

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



中國國際海運集裝箱(集團)股份有限公司

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

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

(H Share Stock Code: 2039)

(A Share Stock Code: 000039)

RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022 (SUMMARY OF THE 2022 INTERIM REPORT)

1 IMPORTANT NOTICE

- 1.1** The board of directors (the “**Board**”), the supervisory committee (the “**Supervisory Committee**”) and the directors (the “**Directors**”), supervisors (the “**Supervisors**”) and senior management of China International Marine Containers (Group) Co., Ltd. (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) warrant that there are no misrepresentations, misleading statements or material omissions contained in the 2022 interim results announcement (the “**Announcement**”), and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the information contained in the interim report of the Group for the six months ended 30 June 2022 (the “**2022 Interim Report**”). The Announcement is extracted from the 2022 Interim Report and is published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cimc.com>). The full version of the 2022 Interim Report will be posted on the above websites in due course.
- 1.2** The Announcement has been considered and approved at the fifth meeting of the tenth session of the Board in 2022. All Directors have attended the meeting to consider and approve the Announcement and the meeting was held as an on-site + web meeting.
- 1.3** The financial statements of the Group have been prepared in accordance with China Accounting Standards for Business Enterprises (“**CASBE**”). The 2022 interim financial statements of the Group and notes thereto (the “**2022 Interim Financial Report**”) have not been audited. The reporting period (the “**Reporting Period**”) refers to the six months starting from 1 January 2022 and ended on 30 June 2022.
- 1.4** Mr. MAI Boliang, person-in-charge of the Company, Chairman of the Board and CEO, and Mr. ZENG Han, Chief Financial Officer, person-in-charge of accounting affairs and head of the accounting department, hereby warrant the truthfulness, accuracy and completeness of the 2022 Interim Financial Report in the Announcement.

- 1.5** The Company does not intend to distribute any interim cash dividend, issue bonus shares or convert shares from capital reserve into share capital for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).
- 1.6** The forward-looking statements in the Announcement regarding future plans and development strategies do not constitute a material commitment by the Group to investors. Investors are advised to be fully aware of the risks involved, to understand the differences between plans, forecasts and commitments and to be aware of the investment risks.
- 1.7** The Announcement has been prepared in both Chinese and English. In the event of any inconsistency between the two versions, the Chinese version shall prevail.

2 BASIC INFORMATION OF THE COMPANY

2.1 Basic Information of the Company

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

2.2 Contact Persons and Means of Communication

	Wu Sanqiang Secretary to the Board, Joint Company Secretary	He Linying Representative of Securities Affairs, Joint Company Secretary
Telephone:	(86 755) 2669 1130	(86 755) 2680 2258
Facsimile:	(86 755) 2682 6579	(86 755) 2682 6579
Email Address:	ir@cimc.com	ir@cimc.com
Contact Address in Mainland China:	CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC (Postal code: 518067)	
Contact Address in Hong Kong:	3101-2 Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong	

3 SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

3.1 Key Accounting Data

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

Unit: RMB thousand

Consolidated Income Statement Items	January – June 2022 (unaudited)	January – June 2021 (unaudited)	Changes
Revenue	72,126,258	73,184,549	(1.45%)
Operating profit	4,453,521	6,889,375	(35.36%)
Profit before income tax	4,498,100	6,859,213	(34.42%)
Income tax expense	1,264,012	1,813,717	(30.31%)
Net profit	3,234,088	5,045,496	(35.90%)
Net profit attributable to shareholders and other equity holders of the Company	2,538,512	4,297,459	(40.93%)
Profit or loss attributable to minority shareholders	695,576	748,037	(7.01%)
Net profit attributable to shareholders and other equity holders of the Company after deducting non-recurring profit or loss	2,697,578	3,648,549	(26.06%)

Unit: RMB thousand

Consolidated Balance Sheet Items	30 June 2022 (unaudited)	31 December 2021 (audited)	Changes
Total current assets	91,219,886	81,457,379	11.98%
Total non-current assets	67,130,743	72,865,122	(7.87%)
Total assets	158,350,629	154,322,501	2.61%
Total current liabilities	70,803,884	69,422,602	1.99%
Total non-current liabilities	26,867,362	27,919,809	(3.77%)
Total liabilities	97,671,246	97,342,411	0.34%
Total equity attributable to shareholders	60,679,383	56,980,090	6.49%
Equity attributable to shareholders and other equity holders of the Company	47,327,303	45,118,633	4.90%
Minority interests	13,352,080	11,861,457	12.57%

Unit: RMB thousand

Consolidated Cash Flow Statement Items	January – June 2022 (unaudited)	January – June 2021 (unaudited)	Changes
Net cash flows from operating activities	3,635,390	6,261,059	(41.94%)
Net cash flows from investing activities	(1,876,542)	(2,010,629)	6.67%
Net cash flows from financing activities	3,573,706	(3,202,638)	211.59%

3.2 Key Financial Indicators

	January – June 2022 (unaudited)	January – June 2021 (unaudited)	Changes
Basic earnings per share attributable to shareholders of the Company (RMB)	0.6996	1.1673	(40.07%)
Diluted earnings per share attributable to shareholders of the Company (RMB)	0.6893	1.1670	(40.93%)
Weighted average return on net assets (%)	5.44%	10.09%	(4.65%)
Weighted average return on net assets after deducting non-recurring profit or loss (%)	5.78%	8.52%	(2.74%)
Net cash flows from operating activities per share (RMB)	1.01	1.74	(41.95%)

	30 June 2022 (unaudited)	31 December 2021 (audited)	Changes
Net assets per share attributable to shareholders and other equity holders of the Company (RMB) (Total shares based on ordinary shares outstanding at the end of the period)	13.16	12.55	4.86%

The total share capital of the Company as of the trading day preceding the date of disclosure:

The total share capital of the Company as of the trading day preceding the date of disclosure (shares) 5,392,520,385

Fully-diluted earnings per share based on the latest share capital:

Interests paid for perpetual bonds (RMB thousand) –

Fully diluted earnings per share based on the latest share capital (RMB/share) (Note) 0.4707

Note: The calculation formula of “Fully diluted earnings per share based on the latest share capital (RMB/share)” is: (net profit attributable to the Company – interests on perpetual bonds paid)/latest number of ordinary shares.

3.3 Non-Recurring Profit or Loss Items and Amounts

Unit: RMB thousand

Items	January – June 2022 (unaudited)
Losses on disposal of non-current assets	(5,755)
Government grants recognised in profit or loss for the current period	210,725
Gains or losses from changes in fair value arising from holding financial assets held for trading, and investment gains arising from disposal of investments in other equity instruments, other debt investments and other non-current financial assets and gains or losses from changes in fair values of investment properties subsequently measured at fair value, except for the effective hedging activities relating to the Group’s ordinary activities	(475,976)
Net losses from disposal of long-term equity investment	(212,199)
Other non-operating income and expenses other than the above items	43,194
Effect of income tax	112,568
Effect of minority interests (after tax)	<u>168,377</u>
Total	<u><u>(159,066)</u></u>

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

4 INFORMATION ON SHAREHOLDERS

4.1 Number of Shareholders

As at 30 June 2022, the Company had a total of 3,595,013,590 shares in issue, including 1,535,121,660 A shares and 2,059,891,930 H shares.

The total number of shareholders of the Company as at 30 June 2022 was 106,314, including 106,286 holders of A shares, 28 registered holders of H shares. Based on the public information available to the Company and as far as the Directors were aware, the minimum public float of the Company has satisfied the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”).

4.2 Shareholdings of the Top Ten Shareholders as at the End of the Reporting Period (Prepared According to the Relevant Provisions of Domestic Securities Regulatory Rules)

Name of shareholders	Nature of shareholders	Percentage of shareholding	Number of Ordinary shares held at the end of the Reporting Period (Shares)	Changes during the Reporting Period (Shares)	Number of ordinary shares held with selling restrictions (Shares)	Number of ordinary shares held without selling restrictions (Shares)	Pledged, marked or frozen shares Status	Number
Hong Kong Securities Clearing Company Limited (Note 1)	Foreign legal person	59.02%	2,121,748,059	(10,460,521)	-	2,121,748,059	-	-
Shenzhen Capital Holdings Co., Ltd. (Note 2)	State-owned legal person	9.74%	350,000,000	-	-	350,000,000	-	-
COSCO SHIPPING Development Co., Ltd.	State-owned legal person	1.92%	68,908,300	(19,885,400)	-	68,908,300	-	-
Shanghai Yiluo Private Equity Fund Management Co., Ltd. – Jun'an No. 9 Yiluo private equity investment fund	Domestic non-state-owned legal person	1.21%	43,606,953	80,600	-	43,606,953	-	-
Shanghai Yiluo Private Equity Fund Management Co., Ltd. – Junxing No. 10 private equity fund	Domestic non-state-owned legal person	0.96%	34,656,786	(1,163,900)	-	34,656,786	-	-
MIAO Yanfen (苗艷芬)	Domestic natural person	0.84%	30,081,857	-	-	30,081,857	-	-
COSCO Container Industries Limited	Foreign legal person	0.74%	26,725,951	(14,353,500)	-	26,725,951	-	-
CITIC – Prudential Life Insurance Co., Ltd. – participating products (Note 3)	Domestic non-state-owned legal person	0.55%	19,733,298	-	-	19,733,298	-	-
Shanghai Yiluo Private Equity Fund Management Co., Ltd. – Junxing No. 4 private equity fund	Domestic non-state-owned legal person	0.54%	19,457,005	(27,100)	-	19,457,005	-	-
FU Xuan (付璇)	Domestic natural person	0.38%	13,764,984	38,242	-	13,764,984	-	-
Strategic investors or ordinary legal persons who became top ten ordinary Shareholders due to placing of new shares (if any)		None						
Explanation on the relationship or concerted action of the above Shareholders		Unknown						

Note 1: As at 30 June 2022, HKSCC holds 2,121,748,059 shares of the Company, comprising 61,978,319 A shares held by Hong Kong Securities Clearing Company Limited, being the nominal holder of the A shares held by the non-registered shareholders of the Company, and 2,059,769,740 H shares held by HKSCC NOMINEES LIMITED, being the nominal holder of the H shares held by the non-registered shareholders of the Company. The H shares registered under HKSCC Nominees Limited include (but not limited to) 880,429,220 H shares held by China Merchants Group through its subsidiaries (including China Merchants (CIMC) Investment etc.), the 719,089,532 H shares directly held by Shenzhen Capital Group through its wholly-owned subsidiary Shenzhen Capital (Hong Kong) and the 177,327,180 H shares held by CITIC – Prudential Life Insurance Co., Ltd..

Note 2: As at 30 June 2022, Shenzhen Capital Group held 719,089,532 H shares of the Company which were registered under HKSCC NOMINEES LIMITED (see note 1 above) and 350,000,000 A shares of the Company.

Note 3: As at 30 June 2022, CITIC-Prudential Life Insurance Co., Ltd. held 19,733,298 A shares of the Company and another 177,327,180 H shares of the Company registered under HKSCC NOMINEES LIMITED (see note 1 above) as mentioned above.

The top ten ordinary Shareholders and the top ten ordinary Shareholders without selling restrictions of the Company have not conducted any agreed repurchase transactions during the Reporting Period.

4.3 Disclosure of Substantial Shareholders and Other Parties under the Securities and Futures Ordinance (the “SFO”) of Hong Kong

So far as the Directors are aware, as at 30 June 2022, the persons other than a director, supervisor and chief executive of the Company who have interests or short positions in the shares or underlying shares of the Company according to record of the register of interests and short positions required to be kept under section 336 of the SFO of Hong Kong are as follows:

Name of shareholder	Type of shares held	Number of shares (shares)	Capacity	Percentage of such shares in the issued shares of the same class (%)	Percentage of such shares in the total issued shares (%)
Shenzhen Capital Group (Note 1)	A shares	350,000,000 (L)	Interest of corporation controlled by the substantial shareholder	22.80%	9.74%
	H shares	719,089,532 (L)	Interest of corporation controlled by the substantial shareholder	34.91%	20.00%
China Merchants Group (Note 2)	H shares	880,429,220 (L)	Interest of corporation controlled by the substantial shareholder	42.74%	24.49%
CITIC – Prudential Life Insurance Co., Ltd.	A shares	19,733,298 (L)	Beneficial holder	1.29%	0.55%
	H shares	177,327,180 (L)	Beneficial holder	8.61%	4.93%

(L) Long position (S) Short position

Note 1: Shenzhen Capital Group has an interest in A Shares of the Company, being 350,000,000 A Shares (L), and holds an interest in H Shares of the Company, being 719,089,532 H Shares (L) through its subsidiary Shenzhen Capital (Hong Kong), both of which are held in the capacity as interest of corporation controlled by the substantial shareholder.

Note 2: As at 30 June 2022, China Merchants Group Limited (招商局集團有限公司), through its subsidiaries (including China Merchants (CIMC) Investment Limited etc.), holds an interest in the H shares of the Company, and all the 880,429,220 H shares (L) are held in the capacity as interest of corporation controlled by the substantial shareholder.

Save as disclosed above and so far as the directors are aware, as at 30 June 2022, no other person (other than a director, supervisor or chief executive of the Company) was required to record interests or short positions in the register of interests or short positions required to be kept by the Company pursuant to Section 336 of the SFO of Hong Kong.

4.4 Information on Substantial Shareholders

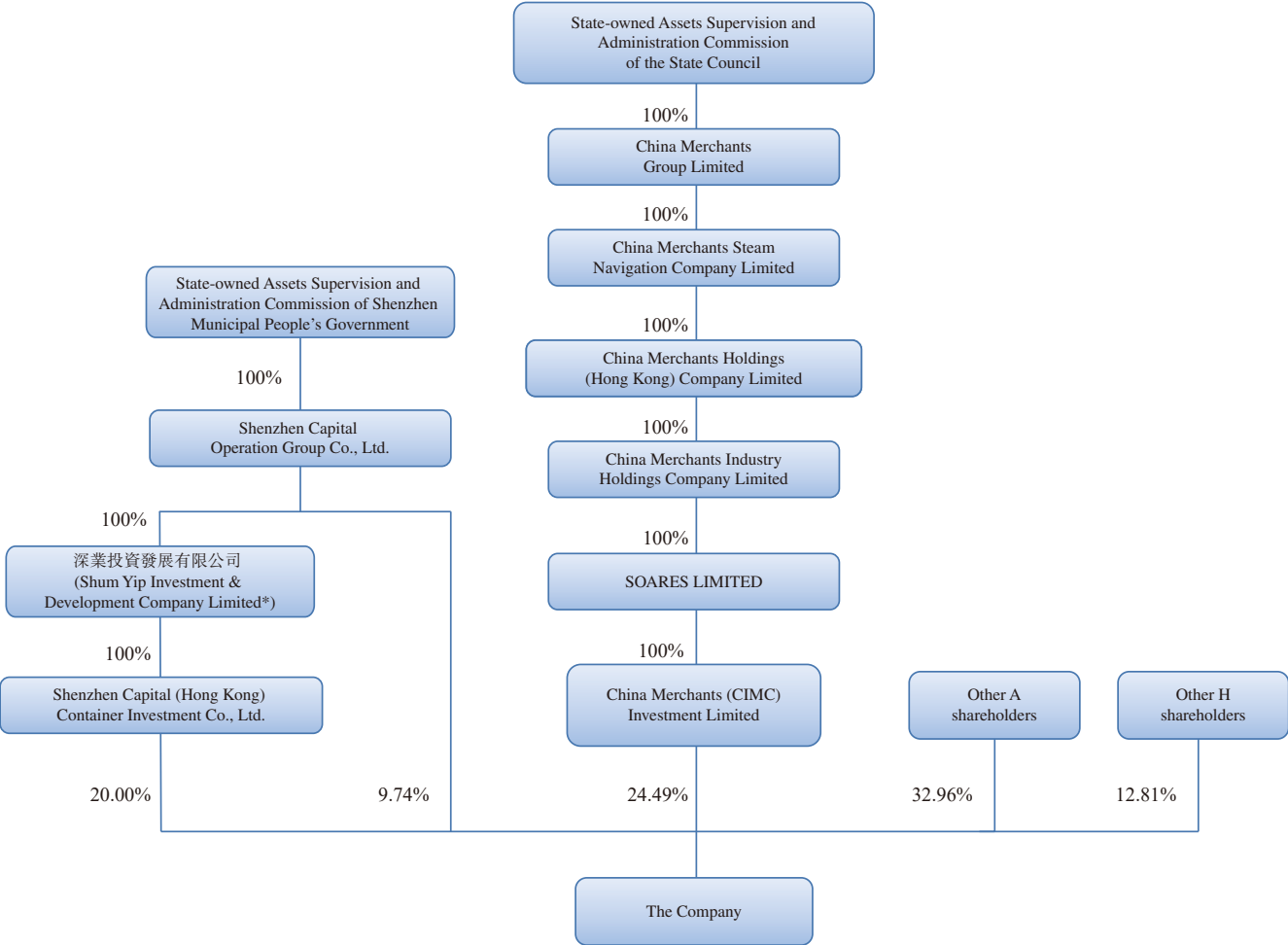
The Company has no controlling shareholder or actual controller, and there was no change during the Reporting Period. As of the end of the Reporting Period, the substantial shareholders of the Company are Shenzhen Capital Group and China Merchants Group.

Shenzhen Capital Group was incorporated in the PRC in June 2007 with a registered capital of RMB14.62 billion and Mr. HU Guobin as its legal representative. Shenzhen Capital Group is the only state-owned municipal capital operation company in Shenzhen and one of the five municipal enterprises in Shenzhen selected for the national “Double Hundred Action”. With the reform and development of Shenzhen state-owned enterprises, Shenzhen Capital Group has explored a business model with capital operation as its core, established four major business segments, namely strategic research and merger and acquisition, equity investment, industry fund and capital market investment, formed an investment and acquisition service system covering the whole life cycle of enterprises and a post-investment service empowerment system focusing on “capital management”, and devoted itself to developing from a local state-owned capital operation platform in Shenzhen into a first-class market-oriented, professional and comprehensive state-owned capital operation integrated service provider in China. As at the end of the Reporting Period, Shenzhen Capital Group and its wholly-owned subsidiary, Shenzhen Capital (Hong Kong), held a total of 29.74% of the issued shares of the Company and was the largest shareholder of the Company.

China Merchants Group was incorporated in October 1986 in the PRC. Its registered capital is RMB16.9 billion and its chairman of the board of directors is Mr. MIAO Jianmin. China Merchants Group’s main business focuses on transportation and logistics, comprehensive finance, urban and industrial park integrated development, as well as big health, testing and other new industries invested in recent years. As of the end of the Reporting Period, China Merchants Group through China Merchants (CIMC) Investment Limited, one of its subsidiaries, held 24.49% of the issued shares of the Company and was the second largest shareholder of the Company.

Apart from above two entities, no other legal person or individual holds shares representing 10% or more of the total issued shares of the Company (excluding HKSCC Nominees Limited).

Chart of shareholding structure between the Company and the substantial shareholders as at the end of the Reporting Period



5 REPORT OF THE BOARD

The Group is a world leading equipment and solution provider in logistics and energy industries, and its industry cluster mainly covers logistics and energy fields. In the logistics field, the Group still adheres to taking container manufacturing business as its core business, based on which to develop road transportation vehicles business, airport facilities and logistics equipment/fire safety and rescue equipment business and to a lesser extent, logistics services business and recycled load business providing products and services in professional field of logistics; in the energy field, the Group is principally engaged in energy/chemical/liquid food equipment business and offshore engineering business; meanwhile, the Group also continuously develops emerging industries and has finance and asset management business that serves the Group itself.

Currently, the Group is principally engaged in, among other things, the design and manufacture of international standard dry containers, reefer containers, special-purpose containers, tank containers, wooden container floorboards, road tank trucks, natural gas processing equipment and static tanks, road transportation vehicles, heavy trucks, jack-up drilling platforms, semi-submersible drilling platforms, special vessels, passenger boarding bridges and bridge-mounted equipment, airport ground support equipment, fire safety and rescue vehicles, automated logistics system and intelligent parking system and relevant services. The multi-dimensional industry cluster of the Group aims to provide the logistics and energy industries with high quality and reliable equipment and services, provide the Shareholders and employees of the Company with good returns and create sustainable values for the society.

According to the latest 2022/23 Container Equipment Survey and Leasing Market Annual Report issued by Drewry, an industry authoritative analyst, the Group is ranked No. 1 in the world in terms of production volume of standard dry containers, reefer containers and special-purpose containers. According to the 2022 Global Tank Container Fleet Survey issued by the International Tank Container Organisation, the production volume of tank containers of the Group ranked No. 1 in the world. According to the 2021 Top Global OEM Ranking List for Semi-trailer Manufacturers published by Global Trailer, CIMC Vehicles, a subsidiary of the Group, was the world's No. 1 semi-trailer manufacturer in terms of production volume for nine consecutive years. CIMC TianDa, a subsidiary of the Group, is one of the major suppliers of boarding bridges in the world, and the Group is also one of the high-end offshore engineering equipment enterprises in China.

During the Reporting Period, the products and businesses contributing 10% or more to the Group's revenue included container manufacturing business, road transportation vehicles business and energy/chemical/liquid food equipment business and logistics services business.

5.1 Overview

During the Reporting Period, the Group's revenue amounted to RMB72,126.258 million (same period in 2021: RMB73,184.549 million), representing a year-on-year decrease of 1.45%. During the Reporting Period, the Group's net profit attributable to shareholders and other equity holders of the Company amounted to RMB2,538.512 million (same period in 2021: RMB4,297.459 million), representing a year-on-year decrease of 40.93%. Business analysis of each segment is as follows:

5.2 Review of the Principal Businesses during the Reporting Period

Through business expansion and technology development, the Group has formed an industry cluster focusing on key equipment and solutions provided for the logistics and energy industries.

(I) *In logistics field:*

The Group adheres to taking container manufacturing business as our core business

The Group's container manufacturing business mainly consists of standard dry containers, standard reefer containers and special-purpose containers. The Group has the capacity to produce a full series of container products with independent intellectual property rights. Special-purpose containers mainly include North American domestic 53-ft containers, European pallet wide containers, bulk containers, special-purpose reefer containers, flatracks and other products.

In the first half of 2022, geopolitical incidents, rising overseas inflation and other factors have slowed down the global economy and trade activities, and the demand for marine containers gradually returned to normal from a historical high in 2021. Domestically, although the market was affected by the unexpected outbreak of the Omicron variant, the government made concerted efforts to coordinate the epidemic prevention and control and the economic and social development in an attempt to stabilise the economy, thereby achieving steady growth in terms of foreign trade exports in China. During the same period, the domestic container volume achieved a year-on-year increase of 3.0% to 142.31 million TEUs, among which, the container volume of foreign trade exceeded 85 million TEUs, representing a year-on-year increase of 6.1%. The container shipping for the foreign trade market remained relatively resilient.

As a result, during the Reporting Period, the production and sales volume of the Group's container manufacturing business witnessed a decline compared to last year's historical high, but still maintained a relatively good profitability. Among which, the accumulated sales volume of dry containers reached 675,000 TEUs (same period in 2021: 1,145,500 TEUs), representing a year-on-year decrease of approximately 41.07%. The accumulated sales volume of reefer containers reached 68,400 TEUs (same period in 2021: 94,500 TEUs), representing a year-on-year decrease of approximately 27.62%. Even if the extreme value recorded in 2021 is taken into account, the sales volume of both dry containers and reefer containers was in line with the average for the same period in the past three years and at the relatively good level for the same period in history. The container manufacturing business of the Group recorded a revenue of RMB22,767.965 million (same period in 2021: RMB27,450.809 million), representing a year-on-year decrease of 17.06%, and a net profit of RMB3,053.381 million (same period in 2021: RMB4,393.882 million), representing a year-on-year decrease of 30.51%.

Expand the road transportation vehicles business

CIMC Vehicles (Group) Co., Ltd. (“**CIMC Vehicles**”), the main operating entity of the Group’s road transportation vehicles business, is a leading global high-end semi-trailer and specialty vehicle manufacturer. The principal businesses of CIMC Vehicles include: (1) seven major categories of semi-trailer products business conducted in the four major markets worldwide, which include skeletal container semi-trailers, flatbed trucks and their derivatives, curtain side semi-trailers, van semi-trailers, refrigerated semi-trailers, tank semi-trailers and other special types of semi-trailers; (2) truck bodies for specialty vehicle products business conducted in China, which include the manufacture of urban muck truck bodies and concrete mixer truck bodies and sales of fully-assembled vehicles; (3) the manufacture of light van bodies and sales of fully-assembled light vans, which include refrigerated van bodies and dry cargo distribution van bodies.

During the Reporting Period, CIMC Vehicles achieved revenue of RMB11,195.842 million (same period in 2021: RMB17,711.844 million), representing a year-on-year decrease of 36.79%; achieved a net profit of RMB370.305 million (same period in 2021: RMB760.650 million), representing a year-on-year decrease of 51.32%. The main details are as follows:

- (1) In the first half of 2022, the global semi-trailer business of CIMC Vehicles achieved solid performance in general, with rapid growth in the overseas market and a downturn in the domestic market as affected by epidemic and other various factors. The sales of CIMC Vehicles’ semi-trailers of various types amounted to 61,627 (same period in 2021: 81,628) around the world, and revenue from the global semi-trailer business amounted to RMB8,190.098 million (same period in 2021: RMB8,393.900 million), representing a year-on-year decrease of 2.43%.

In terms of the domestic semi-trailer market, according to the China Association of Automobile Manufacturers, in 2021, CIMC Vehicles’ market share in China’s semi-trailer market reached 12.1% with continuous rising market share, ranking No. 1 in China for three consecutive years. During the Reporting Period, the recurring epidemic and rising fuel prices have suppressed the domestic market demand for semi-trailers. However, the market demand gradually recovered due to the constant progress of the national logistics to ensure smooth work, and the orderly operation of the national freight logistics. In the long term, driven by both policy and market factors, China’s logistics industry accelerated its integration with the transportation industry, and its semi-trailer industry underwent upgrade and iteration, further transforming into a large-scale manufacturing sector.

In terms of the overseas semi-trailer market, the sales of multi-category semi-trailers of CIMC Vehicles ranked at the forefront in the North American and European market. Due to the strong consumer demand in North America in the first half of the year and a tight global supply chain as the port congestion resulted in the shift from shipping to inland transportation, driving a surge in orders for road logistics vehicles. CIMC Vehicles proactively captured business growth opportunities and overcame the impact of the “big congestion” in the global supply chain to secure significant improvement in both revenue and profitability in the North American semi-trailer business as well as steady growth in the revenue of European semi-trailer business.

- (2) In the first half of 2022, 9,111 (same period in 2021: 41,661) truck bodies for specialty vehicles were sold in China by CIMC Vehicles. China’s truck bodies for specialty vehicles business realised a revenue of RMB1,491.072 million (same period in 2021: RMB7,715.325 million), representing a year-on-year decrease of 80.67%. On the one hand, the growth rate of domestic infrastructure and real estate investment further slowed down, putting pressure on the demand for specialty vehicles; on the other hand, the implementation of China VI vehicle emission standards resulted in overbuying in the same period last year, intensifying homogeneous competition in the industry, and leading to continuous sluggish market demand. Against the backdrop of carbon neutrality, CIMC Vehicles actively engaged in joint development and strategic cooperation with Original Equipment Manufacturers (OEMs) to promote the application of new energy heavy trucks in short- and medium-distance transportation, engineering construction and urban traffic. Although the industry demand was under pressure, the leading advantage of CIMC Vehicles remained stable.
- (3) In the first half of 2022, 2,712 light van bodies (including refrigerated van bodies and dry cargo distribution van bodies) (same period in 2021: 3,294 refrigerated van bodies) were sold in China by CIMC Vehicles, and realised a revenue of RMB93.052 million (same period in 2021: RMB153.458 million), representing a year-on-year decrease of 39.36%. Under the influence of the epidemic outbreak, insufficient supply of goods and excess amount of vehicles, low freight prices, the implementation of new blue-plate regulations and other factors, the light truck market was relatively sluggish in the first half of the year with slowdown of the overall market demand. With the official implementation of the technical specification of “understating the carrying capacities” for light trucks, coupled with the continued promotion of policies such as “rural revitalization”, “14th Five-Year Plan for Cold Chain Logistics Development” and “National Unified Market”, light vans have become a new popular category in China’s commercial vehicle industry. CIMC Vehicles actively captured the development opportunities of urban distribution and cold chain logistics in China and actively enhanced its production capacity layout. The high-end manufacturing production base of its TB (太字節) business group is basically completed, radiating the core market of cold chain nationwide and expanding its business development in urban refrigerated distribution van bodies and dry cargo distribution van bodies.

Expand the airport facilities and logistics equipment, fire safety and rescue equipment business

Through its subsidiary CIMC-TianDa Holdings Company Limited (“**CIMC TianDa**”), the Group is engaged in the business of airport and logistics equipment, fire safety and rescue equipment, mainly including passenger boarding bridges, airport ground support equipment, airport baggage handling systems, logistics handling systems and intelligent storage systems, comprehensive fire safety and rescue mobile equipment primarily based on various types of fire trucks and other fire safety and rescue equipment and services, including various types of fire pumps, intelligent control and management systems for fire vehicles and various types of fire-fighting systems, etc.

During the Reporting Period, the airport and logistics equipment and fire safety and rescue equipment businesses of the Group achieved a revenue of RMB2,588.085 million (same period in 2021: RMB2,833.005 million), representing a year-on-year decrease of 8.65%, and recorded a net profit of RMB16.943 million (same period in 2021: RMB179.593 million), representing a year-on-year decrease of 90.57%.

The revenue of CIMC TianDa declined in the first half of the year as compared with the same period in the previous year as the delivery of orders lagged during the Reporting Period due to the impact of the recurring epidemic both at home and abroad and the unstable external economic environment. As of the end of June 2022, the size of orders on hand achieved significant increase compared to the end of the same period last year, and the production sites affected by the epidemic has gradually resumed normal operation and production. Therefore, CIMC TianDa is expected to return to an upward trajectory in the second half of the year.

Leveraging the logistics services business

CIMC Wetrans Logistics Technology (Group) Co., Ltd. (“**CIMC Wetrans**”), the main operating entity of the logistics services business of the Group is committed to becoming the leader characterised by “equipment + technology” in multimodal transport industry in the PRC, focusing on the multimodal transport network layout covering major domestic seaports, Yangtze River ports and railway hub stations to provide multimodal transport services by sea freight, air freight, rail combined transport and international trains. Through the development of river, sea, railway, air and land integrated multimodal transport business, professional logistics business, station and value-added service business, we built a development model combining containers, goods and yards with railway stations as the foundation, facilities as the support and technology as empowerment to provide customers with stable, efficient, digital and intelligent logistics solutions.

In the first half of 2022, China successively introduced a package of policies and measures to stabilise the economy and accelerate the promotion of foreign trade to maintain stability and improve quality, boosting the market of China’s logistics industry. In terms of industry dynamics, the gradual easing of global port congestion, continuous adjustment of international sea and air freight prices, the opening of the China – Laos Railway and the Regional Comprehensive Economic Partnership (RCEP) in effect brought new opportunities for China’s foreign trade export logistics.

During the Reporting Period, the logistics services business of the Group realised a revenue of RMB17,278.702 million (same period in 2021: RMB9,925.645 million), representing a year-on-year increase of 74.08%, and recorded a net profit of RMB300.263 million (same period in 2021: RMB165.921 million), representing a year-on-year increase of 80.97%. It was mainly due to the impact of new mergers and acquisitions of enterprises in the second half of last year and the current period.

In the first half of 2022, the Group introduced two strategic investors, SIPG (Shanghai International Port Group) and Hidden Hill Capital, for its logistics services business in order to allocate more resources and investments to improve multimodal transport channel network, control core resources and develop more direct customers. **In respect of integrated multimodal transport business**, the Group expanded its international maritime shipping routes so that these routes fully cover North America, Latin America, Europe, Australia and New Zealand, South Asia, Southeast Asia, and Africa; and in respect of railway intermodal transport business, we developed several sea-rail proprietary routes relying on Shanghai Port, and Yiyue Channel, a domestic trade multilink trunk channel, was officially opened. Our efforts to transport more containers through Central Asia and China-Laos railway expresses brought about continuous increase in business volume. **When it comes to specialised logistics**, the Group continued to strengthen its presence in fresh and cold chain logistics, clean energy logistics and special cargo logistics. **For yard and value-added service business**, the Group further strengthened its cooperation with shipping companies, ports and railways, and accelerated the development of multimodal transport collection and distribution system and the creation of global multilink network hubs in order to improve its capacity in multimodal transport products, thus providing professional, flexible, stable and reliable logistics solutions for industrial customers.

During the Reporting Period, CIMC Wetrans was selected as one of the Ten Best Logistics Enterprises in China by the China Logistics Times and the Review Organising Committee of the Golden Pegasus Award* (金飛馬獎評審組委會) for logistics industry in China. In August 2022, it was awarded the “Top 50 Logistics Enterprises in China” by the China Federation of Logistics & Purchasing.

Rely on the recycled load business as the supplementary to provide the modernized transportation and logistics with first-class products and services

The Group’s recycled load business focuses on providing customers with comprehensive solutions for recycling packaging instead of disposable packaging to facilitate carbon neutrality. It mainly provides comprehensive solutions for R&D, manufacturing, operation and packaging of professional recycled load for industries including automobile, new energy power battery, photovoltaic, household appliances, liquid chemical, fresh food, rubber and bulk commodities.

In the first half of 2022, some of our businesses were affected to a certain extent as a result of the disruption of cargo transportation caused by the epidemic and the continued downturn in the domestic commercial vehicle market. However, benefiting from the rapid development of the new energy power battery industry and the accelerated expansion of the rubber case business, the recycled load business of the Group maintained steady growth. During the Reporting Period, the recycled load business of the Group realised a revenue of RMB3,392.834 million (same period in 2021: RMB2,626.783 million), representing a year-on-year increase of 29.16%, and realised a net profit of RMB304.015 million (same period in 2021: RMB228.950 million), representing a year-on-year increase of 32.79%.

During the Reporting Period, the development of the Group's recycled load business was as follows:

- (1) The recycling packaging R&D and manufacturing business continued the growth momentum in the second half of last year. We continued to increase our efforts in the development of recycling packaging R&D and manufacturing business and won the bids for the power battery recycling packaging business of a number of new energy leaders. The sales volume of recycling packaging maintained a good momentum.
- (2) In terms of the operation business, although the commercial vehicle market remained sluggish in the first half of the year, which resulted in a decline in the recycling packaging operation business in the automobile-related industry, the Group actively expanded its recycling packaging operation business in other industries and entered into business cooperation with leading photovoltaic enterprises and leading home appliance enterprises and put into operation. We also actively expanded the overseas rubber case operation business and added a number of strategic customers for rubber cases, thereby achieving steady growth in the leasing operation business.

(II) In Energy field:

On the one hand, carry out energy, chemical and liquid food equipment business based on onshore resources

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

During the Reporting Period, the Group's energy, chemical and liquid food equipment business recorded a revenue of RMB9,594.446 million (same period in 2021: RMB8,314.992 million), representing a year-on-year increase of 15.39%; the net profit amounted to RMB468.297 million (same period in 2021: RMB347.901 million), representing a year-on-year increase of 34.61%. Among the three major business segments of CIMC Enric, the clean energy business recorded a revenue of RMB4,683.343 million (same period in 2021: RMB4,918.427 million), representing a slight year-on-year decrease of 4.78%; the chemical environment business recorded a revenue of RMB2,550.409 million (same period in 2021: RMB1,523.254 million), representing a year-on-year increase of 67.43%; the liquid food business recorded a revenue of RMB1,714.941 million (same period in 2021: RMB1,498.335 million), representing a year-on-year increase of 14.46%. As of the end of June 2022, CIMC Enric's orders on hand from overall business amounted to RMB17,346 million, representing a year-on-year increase of 41.66% (the orders on hand for the clean energy, chemical environment and liquid food segments reached RMB9.644 billion, RMB2.591 billion and RMB5.111 billion, respectively, representing an increase of 38.29%, 3.19% and 85.18%, respectively, compared with the same period last year). The accumulated new orders in the first half of the year amounted to RMB10,746 million, representing a year-on-year increase of 16.75%.

In the first half of 2022, the Group's energy, chemical and liquid food equipment business achieved steady growth. **(1) The clean energy segment:** the Company mainly focused on the layout of natural gas-related businesses and hydrogen energy-related businesses. During the Reporting Period, the segment remained basically flat in revenue because the supply logistics of raw materials were seriously affected by the outbreak of epidemic in various regions of China, further affecting the production capacity and the construction progress. **LNG business:** the segment recorded growth in sales revenue of upstream processing and treatment modules and related comprehensive services due to the continuous growth in domestic natural gas production. For storage and transportation, in terms of onshore equipment for storage and transportation, city gas storage and peak shaving is an important part of domestic energy planning, and the construction of relevant facilities at present is still far below the target, so revenue from the sales of LNG storage tanks has maintained growth driven by relevant policies. However, the sales volume of LNG transportation vehicles and other related transportation equipment recorded a decrease due to the decline in LNG consumption during the Reporting Period. In terms of maritime equipment, CIMC Enric delivered a total of two LNG bunkering vessels and secured orders for three LNG bunkering vessels. In terms of terminal applications, sales of LNG cylinders recorded a year-on-year decline due to the sales decline of LNG heavy trucks. **LPG business:** in terms of the onshore equipment, the pump-equipped LPG tanker developed and manufactured by CIMC Enric passed the first batch of "new materials, new technologies and new processes" technical evaluation in China, and took the lead in becoming the first two major equipment suppliers of intelligent LPG MicroGrid integrated solution to pass the evaluation in China. Currently, the delivery of relevant equipment has commenced. In terms of maritime equipment, CIMC Enric delivered two LPG transportation vessels during the Reporting Period. **Hydrogen energy business:** the business developed steadily and has won several bids for hydrogen refueling station projects during the Reporting Period. With regard to the on-board hydrogen cylinder project in cooperation with Hexagon Purus, construction of the production lines for type IV bottles and the hydrogen supply system is accelerating, and a revenue of approximately RMB169,489,000 has been recorded for the first half of 2022, representing a significant year-on-year increase of 175%; the accumulated new orders in the first half of the year amounted to approximately RMB230 million; and the orders on hand for hydrogen energy business amounted to RMB170 million. During the Reporting Period, CIMC Enric won several bids for hydrogen refueling station projects and with regard to the on-board hydrogen cylinder project in cooperation with Hexagon Purus, construction of the production lines for type IV bottles and the hydrogen supply system was accelerating. **(2) The chemical environment segment:** in the first half of 2022, this segment achieved a substantial increase in sales revenue due to the steel price hike, the globally hampered efficiency of ocean shipping, the lower turnover rate of chemical tankers and containers, and the surge in both sales volume and sales price of chemical tanker and container products driven by the appreciation of US dollar against Renminbi. The segment continued to provide refrigerated transportation solutions for electrolytes in the new energy industry, which is expected to be applied extensively. **(3) The liquid food segment:** the site construction projects involved in this segment were able to commence normal operation due to the easing of the COVID-19 epidemic. During the Reporting Period under review, various turnkey projects for beer, hard seltzer and spirits in China, Mexico, the U.S. and Cambodia progressed smoothly.

On the other hand, carry out offshore engineering business relying on offshore resources

The Group's offshore engineering business is operated under an integrated operating model covering design, procurement, manufacturing, construction, commission and operation and provides mass and industrialised construction of high-end offshore engineering equipment and other special vessels, making it one of the leading contractors of high-end offshore engineering equipment in China that has actively participated in international competition in the offshore engineering equipment market. Its major businesses include construction of various types of drilling platforms and production platforms, construction of offshore wind power equipment and operation and maintenance of wind farms, manufacture of special vessels, etc.

With the imbalance between supply and demand of crude oil in the first half of the year, the demand rebounded but the supply was insufficient, resulting in the fluctuation in the oil prices at high levels, which was beneficial to the offshore engineering and oil and gas business. In addition, floating production storage and offloading (FPSO) and offshore wind power continued the relatively good development trend, which constituted the fundamentals for the continuous improvement of offshore engineering.

During the Reporting Period, as new orders for offshore engineering entered the construction period successively, the offshore engineering business of the Group recorded a revenue of RMB2,568.098 million (same period in 2021: RMB2,818.678 million), representing a year-on-year decrease of 8.89%, and a net loss of RMB240.857 million (same period in 2021: net loss of RMB680.365 million), representing a significant year-on-year decrease of 64.60%.

In the first half of 2022, in terms of new orders, the Group acquired newly effective orders with the value of USD610 million, including three ro-ro ships with the value of USD250 million, clean energy products with the value of USD230 million, and other orders with the value of USD130 million, realising an increase of 60.5% as compared with USD380 million for the same period last year. The value of accumulated orders on hand reached USD2.12 billion, representing an increase of 120% compared to USD960 million for the corresponding period last year, of which oil and gas, special ships, clean energy and other product lines accounted for 3:3:3:1 in respect of accumulated orders on hand.

In respect of project construction and delivery: In January, the Y-TYPE semi-submersible yacht carrier built for Spliethoff was delivered at Longkou wharf; in February, the fuel mode commissioning for the largest dual-fuel ice-class ro-ro ship in the world was completed; in March, Jinghai No. 004 (經海004號), the intelligent cage built by CIMC Raffles for Yantai Jinghai Ocean Fishery Co., Ltd., was submersed and delivered in the waters of Nanhuangcheng (南煌城). So far, the first four cages of the "100 Cages Plan" for Yantai Jinghai Ocean Fishery Co., Ltd. have been assembled and settled in Nanhuangcheng Island (南煌城島); in April, the construction of the first "3060" series 2200T jack-up wind power installation vessel independently designed and built by CIMC Raffles for Shanghai Boqiang Heavy Industry Group Co., Ltd. commenced at the Yantai base; in May, the jack-up accommodation platform built for BP, a major oil and gas customer, was delivered, further strengthening the leading advantage of CIMC Raffles in the field of jack-up platforms at home and abroad; in June, the second RORO series ro-ro ship built by CIMC Raffles for Wallenius SOL, a Swedish customer, was delivered at the Yantai wharf.

(III) Finance and Asset Management Business that serves the Group itself

The Group's finance and asset management business is devoted to establishing a financial service system which matches the Group's strategic positioning as a leading manufacturer in the world, enhancing the efficiency and effectiveness of the Group's offshore engineering assets and internal capital utilisation, and providing diversified financial service measures for the Group's strategic expansion, business model innovation, industrial structure optimisation and overall competitiveness enhancement.

During the Reporting Period, the Group's finance and asset management business achieved revenue of RMB1,149.645 million (same period in 2021: RMB1,052.589 million), representing a year-on-year increase of 9.22%, and net profit of RMB4.658 million (same period in 2021: net profit of RMB189.128 million), representing a year-on-year decrease of 97.54%. The main operating entities of the Group's finance and asset management business consist of CIMC Financial Leasing Company, CIMC Finance Company and offshore engineering asset management platform.

CIMC Financial Leasing Company: On one hand, CIMC Financial Leasing Company adhered to the strategic positioning of "integration of industry and finance", focusing on the Group's core business ecosystem and consolidating the operational and financial synergies in the Group's manufacturing segment; on the other hand, it gave full play to its professional operational advantages and actively expanded business fields such as green energy and health care, so as to better serve the real economy of Shenzhen and the high-quality urban development goals. From January to May 2022, CIMC Financial Leasing Company continued to enhance the integration of industry and finance to facilitate the development of the Group's manufacturing sector, further boosted strategic new business to serve the real economy, and achieved steady growth in the offering of new businesses. CIMC Financial Leasing Company successfully introduced the strategic investor in December 2021 and completed the change of industrial and commercial registration and equity delivery at the end of May 2022 and became an associated company of the Group.

CIMC Finance Company: In the first half of 2022, CIMC Finance Company continued to deepen the centralized management of the Group's funds. Benefiting from the overall sufficient cash at bank and on hand of the Group, CIMC Finance Company achieved a stable increase in the level of capital concentration and the scale of deposits absorbed. While actively ensuring the capital supply of members of the Group, CIMC Finance Company constantly increased the financial support for the industry, provided differentiated and specialized comprehensive financial services for each segment, effectively improved the Group's capital management efficiency and effectiveness, as well as reduced various financial transaction costs for the Group. The new generation of core system of CIMC Finance Company was successfully launched and put into production in May. The system applied new technologies such as big data, mobile internet and artificial intelligence and integrated information technology and financial services, comprehensively improved the bearing capacity of the technological platform and the application level of the business systems. The launch of the system opened a new chapter for the financial technology development of CIMC Finance Company.

Offshore engineering asset operation and management business of CIMC: As of the end of June 2022, the offshore engineering asset operation and management business of the Group involved 16 offshore engineering assets in total, including two ultra-deepwater semi-submersible drilling platforms, three semi-submersible drilling platforms for severe sea conditions, three semi-submersible lifting/life support platforms, three 400-foot jack-up drilling platforms, four 300-foot jack-up drilling platforms and one high-end yacht. As of the end of June 2022, we acquired lease contracts for eight platforms, and the remaining service time of the lease contracts ranging from 5–60 months.

In the first half of 2022, the Group's offshore engineering asset operation and management business acquired one new lease contract, namely, a 5+2 year lease contract in respect of the "Perro Negro 11" 400-foot jack-up drilling platform with Saipem, a well-known Italian offshore engineering service provider. Currently, all preparation works are completed, and the platform was sailed to delivery point in mid-July this year. In addition, seven other lease contracts were in force, among which: the "Deepsea Yantai", the semi-submersible drilling platform, continued to execute the drilling service contract with Neptune Energy in Norwegian waters and its operational schedule will be executed until the third quarter of 2023; the "Huadian CIMC 01" continued to execute the offshore wind power installation service contract with Huadian Heavy Industries Co., Ltd. in the waters of Guangdong, with a total of 27 single pile installation tasks completed in the first half of the year; the "Bay Drill No. 4" (灣鑽四), the 300-foot jack-up drilling platform, continued to provide drilling and well intervention services to China Oilfield Services Limited in the Bohai Bay; the "Bay Drill No. 6" (灣鑽六) and "Bay Drill No. 8" (灣鑽八), the two 400-foot jack-up drilling platforms continued to execute bareboat charter in the Gulf of Mexico, providing drilling services to Petróleos Mexicanos, the Mexican National Oil Company; the "Caspian Driller", the 300-foot jack-up drilling platform, continued to execute the drilling service contract in the Caspian Sea.

(IV) Innovative Businesses that highlight the advantage of CIMC

Cold Chain Business

The Group's cold chain business has integrated the strengths of cold chain products and services across all segments, mainly focused on the manufacturing of the cold chain equipment and the cold chain logistics services, and expanded strategic investment layout. The Group currently possesses a competitive advantage in the field of reefer containers, refrigerated vans and portable cold store, with the sales volume of reefer containers and refrigerated vans ranking at the forefront.

In terms of cold chain equipment: For reefer containers, the Group actively expanded to the emerging market based on continuous enhancement of domestic regional channels, and we have expanded to various emerging markets, including India and Southeast Asia in the first half of the year; meanwhile, we proactively developed products such as planting boxes, refrigeration and heat preservation integrated containers, and new energy reefer containers; for refrigerated vans, revenue continued to grow in the first half of the year owing to the strong market demand for refrigerated vans in North America; for the portable cold store, the Group and the Guangxi Supply and Marketing Cooperative* (廣西供銷社) carried out farm pre-cooling pilot work in the first half of the year, using new portable cold store equipment for the pre-cooling of lychees. The Group has established a food supervision warehouse integrating functions of inspection, quarantine, sterilization and temporary storage for the cold chain construction in Pinggu District of Beijing. In addition, the Group has carried out the research and development and design of a “mobile factory”, which covers one-stop service of pre-cooling, sorting, packaging, refrigeration and preservation, delivery and transportation, allowing fresh food to be promptly delivered from farm to table via cold chain logistics. The portable fruit ripening warehouse of the Group has been applied and it has the advantages of being close to the market, allowing flexible and portable deployment, improving product quality, increasing product shelf life and reducing product loss. Now we have nearly 100 contracts in terms of this product.

In terms of cold chain logistics services: The Group continued to expand its professional services in medicine and fresh food. For fresh food cold chain, we have established cold chain end-to-end service capability in Southeast Asia, and we actively explored cross-border export business based on existing advantages of multimodal transport services for cross-border imported fruits, and achieved breakthroughs in various categories including fresh fruits such as durian and high-end ingredients. For the medicine cold chain, CIMC Cold Cloud (Beijing) Technology Co., Ltd. continued to assist Daan Gene Co., Ltd. and other companies by offering safe and timely transportation of COVID-19 test kits, leading the transportation volume of nucleic acid test kits in the industry. CIMC Cold Cloud (Beijing) Technology Co., Ltd. contributed to the development of industry standards by participating in the preparation of the industry standard of the “Vaccine Storage and Transportation Service Specifications” (《疫苗儲存與運輸服務規範》) organized by the Pharmaceutical logistics Sub-branch of China Federation of Logistics & Purchasing.

Integrated Container Equipment Business

In the first half of 2022, the integrated container equipment business of the Group continued to grow rapidly and was equipped with comprehensive system integration capabilities and industry brand effects, and established further closer cooperation with customers who are industry leaders. Currently, the Group focuses on expanding in energy and environmental protection fields, with business in the energy field mainly focusing on electrochemical energy storage equipment, wind power and photovoltaic equipment, new in energy vehicle equipment and power generation equipment; while business in the environmental protection field mainly focusing on water treatment equipment and waste treatment equipment, and gradually extends to the field of smart aquaculture. In the future, the Group will continue to cultivate the two fields of energy and environmental protection, further deepen cooperation with customers who are industry leaders, accelerate product research and upgrade and actively explore new “container +” applications.

Modular Building Business

The Group established a subsidiary, CIMC Construction Technology Company Limited (中集建築科技有限公司) (“**CIMC Construction Technology**”), in 2021 and integrated the modular building business under CIMC Construction Technology. CIMC Construction Technology is customer-centric, technology-led and innovation-driven, providing customers with one-stop and diversified integrated solutions for industrialised finished buildings in respects of “consultation, design, manufacturing, construction and delivery”, and striving to become a global technological leader in terms of green industrialised finished buildings. As an important breakthrough point in the Group’s “Stars-driven” strategy, CIMC Construction Technology has made substantial progress in the research and development of its assembled steel structure residential product system.

Overseas markets: CIMC Construction Technology cultivated the existing markets and further exploited new markets. While continuously obtaining stable apartment orders from Sweden, it successively obtained modular building projects such as the hotel project in the United States and the pension apartment project in Gibraltar with a contracted amount exceeding RMB450 million during the Reporting Period, and actively expanded to European countries such as Germany and Norway, achieving remarkable progress.

Chinese market: The Mainland China and Hong Kong has experienced recurring epidemic. CIMC Construction Technology has courageously taken its corporate social responsibility and actively undertaken the construction of several epidemic prevention facilities in Xinyang, Henan Province, Causeway Bay, Hong Kong, Jiangmen, Guangdong Province and Yangzhou, Jiangsu Province. As always, it has demonstrated the professional, high-quality and efficient services of CIMC in terms of modular building in making CIMC’s contributions to the prevention and fighting against the epidemic. Meanwhile, it continued to expand in the Hong Kong market, and obtained modular building projects such as the student apartments of the City University of Hong Kong (香港城大學生公寓) with a contracted amount exceeding RMB300 million. During the Reporting Period, thanks to CIMC Construction Technology’s strategy of deeply cultivating the Hong Kong market and the recognition of its technology and quality by the market, the order volume contracted in Hong Kong rose significantly year-on-year.

To respond to the current epidemic prevention and control requirements, CIMC Construction Technology has developed a mobile nucleic acid sampling workstation to provide an integrated solution for outdoor nucleic acid sampling. The workstation has been put into use in Dongguan, Shenzhen and Jiangmen, effectively solving the problem of sweating caused by nucleic acid testing personnel wearing protective clothing in hot weather, which helps to cope with ongoing resurgence of sporadic COVID-19 cases.

(v) Capital Operations in relation to Main Businesses

During the Reporting Period, the significant events of the Group in respect of capital operations are as follows: (1) In February 2022, the Company planned for the spin-off and domestic initial public offering of RMB ordinary shares (A shares) of CIMC Wetrans, a controlling subsidiary, and the listing of CIMC Wetrans on the Shenzhen Stock Exchange, which has been considered and approved by the shareholders at the general meeting of the Company held on 3 August 2022. (2) On 14 April 2022, CIMC Transportation Technology Co., Ltd (“**CIMC Transportation Technology**”), a controlling subsidiary of the Company, proposed to introduce strategic investors and upon completion of the transaction, shares of CIMC Transportation Technology held by the Company will be reduced from 70.92% to 67.33% and CIMC Transportation Technology will remain a non-wholly owned subsidiary of the Group. (3) On 23 May 2022, CIMC Raffles Marine Engineering (Singapore) Pte Ltd., a subsidiary of the Company and SCIMC signed the joint venture contract with Yantai Guofeng Group to jointly fund and incorporate a joint venture, namely Yantai CIMC Raffles Marine Technology Group Co., Ltd.

5.3 Prospects and Initiatives

5.3.1 Industrial Analysis and Corporate Operating Strategy of Major Business Segments in the Second Half of 2022

The Group has formulated a strategic plan for the next three years, with the strategic theme of “stabilizing operation to achieve quality growth”. The Group will remain focused on the two major industries of logistics and energy, and its layout of emerging business will also focus on the two main fields of “smart logistics” and “clean energy” to develop emerging strategic businesses in “cold chain logistics”, “clean energy”, “lucid water and green mountains” and “rural revitalization”. The Group will optimize its business portfolio constantly to improve the level of asset returns and pursue high-quality and incremental business development.

(1) In the Logistics Field:

Container Manufacturing

According to the latest prediction made by CLARKSONS (a global authoritative industry analyst) in July, the growth of global container trade and shipping capacity in 2022 will be 0.2% and 3.6%, respectively. Although the growth of supply and demand in container shipping is diverging, due to the global supply chain congestion, the effective shipping capacity continues to be limited. Drewry (a global authoritative industry analyst) predicted that the loss of effective container shipping capacity caused by port congestion will reach 15% in 2022. The tight supply and demand in container shipping still exists, and the profit of container shipping industry is expected to reach a new record high in 2022. Considering the large volume of over-aged old containers to be phased out and replaced, the continued high profitability of the container shipping industry will facilitate the accelerated elimination and replacement of over-aged old containers, thus leading to the shift of dominant position from new demand to replacement demand. It is expected that the container market will remain steady in the future.

In the second half of 2022, the Group will improve its operational efficiency through long-term and continuous investment as well as management improvements in technology and equipment, such as the Dragon Project (龍騰計劃) and major technical reforms, and enhance the competitiveness of the products through taking the market and business as the driving forces, and the products and technologies as the core and the processing technology as the investment in technical innovation so as to enhance the comprehensive competitiveness of the traditional container business and consolidate its leading position in the industry. Furthermore, the Group will pay attention to the development of national policies and industry trends at all times, constantly develop the innovative business through the continuous business innovation mechanism, and has currently formed a group of innovative business portfolio with leading technology advantages, profitability advantages as well as huge industry space, covering modular building, cold chain, integrated equipment, new materials and other segments.

Road Transportation Vehicles

As the epidemic has entered a new normalcy, the global demand for automobile manufacturing and logistics gradually recovered, with rebounding demand for semi-trailers in the world. With the continuous support from steady growth policy, acceleration of infrastructure construction, orderly recovery in supply chains and logistics, as well as other favorable factors, China's economy saw steady recovery while the demand for heavy truck returned to normal gradually. Under the implementation of "China VI" emission standards and the development of new energy vehicles, Chinese specialty vehicles companies are facing a new situation of coexistence of challenges and opportunities. With Chinese government's control over "understating the carrying capacities", promotion of "rural revitalization", the "14th Five-Year Plan for the Development of Cold Chain Logistics", "establishing a unified national market" and other policies, compliance light vans have become a new driving momentum for China's commercial vehicle industry.

CIMC Vehicles will continue to build a high-end manufacturing system, promote high-quality development, actively deepen the strategic layout of "six major businesses or groups" of CIMC Vehicles, and through the synergy of production and sales, achieve further increase in the domestic market share of the sub-segments, enable the overseas semi-trailer category to gain competitive advantages in the North American market, European market and emerging markets, and further enhance its leading position in the world. CIMC Vehicles will consolidate its main business in accordance with the core initiatives and resources of the "six businesses or groups", and achieve high quality development through high quality products and services, strong innovation, strong demand capture rate and brand influence, networked and intelligent production organisation and a complete industrial system, and by accelerating reforms to improve resource allocation efficiency, actively implementing standardisation strategies and improving the assessment and evaluation system for "development results". At the same time, CIMC Vehicles will initiate the policy for the "six businesses or groups" to promote high-quality development in 2023-2025, compile strategic development and organisational development plans, organise the core subordinate enterprises to conduct regular strategic development exploration, in order to find the "path of high-quality development".

Airport Facilities and Logistics Equipment, Fire Safety and Rescue Equipment

In respect of the airport facilities and logistics equipment industry: as smart airport construction will continue to be a global trend, and excellent integration capabilities and core equipment research and development capabilities are indispensable for rapidly capturing market share of the logistics industry, digitization, networking, and intelligence are the main directions for the development of airport and logistics facilities technology.

In respect of the fire safety and rescue equipment industry: the development and application of new technologies in the emergency industry, the enrichment of emergency products and technologies, the development of intelligent, large-scale, special, unmanned, high-performance firefighting and rescue equipment are all trends of the development of the industry. The fire safety and rescue equipment industry is supported by national and industrial policies, and the downstream demand is sustainable. The steady progress of urbanization, the gradual improvement of the fire safety supervision system, the improvement of social public safety awareness, and the “smart fire safety” big data construction carried out across the country all provide a good foundation for the development of the industry.

CIMC TianDa is committed to providing high-end and intelligent service equipment and solutions for cities around the world, and is actively expanding its airport and logistics, and firefighting and rescue businesses along two main lines of urbanisation and automation, and will optimise the allocation of segment resources to build a high-end manufacturing ecosystem with synergies of resources and management as the core. **Airport and logistics equipment:** we will continue to invest resources to strengthen our own R&D and production capacity and develop a broader range of products and services in order to consolidate and enhance our market share, maintain our competitive advantages and further enable our domestic brands and Made-in-China products to go global. In August 2022, the first autonomous passenger boarding bridge in Asia developed by CIMC TianDa was officially put into use at Chengdu Tianfu Airport, representing another intelligent technology product of CIMC TianDa to play an exemplary benchmarking role in terms of application prospects in the industry. **Fire safety and rescue equipment:** through full coverage of major geographies and major categories, we are committed to enhancing the global position and influence of China’s fire safety and rescue equipment and its technology. With the support of national and industrial policies, CIMC TianDa will invest more resources in the future to develop and explore various new products and services to meet the needs of the market with the help of information technology and big data, including: (1) multi-functionalisation and intelligence of traditional products, such as rescue vehicles with fire extinguishing modules; (2) production of modular rescue equipment on the basis of different types of rescue and the needs of large emergencies, such as earthquake rescue modules, chemical rescue module, water rescue module, and mountain rescue module, etc..

Logistics Services

In the second half of 2022, domestic production demand will gradually recover, and in the peak period of foreign trade shipments, China's export situation will remain resilient. However, China's foreign trade is still under pressure due to the impact of multiple factors such as repeated epidemic, geopolitical conflicts, increased risk of global economic downturn, and the increased uncertainty in the international market. The Group's logistics service business will actively react to changes in the industry, adjust its market strategies in a timely manner, continue to provide customers with stable, high-quality and smooth logistics services, focus on multimodal transport, seize market opportunities and strive to increase market share.

In the second half of 2022, in the face of such a complex and volatile internal and external environment, the Group's logistics business will further cultivate major global shipping routes, extend its service chain, strengthen the deployment of local service capacity in international ports of destination, and increase joint venture cooperation with railways following the strategic mission of becoming a leader in multimodal transportation in China with the core of "equipment + technology". Meanwhile, the Group will appropriately build shipping capacity to comprehensively enhance its capability in serving the entire chain, and accelerate its layout in specialized logistics service fields such as cold chain, engineering projects and energy and chemical industries. On the other hand, the Group will increase investment in technology to promote the construction of digitization and informatisation, enhance standardised operation, explore the application of intelligent equipment and operation platform, and comprehensively enhance its technological capability, thereby propelling green, digital intelligence and high-quality development.

Recycled Load Business

In the second half of 2022, the Group's recycling packaging business will remain stable as a whole. In particular, the Group will continue to strengthen its development efforts in the new energy power battery and photovoltaic industries. As the epidemic eases in Eastern China and cargo transportation starts to flow smoothly, the delivery of new energy recycling packaging orders will increase. In addition, stimulated by the domestic automobile consumption policy, the commercial vehicle market is expected to revive in the second half of the year, and the commercial vehicle recycling packaging business is expected to rebound.

In the second half of 2022, CIMC Unit Load will continue to seize the opportunity arising from the replacement of disposable packaging with recycling packaging and the rapid development of new energy in the context of the national dual-carbon strategy, to increase product operation and management capabilities and business expansion efforts. On the one hand, CIMC Unit Load will accelerate the integration of internal operation network and service outlets, and continue to optimize the intelligent leasing operation and management platform for recycling packaging to promote cost reduction and efficiency improvement in respects of operation and management. On the other hand, leveraging on the advantageous resources of the Group, it will strengthen external cooperation and expand the recycling packaging business in emerging industries such as new energy battery and photovoltaic industries.

(2) *In the Energy Industries Field:*

Energy, Chemical and Liquid Food Equipment Business

For the clean energy segment, natural gas plays a key role in the decarbonisation of the global energy system, with related equipment ushering in diversified demand growth. In the field of onshore clean energy, the European market will have a significant increase in the use of LNG shipping to supplement the shortfall in pipeline gas, generating demand for LNG receiving terminals, LNG tanks and other storage and transportation equipment. According to the 14th Five-Year Plan for the Modern Energy System, the domestic natural gas market will focus on strengthening oil and gas supply capacity and enhancing natural gas reserves and regulation capacity, which will provide strong support for the demand of upstream and midstream equipment. Meanwhile, as one of the important livelihood projects, rural gas storage tank stations and micro-pipeline network gas supply systems will continue to be steadily promoted. In the field of clean water energy, the wave of oil-to-gas transformation of domestic and foreign vessels will continue to advance, which is beneficial to the small and medium LNG liquefied gas transportation and bunkering vessel market. In addition, since the beginning of the year, with the intensive introduction of relevant hydrogen energy policies in many places, the development of the hydrogen energy industry has officially entered the fast lane. **For the chemical environment segment**, according to the report of the International Tank Container Organization (ITCO), global tank container holdings grew at a compounded rate of over 10% from 2011 to 2021, with holdings exceeding 686,650 units by the end of 2021. Fast-growing industries such as new energy and semiconductors in the PRC are becoming growth drivers for chemical containers. **For the liquid food segment**, beer continues to maintain a prominent share in the alcoholic beverage field, especially among the new generation groups; the beer market is expected to continue to grow steadily over the next three years.

In the second half of 2022, **the clean energy segment** will continuously adhere to the business development strategy, namely “equipment manufacturing + engineering services + comprehensive solutions” in line with its advantages in the layout of the whole industry chain, to strengthen the layout of the full service chain with natural gas, LPG, industrial gases and hydrogen energy. Relying on the Sino-European interactive pattern to grow its international business, the segment continues to expand the innovative demonstration application of integrated solutions and services for upstream processing and treatment, enhance the capability of integrated and comprehensive solutions for “production, storage, transportation, refueling and utilization” of clean energy and promote the intelligent application of key energy equipment and optimised portfolio of the product business, to realize resource integration and integrated operation of the engineering business. **The chemical environment segment** will, while consolidating the tank equipment manufacturing business, actively improve the intelligence of products, and assist customers in increasing operational efficiency and realising smart logistics with the IoT technology. **The liquid food segment** will continue to consolidate its leading position in the beer and distillation sector, and strive to become a global leader in the manufacturing of stainless steel storage tanks and processing equipment for various liquid foods as well as turnkey projects. This segment pays close attention to the incremental market space brought about by the transformation and upgrading regarding carbon neutrality of domestic wine companies, and continues to develop new products and technologies to broaden revenue channels.

Offshore Engineering Business

In respect of the oil and gas business: Higher oil prices and the trend of continuous exploration and production of oil and gas in ultra-deep water have made the traditional offshore oil and gas business gradually recover, among which the FPSO business has performed well. It is expected that, benefiting from Petrobras' oil production increase plan in the medium to long run, the number of orders newly signed in the FPSO market has grown strongly, and the capacity utilisation rate of offshore manufacturers will be greatly improved in the next three to five years. **In respect of the clean energy business:** carbon neutrality brings major development opportunities in the industry. Offshore wind power, hydrogen energy utilisation, offshore photovoltaics will form a huge industry scale, which will further consolidate the transformation of global offshore engineering equipment. Offshore wind power installation related equipment and operation and maintenance services will develop rapidly. **In respect of the ro-ro ship business:** The continual growing sales of new energy vehicles worldwide promotes the expansion of global automobile seaborne trade volume, which, superimposed by factors such as environmental protection, will lead to strong demand for new-build ro-ro ships.

In the second half of 2022, the Group's offshore engineering business will continue to actively promote transformation, introduce strategic investors, and integrate the industry mapping. Taking offshore oil and gas as the foundation, the Group will gradually expand to new energy sources to form a combination that stabilises the cycle. On the whole, the oil and gas platform business has obtained the general contracting qualification for engineering procurement construction (EPC) of Petrobras's offshore oil and gas platform during the Reporting Period, and will steadily advance towards the strategic direction of EPC general contracting in the future. The clean energy business will continue to take advantage of the design and construction of high-end offshore equipment, focusing on offshore wind power assembly and wind power operation and maintenance businesses. In respect of the ro-ro ship business, CIMC Raffles of the Group will seize market opportunities to expand its advantages in the market. Specific business strategies include: (1) taking quality orders: Based on market and customer opportunities, the Group will improve the level of taking orders and profitability, and control risks at the source; seize new energy opportunities to tap into new businesses, and lead new product development through R&D, achieving new business growth points; (2) high-quality growth: The Group will increase quality and efficiency, and continue to promote the improvement of personnel performance; dispose of inefficient assets and reduce low efficient occupation of resources; (3) risk prevention and control: The Group will, in line with the requirements of internal control and risk control, implement the risk identification, prevention and management in all dimensions of strategy, operation and project during the business management and control; (4) management improvement: The Group will build up core capabilities supporting enterprise development, improve product R&D capability and operating capabilities, and construct a strategic talent supply chain that supports the long-term enterprise development.

(3) Finance and Asset Management Business:

CIMC Finance Company

In the second half of 2022, the external environment will remain uncertain, yet, following the gradual appearance of effects of a series of economic stabilisation policies, market expectations and confidence will recover sustainably, and China's economy is expected to pick up quarter by quarter in the second half of the year. The central bank expects to use a combination of measures, such as reducing reserve requirement ratios, structured instruments and cutting interest rates, to maintain reasonable and adequate liquidity. Money market interest rates are expected to remain low and loan interest rates are still likely to fall, and corporate financing demands will consequently gain momentum.

In the second half of 2022, CIMC Finance Company will continue to insist on taking transformation and upgrade as the core of strategic development, cultivate the existing businesses by adhering to its basic functional positioning, and continue to deepen the centralized management of funds. It will continue to improve and optimize financial products and services, increase financial support for the industry, enhance comprehensive financial innovation service capabilities and provide high-quality, distinctive and diversified financial services for members, so as to achieve a higher level of innovation-driven development.

CIMC's Offshore Engineering Asset Management Business

In the second half of 2022, CIMC's offshore engineering asset operation and management business will usher in both opportunities and challenges. On the one hand, international oil prices have stabilised at a relatively high level, shoring up production confidence in major production areas of oil and natural gas. For example, new market opportunities are emerging successively in areas like the North Sea, the Middle East and the Gulf of Mexico, and the drilling market continues to pick up, which bring benefits to platform disposal and rental and promote a generally positive market. On the other hand, the overall market demand for energy is expected to be lower due to the resurgence of the COVID-19 pandemic and the economic weakness caused by the COVID-19 pandemic and the geopolitical situations. The Organization of Petroleum Exporting Countries (OPEC) cuts crude oil demand by about 300,000 barrels per day in 2022 in its latest August report, but maintains a 3.21% demand growth rate for the year.

In the second half of 2022, the CIMC's offshore engineering asset operation and management business will continue to promote the lean management. It will increase efforts on market development on the basis of improving efficiency, and seize market opportunities to increase asset occupancy rates and project profitability, so as to realise a benign development of the offshore engineering asset operation and management business. On this basis, the Group's offshore engineering asset operation and management business will further consolidate its cooperative relationship with domestic and overseas customers to jointly address challenges and pressures.

5.3.2 Major Risk Factors of the Group

In the second half of 2022, the business operation environment of the Group will still be exposed to the following macroeconomic and policy adjustment risks.

- **Risk of economic periodic fluctuations:** the industries that the principal businesses of the Group are engaged in are dependent on global and domestic economic performance and often vary with economic periodical changes. In recent years, the global economy has become increasingly complex with increasing uncertainty factors. In particular, the rise of the trade protectionism will have a negative impact on the growth of the global economy and trade. The changes and risks in the global economic environment demand higher requirements on the Group's operating and management capabilities.
- **Risk of economic restructuring and industry policy upgrade in China:** China's economy entered into the new normal, and the government comprehensively deepened supply-side structural reform to push forward the transformation and upgrade of economic structure. Developments including new industrial policies, tax policies and land policies, etc. that have a huge impact on business operations have resulted in uncertainties to the future development of industries. The main businesses of the Group, as part of the traditional manufacturing industries, will face certain policy adjustment risks in the coming years.
- **Risk of trade protectionism and anti-globalisation:** the geopolitical crisis that occurred in early 2022 exacerbated global inflationary pressures, disrupting national policy stances and posing a threat to world economic growth. Part of the Group's principal businesses will be affected by global trade protectionism and anti-globalisation.
- **Fluctuations of financial market and foreign exchange risks:** the presentation currency of the consolidated statements of the Group is RMB. The Group's exchange risks are mainly attributable to the foreign currency exposure resulting from the settlement of sales, purchases and finance in currencies other than RMB. During the process of promoting RMB internationalization, and under the backdrop of constant volatility in the global financial market, the exchange rate of RMB against USD will fluctuate with increased frequency and volatility, thus making it more difficult for the Group to manage its foreign currencies and capitals.

- **Market competition risks:** the Group faces competition from both domestic and foreign enterprises in respect of its various principal businesses. In particular, a weak demand or relative overcapacity will lead to imbalance between supply and demand, which will cause intensified competition in the industry. In addition, the competition landscape of the industry may change due to entry of new players or improved capacity of existing competitors.
- **Employment and environmental protection pressure and risks:** with demographic changes in China and gradual loss of demographic dividend, China's manufacturing industries see constantly soaring labour costs. Automation represented by robots is becoming one of the key directions for future upgrade of the traditional manufacturing industries. In addition, China has been attaching increasing attention on environmental protection and carrying out sustainable development strategies, strengthening environmental protection requirements for China's traditional manufacturing industries.
- **Risks of fluctuations in price of main raw materials:** raw materials account for a relatively high proportion of the cost structure of the Group's products. At the same time, the Group's major finished products are metal products and its raw materials include steel, aluminium and timber. Since the first half of this year, prices of raw material have fluctuated significantly due to the unbalanced supply and demand and monetary easing policies, which brings uncertainties to the Group's operating result.
- **COVID-19 related risks:** the world was facing a more severe and complex economic situation as COVID-19 had swept the globe and Delta and Omicron, the highly infectious coronavirus variants, further spread. Currently, the new coronavirus variants are showing a development trend of "increasing infectivity and decreasing lethality", however, the development of epidemic and the progress of vaccination in other countries are subject to high uncertainty, all of which have a more complex impact on China's economy. The Group has adopted a series of key measures to further enhance the awareness of risk control, and implement the management and control measures.

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

The financial data below is extracted from the unaudited 2022 interim financial statements prepared by the Group in accordance with CASBE. The following discussion and analysis should be read together with the 2022 interim financial statements and their notes set forth in other chapters of the Announcement.

Changes in Accounting Policies for the Reporting Period

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

6.1 Key Financial Figures Analysis

Consolidated Operating Results

During the Reporting Period, the Group recorded revenue of RMB72,126.258 million (same period in 2021: RMB73,184.549 million), representing a year-on-year decrease of 1.45%, and net profit attributable to shareholders and other equity holders of the parent company of RMB2,538.512 million (same period in 2021: RMB4,297.459 million), representing a year-on-year decrease of 40.93%. For details, please refer to “5.1 Overview” and note 6 of “11 2022 Interim Financial Report” in the Announcement.

Gross profit margin and profitability

During the Reporting Period, the gross profit margin of the Group was 15.15% (same period in 2021: 16.59%), representing a year-on-year decrease of 1.44%.

Unit: RMB thousand

	Revenue (unaudited)	Cost of sales (unaudited)	Gross profit (unaudited)	Gross profit Margin	Changes in revenue from the same period of the previous year	Changes in cost of sales from the same period of the previous year	Changes in gross profit margin from the same period of the previous year	Percentage of total cost of sales
By industry/product								
Container manufacturing	22,767,965	17,481,885	5,286,080	23.22%	(17.06%)	(16.00%)	(0.97%)	28.57%
Road transportation vehicles	11,195,842	9,944,943	1,250,899	11.17%	(36.79%)	(37.56%)	1.10%	16.25%
Energy, chemical and liquid food equipment	9,594,446	8,048,463	1,545,983	16.11%	15.39%	14.60%	0.57%	13.15%
Offshore engineering	2,568,098	2,279,715	288,383	11.23%	(8.89%)	(16.53%)	8.12%	3.73%
Airport facilities and logistics equipment, fire safety and rescue equipment	2,588,085	2,031,240	556,845	21.52%	(8.65%)	(8.77%)	0.11%	3.32%
Logistics services	17,278,702	16,255,009	1,023,693	5.92%	74.08%	74.54%	(0.25%)	26.56%
Recycled load	3,392,834	2,776,259	616,575	18.17%	29.16%	28.41%	0.48%	4.54%
Finance and asset management	1,149,645	941,691	207,954	18.09%	9.22%	51.79%	(22.97%)	1.54%
Others	3,726,793	3,424,416	302,377	8.11%	19.79%	22.06%	(1.71%)	5.60%
Elimination between segments	(2,136,152)	(1,984,827)	(151,325)	7.08%	19.72%	(23.03%)	3.99%	(3.26%)
Total	72,126,258	61,198,794	10,927,464	15.15%	(1.45%)	0.26%	(1.44%)	100.00%

By region (by customer location)	Changes in revenue from the same period of the previous year	
	Revenue (unaudited)	
China	37,436,059	(1.58%)
America	12,927,797	2.46%
Europe	14,850,549	2.16%
Asia (regions excluding China)	5,992,074	(8.57%)
Others	919,779	(36.19%)
Total	72,126,258	(1.45%)

Segment information

For details of the segment information of the Group during the Reporting Period, please refer to “5.2 Review of the Principal Businesses during the Reporting Period” and note 13 of “11 2022 Interim Financial Report” in the Announcement.

Non-operating income

During the Reporting Period, the non-operating income of the Group was RMB80.72 million (same period in 2021: RMB56.763 million), representing a year-on-year increase of 42.21%, which was mainly due to the increase in payables that were unable to be paid during the period. For details, please refer to note 8 of “11 2022 Interim Financial Report” in the Announcement.

Research and development expenses

During the Reporting Period, the research and development expenses of the Group were RMB1,043.695 million (same period in 2021: RMB935.346 million), representing a year-on-year increase of 11.58%, which was mainly due to the increase in technology research and development investment during the period.

Sales expenses

During the Reporting Period, the sales expenses of the Group were RMB1,181.249 million (same period in 2021: RMB1,074.778 million), representing a year-on-year increase of 9.91%, which was mainly due to the increase in cost of sales staff and commission of external sales during the period.

Financial expenses

During the Reporting Period, the financial expenses of the Group were RMB(115.513) million (same period in 2021: RMB826.403 million), representing a year-on-year decrease of 113.98%, which was mainly due to a year-on-year decrease in interest expenses and significant exchange gains arising from exchange rate fluctuation of US dollars during the period as compared with exchange losses during the same period last year. The Group recorded net exchange gains of RMB599.282 million (January to June 2021: net exchange losses of RMB148.038 million) during the Reporting Period.

General and administrative expenses

During the Reporting Period, the general and administrative expenses of the Group were RMB3,385.359 million (same period in 2021: RMB2,811.454 million), representing a year-on-year increase of 20.41%, which was mainly due to the increase in labour costs during the period.

Income tax expenses

During the Reporting Period, the income tax expenses of the Group were RMB1,264.012 million (same period in 2021: RMB1,813.717 million), representing a year-on-year decrease of 30.31%, which was mainly due to the decrease in profit before tax during the period. For details, please refer to note 9 of “11 2022 Interim Financial Report” in the Announcement.

Minority profit or loss

During the Reporting Period, the minority profit or loss of the Group was RMB695.576 million (same period in 2021: RMB748.037 million), representing a year-on-year decrease of 7.01%, mainly due to the decrease in profit or loss attributable to minority shareholders calculated based on the shareholding proportion of minority shareholders.

Liquidity and capital source

The Group’s cash at bank and on hand primarily consist of cash and bank deposits. As at 30 June 2022, the Group’s cash at bank and on hand amounted to RMB22,156.858 million (31 December 2021: RMB16,442.733 million), representing an increase of 34.75% as compared with the end of the previous year, which was mainly due to the increase in balance of cash at bank and on hand as a result of receipt of cash from sales and receipt of contribution in cash by subsidiaries from minority shareholders during the period. The Group’s funds mainly consist of funds from operations, bank loans and other borrowings. The Group has always adopted prudent financial management policies and maintained sufficient and appropriate cash on hand to repay the due bank loans and ensure the business development.

During the Reporting Period, the Group recorded net cash flows from operating activities of RMB3,635.390 million (same period in 2021: RMB6,261.059 million), net cash flows from investing activities of RMB(1,876.542) million (same period in 2021: RMB(2,010.629) million) and net cash flows from financing activities of RMB3,573.706 million (same period in 2021: RMB(3,202.638) million). As at the end of the Reporting Period, the balance of cash and cash equivalent held by the Group was RMB22,327.791 million (same period in 2021: RMB12,437.334 million) and the main currencies were RMB and US dollar.

Bank loans and other borrowings

As at 30 June 2022, the Group's short-term borrowings, non-current borrowings due within one year, debentures payable due within one year, long-term borrowings and debentures payable in aggregate amounted to RMB39,673.142 million (31 December 2021: RMB42,015.690 million).

Unit: RMB thousand

	As at 30 June 2022 (unaudited)	As at 31 December 2021 (audited)
Short-term borrowings	7,853,887	7,204,671
Non-current borrowings due within one year	5,977,822	5,834,823
Debentures payable due within one year	4,104,811	6,089,486
Long-term borrowings	19,925,581	21,651,730
Debentures payable	<u>1,811,041</u>	<u>1,234,980</u>
Total	<u><u>39,673,142</u></u>	<u><u>42,015,690</u></u>

The Group's bank borrowings are mainly denominated in US dollars, with the interest payments computed using fixed rates and floating rates. As at 30 June 2022, the Group's long-term interest-bearing debts were mainly RMB-denominated floating rate contracts amounting to RMB15,696.747 million (31 December 2021: RMB14,978.04 million). The interest rate range of the Group's short-term borrowings is 0.05% to 4.55% (31 December 2021: 0.05% to 4.90%), and the interest rate range of long-term borrowings is 1.19% to 4.90% (31 December 2021: 1.19% to 5.25%). As at the end of the Reporting Period, the Group's fixed-rate bank borrowings amounted to approximately RMB6,505.698 million (31 December 2021: approximately RMB8,998.064 million). The long-term borrowings are mainly matured within five years. There is no seasonal feature in respect of the Group's need for borrowing, which is mainly based on the Group's capital and business needs.

The Group's issued debentures are mainly denominated in RMB, with the interest payments computed using fixed rates. As at 30 June 2022, the outstanding balance of fixed-rate debentures issued by the Group amounted to RMB5,915.852 million (31 December 2021: RMB7,324.466 million), with maturity dates mainly spreading over one to five years.

Other equity instruments

Unit: RMB thousand

	31 December 2021	Issued during the period	Carrying interest at par value	Paid during the period	30 June 2022
22 Marine Containers MTN001 (22海運集裝 MTN001) (i)	—	2,000,000	23,335	—	2,023,335
	<u>—</u>	<u>2,000,000</u>	<u>23,335</u>	<u>—</u>	<u>2,023,335</u>
	31 December 2020	Issued during the year	Carrying interest at par value	Paid during the year	31 December 2021
18 Marine Containers MTN002 (18海運集裝 MTN002)	2,006,165	—	84,499	(2,090,664)	—
18 Renewable Corporate Bonds Tranche 1	2,001,380	—	89,960	(2,091,340)	—
Perpetual Bond Investment Agreement	300,497	—	813	(301,310)	—
	<u>4,308,042</u>	<u>—</u>	<u>175,272</u>	<u>(4,483,314)</u>	<u>—</u>

(i) Approved by the Notice of Zhong Shi Xie Zhu No. [2021]DFI31 from the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會), the Company issued medium-term notes without fixed maturity on 16 February 2022 (“**22 Marine Containers MTN001**”), with an aggregate nominal amount of RMB2 billion and an initial fixed interest rate of 3.21%. The other principal terms of the perpetual medium-term notes are as follows:

- (1) No definite principal repayment date has been set for the bond, and the issuer shall repay the principal and all the unpaid interest on the redemption date.
- (2) The bond confers the issuer the option to defer interest payment, and unless a mandatory interest payment event has occurred, on each interest payment date of the current perpetual notes, the issuer can elect to defer payment of current interest and all interest deferred pursuant to this clause and its fruits to the next interest payment date without any limitation on the number of times of such deferral.
- (3) If the issuer pays dividends to ordinary shareholders or reduces the registered capital within 12 months before the interest payment date of the current perpetual note, the issuer shall not defer the payment of the current interest and all interest deferred pursuant to this clause and its fruits. When the issuer has deferred payment of interest, it shall not pay dividends to ordinary shareholders or reduce registered capital until the deferred interest and its fruits have been fully paid off.

Capital structure

The Group's capital structure consists of equity interest attributable to shareholders and liabilities. As at 30 June 2022, the Group's equity interest attributable to shareholders amounted to RMB60,679.383 million (31 December 2021: RMB56,980.09 million) in aggregate, total liabilities amounted to RMB97,671.246 million (31 December 2021: RMB97,342.411 million) and total assets amounted to RMB158,350.629 million (31 December 2021: RMB154,322.501 million). The Group is committed to maintaining an appropriate combination of equity and debt in order to maintain an effective capital structure and provide maximum returns for shareholders of the Company.

As at the end of the Reporting Period, the Group's gearing ratio was 62% (31 December 2021: 63%), representing a decrease of 1% as compared with the end of the previous year, which was mainly due to the derecognition of CIMC Financial Leasing Company, issue of perpetual debt and receipt of contribution from strategic investors introduced by subsidiaries (Calculation of the gearing ratio: based on the Group's total liabilities divided by our total assets as at the end of the Reporting Period).

Foreign exchange risk and relevant hedge

The major currency of the Group's business revenue is US dollars, while most of its expenditure is made in RMB. Currently, the Chinese government adopts a managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies, and RMB is still subject to control under the capital account. As the exchange rates of RMB are affected by domestic and international economic and political situations as well as the demand and supply of RMB, the exchange rates of RMB against other currencies may be different from the current rates in the future, the Group is exposed to potential foreign exchange risk arising from the exchange rate fluctuation in RMB against other currencies, which may affect the Group's operating results and financial condition. The management of the Group has closely monitored its foreign exchange risk and taken appropriate measures to avoid foreign exchange risk. During the Reporting Period, the Group conducted exchange rate derivatives investment activities, mainly foreign exchange forward contracts and foreign exchange option contracts, for the purpose of exchange rate hedging, in order to smooth or reduce the impact of uncertainty caused by changes in exchange rates on the Company's operations, effectively hedging the fluctuations in the Group's results of operations arising from exchange rate fluctuations. Please refer to "Investment in Derivatives" in the Announcement for details.

Unit: RMB thousand

	<i>Notes</i>	30 June 2022	31 December 2021
Derivative financial assets –			
Foreign exchange forward contracts	(1)	167,453	536,659
Foreign exchange option contracts	(2)	10,669	25,368
		178,122	562,027
Derivative financial liabilities –			
Foreign exchange forward contracts	(1)	427,039	22,999
Foreign exchange option contracts	(2)	3,617	3,385
Interest rate swap contracts	(3)	–	8,446
Commitment to minority shareholders	(4)	751,100	657,026
		1,181,756	691,856

(1) Foreign exchange forward contracts

As at 30 June 2022, the foreign exchange forward contracts of the Group mainly consisted of unsettled forward contracts denominated in US dollars, Japanese Yen, Great Britain Pound, Euro, HK dollar, Australian Dollar and Thai Baht, the nominal value of which amounted to USD3,813,034,000, JPY2,016,525,000, GBP12,000,000, EUR201,010,000, HKD250,460,000, AUD4,000,000 and THB10,496,000, respectively. Pursuant to these contracts, the Group shall buy/sell US Dollar, Japanese Yen, Great Britain Pound, Euro, HK dollar, Australian Dollar and Thai Baht, with contracted nominal value at agreed rates in exchange of RMB on the contract settlement dates. These foreign exchange forward contracts of the Group will be settled on a net basis by comparing the market rates at the settlement dates and the agreed rates. The settlement dates of the aforesaid contracts range from 1 July 2022 to 22 May 2023.

(2) Foreign exchange option contracts

As at 30 June 2022, the Group had certain unsettled foreign exchange option contracts, mainly denominated in USD. The nominal value of these contracts amounted to USD490,000,000. Pursuant to these contracts, the Group is required to buy/sell USD of contracted nominal value at agreed rates in exchange of RMB at the contract settlement dates. The foreign exchange option contracts of the Group will be settled on a net basis by comparing the market rates at the settlement dates and the agreed rates. The settlement dates of the aforesaid contracts range from 14 July 2022 to 21 September 2022.

(3) Interest rate swap contracts

As at 30 June 2022, the Group had two unsettled interest swap contracts denominated in USD, with a nominal value of USD250,000,000 in total. Their fair value of RMB6,151,000 was accounted as liabilities. The settlement date of the aforesaid contracts is 20 May 2027.

(4) Commitment to minority shareholders

The Group's wholly-owned subsidiary CIMC Hong Kong shall compensate CIMC Offshore's minority shareholders for the difference below the agreed amount when it exits through the sale of equity to a third party. The Group's obligation to make up for such difference will be recognised as derivative financial liabilities at fair value.

Interest rate risk

The Group is exposed to the market interest rate change risk relating to its interest-bearing bank loans and other borrowings. To minimize the impact of interest rate risk, the Group entered into interest rate swap contracts with certain banks. As at 30 June 2022, the Group held two unsettled interest rate swap contracts denominated in U.S. dollars, the nominal value of which amounted to a total of USD250,000,000. Their fair value of RMB6,151,000 was accounted as liabilities, all of which were included in current liabilities. These contracts will expire on 20 May 2027.

Market risks

For details of the Group's market risks, please refer to "5.3.2 Major Risk Factors of the Group" of "5.3 Prospects and Initiatives" in the Announcement.

Credit risk

The Group's credit risk mainly arises from cash at bank, notes receivables, accounts receivables, receivables financing, other receivables, contract assets, debt investments, other debt investments, financial guarantee contracts and loan commitments, etc., and investments in debt instrument and derivative financial assets at fair value through profit or loss that are not included in the impairment assessment scope. Except for the financial guarantees provided by the Group, the Group has not provided any other guarantees that may expose the Group to credit risk.

The Group expects that there is no significant credit risk associated with cash at bank since they are deposited at state-owned banks and other medium or large size listed banks with good reputation and high credit rating. The Group does not expect that there will be significant losses from non-performance by these banks.

In addition, the Group has policies to limit the credit exposure on notes receivables, accounts receivables, contract assets, receivables financing and other receivables. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

As at 30 June 2022, the Group had no significant collateral or other credit enhancements held as a result of the debtor's mortgage (31 December 2021: Nil).

Pledge of assets

As at 30 June 2022, the restricted assets of the Group totally amounted to RMB1,332.999 million (31 December 2021: RMB5,633.991 million), representing a decrease of 76.34% as compared with the end of the previous year, which was mainly due to the decrease in restricted long-term receivables as a result of the derecognition of CIMC Financial Leasing Company. For details, please refer to note 14 of "11 2022 Interim Financial Report" in the Announcement.

Capital commitments

As at 30 June 2022, the Group had capital expenditure commitments of approximately RMB7,543.605 million (31 December 2021: approximately RMB7,197.686 million), representing an increase of 4.81% as compared with the end of the previous year, which was mainly used for external investment contracts and construction of vessels for sale or lease. For details, please refer to note 16(1) of "11 2022 Interim Financial Report" in the Announcement.

Contingent liability

For details, please refer to note 15 of “11 2022 Interim Financial Report” in the Announcement.

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

1. During the Reporting Period, no significant investment accounted for 5% or more of the total assets of the Company as at the balance sheet date.
2. During the Reporting Period, there were no material acquisitions and disposals relating to subsidiaries, associated companies and joint ventures except for the followings.

On 23 November 2021, Shenzhen Capital Group, Shenzhen City Energy Group Co., Ltd.* (深圳市能源集團有限公司) (“**Shenzhen City Energy Group**”) and Tianjin Kairuikang Enterprise Management Consulting Partnership (Limited Partnership)* (天津凱瑞康企業管理諮詢合夥企業(有限合夥)) (“**Tianjin Kairuikang**”) intended to acquire shares in CIMC Financial Leasing Company through transfer of original shares and capital increase as strategic investors. Upon completion of the transaction, the registered capital of CIMC Financial Leasing Company will be increased from RMB1,428,652,000.00 to RMB1,481,376,856.83, which will be owned as to 53.3185% collectively by Shenzhen Capital Group and Shenzhen City Energy Group and 1.2497% by Tianjin Kairuikang, and the proportion of equity interest collectively held by the Company and CIMC HK in CIMC Financial Leasing Company will be decreased to 45.4318%, which constitutes disposal and deemed disposal under the Chapter 14 of the Hong Kong Listing Rules. The equity transfer and change in industrial and commercial registration were completed in May 2022. CIMC Financial Leasing Company was no longer consolidated into the consolidated statements of the Group and became an associate of the Group.

Future plans for significant investments, expected source of funding, capital expenditure and financial plan

For the investment plan of the principal businesses of the Group in the second half of the year, please refer to “5.3.1 Industrial Analysis and Corporate Operating Strategy of Major Business Segments in the Second Half of 2022” in the Announcement. The operating and capital expenditures of the Group are mainly financed by our self-owned fund and external financing. Concurrently, the Group will take a prudent attitude in order to enhance its future operating cash flow. According to the changes in economic situation and operating environment, as well as the needs of the Group’s strategic upgrade and business development, the actual capital expenditure of the Group in the first half of the year amounted to approximately RMB2.92 billion, and it is expected to incur capital expenditure of approximately RMB7.45 billion in the second half of the year. The capital expenditure is mainly used in the acquisition of equities and fixed assets, intangible assets and other long-term assets, etc. The Group will continue to consider various types of financing arrangements.

Use of proceeds from global offering of CIMC Vehicles

(1) Overall Use of Proceeds from A Shares of CIMC Vehicles

Basic Information on Proceeds from A Shares

In order to fully explore and utilize the financing channels of the A share capital market, on 6 May 2020, the board of directors of CIMC Vehicles reviewed and approved the proposal on the proposed initial public offering of A shares and the proposed listing on the ChiNext Market of the Shenzhen Stock Exchange. The application for registration of CIMC Vehicles's IPO was approved in accordance with the Reply in Relation to Approval for Registration of Shares in Initial Public Offering of CIMC Vehicles (Group) Co., Ltd. (Zheng Jian Xu Ke [2021] No. 1719) issued by the China Securities Regulatory Commission on 18 May 2021. With the consent of the Shenzhen Stock Exchange, CIMC Vehicles issued 252.6 million RMB ordinary shares (A shares) with a par value of RMB1.00 each and the total proceeds of RMB1,758.0960 million, at an issue price of RMB6.96 per share, in the IPO. After deducting the issue expenses (including underwriting and sponsorship fees and other issuance expenses exclusive of VAT) of RMB174.3192 million, the net proceeds from A share offering were RMB1,583.7768 million, and the net issue price was approximately RMB6.27 per A share. The A share offering was conducted through a combination of targeted placement to strategic investors, placement to qualified investors through offline price consultation process and subscription by public investors at a price fixed according to market value. The above proceeds were received on 5 July 2021, in respect of which PricewaterhouseCoopers Zhong Tian LLP verified the payment and issued the Capital Verification Report (PwC Zhong Tian Yan Zi (2021) No. 0668). CIMC Vehicles was listed on the ChiNext Market of the Shenzhen Stock Exchange on 8 July 2021 when the closing price of A shares was RMB15.49 on the Shenzhen Stock Exchange and HK\$7.13 on the Hong Kong Stock Exchange.

As at 30 June 2022, the proceeds from A shares used by CIMC Vehicles for the first half of the year were RMB95.8934 million and the total proceeds from A shares used were RMB663.2605 million, and the unutilized proceeds from A shares were RMB942.9138 million (including net interest income of proceeds from A shares exclusive of bank charges and account management fees).

Management of Proceeds by CIMC Vehicles

In order to standardize the management and use of the proceeds, CIMC Vehicles has formulated the Management System for Proceeds of CIMC Vehicles (Group) Co., Ltd., based on the actual situation. According to the system, the proceeds were deposited in a special account by CIMC Vehicles. On 4 August 2021, CIMC Vehicles signed the Agreement for Tripartite Supervision of Proceeds and the Agreement for Quadripartite Supervision of Proceeds with the sponsor Haitong Securities Co., Ltd., China Merchants Bank Co., Ltd., Shekou Branch, Shenzhen, and Industrial and Commercial Bank of China Limited, Shekou Branch, Shenzhen. There were no significant differences between such agreements and the model tripartite supervision agreement, and CIMC Vehicles strictly complied with the agreements in the use of the proceeds.

Unit: RMB'0,000

Total Proceeds	158,377.68
Total Utilized Proceeds During the Reporting Period	9,589.34
Total Utilized Proceeds	66,326.05
Total Proceeds with Changed Use During the Reporting Period	0.00
Total Proceeds with Changed Use	0.00
Proportion of Total Proceeds with Changed Use	0.00

Overall Use of Proceeds

As at 30 June 2022, the proceeds from A shares used by CIMC Vehicles for the first half of the year were RMB95.8934 million, and the total proceeds from A shares used were RMB663.2605 million, and the unutilized proceeds from A shares were RMB942.9138 million (including net interest income of proceeds from A shares after deducting bank charges and account management fees).

(2) Committed Projects Funded by Proceeds from A Shares of CIMC Vehicles

Unit: RMB'0,000

Committed Investment Project and Investment of Surplus Proceeds	Whether the Project was Changed (Including Partial Change)	Total Committed Investment of Proceeds	Adjusted Total Investment (1)	Investment for the Reporting Period	Accumulated Investment as at the end of the Period (2)	Investment Progress as at the End of the Period (3) = (2)/(1)	Date on Which the Project is Ready for its Intended Use	Benefits for the Reporting Period	Total Benefits as at the end of the Reporting Period	Whether the Expected Benefits are Achieved	Whether There are Significant Changes in the Project Feasibility
	Committed Investment Projects										
Digital Transformation, Research and Development Project	No	43,877.68	43,877.68	837.53	3,040.62	7%	July 2026	N/A	N/A	N/A	No
Project for Lighthouse Factory Upgrade and Construction	No	79,500.00	79,500.00	8,751.81	38,285.43	48%	January 2023	N/A	N/A	N/A	No
New Marketing and Construction Project	No	10,000.00	10,000.00	0.00	0.00	0%	July 2024	N/A	N/A	N/A	No
Repayment of bank loans and replenishment of working capital	No	25,000.00	25,000.00	0.00	25,000.00	100%	N/A	N/A	N/A	N/A	No
Sub-total of committed investment projects	-	158,377.68	158,377.68	9,589.34	66,326.05	-	-	-	-	-	
Investment of Surplus Proceeds											
No surplus proceeds	-	-	-	-	-	-	-	-	-	-	
Total		<u>158,377.68</u>	<u>158,377.68</u>	<u>9,589.34</u>	<u>66,326.05</u>	<u>-</u>					

Information on and reasons for the failure to get ready for the intended use or achieve expected benefits (by project)

As of 30 June 2022, the upgrade and technical renovation project for coating lines, a subproject of the project for lighthouse factory upgrade and construction, has not made the progress as planned. The main reason is that CIMC Vehicles has successively built coating production lines for different products in the past three years. According to the current industrial development trends at home and abroad, this upgrade and technical renovation project for coating lines will be oriented to the third-generation coating technology and accommodate new changes and trends of improvement in product technology. In order to make the implementation of this project more conforming to the requirements of "high-end manufacturing system", during the upgrade and technical transformation of the existing coating lines, further overall planning and repeated experiments will be carried out on the new generation of technology and process flow, which are still in the process of technical demonstrations and integration. Meanwhile, the progress of related technical demonstrations and experiments has been greatly affected by the epidemic outbreak, resulting in a failure of the project as a whole to make the progress as planned. Based on the status quo of the macro environment and the CIMC Vehicles's actual situation of its upgrade of "high-end manufacturing system", CIMC Vehicles is conducting a systematic analysis and demonstration of this project, and will perform corresponding review and disclosure procedures as soon as possible upon completion of the demonstration according to the listing compliance requirements.

Description of significant changes in the project feasibility

N/A

Amount, use and progress in the use of surplus proceeds

N/A

Change of location of the proceeds-funded project	N/A There is no change in the location of the proceeds-funded project by CIMC Vehicles.
Adjustments to the implementation method of the proceeds-funded project	N/A There is no change in the implementation method of the proceeds-funded project by CIMC Vehicles.
Preliminary investment and replacement in the proceeds-funded project	Applicable On 25 August 2021, CIMC Vehicles held the 10th meeting of the first session of the Board for 2021 and the 4th meeting of the first session of the Supervisory Committee for 2021, which considered and approved the Resolution on Replacement by Proceeds from A Shares of Self-raised Funds Invested in the Proceeds-funded Projects and Used to Cover the Issue Expenses in Advance, authorizing CIMC Vehicles to replace the self-raised funds totaling RMB326.2496 million invested in the proceeds-funded projects and used to cover the issue expenses in advance, with the proceeds. The issue expenses of RMB41.4293 million (exclusive of value-added tax) were paid by CIMC Vehicles out of the self-raised funds in advance, while RMB284.8203 million of the self-raised funds was invested in the A share proceeds-funded projects in advance.
Use of unutilized proceeds for temporary replenishment of working capital	N/A There is no unutilized proceeds used for temporary replenishment of working capital by CIMC Vehicles.
The amount of and reasons for the balance of the proceeds after the implementation of the project	N/A As of 30 June 2022, the proceeds raised by CIMC Vehicles are still in the progress of investing, and therefore the utilisation of remaining proceeds is not available.
Proposed use and investment of unutilized proceeds	As of 30 June 2022, the unused proceeds of CIMC Vehicles were deposited in the special account for proceeds in the form of demand deposits, with a balance of RMB942.9138 million (including net interest income of the proceeds after deducting bank fees and account management fees).
Problems or other matters in the use and disclosure of the proceeds	On 25 August 2021, CIMC Vehicles held the tenth meeting of the first board of directors in 2021 and the fourth meeting of the first board of supervisors in 2021, and reviewed and approved the Proposal on Using Part of the Idle Proceeds from A Shares for Cash Management, it is agreed to use the idle proceeds with the principal amount of not more than RMB1,150.0000 million (inclusive) for cash management. The period of use is 12 months from the date when the proposal is considered and approved by the board of directors of CIMC Vehicles. Within the above quota and period of use, the funds can be used on a rolling basis. The independent directors expressed their consents and performed the necessary procedures. As of 30 June 2022, the balance of CIMC Vehicles's agreed deposit account was RMB846.9950 million, which did not exceed the deliberation limit and validity period of the board of directors and the board of supervisors of CIMC Vehicles regarding the use of some of the idle proceeds from A shares for cash management.

(3) Change of Use of Proceeds from A Shares

The use of the proceeds was not changed by CIMC Vehicles during the Reporting Period.

(4) Use of Proceeds from H Shares

Since the listing date of our H shares, H shares of CIMC Vehicles have been listed and traded on the main board of the Hong Kong Stock Exchange. A total of 265,000,000 H shares were issued by CIMC Vehicles in the global offering. Net proceeds from H shares, net of underwriting fees and the expenses relating to the global offering were approximately HK\$1,591.3 million. The nominal value of the H shares of CIMC Vehicles was RMB1.00 per H share.

On 5 December 2019, 25 March 2020, 12 October 2020, and 20 November 2020, CIMC Vehicles announced the changes in the use of the net proceeds from H shares. CIMC Vehicles intended to further change the use of proceeds from H shares on 25 August 2021, and the proposed change was approved at the first extraordinary general meeting of CIMC Vehicles for 2021 on 29 September 2021. For relevant information, please refer to CIMC Vehicles's related announcements issued on the same dates, respectively.

On 1 January 2022, the net proceeds from H shares carried forward by CIMC Vehicles from the previous year was approximately HK\$432.8 million. The use of the net proceeds from H shares and the utilization as of 30 June 2022, which are intended to be utilized in the next five years from the listing date of our H shares, are as follows:

Intended Use of Net Proceeds	Original Intended Amount <i>(HK\$ in millions)</i>	Utilized Amount as of 30 June 2022 <i>(HK\$ in millions)</i>	Utilized Amount during the Reporting Period <i>(HK\$ in millions)</i>	Unutilized Amount as of 30 June 2022 <i>(HK\$ in millions)</i>
Develop new manufacturing or assembly plants	1,248.2	1,049.4	224.0	198.8
- Develop a new automated production facility for chassis trailers in the coastline regions along the eastern or southern US	38.8	38.8	-	-
- Develop a new assembly plant for high-end refrigerated semi-trailers in the UK or Poland	32.1	15.8	1.1	16.3
- Develop a new automated production facility for refrigerated semi-trailers in Monon, the US	163.0	159.4	-	3.6
- Develop a new assembly plant for swap bodies and chassis and flatbed trailers in the Netherlands	105.2	102.3	-	2.9
- Develop a new assembly plant for refrigerated semi-trailers in Canada	20.2	20.2	-	-
- Develop a new manufacturing plant in Jiangmen, China	87.0	79.2	-	7.8
- Technological reform and informatization construction of plants in Xi'an, China	32.7	2.7	2.7	30
- Develop a new manufacturing plant in Baoji City, China	70.0	69.6	30.4	0.4
- Construct a vehicle park in Kunming, China	78.4	78.4	3.6	-
- Expand the manufacturing plant for semi-trailers in Dongguan, China	114.8	101.1	7.9	13.7
- Expand the manufacturing plant for dry truck bodies and refrigerated truck bodies in Zhenjiang, China	34.4	11.4	1.3	23
- Expand the manufacturing and assembly plant for chassis trailers in Rayong, Thailand	193.5	193.5	-	-
- Increase the registered capital and production capacity of subsidiaries in the UK	278.1	177.0	177.0	101.1

Intended Use of Net Proceeds	Original Intended Amount (HK\$ in millions)	Utilized Amount as of 30 June 2022 (HK\$ in millions)	Utilized Amount during the Reporting Period (HK\$ in millions)	Unutilized Amount as of 30 June 2022 (HK\$ in millions)
Research and develop new products	66.5	64.6	8.1	1.9
– Invest in industry funds	34.4	34.4	–	–
– Develop high-end refrigerated semi-trailers	26.3	24.4	8.1	1.9
– Develop other trailer products	5.8	5.8	–	–
Repay the principal amount and interests of bank borrowings	153.8	153.8	–	–
Working capital and general corporate purposes	151.5	151.5	–	–
Total	1,620.0	1,419.3	232.1	200.7

Employees and remuneration policies

As of 30 June 2022, the Group’s total number of employees worldwide, including contract employees, employed retirees and part-time employees and others, was 69,520, and the Group had 50,385 contract employees across the globe. In particular, 4,476 were outside Mainland China (including Hong Kong, Macau and Taiwan) (31 December 2021: 51,746 contracted employees in total worldwide and 5,163 employees outside Mainland China (including Hong Kong, Macau and Taiwan)). The total staff cost during the Reporting Period, including directors’ remuneration, contribution to the retirement benefit schemes and share option incentive schemes, amounted to approximately RMB5,929.354 million (same period in 2021: approximately RMB5,852.611 million).

The Group provides salary and bonus payment to its employees based on their performance, position value, qualification, experience and market conditions. The share option incentive scheme aims to recognise the previous contribution of directors and core employees to the Group and reward them for their long-term services. Other benefits include social insurance required by the Chinese government. The Group regularly reviews its remuneration policies, including directors’ remuneration payable, and strives to formulate an improved incentive and assessment mechanism based on the operating results of the Group and the market conditions.

Employee training programme

The Company has built a multi-level and composite talent training system with its core human resources philosophy of “people-oriented and mutual business”, including: new employees training, general skills training, professional training, leadership training programme and international talent training programme. Meanwhile, the Group has also provided its employees with ample career development opportunities. The Group, based on its requirements from the strategic development on the talents, has built its employees’ career development path (such as management, engineering technology, lean, finance, audit, etc.) to conduct effective career management and clarify career development direction for its employees with a view to increasing their capabilities.

Employee pension scheme

The Group has provided employees with basic pension insurance arranged by local human resources and social security bureaus. The Group makes contributions to the pension insurance at the applicable rates monthly based on the amounts stipulated by the government organization. When employees retire, the local human resources and social security bureaus are responsible for the payment of the basic pension benefits to the retired employees. The amounts of pension insurance payable calculated according to the above regulations are recognised as liabilities during the accounting periods when the employees render services and are charged to profit or loss or capitalized in costs of related assets.

Core Employee Stock Ownership Scheme of the Company

On 28 March 2022, after consideration and approval at the fourth meeting in 2022 of the ninth session of the Board of the Company, it was agreed on the operational plan for the establishment of the “Core Employee Stock Ownership Scheme” with the legal remuneration and bonus amount of the employees under the profit sharing plan drawn by the Company and purchase of A shares of the Company in the secondary market or acceptance of transferred A shares of the Company repurchased by the Company. It was also agreed on the Core Employee Stock Ownership Scheme (Draft) of China International Marine Containers (Group) Co., Ltd. formulated in accordance with the above operational plan. On 28 June 2022, the Core Employee Stock Ownership Scheme of China International Marine Containers (Group) Co., Ltd. (the “**Implementation Plan for Core Employee Stock Ownership Scheme**”) was considered and approved at the 2021 annual general meeting. As at the date of the Announcement, the Company has not yet implemented the Core Employee Stock Ownership Scheme.

Setting up a trust scheme in light of the bonus balance fund operation under the profit sharing scheme by the Company

On 1 June 2020, the operation scheme of the Company to establish a trust plan by utilizing the surplus funds from the bonus balance of the profit sharing plan and make a contribution to the Partnership, which may be used by the Partnership to purchase H shares of the Company in the secondary market, was considered and approved at the 2019 annual general meeting of the Company. The total scale of the fund for the operation scheme shall not exceed RMB343 million, the valid period of which is ten years commencing from the date of approval at the general meeting. The capital scale of the trust plan (first phase) under the Trust and Operation Scheme for Surplus Funds from the Profit Sharing Plan of CIMC Group, which is determined in accordance with the operation scheme, is RMB200 million, with the duration of five years.

As at 19 January 2021, the Company has completed the purchase of shares under the First Phase of the Trust Plan and the lock-up period for the H shares of the Company purchased was 12 months, namely from 20 January 2021 to 19 January 2022. The lock-up period of the First Phase of the Trust Plan expired on 19 January 2022.

On 18 June 2021, as considered and approved at the 16th meeting of the ninth session of the Board of the Company in 2021, the Second Phase of the Trust Plan was established by utilizing the surplus funds of RMB143 million from the bonus balance of the profit sharing plan with a duration of 60 months in accordance with the operation plan approved at the annual general meeting of the Company in 2019. As of 8 October 2021, the Company has completed the purchase of shares under the Second Phase of the Trust Plan and the lock-up period for the H shares of the Company purchased is 12 months, namely from 27 September 2021 to 27 September 2022.

Dividend distribution

The Company will not distribute any interim cash dividend, issue bonus shares or convert shares from reserves into share capital for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

Other significant events during the Reporting Period

1. At the end of May 2022, CIMC Financial Leasing Company had completed equity transfer and change in industrial and commercial registration, and was no longer consolidated into the consolidated statements of the Group and became an associate of the Group. On 11 May 2022, the Company and CIMC Financial Leasing Company entered into the Framework Agreement for Sales of Goods and Provision/Receiving of Service regarding continuing connected transactions/ordinary related transactions and agreed on the proposed caps for the ordinary related transactions in the period from the agreement effective date to 31 December 2022. On the same day, CIMC Finance Company and CIMC Financial Leasing Company entered into the Financial Service Framework Agreement. CIMC Finance Company will provide financial services including deposit-taking services, etc. to CIMC Financial Leasing Company and its subsidiaries. Pursuant to the Financial Service Framework Agreement, it is agreed that the maximum daily deposit balance of CIMC Financial Leasing Company and its subsidiaries with CIMC Finance Company shall not exceed RMB500 million with the deposit interest rate determined with reference to the market deposit interest rate for a term of three years from the effective date of the agreement.
2. On 11 May 2022, the Company entered into related agreements with China Merchants Port Group Co., Ltd., Liaoning Port Group Limited, China Merchants Guangzhou Roro Shipping Company Limited and Sinotrans Container Lines Co., Ltd., all being related parties of the Company, respectively, regarding continuing connected transactions/ordinary related transactions. The Group will continuously sell goods and provide services to the counterparties, as well as receive services and/or leasing business provided by the counterparties and the annual caps in respect of the ordinary related-party transactions for the three years ending 31 December 2022, 2023 and 2024 have been agreed on by both parties.

3. The Company considered and approved the Resolution Regarding the Application for Registration and Issuance of Debt Financing Instrument of the Association of Financial Market Institutional Investors (《關於申請註冊發行銀行間市場交易商協會債務融資工具的議案》) at the annual general meeting of 2020 held on 2 June 2021, which approved the registration and issuance by the Company of multi-type debt financing instruments with the issuance size of each type not more than a total of RMB12 billion. According to the Notice of Acceptance of Registration (《接受註冊通知書》) (Zhong Shi Xie Zhu [2021] DFI No. 31) (“**No. 31 Notice of Acceptance**”) issued by the National Association of Financial Market Institution Investors, the Company has completed the issuance of the first tranche medium term note for 2022 (“**Tranche I Medium Term Note**”) on 18 February 2022. The proceeds raised from the Tranche I Medium Term Note were fully received on 18 February 2022. The issuance amount was RMB2 billion and the issue rate was 3.21% per annum. On 31 May 2022, the Company has completed the issuance of the first tranche green medium term note (blue bond) for 2022 (the “**Tranche I Green Medium Term Note (Blue Bond)**”) according to No. 31 Notice of Acceptance. The proceeds raised from the Tranche I Green Medium Term Note (Blue Bond) were fully received on 1 June 2022. The issuance amount was RMB0.5 billion and the issue rate was 2.60% per annum.
4. On 23 June 2022, the Company entered into the Framework Agreement with Shanghai International Port (Group) Co., Ltd. (“**SIPG Group**”) (a connected person under the Hong Kong Listing Rules) regarding continuing connected transactions. The Group will continuously sell goods and provide services to SIPG Group, as well as receive services provided by SIPG Group and agreed on the proposed caps in respect of the continuing connected transactions for the three years from 1 January 2022 to 31 December 2024.

Other significant events of subsidiaries during the Reporting Period

1. At the first meeting in 2022 of the ninth session of the Board of the Company convened on 24 February 2022, the Company considered and approved the proposed spin-off and domestic initial public offering of RMB ordinary shares (A shares) of CIMC Wetrans, a controlling subsidiary, and the listing of CIMC Wetrans on the Shenzhen Stock Exchange (the “**Spin-off and Listing**”) and authorized the management of the Company and CIMC Wetrans to commence the preliminary preparatory work for the spin-off and listing of CIMC Wetrans. The Spin-off and Listing will not result in the loss of the Company’s control over CIMC Wetrans, will not have any substantial impact on the sustainable operation of the Group’s other business segments and will not impair the Company’s independent listing status and ability to maintain sustainable operation.
2. On 14 April 2022, as considered and approved at the fifth meeting in 2022 of the ninth session of the Board the Company, CIMC Transportation Technology, a subsidiary of the Company intended to introduce Shenzhen Yuanzhi Venture Capital Co., Ltd.* (深圳市遠致創業投資有限公司) (“**Yuanzhi Venture Capital**”), Shenzhen Yuanzhi Ruixin Smart Airport Logistics Industry Private Equity Investment Fund Partnership (Limited Partnership)* (深圳市遠致瑞信智慧空港物流產業私募股權投資基金合夥企業(有限合夥)) (“**Yuanzhi Ruixin**”) and Shenzhen Xinfuhui XV Investment Partnership (Limited Partnership)* (深圳市信福匯十五號投資合夥企業(有限合夥)) (“**Xinfuhui XV**”) as strategic investors and entered into the Increase Agreement and the Shareholders’ Agreement (the “**Transaction**”). Upon completion of the Transaction, the Company’s shareholding in the CIMC Transportation Technology will be reduced from 70.9238% to 67.3334%. CIMC Transportation Technology will remain a non-wholly owned holding subsidiary of the Group.

3. On 16 December 2021, the Board of the Company considered and approved the proposed further entering into of the Joint Venture Contract on Joint Establishment of Yantai CIMC Raffles Marine Technology Group Co., Ltd. (the “**Joint Venture Contract**”) by CIMC Raffles Marine Engineering (Singapore) Pte Ltd. (“**Singapore Raffles**”) (being a non-wholly owned subsidiary of the Company) and SCIMC (a wholly-owned subsidiary of the Company) with Yantai Guofeng Group. The parties will jointly fund the incorporation of the joint venture, Yantai CIMC Raffles Marine Technology Group Co., Ltd.* (煙台中集來福士海洋科技集團有限公司). On 23 May 2022, Singapore Raffles and SCIMC officially entered into the Joint Venture Contract with Yantai Guofeng Group.

Other Listed Company Equities Held

Unit: RMB thousand

Stock code	Abbreviation of stock name	Initial investment amount	Number of shares held ('000)	Shareholding percentage	Book value at the end of the Reporting Period	Profit or loss during the Reporting Period	Change in equity during the Reporting Period	Classification in accounting	Source of shareholding
ASX: OEL	Otto Energy	13,480	13,521	0.36%	749	–	(126)	Other equity instruments investments	Share acquisition
HKEX: 00697	Shoucheng Holdings	182,212	209,586	2.87%	211,501	–	(54,102)	Other equity instruments investments	Share acquisition
HKEX: 206	CMIC Ocean	204,326	185,600	5.72%	37,975	–	1,669	Long-term equity investments	Share acquisition
STAR Market: 688315	Novogene	30,000	1,350	0.34%	34,790	(29,102)	–	Financial assets held for trading	Share acquisition
SZSE: 001213	CRSCL	161,563	40,000	0.90%	196,400	–	(46,000)	Other equity instruments investments	Share acquisition

Investment in Derivatives

Unit: RMB thousand

Name of derivatives investment operator	Relationship with the Group	Related-party transaction or not	Type of derivatives investment	Initial investment amount of derivatives investment	Date of commencement	Date of termination	Investment amount	Purchase	Sale	Provision	Investment amount	Proportion of investment amount at the end of the Reporting Period to the net assets of the Company at the end of the Reporting Period	Actual profit or loss during the Reporting Period
							at the beginning of the Reporting Period	during the Reporting Period	during the Reporting Period	for impairment (if any)	at the end of the Reporting Period	Reporting Period	
HSBC, Standard Chartered and other banks	Nil	No	Foreign exchange forward contract	-	2021/1/18	2023/5/22	29,074,512	-	-	-	27,430,854	57.96%	(798,482)
China Merchants Bank, China Citic Bank and other banks	Nil	No	Foreign exchange option contract	-	2021/10/19	2022/9/21	1,454,082	-	-	-	3,288,586	6.95%	9,419
Standard Chartered	Nil	No	Interest rate swap contract	-	2022/5/16	2027/5/20	8,609,694	-	-	-	1,677,850	3.55%	1,607
Total							<u>39,138,288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,397,290</u>	<u>68.46%</u>	<u>(787,456)</u>

Source of funds for derivatives investments	Self-owned funds
Litigation case (if applicable)	N/A
Disclosure date of announcement in relation to the consideration and approval of derivative investments by the Board (if any)	Nil
Disclosure date of announcement in relation to the consideration and approval of derivative investments by the shareholders' general meeting (if any)	Nil
Risk analysis and explanations on risk control measures for positions in derivatives during the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operation risk and legal risk etc.)	As at 30 June 2022, the derivative financial instruments held by the Group were mainly foreign exchange forward contracts, interest rate swap contracts and foreign exchange option contracts. The risks of interest rate swap contracts were closely related to the fluctuations of interest rate. The risks carried by foreign exchange forwards and foreign exchange option were connected with the market risks relating to exchange rates and the Group's cash flow certainty of foreign currency revenues in the future. The Group's control measures on the derivative financial instruments were mainly reflected in: making prudent selection and determination on the type and quantity of newly-added derivative financial instruments; as for derivatives transactions, the Group formulated rigorous internal approval systems and business operational processes, and clarified the approval and authorisation procedures for all levels involved, so as to control the associated risks.
Changes in market prices or product fair values of derivatives invested during the Reporting Period, where specific methods and relevant assumptions and parameters used shall be disclosed in the analysis of fair values of derivatives	From January to June 2022, the Group's profit or loss arising from changes in fair values of the derivative financial instruments was RMB(787.456) million. Fair values of the derivative financial instruments of the Group were determined based on quoted market prices of external financial institutions. <i>(Note)</i>
Explanations on any significant changes in the Company's accounting policies and specific accounting principles on derivatives for the Reporting Period as compared with those for the last reporting period	No
Specific opinions of independent Directors on the derivatives investments and risk control of the Company	The Company carried out derivatives hedging activities for the purpose of the day-to-day international business operations of the Company in order to smooth or lower the uncertainty impact of the operations of the Company due to the change in exchange rates and interest rates while adhering to the fundamental principle of value-preserving and prohibiting speculative practice. The Company has attached great importance to and continuously enhanced the management of derivatives hedging activities as well as developed and continuously improved relevant management systems. The relevant consideration and approval procedure is compliant with the requirements of the laws and regulations and the Articles of Association and without prejudice to the interests of the Company and the shareholders, in particular, the minority shareholders.

Note: During the Reporting Period, the Group's gains or losses arising from changes in fair values of the derivative financial instruments was RMB(787.456) million, which were gains or losses from fair value changes in the unsettled part. In particular, the Group conducted foreign exchange derivatives investment activities, mainly foreign exchange forward contracts and foreign exchange option contracts, for the purpose of exchange rate hedging, in order to smooth or reduce the impact of uncertainty caused by changes in exchange rates on the Company's operations, which effectively hedged the fluctuations in the Group's results of operations arising from exchange rate fluctuations. During the Reporting Period, net loss of RMB495.278 million was recorded from foreign exchange related derivatives investment activities, including gains or losses from settled part and gains or losses from fair value changes in the unsettled part. Meanwhile, as significant exchange gains were recorded due to the fluctuations in the exchanges rate of US dollar during the current period, the Group recorded net exchange gain of RMB599.282 million in the financial expenses during the Reporting Period.

Events after the balance sheet date

For details of events after the balance sheet date during the Reporting Period, please refer to note 18 of "11 2022 Interim Financial Report" in the Announcement.

Disclosure required under the Hong Kong Listing Rules

In accordance with paragraph 46 of Appendix 16 of the Hong Kong Listing Rules, the Company confirms that, save as disclosed herein, there has been no material change in the current information regarding the Company from the information disclosed in the 2021 Annual Report of the Company.

7 PURCHASE, SALE AND REDEMPTION OF SHARES

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

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

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

9 COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to raising the standard of corporate governance of the Group and believes that good corporate governance helps the Group to safeguard the interests of the Shareholders and improve its business performance. The Company has complied with the code provisions set out in Part 2 of Appendix 14 of the Hong Kong Listing Rules (including the new code provisions in relation to internal control and risk management) during the Reporting Period, except for the deviation from the code provision C.5.1 and code provision C.2.1. Deviations during the Reporting Period have been disclosed in relevant paragraphs below.

Code provision C.5.1 under the Corporate Governance Code requires that “The board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. It is expected regular board meetings will normally involve the active participation, either in person or through electronic means of communication, of a majority of directors entitled to be present”. During the Reporting Period, the Company held 14 Board meetings, of which only one meeting was held on site. The executive Directors manage and monitor the business operation and propose to hold board meetings to have discussions and make decisions on the Group’s major business or management matters from time to time. Accordingly, certain relevant decisions were made by all Directors by way of written resolutions. The Directors are of the opinion that, the fairness and validity of the decisions made for the business had adequate assurance. The Company will strive to put effective corporate governance practices into practice in future.

Code provision C.2.1 under the Corporate Governance Code requires that “The roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing”. During the Reporting Period, Mr. MAI Boliang served as the Chairman and the CEO of the Company. The Board of the Company believes that vesting the roles of both the Chairman and the CEO in Mr. MAI Boliang would enable the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. MAI Boliang’s extensive industrial experience and significant role in the historical development of the Group, the Board believes that it is beneficial to the business prospects of the Group if Mr. MAI Boliang acts as both the Chairman and the CEO of the Company, and the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors, non-executive Directors and independent non- executive Directors.

9.1 The Board of Directors

The Board of the Company is elected by the general meeting of the Company through voting and is held accountable to the general meeting. The primary responsibilities of the Board are to provide strategic guidance to the Company, exercise effective supervision over the senior management, ensure that the Company’s interests are protected and are accountable to the Shareholders. During the Reporting Period, the term of office of the ninth session of the Board of the Company expired. On 28 June 2022, as considered and approved at the 2021 annual general meeting, members of the tenth session of the Board of the Company were elected and Mr. MAI Boliang has been appointed as an executive Director of the tenth session of the Board of the Company, Mr. ZHU Zhiqiang, Mr. HU Xianfu, Mr. KONG Guoliang, Mr. DENG Weidong and Mr. MING Dong have been appointed as non-executive Directors of the tenth session of the Board of the Company, and Mr. YANG Xiong, Mr. ZHANG Guanghua and Ms. LUI FUNG Mei Yee, Mabel have been appointed as independent non-executive Directors of the tenth session of the Board of the Company. On the same day, as considered at the first meeting in 2022 of the tenth session of the Board, Mr. MAI Boliang, an executive Director, has been elected as the chairman of the tenth session of the Board of the Company; Mr. ZHU Zhiqiang, a non-executive Director, has been elected as the vice-chairman of the tenth session of the Board of the Company; and Mr. HU Xianfu, a non-executive Director, has been elected as the vice-chairman of the tenth session of the Board of the Company.

During the Reporting Period, the Board, comprising 9 Directors, held 14 Board meetings, of which 1 meeting was held on site, 13 meetings were held in a way of written review resolutions with 41 resolutions being reviewed. On 4 July 2022, Mr. MING Dong has tendered his resignation from the position of director of the Company due to job assignments. As at the date of the Announcement, the Board has 8 Directors.

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

9.2 Board Committees

During the Reporting Period, the committees of the Board of the Company also successfully completed its general election. During the Reporting Period, a total of 19 meetings were held by the committees of the Board with 27 letters of opinion from Board committees passed.

9.3 The Supervisory Committee

During the Reporting Period, the term of office of the ninth session of the Supervisory Committee of the Company expired. On 28 June 2022, as considered and approved at the 2021 annual general meeting, Ms. SHI Lan and Mr. LOU Dongyang have been appointed as supervisors representing shareholders of tenth session of the Supervisory Committee of the Company. On the same day, as considered and approved at the general staff meeting of the Company, Mr. MA Tianfei has been elected as a supervisor representing employees of tenth session of the Supervisory Committee. On 28 June 2022, as considered at the first meeting in 2022 of the tenth session of the Supervisory Committee, Ms. SHI Lan has been elected as the chairman of the Supervisory Committee.

During the Reporting Period, the Supervisory Committee, comprising 3 Supervisors, held 4 meetings with 10 resolutions reviewed. The Supervisors attended 14 meetings of the Board.

9.4 Shareholders' General Meeting

On 28 June 2022, the Company held the 2021 annual general meeting, first class meeting of the holders of A shares for 2022 and the first class meeting of the holders of H shares for 2022. The notice, convening, holding and voting procedures of such meetings were in compliance with the relevant requirements of the PRC Company Law, the Articles of Association and the Hong Kong Listing Rules.

The executive Director of the Company Mr. MAI Boliang (Chairman and CEO), the non-executive Director Mr. KONG Guoliang, the non-executive Director Mr. DENG Weidong (by network), the independent non-executive Director Mr. HE Jiale (by network), the independent non-executive Director Ms. LUI FUNG Mei Yee, Mabel (by network), the Supervisor Mr. XIONG Bo and the Supervisor Mr. LOU Dongyang (by network) attended the 2021 annual general meeting, the first class meeting of the holders of A shares for 2022 and the first class meeting of the holders of H shares for 2022, and other Directors failed to attend relevant meetings due to other important affairs at relevant time.

10 AUDIT COMMITTEE

The Board has appointed three independent non-executive Directors and established the Audit Committee pursuant to the requirements of the Hong Kong Listing Rules. The members of the ninth session of the Audit Committee of the Company consist of Mr. HE Jiale (chairman of the Audit Committee with professional qualifications and experience in relation to financial management such as accounting), Mr. PAN Zhengqi and Ms. LUI FUNG Mei Yee, Mabel. During the Reporting Period, the term of office of the ninth session of the Audit Committee of the Company expired, and the Company held the first meeting of the tenth session of the Board in 2022 on 28 June 2022, at which the Audit Committee of the tenth session of the Board was elected. The members of the tenth session of the Audit Committee consist of Mr. YANG Xiong (Chairman of the Audit Committee with professional qualifications and experience in relation to financial management such as accounting), Mr. ZHANG Guanghua and Ms. LUI FUNG Mei Yee, Mabel.

On 29 August 2022, the Audit Committee has discussed with the management and reviewed the 2022 Interim Financial Report (Unaudited) of the Group for the six months ended 30 June 2022. The Audit Committee has no disagreement with the accounting treatment adopted in the 2022 Interim Financial Report (Unaudited) of the Company and agreed to present the same to the Board.

11 2022 INTERIM FINANCIAL REPORT

11.1 Audit Opinion

Unaudited Audited

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

Applicable Not applicable

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

Applicable Not applicable

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

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

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

Applicable Not applicable

11.6 Financial Statements Prepared in Accordance with CASBE

11.6.1 Consolidated Balance Sheet (unaudited)

Unit: RMB thousand

ASSETS	Note	30 June 2022	31 December 2021
Current assets:			
Cash at bank and on hand		22,156,858	16,442,733
Financial assets held for trading		936,611	445,432
Derivative financial assets		178,122	562,027
Notes receivables		839,934	947,968
Accounts receivables	3	27,023,889	25,491,181
Receivables financing		657,388	1,048,244
Advances to suppliers		4,899,999	3,447,421
Other receivables		8,773,323	4,779,626
Inventories		20,379,780	19,837,123
Contract assets		3,769,166	2,821,340
Non-current assets due within one year		59,704	3,707,125
Other current assets		1,545,112	1,927,159
		<u>91,219,886</u>	<u>81,457,379</u>
Total current assets			
Non-current assets:			
Long-term receivables		60,747	7,918,001
Long-term equity investments		10,118,308	8,469,457
Other equity investments		1,054,079	1,167,141
Other non-current financial assets		350,556	330,600
Investment properties		1,439,283	1,386,085
Fixed assets		34,806,183	34,995,382
Construction in progress		9,813,356	9,071,776
Intangible assets		4,425,023	4,543,742
Right-of-use assets		916,233	864,559
Development expenditures		31,156	–
Goodwill		2,288,016	2,268,466
Long-term prepaid expenses		529,202	503,454
Deferred tax assets		1,121,752	1,265,807
Other non-current assets		176,849	80,652
		<u>67,130,743</u>	<u>72,865,122</u>
Total non-current assets			
TOTAL ASSETS		<u><u>158,350,629</u></u>	<u><u>154,322,501</u></u>

11.6.1 Consolidated Balance Sheet (unaudited) (continued)

Unit: RMB thousand

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	30 June 2022	31 December 2021
Current liabilities:			
Short-term borrowings		7,853,887	7,204,671
Derivative financial liabilities		1,181,756	691,856
Financial liabilities held for trading		45,516	38,134
Notes payables		4,099,526	5,215,721
Accounts payables	4	19,844,806	17,504,738
Advances from customers		3,348	16,941
Contract liabilities		9,745,578	7,427,329
Employee benefits payable		4,433,138	4,534,703
Taxes payable		1,816,910	2,870,290
Other payables		9,252,834	9,382,139
Provisions		1,496,829	1,424,793
Non-current liabilities due within one year		10,511,189	12,434,293
Other current liabilities		<u>518,567</u>	<u>676,994</u>
Total current liabilities		<u>70,803,884</u>	<u>69,422,602</u>
Non-current liabilities:			
Long-term borrowings		19,925,581	21,651,730
Debentures payable		1,811,041	1,234,980
Lease Liabilities		501,737	442,036
Long-term payables		92,475	829
Deferred income		995,291	976,247
Deferred tax liabilities		3,530,721	3,610,921
Other non-current liabilities		<u>10,516</u>	<u>3,066</u>
Total non-current liabilities		<u>26,867,362</u>	<u>27,919,809</u>
Total liabilities		<u>97,671,246</u>	<u>97,342,411</u>

11.6.1 Consolidated Balance Sheet (unaudited) (continued)

Unit: RMB thousand

LIABILITIES AND SHAREHOLDERS' EQUITY	<i>Note</i>	30 June 2022	31 December 2021
Shareholders' equity:			
Share capital		3,595,014	3,595,014
Other equity instruments		2,023,335	–
Including: Perpetual bonds		2,023,335	–
Capital reserve		5,923,953	5,524,096
Other comprehensive income		535,750	784,890
Surplus reserve		3,587,597	3,587,597
Undistributed profits	5	31,661,654	31,627,036
Total equity attributable to shareholders and other equity holders of the Company		47,327,303	45,118,633
Minority interests		13,352,080	11,861,457
Total shareholders' equity		<u>60,679,383</u>	<u>56,980,090</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>158,350,629</u>	<u>154,322,501</u>

11.6.2 Balance Sheet (unaudited)

Unit: RMB thousand

ASSETS	30 June 2022	31 December 2021
Current assets:		
Cash at bank and on hand	8,877,911	3,096,658
Derivative financial assets	6,565	67,817
Accounts receivables	71,406	36,562
Other receivables	24,949,467	24,337,668
Total current assets	33,905,349	27,538,705
Non-current assets:		
Other equity investments	645,429	652,408
Long-term equity investments	12,803,184	13,042,921
Investment properties	118,573	118,573
Fixed assets	116,201	121,927
Construction in progress	48,005	35,208
Intangible assets	126,431	134,292
Long-term prepaid expenses	1,155	1,337
Total non-current assets	13,858,978	14,106,666
TOTAL ASSETS	47,764,327	41,645,371

11.6.2 Balance Sheet (unaudited) (continued)

Unit: RMB thousand

LIABILITIES AND SHAREHOLDERS' EQUITY	30 June 2022	31 December 2021
Current liabilities:		
Short-term borrowings	–	360,000
Derivative financial liabilities	2,353	939
Employee benefits payable	270,023	277,511
Taxes payable	9,617	14,970
Other payables	8,937,908	7,117,247
Non-current liabilities due within one year	<u>7,983,734</u>	<u>9,355,935</u>
Total current liabilities	<u>17,203,635</u>	<u>17,126,602</u>
Non-current liabilities:		
Long-term borrowings	2,896,306	3,850,904
Debentures payable	501,083	–
Deferred income	<u>4,809</u>	<u>6,450</u>
Total non-current liabilities	<u>3,402,198</u>	<u>3,857,354</u>
Total liabilities	<u>20,605,833</u>	<u>20,983,956</u>
Shareholders' equity:		
Share capital	3,595,014	3,595,014
Other equity instruments	2,023,335	–
Including: Perpetual bonds	<u>2,023,335</u>	<u>–</u>
Capital reserve	2,812,956	2,812,956
Other comprehensive income	376,192	383,171
Surplus reserve	3,587,597	3,587,597
Undistributed profits	<u>14,763,400</u>	<u>10,282,677</u>
Total shareholders' equity	<u>27,158,494</u>	<u>20,661,415</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>47,764,327</u>	<u>41,645,371</u>

11.6.3 Consolidated Income Statement (unaudited)

Unit: RMB thousand

ITEMS	Note	January – June 2022	January – June 2021
I. Revenue	6	72,126,258	73,184,549
Less: Cost of sales	6	61,198,794	61,041,954
Taxes and surcharges		262,488	265,473
Selling and distribution expenses		1,181,249	1,074,778
General and administrative expenses		3,385,359	2,811,454
Research and development expenses		1,043,695	935,346
Financial expenses		(115,513)	826,403
Including: Interest expenses		562,213	716,122
Interest income		150,111	139,818
Asset impairment losses	7	45,803	111,089
Credit impairment losses	7	133,285	157,053
Add: Other income		200,576	251,849
Investment income		170,092	681,913
Including: Share of loss of associates and joint ventures		(33,580)	(97,261)
Fair value losses		(911,252)	(125,914)
Gains on disposals of assets		3,007	120,528
II. Operating profit		4,453,521	6,889,375
Add: Non-operating income	8	80,720	56,763
Less: Non-operating expenses		36,141	86,925
III. Profit before income tax		4,498,100	6,859,213
Less: Income tax expenses	9	1,264,012	1,813,717
IV. Net profit		3,234,088	5,045,496
Classified by business continuity			
Net profit from continuing operations		3,316,194	4,934,149
Net profit from discontinued operations		(82,106)	111,347
Classified by ownership			
Net profit attributable to shareholders and other equity holders of the Company		2,538,512	4,297,459
Profit or loss attributable to minority Shareholders	10	695,576	748,037

11.6.3 Consolidated Income Statement (unaudited) (continued)

Unit: RMB thousand

ITEMS	Note	January – June 2022	January – June 2021
V. Other comprehensive income, net of tax		<u>(313,101)</u>	<u>(138,910)</u>
Attributable to shareholders and other equity holders of the Company		<u>(249,140)</u>	<u>(107,841)</u>
Items that will not be reclassified to profit or loss		(107,081)	(61,155)
Changes in fair value of other equity investments		(107,081)	(61,155)
Items that may be reclassified to profit or loss		(142,059)	(46,686)
The amount greater than the book value on the conversion date when the self-use real estate was converted to investment properties using fair value measurement		7,231	–
Currency translation differences		(149,290)	(46,686)
Minority interests		(63,961)	(31,069)
VI. Total comprehensive income		2,920,987	4,906,586
Attributable to shareholders and other equity holders of the Company		2,289,372	4,189,618
Minority interests		631,615	716,968
VII. Earnings per share			
Basic earnings per share (RMB)	11	0.6996	1.1673
Diluted earnings per share (RMB)	11	<u>0.6893</u>	<u>1.1670</u>

11.6.4 Income Statement (unaudited)

Unit: RMB thousand

ITEMS	January – June 2022	January – June 2021
I. Revenue	147,475	216,129
Less: Cost of sales	–	3,097
Taxes and surcharges	2,947	3,257
General and administrative expenses	182,701	160,368
Research and development expenses	273	–
Financial expenses	(14,774)	434,894
Including: Interest expenses	300,578	351,469
Interest income	34,777	12,751
Credit impairment losses	–	93,295
Add: Other income	(872)	3,459
Investment income	7,070,353	4,904,356
Fair value losses	(62,667)	(17,948)
Gains on disposals of assets	(23)	(114)
II. Operating profit	6,983,119	4,410,971
Add: Non-operating income	1,583	3,168
Less: Non-operating expense	85	–
III. Profit before income tax	6,984,617	4,414,139
Less: Income tax expenses	–	–
IV. Net profit	6,984,617	4,414,139
Classified by business continuity		
Net profit from continuing operations	6,984,617	4,414,139
Net profit from discontinued operations	–	–
V. Other comprehensive income, net of tax	(6,979)	18,047
Items that will not be reclassified to profit or loss	(6,979)	18,047
Changes in fair value of other equity investments	(6,979)	18,047
VI. Total comprehensive income	6,977,638	4,432,186

11.6.5 Consolidated Cash Flow Statement (unaudited)

Unit: RMB thousand

ITEMS	January – June 2022	January – June 2021
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	72,864,568	62,553,333
Refund of taxes and surcharges	2,858,814	2,442,251
Cash received relating to other operating activities	<u>1,587,903</u>	<u>4,150,716</u>
Sub-total of cash inflows from operating activities	<u>77,311,285</u>	<u>69,146,300</u>
Cash paid for goods and services	62,111,650	52,804,749
Cash paid to and on behalf of employees	5,934,476	5,665,534
Payments of taxes and surcharges	3,740,761	2,172,485
Cash paid relating to other operating activities	<u>1,889,008</u>	<u>2,242,473</u>
Sub-total of cash outflows from operating activities	<u>73,675,895</u>	<u>62,885,241</u>
Net cash inflows from operating activities	<u>3,635,390</u>	<u>6,261,059</u>
II. Cash flows from investing activities		
Cash received from disposal of investments	3,460,758	150,264
Cash received from returns on investments	601,835	580,638
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	239,565	39,503
Net cash received from disposal of subsidiaries	455,271	18,823
Cash received relating to other investment activities	<u>11,421</u>	<u>–</u>
Sub-total of cash inflows from investing activities	<u>4,768,850</u>	<u>789,228</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	1,412,864	2,677,935
Cash paid to acquire investments	4,594,516	120,382
Net cash paid for acquisition of subsidiaries	15,501	540
Cash paid relating to other investing activities	<u>622,511</u>	<u>1,000</u>
Sub-total of cash outflows from investing activities	<u>6,645,392</u>	<u>2,799,857</u>
Net cash outflows from investing activities	<u>(1,876,542)</u>	<u>(2,010,629)</u>

11.6.5 Consolidated Cash Flow Statement (unaudited) (continued)

Unit: RMB thousand

ITEMS	January – June 2022	January – June 2021
III. Cash flows from financing activities		
Cash received from capital contributions	2,191,528	209,887
Including: Cash received from capital contributions by minority shareholders of subsidiaries	2,191,528	209,887
Cash received from borrowings	7,678,211	8,866,892
Cash received from issuing bonds	2,500,000	–
Cash received relating to other financing activities	161,524	293,281
Sub-total of cash inflows from financing activities	12,531,263	9,370,060
Cash repayments of borrowings	7,519,393	11,326,836
Cash payments for distribution of dividends or profits and interest expenses	924,839	877,865
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries	364,106	32,360
Cash payments relating to other financing activities	513,325	367,997
Sub-total of cash outflows from financing activities	8,957,557	12,572,698
Net cash inflows/(outflows) from financing activities	3,573,706	(3,202,638)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	465,249	179,302
V. Net increase in cash and cash equivalents	5,797,803	1,227,094
Add: Cash and cash equivalents at the beginning of the year	16,529,988	11,210,240
VI. Cash and cash equivalents at the end of the period	22,327,791	12,437,334

11.6.6 Cash Flow Statement (unaudited)

Unit: RMB thousand

ITEMS	January – June 2022	January – June 2021
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	116,375	146,434
Cash received relating to other operating activities	<u>152,638</u>	<u>4,565,737</u>
Sub-total of cash inflows from operating activities	<u>269,013</u>	<u>4,712,171</u>
Cash paid to and on behalf of employees	138,093	143,044
Payments of taxes and surcharges	33,065	31,407
Cash paid relating to other operating activities	<u>163,012</u>	<u>4,713,758</u>
Sub-total of cash outflows from operating activities	<u>334,170</u>	<u>4,888,209</u>
Net cash outflows from operating activities	<u>(65,157)</u>	<u>(176,038)</u>
II. Cash flows from investing activities		
Cash received from disposal of investments	5,091,000	–
Cash received from returns on investments	5,894,211	4,459,835
Net cash received from disposal of fixed assets	92	188
Net cash received from disposal of subsidiaries	<u>367,367</u>	<u>–</u>
Sub-total of cash inflows from investing activities	<u>11,352,670</u>	<u>4,460,023</u>
Cash paid to acquire fixed assets and other long-term assets	10,211	13,219
Net cash paid for investment and establishment of subsidiaries	2,805,892	128,246
Cash paid for other investment activities	<u>2,781,329</u>	<u>–</u>
Sub-total of cash outflows from investing activities	<u>5,597,432</u>	<u>141,465</u>
Net cash inflows from investing activities	<u>5,755,238</u>	<u>4,318,558</u>

11.6.6 Cash Flow Statement (unaudited) (continued)

Unit: RMB thousand

ITEMS	January – June 2022	January – June 2021
III. Cash flows from financing activities		
Cash received from borrowings	1,665,000	1,400,000
Cash received from issuing bonds	2,500,000	–
Cash received relating to other financing activities	<u>500,000</u>	<u>–</u>
Sub-total of cash inflows from financing activities	<u>4,665,000</u>	<u>1,400,000</u>
Cash repayments of borrowings	2,363,000	3,493,048
Cash payments for distribution of dividends or profits and interest expenses	194,772	229,025
Cash payments relating to other financing activities	<u>2,003,943</u>	<u>305,001</u>
Sub-total of cash outflows from financing activities	<u>4,561,715</u>	<u>4,027,074</u>
Net cash inflows/(outflows) from financing activities	<u>103,285</u>	<u>(2,627,074)</u>
IV. Effect of foreign exchange rate changes on cash and cash equivalents	<u>472</u>	<u>(2,797)</u>
V. Net increase in cash and cash equivalents	5,793,838	1,512,649
Add: Cash and cash equivalents at the beginning of the year	<u>3,072,197</u>	<u>892,464</u>
VI. Cash and cash equivalents at the end of the period	<u><u>8,866,035</u></u>	<u><u>2,405,113</u></u>

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

Unit: RMB thousand

Item	2021															
	January - June 2022					2021										
	Attributable to shareholders and other equity holders of the Company					Attributable to shareholders and other equity holders of the Company										
	Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interest	Total equity	Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interest	Total equity
I. Balance at 31 December 2021	3,595,014	-	5,524,096	784,890	3,587,597	31,627,036	11,861,457	56,980,090	3,595,014	4,308,042	5,463,205	920,769	3,587,597	26,142,889	9,836,328	53,853,844
Change in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at 1 January 2022	3,595,014	-	5,524,096	784,890	3,587,597	31,627,036	11,861,457	56,980,090	3,595,014	4,308,042	5,463,205	920,769	3,587,597	26,142,889	9,836,328	53,853,844
III. Movements for the period																
(I) Total comprehensive income																
1. Net profit	-	23,335	-	-	-	2,515,177	695,576	3,234,088	-	175,272	-	-	-	6,490,051	1,695,445	8,360,768
2. Other comprehensive income	-	-	-	(249,140)	-	-	(63,961)	(313,101)	-	-	-	(135,879)	-	-	(100,215)	(236,094)
Sub-total of 1 & 2	-	23,335	-	(249,140)	-	2,515,177	631,615	2,920,987	-	175,272	-	(135,879)	-	6,490,051	1,595,230	8,124,674
(II) Capital contribution and withdrawal by owners																
1. Increase in capital reserve resulted from share option exercised by company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Contributions by minority shareholders	-	-	562,963	-	-	-	1,486,592	2,049,555	-	-	46,097	-	-	-	2,021,722	2,067,819
3. Increase in minority interests resulted from acquisition or establishment of subsidiary	-	-	-	-	-	-	43,576	43,576	-	-	-	-	-	-	282,940	282,940
4. Acquisition of minority interests of subsidiaries	-	-	(289,001)	-	-	-	(79,006)	(368,007)	-	-	(154,414)	-	-	-	(1,250,235)	(1,404,649)
5. Disposal of subsidiaries (without loss control)	-	-	71,112	-	-	-	282,344	353,456	-	-	-	-	-	-	(53,426)	(53,426)
6. Disposal of subsidiaries (lose control)	-	-	-	-	-	-	(358,312)	(358,312)	-	-	-	-	-	-	-	-
7. Increase in capital reserve resulted from share option exercised by subsidiary	-	-	3,265	-	-	-	2,098	5,363	-	-	(22,957)	-	-	-	61,629	38,672
8. Increase in shareholders' equity resulted from share-based payments	-	-	39,516	-	-	-	34,373	73,889	-	-	68,523	-	-	-	4,384	72,907
9. Issuance of other equity instruments	-	2,000,000	-	-	-	-	-	2,000,000	-	(4,300,000)	(18,396)	-	-	-	-	(4,318,396)
10. Redemption of other equity instruments	-	-	-	-	-	-	-	-	-	123,944	123,944	-	-	-	-	123,944
11. Issuance of convertible bonds by subsidiaries	-	-	12,002	-	-	-	-	12,002	-	-	18,094	-	-	-	-	18,094
12. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution																
1. Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Profit distribution to shareholders	-	-	-	-	(2,480,559)	-	(552,657)	(3,033,216)	-	(183,314)	-	-	-	(1,005,904)	(637,115)	(1,643,019)
3. Interest paid on other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(183,314)
IV. Balance at 30 June 2022	3,595,014	2,023,335	5,923,953	535,750	3,587,597	31,661,654	13,352,080	60,679,383	3,595,014	-	5,524,096	784,890	3,587,597	31,627,036	11,861,457	56,980,090

11.6.8 Statement of Changes in Shareholders' Equity (unaudited)

Unit: RMB thousand

Item	January - June 2022							2021						
	Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity	Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Balance at 31 December 2021	3,595,014	-	2,812,956	383,171	3,587,597	10,282,677	20,661,415	3,595,014	4,308,042	2,831,352	352,298	3,587,597	8,842,542	23,516,845
Change in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at 1 January 2022	3,595,014	-	2,812,956	383,171	3,587,597	10,282,677	20,661,415	3,595,014	4,308,042	2,831,352	352,298	3,587,597	8,842,542	23,516,845
III. Movements for the period														
(I) Total comprehensive income														
1. Net profit	-	23,335	-	-	-	6,961,282	6,984,617	-	175,272	-	-	-	2,446,039	2,621,311
2. Other comprehensive income	-	-	-	(6,979)	-	-	(6,979)	-	-	-	30,873	-	-	30,873
Sub-total of 1 & 2	-	23,335	-	(6,979)	-	6,961,282	6,977,638	-	175,272	-	30,873	-	2,446,039	2,652,184
(II) Capital contribution and withdrawal by owners														
1. Increase in shareholders' equity resulted from share-based payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Increase in capital reserve resulted from share option exercised by company	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Issuance of other equity instruments	-	2,000,000	-	-	-	-	2,000,000	-	-	-	-	-	-	-
4. Redemption of other equity instruments	-	-	-	-	-	-	-	-	(4,300,000)	(18,396)	-	-	-	(4,318,396)
5. Increase in capital from capital reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution														
1. Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Profit distribution to shareholders	-	-	-	-	-	(2,480,559)	(2,480,559)	-	-	-	-	-	(1,005,904)	(1,005,904)
3. Interest paid on other equity instruments	-	-	-	-	-	-	-	-	(183,314)	-	-	-	-	(183,314)
IV. Balance at 30 June 2022	3,595,014	2,023,335	2,812,956	376,192	3,587,597	14,763,400	27,158,494	3,595,014	-	2,812,956	383,171	3,587,597	10,282,677	20,661,415

NOTES:

1. BASIS OF PREPARATION

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

The financial statements are prepared on a going concern basis.

Some notes in this financial statement have been disclosed in accordance with requirements of the Hong Kong Companies Ordinance.

2. STATEMENT OF COMPLIANCE WITH THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements of the Company for the period from 1 January 2022 to 30 June 2022 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the consolidated and the Company’s financial position as at 30 June 2022 and their financial performance, cash flows and other information during January to June 2022.

3. ACCOUNTS RECEIVABLES

	<i>Unit: RMB thousand</i>	
	30 June 2022	31 December 2021
Accounts receivables	28,563,984	26,931,012
Less: Provision for bad debts	(1,540,095)	(1,439,831)
	<u>27,023,889</u>	<u>25,491,181</u>

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

	<i>Unit: RMB thousand</i>	
	30 June 2022	31 December 2021
Within 1 year (inclusive)	26,350,957	24,567,260
1 to 2 years (inclusive)	915,910	1,090,772
2 to 3 years (inclusive)	458,513	955,662
Over 3 years	838,604	317,318
	<u>28,563,984</u>	<u>26,931,012</u>

- (b) As at 30 June 2022, the five largest balances of accounts receivables are analysed as follows, accumulated by arrearage parties:

Unit: RMB thousand

	Book balance	Provision for bad debts	% of total accounts receivables
Total of the five largest accounts receivables	<u>5,432,024</u>	<u>25</u>	<u>19.08%</u>

- (c) Accounts receivables derecognised due to transfer of financial assets:

From 1 January to 30 June 2022 and at 31 December 2021, the Group has no accounts receivables derecognised due to transfer of financial asset.

- (d) Provision for bad debts

Unit: RMB thousand

For the receivables of the Group, whether there is a significant financing component or not, the loss provision is measured according to the expected credit loss of the whole duration.

- (i) As at 30 June 2022, accounts receivables with amounts that the related provision for bad debts was set aside on the individual basis are analysed as follows:

	Book balance	Lifetime expected credit losses rate	Provision for bad debts	Reason
Containers manufacturing business	257,726	22.25%	57,348	Measured provision as lifetime expected credit losses
Energy, chemical and liquid food equipment business	96,622	91.20%	88,122	
Offshore engineering business	133,896	18.37%	24,599	
Airport facilities and logistics equipment, fire safety and rescue equipment business	184,826	89.00%	164,501	
Logistics services business	11,673	100.00%	11,673	
Others	<u>840,527</u>	39.50%	<u>332,019</u>	
	<u>1,525,270</u>		<u>678,262</u>	

- (ii) As at 30 June 2022, accounts receivables that are assessed for impairment on a collective group basis are as follows:

Collectively assessed 1 – Containers manufacturing business:

Unit: RMB thousand

	30 June 2022			31 December 2021		
	Book balance	Provision for bad debts	Book balance	Book balance	Provision for bad debts	Book balance
	Amount	Lifetime expected credit losses rate	Amount	Amount	Lifetime expected credit losses rate	Amount
Not overdue	7,173,515	0.02%	1,358	10,228,172	0.09%	9,204
Overdue within 1 month	1,193,423	0.05%	539	218,802	0.70%	1,530
Overdue for 1 to 3 months	556,279	0.08%	447	230,280	1.07%	2,462
Overdue 3 to 12 months	458,961	5.71%	26,221	85,626	2.96%	2,538
Overdue 1 to 2 years	58,868	7.41%	4,365	25,352	6.61%	1,676
Overdue 2 to 3 years	25,001	100.00%	25,001	47,171	100.00%	47,171
Overdue 3 to 5 years	33	100.00%	33	1,648	100.00%	1,648
	9,466,080		57,964	10,837,051		66,229

Collectively assessed 2 – Road transportation vehicles business:

	30 June 2022			31 December 2021		
	Book balance	Provision for bad debts	Book balance	Book balance	Provision for bad debts	Book balance
	Amount	Lifetime expected credit losses rate	Amount	Amount	Lifetime expected credit losses rate	Amount
Not overdue	2,594,467	2.19%	56,894	1,937,308	2.16%	41,848
Overdue within 1 month	242,132	4.52%	10,944	195,196	3.84%	7,491
Overdue for 1 to 3 months	166,723	4.52%	7,536	120,993	3.84%	4,643
Overdue 3 to 12 months	365,521	4.52%	16,522	550,858	3.84%	21,140
Overdue 1 to 2 years	53,833	27.23%	14,658	63,293	24.42%	15,459
Overdue 2 to 3 years	16,443	78.31%	12,876	21,490	81.68%	17,553
Overdue 3 to 5 years	13,249	99.44%	13,175	13,803	99.18%	13,690
Overdue for more than 5 years	26,023	99.44%	25,878	26,023	99.18%	25,809
	3,478,391		158,483	2,928,964		147,633

Collectively assessed 3 – Energy, chemical and liquid food equipment business:

	30 June 2022			31 December 2021		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime expected credit losses rate	Amount	Amount	Lifetime expected credit losses rate	Amount
Not overdue	2,374,570	1.58%	37,458	2,086,386	3.23%	67,336
Overdue within 1 month	228,368	3.21%	7,464	162,250	4.40%	7,144
Overdue for 1 to 3 months	184,336	3.21%	5,915	74,583	4.40%	3,284
Overdue 3 to 12 months	241,699	6.46%	15,623	130,828	6.03%	7,891
Overdue 1 to 2 years	65,246	24.11%	15,734	124,035	33.84%	41,973
Overdue 2 to 3 years	63,653	41.97%	26,715	55,467	47.52%	26,356
Overdue 3 to 5 years	71,144	68.33%	48,616	39,973	78.70%	31,459
Overdue for more than 5 years	69,269	100.00%	69,269	51,550	100.00%	51,550
	<u>3,298,285</u>		<u>226,794</u>	<u>2,725,072</u>		<u>236,993</u>

Collectively assessed 4 – Offshore engineering business:

	30 June 2022			31 December 2021		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime expected credit losses rate	Amount	Amount	Lifetime expected credit losses rate	Amount
Not overdue	770,057	0.08%	628	210,653	0.54%	1,138
Overdue within 1 month	-	-	-	533,568	1.00%	5,336
Overdue for 1 to 3 months	-	-	-	52,165	1.00%	522
Overdue 3 to 12 months	-	-	-	86,318	1.20%	1,036
Overdue 1 to 2 years	324	2.78%	9	19,714	3.37%	664
Overdue for more than 2 years	23,906	100.00%	23,906	22,886	97.67%	22,352
	<u>794,287</u>		<u>24,543</u>	<u>925,304</u>		<u>31,048</u>

Collectively assessed 5 – Airport facilities and logistics equipment, fire safety and rescue equipment business:

	30 June 2022			31 December 2021		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime expected credit losses rate	Amount	Amount	Lifetime expected credit losses rate	Amount
Not overdue	1,044,018	1.18%	12,321	1,100,832	0.72%	7,946
Overdue within 1 month	328,670	5.87%	19,293	190,115	4.57%	8,692
Overdue for 1 to 3 months	17,529	5.87%	1,029	95,857	4.57%	4,382
Overdue 3 to 12 months	713,581	5.87%	41,848	480,372	4.57%	21,962
Overdue 1 to 2 years	283,815	11.74%	33,317	170,584	12.65%	21,572
Overdue 2 to 3 years	93,850	29.32%	27,520	93,768	36.38%	34,114
Overdue for more than 3 years	82,035	57.30%	47,010	79,288	56.69%	44,952
	2,563,498		182,338	2,210,816		143,620

Collectively assessed 6 – Logistics services business:

	30 June 2022			31 December 2021		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime expected credit losses rate	Amount	Amount	Lifetime expected credit losses rate	Amount
Not overdue	3,436,549	0.68%	23,450	3,071,892	0.92%	28,414
Overdue within 1 month	543,262	4.90%	26,606	248,664	1.77%	4,390
Overdue for 1 to 3 months	289,012	2.26%	6,523	111,730	3.96%	4,426
Overdue 3 to 12 months	142,464	5.48%	7,810	49,794	11.99%	5,969
Overdue 1 to 2 years	45,894	29.62%	13,594	40,063	46.62%	18,677
Overdue 2 to 3 years	5,039	100.00%	5,039	13,900	100.00%	13,900
Overdue for more than 3 years	9,690	100.00%	9,690	3,389	100.00%	3,389
	4,471,910		92,712	3,539,432		79,165

Collectively assessed 7 – Recycled load business:

	30 June 2022			31 December 2021		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime expected credit losses rate	Amount	Amount	Lifetime expected credit losses rate	Amount
Not overdue	942,621	0.15%	1,455	393,692	1.34%	5,283
Overdue within 1 month	37,610	5.00%	1,880	60,290	4.09%	2,463
Overdue for 1 to 3 months	18,999	5.00%	950	4,782	4.58%	219
Overdue 3 to 12 months	15,092	5.00%	755	–	–	–
Overdue 1 to 2 years	281	29.89%	84	589	43.63%	257
Overdue for more than 2 years	1,504	100.00%	1,504	431	100.00%	431
	<u>1,016,107</u>		<u>6,628</u>	<u>459,784</u>		<u>8,653</u>

Collectively assessed 8 – Others:

	30 June 2022			31 December 2021		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime expected credit losses rate	Amount	Amount	Lifetime expected credit losses rate	Amount
Not overdue	1,231,718	2.36%	29,051	2,066,339	2.21%	45,586
Overdue within 1 month	179,838	2.86%	5,150	45,106	6.37%	2,871
Overdue for 1 to 3 months	88,921	9.08%	8,073	53,620	8.47%	4,542
Overdue 3 to 12 months	254,026	10.51%	26,705	164,932	28.36%	46,767
Overdue 1 to 2 years	164,846	19.33%	31,872	12,279	83.35%	10,234
Overdue for more than 2 years	30,807	37.39%	11,520	18,828	100.00%	18,828
	<u>1,950,156</u>		<u>112,371</u>	<u>2,361,104</u>		<u>128,828</u>

- (e) The provision for bad debts in the current period amounted to RMB194,037,000 (for the period from 1 January to 30 June in 2021: RMB131,652,000), among which RMB54,995,000 has been collected or reversed (for the period from 1 January to 30 June in 2021: RMB42,208,000).
- (f) The accounts receivables amounted to RMB848,000 was written off in the current period (for the period from 1 January to 30 June in 2021: RMB23,879,000), and the provision for bad debts was amounted to RMB848,000 in the current period (for the period from 1 January to 30 June in 2021: RMB23,879,000).

4. ACCOUNTS PAYABLES

(1) Accounts payables are as follows:

Unit: RMB thousand

	30 June 2022	31 December 2021
Due to raw material suppliers	14,895,886	13,182,641
Project contracts charges	144,828	662,646
Integrated logistics services charges	3,162,883	2,418,339
Equipment procurement charges	791,339	569,799
Project procurement charges	310,020	94,245
Processing charges	170,393	170,304
Transportation charges	213,519	48,315
Others	155,938	358,449
	<u>19,844,806</u>	<u>17,504,738</u>

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

	30 June 2022	31 December 2021
Within 1 year (inclusive)	17,398,618	16,846,937
1 to 2 years (inclusive)	1,701,678	262,336
2 to 3 years (inclusive)	354,772	181,432
Over 3 years	389,738	214,033
	<u>19,844,806</u>	<u>17,504,738</u>

As at 30 June 2022, accounts payables over 1 year with a carrying amount of RMB2,446,188,000 (31 December 2021: RMB657,801,000) were mainly payables related to offshore engineering business, energy and chemicals business. Since the production cycle of the offshore engineering business, energy and chemicals business was usually more than one year, the payables have not yet been settled.

5. UNDISTRIBUTED PROFITS

Unit: RMB thousand

	<i>Note</i>	For the period from 1 January to 30 June 2022	2021
Undistributed profits at the beginning of the year		31,627,036	26,142,889
Add: net profit attributable to the shareholders and other equity holders of the Company for the current period		2,538,512	6,665,323
Less: equity attribute to holders of other equity instruments in current period		(23,335)	(175,272)
Less: ordinary share dividends payable	<i>(1)</i>	(2,480,559)	(1,005,904)
Undistributed profits at the end of the period		<u>31,661,654</u>	<u>31,627,036</u>

(1) Dividends of ordinary shares declared during the period

	For the period from 1 January to 30 June 2022	2021
Dividends proposed but not declared at the end of the period	2,480,559	–
Total proposed dividends in the current period	<u>2,480,559</u>	<u>1,005,904</u>

Approved by the shareholders' general meeting on 28 June 2022, the Company distributed cash dividends to ordinary shareholders on 18 August 2022, at RMB0.69 per share (2021: RMB0.28 per share), totaling RMB2,480,559,000 (2021: RMB1,005,904,000).

6. REVENUE AND COST OF SALES

Unit: RMB thousand

	For the period from 1 January to 30 June 2022	For the period from 1 January to 30 June 2021
Revenue from main operations	71,029,541	71,562,133
Revenue from other operations	1,096,717	1,622,416
	<u>72,126,258</u>	<u>73,184,549</u>
Cost of sales from main operations	60,434,700	60,322,948
Cost of sales from other operations	764,094	719,006
	<u>61,198,794</u>	<u>61,041,954</u>

7. ASSET IMPAIRMENT LOSSES AND CREDIT IMPAIRMENT LOSSES

Unit: RMB thousand

(1) Asset impairment losses

	For the period from 1 January to 30 June 2022	For the period from 1 January to 30 June 2021
Construction in progress	2,179	–
Contract asset (reversal)/loss	(3,983)	5,469
Inventories and costs incurred to fulfill a contract	11,005	46,200
Goodwill	30,620	–
Fixed asset	23	59,420
Intangible assets	5,959	–
	<u>45,803</u>	<u>111,089</u>

(2) Credit impairment losses

Unit: RMB thousand

	For the period from 1 January to 30 June 2022	For the period from 1 January to 30 June 2021
Long-term receivables (including current portion of non-current assets) bad debt (reversal)/loss	(19)	56,130
Notes receivables bad debt (reversal)/loss	(799)	(6,392)
Receivables financing bad debt (reversal)/loss	(586)	677
Bad debt loss of accounts receivable	139,042	89,444
Other receivables bad debt loss	8,355	9,635
Financial guarantee (reversal)/loss for vehicle loans	(12,708)	7,559
	<u>133,285</u>	<u>157,053</u>

8. NON-OPERATING INCOME

Non-operating income by categories is as follows:

Unit: RMB thousand

	For the period from 1 January to 30 June 2022	For the period from 1 January to 30 June 2021	Amount recognised in non-recurring profit or loss during the period from 1 January to 30 June 2022
Compensation income	11,140	20,885	11,140
Unpayable payables	40,090	11,483	40,090
Penalty income	9,301	7,169	9,301
Gained by donation	–	182	–
Others	20,189	17,044	20,189
	<u>80,720</u>	<u>56,763</u>	<u>80,720</u>

9. INCOME TAX EXPENSES

Unit: RMB thousand

	For the period from 1 January to 30 June 2022	For the period from 1 January to 30 June 2021
Current income tax calculated based on tax law and related regulations	1,327,867	1,651,583
Deferred income tax	<u>(63,855)</u>	<u>162,134</u>
Total	<u>1,264,012</u>	<u>1,813,717</u>

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

	For the period from 1 January to 30 June 2022	For the period from 1 January to 30 June 2021
Profit before tax	4,498,100	6,859,213
Income tax calculated at applicable tax rates (25%)	1,124,525	1,714,803
Effect of using different tax rates for subsidiaries	206,513	(24,263)
Effect of tax incentive	(69,404)	(61,908)
Cost, expenses and losses not deductible	49,909	123,177
Other income not subject to tax	(91,001)	(82,461)
Deductible losses in previously unrecognised deferred income	(32,388)	(39,306)
Deductible losses in unrecognised deferred income tax assets	144,119	230,626
Deductible temporary differences in unrecognised deferred tax asset	21,539	27,183
Deductible temporary differences for which no deferred tax asset was recognised in previous years	(82,492)	(50,742)
Effect of tax rate change on deferred tax differences	15	3,681
Tax refund for income tax annual filing	<u>(7,323)</u>	<u>(27,073)</u>
Income tax expenses	<u>1,264,012</u>	<u>1,813,717</u>

10. PROFIT OR LOSS ATTRIBUTABLE TO MINORITY SHAREHOLDERS

During the Reporting Period, the Group's minority profit or loss recorded RMB695.576 million (same period in 2021: profit of RMB748.037 million), representing a year-on-year decrease of 7.01%, which was mainly due to the decrease in profit or loss attributable to minority shareholders calculated based on the shareholding proportion of minority shareholders.

11. EARNINGS PER SHARE

(1) Basic earnings per share

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

	<i>Unit: RMB thousand</i>	
	For the period from 1 January to 30 June 2022	For the period from 1 January to 30 June 2021
Consolidated net profit attributable to shareholders of the Company	2,538,512	4,297,459
Less: Equity attributable to holders of other equity instruments	<u>(23,335)</u>	<u>(101,014)</u>
Consolidated net profit attributable to ordinary shareholders of the Company	<u>2,515,177</u>	<u>4,196,445</u>
Weighted-average number of ordinary shares outstanding ('000)	<u>3,595,014</u>	<u>3,595,014</u>
Basic earnings per share (<i>RMB/share</i>)	<u>0.6996</u>	<u>1.1673</u>
Including: Going concern basic earnings per share	0.7225	1.1363
Termination concern basic earnings per share	<u>(0.0229)</u>	<u>0.0310</u>

(2) Diluted earnings per share

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

	<i>Unit: RMB thousand</i>	
	For the period from 1 January to 30 June 2022	For the period from 1 January to 30 June 2021
Consolidated net profit attributable to shareholders of the Company	2,538,512	4,297,459
Influence of the issuing of the perpetual bonds by the Company	(23,335)	(101,014)
Influence of share option program by subsidiaries of the Group	(37,017)	(1,234)
Consolidated net profit (adjusted) attributable to ordinary shareholders of the Company	<u>2,478,160</u>	<u>4,195,211</u>
Weighted-average number of ordinary shares outstanding (diluted) ('000) (adjusted)	<u>3,595,014</u>	<u>3,595,014</u>
Diluted earnings per share (<i>RMB/share</i>)	<u>0.6893</u>	<u>1.1670</u>

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

	January – June 2022	January – June 2021
Weighted average number of ordinary shares outstanding of the Company ('000)	3,595,014	3,595,014
Effect of share options of the Company ('000)	<u>–</u>	<u>–</u>
Weighted average number of ordinary shares outstanding of the Company (diluted) ('000)	<u>3,595,014</u>	<u>3,595,014</u>

12. DIVIDENDS

The Directors did not propose to declare the interim dividend for the six months ended 30 June 2022 (the corresponding period in 2021: Nil).

13. SEGMENT REPORTING

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

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

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

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

Segment information from 1 January to 30 June 2022 is as follows:

Unit: RMB thousand

Item	Containers manufacturing		Road transportation vehicles		Energy, chemical and liquid food equipment		Offshore engineering		Airport facilities and logistics equipment, fire safety and rescue equipment		Logistics services		Finance and asset management		Recycled load		Others		Elimination between segments		Total	
	Period from 1 January to 30 June 2022	Period from 1 January to 30 June 2022	Period from 1 January to 30 June 2022	Period from 1 January to 30 June 2022	Period from 1 January to 30 June 2022	Period from 1 January to 30 June 2022	Period from 1 January to 30 June 2022	Period from 1 January to 30 June 2022	Period from 1 January to 30 June 2022	Period from 1 January to 30 June 2022	Period from 1 January to 30 June 2022	Period from 1 January to 30 June 2022	Period from 1 January to 30 June 2022	Period from 1 January to 30 June 2022	Period from 1 January to 30 June 2022	Period from 1 January to 30 June 2022	Period from 1 January to 30 June 2022	Period from 1 January to 30 June 2022	Period from 1 January to 30 June 2022	Period from 1 January to 30 June 2022	Period from 1 January to 30 June 2022	Period from 1 January to 30 June 2022
External transaction	21,814,601	11,064,773	9,513,543	2,542,857	2,579,318	17,207,679	1,067,551	3,381,785	2,998,765	(44,614)	72,126,258											
Inter segment transaction	953,364	131,069	80,903	25,241	8,767	71,023	82,094	11,049	728,028	(2,091,538)	-											
Cost of sales from main operations	17,273,338	9,904,187	7,859,648	2,224,429	2,015,353	16,243,533	936,741	2,674,849	3,307,315	(2,004,693)	60,434,700											
Investment income/(loss) in joint ventures and associates	18,113	(1,944)	(375)	(4,856)	4,471	18,904	-	134	(68,027)	-	(33,580)											
Asset and credit loss for the year	(18,331)	18,079	54,340	23	39,682	21,640	17	1,187	61,794	657	179,088											
Depreciation and amortisation expenses	271,435	280,293	229,624	355,196	71,644	89,417	422,179	124,582	92,266	(74,799)	1,861,837											
Interest income	121,074	34,617	6,930	4,616	2,044	7,008	131,340	6,861	508,778	(673,157)	150,111											
Interest expenses	8,709	22,050	32,793	384,244	24,784	33,197	162,734	8,360	501,093	(615,751)	562,213											
Total profit/(loss)	3,825,695	455,974	542,630	(236,975)	31,529	427,601	79,466	360,191	1,019,545	(2,007,556)	4,498,100											
Income tax expenses	772,314	85,669	74,332	3,883	14,586	127,338	74,808	56,176	5,758	49,148	1,264,012											
Net profit/(loss)	3,053,381	370,305	468,297	(240,857)	16,943	300,263	4,658	304,015	1,013,787	(2,056,704)	3,234,088											
Segment total assets	31,944,921	22,115,799	21,347,428	40,586,440	9,113,580	9,486,036	40,390,574	4,347,416	55,706,179	(76,687,744)	158,350,629											
Segment total liabilities	14,787,438	9,811,377	12,762,702	42,935,124	6,107,788	6,482,665	43,444,420	2,026,858	47,321,351	(88,008,477)	97,671,246											

Supplementary information:

- Other non-cash (income)/expenses other than depreciation and amortisation
- Long-term equity investment of joint ventures and associates
- Amount of additions to non-current assets other than long-term equity investment, financial assets and deferred tax assets

	304,476	69,840	50,439	(6,253)	124,970	(31,692)	(73,640)	12,553	(93,002)	133,367	491,058
	679,642	45,136	179,369	379,312	40,509	475,339	53,966	2,930	8,262,105	-	10,118,308
	962,727	373,132	1,410,068	680,563	18,451	154,089	15,549	439,618	211,521	(1,292,065)	2,973,653

Segment information from 1 January to 30 June 2021 is as follows:

Unit: RMB thousand

Item	Containers manufacturing		Road transportation vehicles		Energy, chemical and liquid food equipment		Offshore engineering		Airport facilities and logistics equipment, fire safety and rescue equipment		Logistics services		Finance and asset management		Recycled load		Others		Elimination between segments		Total Period from 1 January to 30 June 2021
	Period from 1 January to 30 June 2021	Period from 1 January to 30 June 2021	Period from 1 January to 30 June 2021	Period from 1 January to 30 June 2021	Period from 1 January to 30 June 2021	Period from 1 January to 30 June 2021	Period from 1 January to 30 June 2021	Period from 1 January to 30 June 2021	Period from 1 January to 30 June 2021	Period from 1 January to 30 June 2021	Period from 1 January to 30 June 2021	Period from 1 January to 30 June 2021	Period from 1 January to 30 June 2021	Period from 1 January to 30 June 2021	Period from 1 January to 30 June 2021	Period from 1 January to 30 June 2021	Period from 1 January to 30 June 2021	Period from 1 January to 30 June 2021	Period from 1 January to 30 June 2021	Period from 1 January to 30 June 2021	
External transaction	26,782,336	17,560,940	8,077,587	2,820,226	2,816,907	9,814,199	852,163	2,411,209	2,411,470	(362,488)	73,184,549										
Inter segment transaction	668,473	150,904	237,405	(1,548)	16,098	111,446	200,426	215,574	699,639	(2,298,417)	-										
Cost of sales from main operations	20,816,923	15,897,026	6,918,454	2,645,266	2,154,881	9,304,007	408,096	2,157,408	2,789,976	(2,769,089)	60,322,948										
Investment income/(loss) in joint ventures and associates	20,413	2,159	(678)	(1,344)	1,796	10,822	11,249	8,866	(150,544)	-	(97,261)										
Assets and credit loss/(reversal) for the year	873	91,155	24,869	30	23,742	10,254	106,691	(399)	70,125	(59,198)	268,142										
Depreciation and amortisation expenses	185,433	244,167	214,310	393,503	99,739	130,865	313,733	50,463	108,219	(140,608)	1,599,824										
Interest income	72,979	26,035	8,290	28,467	4,744	7,641	104,975	3,303	874,059	(1,270,311)	(139,818)										
Interest expenses	39,420	28,250	34,079	499,234	29,575	13,679	75,051	18,032	864,446	(885,644)	716,122										
Total profit/(loss)	5,728,753	881,614	438,593	(662,202)	209,008	217,204	332,179	267,752	(139,213)	(414,475)	6,859,213										
Income tax expenses	1,334,871	120,964	90,692	18,163	29,415	51,283	143,051	38,802	43,902	(57,426)	1,813,717										
Net profit/(loss)	4,393,882	760,650	347,901	(680,365)	179,593	165,921	189,128	228,950	(183,115)	(357,049)	5,045,496										
Segment total assets	30,210,454	22,222,594	17,839,352	34,346,362	9,100,788	6,290,921	45,287,340	2,912,675	50,692,156	(61,466,849)	157,435,793										
Segment total liabilities	17,307,923	11,203,279	10,220,442	38,183,793	5,764,447	4,244,464	44,090,295	1,959,910	48,375,445	(81,126,146)	100,223,852										
Supplementary information:																					
- Other non-cash (income)/expenses other than depreciation and amortisation	229,669	73,206	58,361	(5,895)	15,013	5,192	51,312	6,144	107,750	1,343	542,095										
- Long-term equity investment of joint ventures and associates	931,748	73,674	64,165	107,491	33,251	387,321	546,852	71,046	6,447,019	-	8,662,567										
- Amount of additions to non-current assets other than long-term equity investment, financial assets and deferred tax assets	1,212,602	747,330	327,184	56,693	195,360	265,756	1,118,813	154,170	100,014	(614,890)	3,563,032										

14. RESTRICTED ASSETS OF THE GROUP AS AT 30 JUNE 2022

Unit: RMB thousand

As at 30 June 2022, assets with restrictions in their ownership are as follows:

	Book value at the end of the Reporting Period	Restricted reasons
– Cash at bank and on hand	1,232,067	Margin, deposit of statutory reserves of the central bank and time deposits with maturity of more than three months, etc.
– Notes receivables	88,438	Pledge
– Receivable financing	<u>12,494</u>	Pledge
	<u><u>1,332,999</u></u>	

15. CONTINGENCIES

1. Guarantees provided for external parties

CIMC Vehicles, a subsidiary of the Group, carried out vehicle buyer credit business and signed loan guarantee contracts with China Merchants Bank, China Guangfa Bank, Huishang Bank and Industrial Bank, providing credit guarantees to the relevant banks for their financing to the distributors and customers of the Group and its holding subsidiaries arising from purchase of vehicle products. As at 30 June 2022, the aggregate amount of credit facilities of the distributors and customers in respect of which the Group and its holding subsidiaries provided guarantees was RMB1,842,880,000 (31 December 2021: RMB2,151,916,000).

The Group's subsidiary, C&C Trucks and its subsidiaries carried out vehicle buyer credit business and signed vehicle loan guarantee contracts with external banks, providing credit guarantees to the relevant banks for their financing to the distributors and customers of C&C Trucks and its subsidiaries arising from purchase of vehicle products. As at 30 June 2022, the aggregate amount of credit facilities of the distributors and customers in respect of which C&C Trucks and its subsidiaries provided guarantees was approximately RMB438,722,000 (31 December 2021: RMB571,527,000).

The Group does not expect that the credit risk of the above guarantees has significantly increased since initial recognition, thus measures the allowance for those commitments at an amount equal to 12-month expected credit losses

The Group's subsidiary, Shaanxi CIMC Vehicles Industrial Park Investment Development Co., Ltd. cooperated with Shaanxi Xianyang Qindu Rural Commercial Bank in mortgage credit cooperation and signed a property loan guarantee contract, providing phased guarantees for the loans that the customers of the company obtained from the relevant banks for purchasing properties. As at 30 June 2022, the aggregate customer financing loans for which Shaanxi Vehicles Industrial Park provided guarantees, were approximately RMB10,218,000 (31 December 2021: RMB11,459,000). The credit risk of the guarantee is assessed to be low and the Group has not made any provision for expected credit losses.

The Company entered into a guarantee agreement with the relevant banks to provide guarantee for the loans of CIMC Industry & City and its subsidiaries. As at 30 June 2022, the amount for which the Company provided guarantees was RMB586,127,000 (31 December 2021: RMB605,002,000). The credit risk of the guarantee is assessed to be low and the Group has not made any provision for expected credit losses.

The Company and its subsidiaries entered into guarantee agreements with the relevant banks to provide guarantee for the financing business of CIMC Financial Leasing and its subsidiaries. As at 30 June 2022, the amount for which the Company and its subsidiaries provided guarantees was RMB729,257,000.

2. Notes payables issued but not accounted for, outstanding letters of credit issued and outstanding performance guarantees issued

The Group does not recognise notes payables and letters of credit issued as deposits. Corresponding inventories, advances to suppliers and notes payables are recognised at the earlier of the date of delivery of goods and the maturity date of the notes issued. As at 30 June 2022, the Group had notes payables issued but not accounted for of nil (31 December 2021: RMB117,445,000) and had outstanding letters of credit issued of RMB259,001,000 (31 December 2021: RMB270,576,000).

As at 30 June 2022, the Company had outstanding balance of guarantees issued for subsidiaries of the Group of RMB318,789,000, USD744,432,000 (equivalent to RMB4,996,181,000), GBP9,965,000 (equivalent to RMB81,080,000) and EUR51,748,000 (equivalent to RMB362,671,000), respectively, totaling RMB5,758,721,000 (31 December 2021: totaling RMB4,974,310,000).

As at 30 June 2022, the outstanding balance of guarantees of the Group's subsidiary issued by the bank was RMB1,538,561,000, mainly including the balance of advance payment guarantees of RMB288,859,000, the balance of quality guarantees (including foreign guarantees) of RMB231,272,000, the balance of other non-financing guarantees of RMB444,606,000 and the balance of performance guarantees of RMB570,393,000 (31 December 2021: RMB2,620,239,000).

16. COMMITMENTS

1. Capital expenditure commitments

(1) *Capital expenditure commitments contracted for but not yet necessary to be recognised on the balance sheet*

Unit: RMB thousand

	January – June 2022	2021
Foreign investment contracts (i)	7,273,815	6,909,984
Vessels manufactured for sales or lease	265,320	265,320
Fixed assets purchase and construction contracts	<u>4,470</u>	<u>22,382</u>
	<u>7,543,605</u>	<u>7,197,686</u>

- (i) On 27 September 2021, the Company and A.P. Møller – Mærsk A/S (“APMM”) entered into the Share Purchase Agreement-Maersk Container Industry. The Company proposed to purchase Maersk Container Industry (“MCI”) of APMM, and MCI comprises two entities: Maersk Denmark Industry (丹麥馬士基工業公司) and Maersk Qingdao Container Industry Co., Ltd. (青島馬士基集裝箱工業有限公司). The purchase consideration of the entire equity interest of the target companies was USD1,083.8 million (approximately RMB7,273,815,000). Pursuant to the agreement, if either of the Company and APMM terminates the agreement due to the circumstances referred to in the agreement, including the failure to obtain investment and competition law clearance for the agreement prior to the long stop date, the Company shall pay a breakup fee of USD85,000,000 (equivalent to RMB570,469,000) to APMM within less than 2 days.

17. SUPPLEMENTARY INFORMATION

Return on Net Assets and Earnings per Share

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

Unit: RMB/share

	Weighted average return on net assets		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	January – June 2022	January – June 2021	January – June 2022	January – June 2021	January – June 2022	January – June 2021
Net profit attributable to ordinary shareholders of the Company	5.44%	10.09%	0.6996	1.1673	0.6893	1.1670
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	5.78%	8.52%	0.7439	0.9856	0.7336	0.9853

18. EVENTS AFTER THE BALANCE SHEET DATE

1. At the fourth meeting in 2022 of the ninth session of the Board and the first meeting in 2022 of the ninth session of the supervisory committee convened on 28 March 2022 by the Company, the Resolution Regarding the Proposal on Profit Distribution for the Year 2021 and the High-proportion Transfer Plan was considered and approved and it is agreed that the profit distribution plan for 2021 is as follows: to distribute cash dividends to all Shareholders registered in the register of members of the Company on dividend registration date based on the number of shares on the dividend registration date: to distribute a dividend of RMB6.9 per 10 shares (inclusive of tax) in cash without bonus shares and additional 5 new shares will be issued to all Shareholders for every 10 shares held by way of capitalization of capital reserve. The profit distribution plan for 2021 was considered and approved at the 2021 annual general meeting, the first class meeting of the holders of A Shares for 2022 and the first class meeting of the holders of H Shares for 2022 convened on 28 June 2022. The Company completed dividend payment for 2021 on 18 August 2022.
2. On 14 April 2022, as considered and approved at the fifth meeting in 2022 of the ninth session of the Board of the Company, CIMC Transportation Technology intended to introduce Yuanzhi Venture Capital, Yuanzhi Ruixin and Xinfuhui XV as strategic investors. Upon completion of the transaction, the Company's shareholding in CIMC Transportation Technology reduced from 70.9238% to 67.3334%. As at the date of the Announcement, the first round of capital increase was completed. As CIMC Transportation Technology realized a solid growth in its results in the first half of 2022 and achieved substantial breakthroughs in new product development, new customers or industry expansion, the investors intent to implement the second round of capital increase to CIMC Transportation Technology as they remain positive about CIMC Transportation Technology's development prospects. On 29 August 2022, by way of entering into the investment agreement and the shareholders agreement, HSUM, Yuanzhi Venture Capital, Yuanzhi Ruixin and Xinfuhui XV, as parties to the capital increase, agreed to increase the capital of CIMC Transportation Technology. After the completion of the second round of capital increase, the Company's shareholding in CIMC Transportation Technology will be reduced from 67.3334% to 63.5799%. CIMC Transportation Technology will remain a non-wholly owned subsidiary of the Group.
3. On 27 September 2021, as considered at the twenty-third meeting in 2021 of the ninth session of the Board of the Company, the Company and A.P. Møller – Mærsk A/S (“**APMM**”) entered into a share purchase agreement. The Company proposed to purchase Maersk Container Industry (“**MCI**”) of APMM, and MCI comprises two entities: Maersk Denmark Industry (丹麥馬士基工業公司) and Maersk Qingdao Container Industry Co., Ltd. (青島馬士基集裝箱工業有限公司) (the “**Transaction**”). Currently, due to the huge uncertainty in the centralised review of operators, it may lead to the failure to achieve the conditions precedent to the Transaction stipulated in the share purchase agreement. Therefore, after comprehensive and prudent assessment, the parties decided to terminate the Transaction on 25 August 2022. The Company is actively negotiating and communicating with APMM in respect of the Company's compensation obligations arising from the termination of the Transaction, and evaluating the financial impact on the Company. The termination of the Transaction will not have a material adverse impact on the Group's main business operations.

OTHER SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

1. On 4 July 2022, the Company received the written resignation from Mr. MING Dong. Mr. MING Dong has tendered his resignation from the position of Director of the Company due to job assignments, and he will not take any position in the Company upon his resignation of the aforesaid position. According to the relevant laws, regulations, regulatory rules and the Articles of Association of the Company, the resignation of Mr. MING Dong has taken effect when his written resignation was delivered to the Board of the Company.
2. At the second meeting in 2022 of the tenth session of the supervisory committee of the Company convened on 15 July 2022, the Company considered and approved the Resolution Regarding the Proposal on the Spin-off and Listing of the Controlling Subsidiary CIMC Wetrans Logistics Technology (Group) Co., Ltd. on the Shenzhen Stock Exchange and other resolutions related to the Spin-off and Listing. The Spin-off and Listing has been considered and approved at the first extraordinary general meeting for 2022 of the Company on 3 August 2022.
3. On 9 December 2021, the Company and Sinotrans & CSC Holdings Co., Ltd. (“**Sinotrans & CSC**”, together with its subsidiaries “**Sinotrans & CSC Group**”), a related party of the Company, signed the Framework Agreement for Selling Goods and Providing/Accepting Services on routine related party transaction matters (the “**Original Framework Agreement**”), pursuant to which the Group would continuously provide Sinotrans & CSC Group with goods and services, and receive services to be provided by Sinotrans & CSC Group. The Original Framework Agreement stipulated the proposed cap amount of routine related party transactions between both parties (1) from 1 December 2021 to 31 December 2021; (2) for the year ending 31 December 2022; and (3) for the year ending 31 December 2023. Based on factors such as the actual transaction situation, the market economic environment, and the expected continuous high prices, the Company and Sinotrans & CSC expect that the annual caps originally set for 2022 and 2023 in the Original Framework Agreement might not be able to meet the future transaction needs of both parties. To this end, on 17 June 2022, the Company and Sinotrans & CSC signed the New Framework Agreement for Selling Goods and Providing/Accepting Services (the “**New Framework Agreement**”), which stipulated the proposed cap amount of routine related party transactions between both parties for the years ending 31 December 2022, 2023 and 2024. The Original Framework Agreement shall become invalid since the effective date of the New Framework Agreement. On 3 August 2022, such matter has been considered and approved at the first extraordinary general meeting of the Company for 2022.

4. On 10 August 2022, it was considered and approved at the fourth meeting in 2022 of the tenth session of the Board of Company that, CIMC Capital Management Co., Ltd.* (中集資本管理有限公司) (“**CIMC Capital Management**”), an indirect controlling subsidiary of the Company, and the professional investment institution Vanho Capital Investment Co., Ltd.* (萬和弘遠投資有限公司) (“**Vanho Capital**”) entered into the Cooperation Framework Agreement for CIMC Hongyuan Advanced Manufacturing Industry Fund, proposing to cooperate to establish the “CIMC Hongyuan Advanced Manufacturing Industry Fund (中集弘遠先進製造產業基金)” (tentative name, subject to the approval of industry and commerce administration authorities, the “**Fund**”). The total size of the Fund is RMB1 billion, to be raised in two tranches: the first tranche to be RMB100 million, RMB30 million of which is to be contributed by contributors of the CIMC Group, accounting for 30%; the second tranche to be RMB900 million, RMB270 million of which is to be contributed by contributors of the CIMC Group, accounting for 30% (the “**Joint Establishment of Fund**”). On the same day, CIMC Capital Management, CIMC Capital Holdings Co. Ltd. (the controlling shareholder of CIMC Capital Management), a wholly-owned subsidiary of the Company, Vanho Capital, Shenzhen Capital Group and Changsha Qianzhilong Microelectronics Co., Ltd.* (長沙潛之龍微電子有限公司) entered into the Partnership Agreement for CIMC Hongyuan Advanced Manufacturing Industry Investment Partnership (Limited Partnership). Shenzhen Capital Group, the largest shareholder of the Company, is also an indirect controlling shareholder of Vanho Capital, and the Joint Establishment of Fund therefore constitutes a connected transaction of the Company.

By order of the Board
China International Marine Containers (Group) Co., Ltd.
MAI Boliang
Chairman

Hong Kong, 29 August 2022

As at the date of this announcement, the Board comprises Mr. MAI Boliang (Chairman) as an executive Director; Mr. ZHU Zhiqiang (Vice-chairman), Mr. HU Xianfu (Vice-chairman), Mr. KONG Guoliang and Mr. DENG Weidong as non-executive Directors; and Mr. YANG Xiong, Mr. ZHANG Guanghua and Ms. LUI FUNG Mei Yee, Mabel as independent non-executive Directors.

* *for identification purposes only*