CIMC 中集车辆

CIMC Vehicles (Group) Co., Ltd.
中集車輛(集團)股份有限公司

(A joint stock Company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1839)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2021

The board of directors (the "**Board**") of CIMC Vehicles (Group) Co., Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") announces the unaudited interim results for the six months ended June 30, 2021 (the "**Reporting Period**"). This announcement, containing the full text of the 2021 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of interim results.

Publication of the interim results announcement and interim report

This interim results announcement is published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and the website of the Company at https://www.cimcvehiclesgroup.com, respectively.

The 2021 interim report will be despatched to H Shareholders in due course and will be published on the aforesaid websites of the Company and the Hong Kong Stock Exchange.

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

Hong Kong, August 25, 2021

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

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

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DEFINITIONS

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

"A Shares"	domestic listed ordinary shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed and traded on the ChiNext Market of the Shenzhen Stock Exchange
"A Share Offering"	the initial public offering by the Company of 252,600,000 A Shares listed on the ChiNext Market of the Shenzhen Stock Exchange on July 8, 2021
"Audit Committee"	the audit committee under the Board
"Board" or "Board of Directors"	the board of Directors of the Company
"Company" or "CIMC Vehicles"	CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)股份有限公司) (including our predecessor, CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)有限公司)), a joint stock company with limited liability established under the laws of the PRC on August 29, 1996, whose A Shares are listed on the ChiNext Market of the Shenzhen Stock Exchange and whose H shares are listed on the Main Board of the Hong Kong Stock Exchange
"ChiNext Market"	the ChiNext Market of the Shenzhen Stock Exchange
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Stock Exchange Listing Rules and, unless the context requires otherwise, refers to CIMC Group and CIMC Hong Kong
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix 14 to the Stock Exchange Listing Rules
"Chi Xiao"	Chi Xiao Enterprise Co., Ltd. (赤曉企業有限公司), a limited liability company established in the PRC, and the Substantial Shareholder of the Company
"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 with limited liability incorporated in the PRC on January 14, 1980 and listed on the Shenzhen Stock Exchange (stock code: 000039) and the Hong Kong Stock Exchange (stock code: 2039), and the Controlling Shareholder of the Company
"CIMC Enric"	CIMC Enric Holdings Limited (中集安瑞科控股有限公司), a limited liability company incorporated in the Cayman Islands on September 28, 2004, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 3899) and a non-wholly owned subsidiary of CIMC

"CIMC Hong Kong" or "CIMC HK"	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 Controlling Shareholder of the Company
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of the Company
"Domestic Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi. On July 8, 2021, the Company completed the A Share Offering, with all of its 1,201,080,000 domestic shares converted to the same number of A Shares
"Global Offering" or "Public 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
"Proceeds from the Global Offering"	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
"Group" or "we"	the Company and its subsidiaries (unless the context otherwise requires)
"H Share(s)"	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 Main Board of the Hong Kong Stock Exchange
"H Shareholder(s)"	H Shareholder(s) of the Company
"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" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Southbound Shareholders"	the holders of H Shares through the Southbound Trading Link
"Stock Exchange Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time

"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
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Stock Exchange Listing Rules
"Nanshan Group"	China Nanshan Development (Group) Co., Ltd. (中國南山開發(集團)股份有限公司), a joint stock company with limited liability established in the PRC, and the Substantial Shareholder of the Company
"Nomination Committee"	the nomination committee under the Board
"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, and the Substantial Shareholder of the Company
"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), and the Substantial Shareholder of the Company
"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 liability partnership established in the PRC, and the Substantial Shareholder of the Company
"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 joint stock company with limited liability established in the PRC, and the Substantial Shareholder of the Company
"PRC" or "China"	the People's Republic of China, excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Prospectus"	the prospectus of the Company dated June 27, 2019 in connection with the Global Offering
"Remuneration Committee"	the remuneration committee under the Board

"Reporting Period"	the six months ended June 30, 2021
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Shenzhen Stock Exchange"	the Shenzhen Stock Exchange
"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
"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 the Substantial 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)
"Shareholders(s)"	holder(s) of our Share(s)
"Shenzhen Longhui"	Shenzhen Long Hui Gang Cheng Enterprise Management Center (Limited Partnership) (深圳市龍匯港城企業管理中心(有限合夥)), a limited liability partnership incorporated in the PRC on May 11, 2017, and a shareholder of Xiangshan Huajin
"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 the Shareholder of the Company
"Strategy and Investment Committee"	the strategy and investment committee under the Board
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Stock Exchange Listing Rules
"Supervisor(s)"	member(s) of the Supervisory Committee
"Supervisory Committee"	the supervisory committee of the Company
"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 Substantial Shareholder of the Company
"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)), a limited liability partnership established in the PRC on November 22, 2017, and the Substantial Shareholder of the Company

CORPORATE INFORMATION

COMPANY NAME

CIMC Vehicles (Group) Co., Ltd.

BOARD OF DIRECTORS

Executive Director

Mr. Li Guiping *(Chief Executive Officer and President)*

Non-executive Directors

Mr. Mai Boliang *(Chairman)*
Mr. Chen Bo
Ms. Zeng Beihua
Mr. Wang Yu
Mr. Huang Haicheng

Independent non-executive Directors

Mr. Feng Jinhua
Mr. Fan Zhaoping
Mr. Cheng Hok Kai Frederick

AUDIT COMMITTEE

Mr. Cheng Hok Kai Frederick *(Chairman)*
Mr. Feng Jinhua
Mr. Fan Zhaoping

REMUNERATION COMMITTEE

Mr. Fan Zhaoping *(Chairman)*
Ms. Zeng Beihua
Mr. Feng Jinhua

NOMINATION COMMITTEE

Mr. Feng Jinhua *(Chairman)*
Mr. Mai Boliang
Mr. Fan Zhaoping

STRATEGY AND INVESTMENT COMMITTEE

Mr. Huang Haicheng *(Chairman)*
Mr. Wang Yu
Ms. Zeng Beihua
Mr. Fan Zhaoping

SUPERVISORY COMMITTEE

Mr. Liu Zhenhuan *(Chairman)*
Mr. Liu Hongqing
Mr. Li Xiaofu

SECRETARY OF THE BOARD

Ms. Li Zhimin

JOINT COMPANY SECRETARIES

Ms. Li Zhimin
Ms. Ko Mei Ying

AUTHORIZED REPRESENTATIVES

Mr. Li Guiping
Ms. Ko Mei Ying

REGISTERED OFFICE AND HEADQUARTERS

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Futian District, Shenzhen
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H SHARE REGISTRAR

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183 Queen's Road East
Wan Chai
Hong Kong

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INFORMATION OF H SHARES

Place of listing: the Main Board of the Hong Kong Stock Exchange
Stock code: 1839
Number of H Shares issued: 563,920,000 Shares

INFORMATION OF A SHARES

Place of listing: the ChiNext Market of the Shenzhen Stock Exchange
Stock code: 301039
Number of A Shares issued: 1,453,680,000 Shares

COMPANY WEBSITE

www.cimcvehiclesgroup.com

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is the world's leading high-end semi-trailers and specialty vehicles manufacturer. According to the Global Trailer's top global OEM ranking list for semi-trailer manufacturers announced in 2020, the Group is the world's No. 1 semi-trailer manufacturer in terms of production volume. The Group engages in the manufacture, sale and after-sales services of seven major categories of semi-trailers in global major markets. In the China market, the Group is a competitive and innovative manufacturer of truck bodies for specialty vehicles as well as a manufacturer of refrigerated truck bodies.

Since entering the industry in 2002, the Group has formed its business and technical advantages around the concept of "Focus and Innovation", and became the world's No.1 Semi-trailer manufacturer in terms of sales volume. The Group markets and sells the products in China under renowned brands in the industry, such as "Tonghua (通華)", "Huajun (華駿)", "SCVC SAILING (深揚帆)", "Ruijiang Vehicles (瑞江汽車)", "Lingyu Vehicles (凌宇汽車)", "Liangshan Dongyue (梁山東岳)", "TB (太字節)", "Pioneer Series (先鋒系列)" and "CIMC Light Tower (中集燈塔)", in North America under renowned brands, such as "Vanguard" and "CIE", and in Europe under the "SDC" and "LAG" brands which are well-known brands with long history. In addition, the Group has established cooperation with a number of well-known customers in the global semi-trailer industry, including domestic and international logistics transportation companies and trailer rental companies. As for specialty vehicles business in China, the Group has established close partnership with major heavy duty truck manufacturers in China.

Through continuous exploration and development for years, the Group has formed an operation model based on "Intercontinental Operation, Local Manufacturing" in line with current global conditions. Moreover, relying on its 23 manufacturing plants and 10 assembly plants in the world, the Group gave full play to its production and assembly capabilities, global supply chain management and global logistics and distribution.

The Group began to explore the construction of "Sophisticated Manufacturing System" since 2014. At present, the Group has globally established 13 "Light Tower" Plants for the production of semi-trailer, 6 "Light Tower" Plants for the production of truck bodies of specialty vehicles, and 2 "Light Tower" Plants for the production of truck bodies for refrigerated trucks, as well as "Product Module" for a number of semi-trailer series and carried out digital transformation and upgrading. The Group will continue to focus on the comprehensive construction and improvement of "Sophisticated Manufacturing System" to maintain continuous competitive advantages of the Group.

MAJOR PRODUCTS:

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

① Container chassis trailers

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

③ Curtain-side trailers

④ Van trailers

⑤ Refrigerated trailers

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

⑦ Other special types of trailers, mainly including terminal trailers and sanitation trucks

(2) Manufacture of truck bodies for specialty vehicles and sales of fully-assembled specialty vehicles in China:

① Truck bodies for urban dump truck

② Manufacture of truck bodies and sales of fully-assembled vehicles of concrete mixer

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

CHAPTER I BUSINESS REVIEW AND ANALYSIS FOR THE FIRST HALF OF 2021

I. The Macro-environment and Changes in Industrial Demands

1. In the first half of 2021, under the guidance of the first year of the "14th Five-Year Plan" and China's dual circulation economy model, the domestic economy gradually picked up. The impact of the COVID-19 pandemic on the global economy was fading. As the COVID-19 vaccination accelerated and expanded, which stimulated global economic growth and the economic engines returning to normal, the global logistics and transportation industry and the automobile manufacturing industry recovered. In addition, Europe and America developed countries implemented loose monetary policies and fiscal stimulus policies, which stimulated the rise of global commodity prices. For the global semi-trailer industry, the short-term recovery path was fluctuated, while the long-term development continued to pick up.

2. In China's semi-trailer market, initial success was achieved in some regions of China under the Three-year Action Plan for Special Remediation of National Work Safety (全國安全生產專項整治三年行動計劃) and the Implementation Plan for Three-year Action on Special Remediation of Road Transportation Safety (道路運輸安全專項整治三年行動實施方案) issued by the Safe Production Commission under the State Council. China's logistics operations moved along a steady recovery trajectory. According to data released by the National Development and Reform Commission, in the first half of 2021, the total social logistics volume amounted to RMB150.9 trillion, a year-on-year increase of 15.7%. In addition, the transportation volume per vehicle declined with "Oversized and Overloaded" management, and the market needed more logistics transportation vehicles to fill the capacity gap, which driven the demand for logistics transportation vehicles. The national standards for second-generation semi-trailers and the stricter implementation of regulations including national highways toll collection for trucks by vehicle (axle)-type accelerated the elimination of obsolete semi-trailers. With "hitting peak emissions and achieving carbon neutrality" being upgraded into a national strategy, the development trend of lightweight, intelligent and high-quality semi-trailers accelerated the innovation across the industry.

3. In the fully-assembled specialty vehicles market, the transportation network was improved, the rural revitalization was promoted, infrastructure investment continued to grow, and the domestic demand for special purpose vehicles continued to increase for the first year of the "14th Five-Year Plan". Driven by factors such as "Oversized and Overloaded" management, "Winning the Blue Sky Defense War", and the implementation of China's stage 6 vehicle emission standards, the lightweight and intelligent specialty vehicle products ushered in a window of "upgrade". With the full implementation of China's Stage 6 standards for emissions from heavy-duty diesel vehicles from July 1, 2021, China's heavy truck manufacturers increased their sales efforts, and short-term competition in the industry intensified. The competitiveness of the intelligent and environmentally friendly urban dump trucks and light and durable concrete mixers that the Group vigorously operated improved, which provided more favorable support for the Group's long-term development of the truck bodies for specialty vehicles.

4. In terms of refrigerated trucks in China, as the COVID-19 variant strains resurged and spread in various places across the world, governments of various countries accelerated the COVID-19 vaccination and continued to stimulate the demand for the medical cold chain. On March 11, 2021, National Food Safety standard-Hygienic specification for food cold chain logistics (GB31605-2020), China's first national standard on food cold chain logistics, was officially implemented; on June 11, 2021, 17 departments including the Ministry of Commerce of the People's Republic of China, the National Development and Reform Commission of the People's Republic of China, jointly issued Opinions on Strengthening the Construction of the County-level Commercial System to Promote Rural Consumption (《關於加強縣域商業體系建設促進農村消費的意見》), which requires that the agricultural product market network be improved and the marking up for shortcomings of cold chain facilities be accelerated during the "14th Five-Year Plan" period. With the implementation of China's food cold chain logistics standards, the rapid deployment of urban and rural cold chain logistics facilities, the continuous improvement of the development environment of cold chain logistics, the market saw continuously increasing demand for cold chain logistics transport vehicles.

II. Review on Revenue and Gross Margin of Core Business

During the Reporting Period, the Group sold a total of 81,628 units (1H 2020: 51,019 units) of semi-trailers worldwide. A total of 41,661 sets (1H 2020: 24,580 sets) of truck bodies for specialty vehicles and 3,294 sets (1H 2020: 2,345 sets) of truck bodies for refrigerated trucks were sold in China, and achieved a total revenue of RMB17,547.0 million, a significant year-on-year increase of 57.3%. With the steady recovery of the global economy, the domestic economy has entered a new stage of high-quality development. The new development concepts of "innovation, coordination, green, openness, and sharing" are leading the comprehensive transformation of China's economy and continues to bring new momentum to China's sophisticated manufacturing industry.

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

1. Global semi-trailer business in the first half of 2021

	Six months ended June 30, 2021		
	Revenue *RMB in millions*	**Gross profit** *RMB in millions*	**Gross profit margin** *%*
China semi-trailer	**4,960.3**	**550.7**	**11.1**
North America semi-trailer	**1,784.3**	**143.6**	**8.0**
Europe semi-trailer	**930.9**	**63.6**	**6.8**
Other markets semi-trailer	**718.4**	**94.3**	**13.1**
Subtotal	**8,393.9**	**852.2**	**10.2**

During the Reporting Period, the operation performance of global semi-trailer business recorded significant growth due to our solid foundation of "Intercontinental Operation" developed over the years and the "Local Manufacturing" of various enterprises, as well as the Group giving full play to the competitive advantages of crossover design, intercontinental manufacturing, and global supply chain management. As the prices of global commodity and raw materials rose, the Group actively adjusted and upgraded the EPS (Electronic Procurement System) strategy for global supply chain management, further increased the intensity and scale of centralized procurement, to control procurement costs of raw materials. In addition, the Group promoted the modularization and digitalization of product design in all aspects, advanced the digital design and offline simulation of production lines, built a new retail platform to get closer to buyers and users. In the first half of 2021, the Group's global semi-trailer business revenue increased to RMB8,393.9 million (1H 2020: RMB5,555.2 million), a year-on-year increase of 51.1%.

Semi-trailer business in China in the first half of 2021 — As the "Light Tower" Plants of the Group further went into operation and upgraded, the generation gap between the compliant container chassis trailers, van trailers and refrigerated trailers used for e-commerce logistics and similar types of trailers produced in developed regions shrank rapidly. Continuously benefiting from the implementation of the new national standard for second-generation semi-trailers, and the gap between the high-speed running performance and safety performance of the semi-trailer travel mechanism and those of the products in developed regions also gradually narrowed. Capitalized on the industry's general integration, CIMC Vehicles recorded rapid growth in its main products such as container chassis trucks, van trailers for China's e-commerce delivery, and liquid tank trailers for transport of hazardous chemicals. The sales of semi-trailers in China increased by 72.3% year-on-year to 59,807 units.

In the first half of 2021, according to China Customs Statistics, the total volume of import and export of goods in China amounted RMB18.1 trillion, the highest in the same period in history. Import and export logistics demands drove the sales growth of container chassis vehicles, and the Group's sales of container chassis vehicles in the China market recorded a sharp increase of 282.2% year-on-year. In addition, as China carried out the treatment of atmospheric liquid dangerous cargo tankers, strictly controlled the entry standards for new tankers, and accelerated the elimination of non-compliant tankers, the sales of tank trailers of the Group increased by 38.1% year-on-year. In the same period, the demand for van trailers and transitional chassis vehicles paired with van bodies continued to benefit from the implementation of the national standard for second-generation semi-trailers, the accelerated development of e-commerce and the increase in total social logistics volume in China, the sales increased by 44.3% year-on-year.

The Group continued to upgrade semi-trailer "Light Tower" Plants in China. The scale of the "Light Tower" Plants highlighted its competitive advantages. During the Reporting Period, the revenue of China's semi-trailer business increased to RMB4,960.3 million (1H 2020: RMB2,983.1 million), a significant year-on-year increase of 66.3%. Affected by the sharp rise in raw materials prices, the gross profit margin of China's semi-trailer business fell by 2.6 percentage points year-on-year.

Semi-trailer business in North America in the first half of 2021 — The business is mainly comprised of three major types of trailers: van trailers, refrigerated trailers and container chassis trailers.

During the Reporting Period, as the US Senate launched the US$1.9 trillion America Rescue Plan for the COVID-19 outbreak, consumer demand was released. With the COVID-19 pandemic reshaping consumption habits, the demand for e-commerce logistics increased significantly. In the America domestic market, orders for van trailers and refrigerated trailers surged, and the revenue of the Group's semi-trailer business in North America increased to RMB1,784.3 million (1H 2020: RMB1,614.9 million). The decline in gross profit margin was mainly due to the decline of gross profit as the localized manufacturing plant for container chassis vehicles had not yet gone into operation. According to the forecast of the America trailer industry research organization, the America freight market will see robust growth in 2021. However, due to supply chain shortages, the America trailer market will still have a gap in supply and demand. It is expected that the America trailer market will have substantial growth opportunities next year.

The Group's refrigerated trailer manufacturing plant in Indiana, USA and the refrigerated trailer assembly plant in Ontario, Canada were put into operation as planned, which optimized the Group's localized production layout in the North America semi-trailer market and released the capacity of refrigerated trailers in North America. In the first half of 2021, the Group's sales of refrigerated trailers in North America increased significantly by 118.2% year-on-year.

In the first half of 2021, the Group deepened the business philosophy of "Intercontinental Operation, Local Manufacturing", and actively responded to the impact of the "anti-dumping and countervailing" ruling of the United States International Trade Commission and the U.S. Department of Commerce on the Group's export of container chassis vehicles from China to the United States. At present, the product supply capacity of the Group's localized container chassis vehicle plant in the North America market has returned to a normal level, and the localized production process is expected to accelerate in the second half of the year. The Group continued to deepen its localized manufacturing layout and seized the opportunity of the growth of the North America trailer market to open up a new phase in the development of the North America semi-trailer business.

Semi-trailer business in Europe in the first half of 2021 — The revenue performance recovered well from the COVID-19 pandemic, and revenue increased significantly by 66.0% to RMB930.9 million (1H 2020: RMB560.7 million), and gross profit margin increased 1.5 percentage points year-on-year.

In the first half of 2021, SDC Trailers Ltd., a wholly-owned subsidiary of the Group, actively seized gradually recovered market opportunities. By upgrading production lines and promoting product modular design, it expanded its market share in the UK domestic market and realized the significant increase in its sales of van trailers, curtain-side trailers and other major products. Among them, the sales of curtain-side trailers in Europe increased by 134.0% year-on-year, which pushed up SDC Traliers Ltd.'s performance growth and profitability.

During the Reporting Period, the demand and sales in the Europe tank truck market, where LAG Trailers NV Bree, a wholly-owned subsidiary of the Group is located, recovered well. Based on sufficient market order reserve and good global supply chain management measures, the production efficiency and order delivery capacity were improved.

Semi-trailer business in other markets in the first half of 2021 — The business performance continued to recover, with revenue increasing by 81.2% year-on-year to RMB718.4 million (1H 2020: RMB396.5 million). Under the influence of global supply chain shortage, the Group's advantages on "Intercontinental Operation" were further demonstrated. The supply chain of manufacturing plants in Southeast Asia remained stable, superimposed on leading product designs in mature markets in Europe and the United States. businesses in Thailand, Vietnam and other markets showed strong growth momentum.

The revenue and gross profit margin of the global semi-trailer business of the Group in the first half of 2021 and the first half of 2020 and the comparison of changes are listed as follows. The growth in revenue of the global semi-trailer business was mainly due to: (1) with the global COVID-19 pandemic gradually under control, the economic recovery led to the growth of global logistics and transportation demand; (2) the China market continued to benefit from the implementation of the national standard for second-generation semi-trailers, the rapid development of e-commerce logistics and increase in the total social logistics volume; (3) optimized layout of overseas production capacity and improved localized production capacity and product delivery in overseas markets. The decline in the gross profit margin of the global semi-trailer business was mainly due to the increase in global commodity and raw materials prices.

	Six months ended June 30,					
	Revenue			Gross profit margin		
	2021	2020	Change	**2021**	2020	Change
	RMB in millions	*RMB in millions*	*%*	***%***	*%*	*Percentage point*
China semi-trailer	**4,960.3**	2,983.1	66.3	**11.1**	13.7	-2.6
North America semi-trailer	**1,784.3**	1,614.9	10.5	**8.0**	13.0	-5.0
Europe semi-trailer	**930.9**	560.7	66.0	**6.8**	5.3	1.5
Other markets semi-trailer	**718.4**	396.5	81.2	**13.1**	15.4	-2.3
Subtotal	**8,393.9**	5,555.2	51.1	**10.2**	12.8	-2.6

2. *Manufacture of truck bodies for specialty vehicles and sales of fully-assembled specialty vehicles in China in the first half of 2021*

	Six months ended June 30, 2021		
	Revenue *RMB in millions*	**Gross profit** *RMB in millions*	**Gross profit margin** *%*
Manufacture and sales of truck bodies for specialty vehicles	**2,950.6**	**388.8**	**13.2**
Truck chassis and tractor unit	**4,764.7**	**57.6**	**1.2**
Subtotal	**7,715.3**	**446.4**	**5.8**

- In the first year of the "14th Five-Year Plan", the transportation network was improved, the rural revitalization was promoted, infrastructure investment continued to grow, and the demand for specialty vehicles in the China market remained strong, and coupled with "Oversized and Overloaded" management, "Winning the Blue Sky Defense War", and the implementation of China's stage 6 vehicle emission standards and other factors, the light and durable concrete mixer trucks that the Group vigorously operated continued to occupy a leading position in the China market. During the Reporting Period, a total of 24,928 concrete mixers were sold (1H 2020: 13,207), a significant increase of 88.7% in sales over the same period last year.

- It is worth mentioning that the Group launched Lingyu Automobile's "Tianqi Project"[Note 1] Phase II to upgrade the automation and intelligent production lines, and actively cooperated with tractor manufacturers to comprehensively promote key "From-Fuel-To-Electricity" projects, and jointly developed battery-driven concrete mixer trucks successfully.

- In addition, the Group's urban dump trucks also actively co-developed with tractor manufacturers, occupying a favorable competitive position. In May 2021, the CIMC-SHAC specialty vehicle project went into operation, which marked the strong alliance between the Group and Shaanxi Automobile Group Co., Ltd. to jointly build an influential specialty vehicle production base in Northwest China, and give full play to both parties' advantages on supply chain, product technology, advanced manufacturing, industrial clusters and sales channels, enhance the development and innovation of CIMC-SHAC specialty vehicle products, and promote the specialty vehicle modification system to move towards sophisticated manufacturing. In the first half of 2021, the Group's sales of intelligent environmentally friendly urban dump trucks increased by 47.1% year-on-year.

- During the Reporting Period, the Group's revenue form manufacture of truck bodies for specialty vehicles and sales of fully-assembled specialty vehicles in China reached RMB7,715.3 million (1H 2020: RMB4,461.2 million), a year-on-year increase of 72.9%. Gross profit margin fell by 1.9 percentage points, mainly due to the increase in global commodity and raw materials prices.

Note 1: "Tianqi Project" means the production line upgrade and green transformation project of the "Light Tower" Plant of Luoyang CIMC Lingyu Automobile Co., Ltd., a subsidiary of the Company. The project has been constructed under the Industry 4.0 model, for deep integration of high-end manufacturing and industrial internet, upgrade and transformation of the original manufacturing plant for automation, and has involved the use of laser blanking and forming equipment, robotic welding, fully automatic powder coating lines and metronomic assembly lines.

The revenue and gross profit margin of the manufacture of truck bodies for specialty vehicles and the sales of fully-assembled specialty vehicles of the Group in China in the first half of 2021 and the first half of 2020 and the comparison of changes are set out as follows:

	Six months ended June 30,					
	Revenue			Gross profit margin		
	2021	2020	Change	**2021**	2020	Change
	RMB in millions	*RMB in millions*	*%*	***%***	*%*	*Percentage point*
Manufacture and sales of truck bodies for specialty vehicles	**2,950.6**	1,870.4	57.8	**13.2**	16.8	-3.6
Truck chassis and tractor unit	**4,764.7**	2,590.8	83.9	**1.2**	1.2	–
Subtotal	**7,715.3**	4,461.2	72.9	**5.8**	7.7	-1.9

3. Manufacture of truck bodies for refrigerated trucks and sales of fully-assembled refrigerated trucks in China in the first half of 2021

- With the improvement and formulation of China's cold chain logistics industry standards, China's refrigerated trucks have been developed in a lightweight, compliant, standardized, and green manner. In the first half of 2021, the Group's factories produced and delivered a total of 3,294 sets of various types of refrigerated van bodies (1H 2020: 2,345 sets), an increase of 40.5% year-on-year.

- In April 2021, the Group sharply captured the development opportunities of the van-type light truck market and officially released the "TB" brand, which, with modular product design and the latest generation of dual-mode foaming technology with independent intellectual property rights, leads the development trend of truck bodies products of compliant van-type light trucks. The "TB" brand business aims to build a joint development platform with leading light truck manufacturers, launch joint design, cross-marketing and multi-level financial coverage to provide users with a complete purchase experience and product life cycle management.

4. Sales of parts and components for semi-trailer and specialty vehicle business in the first half of 2021

	Six months ended June 30, 2021		
	Revenue *RMB in millions*	**Gross profit** *RMB in millions*	**Gross profit margin** *%*
China market	**406.8**	**48.5**	**11.9**
North America market	**420.8**	**40.4**	**9.6**
Europe market	**215.0**	**55.3**	**25.7**
Other markets	**7.9**	**0.5**	**6.3**
Subtotal	**1,050.5**	**144.7**	**13.8**

The revenue from the sales of parts and components of truck bodies for semi-trailer and specialty vehicles of the Group in the first half of 2021 showed a rebound trend. The revenue and gross profit margin in the first half of 2021 and the first half of 2020 and the comparison of changes are set out as follows:

- Sales of parts and components business was mainly related to the stock of sold semi-trailers and specialty vehicles. With the further expansion of the global stock of semi-trailers and specialty vehicles, revenue from sales of parts and components business increased significantly after the pandemic, with a year-on-year increase of 38.5%.

- The parts and components business in the China market was embedded in the after-sales service. In the context of rising global raw materials prices, the overall competitive advantage of the parts and components business in the China market improved, which guaranteed the sales growth of the parts and components business in the China market.

- By establishing a parts and components franchise network in the Europe market and increasing franchise outlets, the Group realized further development of sales of semi-trailer parts and components business in the Europe market and provided more comprehensive services to customers in the Europe market.

- With the rapid rebound in demand in the North America trailer market, based on global supply chain management measures, both the Group's revenue and gross profit margin of the parts and components business in North America increased significantly.

- Affected by the pandemic, and revenues and gross profit margins in other markets fluctuated significantly with their varying anti-pandemic policies and different levels of blockade.

	Six months ended June 30,					
	Revenue			Gross profit margin		
	2021	2020	Change	**2021**	2020	Change
	RMB in millions	*RMB in millions*	%	**%**	%	*Percentage point*
China market	**406.8**	308.0	32.1	**11.9**	12.3	-0.4
North America market	**420.8**	299.4	40.5	**9.6**	7.2	2.4
Europe market	**215.0**	147.3	46.0	**25.7**	31.2	-5.5
Other markets	**7.9**	3.7	113.5	**6.3**	48.6	-42.3
Subtotal	**1,050.5**	758.4	38.5	**13.8**	14.1	-0.3

5. *Other businesses in the first half of 2021*

The Group's other businesses mainly included: (1) sales of other types of vehicles such as sanitation trucks; (2) semi-trailer operating leasing business; and (3) others, including other value-added business income, such as rental and maintenance fee income.

The revenue and gross profit margin of other businesses in the first half of 2021 and the first half of 2020 and the comparison of changes are set out as follows:

	Six months ended June 30,					
	Revenue			Gross profit margin		
	2021	2020	Change	**2021**	2020	Change
	RMB in millions	*RMB in millions*	%	**%**	%	*Percentage point*
Sales of other types of vehicles	**14.8**	97.7	-84.9	**23.2**	24.9	-1.7
Semi-trailer operating leasing business	**65.0**	37.6	72.9	**32.8**	33.4	-0.6
Others	**153.9**	117.9	30.5	**51.9**	43.0	8.9

III. REVIEW OF CONSOLIDATED FINANCIAL RESULTS AND EXPLANATION

The revenue and the net profit of the Group for the six months ended June 30, 2021 was RMB17,547.0 million and RMB760.6 million respectively.

1. On November 13, 2017, Yangzhou CIMC Tonghua Special Vehicles Co., Ltd. (揚州中集通華專用車有限公司) ("**Yangzhou Tonghua**"), a subsidiary of the Group, entered into a Relocation and Compensation Agreement (the "**Relocation and Compensation Agreement**") with the Demolition Management Office of Yangzhou Economic and Technical Development Zone (揚州經濟技術開發區拆遷安置管理辦公室) (the "**Demolition Management Office**"). According to the Relocation and Compensation Agreement, Yangzhou Tonghua will relocate in phases, and the Demolition Management Office will compensate Yangzhou Tonghua in the form of cash for this relocation project with a total of RMB 800.0 million. As of June 30, 2021, Yangzhou Tonghua has all completed the relocation. The Group has recorded other income of RMB219.6 million during the Reporting Period (six months ended June 30, 2020: RMB177.0 million).

2. During the Reporting Period , the Company had no dividends paid to Shareholders.

CHAPTER II FINANCIAL POSITION AND ANALYSIS

I. Financial Position for the First Half of 2020

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

	As of June 30, 2021 *RMB in millions*	As of December 31, 2020 *RMB in millions*
Total assets	**22,463.5**	19,825.2
Net assets	**11,127.4**	10,448.7

As of June 30, 2021, the Group's total assets increase mainly due to: (1) increase of inventory, trade and bills receivable and cash and bank balance totalling to RMB2,050.3 million from daily operation; and (2) increase of net book value of RMB393.2 million as of June 30, 2021 for property, plant and equipment from consistent investment to the main factories.

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

	Six months ended June 30, 2021 *RMB in millions*	Six months ended June 30, 2020 *RMB in millions*
Changes in cash and cash equivalents[1]	**-294.2**	681.3

[1] Equal to the amount of cash and cash equivalents at the end of the period less the amount of cash and cash equivalents at the beginning of the period.

The cash inflows from operating activities for the six months ended June 30, 2021 was RMB282.3 million (corresponding period of 2020: RMB 1,075.3 million).

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

For the six months ended June 30, 2021, the net profit of Group was RMB760.6 million (corresponding period of 2020: RMB696.6 million).

	Six months ended June 30, 2021	Six months ended June 30, 2020
Return on equity (ROE)[1]	**7.1**	6.9

For the six months ended June 30, 2021, the Group's ROE increases slightly due to the net profit of the Group increased by RMB64.0 million compared to the corresponding period of the last year.

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

II. Investment in Core Assets to Promote the Upgrading of Production Lines in the First Half of 2021

In the first half of 2021, the Group has continued to promote the construction of the semi-trailer "Light Tower" Plant in the world and the van trailer "Light Tower" Plant in the PRC and the establishment of a comprehensive "sophisticated manufacturing system", and the related investment amounted to RMB326.4 million during the Reporting Period.

The core projects of the investment in the first half of 2021 were:

1. Semi-trailer "Light Tower" Plant: RMB240.0 million

   – Semi-trailer "Light Tower" Plant in Yangzhou, Jiangsu Province

   – Semi-trailer "Light Tower" Plant in Rayong, Thailand

   – Tank trailer "Light Tower" Plant in Wuhu, Anhui Province

2. Van trailer "Light Tower" Plant: RMB86.4 million

   – Van trailer "Light Tower" Plant in Jiangmen, Guangdong Province

III. Significant Investment 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.

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

During the Reporting Period, the Company did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

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

Save as disclosed in "Use of Proceeds from the Global Offering and the A Share Offering in the First Half of 2021" in this announcement, "Proposal on Investment Plans for 2021" and the "Use of Proceeds from A Share Offering" as set out in the Company's circular dated April 26, 2021, there was no plan approved by the Board for other future material investments or purchases of capital assets in the future as of the date of this announcement.

VI. Use of Proceeds from the Global Offering and the A Share Offering in the First Half of 2021

Since July 11, 2019 (the "**H-Share Listing Date**"), the H Shares of the Company have been listed and traded on the Main Board of the Hong Kong Stock Exchange. The Company has issued a total of 265,000,000 H Shares in the Global Offering. After deducting the underwriting fees and expenses on the Global Offering, the net proceeds from the Global Offering is approximately HK$1,591.3 million. The nominal value of the H Shares of the Company is RMB1.00 per H Share.

On December 5, 2019, March 25, 2020, October 12, 2020, and November 20, 2020, the Company announced the changes in the use of the net proceeds from the Global Offering. On August 25, 2021, the Company intended to further change the use of proceeds from the Global Offering, subject to the approval at the general meeting. For relevant information, please refer to the Company's related announcements released on the same dates respectively.

The use of the net proceeds from the Global Offering and its utilization as of June 30, 2021, which are intended to be utilized in the next five years from the H-Share Listing Date, are as follows:

Intended Use of Net Proceeds	Original Intended Amount *(HK$ in millions)*	Utilized Amount as of June 30, 2021 *(HK$ in millions)*	Utilized Amount during the Reporting Period *(HK$ in millions)*	Unutilized Amount as of June 30, 2021 *(HK$ in millions)*
Develop new manufacturing or assembly plants and upgrade the marketing model	**1,102.70**	**630.08**	**305.05**	**472.62**
– Develop a new automated production facility for chassis trailers in the coastline regions along the eastern or southern US	39.20	38.83	10.25	0.37
– Develop a new assembly plant for high-end refrigerated trailers in the UK or Poland	38.50	14.30	1.61	24.20
– Develop a new automated production facility for refrigerated trailers in Monon, the US	165.40	159.38	4.99	6.02
– Develop a new assembly plant for swap bodies and chassis and flatbed trailers in the Netherlands	105.30	78.27	7.46	27.03
– Develop a new assembly plant for refrigerated trailers in Canada	39.00	15.99	4.49	23.01
– Develop a new manufacturing plant in Jiangmen	87.00	65.58	63.99	21.42
– Upgrade the marketing model in China *(Note)*	99.60	–	–	99.60
– Technical reform and informatization construction for Xi'an plant in China	32.90	–	–	32.90
– Develop a new manufacturing plant in Baoji City, China	70.00	–	–	70.00
– Build a vehicle park in Kunming, China	78.40	48.03	2.56	30.37
– Expand the manufacturing plant for semi-trailers in Dongguan, China	118.40	63.11	63.11	55.29
– Expand the manufacturing plant for dry truck bodies and refrigerated truck bodies in Zhenjiang, China	35.50	9.94	9.94	25.56
– Expand the manufacturing and assembly plant for chassis trailers in Rayong, Thailand	193.50	136.65	136.65	56.85
Research and develop new products	**157.50**	**55.13**	**44.16**	**102.37**
– Invest in industrial funds *(Note)*	84.10	34.43	34.43	49.67
– Develop high-end refrigerated trailers	26.30	14.87	9.73	11.43
– Develop other smart trailers *(Note)*	15.70	–	–	15.70
– Invest in product standardization, unit weight reduction and modularization in our Europe and US plants *(Note)*	15.70	–	–	15.70
– Develop other trailer products *(Note)*	15.70	5.83	–	9.87
Repay the principal amount and interests of bank borrowings	**157.50**	**153.77**	**–**	**3.73**
Working capital and general corporate purposes	**173.60**	**151.45**	**–**	**22.15**
Total	**1,591.30**	**990.43**	**349.21**	**600.87**

Note: The Board recommended further changes in the use of proceeds from the Global Offering, subject to the approval at the general meeting. For relevant information, please refer to the announcement published on August 25, 2021.

Since July 8, 2021 (the "**A-Share Listing Date**"), the Company's A Shares have been listed and traded on the ChiNext Market of the Shenzhen Stock Exchange. The Offer Price of A Shares was determined at RMB6.96 per share, and a total of 252,600,000 A Shares were issued. After deducting the tax exclusive expenses of RMB174.3 million for the issuance of A Shares, the net proceeds from the A Share Offering is approximately RMB1,583.8 million, the net price per A Share is approximately RMB6.27, and the nominal value of A Shares is RMB1.00 per share. The proceeds from A Share Offering will be mainly used for digital transformation and R&D projects, upgrading and construction of new "Light Tower" Plant projects, new marketing and construction projects, repayment of bank loans and to supplement working capital. Further details regarding the proceeds from A Share Offering and its proposed use, please refer to the announcement of the Company dated August 3, 2021.

VII. Liquidity and Financial Resources

As of June 30, 2021, the Group had cash and cash equivalents of RMB3,975.20 million (December 31, 2020: RMB4,269.38 million). As of June 30, 2021, the Group had borrowings of RMB1,183.97 million (December 31, 2020: RMB1,225.46 million).

	As of June 30, 2021 ***RMB in millions***	As of December 31, 2020 *RMB in millions*
Long-term borrowings		
– Bank borrowings	**284.70**	300.00
– Bank borrowings, guaranteed	**77.56**	94.84
	362.26	394.84
Short-term borrowings		
– Bank borrowings	**575.43**	565.96
– Bank borrowings, guaranteed	**245.62**	264.33
– Loans from third parties, unguaranteed	**0.66**	0.33
	821.71	830.62
Total borrowings	**1,183.97**	1,225.46

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

	As of June 30, 2021 *RMB in millions*	As of December 31, 2020 *RMB in millions*
Within one year	**821.71**	830.62
One to two years	**50.91**	0.00
Two to five years	**311.35**	394.84
Total	**1,183.97**	1,225.46

For the six months ended June 30, 2021, the Group's major cash inflow items include: net cash inflow generated from operating activities of RMB282.32 million (six months ended June 30, 2020: RMB1,075.3 million).

There is no seasonal variation in the Group's borrowing needs. As of June 30, 2021, the weighted average interest rate for short-term borrowings was 2.51% (December 31, 2020: 3.14%) per annum. The weighted average interest rate for long-term borrowings was 3.25% (December 31, 2020: 3.49%) per annum. Borrowings at fixed interest rates were approximately RMB282.52 million (December 31, 2020: RMB260.70 million). It is expected that the Group's short-term borrowings will be repaid by its own funds, bank credit facilities or proceeds from the A Share Offering. 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 of June 30, 2021, the Group had current assets of RMB15,168.26 million (December 31, 2020: RMB12,965.53 million), and current liabilities of RMB10,588.06 million (December 31, 2020: RMB8,608.90 million). As of June 30, 2021, the Group's current ratio was approximately 1.4 times (December 31, 2020: 1.5 times). The current ratio equals to total current assets divided by total current liabilities. The current ratio decreased slightly from that as of December 31, 2020.

VIII. Capital Structure

During the Reporting Period, the Group had been adopting a prudent financial management policy and handling capital expenditures with caution. After the Reporting Period, the Group will continue to monitor its liquidity and financial resources, and manage them to maintain a good gearing ratio. As of June 30, 2021, the Group's gearing ratio (equal to total borrowings divided by total equity multiplied by 100%) was 10.6% (December 31, 2020: 11.7%). The decrease in gearing ratio was mainly due to the decrease of the Group's borrowings during the Reporting Period.

As of June 30, 2021, the Group's cash and cash equivalents were mainly denominated in Renminbi, Hong Kong dollar and US dollar, and borrowings were also mainly denominated in Renminbi, Great Britain Pound and US dollar. The Group was exposed to foreign exchange risk primarily through sales and purchases, capital expenditures and other expenses that are denominated in a currency other than the functional currency of the relevant subsidiaries. The Group's foreign exchange exposure mainly arises from the conversion of Renminbi against US dollar, Great Britain Pound, Hong Kong dollar and Euro. The Group manage our foreign exchange risk by performing regular reviews of net foreign exchange exposure and minimize these exposures through entering into foreign exchange forward and swap contracts. The effective period of the Group's hedging activities must not exceed 12 months or the term of the relevant borrowings. The management of the Group continues to monitor the market environment and its own foreign exchange risk profile, and considers appropriate hedging measures when necessary. As of June 30, 2021, the foreign exchange forward contracts held by the Group included outstanding US dollar to Renminbi forward contracts with a notional amount of US$51.00 million, outstanding Hong Kong dollar to Renminbi forward contracts with a notional amount of HK$55.00 million and outstanding Thai baht to US dollar forward contracts with a notional amount of US$0.16 million.

IX. Capital Commitments

As of June 30, 2021, the Group's capital commitments were approximately RMB296.3 million (December 31, 2020: approximately RMB210.6 million), representing an increase of 40.7%, mainly because the Group has new purchase contracts entered into but not performed or performed partially of RMB214.61 million in total. The Group has funded and will continue to fund a substantial portion of our capital commitments from operating cash flow and the proceeds from the Public Offering, and may utilize borrowings to provide required funds if a financing gap still exists. In the first half of 2021, our outstanding capital commitments were mainly attributable to the upgrading of factories and equipment.

X. Pledge of the Group's Assets

As of June 30, 2021, except for the pledge for certain bank deposits as disclosed in "Financial guarantees", the Group had the carrying amount of RMB1.32 million of fixed assets pledged for the guarantees for property preservation in civil procedure (December 31, 2020: RMB0.4 million).

XI. 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 of June 30, 2021, the outstanding balance of the above guarantees provided by the Group to dealers and customers totalled RMB2,883.1 million (December 31, 2020: RMB2,288.3 million), and the bank deposits pledged for these guarantees were RMB197.6 million (December 31, 2020: RMB169.6 million).

(2) Outstanding performance bond and letter of credit

As of June 30, 2021, the Group had outstanding performance bond and letter of credit of a total of RMB11.7 million (December 31, 2020: RMB9.5 million).

XII. 2021 Interim Special Dividend

The Board recommended to distribute 2021 interim special dividend ("**2021 Interim Special Dividend**") of RMB0.3 per ordinary share (tax inclusive), which will be expected to be paid in cash on or before Friday, November 26, 2021, but shall be subject to the approval from Shareholders at the 2021 first extraordinary general meeting of the Company (the "**2021 First Extraordinary General Meeting**"). In respect of the payment of the 2021 Interim Special Dividend, A Share Shareholders and Southbound Shareholders will be paid in Renminbi and H Shareholders will be paid in Hong Kong dollar. The exchange rate will be determined based on the middle exchange rate of Renminbi to Hong Kong dollars published by the People's Bank of China on the first business day immediately following the date of the 2021 First Extraordinary General Meeting.

XIII. General Meeting and the Closure date of Register of Members

The Company will convene the 2021 First Extraordinary General Meeting on Wednesday, September 29, 2021. To ascertain the entitlement to attend and vote at the 2021 First Extraordinary General Meeting, the register of members of H Shares of the Company will be closed from Thursday, September 9, 2021 to Wednesday, September 29, 2021 (both days inclusive), during which no transfer of H Shares will be registered. In order to establish the identity of the H Shareholders who are entitled to attend and vote at the 2021 First Extraordinary General Meeting, all H Share transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, September 8, 2021. The notice and relevant circular containing, among other things, the specific time and place of the 2021 First Extraordinary General Meeting, will be despatched by the Company to the H Shareholders in due course.

XIV. The Progress in A Share Offering

On May 6, 2020, the Board considered the proposal on the A Share Offering. On May 15, 2020, the Board resolved to approve relevant proposals on the A Share Offering, and officially prepared and submitted relevant application materials for the A Share Offering to the Shenzhen Stock Exchange. The relevant proposals in relation to the A Share Offering were considered and approved at the 2019 annual general meeting, the first domestic shareholders' class meeting of 2020 and the first H shareholders' class meeting of 2020 convened on June 22, 2020 by the Company. On July 31, 2020, the Company received a notice of acceptance issued by the Shenzhen Stock Exchange to the Company. On December 25, 2020, the application of the Company for the A Share Offering was reviewed and approved at the 60th review meeting of the Listing Committee for the ChiNext Market of the Shenzhen Stock Exchange in 2020, and was published on the website for disclosure of information on the approval for offering and listing on the ChiNext Market of the Shenzhen Stock Exchange. On May 19, 2021, the Company received the approval for registration in relation to the A Share Offering from China Securities Regulatory Commission (Zheng Jian Xu Ke No. [2021] 1719). On July 6, 2021, the Company received the Shen Zheng Shang No. [2021] 666 from the Shenzhen Stock Exchange to approve the listing of RMB ordinary shares issued by the Group on the ChiNext Market of the Shenzhen Stock Exchange. The stock abbreviation is "CIMC Vehicles" and the stock code is "301039". The shares have been listed on the ChiNext Market of the Shenzhen Stock Exchange since July 8, 2021.

CHAPTER III BUSINESS PROSPECTS AND STRATEGY

I. Changes in Macro environment and Industrial Landscape in the Second Half of 2021

Looking forward to the "14th Five-Year Plan" period, China is building a complete domestic demand system to gradually establish a "dual circulation" development pattern in which domestic economic cycle plays a leading role while international economic cycle remains its extension and supplement. In the domestic economic cycle, the certainties in the development of China's semi-trailer business further increased. As new national standards come into force, the five major types of semi-trailers in China are undergoing a comprehensive transformation, with obvious opportunities for upgrading.

In the international economic cycle, the North America market has seen a surge in demand in the post-pandemic era. Under the strong financial stimulus of the United States, the demand in the North America semi-trailer market is expected to increase further. With the acceleration of the Group's localization in the North America factories, the "Light Tower" Plants provide significant opportunities to increase efficiency and reduce costs, and the Group may achieve challenging growth.

The Europe semi-trailer market demand has further recovered, and the Europe semi-trailer market shows a trend of industry restructuring. After the COVID-19 pandemic is under controlled, the uncertainty of market demand will further decrease, and the certainty of the development of the Europe semi-trailer market will gradually improve.

In the overseas semi-trailer market, with the fluctuation of raw materials and the increase in ocean freight rates, new challenges are presented to the supply chain and manufacturing capacity of overseas manufacturing industries. The Group is expected to further leverage its core competitive advantages through logistics management capabilities in intercontinental operations, crossover design, global supply chains and global distribution.

The future development of China's specialty vehicles will gradually narrow the technological gap with advanced Europe and America markets in terms of structural design, application of materials, and manufacturing processes of truck bodies for specialty vehicles. Meanwhile, thanks to the strong market demand and production scale in China, the production efficiency of China's specialty vehicles has gradually surpassed its Europe and America counterparts. With the vertical deepening in the development of intelligent interconnection applications, the entire industry is developing vigorously and works hard to overtaking safely through corners.

With the rapid evolution of urban freight vehicles and refrigerated vehicles to become more compliant, lightweight, and intelligent, the development of light trucks, especially the distribution of food, medicine, and fresh food, has entered the fast lane, the prelude to comprehensive van transportation has been opened, and the demand for compliant truck bodies has entered a period of rapid growth.

Looking ahead, the Group will continue to implement the development plan of "building a Sophisticated Manufacturing System to cope with major changes", and will further deepen the Sophisticated Manufacturing System, and hit new height in "Intercontinental Operation".

II. Future Developments and Challenges

1. Global semi-trailer business

In the next three to five years, China's semi-trailer industry will enter a period of major changes. The new national standards will promote the comprehensive transformation of core models of semi-trailers in the China market. In the meantime, various types of semi-trailers and tractors will realize intelligent connection, especially, the development of intelligently connected cargo space is on the rise, which provides opportunities for overtaking through corners for the upgrade of the China semi-trailer industry. The Group is committed to becoming a driving force for the development of the semi-trailer industry in China during the industry transformation and achieving quality growth in the semi-trailer business in China.

The Group actively cooperates with upstream and downstream companies and develops jointly to provide integrated tractor-trailer solutions, intelligent connection solutions for cargo space, financial support, and comprehensive service solutions. The Group will further increase its domestic semi-trailer market share, gross profit margin to achieve its development goal of gross profit growth, promote the further expansion of its semi-trailer business in China and enhance its leading position.

Capitalized on the high-efficiency production capacity of its semi-trailer "Light Tower" Plants in China, the Group will further expand its leading edge in the market segments including container chassis trucks, van trailers for e-commerce distribution, and refrigerated trailers, and gain a favorable competitive landscape in such domestic segments. Through integration of internal tank trailer brands and marketing network, the Group will achieve a breakthrough in the hazardous chemical stainless steel tanker market in the next three years, and the comprehensive market share of its brands such as SCVC SAILING, Tonghua, Huajun, Dongyue, CIMC RJST Tank Trailer (瑞江罐車), and Lingyu, will further increase accordingly.

In the Europe market, the Group will promote the "Light Tower" Plants to empower the Europe semi-trailer business, continue to implement Sophisticated Manufacturing System, optimize the production line layout of the Europe semi-trailer business, and achieve steady sales and gross profit growth in the Europe market.

In the North America market, the Group will seize the surging market demands in North America, gradually restore the supply capacity of products in the North America market by optimizing the layout of the global supply chain, and enhance risk resistance and supply capabilities of local chemical plants in North America, and commit itself to creating greater value for local customers.

2. Truck bodies for specialty vehicles business in China

In terms of truck bodies for specialty vehicles business in China, the Group will expand the breadth and depth of joint development with tractor manufacturers, including annual intelligent connected model design, joint R&D and marketing, and product life cycle management.

China's tractor manufacturers are moving fast in terms of new energy chassis and intelligent connected driving, and the Group has the opportunity to achieve breakthroughs in these two aspects. As a truck body manufacturer, the joint development between the Group and tractor manufacturers will expand the industry's leading advantages on new energy, intelligent connected concrete mixers and urban dump trucks made in China.

3. Truck bodies for refrigerated trucks business in China

In the field of van truck bodies, the Group established a strategic truck body business division, build a joint development platform with leading light truck manufacturers to conduct joint design, cross-marketing and multi-level financial coverage to provide users with a complete purchase experience and product life cycle management. Through the launch of the "BT" brand, modular product design, and intelligent sophisticated manufacturing, the truck body products under "BT" brand have become the leader in the development of the cold chain and urban distribution logistics industry.

In the past, relying on global customer resources, multi-brand advantages, and the competitive advantages of a management team with international perspectives, the Group realized the exploration and development of global business. In the future, the Group will rely on crossover design, intercontinental manufacturing, and optimization of global supply chain to gain the core competitive advantages of the seven categories in the North America and Europe markets, and further expand its global leading position.

III. Key Initiatives to Improve Long-Term Competitiveness

The Group began to build "Light Tower" Plants and made continuous efforts to explore the approach and methods of "Sophisticated Manufacturing" since 2014. Based on the best practices of core subsidiaries of the Group and the characteristics of Industry 4.0, the Group has defined the Sophisticated Manufacturing System for semi-trailers with four cornerstones, namely upgrading the "product module", improving "Light Tower" Plants, kicking off the sales and marketing transformation and promoting the organizational development. As such, the Group can provide high-quality, innovative and market-leading products relying on its advantages in technology, manufacturing, research and development, and brand.

Upon fully discussing the development path of the industry under the current situation, the Group has put forward a development plan of "building a Sophisticated Manufacturing System to cope with major changes" and formulated a work plan for comprehensively building a Sophisticated Manufacturing System for CIMC Vehicles. In the past few years, the Group has primarily established a "Light Tower" Plants system which met sophisticated manufacturing standards of the industry, and has built main product modules.

These measures have greatly enhanced the long-term competitiveness and resilience of the Group. The Group has successfully captured new development opportunities, new momentum and new engines, and opened up a good prospect for the Group to achieve the goal of Made in China 2025.

Based on such factors, under the current industry transformation, CIMC Vehicles implements the core measures of the "Four Cornerstones of Sophisticated Manufacturing System" and actively carries out digital transformation and upgrading. The Group has formulated further upgrade measures in terms of upgrading the "product module", improving "Light Tower" Plants, kicking off the sales and marketing transformation and promoting the organizational development, to fully implement the Sophisticated Manufacturing System strategy and achieve CIMC Vehicles' hitting new high under the dual circulation of domestic and foreign markets.

1. Four cornerstones for deepening Sophisticated Manufacturing System

1) Building professional "product modules"

Currently, the Group has built a number of specialized modules for the main products. Through DE-X and DE-Y divisions, which work closely with the ME division and DE teams of each manufacturing department through sharing resource and joint advancement, it will sort out the Level 1 module; define the Level 2 and Level 3 modules; optimize the Level 2 and Level 3 modules by surrounding the five dimensions of "light weight, pretty appearance, high cost-performance ratio, long service life and easy maintenance"; carry out digital modeling design of the optimized Level 2 and Level 3 modules; build the Product Configurator; use product life cycle management system to manage the process and sub-level product modules.

Semi-trailer is an important vehicle for logistics transportation, and the travelling mechanism is the most important part of the trailer. The reliability, light weight and intelligence of the travelling mechanism will directly affect the efficiency of logistics transportation.

The Group established the "Pentium and Lightning" (奔騰與閃電) project, and will devote itself to creating a one-stop intelligent butler for travelling mechanism system of logistics and transportation equipment from the four major directions of light weight, intelligence, high efficiency and professionalization. In terms of technology, we will use leading technology to create an intelligent travelling mechanism system and lead the future industry development. In terms of service, the customer-centric brand concept escorts trailer travel. The products of the project will adopt modular structure design, use NX 3D modeling tool software to model and fill in attributes, use PLM product life cycle management system for attribute and classification library information management, modular product dictionary, configurator definition and modular product selection.

The Group will continue to increase investment in technology and R&D fields for building professional "product modules". According to the latest industry development trends, catering to the needs of downstream customers, the Group continues to carry out technology R&D in cutting-edge fields, and has a presence in light weight, professionalization and intelligence and new energy fields.

2) Building intelligent "Light Tower" Plants

At present, the Group has established globally 13 "Light Tower" Plants for the production of semi-trailer, 6 "Light Tower" Plants for the production of truck bodies of specialty vehicles, and 2 "Light Tower" Plants for the production of truck bodies for refrigerated trucks. "Light Tower" Plants showcase the Group's green concept of "saving energy and reducing pollution" from the design concept to the manufacturing process, with an aim to continuously implement intelligent construction and the PRC government's work strategy of "hitting peak emissions and achieving carbon neutrality" and take lead in the green development of the semi-trailer and specialty vehicle industry.

Based on advantages of the "Light Tower" Plants, good product quality, high material utilization, high production efficiency, and no worries about environmental protection, the Group has further improved the comprehensive technology and management efficiency of "Light Tower" Plants, and accelerated automation and intelligence.

During the construction of the intelligent "Light Tower" Plants, the Group has integrated industrial interconnection information and mobile interconnection information into the production scheduling and management system, thereby realizing the digitalization, visualization, and leanness of the entire value chain of manufacturing operations, to effectively respond to the requirements of mass-customized manufacturing.

In addition, riding on the current tide of joint development among world economies, the Group actively explores new manufacturing and cooperation models, and quickly transforms strategic cooperation into practice. The Group and tractor manufacturers have built an intelligent "Light Tower" Plants under the "Joint Development" strategy, which maximizes the combination of the Group's global sophisticated manufacturing technology, intercontinental operation and management advantages, and tractor manufacturers' brand strength and channel system, to promote modification and production of specialty vehicles in China to move towards sophisticated manufacturing.

The Group has seized opportunities in the development of e-commerce, cold chain and other industries, expanded the production line of cooperative products, and realized breakthroughs in many cutting-edge projects in the industry, such as joint development and production projects for refrigerated trucks, "BT" branded truck bodies, and tractor-trailers.

The Group has innovated the production technology of the intelligent "Light Tower" Plants for truck bodies for refrigerated trucks. At present, it has dual-mold foaming technology with independent intellectual property rights, which is different from traditional dry and wet bonding, and open and closed foaming, and realizes the combination of open and closed processes in one machine, thus reducing equipment investment costs and improving production efficiency. Through high-precision skin molding, dual-mold foaming technology, and high-efficiency truck body assembly at the back end, the Group has made another revolutionary breakthrough in the production of refrigerated trucks.

The Group continues to improve domestic and foreign intelligent "Light Tower" Plants and has completed the construction of the assembly plant for refrigerated trailers in Sarnia, Ontario, Canada, and the automated production facility for refrigerated trailers in Monon, Indiana, USA as planned. At the same time, the Group will build an automated production facility for container chassis trailers in Emporia, Virginia, and South Gate, California, a new assembly plants for high-end refrigerated trailers in the UK or Poland, and a new assembly plants for refrigerated trailers in the Netherlands, build a van trailer manufacturing plant and upgrade the coating technology production line in Jiangmen, Guangdong Province, China, upgrade and transform the intelligent refrigerated distribution vehicle production line in Jinan, Shandong Province, China, upgrade the digital semi-trailer production line in Yangzhou, Jiangsu Province, China and build a truck body production line for intelligent mixer trucks in Wuhu City, Zhejiang Province.

With the comprehensive layout and construction of the "Light Tower" Plants at home and abroad, the Group will continue to enrich its product portfolio, optimize the layout of production capacity, capacity utilization and production efficiency, and improve overall production capacity and order delivery capabilities.

3) *Kicking off the sales and marketing transformation*

The Group has set up a new retail team, based on which, formulated plans and goals. By promoting the development of new retail, the Group has achieved significant results especially in the acquisition of major customers. Through the release of the new brands of "Pioneer Series", "CIMC Light Tower" and "TB" under the "Sophisticated Manufacturing System" and holding new retail events such as new retail launch conferences and strategic cooperation signing ceremony, it has enhanced brand marketing and word-of-mouth construction.

In addition, the Group utilizes the Product Configurator to promote the creation of annual product models and has formed a cooperative workflow and methods of new retail, upgrading "product modules", and improving the "Light Tower" Plants with operation in the lead. Based on Salesforce, the CRM platform has realized the connection among sales staff's computer, mobile phone, and customer's mobile phone, providing technical means for online and offline integrated sales.

4) *Promoting the organizational development*

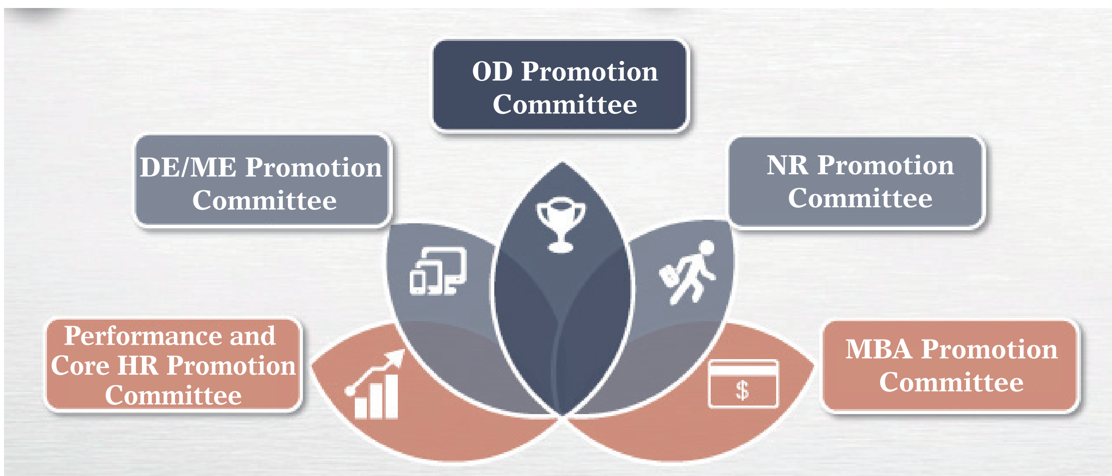
"Promoting the organizational development" is one of the four cornerstones of the Group's Sophisticated Manufacturing System. The goal is to establish teams and departments with high potentials and "terminal to terminal" plants and establish enterprises with pursuit of the customers' satisfaction.

In the process of deepening the Sophisticated Manufacturing System, the Group sorts out and explores its core business processes, defines core positions involved in the core processes, and defines the corporate governance structure through the three major driving forces, i.e., the Promotion Commission, the Efficient Team Organization of Intercontinental Operation, and the Senior Leadership Training Center.

i. *Promotion Commission*

At present, the front-end diamond pyramid structure of the Group has basically taken shape, and various tasks are being actively promoted in accordance with the basic logic and routines of the Sophisticated Manufacturing System. The Promotion Commission will serve as the main decision-making department for each module in the process of building a "Sophisticated Manufacturing System" of the Group, and promote the completion of the development goals of the Group to a higher stage.

The Promotion Commission consists of five subcommissions: **OD[Note 2] Promotion Commission, Performance and Core HR Promotion Commission, DE[Note 3] and ME[Note 4] Promotion Commission, NR[Note 5] Promotion Commission*, MBA[Note 6] Promotion Commission**.



OD Promotion Commission: As the highest decision-making organization for the implementation of the "Sophisticated Manufacturing System" of CIMC Vehicles, through the two-wheel drive that combines the two missions of promoting the establishment of organizations and teams related to the Sophisticated Manufacturing System and promoting the cleanup of the organizations and teams that have completed their historical missions, it promotes the implementation of the system from the top-level structure and empowers the development of the organization.

Performance and Core HR Promotion Commission: It actively builds a performance appraisal system supporting the two major systems of "Sophisticated Manufacturing System" and "management of new infrastructure" to help the implementation of these tasks; meanwhile, the Group's core human resources system is established to form a full-career management process for core human resources; in the face of transformation and change, it is more urgent to complete the management of the core talent pool and the establishment of the reserve talent pool.

Note 2: OD refers to Organizational Development.

Note 3: DE refers to Design Engineering. As the Group is committed to promoting digital design models, DE here also refers to design using digital design models as a means.

Note 4: ME refers to Manufacturing Engineering.

Note 5: NR refers to New Retail.

Note 6: MBA refers to capital, budget, finance and accounting.

DE and ME Promotion Commission: It is responsible for the establishment or cancellation of the headquarters technical team, the appointment and dismissal and evaluation of core technical personnel; promote the establishment of the headquarters technical team work mechanism and capacity development; is responsible for the promotion of the annual model DE and ME work and the implementation of DE and ME in the enterprises with two-fist and two-foot plan (雙拳雙腳計劃); organizes special training camps for DE and ME to cultivate DE and ME talents for the development of the Group's core enterprises.

NR Promotion Commission: It is committed to becoming a professional incubator and think tank for the new retail planning and construction of the Group's Sophisticated Manufacturing System: promoting the establishment of a new retail system for two-fist and two-foot enterprises, and providing planning guidelines, templates and cases for companies; providing professional opinions on new retail planning and construction plans, and providing professional endorsements for each board of directors; promoting the realization of milestones in the new retail planning and construction of various enterprises, review of phased results and solving problems.

MBA Promotion Commission: It gives full play to the functions and roles of the back end to provide a basic guarantee for the implementation of the Sophisticated Manufacturing System. It cooperates in the implementation of the Sophisticated Manufacturing System, creates a management of "new infrastructure", and provides basic security and resource protection for the development of the Group. It promotes the full application of "Budget 2021", "Cash 2021", "Report 2021" and accounting manuals in the CIMC Vehicles to create a new type of organization that meets the requirements of the Sophisticated Manufacturing System.

ii. Efficient Team Organization of Intercontinental Operation

Under the framework of the general map of the Group's intercontinental operation strategy, "Intercontinental Operation, Local Manufacturing" will define the organization's future value and operating model, and plan the development direction of the organization starting from the end, to finally realize the long-term goal of breaking business silos, linkage of production and sales, information sharing, and professional support, forming an all-round management from strategy, operation to coordinated development, and empowering the Group's diversified business management scenarios.

Under the intercontinental operation model, the Group has established high-efficiency teams such as the Pioneer Operation Strategy Division, TB Strategy Division, and North America Eagle, achieved further breakthroughs in domestic market segments and competition advantages in the seven major categories in the North America and Europe markets, which will further enhance the Group's global leading position.

Pioneer Operation Strategy Division: It promotes the core companies of the Group to use Salesforce as a sales assessment target, strengthens the EC-side construction of the core companies of the Group, and the EC-side coverage of star products; connects CRM (customer relationship management) and ERP (enterprise management system) to improve the efficiency of order management and the quality of customer order service; organizes regular new retail activities and releases of promotional materials.

TB Strategy Division: It integrates the truck body divisions of Zhenjiang, Jiangmen and Shandong plants into the TB Strategy Division of the Company and forms a roadmap to respond to the Company's organizational changes and future development.

It achieves strategic breakthroughs in the truck body business from sales planning, procurement integration, product finalization, financial planning, and core human resources, through Sophisticated Manufacturing System, it provides customers with a full range of dry and refrigerated truck body products including light truck bodies, medium and heavy truck bodies, and swap truck bodies.

North America Eagle Team: To respond to the changes in North America business, improve the efficiency of North America market organization, and clarify the future development direction, the North America Eagle Team actively implements North America business development measures, empowers subsidiaries and coordinates cross-enterprise resources.

Through the establishment of the North America Eagle Team for digital intercontinental operation, CIMC Vehicles further explores the direction and method of digital transformation of its organizations to promote the realization of the core strategy of shifting the logic of competition among the various organizations of the Group to the logic of symbiosis.

The North America Eagle Team is also the core of the competitiveness of the Group's North America business and is an organizational form under digital transformation and upgrade. It will fully support and coordinate overseas factories to establish and improve the whole process of production and operation of North America's main products, including virtual work platform construction, data storage platform definition, data sharing platform definition, digital processing tool development, definition of enterprises' DE, ME, EPS collaborative process, global shipping platform, and software definition.

iii. *Senior Leadership Training Center*

The Group's Senior Leadership Training Center will provide training opportunities for self-improvement, sophisticated manufacturing, and holistic perspectives for personnel in leadership positions and core business positions at the headquarters and core companies. Through the in-depth training of senior leadership, a deep understanding of the Group's Sophisticated Manufacturing System and strategic planning for managing "new infrastructure", obtaining high-end leadership capabilities with a "governance structure" level, and becoming a promoter of the Group's Sophisticated Manufacturing System and the core member of strategic development projects and even the industry leader.

2. Digital transformation and upgrade

The Group has vertically deepened the requirements for digital transformation and change from the manufacturing to business, sales, R&D, and purchase to achieve business digitization and use business big data to drive business intelligence.

Through the construction of digital work management platform, digital supply chain center, digital simulation technology and other innovative methods, we carry out a comprehensive upgrade, covering digital upgrade projects for semi-trailer core module, specialty vehicles top-mounted core module, and the new generation of intelligent refrigerated truck body module, the Group's semi-trailer experiment center construction project and global digital operation center project, etc.

1) Digital Work Platform

From the IaaS[Note 7] layer to the PaaS[Note 8] layer, to the SaaS[Note 9] layer, the digital work platform of the Group is built at the bottom, and the digital work platform of the headquarters is fully stored and completely open for access.

The digital work platform aims to complete the comprehensive cloudification of the four core business processes of operations, including integrated product development, market management, sales management, and integrated supply chain, and build a strong foundation for the digital extension of after-sales service business process of subordinate companies.

At the IaaS layer, multiple hybrid cloud deployments are implemented; at the PaaS layer, six business platforms and one data middle ground are built; at the SaaS layer, the APP design in the four areas of product certification, project management, knowledge management, and digital twins is completed.

Among them, the six business platforms refer to focusing on 6 business domains of value chain DE (Design Engineering), NR, supply chain, finance, ME (Manufacturing Engineering), industrial interconnection through PLM (Product Life-cycle Management), CRM (Customer Relationship Management), SRM (Supplier Relationship Management), ERP (Enterprise Resource Management), MES (Manufacturing Execution Management), IOT (Internet of Things) management platforms;

Among them, one data middle ground refers to focusing on data lakes, flexible search, and robotic process automation by leveraging on big data analysis capabilities.

Note 7: IaaS: Services provided by infrastructure-as-a-service to consumers are the utilization of all computing infrastructures, including processing CPU, memory, storage, network and other basic computing resources where users can deploy and run any software, including operating systems and applications.

Note 8: PaaS: Services provided by platform-as-a-service to consumers are the deployment of the applications developed or acquired by customers using development languages and tools (such as Java, Python and.Net) provided, to the cloud computing infrastructure of suppliers.

Note 9: SaaS: Services provided by software-as-a-service to customers are applications run by operators on cloud computing infrastructure, to which users have access through client interfaces on various devices, such as browsers.

2) Digital supply chain center

Through continuous exploration and development for years, the Group has formed an operation model based on "Intercontinental Operation, Local Manufacturing" in line with current global conditions. The Group has established a stable supply chain system by capitalizing on the cooperative relationships with well-known global component manufacturers at home and abroad and reduced the procurement cost of parts and components by relying on the bargaining capacities of centralized procurement, which is also the operating and technical advantages of the Group's procurement platform since it entered the semi-trailer industry in 2002.

The COVID-19 pandemic poses new challenges to the operation of the global supply chain. Amid major industry changes, the Group continues to explore an efficient model of centralized procurement around the concept of "Focus and Innovation" and builds a digital supply chain center to create ways and methods for sophisticated manufacturing and supply chain system and is committed to building digital business processes and platforms and establishing a technical supply chain team.

The Group's digital supply chain center will focus on the management and development of the digital semi-trailer supply chain, the lead of the supply chain; it will build and deploy an EPS electronic procurement platform; it will reserve other product supply chain capabilities. In this way, at the enterprise level, the digital supply chain center ensures the implementation of Sophisticated Manufacturing Systems by strengthening efficient collaboration with DE, ME, and NR; it accelerates the digitalization of procurement business through technological development to realize the value proposition of the Group in core components.

3) Digital simulation technology

The Group actively develops and utilizes innovative digital simulation technology to analyze the composite force state of each assembly of the semi-trailer in a virtual environment.

A 3D digital model of the product is established, and CAE technology is used to analyze the static and dynamic strength of the product design, to effectively improve product reliability and stability, and reduce the risk of product design. Through digital simulation experiments, the number of actual road tests is greatly reduced, research and development time is saved, product design risks are reduced, and production efficiency is improved.

Big data and AI are used to perform production analysis and automatic decision-making, optimize production scheduling, etc., to reduce production management costs.

Intelligent factory simulation software is used to perform production line modeling and simulation, in-factory logistics planning and production scheduling.

Robot offline programming is used for virtual production station operation, debugging program and code, programmable logic controller virtual adjustment, etc.

Hardware-in-the-loop simulation is used, through verifying robot simulation program, virtual debugging and actual calibration of the programmable logic controller, to debug and calibrate a single work island in reality.

EMPLOYEES, REMUNERATION POLICY AND PENSION SCHEME

As at June 30, 2021, the Group had approximately 13,211 full-time employees (excluding labor dispatch workers) (as at June 30, 2020: 12,432). During the Reporting Period, the employee benefits expenses amounted to approximately a total of RMB1,332.5 million (the corresponding period of 2020: RMB973.6 million). The employee remuneration structure of the Group is the monthly basic salary plus monthly or quarterly or annual performance awards. The Group also provides employee benefits to all employees, including pension insurance, medical insurance, work-related injury insurance, unemployment insurance and other national statutory insurances and housing provident fund schemes and other commercial insurance.

The Group arranges regular internal trainings to employees at all levels as needed, such as orientations on corporate culture, policies, products knowledge and basic professional skills for new employees; trainings on leadership, management and strategic planning skills for management employees; and seminars and workshops on selected topics such as project management, costs management, business planning and work safety. Employees may also apply for subsidies to participate in relevant professional trainings offered by recognized institutions.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the Reporting Period.

SHARE CAPITAL

As of June 30, 2021, the Company had 1,765,000,000 Shares in issue with a nominal value of RMB1.00 each, representing a total issued share capital of RMB1,765,000,000, which consisted of 1,201,080,000 Domestic Shares with a nominal value of RMB1.00 each and 563,920,000 H Shares with a nominal value of RMB1.00 each.

As at June 30, 2021, the share capital of the Company was as follows:

Class of Shares	Number of Shares	Approximate percentage of the issued share capital of the Company
Domestic Shares	1,201,080,000	68.05%
H Shares	563,920,000	31.95%
Total	1,765,000,000	100%

On July 8, 2021, the Company completed the A Share Offering, with 1,201,080,000 domestic shares converted into the same number of A shares and the new issuance of a total of 252,600,000 A shares with a par value of RMB1.00 each, which were listed and traded on the ChiNext Market of the Shenzhen Stock Exchange on the same day.

As at the date of this announcement, the share capital of the Company is as follows:

Class of Shares	Number of Shares	Approximate Percentage of the Company's Issued Share Capital
A Shares converted from domestic shares	1,201,080,000	59.53%
A Shares newly issued	252,600,000	12.52%
H Shares	563,920,000	27.95%
Total	2,017,600,000	100%

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

As of June 30, 2021, the interests and/or short positions of the Directors, Supervisors and chief executive of the Company (the "**Chief Executive**") in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they are taken or deemed to have under such provisions of the SFO, or which are required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Nature of interest	Class of Shares	Number of Shares/ underlying Shares held	Long position/ Short position	Approximate percentage of the relevant class of Shares	Approximate percentage of the total issued share capital of the Company
Li Guiping	Interest in controlled corporation(1)	Domestic Shares	120,037,500	Long position	9.99%	6.80%
Wang Yu	Interest in controlled corporation(2)	Domestic Shares	96,877,500	Long position	8.07%	5.49%
Zeng Beihua	Interest in controlled corporation(2)	Domestic Shares	96,877,500	Long position	8.07%	5.49%

Notes:

(1) Mr. Li Guiping is an executive Director of the Company, Chief Executive Officer and President. Mr. Li is the general partner of Shenzhen Longhui and is interested in 47.37% of the shares of Shenzhen Longhui, the general partner of Xiangshan Huajin and therefore he is deemed to be interested in 96,877,500 Domestic Shares held by Xiangshan Huajin. Mr. Li is interested in 80% of the equity interest of Longyuan Investment, the general partner of Shenzhen Longyuan, and therefore Mr. Li is also deemed to be interested in 23,160,000 Domestic Shares held by Shenzhen Longyuan.

(2) Mr. Wang Yu and Ms. Zeng Beihua are non-executive Directors of the Company. Each of Mr. Wang and Ms. Zeng is interested in 26.32% of the shares of Shenzhen Longhui, the general partner of Xiangshan Huajin, and therefore they are also deemed to be interested in 96,877,500 Domestic Shares held by Xiangshan Huajin.

LONG POSITIONS IN THE SHARES/UNDERLYING SHARES OF ASSOCIATED CORPORATIONS

Associated corporation	Class of Shares held in the associated corporation	Name of Director	Capacity	Number of Shares/ underlying Shares held	Approximate percentage of shareholding
CIMC Group	A shares	Mai Boliang	Beneficial owner *(Note 1)*	593,643	0.04% *(Note 2)*
CIMC Enric	Ordinary shares	Mai Boliang	Beneficial owner *(Note 1)*	7,260,000	0.36% *(Note 3)*
		Wang Yu	Beneficial owner *(Note 1)*	400,000	0.02% *(Note 3)*
China Jiangsu Vanguard Trailer Rental Co., Ltd. (江蘇掛車幫租賃有限公司)	Domestic shares	Li Guiping	Interest in controlled corporation *(Note 4)*	10,000,000	5.00%
		Zeng Beihua	Interest in controlled corporation *(Note 4)*	10,000,000	5.00%
Shenzhen SF-Trailernet Technology Co., Ltd. (深圳市星火車聯科技有限公司)	Domestic shares	Li Guiping	Interest in controlled corporation *(Note 5)*	1,200,000	17.14%

Notes:

1. Mr. Mai Boliang and Mr. Wang Yu are non-executive Directors of the Company. As of June 30, 2021, Mr. Mai Boliang holds 593,643 A shares in issue of CIMC Group and Mr. Mai and Mr. Wang hold 7,260,000 ordinary shares and 400,000 ordinary shares of CIMC Enric, respectively. Both CIMC Group and CIMC Enric are the associated corporations of the Company.

2. The approximate percentage of shareholding is calculated based on the total issued A-share capital of 1,535,121,660 shares of CIMC Group as of June 30, 2021.

3. The approximate percentage of shareholding is calculated based on the total issued ordinary share capital of 2,010,994,588 shares of CIMC Enric as of June 30, 2021.

4. Mr. Li Guiping is an executive Director, Chief Executive Officer and President of the Company and Ms. Zeng Beihua is a non-executive Director of the Company. Mr. Li and Ms. Zeng are interested in 24% and 12%, respectively of the shares of Shenzhen Huixin Enterprise Management Center (Limited Partnership) (深圳匯信企業管理中心(有限合夥)), of which Ms. Zeng is the general partner, and therefore they disclose their interests in 5% of the shares of China Jiangsu Vanguard Trailer Rental Co., Ltd. (江蘇掛車幫租賃有限公司), which is owned directly and indirectly by the Company as to 55% of its shares.

5. Mr. Li Guiping is an executive Director, Chief Executive Officer and President of the Company. Mr. Li is interested in 4.8% of the shares of Shenzhen Yuanxin Investment Partnership (Limited Partnership) (深圳源欣投資合夥企業(有限合夥)), and therefore he discloses his interest in 17.14% of the shares of Shenzhen SF-Trailernet Technology Co., Ltd. (深圳市星火車聯科技有限公司) which is owned by the Company as to 28% of its shares.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As of June 30, 2021, 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	Domestic Shares	728,443,475	Long position	60.65%	41.27%
	Interest in controlled corporation(1)	H Shares	284,985,000	Long position	50.54%	16.15%
Ping An Decheng	Interest in controlled corporation(2)	Domestic Shares	329,439,025	Long position	27.43%	18.67%
Ping An Financial	Interest in controlled corporation(2)	Domestic Shares	329,439,025	Long position	27.43%	18.67%
Ping An Life Insurance	Interest in controlled corporation(2)	Domestic Shares	329,439,025	Long position	27.43%	18.67%
Ping An Group	Interest in controlled corporation(2)	Domestic Shares	329,439,025	Long position	27.43%	18.67%
CIMC Hong Kong	Beneficial owner	H Shares	284,985,000	Long position	50.54%	16.15%
Shanghai Taifu	Beneficial owner	Domestic Shares	167,836,525	Long position	13.97%	9.51%
Chi Xiao	Interest in controlled corporation(3)	Domestic Shares	167,836,525	Long position	13.97%	9.51%
Nanshan Group	Interest in controlled corporation(3)	Domestic Shares	167,836,525	Long position	13.97%	9.51%
Taizhou Taifu	Beneficial owner	Domestic Shares	161,602,500	Long position	13.45%	9.16%

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
Ping An Health Partnership	Interest in controlled corporation(4)	Domestic Shares	161,602,500	Long position	13.45%	9.16%
Shenzhen Sidao Branch Investment Co., Ltd. (深圳市思道科投資有限公司)	Interest in controlled corporation(4)	Domestic Shares	161,602,500	Long position	13.45%	9.16%
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)	Domestic Shares	161,602,500	Long position	13.45%	9.16%
Xiangshan Huajin	Beneficial owner	Domestic Shares	96,877,500	Long position	8.07%	5.49%
Shenzhen Longhui	Interest in controlled corporation(5)	Domestic Shares	96,877,500	Long position	8.07%	5.49%
Hong Kong Tiancheng Investment & Trading Co. Limited	Beneficial owner	H Shares	42,556,500	Long position	7.55%	2.41%
Shandong Linglong Tire Co., Ltd.	Interest in controlled corporation(6)	H Shares	42,556,500	Long position	7.55%	2.41%
Linglong Group Co., Ltd. (玲瓏集團有限公司)	Interest in controlled corporation(6)	H Shares	42,556,500	Long position	7.55%	2.41%
Wang Xicheng	Interest in controlled corporation(6)	H Shares	42,557,500	Long position	7.55%	2.41%
Citigroup Inc.	Interest in controlled corporation(6)	H Shares	1,722,800	Long position	0.31%	0.10%
			1,722,800	Short position	0.31%	0.10%
	Approved lending agent	H Shares	37,548,720	Long position	6.66%	2.13%
GIC Private Limited	Investment manager	H Shares	35,588,000	Long position	6.31%	2.02%

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.

(2) Ping An Decheng is the general partner of Shanghai Taifu and Taizhou Taifu and therefore it is deemed to be interested in the Domestic Shares of the Company held by Shanghai Taifu and Taizhou Taifu. Ping An Decheng is wholly owned by Ping An Financial which is ultimately controlled by Ping An Group and therefore both Ping An Financial and Ping An Group are deemed to be interested in the Domestic Shares of the Company held by Shanghai Taifu and Taizhou Taifu. Since Ping An Life, a limited partner of Shanghai Taifu and Taizhou Taifu, holds 40.32% and 47.62% equity interests respectively, Ping An Life is deemed to be interested in the domestic shares held by Shanghai Taifu and Taizhou Taifu in the Company.

(3) Chi Xiao is a limited partner of Shanghai Taifu which holds 59.51% of its interests and therefore it is deemed to be interested in the Domestic Shares of the Company held by Shanghai Taifu. Chi Xiao is wholly owned by Nanshan Group and therefore Nanshan Group is also deemed to be interested in the Domestic Shares of the Company held by Shanghai Taifu.

(4) Ping An Health Partnership is a limited partner of Taizhou Taifu which holds 38.33% of its interests, and therefore it is deemed to be interested in the Domestic Shares of the Company held by Taizhou Taifu. Shenzhen Sidao Branch Investment Co., Ltd. (深圳市思道科投資有限公司) is 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) and holds 46.59% of the equity interest of Ping An Health Partnership, and therefore it is deemed to be interested in the Domestic Shares of the Company held by Taizhou Taifu.

(5) Shenzhen Longhui is the general partner of Xiangshan Huajin and holds 37.35% of the equity interest of Xiangshan Huajin, and therefore it is deemed to be interested in 96,877,500 Domestic Shares held by Xiangshan Huajin.

(6) Mr. Wang Xicheng is interested in 51% of the shares of Linglong Group Co., Ltd. (玲瓏集團有限公司) which in turn holds 44.45% 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. In addition, Mr. Wang Xicheng holds 51% of the equity interest of Elite Faith Trading Limited and therefore Mr. Wang Xicheng is also deemed to be interested in 1,000 H Shares held by Elite Faith Trading Limited.

ADVANCE TO AN ENTITY

As of June 30, 2021, there was no advance extended by the Company to an entity which is subject to disclosure requirements under the Stock Exchange Listing Rules.

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDERS

As of June 30, 2021, there was no pledge of Shares by the Controlling Shareholders.

LOAN AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF CONTROLLING SHAREHOLDERS

As of June 30, 2021, there was no loan agreement of the Company with covenants relating to specific performance of the Controlling Shareholders.

BREACH OF LOAN AGREEMENTS

As of June 30, 2021, 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.

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

As of June 30, 2021, there was no financial assistance and guarantee to affiliated companies by the Company which is subject to disclosure requirements under the Stock Exchange Listing Rules.

CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

There were no changes in information of Directors which is subject to disclosure and have been disclosed under the paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Stock Exchange Listing Rules as of the date of this announcement.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted a set of code of conduct on terms no less exacting than the required standards set out in the Model Code in connection with securities transactions by the Directors and Supervisors. Upon the enquiries made to all Directors and Supervisors, they confirmed that they have 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.

CORPORATE GOVERNANCE

Corporate Governance Practices

The Company understands that Shareholders' confidence and faith in the Company comes with good corporate governance, which is fundamental to enhancing Shareholders' value and interests. The principles applied to the Company's corporate governance practices emphasize an effective Board, prudent risk management and internal control system, corporate transparency and quality disclosure. The Company has complied with the code provisions under the Corporate Governance Code set out in Appendix 14 to the Stock Exchange Listing Rules during the Reporting Period.

Audit Committee

The Audit Committee is chaired by Mr. Cheng Hok Kai Frederick, who possesses professional financial qualifications. The other members of the 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, 2021 is unaudited but has been reviewed by the Audit Committee. The Audit Committee has also reviewed the accounting policies, accounting standards and practices adopted by the Company, and discussed with the Company on the risk management, internal control systems and financial reporting matters. The Audit Committee has no disagreement on the accounting treatment adopted by the Company.

MAJOR LITIGATION AND ARBITRATION

During the Reporting Period, the Group is not involved in any material litigation, arbitration or administrative proceedings, nor any such material litigation, arbitration or administrative proceedings are pending or threatened against the members of the Group.

(A) INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Unaudited Six months ended June 30, 2021 RMB'000	2020 RMB'000
Revenue	*5*	**17,546,972**	11,154,962
Cost of sales	*6*	**(15,976,838)**	(9,877,212)
Gross profit		**1,570,134**	1,277,750
Selling and distribution expenses	*6*	**(383,361)**	(296,396)
Administrative expenses	*6*	**(641,327)**	(481,670)
Net impairment losses on financial assets and financial guarantee contracts		**(69,065)**	(50,628)
Other income	*7*	**227,637**	258,873
Other gains – net	*8*	**175,526**	74,055
Operating profit		**879,544**	781,984
Finance income	*9*	**28,160**	25,074
Finance costs	*9*	**(28,250)**	(36,750)
Finance costs – net		**(90)**	(11,676)
Share of net profits of associates and joint ventures accounted for using the equity method		**2,159**	11,346
Profit before income tax		**881,613**	781,654
Income tax expense	*10*	**(120,964)**	(85,049)
Profit for the period		**760,649**	696,605
Attributable to:			
Owners of the Company		**688,457**	635,412
Non-controlling interests		**72,192**	61,193
		760,649	696,605
Earnings per share (expressed in RMB per share)			
– Basic and diluted	*12*	**0.39**	0.36

(B) INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Profit for the period	**760,649**	696,605
Other comprehensive income		
Items that maybe reclassified to profit or loss		
Currency translation differences	**(40,546)**	(45,695)
Other comprehensive income for the period, net of tax	**(40,546)**	(45,695)
Total comprehensive income for the period	**720,103**	650,910
Total comprehensive income for the period attributable to:		
Owners of the Company	**648,073**	589,936
Non-controlling interests	**72,030**	60,974
	720,103	650,910

(C) INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	Unaudited As of June 30, 2021 RMB'000	Audited As of December 31, 2020 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	*13*	**4,909,911**	4,516,730
Right-of-use for land use rights	*14*	**804,951**	799,986
Right-of-use assets	*14*	**233,903**	203,515
Investment properties		**385,546**	385,673
Intangible assets	*15*	**536,947**	536,011
Investments accounted for using the equity method		**148,576**	183,521
Deferred tax assets		**142,367**	144,165
Other non-current assets		**133,030**	90,028
Total non current assets		**7,295,231**	6,859,629
Current assets			
Inventories	*16*	**4,282,443**	3,792,612
Tax recoverable		**129,803**	154,405
Other current assets		**60,245**	36,291
Contract costs		**3,696**	1,000
Trade and bill receivables	*17*	**4,715,686**	2,861,016
Prepayments and other receivables	*18*	**741,939**	538,336
Financial assets at fair value through profit or loss		**143,068**	136,785
Financial assets at fair value through other comprehensive income		**726,913**	856,221
Derivative financial instruments		**3,475**	619
Restricted cash		**385,789**	268,038
Cash and cash equivalents		**3,975,199**	4,269,376
		15,168,256	12,914,699
Assets held for sale		**–**	50,832
Total current assets		**15,168,256**	12,965,531
Total assets		**22,463,487**	19,825,160

(C) INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	**Unaudited As of June 30, 2021** *RMB'000*	Audited As of December 31, 2020 *RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings	*19*	**362,260**	394,844
Non-current lease liabilities	*14*	**185,285**	160,064
Deferred income		**48,486**	55,104
Long-term payables		**19,190**	29,790
Deferred tax liabilities		**132,761**	127,763
Total non current liabilities		**747,982**	767,565
Current liabilities			
Derivative financial instruments		**44**	114
Trade and bill payables	*20*	**6,286,791**	4,344,002
Other payables and accruals	*21*	**2,466,811**	2,196,838
Contract liabilities		**597,093**	767,577
Borrowings	*19*	**821,710**	830,613
Lease liabilities	*14*	**33,399**	25,945
Income tax liabilities		**114,428**	133,233
Provisions	*22*	**183,441**	175,953
Deferred income		**4,927**	49,918
Other current liabilities		**79,415**	84,702
Total current liabilities		**10,588,059**	8,608,895
Total liabilities		**11,336,041**	9,376,460
Net assets		**11,127,446**	10,448,700

(C) INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	**Unaudited As of June 30, 2021** *RMB'000*	Audited As of December 31, 2020 *RMB'000*
EQUITY			
Share capital		**1,765,000**	1,765,000
Reserves		**3,565,946**	3,608,694
Retained earnings		**5,276,997**	4,588,540
Equity attributable to owners of the Company		**10,607,943**	9,962,234
Non-controlling interests		**519,503**	486,466
Total equity		**11,127,446**	10,448,700

(D) INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

(D) INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Unaudited Attributable to owners of the Company					
	Share capital *RMB'000*	Other reserves *RMB'000*	Retained earnings *RMB'000*	Sub-total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
Balance at January 1, 2021	**1,765,000**	**3,608,694**	**4,588,540**	**9,962,234**	**486,466**	**10,448,700**
Comprehensive income						
Profit for the period	–	–	688,457	688,457	72,192	760,649
Currency translation differences	–	(40,384)	–	(40,384)	(162)	(40,546)
Total comprehensive income for the period	–	(40,384)	688,457	648,073	72,030	720,103
Transactions with owners in their capacity as owners						
Acquisition of additional interest in a subsidiary	–	(2,364)	–	(2,364)	(16,446)	(18,810)
Capital contribution from non-controlling interests	–	–	–	–	16,000	16,000
Dividends distribution made by subsidiaries to non-controlling interests	–	–	–	–	(38,547)	(38,547)
Total transactions with owners in their capacity as owners	–	(2,364)	–	(2,364)	(38,993)	(41,357)
Balance at June 30, 2021	**1,765,000**	**3,565,946**	**5,276,997**	**10,607,943**	**519,503**	**11,127,446**

(E) INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Net cash generated from operating activities	**282,318**	1,075,272
Net cash used in investing activities	**(459,209)**	(472,246)
Net cash (used in)/generated from financing activities	**(97,990)**	47,316
Net (decrease)/increase in cash and cash equivalents	**(274,881)**	650,342
Cash and cash equivalents at the beginning of the period	**4,269,376**	3,791,161
Exchange (losses)/gains on cash and cash equivalents	**(19,296)**	30,974
Cash and cash equivalents at the end of period	**3,975,199**	4,472,477

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

CIMC Vehicles (Group) Co., Ltd. (the "Company") is a sino-foreign joint venture approved for incorporation by Wai Jing Mao Shen He Zi Zheng Zi (1996) No. 0861 issued by the People's Government of Shenzhen on August 9, 1996. On October 23, 2018, the Company was converted into a joint stock company with limited liability with registered capital of RMB1,500,000,000. The H shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited on July 11, 2019.

The address of the Company's registered office is No. 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong province, the People's Republic of China (the "PRC").

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

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

The interim condensed consolidated balance sheet as of June 30, 2021, and the related interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes (collectively defined as the "Interim Financial Information") of the Group have been approved for issue by the Board of Directors ("Board") on August 25, 2021.

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

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The Interim Financial Information has been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim financial reporting". The Interim Financial Information should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and included in the 2020 annual report of the Company.

Except as described below, the accounting policies applied are consistent with those of the Group's consolidated financial statements for the year ended December 31, 2020.

(b) New and amended standards adopted

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after January 1, 2021:

- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7.

- Covid-19-Related Rent Concessions beyond June 30, 2021 – Amendment to IFRS 16

The application of the above standards, interpretations and amendments does not have a material impact on the Group.

(c) New and amended standards not yet adopted

A number of new standards and amendments to standards have not come into effect for the financial year beginning January 1, 2021.

		Effective for the financial year beginning on or after
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before intended use	January 1, 2022
Amendments to IFRS 3	Reference to the Conceptual Framework	January 1, 2022
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022
Amendments to IFRSs	Annual improvements to IFRS Standards 2018-2020	January 1, 2022
IFRS 17	Insurance Contracts	January 1, 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets Between an Investor and its Associate or Joint venture	To be determined

These new and amended accounting standards have been published that are not mandatory for June 30, 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Interim Financial Information do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as of December 31, 2020.

There have been no changes in the risk management policies since year end.

Fair value estimation

The table below analyzes the Group's financial instruments carried at fair value as of June 30, 2021 and December 31, 2020 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table presents the Group's financial assets and liabilities that are measured at fair value as of June 30, 2021 and December 31, 2020.

	Unaudited			
As of June 30, 2021	**Level 1** *RMB'000*	**Level 2** *RMB'000*	**Level 3** *RMB'000*	**Total** *RMB'000*
Assets:				
Derivative financial instruments	**–**	**3,475**	**–**	**3,475**
Financial assets at fair value through profit or loss	**–**	**–**	**143,068**	**143,068**
Financial assets at fair value through other comprehensive income	**–**	**–**	**726,913**	**726,913**
	–	**3,475**	**869,981**	**873,456**
Liabilities:				
Derivative financial instruments	**–**	**44**	**–**	**44**

	Audited			
As of December 31, 2020	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Assets:				
Derivative financial instruments	–	619	–	619
Financial assets at fair value through profit or loss	–	–	136,785	136,785
Financial assets at fair value through other comprehensive income	–	–	856,221	856,221
	–	619	993,006	993,625
Liabilities:				
Derivative financial instruments	–	114	–	114

There were no transfers among Levels 2 and 3 during the period.

There were no other changes in valuation techniques during the period.

(a) Financial assets at fair value through profit or loss represented wealth management products.

The following table presents the changes in level 3 instruments of financial asset at fair value through profit or loss for the period ended June 30, 2021.

	Six months ended June 30, 2021 *RMB'000*
Opening balance December 31, 2020	**136,785**
Additions	**10,000**
Changes in fair value	**(2,364)**
Currency translation differences	**(1,353)**
Closing balance June 30, 2021	**143,068**

(b) Financial assets at fair value through other comprehensive income were bill receivables held for collection of contractual cash flows and for selling.

4 SEGMENT INFORMATION

The Group's business activities, for which discrete consolidated financial statements are available, are regularly reviewed and evaluated by the CODM. The Group's CODM has been identified as the CEO. Due to the similar economic characteristics of the production and sales of special vehicles and the similarity in the nature of products, the customer type, the way of selling products or providing services, and the influence of laws and administrative regulations, the Group is regarded as an operating segment. Therefore, there is no reportable segment information for the Group.

The information of the Group by region is as follows:

	Unaudited Six months ended June 30, 2021				
	The PRC *RMB'000*	**North America** *RMB'000*	**Europe** *RMB'000*	**Other regions** *RMB'000*	**Total** *RMB'000*
Sales of vehicles	**12,843,884**	**1,784,312**	**930,876**	**718,442**	**16,277,514**
Sales of parts and components	**406,809**	**420,785**	**214,986**	**7,940**	**1,050,520**
Other revenue	**132,370**	**–**	**69,243**	**17,325**	**218,938**
Revenue in total	**13,383,063**	**2,205,097**	**1,215,105**	**743,707**	**17,546,972**
Cost of sales of vehicles	**(11,821,021)**	**(1,640,682)**	**(867,318)**	**(624,175)**	**(14,953,196)**
Cost of sales of parts and components	**(358,348)**	**(380,358)**	**(159,709)**	**(7,438)**	**(905,853)**
Cost of other revenue	**(54,277)**	**–**	**(52,153)**	**(11,359)**	**(117,789)**
Cost in total	**(12,233,646)**	**(2,021,040)**	**(1,079,180)**	**(642,972)**	**(15,976,838)**
Gross profit	**1,149,417**	**184,057**	**135,925**	**100,735**	**1,570,134**

4 SEGMENT INFORMATION (CONTINUED)

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

	Unaudited Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Segment gross profit	**1,570,134**	1,277,750
Selling and distribution expenses	**(383,361)**	(296,396)
Administrative expenses	**(641,327)**	(481,670)
Net impairment losses on financial assets and financial guarantee contracts	**(69,065)**	(50,628)
Other income	**227,637**	258,873
Other gains – net	**175,526**	74,055
Finance costs – net	**(90)**	(11,676)
Share of net profits of associates and joint ventures accounted for using the equity method	**2,159**	11,346
Income tax expense	**(120,964)**	(85,049)
Profit for the period	**760,649**	696,605

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

5 REVENUE

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

	Unaudited Six months ended June 30, 2021 RMB'000	2020 RMB'000
Revenue from contract with customers:		
Sales of vehicles	**16,277,514**	10,240,984
Sales of parts and components	**1,050,520**	758,435
Other revenue	**141,401**	108,422
	17,469,435	11,107,841
Recognised at a point in time	**17,390,179**	11,037,528
Recognised over time	**79,256**	70,313
Revenue from other sources		
Rental income	**77,537**	47,121
	17,546,972	11,154,962

6 EXPENSES BY NATURE

	Notes	Unaudited Six months ended June 30, 2021 RMB'000	2020 RMB'000
Changes in inventories of finished goods and work in progress		**55,007**	(221,702)
Raw materials and consumables used		**14,521,104**	8,969,618
Employee benefits expenses		**1,332,528**	973,570
Depreciation of property, plant and equipment	*13*	**198,627**	164,414
Depreciation of right-of-use assets	*14*	**23,383**	13,568
Amortisation of right-of-use for land use rights	*14*	**9,750**	8,582
Amortisation of intangible assets	*15*	**12,407**	11,216
Provision for impairment of inventories	*16*	**22,090**	43,431
Impairment of goodwill		**–**	4,752
Testing fee		**30,144**	32,783
Shipping and handling expenses		**160,235**	160,940
Utilities		**107,144**	86,441
Processing and repair expenses		**134,644**	106,108
Auditor's remuneration		**1,650**	1,300
Tax fee		**64,660**	53,423
Warranty expenses		**62,066**	54,561
Consultancy and professional service fees		**42,827**	21,266
Entertainment expenses		**32,572**	20,765
Travelling expenses		**28,469**	26,792
Rental expenses		**11,034**	14,347
Other expenses		**151,185**	109,103
Total cost of sales, selling and distribution expenses and administrative expenses		**17,001,526**	10,655,278

7 OTHER INCOME

	Unaudited Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Government grants	**93,308**	187,021
Disposal of scraps and wastes	**108,975**	54,804
Others	**25,354**	17,048
	227,637	258,873

8 OTHER GAINS – NET

	Unaudited Six months ended June 30	
	2021	2020
	RMB'000	*RMB'000*
Fair value changes on investment properties	**(136)**	4,266
Net foreign exchange (losses)/gains	**(4,566)**	32,690
Gains on disposal of property, plant and equipment and intangible assets	**174,273**	34,604
Write-off of payables	**1,805**	1,609
Gains on disposal of financial assets/liabilities at fair value through profit or loss and derivative financial instruments	**2,532**	504
Net fair value gains/(losses) on financial assets/liabilities at fair value through profit or loss and derivative financial instruments	**560**	(13,021)
Penalty income	**2,231**	2,940
(Losses)/gains on remeasurement of previously held interests due to acquisition of control over an associate	**(2,949)**	1,014
Others	**1,776**	9,449
	175,526	74,055

9 FINANCE COSTS – NET

	Unaudited Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Finance costs:		
– Interest expense	**22,795**	33,452
– Interest and finance charges payable for lease liabilities	**5,455**	3,298
	28,250	36,750
Finance income		
– Interest income	**(28,160)**	(25,074)
Finance cost – net	**90**	11,676

10 INCOME TAX EXPENSE

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

	Unaudited Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Current income tax	**114,168**	101,428
Deferred income tax	**6,796**	(16,379)
Income tax expense	**120,964**	85,049

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

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

(b) Corporate income tax in other jurisdictions

Some of the Group's subsidiaries are located in other jurisdictions, including Hong Kong, United States, Europe, East Asia and South Africa etc. The respective rates prevailing in the relevant jurisdiction are ranging from 15% to 30% (2020: 15% to 30%).

(c) Preferential EIT rate

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

11 DIVIDENDS

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

	Unaudited Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Dividends payable:		
At the beginning of the period	**–**	–
Dividend declared	**–**	794,250
Dividend paid	**–**	–
At the end of the period	**–**	794,250

A special dividend in respect of the six months ended 30 June 2021 of RMB605,280,000 was proposed pursuant to a resolution passed by the Board on 25 August 2021 and subject to the approval of the shareholders at the general meeting of shareholders of the Company. This proposed dividend is not reflected as dividend payable in the condensed consolidated financial statements.

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

12 EARNINGS PER SHARE

	Unaudited Six months ended June 30, 2021	2020
Profit attributable to owners of the Company (RMB'000)	**688,457**	635,412
Weighted average number of shares in issue (thousands shares)	**1,765,000**	1,765,000
Earnings per share – basic and diluted (RMB per share)	**0.39**	0.36

13 PROPERTY, PLANTS AND EQUIPMENT

	Buildings *RMB'000*	Machinery and equipment *RMB'000*	Motor vehicles *RMB'000*	Electronic and office equipment *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
At December 31, 2020						
Cost	2,584,936	2,836,568	417,968	381,635	750,668	6,971,775
Accumulated depreciation and impairment	(699,781)	(1,388,800)	(157,942)	(208,522)	–	(2,455,045)
Net book amount	1,885,155	1,447,768	260,026	173,113	750,668	4,516,730
Unaudited						
Six months ended June 30, 2021						
Opening net book amount	**1,885,155**	**1,447,768**	**260,026**	**173,113**	**750,668**	**4,516,730**
Currency translation differences	**(7,380)**	**(2,480)**	**(481)**	**(227)**	**(7,739)**	**(18,307)**
Additions	**5,900**	**62,382**	**24,395**	**14,613**	**538,529**	**645,819**
Business combination *(Note 23)*	**16,366**	**960**	**–**	**1**	**–**	**17,327**
Transfer from construction in progress	**448,954**	**262,346**	**51,991**	**5,446**	**(768,737)**	**–**
Disposals	**(8,058)**	**(27,680)**	**(15,829)**	**(1,464)**	**–**	**(53,031)**
Depreciation charge	**(44,584)**	**(95,249)**	**(46,939)**	**(11,855)**	**–**	**(198,627)**
Closing net book amount	**2,296,353**	**1,648,047**	**273,163**	**179,627**	**512,721**	**4,909,911**
At June 30, 2021						
Cost	**3,037,466**	**3,081,590**	**466,878**	**382,405**	**512,721**	**7,481,060**
Accumulated depreciation and impairment	**(741,113)**	**(1,433,543)**	**(193,715)**	**(202,778)**	**–**	**(2,571,149)**
Net book amount	**2,296,353**	**1,648,047**	**273,163**	**179,627**	**512,721**	**4,909,911**

14 LEASES

(a) Amounts recognised in the balance sheet

	Right-of-use for land use rights
	RMB'000
At December 31, 2020	
Cost	963,072
Accumulated depreciation	(163,086)
Net book amount	799,986
Unaudited	
Six months ended June 30, 2021	
Business combination *(Note 23)*	**18,480**
Disposal	**(1,799)**
Amortisation charge	**(9,750)**
Currency translation differences	**(1,966)**
Closing net book amount at June 30, 2021	**804,951**
At June 30, 2021	
Cost	**977,692**
Accumulated amortisation	**(172,741)**
Net book amount	**804,951**

	Buildings	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets			
At December 31, 2020			
Cost	243,685	9,810	253,495
Accumulated depreciation	(46,944)	(3,036)	(49,980)
Net book amount	196,741	6,774	203,515
Unaudited			
Six months ended June 30, 2021			
Opening net book amount	**196,741**	**6,774**	**203,515**
Additions	**52,614**	**1,475**	**54,089**
Currency translation differences	**(304)**	**(14)**	**(318)**
Depreciation charge	**(21,975)**	**(1,408)**	**(23,383)**
Closing net book amount	**227,076**	**6,827**	**233,903**
At June 30, 2021			
Cost	**287,680**	**10,919**	**298,599**
Accumulated depreciation	**(60,604)**	**(4,092)**	**(64,696)**
Net book amount	**227,076**	**6,827**	**233,903**

14 LEASES (CONTINUED)

(a) Amounts recognised in the balance sheet (continued)

	Unaudited As of June 30, 2021	Audited As of December 31, 2020
	RMB'000	*RMB'000*
Lease liabilities		
Current	**33,399**	25,945
Non-current	**185,285**	160,064

The expense relating to short-term leases and relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses) is RMB11,034,000.

15 INTANGIBLE ASSETS

	Goodwill	**Patents and trademarks**	**Software**	**Customer relationships**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2020					
Cost	448,420	169,494	54,935	100,680	773,529
Accumulated amortisation	–	(95,590)	(25,390)	(49,492)	(170,472)
Impairment provision	(26,144)	(4,973)	–	(35,929)	(67,046)
Net book amount	422,276	68,931	29,545	15,259	536,011
Unaudited Six months ended June 30, 2021					
Opening net book amount	**422,276**	**68,931**	**29,545**	**15,259**	**536,011**
Additions	**–**	**1,411**	**2,975**	**–**	**4,386**
Business combination *(Note 23)*	**6,649**	**–**	**1**	**–**	**6,650**
Currency translation differences	**1,747**	**360**	**10**	**190**	**2,307**
Amortisation charge	**–**	**(6,342)**	**(3,131)**	**(2,934)**	**(12,407)**
Closing net book amount	**430,672**	**64,360**	**29,400**	**12,515**	**536,947**
At June 30, 2021					
Cost	**456,158**	**171,579**	**57,952**	**101,177**	**786,866**
Accumulated amortisation	**–**	**(102,185)**	**(28,552)**	**(52,709)**	**(183,446)**
Impairment provision	**(25,486)**	**(5,034)**	**–**	**(35,953)**	**(66,473)**
Net book amount	**430,672**	**64,360**	**29,400**	**12,515**	**536,947**

16 INVENTORIES

	Unaudited As of June 30, 2021	Audited As of December 31, 2020
	RMB'000	*RMB'000*
Raw materials	**1,925,594**	1,391,425
Finished goods	**1,539,189**	1,634,676
Work in progress	**835,012**	794,532
Spare parts	**167,645**	165,500
	4,467,440	3,986,133
Less: provision for impairment	**(184,997)**	(193,521)
	4,282,443	3,792,612

Movements on the provision for impairment of the inventories as follows:

	Unaudited Six months ended June 30, 2021	Audited Year ended December 31, 2020
	RMB'000	*RMB'000*
At the beginning of the period/year	**193,521**	164,937
Provision for impairment	**22,090**	84,728
Write-off of inventories	**(29,956)**	(55,178)
Currency translation differences	**(658)**	(966)
At the end of the period/year	**184,997**	193,521

17 TRADE AND BILL RECEIVABLES

	Unaudited As of June 30, 2021	Audited As of December 31, 2020
	RMB'000	*RMB'000*
Bill receivables – third parties	**46,887**	53,021
Bill receivables – related parties *(Note 26)*	**–**	5,500
	46,887	58,521
Trade receivables – third parties	**4,690,064**	2,839,581
Trade receivables – related parties *(Note 26)*	**192,895**	118,069
	4,882,959	2,957,650
	4,929,846	3,016,171
Less: allowance for impairment	**(214,160)**	(155,155)
Total trade and bill receivables – net	**4,715,686**	2,861,016

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

	Unaudited As of June 30, 2021	Audited As of December 31, 2020
	RMB'000	*RMB'000*
Within 3 months	**4,187,367**	2,396,480
3 to 12 months	**592,250**	418,779
1 to 2 years	**44,966**	74,755
Over 2 years	**58,376**	67,636
	4,882,959	2,957,650

Aging of bill receivables is within one year as of June 30, 2021.

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

	Unaudited Six months ended June 30, 2021	Audited Year ended December 31, 2020
At the beginning of the period/year	**152,499**	121,618
Provision for impairment	**63,884**	47,106
Receivables written off as uncollectible	**(5,334)**	(15,607)
Currency translation differences	**1,583**	(618)
At the end of the period/year	**212,632**	152,499

18 PREPAYMENTS AND OTHER RECEIVABLES

	Unaudited As of June 30, 2021	Audited As of December 31, 2020
	RMB'000	*RMB'000*
Prepayment for raw materials to third parties	**304,807**	233,591
Prepayment to related parties *(Note 26)*	**43,431**	22,194
	348,238	255,785
Less: provision for impairment	**(5,672)**	(5,672)
	342,566	250,113
Amounts due from related parties *(Note 26)*	**26,543**	28,508
Refundable tax	**49,557**	32,532
Deposits and security deposits	**129,596**	122,655
Disbursement of vehicles mortgage loans	**28,918**	27,673
Receivables from share repurchasement	**20,912**	–
Other receivables from staffs and third parties	**142,943**	82,532
Others	**20,443**	17,905
	418,912	311,805
Less: provision for impairment	**(19,539)**	(23,582)
	399,373	288,223
Total prepayments and other receivables	**741,939**	538,336

19 BORROWINGS

	Unaudited As of June 30, 2021	Audited As of December 31, 2020
	RMB'000	*RMB'000*
Included in non-current liabilities		
Bank borrowings	**284,700**	300,000
Bank borrowings, guaranteed	**77,560**	94,844
	362,260	394,844
Included in current liabilities		
Bank borrowings	**575,429**	565,962
Bank borrowings, guaranteed	**245,624**	264,325
Loans from third parties	**657**	326
	821,710	830,613
Total borrowings	**1,183,970**	1,225,457

20 TRADE AND BILL PAYABLES

	Unaudited As of June 30, 2021	Audited As of December 31, 2020
	RMB'000	*RMB'000*
Third parties	**6,099,664**	4,231,403
Related parties *(Note 26)*	**187,127**	112,599
	6,286,791	4,344,002

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

	Unaudited As of June 30, 2021	Audited As of December 31, 2020
	RMB'000	*RMB'000*
0-30 days	**4,456,230**	2,759,411
31-60 days	**1,434,064**	1,078,989
61-90 days	**218,254**	228,595
Over 90 days	**178,243**	277,007
	6,286,791	4,344,002

21 OTHER PAYABLES AND ACCRUALS

	Unaudited As of June 30, 2021	Audited As of December 31, 2020
	RMB'000	*RMB'000*
Amounts due to related parties *(Note 26)*	**124,455**	147,599
Dividend payables to non-controlling interests	**34,457**	34,908
Payroll and welfare payables	**689,942**	676,825
Accrued expenses	**505,831**	467,474
Deposits and temporary receipts	**399,882**	313,094
Deposits for quality guarantees	**145,624**	149,428
Other taxes payables	**174,981**	142,424
Freights expenses payable	**12,479**	10,708
Payables for equipment and land use rights	**99,242**	37,610
Financial guarantee for vehicle mortgage loans	**47,548**	38,966
Accrued listing expenses	**20,704**	5,321
Advance for investments (i)	**46,819**	4,819
Advance receipt of demolition compensation	**–**	74,827
Purchase consideration payable *(Note 23)*	**10,933**	–
Others	**153,914**	92,835
	2,466,811	2,196,838

(i) In April 2021, China Jiangsu Vanguard Trailer Rental Co., Ltd, a subsidiary of the Group, entered into capital increment agreements with third party investors and received RMB22,000,000 and RMB20,000,000 in advance respectively.

22 PROVISIONS

	Unaudited As of June 30, 2021	Audited As of December 31, 2020
	RMB'000	*RMB'000*
Product warranties	**170,514**	162,630
Accrued litigation and compensation losses and others	**12,927**	13,323
	183,441	175,953

22 PROVISIONS (CONTINUED)

	Product warranties *RMB'000*	Accrued Litigation and compensation losses and others *RMB'000*	Total *RMB'000*
Unaudited			
As of January 1, 2021	**162,630**	**13,323**	**175,953**
Currency translation differences	**(5,090)**	**27**	**(5,063)**
Provision made	**66,662**	**262**	**66,924**
Provision utilised	**(53,688)**	**(685)**	**(54,373)**
At June 30, 2021	**170,514**	**12,927**	**183,441**

23 BUSINESS COMBINATION

On May 6, 2021, CIMC Jiangmen Technology Transport Equipment Co., Ltd. ("Jiangmen Transport"), a subsidiary of the Group, acquired further 60% equity interest of Xxentria Technology Materials (China) Co., Ltd. ("Xxentria"), a company principally engaged in designing, manufacturing and the sales of environmental friendly compound, metal matrix composites, metal laminated composites as well as parts of automobile and trailer. The consideration of RMB51,304,000 for the acquisition in cash.

Upon the completion of the acquisition of Xxentria, together with the 40% equity previously held by the Group, Xxentria became a consolidated subsidiary of the Group. The identifiable assets and liabilities of Xxentria were recognised and measured at fair value. The excess of the fair value of the consideration over the identifiable net assets of Xxentria at fair value was recognised as goodwill in the consolidated of balance sheet at the acquisition date.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	RMB '000
Fair value of equity held before the acquisition date	37,305
Cash paid	40,371
Consideration payable	10,933
Total purchase consideration	88,609

The assets and liabilities recognised as a result of the acquisition are as follows:

	At fair value *RMB '000*
Property, plant and equipment	17,327
Right-of-use for land use rights	18,480
Intangible assets	1
Other non-current assets	347
Inventories	214
Trade and bill receivables	65
Other current assets	519
Cash and cash equivalents	48,590
Other payables and accruals	(29)
Deferred tax liabilities	(3,554)
Total identifiable net assets	81,960
Add: Goodwill	6,649
Total purchase consideration	88,609

23 BUSINESS COMBINATION (CONTINUED)

(a) Acquisition-related costs of acquiring Xxentria is insignificant.

(b) The goodwill arising from the acquisition of RMB6,649,000 is attributable to the synergies expected to be achieved from integrating its operations into the Group's existing business. It is not be deductible for tax purpose.

(c) Revenue and profit contribution

The acquired business did not contribute revenues, and contributed a post-tax loss of RMB949,000, to the Group for the period from May 6, 2021 to June 30, 2021. If the acquisition had occurred on January 1, 2021, consolidated revenue and consolidated profit after tax for the period ended June 30, 2021 would have been RMB17,546,972,000 and RMB758,318,000, respectively.

24 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the period/year but not yet incurred is as follows:

	Unaudited As of June 30, 2021	Audited As of December 31, 2020
	RMB'000	*RMB'000*
Construction/purchase of property, plant and equipment	**296,329**	210,558

25 GUARANTEE

(a) Financial guarantees

The Group entered into financial guarantee contracts related to vehicle mortgage loans mainly with Sinotruk Automobile Finance Co., Ltd., Huishang Bank Corporation Limited, Postal Savings Bank of China, Industrial Bank, China Merchants Bank and CIMC Finance Company Ltd., to provide guarantees in respect of banking facilities granted to dealers and customers of the Group who had drawn down loans under banking facilities granted to settle outstanding payables arising from purchasing of vehicles from the Group. As of June 30, 2021, the outstanding balance of the above guarantees provided by the Group to dealers and customers totalled RMB2,883,078,000 (December 31, 2020: RMB2,288,328,000), and the bank deposit pledged for these guarantees were RMB197,620,000(December 31, 2020: RMB169,556,000).

(b) Outstanding performance bond and letter of credit

As of June 30, 2021, the Group had outstanding performance bond and letter of credit totally RMB11,683,000 (December 31, 2020: RMB9,478,000).

26 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subjected to common control. Members of key management and their close family members of the Group are also considered as related parties.

(a) Names and relationships with related parties

The following companies are related parties of the Group that had balances and/or transactions with the Group during the period.

Names of the entities	Nature of relationship
CIMC Group	Ultimate holding company
Qingdao Lida Chemical Co., Ltd.	A fellow subsidiary
Qingdao CIMC Special Reefer Co., Ltd.	A fellow subsidiary
Qingdao CIMC Chuangying Composite Material Technology Co., Ltd.	A fellow subsidiary
Qingdao CIMC Reefer Container Manufacture Co., Ltd.	A fellow subsidiary
C&C Trucks Co., Ltd.	A fellow subsidiary
CIMC Enric Holdings Limited	A fellow subsidiary
Shenzhen Jiamei Apartment Management Co., Ltd.	A fellow subsidiary
Shenzhen Southern CIMC Container Service Co., Ltd.	A fellow subsidiary
Shenzhen Southern CIMC Eastern Logistics Equipment Manufacture Co., Ltd.	A fellow subsidiary
Qianhai Ruiji Technology Co., Ltd.	A fellow subsidiary
Shenzhen CIMC Vehicle Park Investment and Management Co., Ltd.	A fellow subsidiary
Shenzhen zhongji huijie supply chain Co., Ltd.	A fellow subsidiary
Shenzhen CIMC Intelligent Technology Co., Ltd.	A fellow subsidiary
Shenzhen CIMC Intelligent Parking Co., Ltd.	A fellow subsidiary
Shenzhen Southern CIMC Logistics Co., Ltd.	A fellow subsidiary
Shenzhen CIMC-Tianda Airport Support Co., Ltd.	A fellow subsidiary
Shenyang CIMC Industrial Park Investment and Development Co., Ltd.	A fellow subsidiary
Yangzhou TongLee Reefer Container Co., Ltd.	A fellow subsidiary
Yangzhou Runyang Logistics Equipment Co., Ltd.	A fellow subsidiary
Yangzhou Taili Special Equipment Co., Ltd.	A fellow subsidiary
Langfang CIMC Airport Support Co., Ltd.	A fellow subsidiary
Xinfa Airport Equipment Ltd.	A fellow subsidiary

26 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Names and relationships with related parties (continued)

Names of the entities	Nature of relationship
Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd.	A fellow subsidiary
CIMC Yiketong Parts Co., Ltd.	A fellow subsidiary
Ningbo Simak Trading Co., Ltd.	A fellow subsidiary
Taicang CIMC Reefer Logistics Equipment Co., Ltd.	A fellow subsidiary
Tianjin CIMC Container Co., Ltd.	A fellow subsidiary
Jiaxing CIMC Wood Co., Ltd.	A fellow subsidiary
Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.	A fellow subsidiary
CIMC Capital Leasing Co., Ltd.	A fellow subsidiary
CIMC Lide Drive Systems (Yangzhou) Co., Ltd.	A fellow subsidiary
CIMC Eco Material Supply Co., Ltd.	A fellow subsidiary
CIMC Intermodal Development Co., Ltd.	A fellow subsidiary
CIMC Modern Logistic Development Co., Ltd.	A fellow subsidiary
China International Marine Containers (Hong Kong) Limited	A fellow subsidiary
Dongguan CIMC Intelligent Technology Co., Ltd.	A fellow subsidiary
Shanghai CIMC Baowell Industries Co., Ltd.	A fellow subsidiary
CIMC Transportation Equipment (International) Holdings Limited	A fellow subsidiary
CIMC Transportation Technology Co., Ltd.	A fellow subsidiary
CIMC Cold Chain Development Institution Co., Ltd.	A fellow subsidiary
Shanghai CIMC Yangshan Logistics Equipments Co., Ltd.	A fellow subsidiary
CIMC Burg B.V.	A fellow subsidiary
CIMC Finance Company Ltd.	A fellow subsidiary
Qingdao CIMC Container Manufacture Co., Ltd.	A fellow subsidiary
Dalian CIMC Logistics Equipment Co., Ltd.	A fellow subsidiary
Chengdu CIMC Industrial Park Management Co., Ltd.	A fellow subsidiary
Chengdu CIMC Transportation Equipment Manufacture Co., Ltd.	A fellow subsidiary
CIMC Commercial Tires Inc.	Associate of the Group
Ningbo Huaxiang Automobile New Material Technology Co., Ltd.	Associate of the Group
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	Associate of the Group & A fellow subsidiary
Chengdu CIMC Industrial Park Investment and Development Co., Ltd.	Associate of the Group & A fellow subsidiary
Jiangsu Wanjing Technology Co., Ltd.	A joint venture
Shenzhen Spark Vehicle Technology Co., Ltd.	A joint venture
Shenzhen CIMC production City Development Group Co., Ltd.	Other related party
Oriental Post Logistics Technology (Jiangxi) Co., Ltd.	Other related party
NYK Zhenhua logistics (Tianjin) Co., Ltd.	Other related party

26 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Significant transactions with related parties

		Unaudited Six months ended June 30, 2021	2020
		RMB'000	*RMB'000*
(i)	*Purchase of goods from*		
	Ultimate holding company	**14,592**	–
	Fellow subsidiaries and other related parties	**172,963**	114,246
	Associates of the Group	**–**	410
	Joint ventures	**62,624**	42,684
		250,179	157,340
(ii)	*Sales of goods to*		
	Fellow subsidiaries and other related parties	**208,470**	81,930
	Joint ventures	**12,342**	17,091
		220,812	99,021
(iii)	*Provision of services to*		
	Associates of the Group	**–**	32
	Fellow subsidiaries and other related parties	**16,023**	3,263
	Joint ventures	**163**	142
		16,186	3,437
(iv)	*Purchases of services from*		
	Fellow subsidiaries and other related parties	**24,406**	10,736
	Joint ventures	**642**	531
	Associates of the Group	**–**	2,081
	Ultimate holding company	**331**	128
		25,379	13,476
(v)	*Disposal of equity interests*		
	Fellow subsidiaries and other related parties	**7,600**	–
(vi)	*Interest income from*		
	Fellow subsidiaries and other related parties	**4,902**	4,087
(vii)	*Guarantee provided to*		
	Fellow subsidiaries and other related parties	**722,296**	594,316
(viii)	*Rental expense and property management fees to*		
	Fellow subsidiaries and other related parties	**771**	545

26 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Balances with related parties

	Unaudited As of June 30, 2021 *RMB'000*	Audited As of December 31, 2020 *RMB'000*
(i) Cash		
CIMC Finance Company Ltd.	**615,307**	637,863
(ii) Trade and bill receivables		
Associates of the Group	**8,207**	8,290
Fellow subsidiaries and other related parties	**170,307**	95,140
Joint ventures	**14,381**	20,139
	192,895	123,569
(iii) Financial assets at fair value through other comprehensive income		
Fellow subsidiaries and other related parties	**38,366**	13,500
Joint ventures	**–**	9,010
	38,366	22,510
(iv) Prepayments to		
Ultimate holding company	**20,563**	9,559
Fellow subsidiaries and other related parties	**22,868**	12,635
	43,431	22,194
(v) Other receivables from		
Associates of the Group	**2,870**	2,899
Ultimate holding company	**507**	569
Joint ventures	**216**	216
Fellow subsidiaries and other related parties	**22,950**	24,824
	26,543	28,508

Amounts due from related parties were unsecured, interest-free and repayable on demand.

26 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Balances with related parties (continued)

	Unaudited As of June 30, 2021 *RMB'000*	Audited As of December 31, 2020 *RMB'000*
(vi) Trade and bill payables to		
Associates of the Group	**–**	11
Joint ventures	**30,206**	38,002
Fellow subsidiaries and other related parties	**156,921**	74,586
	187,127	112,599
(vii) Other payables		
Fellow subsidiaries and other related parties	**124,455**	147,599
(viii) Contract liabilities		
Fellow subsidiaries and other related parties	**5,240**	2,885

Amounts due to related parties are unsecure, interest-free, and repayable on demand.

(d) Key management personnel compensations

	Unaudited Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Wages, salaries and bonuses	**8,945**	5,079
Pension costs and other employee benefits	**224**	185
Others	**118**	114
	9,287	5,378

27 EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) Final determination on the anti-dumping and countervailing duty investigation

On July 30, 2020, the Coalition of American Chassis Manufacturers, consisting of five enterprises, being Cheetah Chassis Corporation, Hercules Enterprises, LLC, Pitts Enterprises, Inc., Pratt Industries, Inc., and Stoughton Trailers, LLC, submitted written applications to the United States International Trade Commission ("U.S. ITC") and the U.S. Department of Commerce ("U.S. DOC"), requesting an anti-subsidy and anti-dumping investigation into the chassis trailers and their components imported from China ("Anti-dumping and Anti-subsidy Investigation").

On 3 May 2021 and 2 July 2021 (U.S. time), the U.S. ITC has reached an affirmative final determination on the Anti-Dumping and Countervailing Duty investigation, respectively. Upon publication of the abovementioned final determination result in the U.S. Federal Register, the Group shall pay the deposits for anti-dumping and countervailing duty for the Products under Investigation at an estimated-weighted average dumping margin adjusted for export subsidy offset(s) of 177.05% and a countervailable subsidy rate of 44.32% as announced by the U.S. Department of Commerce.

The Group has deployed manufacturing and assembly plants in the United States to ensure continued sales to the United States market. At the same time, the Group has also deployed manufacturing and assembly plants in Europe and other regions. As assessed by the Board, the Anti-Dumping and Countervailing Duty investigation did not have a material impact on the Group's business.

(b) Completion of A-share Listing

As of July 5, 2021, the Company completed the issuance of 252,600,000 A shares at the issue price of RMB6.96 per, and the shares are fully paid in RMB, totaling RMB1,758,096,000. After deducting RMB174,319,000 for underwriting and sponsorship fees and other listing expenses, the net amount of funds raised is RMB1,583,777,000. The shares have been listed and traded on the ChiNext Market of the Shenzhen Stock Exchange since July 8, 2021.