant policies of the Company, the Company has confiscated all earning of RMB630 obtained by Ms. Yu from the short-swing transaction.
- (2) The Company issued the Announcement on Apology for Short-swing Transaction by Relative of Director (《關於董事親屬短線交易的致歉公告》) on the Shenzhen Stock Exchange after the closing of market on July 28, 2023 and an overseas regulatory announcement on the website of the Hong Kong Stock Exchange, and Mr. He has also made a corresponding declaration of interests as to the deemed holding of shares on July 28, 2023 according to the Securities and Futures Ordinance.
- (3) The Company will continue to strengthen the training and publicity on compliance, require Directors, Supervisors, senior management and Shareholders holding more than 5% of Shares to further learn the relevant laws, regulations and normative documents, including the Securities Law, the Rules on the Management of Shares Held by the Directors, Supervisors, and Senior Management of Listed Companies and the Changes Thereof (《上市公司董事、監事和高級管理人員所持本公司股份及其變動管理規則》), the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, the Hong Kong Stock Exchange Listing Rules and the Securities and Futures Ordinance, and to strictly abide by the relevant regulations. The Company will continue to procure relevant personnel to strictly regulate the dealing in shares of the Company, and avoid the recurrence of such incident in the future.

The Board also adopted the Model Code to regulate all dealings in securities of the Company by relevant employees who were likely to be in possession of unpublished inside information of the Company, as specified in Code Provision A.6.4 of the Corporate Governance Code. After making reasonable enquiry, no relevant employees of the Company were found to violate the Model Code during the Reporting Period.

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

The Company proposed not to distribute cash dividend, bonus shares or increase share capital by way of transfer from capital reserves for the 2023 interim period.

(5) Disclosure of Information

This announcement will be published on the website of the Hong Kong Stock Exchange at <http://www.hkexnews.hk> and the Company's website at <http://www.cimcvehiclesgroup.com>. The interim report of the Company for the six months ended June 30, 2023 will be despatched by the Company to its Shareholders and published on the websites of the Hong Kong Stock Exchange and the Company in due course.

DEFINITIONS

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

Items under the definitions	Contents under the definitions
A Share(s)	ordinary share(s) proposed to be issued by the Company pursuant to the A Share offering, with a nominal value of RMB1.00 each, which will be listed on the ChiNext Market of the SZSE and traded in RMB
Articles of Association	the articles of association of the Company, as amended from time to time
Audit Committee	the audit committee under the Board
Automobile makers	the enterprise manufacturing the whole automobile or entire auto assemble is generally referred to as an automobile maker in the industry
Board or Board of Directors	the board of Directors of the Company
Chi Xiao	Chi Xiao Enterprise Co., Ltd. (赤曉企業有限公司), a limited liability company established in the PRC
China VI	the National Stage VI Motor Vehicle Emission Standard, including the Limits and Measurement Methods for Emissions From Light-duty Vehicles (China VI) and the Limits and Measurement Methods for Emissions from Diesel Fuelled Heavy-duty Vehicles (China VI)
CIMC Enric	CIMC Enric Holdings Limited (中集安瑞科控股有限公司), a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 03899), and a non-wholly owned subsidiary of CIMC Group
CIMC Group	China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司), a joint stock company incorporated in the PRC on January 14, 1980 and listed on the Main Board of the SZSE (stock code: 000039) and the Main Board of the Hong Kong Stock Exchange (stock code: 2039), and the controlling shareholder of the Company
CIMC Hong Kong	China International Marine Containers (Hong Kong) Limited (中國國際海運集裝箱(香港)有限公司), a limited liability company incorporated in Hong Kong on July 30, 1992, and a wholly owned subsidiary of CIMC Group and the promoter and controlling shareholder of the Company
Company or CIMC Vehicles	CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)股份有限公司), a joint stock company with limited liability established under the laws of the PRC on August 29, 1996, the H Shares and A Shares of which are listed and traded on the Hong Kong Stock Exchange (stock code: 1839) and the SZSE (stock code: 301039), respectively

controlling shareholder(s)	has the meaning ascribed to it under the SZSE Listing Rules and the Hong Kong Stock Exchange Listing Rules, unless the context requires otherwise, refers to CIMC Group
Corporate Governance Code	the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Stock Exchange Listing Rules
date of the Announcement	August 23, 2023
DE	design engineering. Since the Company is committed to promoting digital design models, DE here also refers to the design by means of digital design models
Director(s)	the director(s) of the Company
ERP	abbreviation for Enterprise Resource Planning
Global Offering	the offer of H Shares by the Company for subscription by the public in Hong Kong, and in offshore transactions outside the United States and only to Qualified Institutional Buyers (QIBs) in the United States, the details of which are set out in the Prospectus
Group or we	the Company and its subsidiaries (unless the context otherwise requires)
HK\$ or HK dollar(s)	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong or HK	the Hong Kong Special Administrative Region of the PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Hong Kong Stock Exchange Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
H Shares	overseas listed foreign ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are listed and traded on the Hong Kong Stock Exchange
KTL	a mature technical process used for applying a thin, strong and corrosion-resistant organic coating on metal surfaces
“Light Tower” Plants	an automatic and intelligent production plant integrating virtual simulation, big data, Internet of Things and digital technology. With highly automated equipment (such as CNC laser cutting machine, robot welding workstation, KTL and powder coating line), it can realize large-scale automatic and flexible production and solve the problems of backward production equipment, technical lag, increasing labor cost, energy conservation and emission reduction

Listing Date of H Shares	July 11, 2019
Listing of H Shares	listing of H Shares on the Hong Kong Stock Exchange
LoM	abbreviation for Local Manufacturing
Longyuan Investment	Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd. (深圳市龍源港城投資發展有限責任公司), a limited liability company established in the PRC on December 14, 2015
LoP	abbreviation for local procurement
LTL	abbreviation for “Light Tower” logistics
LTP	abbreviation for “Light Tower” production
LTS	abbreviation for “Light Tower” sourcing center
ME	manufacturing engineering
MES	abbreviation for Manufacturing Execution System
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Stock Exchange Listing Rules
Nanshan Dacheng	Shenzhen Nan Shan Da Cheng New Material Investment Partnership (Limited Partnership) (深圳南山大成新材料投資合夥企業(有限合夥)), a limited liability partnership incorporated in the PRC on December 3, 2015, and a Shareholder of our Company
Nanshan Group	China Nanshan Development (Group) Co., Ltd. (中國南山開發(集團)股份有限公司), a limited liability company established in the PRC
NR	new retails
OD	organization development
OE	abbreviation for Original Equipment
OEM	abbreviation for Original Equipment Manufacturer
Ping An Decheng	Shenzhen Ping An Decheng Investment Limited Company (深圳市平安德成投資有限公司), a limited liability company established in the PRC on September 9, 2008 and the general partner of Shanghai Taifu and Taizhou Taifu
Ping An Financial	Shenzhen Ping An Financial Technology Consulting Co., Ltd. (深圳平安金融科技諮詢有限公司), a limited liability company established in the PRC

Ping An Group	Ping An Insurance (Group) Company Ltd. (中國平安保險(集團)股份有限公司), a joint stock company incorporated in the PRC with limited liability and listed on the Shanghai Stock Exchange (stock code: 601318) and the Hong Kong Stock Exchange (stock code: 2318)
Ping An Health Partnership	Shenzhen Ping An Health Technology Equity Investment Partnership (Limited Partnership) (深圳市平安健康科技股權投資合夥企業(有限合夥)), a limited partnership established in the PRC
Ping An Life Insurance	Ping An Life Insurance Company of China, Ltd. (中國平安人壽保險股份有限公司), a limited liability company established in the PRC
PRC or China	the People's Republic of China
Proceeds from H Shares	the proceeds received upon the completion of the Global Offering of H Shares on the Main Board of the Hong Kong Stock Exchange on July 11, 2019
Prospectus	the H Shares prospectus of the Company dated June 27, 2019 in connection with the Global Offering
Reporting Period / Half Year	for the six months ended June 30, 2023
RMB or Renminbi	Renminbi, the lawful currency of the PRC
RMB, RMB ten thousand	RMB, RMB ten thousand
Securities and Futures Ordinance or SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
Semi-trailer(s)	any vehicle intended to be coupled to a motor vehicle in such a way that part of it rests on the motor vehicle with a substantial part of its weight and the weight of its load being borne by the motor vehicle, and constructed and equipped for the carriage of goods
Shanghai Taifu	Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥)), a limited liability partnership established in the PRC on December 18, 2015, and a Shareholder of the Company
Share(s)	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising A Share(s) and H Share(s)
Shareholder(s)	holder(s) of our Share(s)

Shenzhen Longyuan	Shenzhen Long Yuan Gang Cheng Enterprise Management Center (Limited Partnership) (深圳市龍源港城企業管理中心(有限合夥)), a limited liability partnership incorporated in the PRC on April 29, 2016, and a Shareholder of Xiangshan Huajin
Shenzhen CIMC Special Vehicle	Shenzhen CIMC Vehicle Co., Ltd. a subsidiary of the Company until April 3, 2023
Substantial Shareholder(s)	has the meaning ascribed to it under the Hong Kong Stock Exchange Listing Rules
Supervisor(s)	members of the supervisory committee of the Company
Supervisory Committee	the supervisory committee of the Company
SZSE	the Shenzhen Stock Exchange
SZSE Listing Rules	the Rules Governing the Listing of Securities on the ChiNext Market of the Shenzhen Stock Exchange, as amended, supplemented or otherwise modified from time to time
Taizhou Taifu	Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on November 28, 2017, and the promoter and Shareholder of the Company
Truck body for specialty vehicles/truck body	a type of vehicle body, such as a dump bed or mixer, which can be installed onto a truck chassis to form a fully-assembled specialty vehicle, such as a dump truck or mixer truck
Xiangshan Huajin	Xiang Shan Hua Jin Industrial Investment Partnership (Limited Partnership) (象山華金實業投資合夥企業(有限合夥)) (previously known as Xiang Shan Hua Jin Equity Investment Partnership (Limited Partnership) (象山華金股權投資合夥企業(有限合夥))), a limited liability partnership established in the PRC on November 22, 2017, and a Shareholder of the Company

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

Hong Kong, August 23, 2023

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

* *Executive Director*

** *Non-executive Directors*

*** *Independent non-executive Directors*