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

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Sinc. Code: 1839)

ANNOUNCEMENT FURTHER CHANGES IN USE OF THE PROCEEDS FROM THE GLOBAL OFFERING

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

CHANGES IN USE OF THE PROCEEDS FROM THE GLOBAL OFFERING

In light of the reasons as set out in the paragraph headed “Reasons for and Benefits of the Changes in Use of the Proceeds from the Global Offering” below, the Board has resolved to make further changes to the intended use of the net proceeds from the Global Offering, which are presented as follows:

	Original intended use of the proceeds (HK\$’000)	Used as at 31 October 2020 (HK\$’000)	Used as at 31 October 2020 (HK\$’000)	Adjusted use of the proceeds (HK\$’000)	Excess proceeds available (HK\$’000)
Intended use of the proceeds					
Develop a new automated production facility for chassis trailers in the coastline regions along the eastern or southern US	1,102.7	251.6	851.1		851.1
Develop a new assembly plant for high-end refrigerated trailers in the UK or Poland (“Europe”)	39.2	28.6	10.6	–	10.6
Develop a new automated production facility for refrigerated trailers in Monon, the US	220.5	11.5	209.0	(182.0)	27.0
Develop a new assembly plant for curtain-side trailers in the Midlands region of the UK (“UK Midlands”)	165.4	141.4	24.0	–	24.0
	165.4	–	165.4	(165.4)	–

	Original estimated amount (HK\$' 000)	Used amount 31 October 2020 (HK\$' 000)	Unused amount 31 October 2020 (HK\$' 000)	Amount expended (HK\$' 000)	Balance expended amount (HK\$' 000)
Intended, expenditure incurred					
- Develop a new assembly plant for swap bodies and a new assembly plant for chassis and flatbed trailers in the Netherlands	105.3	69.4	35.9	-	35.9
- Develop a new assembly plant for refrigerated trailers in Canada	39.0	-	39.0	-	39.0
- Develop a new manufacturing plant in Jiangmen, China	87.0	0.7	86.3	-	86.3
- Upgrade the marketing model in China	99.6	-	99.6	-	99.6
- Technical reform and informatization construction for Xi'an plant in China	32.9	-	32.9	-	32.9
- Develop a new manufacturing plant in Baoji City, China	70.0	-	70.0	-	70.0
- Build a vehicle park in Kunming, China	78.4	-	78.4	-	78.4
- Expand the manufacturing plant for semi-trailers in Dongguan, China (Note)	-	-	-	118.4	118.4
- Expand the manufacturing plant for dry truck bodies and refrigerated truck bodies in Zhenjiang, China (Note)	-	-	-	35.5	35.5
- Expand the manufacturing and assembly plant for chassis trailers in Rayong, Thailand (Note)	-	-	-	193.5	193.5
Receivable and expenditure	157.5	2.7	154.8		154.8
- Invest in industrial funds	84.1	-	84.1	-	84.1
- Develop high-end refrigerated trailers	26.3	2.7	23.6	-	23.6
- Develop other smart trailers	15.7	-	15.7	-	15.7
- Invest in product standardization, unit weight reduction and modulization in our European and US plants	15.7	-	15.7	-	15.7
- Develop other trailer products	15.7	-	15.7	-	15.7
Remaining cash available	157.5	153.8	3.7		3.7
Working capital added	173.6	151.5	22.1		22.1
Total	1,591.3	559.6	1,031.7		1,031.7

Note: New use of net proceeds

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

Causes the reduction of the investment amount in Europe Project and UK Midlands Project by a total of approximately HK\$347.4 million and reallocate the same to the new projects in China and Thailand as shown in the table above, details of which are as follows:

With the impact of the global outbreak of COVID-19 and the global trade environment in 2020, the Group has made adjustments to its strategic layout of overseas operations accordingly. The Company decides to reduce the investment amount in Europe Project and UK Midlands Project by a total of approximately HK\$347.4 million and reallocate the same to the new projects in China and Thailand as shown in the table above, details of which are as follows:

1. Expand the investment amount in the expansion of the local plant in Dongguan, China to leverage the strength of the Dongguan plant in terms of its product modulization and as a Light Tower Plant, The Dongguan plant will be expanded and developed as a sophisticated manufacturing system with a full range of modular product production capabilities, including container chassis trailers, flatbed, side-wall and stake trailers, curtain-side trailers, van trailers and refrigerated trailers. This movement will further expand the domestic market and trigger the internal circular economy. Pursuant to which, the Group plans to invest approximately HK\$118.4 million in this project with the net proceeds from the Global Offering, which will mainly be used for the construction of the new plant for high-speed production lines of van trailers and refrigerated trailers, etc., investment in equipment and covering all expenses (such as procurement of raw materials and labor costs, etc.) incurred from this project, and put it into use within the next two years from the date of this announcement.

Based on the Group's strategic plans, in order to fully build and improve a sophisticated manufacturing system and to cope with the risks brought about by the uncertainties of the export business environment, the Company plans to invest in the expansion of the local plant in Dongguan, China to leverage the strength of the Dongguan plant in terms of its product modulization and as a Light Tower Plant. The Dongguan plant will be expanded and developed as a sophisticated manufacturing system with a full range of modular product production capabilities, including container chassis trailers, flatbed, side-wall and stake trailers, curtain-side trailers, van trailers and refrigerated trailers. This movement will further expand the domestic market and trigger the internal circular economy. Pursuant to which, the Group plans to invest approximately HK\$118.4 million in this project with the net proceeds from the Global Offering, which will mainly be used for the construction of the new plant for high-speed production lines of van trailers and refrigerated trailers, etc., investment in equipment and covering all expenses (such as procurement of raw materials and labor costs, etc.) incurred from this project, and put it into use within the next two years from the date of this announcement.

2. Expand the investment amount in the expansion of the local plant in Zhenjiang, China to leverage the strength of the Zhenjiang plant in terms of its product modulization and as a Light Tower Plant, The Zhenjiang plant will be expanded and developed as a sophisticated manufacturing system with a full range of modular product production capabilities, including container chassis trailers, flatbed, side-wall and stake trailers, curtain-side trailers, van trailers and refrigerated trailers. This movement will further expand the domestic market and trigger the internal circular economy. Pursuant to which, the Group plans to invest approximately HK\$118.4 million in this project with the net proceeds from the Global Offering, which will mainly be used for the construction of the new plant for high-speed production lines of van trailers and refrigerated trailers, etc., investment in equipment and covering all expenses (such as procurement of raw materials and labor costs, etc.) incurred from this project, and put it into use within the next two years from the date of this announcement.

As mentioned in "MANAGEMENT DISCUSSION AND ANALYSIS" of the 2020 interim report of the Company, with the development of the fresh food distribution in China, the demand for urban distribution trucks and refrigerated van trucks is soaring. To seize the market opportunity, further increase the market share of van-type products and become the major manufacturer and service provider of van-type products in Yangtze River Delta region, the Company plans to invest in the expansion of the local plant in Zhenjiang, China, which is mainly for expanding its manufacturing capabilities for dry truck bodies and refrigerated truck bodies. Pursuant to

3. *Expand the production base by increasing the production capacity in Rayong, Thailand*

To secure the Group's overseas market share and to better deal with the impact of changes in the external trade environment, the Company plans to invest in the expansion of the local manufacturing and assembly plant for chassis trailers in Rayong, Thailand. The project can provide manufacturing and assembling functions of chassis trailers in overseas markets in the short term. Pursuant to which, the Group plans to invest approximately HK\$193.5 million in this project with the net proceeds from the Global Offering, which will mainly be used for the construction of the plant, investment in equipment and covering all expenses (such as procurement of raw materials and labor costs, etc.) incurred from this project, and put it into use within the next two years from the date of this announcement.

The Board believes that the further changes in use of the net proceeds from the Global Offering will enable more effective use of the Group's financial resources and be more conducive to the Group's future development, and be in the best interests of the Company and its Shareholders as a whole.

By order of the Board
CIMC Vehicle (Group) Co., Ltd.
L. Guo
Executive Director

Hong Kong, 20 November 2020

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

* Executive Director

** Non-executive Directors

*** Independent non-executive Directors