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

**ANNUAL RESULT ANNOUNCEMENT FOR THE YEAR ENDED
DECEMBER 31, 2021**

I. IMPORTANT NOTICE

- (1) The Board, the Supervisory Committee and the Directors, Supervisors and senior management of the Company warrant that there are no misrepresentations, misleading statements or material omissions contained in the results announcement for the year ended December 31, 2021 (the “**Announcement**”), and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the information contained in the Announcement.
- (2) All the Directors attended the Board meeting in relation to, among others, approval of the annual results for the year ended December 31, 2021.
- (3) The financial statements of the Company and its subsidiaries (the “**Group**”) have been prepared in accordance with China Accounting Standards for Business Enterprises (“**CASBE**”). The financial statements of the Group for the year ended December 31, 2021, which have been prepared in accordance with CASBE, have been audited by PricewaterhouseCoopers Zhong Tian LLP (“**PricewaterhouseCoopers Zhong Tian**”), who has issued an audit report with unqualified opinions on the financial statements. The work performed by PricewaterhouseCoopers Zhong Tian in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers Zhong Tian on the Announcement.
- (4) The person in charge of the Company, Mr. Mai Boliang, the person in charge of accounting and Manager of Finance Department (accounting chief), Mr. Zhan Rui, hereby warrant the truthfulness, accuracy and completeness of the financial statements as set out in the the Announcement.
- (5) The forward-looking statements in the Announcement regarding future development plans do not constitute a material commitment by the Company to investors. Investors and the relevant persons are advised to be fully aware of the risks involved and understand the differences between plans, forecasts and commitments. The Company reminds investors to carefully read the full text of the announcement and pay special attention to the risk factors faced by the Company, details of which are set out in “Management Discussion and Analysis” section in the Announcement.

- (6) The proposed profit distribution plan of the Company as considered and approved by the Board Meeting is based on 2,017,600,000 shares of the Company. A cash dividend of RMB2 (tax inclusive) per ten shares will be distributed to all Shareholders, no bonus shares will be issued and shares will not be converted from capital reserve into share capital. The proposed dividend is expected to be payable on or before July 29, 2022. The annual dividend-distribution plan for 2021 shall be submitted to the Company's annual general meeting for consideration and approval.
- (7) The Announcement is published in English and Chinese. In the event of any inconsistency between the two versions, the Chinese version shall prevail.

II. COMPANY PROFILE AND KEY FINANCIAL INDICATORS

(1) Company Information

Stock abbreviation	CIMC Vehicles	Stock code	301039 (A Shares) 01839 (H Shares)
Legal name in Chinese of the Company	中集車輛(集團)股份有限公司		
Legal short name in Chinese of the Company	中集車輛		
Legal name in English of the Company (if any)	CIMC Vehicles (Group) Co., Ltd.		
Legal short name in English of the Company (if any)	CIMC VEHICLES		
Legal representative of the Company	Mai Boliang		
Registered address	No. 2, Gangwan Avenue, Shekou, Nanshan District, Shenzhen		
Postal code of registered address	518067		
Changes in the registered address of the Company	Not applicable		
Office address	No. 2, Gangwan Avenue, Shekou, Nanshan District, Shenzhen		
Postal code of office address	518067		
Company website	https://www.cimcvehiclesgroup.com/		
Email address	ir_vehicles@cimc.com		
Investor relations contact telephone number	0755-26802116		

(2) Contact Persons and Means of Communication

	Secretary to the Board	Representative of Securities Affairs
Name	Li Zhimin	Yang Ying
Contact address	No. 2, Gangwan Avenue, Shekou, Nanshan District, Shenzhen	No. 2, Gangwan Avenue, Shekou, Nanshan District, Shenzhen
Telephone	0755-26802598	0755-26802598
Facsimile	0755-26802700	0755-26802700
Email address	ir_vehicles@cimc.com	ir_vehicles@cimc.com

Financial advisors engaged by the Company to continuously perform its supervisory function during the Reporting Period

Applicable Not applicable

(3) Information Disclosure and Locations for Documents for Inspection

Websites of the Stock Exchanges on which the Annual Report of the Company is Disclosed	A Shares: http://www.szse.cn H Shares: http://www.hkexnews.hk
Media Names and Website on which the Annual Report of the Company is Disclosed	“China Securities Journal”, “Securities Times”, “Shanghai Securities News” and “Securities Daily”; http://www.cninfo.com.cn
Places at which the Annual Report of the Company is Available	Office of the Secretary to the Board of CIMC Vehicles, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen

(4) Other Relevant Information

Accounting Firm engaged by the Company

Name of the Accounting Firm	PricewaterhouseCoopers Zhong Tian LLP
Office Address of the Accounting Firm	11/F, PricewaterhouseCoopers Center, 2 Corporate Avenue 202 Hu Bin Road, Huangpu District, Shanghai , PRC
Names of the Certified Public Accountants as the Signatories:	Cao Cuili, Wu Fangfang

(5) Major Accounting Data and Financial Indicators for the Last Five Years

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

Yes No

Unit: RMB

Consolidated Income Statement Items	2021	2020	For the year ended December 31,			
			Changes from the previous year to this year	2019	2018	2017
Revenue	27,647,762,501.46	26,498,964,653.25	4.34%	23,386,908,687.91	24,331,169,082.98	19,508,126,091.81
Operating profit	1,173,596,875.71	1,498,875,772.12	-21.70%	1,553,806,989.25	1,619,685,443.76	1,264,853,427.34
Profit before income tax	1,176,166,310.16	1,517,700,367.89	-22.50%	1,570,742,601.43	1,605,417,584.60	1,271,710,684.88
Income tax expenses	188,502,861.95	248,353,595.63	-24.10%	244,281,583.53	320,752,463.82	260,189,841.84
Net profit	987,663,448.21	1,269,346,772.26	-22.19%	1,326,461,017.90	1,284,665,120.78	1,011,520,843.04
Net profit attributable to shareholders of the Company (RMB)	900,749,340.13	1,131,544,435.11	-20.40%	1,210,643,016.08	1,195,586,855.82	964,379,351.39
Net profit attributable to shareholders of the Company after deducting non-recurring profit or loss (RMB)	635,803,868.16	850,012,330.82	-25.20%	911,838,715.45	1,030,622,358.26	888,905,545.56

Unit: RMB

Consolidated Balance Sheet Items	2021	2020	As at December 31,			
			Changes from the previous year to this year	2019	2018	2017
Total current assets	14,233,856,026.37	12,965,531,089.98	9.78%	12,362,552,131.31	11,138,657,151.71	10,996,450,809.02
Total non-current assets	7,547,477,198.07	6,859,628,513.66	10.03%	6,318,532,064.56	5,421,984,873.61	5,255,026,440.58
Total assets	21,781,333,224.44	19,825,159,603.64	9.87%	18,681,084,195.87	16,560,642,025.32	16,251,477,249.60
Total current liabilities	8,623,414,465.10	8,558,977,854.63	0.75%	7,979,217,979.76	7,746,332,403.13	8,808,312,010.27
Total non-current liabilities	771,344,798.96	817,482,971.02	-5.64%	481,191,934.27	866,600,621.65	433,753,689.03
Total liabilities	9,394,759,264.06	9,376,460,825.65	0.20%	8,460,409,914.03	8,612,933,024.78	9,242,065,699.30
Total shareholders' equity	12,386,573,960.38	10,448,698,777.99	18.55%	10,220,674,281.84	7,947,709,000.54	7,009,411,550.30
Equity attributable to shareholders of the Company	11,738,895,400.14	9,962,233,215.04	17.83%	9,750,514,866.53	7,487,680,331.44	6,605,537,847.80
Minority interests	647,678,560.24	486,465,562.95	33.14%	470,159,415.31	460,028,669.10	403,873,702.50

Unit: RMB

Consolidated Cash Flow Statement Items	For the year ended December 31,					
	2021	2020	Changes from the previous year to this year	2019	2018	2017
Net cash flow from operating activities	174,428,262.61	2,746,937,975.27	-93.65%	1,908,701,959.51	1,084,985,408.87	1,763,469,716.05
Net cash outflows from investing activities	-735,080,784.36	-759,827,551.85	3.26%	-909,495,598.17	-10,339,160.87	-394,452,061.51
Net cash inflows from financing activities	1,015,615,330.82	-1,399,200,617.05	172.59%	133,347,679.21	-1,311,274,588.32	-303,791,199.68

Key Financial Indicators	Changes from the previous year to this year					
	2021	2020	Changes from the previous year to this year	2019	2018	2017
Basic earnings per share (RMB/share)	0.48	0.64	-25.00%	0.75	0.80	N/A
Diluted earnings per share (RMB/share)	0.48	0.64	-25.00%	0.75	0.80	N/A
Weighted average return on net assets	8.29%	11.48%	-3.19%	14.40%	17.00%	13.86%
Gross profit margin	11.02%	13.09%	-2.07%	13.91%	14.20%	17.92%
Operating profit margin	4.24%	5.66%	-1.42%	6.64%	6.66%	6.48%
Net profit margin	3.57%	4.79%	-1.22%	5.67%	5.28%	5.19%
Current ratio (note 1)	1.65	1.51	9.27%	1.55	1.44	1.25
Quick ratio (note 2)	1.08	1.07	0.93%	1.07	0.97	0.84
Return on total assets (note 3)	4.75%	6.59%	-1.84%	7.53%	7.83%	6.52%

Note 1. Equal to total current assets divided by total current liabilities.

Note 2. Equal to current assets excluding inventories divided by total current liabilities.

Note 3. Equal to annual net profit divided by the average balance of total assets for the beginning and the end of the year.

The lower of the Company's net profit before and after non-recurring profit or loss for the latest three accounting years was negative and there were uncertainties in the Company's ability to continue as a going concern as stated in the latest auditor's report

Yes No

The lower of the net profit before and after non-recurring profit or loss was negative

Yes No

(6) Key Financial Indicators by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Revenue	6,869,738,891.92	10,842,105,167.26	4,850,794,925.00	5,085,123,517.28
Net profit attributable to shareholders of the Company	202,857,700.67	485,599,792.40	97,952,358.00	114,339,489.06
Net profit attributable to shareholders of the Company after deducting non-recurring profit or loss	192,187,332.48	264,032,498.06	95,594,324.00	83,989,713.62
Net cash flow from operating activities	14,740,768.37	267,577,445.36	-452,983,663.11	345,093,711.99

Whether the above indicators or their aggregated amounts have any material difference with the respective amounts as disclosed in the quarterly report or interim report

Yes No

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

1. Differences in net profits and net assets in the financial statements as disclosed under International Accounting Standards and CASBE

Applicable Not applicable

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

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

Applicable Not applicable

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

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

Applicable Not applicable

Unit: RMB

Items	Amounts for 2021	Amounts for 2020	Amounts for 2019	Note
Gains or losses from disposal of non-current assets				Disposal of fixed assets and intangible assets as a result of factory demolition
	175,056,325.63	54,386,373.66	55,396,825.04	
Government subsidies recognized in profit or loss for the current period (closely related to the normal business operations of the Company, except for the government subsidies continually granted in accordance with national policies and regulations and subject to certain amount or volume under certain standards)	144,395,663.75	238,697,779.28	237,915,420.36	Various government grants
Capital occupancy fee from non-financial enterprises recognized in profit or loss for the current period			55,334,490.60	
Gains and losses on changes in fair values of held for trading financial assets, held for trading financial liabilities and derivative financial instruments, gains and losses on changes in fair values of investment properties subject to subsequent measurement in the mode of fair value, and investment gains from disposal of held for trading financial assets, held for trading financial liabilities and derivative financial instruments	396,590.25	17,615,201.50	18,664,623.07	
Other non-operating income and expenses other than the above items	4,637,291.81	22,384,164.06	17,396,040.97	
Net gains and losses from disposal of long-term equity investment	-375,851.02	8,918,977.41	-9,393,906.50	
Less: effect of income tax	47,536,078.84	56,224,391.08	65,935,270.50	
Effect of minority interests (after tax)	11,628,469.61	4,246,000.54	10,573,922.41	
Total	264,945,471.97	281,532,104.29	298,804,300.63	

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

Applicable Not applicable

The Company did not have other gain or loss items that are within the definition of non-recurring gain or loss.

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

Applicable Not applicable

The Company did not define the non-recurring gain or loss items set out in the Explanatory Announcement No. 1 on Information Disclosure by Companies Offering Securities to the Public – Non-Recurring Gains or Losses as recurring gain or loss items during the Reporting Period.

III. SHAREHOLDERS AND SHARE CAPITAL

(1) Number of Shareholders and the Shareholding

Unit: Share

Total number of ordinary shareholders as at the end of the Reporting Period	Total number of shareholders : which, A shares: 53,066, and H shares: 47)	Total number of ordinary shareholders as at the end of the month prior to the publication date of annual report	Total number of shareholders : which, A shares: 43,843, and H shares: 46)	Total number of preferred shareholders whose voting rights have been reinstated as at the end of the Reporting Period	0	Total number of preferred shareholders whose voting rights have been reinstated as at the end of the month prior to the publication date of annual report	0	Total number of shareholders holding shares with special voting rights (if any)	0
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Shareholdings of the Shareholders holding more than 5% of the shares or the top ten Shareholders

Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares held as at the end of the Reporting Period	Changes during the Reporting Period	Number of shares held subject to trading restrictions	Number of shares held not subject to trading restrictions	Pledged, charged or frozen shares Status	Number
China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司)	Domestic non-state-owned legal person	36.10%	728,443,475	0	728,443,475	0		
China International Marine Containers (Hong Kong) Limited (中國國際海運集裝箱(香港)有限公司) (note 1)	Overseas legal person	19.38%	390,951,500	105,966,500	284,985,000	105,966,500		
HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司) (note 2)	Overseas legal person	8.57%	172,923,532	-92,023,500	0	172,923,532		
Ping An Capital Co., Ltd. (平安資本有限責任公司) - Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥))	Others	8.32%	167,836,525	0	167,836,525	0		

Ping An Capital Co., Ltd. (平安資本有限責任公司) - Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企業(有限合夥))	Others	8.01%	161,602,500	0	161,602,500	0
Xiang Shan Hua Jin Industrial Investment Partnership (Limited Partnership) (象山華金實業投資合夥企業(有限合夥))	Domestic non-state-owned legal person	4.80%	96,877,500	0	96,877,500	0
Central Enterprises Poor Regions Industry Investment Fund Co., Ltd. (中央企業鄉村產業投資基金股份有限公司)(note 3)	State-owned legal person	1.38%	27,920,632	27,920,632	27,920,632	0
China Insurance Investment Co., Ltd. (中保投資有限責任公司) - China Insurance Investment Fund L.P. (中國保險投資基金(有限合夥))	Others	1.28%	25,862,068	25,862,068	25,862,068	0
Shenzhen Long Yuan Gang Cheng Enterprise Management Center (Limited Partnership) (深圳市龍源港城企業管理中心(有限合夥))	Domestic non-state-owned legal person	1.15%	23,160,000	0	23,160,000	0
Shenzhen Nanshan Dacheng Fund Management Limited Company (深圳南山大成基金管理有限公司) - Shenzhen Nanshan Da Cheng New Material Investment Partnership (Limited Partnership) (深圳南山大成新材料投資合夥企業(有限合夥))	Others	1.15%	23,160,000	0	23,160,000	0

Strategic investors or ordinary legal persons becoming top ten Shareholders by way of placing of new Shares	Central Enterprises Poor Regions Industry Investment Fund Co., Ltd. (中央企業鄉村產業投資基金股份有限公司) and China Insurance Investment Co., Ltd. (中保投資有限責任公司) - China Insurance Investment Fund L.P. (中國保險投資基金(有限合夥)) became top ten Shareholders by way of placing of new Shares. Except for a lock-up period from July 8, 2021 to July 7, 2022, neither the start date nor the end date of the shareholding period has been agreed with these shareholders.
Description of connected relationships or concerted actions of the above shareholders	<ol style="list-style-type: none"> <li data-bbox="639 342 1482 459">1. China International Marine Containers (Hong Kong) Limited (中國國際海運集裝箱(香港)有限公司) is a wholly-owned subsidiary of China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司); <li data-bbox="639 491 1482 1055">2. Each of Ping An Capital Co., Ltd. (平安資本有限責任公司) - Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥)) and Ping An Capital Co., Ltd. (平安資本有限責任公司) - Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企業(有限合夥)) is a private investment fund. Their fund manager is Ping An Capital Co., Ltd. (平安資本有限責任公司), and their executive partner is Shenzhen Ping An Decheng Investment Limited Company (深圳市平安德成投資有限公司). Both Shenzhen Ping An Decheng Investment Limited Company (深圳市平安德成投資有限公司) and Ping An Capital Co., Ltd. (平安資本有限責任公司) are enterprises whose equity interests are indirectly owned as to 100% by Ping An Insurance (Group) Company of China, Ltd. (a listed company, 601318.SH/02318.HK). Ping An Capital Co., Ltd. (平安資本有限責任公司) - Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥)) and Ping An Capital Co., Ltd. (平安資本有限責任公司) - Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企業(有限合夥)) are under the control of the same entity and are persons acting in concert.
Description of entrusting/being entrusted voting rights or waiving voting rights of the above Shareholders	Saved as disclosed above, the Company is not aware of any other related relationship among the above shareholders, or whether they are persons acting in concert. Not applicable
Special description of the special accounts for repurchase held by the top ten Shareholders	Not applicable

Note 1: As at the end of the Reporting Period, 105,966,500 H shares of the Company held by China International Marine Containers (Hong Kong) Limited (中國國際海運集裝箱(香港)有限公司) were registered under HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司). The number of shares held by China International Marine Containers (Hong Kong) Limited (中國國際海運集裝箱(香港)有限公司) and the shareholding percentage in the above table have taken into account the number of such shares.

Note 2: HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司) is the nominee holder on behalf of the non-registered shareholders of the H Shares. As at the end of the Reporting Period, 278,890,032 H Shares were registered under HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司). The number of Shares held and the shareholding percentage of HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司) in the above table do not take into account the 105,966,500 H Shares registered thereunder and held by China International Marine Containers (Hong Kong) Limited (中國國際海運集裝箱(香港)有限公司).

Note 3: As at the end of the Reporting Period, 815,000 A Shares held by Central Enterprises Poor Regions Industry Investment Fund Co., Ltd. (中央企業鄉村產業投資基金股份有限公司) were lent out through securities lending and refinancing businesses. The number of Shares held and the shareholding percentage in the above table do not take into account the number of such shares.

Whether the Company had voting rights difference arrangement

Applicable Not applicable

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

Yes No

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

(2) Controlling Shareholders of the Company

Nature of the controlling Shareholders: unclear

Type of the controlling Shareholders: legal person

Name of controlling Shareholder	Legal representative/ Company leader	Date of establishment	Organization code	Main business
China International Marine Containers (Group) Co., Ltd.	Mai Boliang	January 14, 1980	91440300618869509J	The general business items include container manufacture and repair and related businesses, processing and manufacture of various parts, structural components and relevant equipment by using existing equipment of the Company, as well as provision of the following processing services: cutting, press forming, riveting, surface treatment (including sandblast painting, welding and assembly); container leasing.

Shareholdings of controlling Shareholders who have control or hold shares in other domestic or overseas listed companies during the Reporting Period	As at December 31, 2021, the shareholdings of controlling Shareholders who have control or hold shares in other domestic or overseas listed companies is as follows: <ol style="list-style-type: none">67.61% equity interest in CIMC Enric, a company listed on the Hong Kong Stock Exchange (stock code: 03899);5.72% equity interest in CMIC Ocean En-Tech Holding Co., Ltd., a company listed on the Hong Kong Stock Exchange (stock code: 00206);0.36% equity interest in Otto Energy Limited, a company listed on the Australian Securities Exchange (stock code: OEL);2.87% equity interest in Shoucheng Holdings, a company listed on the Hong Kong Stock Exchange (stock code: 00697);0.50% equity interest in Novogene Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 688315);0.90% equity interest in China Railway Special Cargo Logistics Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 001213);
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Changes in controlling Shareholders during the Reporting Period

Applicable Not applicable

There was no change in the controlling Shareholders of the Company during the Reporting Period.

(3) De Facto Controller of the Company and Persons Acting in Concert

Nature of the de facto controller: Nil

Type of the de facto controller: Nil

Description of the fact that the Company had no de facto controller:

As at the end of the Reporting Period, CIMC directly held 36.10% of the Company's shares, and held 19.38% of the Company's shares through CIMC Hong Kong, a wholly-owned subsidiary of CIMC. CIMC held a total of 55.48% of the Company's shares and was the controlling Shareholder of the Company. CIMC had a relatively scattered shareholding with no de facto controller. Therefore, the Company had no de facto controller.

Whether there are any Shareholders at the ultimate controlling level with shareholdings above 10% in the Company

Yes No

Legal person

Shareholding at the ultimate controlling level

Name of Shareholders at the ultimate controlling level	Legal representative/ Company leader	Date of establishment	Organization code	Main business
Shenzhen Capital (Hong Kong) Container Investment Co., Ltd.	Shi Lan (Designated Representative)	September 22, 2020	-	The general business items include container manufacture and repair and related businesses, processing and manufacture of various parts, structural components and relevant equipment by using existing equipment of the Company, as well as provision of the following processing services: cutting, press forming, riveting, surface treatment (including sandblast painting, welding and assembly); container leasing.
China Merchants (CIMC) Investment Limited	Hu Xianfu	January 17, 1995	-	Investment shareholding

Shareholdings of controlling Shareholders at the ultimate controlling level who have control or hold shares in other domestic or overseas listed companies during the Reporting Period

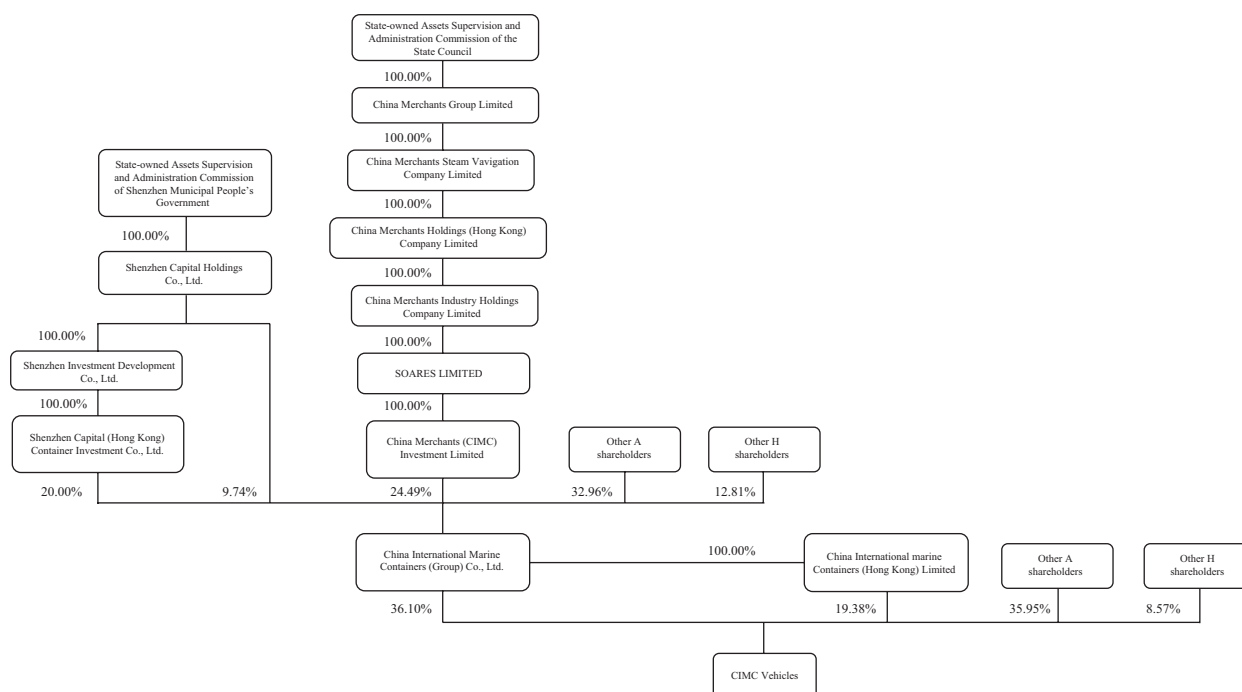
As at the end of the Reporting Period, CIMC indirectly held 67.61% equity interest of CIMC Enric.

Changes in de facto controller during the Reporting Period

Applicable Not applicable

There was no change in the de facto controllers of the Company during the Reporting Period.

Chart of equity and the controlling relationship between the Company and the de facto controllers



De facto controller controls the Company through trust or other asset management

Applicable Not applicable

(4) Disclosure of Shareholdings of the Substantial Shareholders and other Parties under the SFO of Hong Kong

As of December 31, 2021, to the knowledge of Directors, the following persons other than the Directors, Supervisors and Chief Executive had interests and/or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept pursuant to Section 336 of the SFO:

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares	Long Position/ Short Position	Approximate Percentage of the Relevant Class of Shares	Approximate Percentage of the Total Issued Share Capital of the Company
CIMC	Beneficial owner	A Shares	728,443,475	Long position	50.11%	36.10%
	Interest in controlled corporation ⁽¹⁾	H Shares	389,138,000	Long position	69.01%	19.29%
Ping An Decheng	Interest in controlled corporation ⁽²⁾	A Shares	329,439,025	Long position	22.66%	16.33%

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares	Long Position/ Short Position	Approximate Percentage of the Relevant Class of Shares	Approximate Percentage of the Total Issued Share Capital of the Company
Ping An Financial	Interest in controlled corporation ⁽²⁾	A Shares	329,439,025	Long position	22.66%	16.33%
Ping An Life Insurance	Interest in controlled corporation ⁽⁴⁾	A Shares	329,439,025	Long position	22.66%	16.33%
Ping An Group	Interest in controlled corporation ⁽²⁾	A Shares	329,439,025	Long position	22.66%	16.33%
CIMC Hong Kong	Beneficial owner	H Shares	390,951,500	Long position	69.33%	19.38%
Shanghai Taifu	Beneficial owner	A Shares	167,836,525	Long position	11.55%	8.32%
Chi Xiao	Interest in controlled corporation ⁽³⁾	A Shares	167,836,525	Long position	11.55%	8.32%
Nanshan Group	Interest in controlled corporation ⁽³⁾	A Shares	167,836,525	Long position	11.55%	8.32%
Taizhou Taifu	Beneficial owner	A Shares	161,602,500	Long position	11.12%	8.01%
Ping An Health Partnership	Interest in controlled corporation ⁽⁴⁾	A Shares	161,602,500	Long position	11.12%	8.01%
Shenzhen Sidao Branch Investment Co., Ltd. (深圳市思道科投資有限公司)	Interest in controlled corporation ⁽⁴⁾	A Shares	161,602,500	Long position	11.12%	8.01%
Shenzhen Pingan Yuanxin Investment Development Holdings Co., Ltd. (深圳市平安遠欣投資發展控股有限公司)	Interest in controlled corporation ⁽⁴⁾	A Shares	161,602,500	Long position	11.12%	8.01%
Xiangshan Huajin	Beneficial owner	A Shares	96,877,500	Long position	6.66%	4.80%
Shenzhen Longhui	Interest in controlled corporation ⁽⁵⁾	A Shares	96,877,500	Long position	6.66%	4.80%

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares	Long Position/ Short Position	Approximate Percentage of the Relevant Class of Shares	Approximate Percentage of the Total Issued Share Capital of the Company
Hong Kong Tiancheng Investment & Trading Co. Limited	Beneficial owner	H Shares	42,556,500	Long position	7.55%	2.11%
Shandong Linglong Tire Co., Ltd.	Interest in controlled corporation ⁽⁶⁾	H Shares	42,556,500	Long position	7.55%	2.11%
Linglong Group Co., Ltd. (玲瓏集團有限公司)	Interest in controlled corporation ⁽⁶⁾	H Shares	42,556,500	Long position	7.55%	2.11%
Wang Xicheng	Interest in controlled corporation ⁽⁶⁾	H Shares	42,557,500	Long position	7.55%	2.11%
Citigroup Inc.	Interest in controlled corporation	H Shares	20,000	Long position	0.004%	0.001%
			20,500	Short Position	0.004%	0.001%
	Approved lending agent	H Shares	37,588,218	Long position	6.67%	1.86%
GIC Private Limited	Investment manager	H Shares	35,588,000	Long position	6.31%	1.76%

Note:

- (1) CIMC Hong Kong is a wholly owned subsidiary of CIMC and therefore CIMC is deemed to be interested in H Shares held by CIMC Hong Kong. As at December 31, 2021, CIMC Hong Kong held 390,951,500 H Shares.
- (2) Ping An Decheng is the general partner of Shanghai Taifu and Taizhou Taifu and therefore is deemed to be interested in A Shares held by Shanghai Taifu and Taizhou Taifu in the Company. Ping An Decheng is wholly owned by Ping An Financial which is ultimately controlled by Ping An Group and therefore both Ping An Financial and Ping An Group are deemed to be interested in A Shares held by Shanghai Taifu and Taizhou Taifu.
- (3) Chi Xiao is a limited partner of Shanghai Taifu which holds a 59.51% equity interest in it and therefore is deemed to be interested in the A Shares held by Shanghai Taifu. Chi Xiao is wholly owned by Nanshan Group and therefore Nanshan Group is also deemed to be interested in A Shares held by Shanghai Taifu in the Company.
- (4) Both Ping An Life Insurance and Ping An Health Partnership are limited partners of Taizhou Taifu, respectively holding 47.62% and 38.33% of their equity interests, and therefore both of them are deemed to be interested in A Shares held by Taizhou Taifu. Shenzhen Sidao Branch Investment Co., Ltd. (深圳市思道科投資有限公司), a wholly owned subsidiary of Shenzhen Pingan Yuanxin Investment Development Holdings Co., Ltd. (深圳市平安遠欣投資發展控股有限公司), holds a 46.59% equity interest in Ping An Health Partnership, and therefore is deemed to be interested in A Shares of the Company held by Taizhou Taifu. Ping An Life Insurance holds a 40.36% equity interest in Shanghai Taifu, and therefore is deemed to be interested in A Shares held by Shanghai Taifu in the Company.

- (5) Shenzhen Longhui is the general partner of Xiangshan Huajin and holds 37.35% of the equity interest of Xiangshan Huajin, and therefore it is deemed to be interested in 96,877,500 A Shares held by Xiangshan Huajin.
- (6) Mr. Wang Xicheng is interested in 51% of the shares of Linglong Group Co., Ltd. (玲瓏集團有限公司) which in turn holds 42.50% of the equity interest of Shandong Linglong Tire Co., Ltd.. Hong Kong Tiancheng Investment & Trading Co. Limited is also a wholly owned subsidiary of Shandong Linglong Tire Co., Ltd., and therefore all of them are deemed to be interested in the H Shares held by Hong Kong Tiancheng Investment & Trading Co. Limited. In addition, Mr. Wang Xicheng holds 51% of the equity interest of Elite Faith Trading Limited and therefore Mr. Wang Xicheng is also deemed to be interested in 1,000 H Shares held by Elite Faith Trading Limited.

IV. MANAGEMENT DISCUSSION AND ANALYSIS

(I) Conditions of the industry in which the Company operated during the Reporting Period

With a leading position in global sophisticated manufacturing of semi-trailers and specialty vehicles, the Company is mainly engaged in the production and sales of semi-trailers, truck bodies for specialty vehicles, fully-assembled specialty vehicles, lightweight van truck bodies and fully-assembled lightweight van trucks, in automobile body, trailer and modified car manufacturing in the automobile manufacturing industry.

In 2021, in face of the complicated and changing international environment and flare-ups of the pandemic, China showed its strong resilience in the economy and significantly improved its economic strength, achieving a good start for the “14th Five-Year Plan”. According to the data released by the National Bureau of Statistics, the GDP of China for 2021 exceeded RMB114 trillion, representing a year-on-year increase of 8.1%, hitting a record high in nearly a decade, and China ranked second in the aggregate size of economy in the world. Under the background of a new development paradigm with domestic circulation as the mainstay and domestic and international circulations reinforcing each other, the Company seized the opportunity to build the Sophisticated Manufacturing System in a full-scale manner, consolidating the new management infrastructure and promoting high-quality development of the industry.

With the new norms of the pandemic, the global economic growth gradually picked up, and the global automobile manufacturing industry, logistics, and transportation demand gradually revived. In the first year of the “14th Five-Year Plan”, with the continuous implementation of the policy of “carbon peaking and carbon neutrality”, the upgrading and iteration of semi-trailers in China accelerated, and the development of vans brought new opportunities for semi-trailer manufacturers in China. China’s specialty vehicle industry experienced new transformation and upgrading. The continuous growth of infrastructure investment spurred the demand for specialty vehicles. Under the background of solving on “oversizing and overloading”, the implementation of “carbon peaking and carbon neutrality”, and the comprehensive implementation of China VI, new energy transition accelerated in the road transport equipment industry, which presented both challenges and opportunities to upstream and downstream specialty vehicle enterprises. The development of trucks for urban distribution of dry cargoes and refrigerated vans as the carriers for the “last mile” of urban distribution and logistics was on a fast track, with the efforts of the Chinese government to promote rural revitalization, improve the construction of urban logistics, distribution and transportation network and the cold chain infrastructure, crack down on “understating the unloaded weight” and implement the New Policy on Blue Plates.

Tank trucks and concrete mixer trucks

In 2021, according to the National Bureau of Statistics, the national fixed asset investment increased continuously, amounting to RMB54.5 trillion, representing a year-on-year increase of 4.9%, with steady growth in infrastructure investments. With the increase in the quota of local government special purpose bonds and the accelerated issuance of such bonds in China, the demand for specialty vehicles for construction machinery transportation was steady. On July 1, 2021, the implementation of the Limits and Measurement Methods for Emissions from Diesel Fuelled Heavy-duty Vehicles (China VI) resulted in the early purchase phenomenon in the market. Homogeneous competition in the industry intensified in the first half of 2021, while the market demand was exhausted in the second half of the year, affecting the sales volume of concrete mixer trucks in the domestic market. In 2021, according to the data of the China Association of Automobile Manufacturers, the sales volume of concrete mixer trucks in China reached 97 thousand units, representing a year-on-year decrease of 1.9%.

In May 2021, the Ministry of Transport, the Ministry of Industry and Information Technology, the Ministry of Public Security and the State Administration for Market Regulation of China jointly issued the Work Plan for Regulation of Atmospheric Liquid Dangerous Goods Tank Trucks (常壓液體危險貨物罐車治理工作方案), which specifies that the non-compliant tank trucks will be gradually phased out. GB7258-2017 Technical Specifications for Operation Safety of Motor Vehicle (機動車運行安全技術條件) and GB18564.1-2019 Tank Trucks for Road Transportation of Liquid Dangerous Goods Part 1: Technical Requirements for Metal Atmospheric Tanks (道路運輸液體危險貨物罐式車輛第1部份：金屬常壓罐體技術要求) specifies vehicle identification and metal atmospheric tank technology, to achieve full compliance of new tank trucks.

During the Reporting Period, there was a new situation for the development of domestic new energy heavy-duty trucks, which was on a fast track. Under the strategic goal of “carbon peaking and carbon neutrality”, the Chinese government advanced the low-carbon transition of specialty vehicles, promoted heavy-duty trucks powered by electricity, hydrogen fuel and liquefied natural gas, so as to construct a green and efficient transportation system, which brought development opportunities for new energy and light specialty vehicle products, and accelerated the consolidation of the specialty vehicle industry in China.

With the continuous implementation of rectification, the Company established the “Champion Tanker Business Group” (強冠業務集團), further expanding the leading edge of light, intelligent, new-energy and environment-friendly tank trucks and concrete mixer trucks in which the Company vigorously dealt in.

Semi-trailers in the market of China

In 2021, accordingly to the National Bureau of Statistics, there was a year-on-year increase of 9.6% in the value added of the industrial enterprises above designated size in China and a year-on-year increase of 9.8% in the value added of the manufacturing industry, showing rapid growth and continuous prosperity recovery. The “14th Five-Year Plan” specifies that the share of the manufacturing industry should be basically kept stable. According to the data of the National Bureau of Statistics, in 2021, the share of the manufacturing industry in GDP increased from 26.3% in 2020 to 27.4% in 2021, and the investment and development of the manufacturing industry accelerated. Meanwhile, according to China Federation of Logistics & Purchasing announced data in 2021, the road freight volume in China increased by 14.2% on a year on year basis to 39.14 billion tons, and the turnover of freight increased by 14.8% on a year on year basis to 6.9 trillion ton-kilometers in 2021.

According to the data published by the National Development and Reform Commission, the total value of logistics goods in China reached RMB335.2 trillion in 2021, representing a year-on-year increase of 9.2%. According to the data of the State Post Bureau, the number of parcels for a year delivered by express in China exceeded 100 billion for the first time in 2021, taking the logistics and express delivery industry to a new level. According to the statistics of the General Administration of Customs of China, the total value of imports and exports of China reached US\$6.1 trillion in 2021, representing a year-on-year increase of 21.4%. China’s strong demand for logistics and transportation helped continuously unlock the semi-trailer market potential in China.

Under the strategic guidance of the Action Plan for Carbon Dioxide Peaking Before 2030 from the State Council, the Chinese government accelerated the formation of a green and low-carbon mode of transportation, strengthened the construction of green infrastructure, and promoted new energy, intelligent, digital and light transportation equipment, which continuously spurred the accelerated upgrading and iteration of semi-trailers in China. The Motor Vehicle Safety Technology Inspection Projects and Methods officially implemented on January 1, 2021, specifies that from September 1, 2021 in China, trucks shall be subject to annual inspection and weighing in China. With the implementation of the Three-year Action Plan for Special Rectification for National Work Safety and the Three-year Action Implementation Plan for Special Rectification for Road Transport Safety, the results of “solving on overloading and oversizing” were remarkable and “understating the unloaded weight” was curbed. With the full implementation of the national standard GB7258 for second-generation semi-trailers, semi-trailers were being comprehensively developed into van trailers in China, which accelerated the disuse of non-compliant vehicle models.

In January 2022, the State Council published the “14th Five-Year Plan” for the Development of a Modern Comprehensive Transportation System. Under the guidance of the goal of building a transportation powerhouse, China’s development of multi-modal transportation and increase in the proportion of drop and pull became the key and trend for improving transportation efficiency and creating green logistics. In the linkage and development with the downstream part, semi-trailer manufacturing enterprises with standardized and intelligent manufacturing capabilities obtained new development opportunities.

With the opportunity from rapid development of China's logistics industry, China's trailer rental industry embraced development. Under the guidance of the Three-year Action Plan for Promoting the Adjustment of Transportation Structure (2018-2020) published by the General Office of the State Council, the development of intensive and efficient transportation organization models, including trailer sharing and rental, and drop and pull transportation was encouraged. The Action Plan for Promoting Healthy and Stable Development of Road Freight Transport Industry (2017-2020) published by the Ministry of Transport and other thirteen ministries of China proposes that great efforts should be made to promote the innovation of transportation organization models, and support the innovation of new models including "trailer pool" service, trailer rental, long-distance connection, drop and pull.

For the "Light Tower Pioneer Business", the Company seized the opportunity from the development of China's semi-trailers towards van trailers and the drop and pull mode in an all-around way, and continuously improved its market share segment, thus achieving high-quality development.

Lightweight van trucks

According to the data of the China Association of Automobile Manufacturers, the sales volume of light trucks in China reached 2.110 million units in 2021. Compared with 2.199 million units in 2020, the demand for light trucks was steady. In January 2022, the Ministry of Industry and Information Technology and the Ministry of Public Security of China published the Notice on Further Strengthening the Management of Production and Registration of Light Trucks and Small and Mini Passenger Vehicles, which strengthened the compliance management of light trucks; In August 2021, nine ministries including the Ministry of Commerce jointly published the Special Action Plan for High-quality Development of Trade Logistics (2021-2025) to improve the implementation of the modern circulation system, promote quality improvement, cost reduction and efficiency improvement of trade logistics, and serve the construction of a new development paradigm.

In February 2021, the Opinions of the CPC Central Committee and the State Council on Comprehensively Promoting the Rural Revitalization and Accelerating the Modernization of Agriculture and Rural Areas was issued, proposing a plan for the construction of a three-level rural logistics system covering counties, villages and townships. In March 2021, the National Food Safety Standard – Hygienic Specification for Food Cold Chain Logistics, China's first national standard on food cold chain logistics, was officially implemented. In June 2021, China's seventeen ministries including the Ministry of Commerce jointly issued the Opinions on Strengthening the Construction of the County-level Commercial System to Promote Rural Consumption, which requires that during the "14th Five-Year Plan" period, efforts should be made to improve the agricultural product market network and accelerate the remediation of shortcomings of cold chain facilities. In December 2021, the General Office of the State Council issued the "14th Five-Year" Plan for Cold Chain Logistics Development, which promotes the development of cold chain logistics at the national level, so as to construct a modern cold chain logistics system.

The Company has established the "TB Business Group" to comprehensively carry out businesses of truck bodies for urban distribution of dry cargoes van trucks and refrigerated van trucks, with a focus on the lightweight van bodies sector.

Urban dump truck

According to the data published by the China Association of Automobile Manufacturers, there was a rise followed by a decline in the heavy truck market, with the sales volume of heavy-duty trucks in China being about 1,045.0 thousand units in the first half of 2021, representing a year-on-year increase of 27.9%, and approximately 1,395.0 thousand units in 2021, representing a year-on-year decrease of 13.8%. The sales volume of urban dump trucks in China was in line with the trend of the heavy truck market in China, which was under downward pressure. According to the data of the China Association of Automobile Manufacturers, the sales volume of ordinary dump trucks in 2021 reached 351 thousand units, representing a year-on-year decrease of 4.0%. The demand for urban dump trucks is highly correlated with infrastructure construction, and the recovery of the infrastructure market will spur the demand for compliant urban dump trucks. Relevant policies have been put forward in multiple regions in China to speed up the phase-out of old dump trucks and promote the use of intelligent and environmentally-friendly urban dump trucks.

In addition, the Measures for the Use of Motor Vehicle Invoices jointly formulated by the State Taxation Administration, the Ministry of Industry and Information Technology and the Ministry of Public Security, become effective on a trial basis on May 1, 2021, and became official on July 1, 2021, which promoted the professional development of the facelift business for compliant urban dump truck bodies.

With a steady market share, the intelligent and environmentally-friendly urban dump trucks manufactured by the “Urban Dump Truck Business” of the Company kept the leading competitive edge in the industry change.

Semi-trailers in the North American market

As the pandemic continuously disrupted the global economy, uncertainty still existed. Countries began to adapt to the normalization of the pandemic, publishing fiscal stimulus packages and enhancing infrastructure construction. Since the outbreak of the pandemic, the United States of America (the “**United States**”) has launched series of fiscal stimulus package with the aim of boosting its economy. In November 2021, the US\$1.2 trillion infrastructure plan of the United States was approved by the United States House of Representatives, which directly stimulated the economy of the United States, and thus the semi-trailer and logistics transportation equipment market in the United States recovered. According to the data published by ACT Research, an organization in the United States, the production of semi-trailers in the United States reached 297 thousand units in 2021, representing a year-on-year increase of 28.1%.

With the flare-ups of the pandemic, the global inflation continued, and there was a shortage in the supply chain. Commodities were at the stage of “narrowing of the gap between supply and demand and rebalancing of the fundamentals”. The impact of raw material prices on the semi-trailer industry will continue. For the semi-trailer industry in North America, due to the short-term impact of the increase in ocean freight and raw material prices, the shortage in global supply chains and global inflation, the market experienced periodic production halt and supply chain strain. According to the Global Trade Update published by the United Nations Conference on Trade and Development, the global trade volume reached a record high of US\$28.5 trillion in 2021, representing an increase of 25.0% as compared with 2020, and the demand for logistics in overseas markets rebounded. In addition, due to the reshaping of the spending habits of North American consumers by the pandemic, the demand for e-commerce logistics increased, and the demand for semi-trailers was unleashed.

The consolidation and change were accelerated in the North American semi-trailer industry, which was on the road of intensive and large scale development. The “North American Business” actively constructed by the Company preliminarily paid off. The localized brands “Vanguard” and “CIE”, which have operated for many years, had high brand awareness in North America.

Semi-trailers in the European market

In 2021, the European economy recovered steadily. The EU launched the “Next Generation EU”. At present, the member states agreed to jointly contribute EUR80.69 billion, with the aim of promoting the rapid economic recovery of the EU in the post-pandemic era. The transportation and logistics industries will be supported in the new energy sector. The updated “Connecting Europe Facility” approved by the European Parliament in July 2021 and worth EUR30 billion for 2021 to 2027 will fund transport, energy and digital infrastructure construction, and EUR23 billion will be invested in transportation projects. Due to the continuous and moderate economic recovery of major markets in Europe and the reshaping of e-commerce spending habits by the pandemic, the demand for semi-trailers in Europe was unleashed.

During the Reporting Period, the Company actively made arrangements for the “European Business” in the European market and operated two well-known brands with a long history, namely “SDC” and “LAG”.

(II) Major businesses of the Company during the Reporting Period

1. Major businesses and products

The Company is the world's leading sophisticated manufacturing semi-trailer and specialty vehicle manufacturer. According to the "Global Trailer" 2021's top global OEM ranking list for semi-trailer manufacturers, the Company ranked first in the world for 9 consecutive years in terms of production volume in 2021. The Company engages in the manufacture, sale and after-sales services of seven major categories of semi-trailers in global major markets. In the China market, the Company is a competitive and innovative manufacturer of truck bodies for specialty vehicles as well as a manufacturer of lightweight van truck bodies.

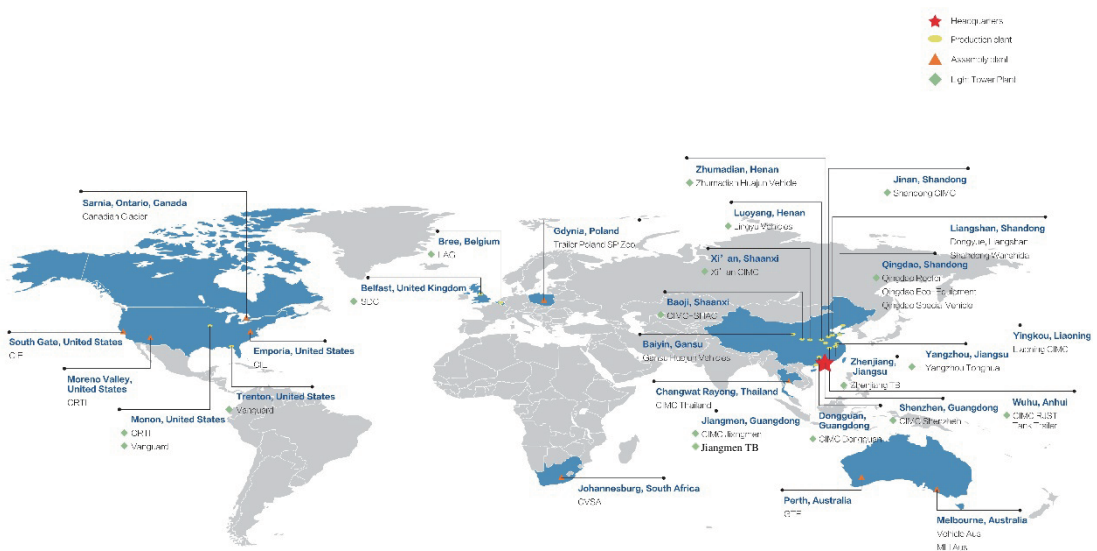
Since the Company entered the industry in 2002, it has ranked first in terms of sales volume of semi-trails in the world, with its business and technical advantages developed with a focus on "dedication and innovation". In China, the Company operates famous brands in the industry including "Tonghua (通華)", "Huajun (華駿)", "SCVC SAILING (深揚帆)", "Ruijiang Tanker (瑞江罐車)", "Lingyu Vehicles (凌宇汽車)", "Liangshan Dongyue (梁山東岳)", "TB (太字節)", "Pioneer Series (先鋒系列)" and "CIMC Light Tower (中集燈塔)", leading the trend of the development of semi-trailers into van trailers and compliant development of semi-trailers in China. In North America, the Company operates well-known brands including "Vanguard" and "CIE". In Europe, the Company operates two well-known brands with a long history, namely "SDC" and "LAG".

According to the actual operational and strategic management needs, the Company has established six major businesses or groups: "Champion Tanker Business Group", "Light Tower Pioneer Business", "TB Business Group", "Urban Dump Truck Business", "North American Business" and "European Business", so as to remove internal barriers in operation and achieve the linkage between production and sales and the maximization of profits.

The Company cooperated with many well-known customers in the global semi-trailer business, including well-known domestic and foreign logistics and transportation enterprises and trailer rental companies. In the business of truck bodies for specialty vehicles in China, the Company established close partnerships with major domestic heavy truck companies and actively implemented joint development strategies. In the business of lightweight van truck bodies in China, the Company carried out active exploration and arrangement, proactively launching the "TB (太字節)" brand, continuously promoting the transformation and upgrading of cold chain logistics and transportation, urban logistics and distribution.

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

The Company began to explore the construction of the “Sophisticated Manufacturing System” in 2014. The Company has globally established 13 “Light Tower” Plants for the production of semi-trailer, 7 “Light Tower” Plants for the production of truck bodies of specialty vehicles, and 2 “Light Tower” Plants for the production of lightweight van truck bodies, as well as “Product Module” for a number of semi-trailer series and carried out digital transformation and upgrading. The Company will focus on the comprehensive construction of the “Sophisticated Manufacturing System” and the “New Management Infrastructure” to maintain the long-term competitive advantages.



MAJOR PRODUCTS:

1. Seven major categories of semi-trailer products in the global markets mainly include:
 - ① Container chassis trailers
 - ② Flatbed trailers and relevant derivative types, mainly including side-wall trailers and stake trailers
 - ③ Curtain-side trailers
 - ④ Van trailers
 - ⑤ Refrigerated trailers
 - ⑥ Tank trailers, mainly including dry bulk tank trailers and liquid tank trailers
 - ⑦ Other special types of trailers, mainly including dump semi-trailers, terminal trailers and sanitation trucks

2. Manufacture of truck bodies for specialty vehicles and sales of fully-assembled specialty vehicles in China:
 - ① Truck bodies for urban dump truck
 - ② Manufacture of truck bodies and sales of fully-assembled vehicles of cement mixer trucks
3. Production of lightweight van truck bodies and sales of fully-assembled lightweight van trucks
 - ① Production of refrigerated van truck bodies and sales of fully-assembled refrigerated van trucks
 - ② Production of dry cargoes van truck bodies for urban distribution and sales of fully-assembled trucks for urban distribution of dry cargoes

2. Major business models

Through continuous exploration and development for years, the Company has formed an operation model based on “Intercontinental Operation, Local Manufacturing” in line with current global conditions. The Company acquires customers and obtains orders by a combination of direct selling and distribution. The Company obtains required raw materials, parts and components by a combination of centralized purchase, and independent purchase by production plants. The Company organizes efficient production by basing production on sales, and finally delivers its products to customers to make a profit.

① Direct selling model

Direct selling is a main sales model of the Company, under which each regional production plant serves as a main direct selling outlet that acquires direct sales customers through the sales team of the production plant or regional sales subsidiaries. The Company, with its technicians, develops and improves products which meet the demand preferences of users, so as to provide products to customers based on different demand preferences of users. The model meets the requirements of different customers and can respond to the market rapidly.

② Distribution model

The cooperation model between the Company and its distributors is buyout sales, under which the distributors are responsible for marketing and sales to customers in the major territories and providing service support to customers. The Company has established a sound distributor management system, which specifies the admission review, daily management and performance assessment of distributors, and has continuously optimized and improved the service level of distributors by immediate assistance from sales personnel and regular training, so as to achieve win-win outcomes for the Company and distributors.

During the Reporting Period, the amount of revenues from direct selling and distribution and their percentages were as follows:

Unit: RMB in millions

Sales Model	2021		2020	
	Amount	Percentage	Amount	Percentage
Direct selling	16,482.8	59.6%	17,635.1	66.6%
Distribution	11,165.0	40.4%	8,863.8	33.4%
Total	27,647.8	100.00%	26,499.0	100.00%

Note : If the “total” amount in the table does not match the mantissa of the total amount added by each item, it is caused by rounding.

The Company had 733 distributors as at the end of 2021, representing an increase of 231 as compared with the end of 2020. Such increase was mainly due to (1) the increase percentage of distribution in revenue for truck bodies for specialty vehicles business; (2) the increase percentage of distribution in revenue for upgraded Dongguan “Light Tower” plant’s semi-trailer business in China market. Revenue from distribution was RMB11,165.0 million, accounting for 40.4% of the revenue, as compared with 33.4% for the same period of last year, representing a year-on-year increase of 7.0 percentage points.

3. Analysis of operation

In 2021, the Company operated steadily, with revenue of RMB27,647.8 million, representing a year-on-year increase of 4.3%; net profit attributable to shareholders of the Company was RMB900.7 million, representing a year-on-year decrease of 20.4%, mainly due to the increase in raw material prices, overbuying resulting from the transition from China V to China VI emission standards and the increase in ocean freight. The Company paid full attention to technological research and development and continuously increased its investment in research and development expenses, which increased by 7.1% on a year on year basis.

Under the model of intercontinental operation, the Company integrated “Champion Tanker Business Group”, “Light Tower Pioneer Business”, “TB Business Group”, “Urban Dump Truck Business”, “North American Business” and “European Business”, with the aim of achieving the long-term goal of removal of barriers in operation, linkage between production and sales, information sharing and professional support, and carrying out all-round management covering strategy, operation and coordinated development, enabling the Company to operate in various operation and management scenarios, and realizing the overall strategy of intercontinental operation, under the complicated global economic situation with the flare-ups of the pandemic. During the Reporting Period, Champion Tanker Business Group of the Company performed steadily; revenue from Light Tower Pioneer Business decreased on a year on year basis; TB Business Group achieved an increase in sales volume, but the profit is yet to be realized; revenue from Urban Dump Truck Business decreased on a year on year basis; with the growth opportunity from the intercontinental operation, revenue from North American Business increased, despite various unfavorable factors; a strategic breakthrough was made in European Business, with a significant increase in revenue and a steady gross profit margin. In 2021, the Company sold 200,069 units of various types of vehicles in the world (2020: 194,252 units), representing a year-on-year increase of 3.0%.

As a leader in sophisticated manufacturer of semi-trailers practised and specialty vehicles, the Company has always followed the trend of the times, the philosophy of green development, continuously invested in the construction of innovative and intensive “Light Tower” Plants, continuously enriched the connotation of the Sophisticated Manufacturing System, actively developed and promoted new energy, intelligent, digital and light green products, enhanced the competitiveness of sustainable development, and supported the achievement of the national strategic goal of “carbon peaking and carbon neutrality”.

1. *Operation review of the Company for the year by major businesses and groups are as follows:*

Champion Tanker Business Group

Champion Tanker Business Group manufactures and sells two core products, namely tank trailers, and concrete mixer trucks. During the Reporting Period, Champion Tanker Business Group performed steadily with revenue of RMB10,889.4 million despite the continuous increase in production costs.

In 2021, the demand for liquid tank trailers remained strong as the Chinese government regulated atmospheric liquid dangerous goods tank trucks. Through the integration of sales planning, purchase integration, product approval, financial planning, core human resources and other aspects, Champion Tanker Business Group achieved a strategic breakthrough in the tank trailer business. With the Sophisticated Manufacturing System, Champion Tanker Business Group provided customers with high-quality and light dry bulk tank trailer and liquid tank trailer products and services. During the Reporting Period, the tank trailer business of Champion Tanker Business Group performed steadily.

With regard to concrete mixer trucks, under the guidance of the strategy of “carbon peaking and carbon neutrality”, there was an accelerated increase in the demand for new energy concrete mixer trucks, which brought new development opportunities for upstream and downstream enterprises. Champion Tanker Business Group promoted automated and intelligent upgrading of production lines, and cooperated with tractor manufacturers in launching pure electric concrete mixer trucks to promote the application of new energy heavy-duty trucks in medium and short-distance transportation, engineering construction and urban traffic. Champion Tanker Business Group developed the electric fuel-saving system of concrete mixer truck bodies, thus reducing the comprehensive fuel consumption of concrete mixer trucks under China VI standards by 25%.

In addition, Champion Tanker Business Group actively developed new high-strength wear-resistant materials to reduce the weight of concrete mixer truck bodies, create industry-leading light and green products and lead the market trend of concrete mixer trucks. According to the data of the China Association of Automobile Manufacturers, the Company ranked first for five consecutive years in terms of sales volume of concrete mixer trucks in China, with a market share of 29.3% in China.

Light Tower Pioneer Business

Light Tower Pioneer Business is deeply engaged in the business of semi-trailer products in the market of China. With the continuous implementation of the “hitting peak emissions and achieving carbon neutrality” policy of the government of China, the semi-trailer industry of China was subject to upgrading and iteration, which also brought new opportunities for the high-quality development of semi-trailer enterprises in China. Policy and market factors led to the accelerated integration in China’s logistics and transportation industries, which caused the gradual increase in the semi-trailer manufacturing concentration in China and facilitated the further transition to large-scale manufacturing.

The Company’s conducted digital upgrade for its Light Tower Pioneer Business, optimized its technology and product innovation, transformed its traditional production and manufacturing plants into “Light Tower” Plants, and was deeply engaged in the market segment. During the Reporting Period, the revenue from the Light Tower Pioneer Business was RMB6,397.6 million.

The “Light Tower” Plant of the Company located in Dongguan City, Guangdong Province started a new undertaking, by launching the “CIMC Light Tower” brand and a series of van trailer products, and actively carried out digital exploration. During the Reporting Period, the sales volume of container chassis trailers of Light Tower Pioneer Business increased significantly by 48.5% on a year on year basis.

Light Tower Pioneer Business gradually highlighted the advantages of sophisticated manufacturing and innovative technologies by continuously carrying out innovation, research and development of core technologies in multiple aspects including modular design, flexible manufacturing, KTL electro-coating, digital product verification and high-performance lightweight, so as to achieve the goal of business improvement.

The “Vanguard Trailer Rental” company of Light Tower Pioneer Business, a service company of life cycle management of semi-trailer products, is committed to creating a standardized, intelligent, cross-industry and interconnected trailer pool for sharing of drop and pull transportation and logistics equipment, and providing logistics customers with time-sharing rental of semi-trailers and life cycle management services. During the Reporting Period, the revenue from the “Vanguard Trailer Rental” company significantly increased by 66.6% year on year, as the Chinese government encouraged the development of intensive and efficient transportation organization models including trailer sharing and rental, drop and pull transportation.

TB Business Group

TB Business Group is mainly composed of refrigerated van truck bodies and dry van truck bodies businesses.

TB Business Group provides high-quality products and services for cold chain transportation in China, with modular product design and the latest generation of dual-mode foaming technology with independent intellectual property rights. The refrigerated van truck bodies manufactured are mainly used for the cold chain logistics and transportation of “6+1” key categories (meat, fruit, vegetables, aquatic products, dairy products, frozen food and other major fresh food and pharmaceutical products such as vaccines).

In 2021, as the Chinese government promoted the rural revitalization and improved the urban logistics and distribution transportation network, the Company established a lightweight van truck bodies business segment by building the “TB” brand and the “TB Business Group”, and launching compliant dry van truck body business of urban distribution mainly for urban logistics and distribution.

During the Reporting Period, the revenue of TB Business Group of the Company was RMB465.2 million.

Urban Dump Truck Business

During the Reporting Period, Urban Dump Truck Business actively improved its product competitiveness and expanded its new energy battery-driven dump truck business by successfully developing battery-driven dump truck bodies, battery-driven mining truck bodies, battery-driven sand and gravel truck bodies, and battery-driven coal truck bodies, etc., thus increasing the new energy product orders, effectively getting ahead in the market.

The CIMC-SHAC specialty vehicle project of the Company located in Baoji City, China, went into operation to implement the development strategy of cooperation with Shaanxi Automobile Group Co., Ltd. and promote the specialty vehicle modification business system to move towards green and sophisticated manufacturing.

During the Reporting Period, the revenue from Urban Dump Truck Business of the Company was RMB1,888.5 million.

North American Business

North American Business is mainly composed of businesses of three core vehicle types, namely van trailer, refrigerated trailer and container chassis trailer.

With the flare-ups of the pandemic in the world, there was a shortage in the supply chain and a significant increase in the commodity and raw materials prices in the world. Despite many unfavorable factors and challenges, capitalizing on the advantage of intercontinental operation, the Company actively implemented the strategic measures of North American Business, gave play to the advantages of global resource integration, and controlled the global logistics and distribution costs through centralized purchase and digital management of the global supply chain, and optimized the arrangements for local production and manufacturing, and actively captured the business growth opportunities. During the Reporting Period, the results of North American Business of the Company improved, with the revenue of RMB4,840.7 million.

The Company seized the opportunity from the rapid market rally and built a localized production line in the United States. The refrigerated trailer production and manufacturing plant located in Indiana, United States, and the refrigerated trailer assembly plant located in Ontario, Canada were put into operation as scheduled, which unleashed the capacity of North American Business for production of refrigerated trailers. During the Reporting Period, the revenue of the Company from refrigerated trailers in North America increased significantly by 122.3% to RMB1,516.2 million, ranking third in the refrigerated trailer market of North America, according to ACT RESEARCH.

Meanwhile, North American Business achieved synergies in terms of global supply chain management, global distribution and global centralized purchase of raw materials. Its localized brands seized the opportunity and improved the order delivery capability. During the Reporting Period, the revenue from van trailers in North America increased by 11.0% to RMB1,952.8 million, thus ranking first among the market of van trailers in North America.

The Company continuously enhanced the corporate competitiveness of digital intercontinental operation by enabling North American container chassis trailer business and sharing resources globally. During the Reporting Period, based on two production and manufacturing plants of CIE in the United States, North American Business completed the shipment of container chassis trailers and actively executed orders to cope with adverse factors in the market, and unlocked greater advantages and the pent up potential, with the momentum of breaking the impasse.

European Business

European Business consists of, among others, LAG Trailers NV Bree (“**LAG**”) and SDC Trailer Ltd (“**SDC**”), which are wholly-owned subsidiaries of the Company in Europe. With the gradual recovery of local economic activity in Europe, there was a cyclical upward trend of transportation, manufacturing and infrastructure industries in the European market.

The Company actively seized the opportunities in the market by despatching its core management to SDC located in the United Kingdom for implementing the European business plan. According to the data of the Society of Motor Manufacturers and Transportation, SDC ranked first in the market of the United Kingdom, with its market share increasing to approximately 27.5%, representing a year-on-year increase of 4.8 percentage points. Under the guidance of the intercontinental operation strategy, the Company gave play to competitive advantages of intercontinental operation and further expanded its market share.

LAG of the Company located in Belgium, actively optimized its production and assembly lines, improved its production capacity arrangements, and vigorously implemented the enterprise resource planning (“**ERP**”) system and the global supply chain management system to improve its order delivery capacity.

European Business actively improved the production line of the localized “Light Tower” Plant, expanded the modular design and standardized production of products, thus significantly improving the production efficiency and capacity, with a significant increase in revenue and the steady gross profit margin. During the Reporting Period, the Company achieved high-quality growth with revenue of RMB2,372.3 million from European Business.

Other Businesses

With regard to semi-trailers in other markets, the Company seized the opportunity from the promotion of the free trade agreement between Southeast Asian countries and Europe to continuously improve the construction of market channels, while the semi-trailer market in emerging regions experienced a new cycle of change.

With regard to parts and components of semi-trailers and specialty vehicles, the Company enhanced its competitive advantage in the global parts and components business through digital management of the supply chain and new retail transformation and upgrading, under the background of the increase in global commodity price and shortage in the supply chain. In 2021, with the further increase in the existing global semi-trailers and specialty vehicles, the Company achieved positive growth in sales and gross profit margin of the semi-trailer and specialty vehicle parts and components business.

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

Global semi-trailers

With regard to global semi-trailers, during the Reporting Period, the Company achieved steady growth in the four largest markets of the global semi-trailer business, with revenue from the global semi-trailer business increasing to RMB15,275.9 million (2020: RMB13,579.6 million), representing a year-on-year increase of 12.5%. With the global persistent inflation and the upsurge in commodity prices and transportation costs, the unleashing of consumer demand put greater pressure on the global supply chain, causing congestion in many ports around the world and a continuous increase in ocean freight. During the Reporting Period, the gross profit margin of the global semi-trailer business of the Company decreased by 2.4 percentage points year on year, as a result of an increase in costs.

Truck bodies for specialty vehicles in China

During the Reporting Period, the revenue from the Company's business of production of truck bodies for specialty vehicles and sales of fully-assembled specialty vehicles in China was RMB9,209.6 million (2020: RMB10,163.3 million), representing a year-on-year decrease of 9.4%, mainly due to the overbuying in the first half of 2021 and the slowdown in the market demand in the second half of 2021 as a result of the implementation of China VI emission standards; gross profit margin decreased by 1.9 percentage points year on year, mainly due to the increase in raw material prices and intensified homogeneous competition.

Lightweight van truck bodies

During the Reporting Period, the revenue from the business of production and sales of lightweight van truck bodies in China was RMB311.4 million, representing a year-on-year decrease of 2.1%, with the gross profit margin decreasing year on year to 6.7%. The decline in revenue and the consolidated gross profit margin of the lightweight van body business established by the Company in early 2021 was mainly due to the increase in the proportion of sales of small body products, the increase in raw material prices and the production capacity which has not been fully unleashed for the time being.

Production management of fully-assembled vehicles during the Reporting Period

Applicable Not applicable

Production and sales of main products of the Company

Unit: unit

	Production Volume			Sales Volume		
	2021	2020	Year-on-year Change	2021	2020	Year-on-year Change
By region						
Domestic regions	175,195	182,031	-3.8%	154,745	150,483	2.8%
Foreign regions	19,053	15,576	22.3%	45,324	43,769	3.6%
Total	194,248	197,607	-1.7%	200,069	194,252	3.0%
By core business type						
Global semi-trailer	129,186	128,588	0.5%	138,166	131,327	5.2%
Truck bodies for specialty vehicles	54,419	61,913	-12.1%	52,703	56,449	-6.6%
Lightweight van truck bodies	10,643	7,106	49.8%	9,115	6,049	50.7%

Note: the sales volume of vehicles based on core businesses of the Company by product does not include the sales volume of vehicles based on other businesses of the Company, such as sanitation vehicles and other vehicles.

During the Reporting Period, the Company's total production volume was 194,248 units/sets, representing a year-on-year decrease of 1.7%; the total sales volume of semi-trailers, truck bodies for specialty vehicles and lightweight van truck bodies was 200,069 units/sets, representing a year-on-year increase of 3.0%. In terms of production capacity, the Company's domestic and overseas production capacity in 2021 totaled 321,200 units/sets, representing an increase of 21.1% as compared with 265,200 units/sets in 2020. The increase in production capacity was mainly because: (1) the CIMC plant in Xi'an carried out light tower-based and intelligent upgrading of its equipment, thus increasing its production capacity by 10,000 sets or 200.0% year on year from 5,000 sets in 2020 to 15,000 sets in 2021; (2) the plant in Baoji, opened in 2021, increased its capacity for production of truck bodies for specialty vehicles by a total of 15,000 sets; (3) after upgrading, alteration and addition, Zhenjiang TB Plant, which has been formed from the merger of the former Zhenjiang Plant and Zhenjiang Refrigerated Trailer Plant, had its production capacity increased by 181.8% year on year to 31,000 sets of lightweight van truck bodies; (4) Vanguard Plant in the United States increased the production capacity of van trailers by 122.2% to 20,000 units.

In terms of capacity utilization rate, the Company's comprehensive capacity utilization rate reached 60.5% in 2021, representing a year-on-year decrease of 14.0 percentage points. The major changes in the capacity utilization rate of plants of the Company are as follows: (1) due to the continuous increase in demand for refrigerated trailers, Qingdao Cold Chain Transportation Plant had its capacity utilization rate increased from 63.2% in the same period of last year to 163.2%; (2) the demand for container chassis trailers produced and sold by Qingdao Specialty Vehicle Plant was strong, and its capacity utilization rate increased from 222.6% in the same period of last year to 257.6%; (3) due to the slowdown in the demand for heavy-duty trucks in the second half of 2021, the capacity utilization rate of Shenzhen Specialty Vehicle Plant decreased from 119.9% in the same period of last year to 88.6%; (4) the capacity utilization rate of Xi'an CIMC decreased from 287.3% in the same period of last year to 76.7%, mainly due to the significant increase in the production capacity of Xi'an CIMC Plant during the Reporting Period and the slowdown in the demand for heavy-duty trucks in the second half of 2021.

In terms of the construction of the parts and components supporting system, the Company actively built a supply system covering internal and external parts and components, by forming close cooperation relationships with over 200 industry-leading suppliers domestically and internationally. In addition to achieving competitive advantages through large-scale purchase, the Company vigorously developed its independent capabilities for production and integration of core parts and components, including travelling mechanism systems, axle tubes and axle components, to adapt to different regional markets and different product application scenarios.

Production management of auto parts and components during the Reporting Period

Applicable Not applicable

The Company carried out auto finance business

Applicable Not applicable

The Company carried out businesses in relation to new energy vehicles

Applicable Not applicable

(III) Analysis of Core Competence

1. Advantages of intercontinental operation

The Company is the world's leading semi-trailer manufacturer with a number of well-known brands in the world. The Company continuously deepened its business philosophy of "Intercontinental Operation, Local Manufacturing", by establishing six major businesses or groups, namely Champion Tanker Business Group, Light Tower Pioneer Business, TB Business Group, Urban Dump Truck Business, North American Business and European Business, covering four major markets and more than 40 countries in the world, with 23 production plants and 10 assembly plants in the world. The Company gave full play to its production capacity and assembly capacity around the world, global supply chain management capability, global distribution and logistics management capability, so as to enhance its business resilience and risk tolerance capability in all types of businesses and markets in the world.

2. *Leading edge in the market*

According to the data released by “Global Trailer” on the ranking of global semi-trailer manufacturers by production volume in 2021, the Company ranked first among semi-trailer manufacturers in the world. In the sector of truck bodies for specialty vehicles in China, according to the statistics from Specialty Vehicle Branch of the China Association of Automobile Manufacturers, the Company ranked first for five consecutive years in terms of sale volume of concrete mixer trucks in China. The Company is also the forerunner in the urban dump truck facelift business in China. It actively carried out the strategies of joint development with tractor manufacturers for joint design and cross-marketing, thus increasing its market share in China year by year. In the sector of lightweight van truck bodies in China, the Company is an enterprise with an innovative spirit and leading technology research and development level. Through modular product design and professional sophisticated manufacturing, the Company provides customers in the industry with high-end products and services, which lead the development trend of the urban distribution and logistics industry.

In overseas markets, the Company operated well-known brands of “Vanguard”, “CIE”, “LAG” and “SDC”. The Company, a rapidly growing refrigerated trailer manufacturer with a good reputation as well as a reliable supplier for major mainstream customers in North America, ranked among the top companies in the North American market in terms of sales volume of refrigerated trailers. SDC continuously increased its share in the market of the United Kingdom by upgrading its production lines and promoting the modular design of products. LAG, with over 70-history company ranking top position in the market of European-style tank trucks, had a good reputation in the European market, with its higher commercial value, fuel saving and low weight-to-strength ratio.

3. *Research and development technology advantages*

The Company has obvious advantages in research and development technology. As at the end of 2021, the Company had 795 research and development personnel in the world and over 1,000 registered patents, and participated in the formulation and revision of national and industry standards for 22 semi-trailers and truck bodies for specialty vehicles in China. The Company has always adhered to the innovation-driven development strategy and strived to implement the digitization and informatization process of industrial production, thus obtaining significant technological innovation achievements. Based on the modular product design, the Company developed a new model of flexible manufacturing of products, thus solving the problems of complex product types, high degree of customization and difficulty in mass production. Through the production mode of the modular working island, the design of highly flexible assembly jigs, the automated welding robots and the automated logistics and distribution system, the Company created flexible manufacturing solutions for products including container chassis trailers, tank trailers, mixing tanks, van trailer and curtain-side trailers.

4. *Manufacturing advantages*

The Company reached the industry-leading manufacturing level by comprehensively building the Sophisticated Manufacturing System or establishing “Light Tower” Plants around the world. At present, the Company has 13 “Light Tower” Plants for the production of semi-trailers, 7 “Light Tower” Plants for the production of truck bodies for specialty vehicles and 2 “Light Tower” Plants for the production of lightweight van truck bodies at home and abroad, and set up various series of “product modules” of semi-trailer products. Four subsidiaries of the Company won the national title of “green plant”, and two subsidiaries were granted the provincial title of “green plant.” The Company will continuously practice low-carbon and green manufacturing and build the Sophisticated Manufacturing System represented by “Light Tower” Plants, so as to bring a new driving force for the sophisticated manufacturing industry in China.

5. *Advantages of global supply chain management*

The global business arrangement of the Company has obvious supply chain management advantages and scale effect of purchase. With the resource advantage of centralized purchase platforms, good bargaining power and a wide selection of suppliers around the world, the Company can effectively improve its purchase efficiency, including the ability to purchase steel products on a large scale in China with competitive pricing, and the ability to purchase all kinds of advanced or customized parts and components that meet specifications in local markets. Meanwhile, information on the Company’s EPS electronic purchase platform is open and transparent, and the purchase prices of parts and components and core raw materials are traceable. The EPS electronic purchase platform connects the purchase and the supply in the global market, and has the leading global distribution capability and the capability for raw material storage and management, which helps resist the influence of the change in upstream raw material prices on production management to the maximum extent.

6. *Advantages of the new retail model*

In the global semi-trailer business, the Company cooperated with many well-known customers, including JB Hunt, Schneider, Milestone, TIP, DHL and other European and American first-class transportation companies and trailer rental companies. In the specialty vehicle business in China, the Company established good and stable partnerships with major domestic heavy truck enterprises including SAIC Hongyan, Shaanxi Automobile, FAW and CNHTC, and actively carried out the strategy of “joint development” with tractor manufacturers.

“Promoting the construction of new retail” serves as one of the five cornerstones of the Sophisticated Manufacturing System. The Company carries out its business with technological innovation. Meanwhile, the Company changed its marketing through digital media marketing, co-marketing and other measures, and continuously explored new business forms of trailer sharing, so as to create a “new retail” model to adapt to market changes. The “new retail” model helps bring the users closer and achieve a closer customer relationship. Under the model, a new retail ecosystem was established through digital platform technology to achieve core goals, and an online and offline new retail ecosystem based on the Salesforce software platform was established. This facilitates online and offline integration, mutual complementation and enabling.

The “new retail” marketing model will be upgraded continuously, digitally and intelligently according to market changes, and further enhance the core competitiveness of the business by deeply promoting product upgrading and carrying out innovative actions to bring customers closer, thus consolidating the global leading position in product quality.

7. Advantages of organizational development

The Company has excellent management teams, business technical teams and sales teams from all over the world. The core members of the senior management team of the Company have served with the Company for more than 15 years on average. Since 2002 when the Company started manufacturing and selling semi-trailers, Mr. Mai Boliang, the chairman, and Mr. Li Guiping, the CEO and president, have led the strategic operation of the Company. Mr. Mai Boliang has over 31 years of industry and management experience in relevant industries. Mr. Li Guiping has more than 18 years of professional experience in relevant industries, and 18 years of experience in the trailer industry.

The Company gave full play to its advantages in talent pool and training, by actively establishing a new-generation senior management team consisting of young and middle-aged members with rich industry experience and deep engagement in business. With innovative thinking, aggressiveness and practical actions, the young management team constantly promotes the high-quality and sustainable development of the Company, and bravely undertakes their roles in the sophisticated manufacturing industry in China.

(IV) ANALYSIS OF CORE BUSINESSES

1. Overview

See “(II) Major businesses of the Company during the Reporting Period” in Section IV “Management Discussion and Analysis”.

2. Revenue and costs

(1) Composition of revenue

Overall revenue

Unit: RMB

	2021	As a	2020	As a	Year-on-
	Amount	percentage	Amount	percentage	year change
		of revenue		of revenue	
Total revenue	27,647,762,501.46	100.00%	26,498,964,653.25	100.00%	4.34%
By industry					
Road transportation industry	27,647,762,501.46	100.00%	26,498,964,653.25	100.00%	4.34%
By product					
Vehicle sales	24,825,306,757.71	89.79%	24,218,126,749.10	91.39%	2.51%
– Global semi-trailer	15,275,851,992.36	55.25%	13,579,609,077.85	51.25%	12.49%
– Manufacture of truck bodies for specialty vehicles, and fully assembled specialty vehicles	9,209,614,673.77	33.31%	10,163,286,958.86	38.35%	-9.38%
– Lightweight van bodies	311,356,512.72	1.13%	317,888,552.30	1.20%	-2.05%
– Other vehicles	28,483,578.86	0.10%	157,342,160.09	0.59%	-81.90%
Parts and components of semi-trailers and specialty vehicles	2,000,011,100.91	7.23%	1,654,516,399.41	6.24%	20.88%
Others	822,444,642.84	2.97%	626,321,504.74	2.36%	31.31%
By region					
Chinese market	18,637,757,934.76	67.41%	19,180,844,350.51	72.38%	-2.83%
North American market	5,041,888,369.23	18.24%	4,387,682,762.58	16.56%	14.91%
European market	2,455,208,525.02	8.88%	1,923,663,818.95	7.26%	27.63%
Other markets	1,512,907,672.45	5.47%	1,006,773,721.21	3.80%	50.27%
By sales model					
Direct selling	16,482,798,807.17	59.62%	17,635,142,196.54	66.55%	-6.53%
Distribution	11,164,963,694.29	40.38%	8,863,822,456.71	33.45%	25.96%

(2) *Industries, products, regions and sales models which generated revenue exceeding 10% of the Company's revenue or profit*

Applicable Not applicable

Unit: RMB

	Revenue	Operating costs	Gross profit margin	Change in revenue as compared with the same period of last year	Change in operating costs as compared with the same period of last year	Change in gross profit margin as compared with the same period of last year
By industry						
Road transportation industry	27,647,762,501.46	24,600,777,444.80	11.02%	4.34%	6.81%	- 2.06pct
By product						
Global semi-trailer	15,275,851,992.36	13,559,680,577.19	11.23%	12.49%	15.65%	- 2.43pct
Manufacture of truck bodies for specialty vehicles, and fully assembled specialty vehicles	9,209,614,673.77	8,591,851,567.43	6.71%	-9.38%	-7.45%	- 1.95pct
By region						
Chinese market	18,637,757,934.76	16,528,753,442.66	11.32%	-2.83%	-1.16%	- 1.50pct
North American market	5,041,888,369.23	4,505,157,687.47	10.65%	14.91%	18.66%	- 2.82pct
By sales model						
Direct selling	16,482,798,807.17	14,409,367,558.28	12.58%	-6.53%	-4.54%	- 1.83pct
Distribution	11,164,963,694.29	10,191,409,886.52	8.72%	25.96%	28.40%	- 1.73pct

(3) *Whether revenue of the Company from sales of material objects exceeds service revenue*

Yes No

Industry	Item	Unit	2021	2020	Year-on-year Change
Road transport vehicle	Sales volume	unit/set	200,069	194,252	2.99%
	Production volume	unit/set	194,248	197,607	-1.70%
	Inventory	unit/set	12,293	14,803	-16.96%

Describe the reasons for a year-on-year change of over 30% in relevant data

Applicable Not applicable

(4) *Composition of operating costs*

By industry

Unit: RMB

Industry	Item	2021	As a	2020	As a	Year-on-year Change
		Amount	percentage of operating costs	Amount	percentage of operating costs	
Road transport vehicle	Raw materials	21,263,545,129.94	86.43%	19,794,498,938.97	85.95%	7.42%
	Direct labour	1,420,124,608.18	5.77%	1,273,893,964.49	5.53%	11.48%
	Manufacturing expenses	1,602,935,571.19	6.52%	1,551,446,543.82	6.74%	3.32%
	Freight and handling charges	314,172,135.49	1.28%	411,634,300.00	1.79%	-23.68%
	Total	24,600,777,444.80	100.00%	23,031,473,747.28	100.00%	6.81%

(5) *Major customers and suppliers*

Information on major customers of the Company

Total sales to top 5 customers (RMB)	2,763,044,869.59
Total sales to top 5 customers as a percentage of total sales for the year	9.99%
Sales to related parties in sales to top 5 customers as a percentage of total sales for the year	0.00%

Information on top 5 customers of the Company

S/N	Name of Customer	Sales (RMB)	As a percentage of total sales for the year
1	Customer A	1,286,954,969.35	4.65%
2	Customer B	434,376,751.70	1.57%
3	Customer C	413,243,419.23	1.49%
4	Star Leasing Co.	343,130,881.61	1.24%
5	XTRA LLC	285,338,847.70	1.03%
Total	—	<u>2,763,044,869.59</u>	<u>9.99%</u>

Other information on major customers

Applicable Not applicable

Major suppliers of the Company

Total purchase from top 5 suppliers (RMB)	5,708,767,547.23
Total purchase from top 5 suppliers as a percentage of total purchase for the year	24.02%
Purchase from related parties in purchase from top 5 suppliers as a percentage of total purchase for the year	0.00%

Information on top 5 suppliers of the Company

S/N	Name of Supplier	Purchase (RMB)	As a percentage of total purchase for the year
1	Supplier A	2,336,410,528.50	9.77%
2	Supplier B	1,389,815,633.72	5.81%
3	Supplier C	806,618,062.46	3.37%
4	Supplier D	709,026,348.25	2.96%
5	Shaanxi Heavy Duty Motor Company Limited (陝西重型汽車有限公司)	466,896,974.30	1.95%
Total	—	<u>5,708,767,547.23</u>	<u>24.02%</u>

Other information on major suppliers

Applicable Not applicable

3. Expenses

Unit: RMB

	2021	2020	Year-on-year Change	Description of Major Changes
Selling expenses	729,251,979.27	665,768,717.66	9.54%	Small change
Administrative expenses	873,183,272.45	869,833,396.78	0.39%	Small change
Finance costs	16,899,370.60	134,330,659.31	-87.42%	Mainly due to a decrease in the foreign exchange exposure
Research and development expenses	397,817,429.52	371,412,140.90	7.11%	Small change

4. Research and Development Investments

Research and development investment of the Company expressed both as an amount and as a percentage of revenue in the past three years

	2021	2020	2019
Research and development investments (RMB)	397,817,429.52	371,412,140.90	333,034,256.32
Research and development investments expressed both as an amount and as a percentage of revenue	1.44%	1.40%	1.42%
Capitalized research and development expenditures (RMB)	0.00	0.00	0.00
Capitalized research and development expenditures as a percentage of research and development investments	0.00%	0.00%	0.00%
Capitalized research and development expenditures as a percentage of net profit for the period	0.00%	0.00%	0.00%

Reasons for the significant change in the total research and development investments as a percentage of revenue, as compared with last year

Applicable Not applicable

Reasons and description of the reasonability of the significant changes in the capitalization rate of research and development investments

Applicable Not applicable

5. Cash Flow

Unit: RMB

Item	2021	2020	Year-on-year Change
Sub-total of cash inflows from operating activities	30,870,328,017.19	29,528,313,253.89	4.54%
Sub-total of cash outflows from operating activities	30,695,899,754.58	26,781,375,278.62	14.62%
Net cash flow from operating activities	174,428,262.61	2,746,937,975.27	-93.65%
Sub-total of cash inflows from investing activities	596,205,198.89	434,892,469.35	37.09%
Sub-total of cash outflows from investing activities	1,331,285,983.25	1,194,720,021.20	11.43%
Net cash outflows from investing activities	-735,080,784.36	-759,827,551.85	3.26%
Sub-total of cash inflows from financing activities	3,023,753,775.97	2,302,092,644.52	31.35%
Sub-total of cash outflows from financing activities	2,008,138,445.15	3,701,293,261.57	-45.74%
Net cash inflows from financing activities	1,015,615,330.82	-1,399,200,617.05	172.59%
Net increase in cash and cash equivalents	425,327,511.28	478,215,063.77	-11.06%

Description of the reasons for a significant year-on-year change in relevant data

Applicable Not applicable

Net cash flow from operating activities decreased by 93.65% as compared with the same period of last year, mainly due to the significant increase the expenditure on procurement of raw materials and spare parts in the year.

Cash inflows from investing activities increased by 37.09% as compared with last year, mainly due to the increase in cash inflows from redemption of wealth management products and funds in the year.

Cash inflows from financing activities increased by 31.35% as compared with last year, mainly due to raising funds through an initial public offering of A share in the year.

Cash outflows from financing activities decreased by 45.74% as compared with the same period of last year, mainly due to the decrease in the loan repayments in the year.

Net cash inflows from financing activities increased by 172.59% as compared with the same period of last year, mainly due to raising funds through an initial public offering of A share in the year.

Description of the reasons for the significant difference between net cash flow from operating activities and net profit of the Company during the Reporting Period

Applicable Not applicable

There was a difference between net cash flow from operating activities for the Reporting Period and the net profit for the year, mainly due to the increase in the expenditure on procurement of raw materials and spare parts with the rise in prices of bulk materials during the year.

V Non-core Business

√ Applicable □ Not applicable

Unit: RMB

	Amount	As a Percentage of the Total Profit	Method of Obtaining the Asset	Whether It is Sustainable
Investment income	15,539,933.70	1.32%	Mainly income from long-term equity investments accounted for using the equity method, investment income from the disposal of derivative financial instruments, and investment income from the disposal of financial assets held for trading	No
Gains or losses from changes in fair value	-20,232,463.28	-1.72%	Mainly changes in fair values of financial assets held for trading	No
Asset impairment loss	-42,564,575.54	-3.62%	Mainly provision for diminution in value of inventories	No
Non-operating income	12,202,521.37	1.04%	Mainly forfeited deposits and unpayable payables	No
Non-operating expenses	9,633,086.92	0.82%	Mainly losses on retirement of fixed assets	No
Credit impairment loss	-24,983,892.84	-2.12%	Mainly bad debt provision for receivables	No
Gains from disposal of assets	177,124,182.99	15.06%	Mainly gains on the disposal of fixed assets and intangible assets	No
Other income	137,063,977.39	11.65%	Mainly government grants	No

(VI) Analysis of Assets and Liabilities

I. Significant Changes in Composition of Assets

Unit: RMB

	End of 2021		Beginning of 2021		Change in the Percentage	Description of Major Changes
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Cash at bank and on hand	5,041,982,475.37	23.15%	4,537,414,308.21	22.89%	0.26%	No major changes
Accounts receivables	2,781,330,860.48	12.77%	2,805,150,945.28	14.15%	-1.38%	No major changes
Inventories	4,939,195,443.70	22.68%	3,793,611,808.10	19.14%	3.54%	No major changes
Investment properties	393,130,062.84	1.80%	385,672,568.62	1.95%	-0.15%	No major changes
Long-term equity investments	151,084,643.75	0.69%	183,521,412.93	0.93%	-0.24%	No major changes
Fixed assets	4,626,675,908.82	21.24%	3,766,061,941.67	19.00%	2.24%	No major changes
Construction in progress	516,572,732.14	2.37%	750,668,380.90	3.79%	-1.42%	No major changes
Right-of-use Assets	232,392,010.62	1.07%	203,515,311.03	1.03%	0.04%	No major changes
Short-term borrowings	889,554,358.43	4.08%	830,612,524.77	4.19%	-0.11%	No major changes
Contract liabilities	547,132,006.91	2.51%	767,576,931.31	3.87%	-1.36%	No major changes
Long-term borrowings	374,823,099.70	1.72%	394,844,055.67	1.99%	-0.27%	No major changes
Lease liabilities	185,163,298.60	0.85%	160,063,520.88	0.81%	0.04%	No major changes
Assets held for sale	-	-	50,832,419.57	0.26%	-0.26%	Assets held for sale have been handed over
Notes payables	1,098,475,012.01	5.04%	852,099,048.49	4.30%	0.74%	No major changes
Accounts payables	3,558,427,089.39	16.34%	3,491,902,932.38	17.61%	-1.27%	No major changes
Receivables financing	510,091,121.74	2.34%	856,221,210.49	4.32%	-1.98%	No major changes
Intangible assets	892,972,786.18	4.10%	913,720,881.57	4.61%	-0.51%	No major changes

Overseas assets accounted for a large percentage

√ Applicable □ Not applicable

Unit: RMB

Asset	Method of Obtaining the Asset	Size of the Asset	Location	Operating Model	Control Measures to Ensure the Asset Safety	Revenue	Overseas Assets as a Percentage of Net Assets of the Company	Whether There are Significant Impairment Risks
VANGUARD NATIONAL TRAILER CORPORATION	Acquisition	1,346,476,128.26	United States	Production and operation	Internal controls were carried out continuously and effectively	89,901,951.90	10.87%	No

II. Assets and Liabilities Measured at Fair Value

√ Applicable □ Not applicable

Unit: RMB

Item	Opening Balance	Gains or Losses on Fair Value Change for the Period	Total Fair Value Change Recorded in Equity	Impairment for the Period	Amount of Purchase for the Period	Amount of Disposal for the Period	Other Changes	Ending Balance
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets)	136,784,931.09	-26,989,494.68	0.00	0.00	236,000,000.00	354,940,519.34	9,145,082.93	0.00
2. Derivative financial assets	618,773.35	1,420,829.64			6,621,225.31	6,621,225.30		2,039,603.00
3. Other debt investments								0.00
Sub-total of financial assets	137,403,704.44	-25,568,665.04	0.00	0.00	242,621,225.31	361,561,744.64	9,145,082.93	2,039,603.00
Investment properties	385,672,568.62	5,248,735.41			2,259,993.11		-51,234.30	393,130,062.84
Bearer biological assets								0.00
Others								0.00
Receivables financing	856,221,210.49			-989,139.07	10,293,964,259.41	10,641,360,868.18		510,091,121.74
Total	1,379,297,483.55	-20,319,929.63	0.00	-989,139.07	10,538,845,477.83	11,002,922,612.82	9,093,848.63	905,260,787.58
Financial liabilities	114,174.90	87,466.35			1,171,689.75	1,648,600.00	296,369.00	21,100.00

Other changes

N/A

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

Yes No

III. Restriction on the Right to Assets as at the End of the Reporting Period

Item	Closing book value (RMB)	Reason for the restriction
Cash at bank and on hand	347,279,141.79	Deposits for vehicle loans, bills, etc.
Fixed assets	36,895,846.27	The transfer is subject approval by the Shenzhen Municipal People's Government, and they shall not be transferred in part or leased.
Bill receivables	4,170,000.00	Pledged
Receivables financing	<u>58,622,779.91</u>	Pledged
Total	<u><u>446,967,767.97</u></u>	

(VII) Investment Analysis

I. Overall conditions

Applicable Not applicable

Amount of Investments During the Reporting Period (RMB)	Amount of Investment During the Same Period of Last Year (RMB)	Change
1,331,285,983.25	1,194,720,021.20	11.43%

II. Significant equity investments acquired during the Reporting Period

Applicable Not applicable

III. Significant non-equity investment which was ongoing during the Reporting Period

Applicable Not applicable

IV. Financial assets measured at fair value

Applicable Not applicable

Unit: RMB

Class of Asset	Initial Investment Cost	Gains or Losses on Fair Value Change for the Period	Total Fair Value Recorded in Equity	Amount of Purchase for the Reporting Period	Amount of Disposal for the Reporting Period	Total Investment Income	Ending Amount	Source of Fund
Funds	116,451,400.00	-26,989,494.68			118,470,290.86	2,018,890.86		Own funds
Financial derivatives	618,773.35	1,420,829.64		6,621,225.31	6,621,225.30		2,039,603.00	Own funds
Others		470,228.48		236,000,000.00	236,000,000.00	470,228.48		Own funds
Receivables financing	856,221,210.49	0.00		10,293,964,259.41	10,641,360,868.18		510,091,121.74	Own funds
Total	<u>973,291,383.84</u>	<u>-25,098,436.56</u>	<u>0.00</u>	<u>10,536,585,484.72</u>	<u>11,002,452,384.34</u>	<u>2,489,119.34</u>	<u>512,130,724.74</u>	-

V. Use of proceeds

Applicable Not applicable

Overall use of Proceeds from A Shares

Applicable Not applicable

1. Basic Information on Proceeds from A Shares

In order to fully explore and utilize the financing channels of the A share capital market, on May 6, 2020, the Board reviewed and approved the proposal on the proposed initial public offering of A Shares and the proposed listing on the GEM of the Shenzhen Stock Exchange. The application for registration of the Company's domestic 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. (ZJXK [2021] No.1719) issued by the China Securities Regulatory Commission on May 18, 2021. With the consent of the Shenzhen Stock Exchange, the Company issued 252.6 million RMB ordinary shares (A Shares) with a par value of RMB1.00 each and the total proceeds of RMB1,758.096 million, at an issue price of RMB6.96 per share, in the IPO. After deducting the issue expenses (exclusive of tax) of RMB174.3192 million, the net proceeds from A Share offering were RMB1,583.7768 million, and the net issue price was approximately RMB6.27 per A Share. The A Share Offering was conducted through a combination of targeted placement to strategic investors, placement to qualified investors through offline price consultation process and subscription by public investors at a price fixed according to market value. The above proceeds were received on July 5, 2021, in respect of which PricewaterhouseCoopers Zhong Tian LLP verified the payment and issued the Capital Verification Report (PwC Zhong Tian Yan Zi (2021) No.0668). The Company was listed on the ChiNext Market of the Shenzhen Stock Exchange on July 8, 2021 when the closing price of A Shares was RMB15.49 on the Shenzhen Stock Exchange and HK\$7.13 on the Hong Kong Stock Exchange.

As at December 31, 2021, the proceeds from A Shares used by the Company for the year were RMB567.3671 million and the total proceeds from A Shares used were RMB567.3671 million, and the unutilized proceeds from A Shares were RMB1,027.7938 million (including net interest income of proceeds from A Shares of RMB11.3841 million exclusive of bank charges and account management fees).

2. Management of Proceeds

In order to standardize the management and use of the proceeds, the Company 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 the Company. On August 4, 2021, the Company 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 the Company strictly complied with the agreements in the use of the proceeds.

Unit: RMB'0,000

Year of Fundraising	Fundraising Method	Total Proceeds	Utilized Proceeds During the Period	Total Utilized Proceeds	Total Proceeds with Changed Use During the Period	Total Proceeds with Changed Use	Proportion of Total Proceeds with Changed Use	Total Unutilized Proceeds	Proposed Use and Investment of Unutilized Proceeds	Proceeds Unutilized for Over Two Years
2021	IPO	158,377.68	56,736.71	56,736.71	-	-	-	102,779.38	Deposited in the special account for the proceeds	-
Total	-	158,377.68	56,736.71	56,736.71	-	-	-	102,779.38		-

Overall Use of Proceeds

As at December 31, 2021, the proceeds from A Shares used by the Company for the year were RMB567.3671 million, and the total proceeds from A Shares used were RMB567.3671 million, and the unutilized proceeds from A Shares were RMB1,027.7938 million (including net interest income of proceeds from A Shares after deducting bank fees and account management fees).

Committed Projects Funded by Proceeds from A Shares

√ Applicable □ Not applicable

Unit: RMB '0,000

	Whether the Project was Changed (Including Partial Change)	Total Committed Investment of Proceeds	Adjusted Total Investment (1)	Investment for the Reporting Period	Total 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 Project and Investment of Surplus Proceeds											
Committed Investment Projects											
Digital Transformation, Research and Development Project	No	43,877.68	43,877.68	2,203.09	2,203.09	5.02%	July 2026	N/A	N/A	N/A	No
Project for Lighthouse Factory Upgrade and Construction	No	79,500.00	79,500.00	29,533.62	29,533.62	37.15%	January 2023	N/A	N/A	N/A	No
New Marketing and Construction Project	No	10,000.00	10,000.00	-	-	-	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	25,000.00	25,000.00	100.00%	N/A	N/A	N/A	N/A	No
Sub-total of committed investment projects	-	158,377.68	158,377.68	56,736.71	56,736.71	-	-	N/A	N/A	-	-
Investment of Surplus Proceeds											
N/A											
Total	-	158,377.68	158,377.68	56,736.71	56,736.71	-	-	-	-	-	-
Information on and reasons for the failure to get ready for the intended use or achieve expected benefits (by project)	N/A										
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	During the year, there is no change in the location of the A Share proceeds-funded project.										
Adjustments to the implementation method of the proceeds-funded project	During the year, there is no change in the implementation method of the A Share proceeds-funded project.										

Whether the Project was Changed (Including Partial Change)	Whether the Project and Investment of Surplus Proceeds	Total Committed Investment of Proceeds	Adjusted Total Investment	Total Investment as at the end of the Reporting 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	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
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Preliminary investment and replacement in the proceeds-funded project

On August 25, 2021, the Company 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 the Company to replace the self-raised funds totaling RMB326,2496 million invested in the A Share proceeds-funded projects and used to cover the issue expenses in advance, with the proceeds from A Shares. The issue expenses of RMB41,4293 million (exclusive of value-added tax) were paid by the Company 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.

During the year, there is no unutilized proceeds from A Shares used for temporary replenishment of working capital.

Use of unutilized proceeds for temporary replenishment of working capital

As of December 31, 2021, the proceeds from A Shares raised by the Company is still in the progress of investing, and therefore the utilisation of remaining proceeds from A Shares is not available.

As of December 31, 2021, the unused proceeds from A Shares of the Company were deposited in the special account for proceeds, with a balance of RMB1,027.7938 million (including net interest income of the proceeds from A Shares after deducting bank fees and account management fees), of which, the balance of agreed deposit account was RMB844.5672 million.

Proposed use and investment of unutilized proceeds

Problems or other matters in the use and disclosure of the proceeds

On August 25, 2021, the Company 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 from A Shares 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. 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 December 31, 2021, the balance of the Company's agreed deposit account was RMB844,5672 million, which did not exceed the deliberation limit and validity period of the board of directors and the board of supervisors of the Company regarding the use of some of the idle proceeds from A Shares for cash management.

- Note 1:* The economic revenue is based on “net profit”.
- Note 2:* “Revenue generated during the year” should be computed on the same basis and methods as the committed revenue.
- Note 3:* “Total proceeds invested in this year” includes “amount invested in this year” after the proceeds are received and the upfront investment amount that has actually been replaced.
- Note 4:* There is a difference in the mantissa between the the total amount directly added by each item and the “total” amount. This difference is caused by the unit (RMB ten thousand) and rounding.

Change of use of Proceeds from A Shares

Applicable Not applicable

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

Use of Proceeds from H Shares

Since the Listing Date of our H Shares, H Shares of the Company 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 the Company 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 the Company was RMB1.00 per H Share.

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

On January 1, 2021, the net proceeds from H Shares carried forward by the Company from the previous year was approximately HK\$978.8 million. The use of the net proceeds from H Shares and the utilization as of December 31, 2021, 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 (HK\$ in millions)	Utilized amount as of December 31, 2021 (HK\$ in millions)	Utilized Amount during the Reporting Period (HK\$ in millions)	Unutilized Amount as of December 31, 2021 (HK\$ in millions)
Develop new manufacturing or assembly plants	1,248.2	825.3	500.3	422.9
- Develop a new automated production facility for chassis trailers in the coastline regions along the eastern or southern US	38.8	38.8	10.2	-
- Develop a new assembly plant for high-end refrigerated semi-trailers in the UK or Poland	32.1	14.6	2.0	17.5
- Develop a new automated production facility for refrigerated semi-trailers in Monon, the US	163.0	159.4	5.0	3.6
- Develop a new assembly plant for swap bodies and and flatbed trailers in the Netherlands	105.2	102.3	31.5	2.9
- Develop a new assembly plant for refrigerated semi-trailers in Canada	20.2	20.2	8.7	-
- Develop a new manufacturing plant in Jiangmen, China	87.0	79.2	77.6	7.8
- Technical reform and informatization construction for Xi'an plant in China	32.7	-	-	32.7
- Develop a new manufacturing plant in Baoji City, China	70.0	39.1	39.1	30.9
- Build a vehicle park in Kunming, China	78.4	74.8	29.3	3.6
- Expand the manufacturing plant for semi-trailers in Dongguan, China	114.8	93.2	93.2	21.6
- Expand the manufacturing plant for dry truck bodies and refrigerated truck bodies in Zhenjiang, China	34.4	10.2	10.2	24.2
- Expand the manufacturing and assembly plant for chassis trailers in Rayong, Thailand	193.5	193.5	193.5	-

Intended Use of Net Proceeds	Original Intended Amount <i>(HK\$ in millions)</i>	Utilized amount as of December 31, 2021 <i>(HK\$ in millions)</i>	Utilized Amount during the Reporting Period <i>(HK\$ in millions)</i>	Unutilized Amount as of December 31, 2021 <i>(HK\$ in millions)</i>
- Increase the registered capital and production capacity of subsidiaries in the UK (note)	278.1	-	-	278.1
Research and develop new products	66.5	56.6	45.7	9.9
- Invest in industrial funds	34.4	34.4	34.4	-
- Develop high-end refrigerated semi-trailers	26.3	16.4	11.3	9.9
- 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	1,187.2	546.0	432.8

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

(VIII) Future Development Prospect of the Company

I. Changes in the macro situation and industry landscape

Looking forward to 2022, China’s economy is expected to be more stable and balanced. 2022 is the key year for the implementation of the “14th Five-Year” Plan. The Central Economic Work Conference 2021 clearly stated that in 2022, efforts will be made to adhere to the general tone of making progress while maintaining stability, implement the new development philosophy of innovation, coordination, environmental protection, openness and sharing in a complete, accurate and comprehensive manner, accelerate the construction of a new development paradigm with domestic circulation as the mainstay and domestic and international circulations reinforcing each other, deepen the reform and opening up in an all-round way, persist in innovation-driven development and promote high-quality development. The structural policy should focus on unblocking the national economic cycle, enhance the core competitiveness of the manufacturing industry, stimulate the emergence of a large number of enterprises that “apply special, sophisticated techniques to produce unique and novel products”, speed up the formation of a safe and efficient logistics network with internal and external connectivity, accelerate the digital transformation, and promote the upgrading of traditional industries.

1) Tank trucks and concrete mixer trucks

Tank trucks are major vehicles in road transportation in China. The Chinese government continuously promotes the rectification for non-compliant tank trucks, which will bring opportunities for sustainable business development of the Company.

With moderately proactive infrastructure investment and under the guidance of the strategy of “carbon peaking and carbon neutrality”, carbon reduction for road transport becomes the key, which creates room for the growth of new energy heavy trucks. With the full implementation of China VI standards, the product demand may be subject to a periodic decline, but with the acceleration of product upgrading and iteration, the production capacity in the concrete mixer truck industry will be optimized.

2) *Semi-trailers in the market of China*

In the domestic circular economy, the certainty of the development of the semi-trailer business in China increases. With the entry into force and strict implementation of new national standards, the five core models of semi-trailers in China are being transformed with obvious upgrading opportunities. Due to factors including the implementation of the strategy of “carbon peaking and carbon neutrality”, the supply-side reform for replacing outdated capacities with advanced capacities in the semi-trailer manufacturing industry of China will be carried out, and the industry concentration is expected to increase.

The trailer rental in China is in the initial stage. The drop and pull mode promoted by multi-modal transportation and the development of the trailer rental industry will create greater demand for standardized high-quality trailers. China vigorously promotes the integration, digitalization and green development of the comprehensive transportation system. Under the background, in China, semi-trailers will be deeply integrated into the internal and external dual circulation development model, with the intelligent and green transition and the development towards drop and pull and multi-modal transportation.

3) *Light van trailers*

In terms of refrigerated van bodies, with the continued improvement in the cold chain logistics infrastructure in China, the cold chain logistics industry will continue to grow rapidly, and the demand for refrigerated trucks will remain strong; in terms of the truck bodies for urban distribution of dry cargoes, green and low carbon transition of urban distribution trailers will accelerate, and there will be development opportunities for compliant truck bodies for distribution of dry cargoes.

With the formal implementation of the technical specification against “understating the unloaded weight” of light trucks on March 1, 2022, and the implementation of strategies and policies including “rural revitalization” and the “14th Five-Year” Plan for Cold Chain Logistics Development, the market demand for light van trailers is about to be unleashed.

4) *Urban dump truck*

As national infrastructure construction becomes more active, the recovery of the infrastructure market will spur the demand for compliant urban dump trucks. Under the background of the full implementation of China VI standards and new energy transition of heavy trucks, there is short-term pressure on market demand, but the upgrading and iteration of urban dump truck products accelerate, which will unleash the demand for light, intelligent and environment-friendly new-energy urban dump trucks.

5) *Semi-trailers in the North American market*

Under the background of normalization of the pandemic, the demand in the overseas semi-trailer market recovers obviously. The demand for semi-trailers in North America remains relatively strong in 2022, with the recovery of the local semi-trailer, logistics and transportation equipment market due to the strong fiscal stimulus in the United States, and the medium and long-term infrastructure projects.

6) *Semi-trailers in the European market*

In 2022, with the actions in European countries to curb inflation and the flare-ups of the pandemic, various macro factors may continuously affect the global supply chain, leading to the persistent existence of the contradiction between supply and demand in the market. There will be new challenges in terms of the semi-trailer supply chain and production capacity in the European market, while the reshuffle of the industry will be accelerated, and thus the industry concentration is expected to further increase.

II. *Development strategy of the Company*

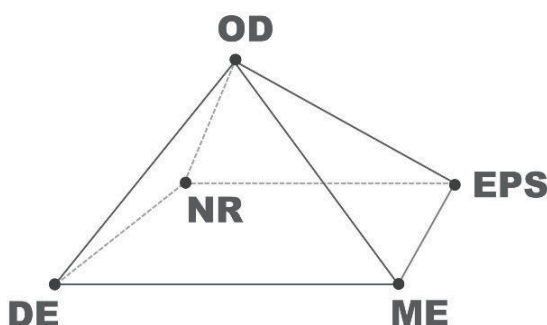
Since the construction of a Sophisticated Manufacturing System was proposed, the Company has continuously improved its plans and measures to enhance its long-term competitiveness, including the direction of digital transformation, improvement in innovative technological means, and establishment of a revenue expectation model, with the aim of clearly carrying out long-term strategic arrangements. The Company focuses on the construction of a “Sophisticated Manufacturing System” and “new management infrastructure” in order to lay a good foundation for its business development.

Based on this, under the current industry change, the Company implemented the core measure of the “Sophisticated Manufacturing System”, and further enriched the connotation of the Sophisticated Manufacturing System by adding the fifth cornerstone of “building a digital supply chain center” to the four cornerstones, namely upgrading of “product modules”, improvement of “Light Tower” Plants, construction of new retail and continuous promotion of organizational development. The Company formulated further upgrading measures to fully implement the Sophisticated Manufacturing System strategy.

In addition, the six major businesses or groups established by the Company will continuously enable the Company to operate in various management scenarios, in terms of strategy, operation and coordinated development. “Champion Tanker Business Group”, “Light Tower Pioneer Business”, “TB Business Group”, “Urban Dump Truck Business”, “North American Business” and “European Business” have been established by the Company to further increase its shares in the market segments in China, and develop competitive advantages for seven overseas major categories of semi-trailers in the North American market and the European market, thus further enhancing the leading position in the world.

Looking forward to the future, with the strategic development, the Company will unlock greater advantages and growth potential, create room for profit growth and strategic adjustment, provide good services for customers and actively achieve excellent results for shareholders.

1) *Enriching the connotation of Sophisticated Manufacturing System and building the “five cornerstones” of the Sophisticated Manufacturing System*



(1) Construction of specialized product modules

Currently, in terms of building specialized product modules, the Company has actively built a system of product module construction, established a professional product module team, and organized product engineers to establish scientific research projects for conducting a brainstorming session and explore innovations. They share resources and cooperate with each other in advancing their work, through the close cooperation between the DE-X and DE-Y business divisions, the ME departments and the DE teams of various manufacturing organizations. The Company has established a project pipeline mechanism to accelerate the optimization of the project management system. Through the establishment of the reward point management system, the Company stimulates the enthusiasm for innovation in the construction of professional product modules.

With a focus on “light weight, pretty appearance, high cost-performance ratio, long service life and easy maintenance”, the Company has continuously sorted out and carried out innovative optimization of Level 1, Level 2 and Level 3 modules; and built a product configurator; used the product lifecycle management system to manage the technology and sub-level product modules; continuously built the “vehicle models of the year”, carried out industry forward-looking research, and identified products with high market demand through scientific and accurate market research.

In terms of refrigerated van bodies, the open foaming technology and integral hoisting are adopted to realize the disintegrated transport, quick disassembly and assembly. In terms of van trailers, the design and development of low-deck intelligent van trailer modules are completed, and the solution for economic and rapid compliance-based rectification of oversize body modules is completed. In terms of refrigerated trailers, based on the Clinch process (or aluminum riveting process) and the open foaming technology, the refrigerated trailer module is developed to provide customers with refrigerated trailer products with high cost performance. In terms of body parts and components, the steel flatbed trailer body and the corrugated sheet body are optimized with a focus on light weight and cost performance, thus reducing the weight and costs of the products.

In the future, the Company will continuously increase its investment in product module technology, research and development, and actively make arrangements in light weight, specialization, intelligentization and new energy. In terms of light weight, through the development of new structural design roadmaps, the Company built light product modules, and cooperated with suppliers of new materials to jointly develop light composite materials that can be applied to bodies, and to reduce the cost and prolong the service life. In terms of specialization, through the full application of the PLM platform and the EDS digital online operation model, the Company led and enabled the operation of its manufacturing plants. In terms of intelligentization, the Company provided customers with products and services that led the market trend, through intelligent loading calculation, intelligent temperature control systems, etc.

(2) Practicing China’s strategy of “carbon peaking and carbon neutrality” and building intelligent and green “Light Tower” Plants

At present, the Company has 13 “Light Tower” Plants for the production of semi-trailers, 7 “Light Tower” Plants for the production of truck bodies for specialty vehicles and 2 “Light Tower” Plants for the production of lightweight van bodies at home and abroad. Through years of exploration and construction by the Company, compared with traditional plants, the “Light Tower” Plants significantly reduced the cost, personnel requirement and energy consumption per unit of vehicle, and achieved significant improvement in raw materials, the capacity utilization rate and environmental protection.

In the process from the design philosophy to manufacturing, the “Light Tower” Plants of the Company continuously transmit the green philosophy of “saving energy and reducing pollution” through products, and continuously practice the intelligent construction and the “carbon peaking and carbon neutrality” work strategy of the Chinese government, thus leading the green development of semi-trailer and specialty vehicle industries.

In building the Sophisticated Manufacturing System in an all-rounded way, the product quality and production efficiency were greatly improved, through the construction of the “Light Tower” Plants. Meanwhile, in response to the national strategic plan of low-carbon transition and intelligent manufacturing, the Company continued to deeply carry out the construction of green and environment-friendly plants, and built a new benchmark for intelligent manufacturing in the industry, with the construction of digital systems including ERP, PLM and MES.

The construction of the “Light Tower” Plants was comprehensively based on digitalization. In upgrading automated plants to digital plants and intelligent manufacturing, the Company deeply applied IoT and carried out on-site lean management, and fully introduced the digital manufacturing management system to realize the integration of design, technology and manufacturing data, so as to create solutions of intelligent manufacturing and large-scale customization with characteristics of the industry.

In line with the current trend of joint development of economies in the world, the Company actively explored new manufacturing and cooperation models, and rapidly carried out strategic cooperation. Despite the impact of the pandemic on the global economy, the Company vigorously supported the intercontinental operation strategy in its overseas operation, with the advantages of high-end manufacturing technology obtained in deepening the construction of intelligent “Light Tower” Plants. In the domestic market, the Company will strengthen the joint research and development of “tractor-trailer integration” and “chassis and bodies” with tractor manufacturers, so as to promote the high-quality development of businesses of domestic semi-trailers and truck bodies for specialty vehicles.

In addition, the Company will seize the opportunity from upgrading to the second-generation semi-trailers in China, and the “Light Tower” Plant in Dongguan, China launched new-generation intelligent connected semi-trailers and double-trailer trains, thus became the leading production base of van trailers in China, and will provide high-quality solutions for enclosed transportation in China. Meanwhile, with the advanced capacity of the “Light Tower” Plants for manufacturing parts and components of semi-trailers, the Company further optimized its plant in Belfast, Northern Ireland, the United Kingdom, by improving the supporting capacity for processing parts and components, so as to strongly support intercontinental operation business.

In the construction of the overseas semi-trailer “Light Tower” Plants, the Company completed the construction of the refrigerated trailer assembly plant in Sarnia, Ontario, Canada, and the construction of the automated production plant for refrigerated trailers in Monon, Indiana, United States, as planned, and the upgrading and transformation of the refrigerated trailer assembly plant in California, United States, which effectively supported the recovery of the refrigerated trailer business in North America.

The Company continuously improved the “Light Tower” Plants for truck bodies for specialty vehicles. The “Light Tower” Plant in Wuhu City, Anhui Province, China was completed and put into operation the world’s advanced automated welding production line for drums of mixers and stainless steel liquid tank trailers as scheduled, thus significantly improving the efficiency of production of tank trucks and leading the industry. The “Light Tower” Plant in Luoyang City, Henan Province, China put into operation the automated production line for mixing drum coating and chassis welding as planned, thus leading the innovative manufacturing of concrete mixer truck bodies in China; the Company and a tractor manufacturer established the “Light Tower” Plant for urban dump truck bodies in Baoji City, Shaanxi Province, China, to start the upgrading of the intelligent coating line for urban dump trucks. The joint development strategy of the Company and the tractor manufacturer represents the deep cooperation between both parties in integrating superior resources and creating a new era for the development of specialty vehicles in China.

In the future, the Company will seize the opportunities from the development of urban distribution and cold chain logistics in China. It will vigorously promote the construction of the “Light Tower” Plants for lightweight van bodies, with the implementation of the national regulations against “understating the unloaded weight.” The Company’s TB Business Group will continuously promote the application of the K2 dual-mode foaming technology of new-generation refrigerated vans with independent intellectual property rights, and will continuously optimize the production line of the “Light Tower” Plant of intelligent refrigerated vans in Zhenjiang City, Jiangsu Province, China, so as to lead the green manufacturing of refrigerated van bodies in China. The Company will construct a “Light Tower” Plant in Jiangmen City, Guangdong Province, China, for creating a new benchmark for intelligent manufacturing of lightweight van bodies in China, with a focus on the goal of “high automation, full digitalization, environmental protection and intelligent operation.”

With the overall arrangements and construction of “Light Tower” Plants at home and abroad, the Company will continuously enrich its product portfolio, optimize its production capacity arrangements and enhance its comprehensive production capacity and order delivery capacity.

(3) Promoting the construction of “new retail”

The Company has established a professional new retail team and formulated plans and targets on this basis. Through promoting the construction of new retail, the Company made significant business progress in key account marketing in express delivery in China. In the future, the Company will enhance brand marketing and reputation building, and develop its brand awareness and image, by launching new series of brands under the Sophisticated Manufacturing System including “Pioneer Series”, “CIMC Light Tower” and “TB”, and holding new retail activities including press conference for new retail brands and strategic signing ceremony, so as to bring customers closer and promote transactions.

In addition, the Company will use the product configurators to promote the creation of the annual vehicle models, and has formed the workflows and methods of cooperation in new retail, upgrading of product modules, and improvement of “Light Tower” Plants according to operation. Based on professional customer relationship management software, the CRM platform realizes the interconnection and intercommunication of sales personnel via computers, mobile phones and customer mobile phones, and helps create an online and offline sales strategy plan.

The Company will create “online celebrity” stores and host travelling exhibitions in stores, so that users will rapidly have an affinity with the stores and experience the products in person, thus bringing the users closer. The stores will become professional places for gathering partners from various business markets and realizing sales of products and solutions under the new retail strategy.



(4) Continuous promotion of the organizational development

In deepening the Sophisticated Manufacturing System, the Company continuously optimizes the three driving forces, namely the Promotion Commission, the Efficient Team Organization of Intercontinental Operation, and the Senior Leadership Training Center, sorts out and explores core business processes, defines core positions involved in the core processes, and the corporate governance structure.

At present, the front-end diamond pyramid structure of the Company has basically taken shape, and various tasks are being actively promoted in accordance with the basic logic and routines of the Sophisticated Manufacturing System. The Promotion Commission established by the Company as a major decision-making department in building the Company’s “Sophisticated Manufacturing System” will promote the further development of the Company.

In addition, under the framework of the Company’s intercontinental operation strategy plan, “Intercontinental Operation, Local Manufacturing” will define the future value and the operation model of the organization, and plan the development direction of the organization under the philosophy of beginning with the end in mind. The efforts aim to finally achieve the long-term goal of removal of barriers in operation, the linkage between production and sales, information sharing and professional support, thus achieving all-round management covering strategy, operation and coordinated development, and enabling the Company to operate in various operation and management scenarios, under the complicated global economic situation with the flare-ups of the pandemic.

In addition, the Company's Senior Leadership Training Center will provide employees in leadership positions and core operating positions at headquarters and core enterprises, with opportunities for self-improvement, high-end manufacturing knowledge training and development of a comprehensive outlook. The Company has offered two courses in the senior leadership training program. Through the senior leadership training, the senior management can fully understand the strategic plans of the Sophisticated Manufacturing System and the new management infrastructure, acquire the high-end leadership ability with the governance structure hierarchy, and thus become promoters of the Company's Sophisticated Manufacturing System, core members of strategic development projects and even industry leaders. Many employees have graduated early from the senior leadership training program and become the core business executives of the Company.

(5) Building a digital supply chain (EPS) center

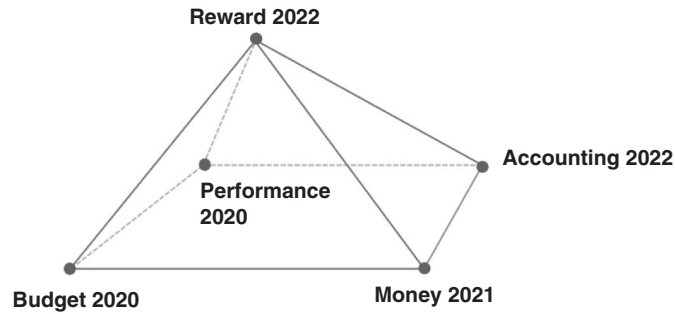
The Company actively explored the transformation and construction of the digital supply chain. The EPS Center, as the fifth cornerstone of the Sophisticated Manufacturing System, acts as the implementer of the digital supply chain, with the aim of giving full play to the advantages of the EPS platform in terms of time and space, strategies and processes, and realizing the digital management of supply resources and the "office to online" transfer of business, which quickly and effectively supports the purchase requirements of various businesses or groups; making full use of the cooperative relationship with the famous parts suppliers in the world to establish a stable and reliable supply chain system; reducing component purchase costs, with the bargaining power in centralized purchase. This also represents the operating advantage developed by years of deep engagement since the Company's purchase platform operated in the semi-trailer industry.

The shortage in the global supply chain due to the impact of the pandemic also posed new challenges to the management and operation of the Company's global supply chains. At the time of great changes in the industry, the Company's supply chain management will focus on "products, prices and relationships", and the Company will be committed to "process digitalization" and continuously advancing the design and global deployment of the EPS platform. The Company has completed the platform deployment and application for domestic Phase I enterprises, overseas Phase I enterprises and travelling mechanism system enterprises, and has completed go-live of the systems.

In the future, the Company will actively advance "OE component model selection and development based on product application scenarios", establish a professional technology-based supply chain team, and form a unified working platform for the supply chain of its subsidiaries, so as to promote professional sharing in product modules, improvement of "Light Tower" Plants and construction of new retail, and realize the value proposition of the Company for core components.

The Company's digital supply chain center will realize the dual-drive model of "business+platform", focus on the upgrade from "supply chain" to "supply chain+", and from "product" to "product group", and the collaboration and integration "between enterprises" and "between products", and explore the synergy between purchase and value-added services, so as to enrich the digitalization capability and connotation of the supply chain at various levels and support the construction of the Sophisticated Manufacturing System.

2) *New management infrastructure*



- (1) **Budget 2020:** Budget 2020 is an important cornerstone in the Company's new management infrastructure. It was officially launched in 2020. It is a budget system and workflow that focuses on the revenue and operating costs of the Company's business units.
- (2) **Money 2021:** Money 2021, launched in 2021, is a fund management platform for overall management of investments and working capital, with a focus on digitalization.
- (3) **Accounting 2022:** Accounting 2022, which will be launched in 2022, incorporates information systems as tools to establish an accounting system and a report system that are compatible with the new management infrastructure, thus laying a solid foundation for the establishment of a digital information disclosure platform.
- (4) **Performance 2020:** Performance 2020, which was launched in 2020, supports the budget system and represents KPI systems, mechanisms and guidances for performance assessment of core enterprises of the Company.
- (5) **Reward 2022:** In 2022, the Company will establish a core talent identification standard system to identify special talents that are of great significance to the future strategic development of the Company. The Company will incentivize and retain core talents to ensure the sustainable driver for its development, through special incentive plans, employee stock ownership plans and post allowance plans. It is an incentive mechanism for the core engineers of the high-end manufacturing system and the core talents who manage the new infrastructure, with a focus on long-term incentives.

3) *Comprehensively embracing digital transformation*

The Company comprehensively embraces the digital transformation. In terms of business, digital systems help achieve full digitalization without loopholes, which facilitates the cloud-based treatment of the business platforms of the Company. The Company is building the eight core digital systems to ensure the stability of its basic business systems. In terms of team building, the Company pays attention to attracting digital talents. In terms of products, the Company continuously promotes the research and development of information technology for vehicle networking, which enables vehicle information to be collected, utilized and analyzed in a real-time manner.

The Company has initially established modular research and development and design systems for semi-trailers, bodies of light and durable concrete mixer trucks and bodies of environmental-friendly urban muck trucks, and refrigerated van bodies. In the future, the Company will continuously carry out comprehensive digital upgrading of the above product designs.

(1) Digital work platform

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

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

In terms of PLM, the demand of front-end customers can be quickly driven through the Mendix inquiry system, and selection and matching can be conducted through specific technical specifications of customers, pursuant to which, in minutes, the PLM system automatically drives the generation of a complete the BOM of an order, which is sent to the Mendix price calculation platform. Meanwhile, the EPS system is linked for providing an offer in minutes, rapidly processing inquiry of customers and printing out the technical specifications required by the customer, thus achieving the automated completion by multiple systems of the overall process covering inquiry, receipt of an inquiry, generation of the BOM of an order for a pre-quotation, management of business opportunities from a pre-quotation, collaboration between plants of branches, final quotation, and management of business opportunities from the final quotation.

In terms of CRM, customer relationship management covers management and data analysis of each node in the sales business process. With a focus on objects on each node in the business process, mechanisms including online cloud storage of data, export of document templates, automated export of reports, filing, submission to superiors for approval, and performance statistics, product selection and matching, are implemented, for standardized management and visualization of sales and marketing business.

In terms of ERP, in an easy-to-difficult order of businesses, the strategy of rapid iteration will promote the construction of an ERP platform, covering financial accounting, management accounting, sales and shipment, material management, production and execution, etc. Two stages, namely trial operation and promotion, are designed, at which from ERP1.0 to ERP4.0, 4 iterations are performed, with the goal of equipping all subsidiaries with SAP and ERP within three years. Pilot operations are carried out in the headquarters and 4 subsidiaries, in which 2 iterations are performed, covering business scenarios including semi-trailers, truck bodies for specialty vehicles and lightweight van bodies.

In the future, the Company will continuously build MES manufacturing execution management and IoT management platforms with a focus on 6 major business segments, namely DE design engineering of the value chain, NR, supply chain, finance and economics, ME manufacturing engineering and industrial interconnection, by actively optimizing life cycle management of PLM product, CRM, SRM purchase process management and ERP enterprise resource management.

(2) Digital simulation technology

The Company actively develops and utilizes innovative digital simulation technologies to carry out a combined force analysis of assemblies of semi-trailers in a virtual environment. The Company establishes three-dimensional digital models of products, and uses CAE technology to analyze the static and dynamic strength of product designs, which effectively improves the reliability and stability of products and reduces the risk of product design. Digital simulation experiments help significantly reduce the number of actual road tests, save the research and development time, reduce product design risks, and improve the production efficiency.

The use of big data and artificial intelligence for production analysis, automated decision-making, production scheduling optimization, etc., helps reduce production management costs.

Intelligent plant simulation software is used for modeling and simulation of a production line, in-plant logistics planning and production scheduling.

Off-line robot programming is used for simulation of operations at the production station, debugging of programs and codes, and virtual debugging of a programmable logic controller, etc.

Hardware-in-loop helps achieve actual debugging and calibration of the simulation of a single working island, by verification robot simulation program and virtual debugging and actual calibration of programmable logic controllers.

(3) I-Eagle digital life cycle platform

The Company actively explores the application of I-Eagle life-cycle management platform in intelligentization, and supports the global allocation of main product modules and production factors. Through the I-Eagle collaboration platform, their research and development, purchase, production and sales can be subdivided into units and allocated to all business areas around the world, so that the production of products can be “close to the market” and “close to the supply chain”, thus integrating the management model of the intercontinental operation, talents, purchase resources and manufacturing capacity of the overseas operation to the greatest extent. Digital online management of main product businesses including sales, design, production, purchase and operation is achieved.

The I-Eagle life-cycle management platform significantly improves the data accuracy and the capacity for information error and deviation correction, the cost management accuracy, the effective utilization of resources in each process, shortens the order delivery cycle and after-sales service time, and improves customer satisfaction, thus enabling the Company to carry out innovation for products and businesses and providing a benchmark.

In the future, the Company will further build the I-Eagle digital platform (Phase II) to establish the whole process which unblocks the operation chain of the digital process of overseas business, covering the whole process of inquiry, production and after-sales.

III. Operating plan for 2022

1) *Champion Tanker Business Group*

Champion Tanker Business Group will integrate the tank businesses of the existing core dry bulk tank trailers, liquid tank trailers and concrete mixer trucks enterprises of CIMC Vehicles and coordinate with concrete mixer trucks and tank trailers brands to form a synergy and make joint efforts.

Champion Tanker Business Group will advance the “Champion Tanker Strategic Development Plan”, optimize the internal capacity of the business, promote organizational development and establish manufacturing enterprises for market segments, so as to redress the imbalance between supply and demand. Under the strategy, Champion Tanker Business Group achieved an increase in the total sales volume against the market trend, and a rise in the gross profit margin and the net profit contribution.

2) *Light Tower Pioneer Business*

Light Tower Pioneer Business will build a closed-loop of operation of LTS and LoM by integrating the various resources of “Light Tower” Plants in China, so as to consolidate the strong foundation of semi-trailer business in internal circulation.

Light Tower Pioneer Business will be deeply engaged in the van trailer product business in the Chinese market. With the continuous implementation of the “carbon peaking and carbon neutrality” policy of the Chinese government, the upgrading and iteration of semi-trailer products in China accelerate. Light Tower Pioneer Business will actively seize the opportunities from high-quality development of semi-trailers in China, further enhance its share in the semi-trailers market and gross profit margin of semi-trailers in China and further improve the leading position of Light Tower Pioneer Business.

3) *TB Business Group*

In 2022, TB Business Group will improve its refrigerated van body business by launching K2 product series with high cost performance in the market, so as to rapidly expand its share in the market of urban refrigerated distribution trailers, especially in the two core areas, namely the Yangtze River Delta region and the Greater Bay Area. Under the strategy, the classic refrigerated van body business represented by KG+K2 and the new-generation cost-effective refrigerated van body business will significantly outperform the market in terms of the total sales volume.

Zhenjiang plant and Jiangmen plant of TB Business Group will launch K6 series and K9 series of truck bodies for urban distribution of dry cargoes in the market. TB Business Group will actively optimize the production line and capacity of Zhenjiang plant, complete the construction of Jiangmen plant and launch products in the market.

TB Business Group is in a window period when the market demand is poised to grow. The young senior management team and the front-line operation team convert advanced high-end manufacturing equipment into efficient productivity to defend against the low-price competition in the industry and seize the growth opportunity.

4) *Urban Dump Truck Business*

Urban Dump Truck Business will expand its strategy of joint development with tractor manufacturers, including intelligent interconnection design, joint research and development and marketing of the vehicle models of the year, and product life cycle management, and will actively explore and cooperate in new energy chassis and intelligent interconnection, so as to expand the leading edge of its products and business.

5) *North American Business*

North American Business will coordinate the operation of the Company's van trailer, refrigerated trailer and container chassis trailer and other brands in North America, and integrate the Company's production and manufacturing resources and businesses in the North American market by using its global logistics and distribution advantages.

Main plants of North American Business will complete the transformation and upgrading, which will effectively improve their manufacturing capacities, and defend against the impact of adverse factors in the market. Meanwhile, with the opportunities from the market demand created by the implementation of the infrastructure plan of the United States and the recovery of the global supply chain, North American Business will improve the order delivery capacity and continuously enhance the profitability in the North American market, so as to achieve outstanding growth in business.

6) *European Business*

European Business will coordinate the production, manufacturing and sales resources in Europe, stabilize the external circulation foundation of CIMC Vehicles, optimize the production line arrangement and the supply of key parts for European semi-trailer business, support the global supply chain system of the Company, and continuously generate the benefits from the intercontinental operation, so as to achieve an increase in the share in the European market, a steady sales volume and a rise in the gross profit in the post-pandemic era.

European Business will adjust the production line in Northern Ireland, redesign the main models, transfer the production through LTS, and upgrade the two LOMs in England, so as to improve the assembly efficiency. Meanwhile, European Business will further optimize its corporate governance structure to support the transformation and upgrading of SDC company, and further enhance the Company's profitability through the core workflow of the intercontinental operation.

4. *Risks to which the Company may be subject and measures*

1) *Macroeconomic fluctuation and industry cyclicality risks*

The Company is engaged in the specialty vehicle manufacturing industry. It is a manufacturing enterprise with the highest sales volume in the world, as well as a leading manufacturing enterprise for truck bodies for specialty vehicles and lightweight van bodies in China. The market demand for specialty vehicles is closely related to the development of national economy, infrastructure investment and construction, and environmental protection policies, etc. Affected by global macroeconomic fluctuations, the degree of industry prosperity and other factors, the industry in which the Company operates is cyclical to a certain extent. Any future adverse changes in macro environment, market demand and the environment of competition in the future, which will adversely affect the business growth, product sales or production cost of the Company, will lead to a decline in the results of operations of the Company and adversely affect its sustainable profitability.

In addition, the Company's results are significantly influenced by factors including changes in industry policies and the market demand, repeated updates and iteration of product technology, and the increase in labor costs. In the future, in case of any adverse change including failure of the Company to effectively predict the change of market demand or grasp industry policies accurately, or flare-ups of the pandemic, the Company will be subject to risks of a slowdown in the growth of the global business market or even fluctuation of results of operations.

Measure: The Company is committed to promoting the technological innovation and compliant development of products in the industry, further building and improving the business arrangements for semi-trailers, truck bodies for specialty vehicles and lightweight van bodies around the world, thus enriching the revenue structure of main businesses of the Company and maintaining the sustainable competitive advantage of the Company in the complex environment. Meanwhile, the Company has always monitored the regulatory trend in the places where it operates, adjusted its business strategies in a timely manner, thoroughly studied the industry standards in the places where it operates. The Company has continuously improved its products and ensured that the Company meets the conditions of its business licenses, so as to guarantee the sustainable and healthy development of its business.

2) *Shortage in the supply of raw materials and risk of significant increase in prices*

The Company's production process depends on the timely and stable supply of several raw materials and parts. Despite stable partnerships with major suppliers, sufficient supply of relevant raw materials, parts and components in the market, and relatively stable prices, any sudden and significant changes in production and operation of major suppliers, the quality of goods supplied or the period of supply of goods failing to meet the Company's requirements, any changes in the business relationship with the Company, or significant fluctuations of the supply prices and failure of the Company to adjust the selling price of products proportionally in a timely manner may have an adverse impact on the production and operation of the Company.

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

3) *Risks of overseas investment and intercontinental operation*

The Company actively explores overseas business. In July 2019, more than half of the proceeds from issuance of Hong Kong shares were proposed to be used for establishing new production plants or assembly plants in overseas markets. The Company has established stable business relations in mainstream markets including North America, Europe, Australia, Asia and South Africa, and gradually owned 3 production plants and 4 assembly plants in North America, 2 production plants and 1 assembly plant in Europe, and 5 assembly plants in other overseas regions. Products of the Company are sold to more than 40 countries and regions, including China, North America and Europe.

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

Measure: The Company actively promotes the strategic transformation of “Intercontinental Operation, Local Manufacturing” and will further increase its investment in overseas subsidiaries, improve the manufacturing capability of overseas plants and the global supply chain management capability, reduce the dependence of overseas sales on domestic manufacturing, and enhance the Company’s development resilience under the new normal of the global economy.

4) *Risk of exchange rate fluctuations*

The Company’s revenue from overseas sales accounts for 32.5% of its revenue. The Company’s revenue from sales to overseas customers mainly with foreign currency quotation and settlement accounts for a large percentage. The Company has hedged against the impact of exchange rate fluctuations through forward foreign exchange contracts and other measures. However, the Company will remain subject to the risk of exchange loss, in case of significant fluctuations in the exchange rate of the domestic currency against any foreign currency in the future as a result of any changes in the domestic and foreign economic environment, political situation, monetary policies and other factors.

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

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

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

Measure: The Company continuously implements the development strategy of "Comprehensive Establishment of the Sophisticated Manufacturing System" and actively promotes the digitalization and intelligentization of "Light Tower" Plants. In order to maintain its leading edge in the market, enhance its technical strength and core competitiveness, the Company continuously carries out innovation of new technologies and research and development of new products, continuously improves product performance and enriches product functions to meet the diversified needs of customers. The Company has always attached great importance to the role of technology research and development in driving its business development. In order to continuously improve its independent innovation capability and realize innovation-driven development, the Company has established relevant systems and policies that enable the Company to maintain its sustainable innovation capability, and has maintained a pool of high-end talents and trained high-end talents according to the needs of its strategic development.

6) *Risk from environmental protection policies*

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

Measure: In the future, the Company will continuously practice low-carbon and green manufacturing and build the Sophisticated Manufacturing System represented by "Light Tower" Plants, and will apply automated, intelligent and digital environmental protection and emission reduction facilities to all production processes, so as to bring a new driving force for the green development of the high-end manufacturing industry in China.

(IX) Disclosure Under the Listing Rules of the Hong Kong Stock Exchange

1. *Significant investments during the Reporting Period*

During the year ended December 31, 2021, the Group did not have significant investments amounting to 5% or more of the total assets of the Company.

2. *Details of material acquisitions and disposals related to subsidiaries, associates and joint ventures*

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

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

Save as disclosed in “5. Use of Proceeds” set out in Section IV “Management Discussion and Analysis” in this announcement, the “Investment Plan for 2022” set out in the “Announcement on Resolutions of the Third Meeting of the Second Board of Directors in 2022” issued by the Company on March 24, 2022, as of the date of this announcement, the Group had no other significant future capital asset investment or acquisition plans approved by the Board.

4. *Liquidity and Financial Resources*

As at December 31, 2021, the Group had cash and cash equivalents of RMB4,694.7 million (December 31, 2020: RMB4,269.4 million). As at December 31, 2021, the Group had borrowings of RMB1,326.6 million (December 31, 2020: RMB1,225.4 million).

	As at December 31, 2021 RMB in millions	As at December 31, 2020 <i>RMB in millions</i>
Long-term borrowings		
– Bank borrowings	277.9	300.0
– Bank borrowings, guaranteed	96.9	94.8
Subtotal	374.8	394.8
Current portion of long-term borrowings		
– Bank borrowings	21.8	–
– Bank borrowings, guaranteed	40.4	–
Subtotal	62.2	–
Short-term borrowings		
– Bank borrowings	663.4	566.0
– Bank borrowings, guaranteed	226.1	264.3
– Loans from third parties	–	0.3
– Discounted bills	–	–
Subtotal	889.6	830.6
Subtotal	1,326.6	1,225.4

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

	As at December 31, 2021 RMB in millions	As at December 31, 2020 RMB in millions
Within one year	951.8	830.6
One to two years	82.6	–
Two to five years	292.2	394.8
Total	<u>1,326.6</u>	<u>1,225.4</u>

In 2021, the Group's major cash inflow items are net cash inflow generated from operating activities of RMB174.4 million (2020: RMB2,746.9 million).

There is no seasonal variation in the Group's borrowing needs. As of December 31, 2021, the interest rate range for short-term borrowings was 0.8% to 4.7% (December 31, 2020: 2.0% to 5.7%), and the interest rate range for long-term borrowings was 3.3% to 4.7% (December 31, 2020: 3.3% to 5.2%). Borrowings at fixed interest rates were approximately RMB429.7 million (December 31, 2020: RMB260.7 million). It is expected that the Group's short-term borrowings will be repaid by its own funds or bank credit facilities. During the Reporting Period, the Group has maintained sufficient cash at bank and liquidity to repay all borrowings as they fell due, and there was no material default in terms of borrowings.

As of December 31, 2021, the Group had current assets of RMB14,233.9 million (December 31, 2020: RMB12,965.5 million), and current liabilities of RMB8,623.4 million (December 31, 2020: RMB8,559.0 million). As of December 31, 2021, the Group's current ratio was approximately 1.7 times (December 31, 2020: 1.5 times). The current ratio equals to total current assets divided by total current liabilities. The current ratio was improved as compared to 2020.

5. Capital Structure

During the Reporting Period, the Group had been adopting a prudent financial management policy and handling capital expenditures with caution. After the Reporting Period, the Group will continue to monitor its liquidity and financial resources, and manage them to maintain a good gearing ratio. As at December 31, 2021, the Group's gearing ratio (equal to total debt divided by total equity multiplied by 100%) was 11.0% (December 31, 2020: 12.0%). The decrease in gearing ratio was mainly due to the increase of the Group's total equity as at the end of the Reporting Period.

As of December 31, 2021, the Group's cash and cash equivalents were mainly denominated in Renminbi, Hong Kong dollar and US dollar, and borrowings were also mainly denominated in Renminbi, Great Britain Pound and US dollar. The Group was exposed to foreign exchange risk primarily through sales and purchases, capital expenditures and other expenses that are denominated in a currency other than the functional currency of the relevant subsidiaries. The Group's foreign exchange exposure mainly arises from the conversion of Renminbi against US dollar, Great Britain Pound, Hong Kong dollar and Euro. The Group manages our foreign exchange risk by performing regular reviews of net foreign exchange exposure and minimizes these exposures through entering into foreign exchange forward contracts. The effective period of the Group's hedging activities must not exceed 12 months or the term of the relevant borrowings. The management of the Group continues to monitor the market environment and its own foreign exchange risk profile, and considers appropriate hedging measures when necessary. As of December 31, 2021, the foreign exchange forward contracts held by the Group included outstanding US dollar to Renminbi forward contracts with a notional amount of US\$14.0 million.

6. Capital Commitments

As at December 31, 2021, the Group's capital commitments were approximately RMB99.2 million (December 31, 2020: approximately RMB210.6 million), representing a year-on-year decrease of 52.9%, mainly due to gradual completion of purchase contracts and investment contracts which have been entered into but have not been performed in whole or in part in the previous year.

The Group has funded and will continue to fund a substantial portion of its capital commitments from operating cash flow and the proceeds from the Public Offering, and may utilize borrowings to provide required funds if a financing gap still exists. In 2021, our outstanding capital commitments were mainly attributable to the upgrading and improvement of factories and equipment and outward Investment.

7. Pledge of the Group's Assets

As at December 31, 2021, except for the pledge for certain bank deposits as disclosed in "(1) Financial guarantees of 8. Contingent Liabilities" in this section, the Group had the carrying amount of RMB0.4 million of other fixed assets pledged for the guarantees for property preservation in civil procedure (December 31, 2020: RMB0.4 million).

8. Contingent Liabilities

(1) Financial guarantees

The Group entered into financial guarantee contracts relating to customer vehicle mortgage loans mainly with Huishang Bank, Postal Savings Bank of China, Industrial Bank, Sinotruk Auto Finance Co., Ltd. (重汽汽車金融有限公司) and CIMC Finance Company Ltd. (中集集團財務有限公司), etc. to provide guarantees in respect of banking facilities granted to dealers and customers of the Group, who had drawn down loans under banking facilities granted to settle outstanding payables arising from purchasing of vehicles from the Group. As of December 31, 2021, the outstanding balance of the above guarantees provided by the Group to dealers and customers totalled RMB2,849.4 million (December 31, 2020: RMB2,288.3 million), and the bank deposits pledged for these guarantees were RMB194.4 million (December 31, 2020: RMB169.6 million).

(2) *Outstanding performance bond and letter of credit*

As at December 31, 2021, the Group had outstanding performance bond and letter of credit of a total of RMB74.8 million (December 31, 2020: RMB9.5 million).

9. ***2021 Final Dividend and H Share Book Closure Date and Closure of Register of Members for H Shares***

The proposed profit distribution plan for 2021 of the Company as considered and approved by the Board Meeting is based on the Company's total share capital of 2,017,600,000 Shares as of the date of this announcement. A cash dividend of RMB2 (tax inclusive) per ten shares (i.e. cash dividend of RMB0.20 (tax inclusive) per share) will be distributed to all shareholders, no bonus shares will be issued and shares will not be converted from capital reserve into share capital (the "2021 Annual Final Dividend"). The proposed dividend is expected to be payable on or before July 29, 2022. The annual dividend-distribution plan for 2021 shall be submitted to the 2021 AGM for consideration and approval. The 2021 Annual Final Dividend will be denominated and declared in RMB, and distributed to A Share Shareholders and Southbound Shareholders in RMB, and distributed to H Share Shareholders in HK Dollar. The actual distribution amount in HK Dollar shall be determined based on the relevant central parity rate published by the People's Bank of China on the first business day after the date of the 2021 AGM.

For the purpose of determining the entitlement to attend and vote at the 2021 AGM held on Tuesday, May 31, 2022, the register of members will be closed from Wednesday, May 25, 2022 to Tuesday, May 31, 2022 (both days inclusive), during which no transfer of H Shares will be registered. In order to determine the identity of Shareholders who are entitled to attend and vote at the 2021 AGM, all Share transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders), not later than 4:30 p.m. on Tuesday, May 24, 2022.

10. ***Events after the Balance Sheet Date***

On March 24, 2022, the Board of the Company proposed to distribute dividends to all shareholders of the Company, with a cash dividend of RMB0.2 (tax inclusive) per share, and the total amount calculated based on the number of shares as of December 31, 2021 is approximately RMB403,520,000 (tax inclusive), no bonus shares will be issued and shares will not be converted from capital reserve into share capital. This proposal is yet to be reviewed and approved at the 2021 AGM, and dividends reviewed and approved after the balance sheet date are not recognized as liabilities in the financial statements.

The Group had no significant events after the Reporting Period which need to be disclosed.

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

Consolidated Balance Sheet as at December 31, 2021

(All amounts in RMB unless otherwise stated)

	<i>Note</i>	December 31 2021	December 31 2020
ASSETS			
Current assets:			
Cash at bank and on hand		5,041,982,475.37	4,537,414,308.21
Financial assets held for trading		–	136,784,931.09
Derivative financial assets		2,039,603.00	618,773.35
Notes receivables	3	109,678,708.95	55,865,203.83
Accounts receivables	4	2,781,330,860.48	2,805,150,945.28
Financial receivable	5	510,091,121.74	856,221,210.49
Advances to suppliers	6	221,827,969.94	250,112,394.45
Other receivables	7	272,965,193.59	288,223,888.17
Inventories		4,939,195,443.70	3,793,611,808.10
Assets held for sale		–	50,832,419.57
Current portion of non-current assets		41,518,285.14	2,834,937.66
Other current assets		313,226,364.46	187,860,269.78
Total current assets		<u>14,233,856,026.37</u>	<u>12,965,531,089.98</u>
Non-current assets:			
Long-term receivables		26,581,838.37	13,654,659.89
Long-term equity investments		151,084,643.75	183,521,412.93
Investment properties		393,130,062.84	385,672,568.62
Fixed assets		4,626,675,908.82	3,766,061,941.67
Construction in progress		516,572,732.14	750,668,380.90
Right-of-use assets		232,392,010.62	203,515,311.03
Intangible assets		892,972,786.18	913,720,881.57
Goodwill		408,521,522.38	422,275,941.00
Long-term prepaid expenses		25,765,480.68	24,646,866.21
Deferred tax assets		137,466,769.78	144,164,684.63
Other non-current assets		136,313,442.51	51,725,865.21
Total non-current assets		<u>7,547,477,198.07</u>	<u>6,859,628,513.66</u>
TOTAL ASSETS		<u><u>21,781,333,224.44</u></u>	<u><u>19,825,159,603.64</u></u>

LIABILITIES AND SHAREHOLDERS' EQUITY	<i>Note</i>	December 31, 2021	December 31, 2020
Current liabilities			
Short-term borrowings	8	889,554,358.43	830,612,524.77
Derivative financial liabilities		21,100.00	114,174.90
Notes payables	9	1,098,475,012.01	852,099,048.49
Accounts payables	10	3,558,427,089.39	3,491,902,932.38
Advances from customers		8,642,080.45	—
Contract liabilities	11	547,132,006.91	767,576,931.31
Employee benefits payable		533,567,985.84	676,825,249.03
Taxes payable		186,121,358.83	275,657,402.50
Other payables	12	1,411,093,894.20	1,338,622,681.72
Current portion of non-current liabilities		104,017,726.41	25,945,150.62
Other current liabilities		286,361,852.63	299,621,758.91
Total current liabilities		<u>8,623,414,465.10</u>	<u>8,558,977,854.63</u>
Non-current liabilities			
Long-term borrowings	13	374,823,099.70	394,844,055.67
Lease liabilities		185,163,298.60	160,063,520.88
Long-term payables		15,464,866.01	29,500,000.00
Deferred income		60,752,790.97	105,022,075.51
Deferred tax liabilities		134,675,106.28	127,762,939.30
Other non-current liabilities		465,637.40	290,379.66
Total non-current liabilities		<u>771,344,798.96</u>	<u>817,482,971.02</u>
Total liabilities		<u>9,394,759,264.06</u>	<u>9,376,460,825.65</u>
Shareholders' equity			
Share capital		2,017,600,000.00	1,765,000,000.00
Capital reserve		4,754,868,324.01	3,405,036,061.31
Other comprehensive income		(129,005,928.69)	(7,766,510.96)
Surplus reserve		261,108,219.97	211,424,630.23
Undistributed profits		4,834,324,784.85	4,588,539,034.46
Total equity attributable to shareholders of the Company		<u>11,738,895,400.14</u>	<u>9,962,233,215.04</u>
Non-controlling interests		647,678,560.24	486,465,562.95
Total shareholders' equity		<u>12,386,573,960.38</u>	<u>10,448,698,777.99</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>21,781,333,224.44</u>	<u>19,825,159,603.64</u>

Balance Sheet of the Company as at December 31, 2021

(All amounts in RMB unless otherwise stated)

ASSETS	December 31, 2021	December 31, 2020
Current assets		
Cash at bank and on hand	2,129,112,624.05	1,392,970,681.76
Notes receivables	–	150,000.00
Accounts receivables	241,858,248.97	248,163,167.66
Advances to suppliers	–	25,178.23
Other receivables	884,335,492.30	1,374,656,747.25
Other current assets	16,060,979.94	35,566,737.57
Total current assets	3,271,367,345.26	3,051,532,512.47
Non-current assets		
Long-term equity investments	5,137,876,328.24	3,914,350,133.23
Investment properties	2,259,993.11	–
Fixed assets	28,550,148.81	9,736,030.58
Construction in progress	8,730,589.30	6,051,078.90
Right-of-use assets	3,669,493.48	5,292,797.72
Intangible assets	16,655,064.68	9,350,948.75
Long-term prepaid expenses	3,348,749.65	550,250.25
Other non-current assets	1,915,376.00	4,294,646.00
Total non-current assets	5,203,005,743.27	3,949,625,885.43
TOTAL ASSETS	8,474,373,088.53	7,001,158,397.90

LIABILITIES AND SHAREHOLDERS' EQUITY	December 31, 2021	December 31, 2020
Current liabilities		
Accounts payables	2,006,121.46	525,643.80
Contract liabilities	293,538.20	2,141,004.46
Employee benefits payable	123,386,680.53	139,682,049.50
Taxes payable	3,279,762.61	6,769,155.00
Other payables	872,873,083.72	851,281,962.08
Current portion of non-current liabilities	2,267,411.02	2,399,525.76
Other current liabilities	416,284.69	2,331,084.34
	<hr/>	<hr/>
Total current liabilities	1,004,522,882.23	1,005,130,424.94
	<hr/>	<hr/>
Non-current liabilities		
Lease liabilities	1,778,298.78	3,288,716.17
	<hr/>	<hr/>
Total non-current liabilities	1,778,298.78	3,288,716.17
	<hr/>	<hr/>
Total liabilities	1,006,301,181.01	1,008,419,141.11
	<hr/> <hr/>	<hr/> <hr/>
Shareholders' equity		
Share capital	2,017,600,000.00	1,765,000,000.00
Capital reserve	4,620,483,419.93	3,289,306,666.62
Other comprehensive income	18,436,287.93	18,436,287.93
Surplus reserve	261,108,219.97	211,424,630.23
Undistributed profits	550,443,979.69	708,571,672.01
	<hr/>	<hr/>
TOTAL SHAREHOLDERS' EQUITY	7,468,071,907.52	5,992,739,256.79
	<hr/>	<hr/>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	8,474,373,088.53	7,001,158,397.90
	<hr/> <hr/>	<hr/> <hr/>

Consolidated Income Statement for 2021
(All amounts in RMB unless otherwise stated)

Item	Note	2021	2020
I. Revenue	16	27,647,762,501.46	26,498,964,653.25
Less: Cost of sales	16	(24,600,777,444.80)	(23,031,473,747.28)
Taxes and surcharges		(98,183,291.53)	(119,084,245.31)
Selling expenses		(729,251,979.27)	(665,768,717.66)
Administrative expenses		(873,183,272.45)	(869,833,396.78)
Research and development expenses		(397,817,429.52)	(371,412,140.90)
Financial expenses	17	(16,899,370.60)	(134,330,659.31)
Including: Interest expenses	17	45,887,270.24	64,316,339.99
Interest income	17	62,039,396.02	49,833,929.18
Add: Other income	20	137,063,977.39	242,481,292.16
Investment income	21	15,539,933.70	26,932,847.21
Including: Share of profit of associates and joint ventures		5,182,610.73	13,415,639.64
Fair value gains	22	(20,232,463.28)	13,016,971.34
Credit impairment losses	19	(24,983,892.84)	(59,352,094.69)
Asset impairment losses	18	(42,564,575.54)	(89,251,004.85)
Gains on disposals of assets	23	177,124,182.99	57,986,014.94
II. Operating profit		1,173,596,875.71	1,498,875,772.12
Add: Non-operating income	24	12,202,521.37	28,304,117.38
Less: Non-operating expenses	25	(9,633,086.92)	(9,479,521.61)
III. Profit before income tax		1,176,166,310.16	1,517,700,367.89
Less: Income tax expenses	26	(188,502,861.95)	(248,353,595.63)
IV. Profit for the year		987,663,448.21	1,269,346,772.26
Classified by business continuity			
Net profit from continuing operations		987,663,448.21	1,269,346,772.26
Net profit from discontinued operations		–	–
Classified by ownership			
Net profit attributable to shareholders of the Company		900,749,340.13	1,131,544,435.11
Net profit attributable to non-controlling interests		86,914,108.08	137,802,337.15

Item	<i>Note</i>	2021	2020
V. Other comprehensive income, net of tax		<u>(121,401,828.56)</u>	<u>(128,145,537.90)</u>
Attributable to shareholders of the Company		(121,239,417.73)	(127,028,098.49)
Items that may be reclassified subsequently to profit or loss		(121,239,417.73)	(127,028,098.49)
Loss of cash flow hedges		-	1,067.33
Currency translation differences		(121,239,417.73)	(127,029,165.82)
Attributable to non-controlling interests		(162,410.83)	(1,117,439.41)
VI. Total comprehensive income		<u>866,261,619.65</u>	<u>1,141,201,234.36</u>
Attributable to shareholders of the Company		779,509,922.40	1,004,516,336.62
Attributable to non-controlling interests		86,751,697.25	136,684,897.74
VII. Earnings per share			
Basic earnings per share (RMB)		0.48	0.64
Diluted earnings per share (RMB)		0.48	0.64

Income Statement of the Company for 2021
(All amounts in RMB unless otherwise stated)

	2021	2020
I. Revenue	54,382,096.12	83,254,471.37
Less: Cost of sales	(525,786.18)	–
Taxes and surcharges	(296,722.00)	(150,737.52)
Selling expenses	(11,679,860.71)	(11,457,388.64)
Administrative expenses	(143,956,510.92)	(136,534,611.69)
Research and development expenses	(15,889,743.17)	(3,382,571.36)
Financial expenses	18,574,952.31	(66,502,892.23)
Including: Interest expenses	18,064,982.29	14,392,971.84
Interest income	38,474,717.32	20,933,940.89
Add: Other income	631,837.38	5,951,863.75
Investment income	597,939,288.48	685,414,330.59
Including: investment income in associates and joint ventures	5,291,341.65	13,471,688.46
Credit impairment losses	(2,419,459.09)	205,871.42
Gains on disposal of assets	94,228.53	54,901.34
II. Operating profit	496,854,320.75	556,853,237.03
Add: Non-operating income	5,001.74	250,878.01
Less: Non-operating expenses	(23,425.07)	(2,217,568.32)
III. Profit before income tax	496,835,897.42	554,886,546.72
Less: Income tax expenses	–	(38,690,150.85)
IV. Profit for the year	496,835,897.42	516,196,395.87
Classified by business continuity		
Net profit from continuing operations	496,835,897.42	516,196,395.87
Net profit from discontinued operations	–	–
V. Other comprehensive income, net of tax	–	–
VI. Total comprehensive income	496,835,897.42	516,196,395.87

Consolidated Cash Flow Statement for 2021

(All amounts in RMB unless otherwise stated)

Item	2021	2020
I. Cash flows from operating activities		
Cash received from sales of goods and rendering of services	30,433,142,348.96	29,058,472,976.41
Refund of taxes and surcharges	171,010,720.25	102,744,661.54
Cash received relating to other operating activities	266,174,947.98	367,095,615.94
Sub-total of cash inflows	30,870,328,017.19	29,528,313,253.89
Cash paid for goods and services	(26,316,117,287.32)	(22,789,036,429.62)
Cash paid to and on behalf of employees	(2,534,014,868.77)	(2,275,154,610.64)
Payments of taxes and surcharges	(908,529,457.51)	(790,451,534.36)
Cash paid relating to other operating activities	(937,238,140.98)	(926,732,704.00)
Sub-total of cash outflows	(30,695,899,754.58)	(26,781,375,278.62)
Net cash generated from operating activities	174,428,262.61	2,746,937,975.27
II. Cash flows from investing activities		
Cash received from disposal of investments	354,254,944.35	80,000,000.00
Cash received from returns on investments	10,163,531.14	5,296,603.57
Proceeds from disposal of fixed assets, intangible assets and other long-term assets	217,186,723.40	240,008,397.95
Proceeds from disposal of associates and joint ventures	14,600,000.00	109,587,467.83
Sub-total of cash inflows	596,205,198.89	434,892,469.35
Payment for fixed assets, intangible assets and other long-term assets	(1,064,625,169.53)	(1,186,531,394.52)
Cash paid for investments	(266,000,000.00)	(6,800,000.00)
Payments for acquisition of a subsidiary	(660,813.72)	(1,388,626.68)
Sub-total of cash outflows	(1,331,285,983.25)	(1,194,720,021.20)
Net cash used in investing activities	(735,080,784.36)	(759,827,551.85)

Item	2021	2020
III. Cash flows from financing activities		
Cash received from capital injections	1,721,102,075.77	–
Including: Cash injection from non-controlling interests	95,500,000.00	–
Proceeds from borrowings	1,302,651,700.20	2,272,592,644.52
Cash received from other financing activities	–	29,500,000.00
Sub-total of cash inflows	3,023,753,775.97	2,302,092,644.52
Repayments of borrowings	(1,201,521,007.15)	(2,701,812,182.12)
Cash payments for dividends distribution and interest expenses of borrowings	(704,218,002.94)	(943,536,973.36)
Including: dividends paid to non-controlling interests of subsidiaries	(54,134,438.83)	(88,548,452.78)
Cash payments relating to other financing activities	(102,399,435.06)	(55,944,106.09)
Sub-total of cash outflows	(2,008,138,445.15)	(3,701,293,261.57)
Net cash generated from/(used in) financing activities	1,015,615,330.82	(1,399,200,617.05)
IV. Exchange loss on cash and cash equivalents	(29,635,297.79)	(109,694,742.60)
V. Net increase in cash and cash equivalents	425,327,511.28	478,215,063.77
Add: Cash and cash equivalents at the beginning of the year	4,269,375,822.30	3,791,160,758.53
VI. Cash and cash equivalents at the end of the year	4,694,703,333.58	4,269,375,822.30

Cash Flow Statement of the Company for 2021

(All amounts in RMB unless otherwise stated)

Item	2021	2020
I. Cash flows from operating activities		
Cash received from sales of goods and rendering of services	59,152,110.81	115,543,890.51
Refund of taxes and surcharges	7,998,054.15	11,690,013.98
Cash received relating to other operating activities	47,162,002.78	27,626,111.25
Sub-total of cash inflows	114,312,167.74	154,860,015.74
Cash paid for goods and services	–	(20,160,578.30)
Cash paid to and on behalf of employees	(107,373,213.98)	(76,607,829.32)
Payments of taxes and surcharges	(5,929,591.20)	(9,624,403.68)
Cash paid relating to other operating activities	(74,010,100.31)	(83,077,946.83)
Sub-total of cash outflows	(187,312,905.49)	(189,470,758.13)
Net cash used in operating activities	(73,000,737.75)	(34,610,742.39)
II. Cash flows from investing activities		
Cash received from disposal of investments	615,412,662.02	683,135,400.63
Proceeds from disposal of fixed assets, intangible assets and other long-term assets	325,553.67	229,967.05
Proceeds from disposal of associates and joint ventures	14,600,000.00	50,987,080.38
Cash received from other investing activities	208,796,796.09	328,090,710.36
Sub-total of cash inflows	839,135,011.78	1,062,443,158.42
Payment for fixed assets, intangible assets and other long-term assets	(35,882,097.87)	(19,574,198.30)
Cash paid for investments	(884,178,728.70)	(526,818,384.32)
Payments for acquisition of a subsidiary	–	(3,080,000.00)
Cash paid for other investing activities	(88,020,000.00)	(267,560,000.00)
Sub-total of cash outflows	(1,008,080,826.57)	(817,032,582.62)
Net cash (used in)/generated from investing activities	(168,945,814.79)	245,410,575.80

Item	2021	2020
III. Cash flows from financing activities		
Cash received from capital injections	1,625,602,075.77	–
Proceeds from borrowings	–	354,467,000.00
Cash received from other financing activities	<u>72,890,574.04</u>	<u>686,000,000.00</u>
Sub-total of cash inflows	<u>1,698,492,649.81</u>	<u>1,040,467,000.00</u>
Repayments of borrowings	–	(637,934,000.00)
Cash payments for dividends distribution and interest expenses of borrowings	<u>(605,280,000.00)</u>	<u>(803,806,138.79)</u>
Cash payments relating to other financing activities	<u>(114,497,707.59)</u>	<u>(99,157,682.46)</u>
Sub-total of cash outflows	<u>(719,777,707.59)</u>	<u>(1,540,897,821.25)</u>
Net cash generated from/(used in) financing activities	<u>978,714,942.22</u>	<u>(500,430,821.25)</u>
IV. Exchange loss on cash and cash equivalents	<u>(626,447.39)</u>	<u>(39,806,328.69)</u>
V. Net increase/(decrease) in cash and cash equivalents	736,141,942.29	(329,437,316.53)
Add: Cash and cash equivalents at the beginning of the year	<u>1,392,970,681.76</u>	<u>1,722,407,998.29</u>
VI. Cash and cash equivalents at the end of the year	<u><u>2,129,112,624.05</u></u>	<u><u>1,392,970,681.76</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR 2020

(All amounts in RMB unless otherwise stated)

Item	Attributable to shareholders of the parent						Total shareholders' equity	
	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Sub-total		Non controlling interests
Balance at January 1, 2020	1,765,000,000.00	3,403,584,049.42	119,261,587.53	159,804,990.64	4,302,864,238.94	9,750,514,866.53	470,159,415.31	10,220,674,281.84
Movements for the year								
Total comprehensive income	-	-	-	-	1,131,544,435.11	1,131,544,435.11	137,802,337.15	1,269,346,772.26
Profit for the year	-	-	(127,028,098.49)	-	-	(127,028,098.49)	(1,117,439.41)	(128,145,537.90)
Other comprehensive income	-	-	(127,028,098.49)	-	1,131,544,435.11	1,004,516,336.62	136,684,897.74	1,141,201,234.36
Sub-total	-	-	-	-	(51,619,639.59)	-	-	-
Appropriation to surplus reserves	-	-	-	51,619,639.59	(794,250,000.00)	(794,250,000.00)	(123,456,934.93)	(917,706,934.93)
Profit distribution to shareholders and non controlling interests	-	(568,381.80)	-	-	-	(568,381.80)	(153,432.72)	(721,814.52)
Transactions with non controlling interests	-	2,020,393.69	-	-	-	2,020,393.69	3,231,617.55	5,252,011.24
Others	-	-	-	-	-	-	-	-
Balance at December 31, 2020	1,765,000,000.00	3,405,036,061.31	(7,766,510.96)	211,424,630.23	4,588,539,034.46	9,962,233,215.04	486,465,562.95	10,448,698,777.99

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR 2021

(All amounts in RMB unless otherwise stated)

Item	Attributable to shareholders of the parent						Total shareholders' equity	
	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Sub-total		Non controlling interests
Balance at January 1, 2021	1,765,000,000.00	3,405,036,061.31	(7,766,510.96)	211,424,630.23	4,588,539,034.46	9,962,233,215.04	486,465,562.95	10,448,698,777.99
Movements for the year								
Total comprehensive income	-	-	-	-	900,749,340.13	900,749,340.13	86,914,108.08	987,663,448.21
Profit for the year	-	-	(121,239,417.73)	-	-	(121,239,417.73)	(162,410.83)	(121,401,828.56)
Other comprehensive income	-	-	-	-	900,749,340.13	900,749,340.13	86,751,697.25	866,261,619.65
Sub-total	-	-	(121,239,417.73)	-	900,749,340.13	779,509,922.40	86,751,697.25	866,261,619.65
Capital injections from A share IPO	252,600,000.00	1,331,176,753.31	-	-	-	1,583,776,753.31	-	1,583,776,753.31
Appropriation to surplus reserves	-	-	-	49,683,589.74	(49,683,589.74)	-	-	-
Profit distribution to shareholders and non controlling interests	-	-	-	-	(605,280,000.00)	(605,280,000.00)	(57,799,355.61)	(663,079,355.61)
Capital injections from non controlling interests	-	21,019,591.39	-	-	-	21,019,591.39	144,871,474.08	165,891,065.47
Transactions with non controlling interests	-	(2,364,082.00)	-	-	-	(2,364,082.00)	(16,446,562.31)	(18,810,644.31)
Others	-	-	-	-	-	-	3,835,743.88	3,835,743.88
Balance at December 31, 2021	2,017,600,000.00	4,754,866,324.01	(129,005,928.69)	261,108,219.97	4,834,324,784.85	11,738,895,400.14	647,678,560.24	12,386,573,960.38

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR 2020

(All amounts in RMB unless otherwise stated)

Item	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
Balance at January 1, 2020	<u>1,765,000,000.00</u>	<u>3,287,286,272.93</u>	<u>18,436,287.93</u>	<u>159,804,990.64</u>	<u>1,038,244,915.73</u>	<u>6,268,772,467.23</u>
Movements for the year						
Total comprehensive income						
Profit for the year	-	-	-	-	516,196,395.87	516,196,395.87
Other comprehensive income	-	-	-	-	-	-
Sub-total	-	-	-	-	516,196,395.87	516,196,395.87
Appropriation to surplus reserves	-	-	-	51,619,639.59	(51,619,639.59)	-
Profit distribution to shareholders	-	-	-	-	(794,250,000.00)	(794,250,000.00)
Others	-	2,020,393.69	-	-	-	2,020,393.69
Balance at December 31, 2020	<u>1,765,000,000.00</u>	<u>3,289,306,666.62</u>	<u>18,436,287.93</u>	<u>211,424,630.23</u>	<u>708,571,672.01</u>	<u>5,992,739,256.79</u>

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR 2021

(All amounts in RMB unless otherwise stated)

Item	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
Balance at January 1, 2021	<u>1,765,000,000.00</u>	<u>3,289,306,666.62</u>	<u>18,436,287.93</u>	<u>211,424,630.23</u>	<u>708,571,672.01</u>	<u>5,992,739,256.79</u>
Movements for the year						
Total comprehensive income						
Profit for the year	-	-	-	-	496,835,897.42	496,835,897.42
Other comprehensive income	-	-	-	-	-	-
Sub-total	-	-	-	-	496,835,897.42	496,835,897.42
Capital injections from A share IPO	252,600,000.00	1,331,176,753.31	-	-	-	1,583,776,753.31
Appropriation to surplus reserves	-	-	-	49,683,589.74	(49,683,589.74)	-
Profit distribution to shareholders	-	-	-	-	(605,280,000.00)	(605,280,000.00)
Balance at December 31, 2021	<u>2,017,600,000.00</u>	<u>4,620,483,419.93</u>	<u>18,436,287.93</u>	<u>261,108,219.97</u>	<u>550,443,979.69</u>	<u>7,468,071,907.52</u>

1. GENERAL INFORMATION

CIMC Vehicles (Group) Co., Ltd. (the “**Company**”) is a sino-foreign joint venture approved for incorporation by Wai Jing Mao Shen He Zi Zheng Zi (1996) No. 0861 issued by the People’s Government of Shenzhen on August 29, 1996. The Company was listed and traded on the Main Board of the Stock Exchange of Hong Kong Limited on July 11, 2019. The Company was listed and traded on the ChiNext Market of the Shenzhen Stock Exchange on July 8, 2021. As of December 31, 2021, the total share capital of the company was RMB2,017,600,000.00, each with par value of one yuan.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

2.1 Basis of preparation

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

The financial statements are prepared on a going concern basis.

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

2.2 Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for the year ended December 31, 2021 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Consolidated and the Company as at December 31, 2021 and of their financial performance, cash flows and other information for the year then ended.

2.3 Accounting year

The Company’s accounting year starts from 1 January to 31 December.

2.4 Functional currency

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

2.5 Preparation of consolidated financial statements

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

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

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

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

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

3. NOTES RECEIVABLES

	December 31 2021	December 31 2020
Trade acceptance notes	39,291,608.35	58,370,591.10
Bank acceptance notes	71,353,941.25	150,000.00
Less: Provision for bad debts	(966,840.65)	(2,655,387.27)
	<u>109,678,708.95</u>	<u>55,865,203.83</u>

For the purpose of issuing bank acceptance notes, the Group pledges part of the notes receivable. As of December 31, 2021, the amount of pledged bank acceptance notes listed on notes receivable is RMB4,170,000.00, and there are no pledged trade acceptance notes.

As of December 31, 2021, the amount of the Group's endorsed or discounted but not yet due banker's acceptance notes as shown in the notes receivable was RMB30,589,998.40.

Provision for bad debts

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

The provision for bad debts of note receivables are as follows

For bank acceptance notes:

As of December 31, 2021, The group shall measure the allowance for bad debts in accordance with the expected credit losses during the entire period of existence. The provision for bad debts is RMB214,061.82(December 31, 2020: nil). The Group believes that there is no significant credit risk in the bank acceptance notes held by the Group and no significant loss will occur due to bank default.

For trade acceptance notes:

As of December 31, 2021, The group shall measure the allowance for bad debts in accordance with the expected credit losses during the entire period of existence. The provision for bad debts is RMB752,778.83 (December 31, 2020: RMB2,655,387.27).

The provisions accrued in 2021 is RMB966,840.65(2020: RMB4,286,203.62), The provisions collected or reversed in 2021 is RMB2,655,387.27(2020: RMB1,775,955.86).

No notes receivables were written off in 2021 and 2020.

4. ACCOUNTS RECEIVABLES

	December 31 2021	December 31 2020
Accounts receivables	2,928,963,909.69	2,957,650,090.02
Less: Provision for bad debts	<u>(147,633,049.21)</u>	<u>(152,499,144.74)</u>
	<u>2,781,330,860.48</u>	<u>2,805,150,945.28</u>

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

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

	December 31 2021	December 31 2020
Within 1 year	2,763,792,253.13	2,815,258,580.80
1 to 2 years	104,228,253.45	74,755,369.54
2 to 3 years	19,694,665.51	10,289,880.58
Over 3 years	<u>41,248,737.60</u>	<u>57,346,259.10</u>
	<u>2,928,963,909.69</u>	<u>2,957,650,090.02</u>

In 2021 and 2020, the Group has no accounts receivables derecognized due to transfer of financial asset.

Provision for bad debts

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

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

	December 31, 2021		
	Book balance	Provision for bad debts	
	Amount	Lifetime Expected credit losses rate	Amount
Not overdue	1,937,307,816.25	2.16%	41,847,645.08
Overdue within 1 year	867,047,212.85	3.84%	33,274,675.77
Overdue for 1 to 2 years	63,292,788.53	24.42%	15,458,749.56
Overdue 2 to 3 years	21,489,818.10	81.68%	17,553,006.23
Overdue for more than 3 years	39,826,273.96	99.18%	39,498,972.57
	<u>2,928,963,909.69</u>		<u>147,633,049.21</u>
		December 31, 2020	
	Book balance	Provision for bad debts	
	Amount	Lifetime Expected credit losses rate	Amount
Not overdue	2,138,980,318.66	2.72%	58,236,017.61
Overdue within 1 year	714,825,147.01	4.76%	33,997,726.02
Overdue for 1 to 2 years	43,796,916.36	17.27%	7,561,660.28
Overdue 2 to 3 years	9,690,123.02	64.67%	6,266,215.16
Overdue for more than 3 years	50,357,584.97	92.22%	46,437,525.67
	<u>2,957,650,090.02</u>		<u>152,499,144.74</u>

The provision for bad debts this year amounted to RMB35,036,379.62 (2020: RMB60,064,115.26). A provision for bad debts amounted to RMB16,885,294.67 has been collected or reversed (2020: RMB12,958,323.60). The Group has no significant collection or reversal of accounts receivable.

The accounts receivables amounted to RMB23,264,595.35 was written off in current year (2020: RMB15,607,391.91), the provision for bad debts amounted to RMB23,264,595.35 (2020: RMB15,607,391.91). The Group has no significant written-off of accounts receivable.

As at December 31, 2021 and December 31, 2020, the Group had no accounts receivables pledged to the bank as a guarantee for short-term borrowings.

5 FINANCIAL RECEIVABLE

	December 31, 2021	December 31, 2020
Bank acceptance notes	511,678,375.48	858,797,603.30
Less: provision for bad debts	<u>(1,587,253.74)</u>	<u>(2,576,392.81)</u>
	<u>510,091,121.74</u>	<u>856,221,210.49</u>

The Group had no bank acceptance notes with single provision for impairment. As at December 31, 2021, the Group have measured provision as lifetime expected credit loss amounted to RMB1,587,253.74 (December 31, 2020: RMB2,576,392.81). The Group believes there was no significant credit risk of the bank acceptance notes and will not cause significant losses due to bank default.

The Group pledged some bank acceptance notes for the purpose of issuing bank acceptance notes. As at December 31, 2021, the amount of pledged bank acceptance notes receivable disclosed in financial receivable was RMB58,622,779.91 (December 31, 2020: RMB48,682,944.46),

As at December 31, 2021, the Group's endorsed or discounted but not yet due notes receivable listed in financial receivable are as follows:

	Derecognized	Not Derecognized
Bank acceptance notes	<u>2,624,546,160.57</u>	<u>—</u>

6 ADVANCES TO SUPPLIERS

Ageing analysis of advances to suppliers was as follows:

	December 31, 2021		December 31, 2020	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	218,056,947.61	95.76%	242,982,202.76	94.99%
1 to 2 years	3,064,761.83	1.35%	2,457,123.38	0.96%
2 to 3 years	293,984.42	0.13%	2,528,354.75	0.99%
Over 3 years	<u>6,288,399.47</u>	<u>2.76%</u>	<u>7,817,081.80</u>	<u>3.06%</u>
	<u>227,704,093.33</u>	<u>100.00%</u>	<u>255,784,762.69</u>	<u>100.00%</u>
Less: provision for bad debts	<u>(5,876,123.39)</u>		<u>(5,672,368.24)</u>	
	<u>221,827,969.94</u>		<u>250,112,394.45</u>	

As at December 31, 2021, the prepayments aged over one year amounted to RMB9,647,145.72 (December 31, 2020: RMB12,802,559.93), which were mainly prepayments for raw materials. Since the raw materials have not been delivered, the payment has not been settled.

7 OTHER RECEIVABLES

	December 31, 2021	December 31, 2020
Amounts due from related parties	26,392,773.52	28,507,823.46
Other receivables from staffs	8,161,479.68	8,468,686.01
Tax refund receivables	3,507,757.06	32,531,593.81
Rental and other deposits	110,267,785.76	122,655,352.07
Disbursement of vehicle mortgage loans	24,416,510.27	27,673,177.09
Receivable form equity/transfer of assets	24,814,225.55	–
Reimbursed expenses	49,643,318.90	60,354,532.55
Vendor rebates	31,586,136.43	13,708,819.45
Others	14,771,382.82	17,905,563.18
	<u>293,561,369.99</u>	<u>311,805,547.62</u>
Less: provision for bad debts	<u>(20,596,176.40)</u>	<u>(23,581,659.45)</u>
	<u>272,965,193.59</u>	<u>288,223,888.17</u>

Ageing analysis of advances to suppliers was as follows:

	December 31, 2021	December 31, 2020
Within 1 year	259,737,404.68	277,037,179.62
1 to 2 years	2,146,186.35	6,416,197.04
2 to 3 years	6,413,163.04	7,325,623.22
Over 3 years	25,264,615.92	21,026,547.74
	<u>293,561,369.99</u>	<u>311,805,547.62</u>

As of December 31, 2021, The Group has no individual provision for bad debts.

The provision for bad debts this year amounted to RMB10,126,672.87 (2020: RMB3,866,768.84). A provision for bad debts amounted to RMB10,688,481.97 has been collected or reversed (2020: RMB7,905,753.32).

The other receivables amounted to RMB2,423,673.95 was written off in current year (2020: RMB12,936,643.26), the provision for bad debts amounted to RMB2,423,673.95 (2020: RMB12,936,643.26).

8 SHORT-TERM BORROWINGS

	December 31, 2021	December 31, 2020
Guaranteed ⁽ⁱ⁾		
RMB	108,045,208.20	133,411,212.75
USD	60,569,150.00	130,914,111.14
THB	57,523,101.36	–
	<u>226,137,459.56</u>	<u>264,325,323.89</u>
Unsecured		
RMB	120,180,605.60	113,913,166.67
USD	205,667,288.27	13,049,800.27
EUR	19,132,205.00	73,428,750.00
GBP	318,436,800.00	365,569,136.00
AUD	–	326,347.94
	<u>663,416,898.87</u>	<u>566,287,200.88</u>
	<u>889,554,358.43</u>	<u>830,612,524.77</u>

- (i) The Group's short-term guaranteed borrowings include the guaranteed borrowings of China Jiangsu Vanguard Trailer Rental Co., Ltd. (江蘇掛車幫租賃有限公司), Liangshan CIMC Dongyue Vehicles Co., Ltd., Zhumadian CIMC Huajun Casting Co., Ltd (all of which are subsidiaries of the Group) amounted to RMB108,045,208.20, and guaranteed borrowings of CIMC Vehicle (Thailand) Co., Ltd amounted to THB 300,853,040.59 (equivalent to RMB57,523,101.36) and USD1,500,000.00 (equivalent to RMB9,563,550.00), all of which are guaranteed by the Company. The guaranteed borrowings of Vanguard National Trailer Corporation (a subsidiary of the Group) of USD8,000,000.00 (equivalent to RMB51,005,600.00), which is guaranteed by CIMC Vehicle Investment Holdings Co., Ltd., a subsidiary of the Group.

As of December 31, 2021, the interest rate of short term borrowing ranged from 0.80% to 4.65% (December 31, 2020: 2.00% to 5.65%).

9 NOTES PAYABLES

	December 31, 2021	December 31, 2020
Trade acceptance notes	95,680,000.00	30,262,442.00
Bank acceptance notes	1,002,795,012.01	821,836,606.49
	<u>1,098,475,012.01</u>	<u>852,099,048.49</u>

10 ACCOUNTS PAYABLES

	December 31, 2021	December 31, 2020
Related parties	181,212,628.67	111,579,768.26
Third parties	<u>3,377,214,460.72</u>	<u>3,380,323,164.12</u>
	<u><u>3,558,427,089.39</u></u>	<u><u>3,491,902,932.38</u></u>

As at December 31, 2021, accounts payables aged over one year amounted to RMB23,993,213.37 (December 31, 2020: RMB28,873,166.76), mainly for materials payable, which have not yet been settled.

The ageing of accounts payables according to the date of its entry is as follows:

	December 31, 2021	December 31, 2020
Within 30 days	1,895,707,492.45	1,907,311,941.06
31 to 60 days	439,390,266.47	1,078,988,994.09
61 to 90 days	647,939,676.52	228,594,998.75
Over 90 days	<u>575,389,653.95</u>	<u>277,006,998.48</u>
	<u><u>3,558,427,089.39</u></u>	<u><u>3,491,902,932.38</u></u>

11 CONTRACT LIABILITIES

	December 31, 2021	December 31, 2020
Advances for goods	<u>547,132,006.91</u>	<u>767,576,931.31</u>

Revenue recognized that was included in all the contract liabilities balance at the beginning of the year in 2021 and 2020.

12 OTHER PAYABLES

	December 31, 2021	December 31, 2020
Amounts due to related parties	116,784,864.38	147,599,124.01
Dividends due to non controlling interests	182,333.46	34,908,482.15
Accrued expenses	494,762,966.22	472,794,860.59
Advance receipt of demolition compensation	–	74,827,088.38
Deposits for quality guarantees and temporary receipts	488,712,798.14	462,522,585.83
Freights expenses payable	13,104,200.99	10,708,019.39
Payables for equipment	169,504,298.03	29,675,285.03
Payables and advance for land use rights	23,934,472.69	23,934,472.69
Advance for equity transactions	4,818,900.00	4,818,900.00
Payable of acquisitions	10,932,782.29	–
Others	88,356,278.00	76,833,863.65
	<u>1,411,093,894.20</u>	<u>1,338,622,681.72</u>

13 LONG-TERM BORROWINGS

	December 31, 2021	December 31, 2020
Guaranteed(i)	137,332,915.06	94,844,055.67
Unsecured	299,700,000.00	300,000,000.00
	<u>437,032,915.06</u>	<u>394,844,055.67</u>
Less: current portion of long-term borrowings		
Guaranteed	(40,409,815.36)	–
Unsecured	(21,800,000.00)	–
	<u>(62,209,815.36)</u>	<u>–</u>
	<u>374,823,099.70</u>	<u>394,844,055.67</u>

- (i) As at December 31, 2021, The bank guaranteed loan of RMB137,332,915.06(December 31, 2020: RMB94,844,055.67) of Jiangsu Trailer Rental Co., LTD., a subsidiary of the Group, is guaranteed by the Company.

As at December 31, 2021, the interest rate of long-term borrowings ranged from 3.25% to 4.65% (December 31, 2020: 3.25% to 5.23%).

14 MONETARY ITEMS DENOMINATED IN FOREIGN CURRENCY

	Functional currency	December 31, 2021 Exchange Rate	In RMB
Monetary fund			
USD	63,031,673.46	6.3757	401,871,040.47
EUR	15,600,614.91	7.2197	112,631,759.47
HKD	10,209,979.46	0.8176	8,347,679.21
AUD	3,524,354.53	4.6220	16,289,566.64
JPY	50,067,052.00	0.0554	2,773,714.68
GBP	22,663,748.20	8.6064	195,053,282.55
THB	61,435,134.62	0.1912	11,746,397.74
Others			12,548,941.52
			<u>761,262,382.28</u>
Accounts receivables			
USD	145,402,847.45	6.3757	927,044,934.49
EUR	5,468,993.76	7.2197	39,484,494.25
HKD	2,199,785.00	0.8176	1,798,544.22
AUD	1,696,675.17	4.6220	7,842,032.64
GBP	25,917,642.42	8.6064	223,057,597.72
THB	5,420,809.90	0.1912	1,036,458.85
Others			56,026,249.45
			<u>1,256,290,311.62</u>
Other receivables			
USD	6,928,724.23	6.3757	44,175,467.08
EUR	664,577.97	7.2197	4,798,053.57
HKD	30,604.01	0.8176	25,021.84
AUD	538,915.48	4.6220	2,490,867.35
THB	73,902,230.20	0.1912	14,130,106.41
Others			2,824,658.57
			<u>68,444,174.82</u>

	Functional currency	December 31, 2021 Exchange Rate	In RMB
Short-term borrowings			
USD	41,757,993.36	6.3757	266,236,438.27
EUR	2,650,000.00	7.2197	19,132,205.00
GBP	37,000,000.00	8.6064	318,436,800.00
THB	300,853,040.59	0.1912	57,523,101.36
			<u>661,328,544.63</u>
Accounts payables			
USD	102,732,537.40	6.3757	654,991,838.71
EUR	7,720,828.31	7.2197	55,742,064.17
HKD	90,698.46	0.8176	74,155.06
AUD	8,239,211.77	4.6220	38,081,636.78
GBP	48,370,803.16	8.6064	416,298,480.27
THB	1,627,270,077.02	0.1912	311,134,038.73
Others			99,520,941.29
			<u>1,575,843,155.01</u>
Other payables			
USD	30,281,362.65	6.3757	193,064,883.88
EUR	3,582,138.30	7.2197	25,861,963.85
HKD	21,155,287.26	0.8176	17,296,562.86
AUD	996,239.18	4.6220	4,604,617.48
GBP	2,711,677.88	8.6064	23,337,784.51
THB	196,791,853.29	0.1912	37,626,602.35
Others			6,626,703.17
			<u>308,419,118.10</u>

The above-mentioned foreign currency monetary items refer to all currencies except RMB.

15 UNDISTRIBUTED PROFITS

	2021	2020
Undistributed profits at the beginning of the year	4,588,539,034.46	4,302,864,238.94
Add: Net profit attributable to the shareholder of the Company	900,749,340.13	1,131,544,435.11
Less: Appropriation for surplus reserve	(49,683,589.74)	(51,619,639.59)
Dividends paid	(605,280,000.00)	(794,250,000.00)
	<u>4,834,324,784.85</u>	<u>4,588,539,034.46</u>
Undistributed profits at the end of the year		

Approved by the shareholders' general meeting on 29 September 2021, the Company distributed cash dividends to the shareholder of the Company, at RMB0.3 per share. Calculated according to 2,017,600,000.00 shares issued, totaling at RMB605,280,000.00.

On March 24, 2022, the Board of the Company proposed to distribute dividends to all shareholders of the Company, with a cash dividend of RMB0.2 (tax inclusive) per share, and the total amount calculated based on the number of shares as of December 31, 2021 is approximately RMB403,520,000.00 (tax inclusive), no bonus shares will be issued and shares will not be converted from capital reserve into share capital. This proposal is yet to be reviewed and approved at the Company's general meeting, and dividends reviewed and approved after the balance sheet date are not recognized as liabilities in the financial statements.

16 REVENUE AND COST OF SALES

	2021	2020
Revenue from main operations	27,240,577,222.62	26,247,156,175.01
Revenue from other operations	407,185,278.84	251,808,478.24
	<u>27,647,762,501.46</u>	<u>26,498,964,653.25</u>
	2021	2020
Cost of sales from main operations	24,401,773,407.85	22,982,798,785.69
Cost of sales from other operations	199,004,036.95	48,674,961.59
	<u>24,600,777,444.80</u>	<u>23,031,473,747.28</u>

Revenue and cost of sales from main operations

	2021		2020	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Sales of vehicles	24,825,306,757.71	22,458,287,346.69	24,218,126,749.10	21,370,644,285.38
Sales of parts and components	2,000,011,100.91	1,700,725,117.32	1,654,516,399.41	1,409,446,029.27
Others	415,259,364.00	242,760,943.84	374,513,026.50	202,708,471.04
	<u>27,240,577,222.62</u>	<u>24,401,773,407.85</u>	<u>26,247,156,175.01</u>	<u>22,982,798,785.69</u>

Revenue and cost of sales from other operations

	2021		2020	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Sales of scrap	198,405,416.45	17,490,713.48	138,525,102.45	11,851,705.64
Others	208,779,862.39	181,513,323.47	113,283,375.79	36,823,255.95
	<u>407,185,278.84</u>	<u>199,004,036.95</u>	<u>251,808,478.24</u>	<u>48,674,961.59</u>

Disaggregation of revenue:

	2021	2020
Revenue		
— Recognized at a point in time	27,332,004,316.38	26,211,898,432.86
— Recognized over time	150,500,543.45	166,050,802.49
Rental income	165,257,641.63	121,015,417.90
	<u>27,647,762,501.46</u>	<u>26,498,964,653.25</u>

The rental income from the rental of our own buildings, machinery and equipment, motor vehicles, electronic and other equipment. No significant lease changes occur in 2021 (2020: nil).

17 FINANCIAL EXPENSES

	2021	2020
Interest expenses	44,803,564.11	60,738,520.58
Add: Interest expense on lease liabilities	11,118,122.80	7,062,932.41
Government subsidies	(10,034,416.67)	(3,485,113.00)
	<hr/>	<hr/>
Sub-total	45,887,270.24	64,316,339.99
Less: Interest income	(62,039,396.02)	(49,833,929.18)
Exchange losses	23,828,658.82	112,810,539.18
Others	9,222,837.56	7,037,709.32
	<hr/>	<hr/>
	16,899,370.60	134,330,659.31
	<hr/> <hr/>	<hr/> <hr/>

18 ASSET IMPAIRMENT LOSSES

	2021	2020
Inventories and costs incurred to fulfil a contract	29,630,017.58	84,728,447.64
Goodwill	12,730,802.81	4,752,071.90
Advances to suppliers	203,755.15	(229,514.69)
	<hr/>	<hr/>
	42,564,575.54	89,251,004.85
	<hr/> <hr/>	<hr/> <hr/>

19 CREDIT LOSSES

	2021	2020
Notes receivables	(1,688,546.62)	2,510,247.76
Accounts receivables	18,151,084.95	47,105,791.66
Financial receivable	(989,139.07)	2,576,392.81
Other receivables	(561,809.10)	(4,038,984.48)
Long-term receivables (including current portion of non-current assets)	474,092.54	1,311,233.44
Financial guarantee contracts provision	9,598,210.14	9,887,413.50
	<hr/>	<hr/>
	24,983,892.84	59,352,094.69
	<hr/> <hr/>	<hr/> <hr/>

20 OTHER INCOME

	2021	2020
Government grants	134,361,247.08	238,657,706.29
Extra deductible VAT	2,034,923.42	3,449,593.44
Tax refunds	667,806.89	373,992.43
	<hr/>	<hr/>
	137,063,977.39	242,481,292.16
	<hr/> <hr/>	<hr/> <hr/>

21 INVESTMENT INCOME

	2021	2020
Share of net profit of associates and joint ventures	5,182,610.73	13,415,639.64
(Losses)/income from disposal of associates and joint ventures	(375,851.02)	8,918,977.41
Income from disposal of derivative financial instruments	8,269,825.30	4,598,230.16
Income from disposal of financial assets held for trading	12,359,228.23	–
Losses from discounted notes receivables	(9,895,879.54)	–
	<u>15,539,933.70</u>	<u>26,932,847.21</u>

22 FAIR VALUE (LOSSES)/INCOME

	2021	2020
Fair value gains on investment properties	5,248,735.41	3,060,407.55
Fair value change on equity instruments held for trading	(26,989,494.68)	10,263,059.00
Fair value change on derivative financial assets	1,420,829.64	(196,512.18)
Fair value change on derivative financial liabilities	87,466.35	(109,983.03)
	<u>(20,232,463.28)</u>	<u>13,016,971.34</u>

23 GAINS ON DISPOSALS OF ASSETS

	2021	2020	Amount recognized in non-recurring profit or loss in 2021
Gains on disposals of fixed assets	110,822,183.36	27,492,725.02	110,822,183.36
Loss on disposals of fixed assets	(7,287,257.68)	(14,340,449.19)	(7,287,257.68)
Gains on disposals of intangible assets	73,490,918.46	44,833,739.11	73,490,918.46
Gains on disposals of other assets	98,338.85	–	98,338.85
	<u>177,124,182.99</u>	<u>57,986,014.94</u>	<u>177,124,182.99</u>

24 NON-OPERATING INCOME

	2021	2020	Amount recognized in non-recurring profit or loss in 2021
Unpayable payables	5,284,748.00	11,869,102.80	5,284,748.00
Penalty income	3,827,897.00	6,610,393.13	3,827,897.00
Compensation income	1,654,156.16	5,215,797.37	1,654,156.16
Donations	240,965.09	144,669.88	240,965.09
Others	1,194,755.12	4,464,154.20	1,194,755.12
	<u>12,202,521.37</u>	<u>28,304,117.38</u>	<u>12,202,521.37</u>

25 NON-OPERATING EXPENSES

	2021	2020	Amount recognized in non-recurring profit or loss in 2021
Losses on disposals of fixed assets	2,067,857.36	3,599,641.28	2,067,857.36
Compensation expenses	990,397.18	1,431,363.78	990,397.18
Penalty expenses	939,456.85	709,315.14	939,456.85
Donations	1,000,000.00	119,000.00	1,000,000.00
Others	4,635,375.53	3,620,201.41	4,635,375.53
	<u>9,633,086.92</u>	<u>9,479,521.61</u>	<u>9,633,086.92</u>

26 INCOME TAX EXPENSES

	2021	2020
Current income tax	178,446,497.17	222,931,858.79
Deferred income tax	<u>10,056,364.78</u>	<u>25,421,736.84</u>
	<u>188,502,861.95</u>	<u>248,353,595.63</u>

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

	2021	2020
Profit before income tax	<u>1,176,166,310.16</u>	<u>1,517,700,367.89</u>
Income tax expenses calculated at applicable tax rates	294,041,577.54	379,425,091.97
Effect of different tax rates	(98,385,642.34)	(137,871,105.98)
Effect of tax rate changes	-	4,322,844.94
Income not subject to tax	(14,852,371.44)	(15,614,789.60)
Expenses not deductible for tax purposes	13,923,257.85	9,793,763.83
Utilization of previously unrecognized tax losses and temporary differences	(10,080,373.13)	(14,470,266.72)
Adjustment on taxation in previous year	(16,884,782.70)	(38,311,089.49)
Temporary differences for which no deferred income tax asset was recognized	2,131,152.75	9,034,164.12
Tax losses for which no deferred income tax asset was recognized	64,543,017.00	77,055,624.33
Research and development expenses bonus deduction	(45,932,973.58)	(25,010,641.77)
Income tax expenses	<u>188,502,861.95</u>	<u>248,353,595.63</u>

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

	2021	2020	Taxation basis
The Company	25%	25%	taxable income
Subsidiaries in mainland China	15%-25%	15%-25%	taxable income
Subsidiaries in Hong Kong	16.5%	16.5%	taxable income
Subsidiaries in BVI	-	-	taxable income
Subsidiaries in Australia	30%	30%	taxable income
Subsidiaries in Thailand	20%	20%	taxable income
Subsidiaries in South Africa	28%	28%	taxable income
Subsidiaries in USA	25%-26%	25%-26%	taxable income
Subsidiaries in Netherlands	16.5%-25%	16.5%-25%	taxable income
Subsidiaries in Belgium	25%	25%	taxable income
Subsidiaries in Poland	19%	19%	taxable income
Subsidiaries in UK	19%	19%	taxable income
Subsidiaries in Russia	20%	20%	taxable income
Subsidiaries in Vietnam	20%	20%	taxable income
Subsidiaries in Malaysia	24%	24%	taxable income
Subsidiaries in Bahrain	-	-	taxable income
Subsidiaries in Canada	28%	28%	taxable income
Subsidiaries in Djibouti	-	-	taxable income

27 EARNINGS PER SHARE

Basic earnings per share

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

	2021	2020
Net profit attributable to owners of the Company	900,749,340.13	1,131,544,435.11
Weighted average number of outstanding ordinary shares	1,870,250,000.00	1,765,000,000.00
Basic earnings per share (RMB/share)	<u>0.48</u>	<u>0.64</u>
Including:		
– Going concern basic earnings per share:	<u>0.48</u>	<u>0.64</u>

Diluted earnings per share

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

There were no dilutive potential ordinary shares for the year ended December 31, 2021 and 2020, and therefore, diluted earnings per share are the same as the basic earnings per share.

VI. OTHER INFORMATION

(1) Purchase, Sale or Redemption of Listed Securities

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

(2) Corporate Governance

Corporate Governance Practices

During the Reporting Period, the Company has complied with the applicable code provisions under the Corporate Governance Code set out in Appendix 14 to the Hong Kong Stock Exchange Listing Rules.

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely, Mr. Cheng Hok Kai Frederick, Mr. Feng Jinhua and Mr. Fan Zhaoping. Mr. Cheng Hok Kai Frederick is the chairman of the Audit Committee. The Directors are responsible for the preparation of the financial statements, which give a true and fair view of the condition of the Group. The Audit Committee has reviewed and discussed with the management the annual results and audited financial statements of the Group for the year ended December 31, 2021.

(3) Securities Transactions by the Directors and Supervisors

The Company has adopted a set of code of conduct on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Stock Exchange Listing Rules (the “**Model Code**”) in connection with securities transactions by the Directors and Supervisors. Upon the specific enquiries made to all Directors and Supervisors, they confirmed that they have complied with the standards for securities transactions by the directors as set out in the Model Code and the code of conduct during the Reporting Period.

(4) Disclosure of Information

This announcement will be published on the website of the Hong Kong Stock Exchange at <http://www.hkexnews.hk> and the Company’s website at <http://www.cimvehiclesgroup.com>. The annual report of the Company for the year ended December 31, 2021 will be despatched by the Company to its shareholders and published on the websites of the Hong Kong Stock Exchange and the Company in due course.

DEFINITIONS

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

Items under the definitions	Contents under the definitions
“Light power” plants	an automatic and intelligent production plant integrating virtual simulation, big data, Internet of Things and digital technology. With highly automated equipment (such as CNC laser cutting machine, robot welding workstation, KTL and powder coating line), it can realize large-scale automatic and flexible production and solve the problems of backward production equipment, technical lag, increasing labor cost, energy conservation and emission reduction
2021 AGM	the 2021 annual general meeting or its adjournment to be convened and held by the Company on Tuesday, May 31, 2022
A Shares	ordinary share(s) proposed to be issued by the Company pursuant to the A Share Offering, with a nominal value of RMB1.00 each, which will be listed on the ChiNext Market of the SZSE and traded in RMB
Articles of Association	the articles of association of the Company, as amended from time to time
Audit Committee	the audit committee under the Board
Automobile makers	the enterprise manufacturing the whole automobile or entire auto assemble is generally referred to as an automobile maker in the industry
Board or Board of Directors	the board of Directors of the Company
CAE	Abbreviation of Computer Aided Engineering in engineering design, which means the use of computer-aided solution to analyze the structural mechanical properties of complex engineering and products in order to optimize the structural properties.
Chi Xiao	Chi Xiao Enterprise Co., Ltd. (赤曉企業有限公司), a limited liability company established in the PRC, and our Substantial Shareholder
China VI	the National Stage VI Motor Vehicle Emission Standard, including the Limits and Measurement Methods for Emissions From Light-duty Vehicles (China VI) and the Limits and Measurement Methods for Emissions from Diesel Fuelled Heavy-duty Vehicles (China VI).

CIMC	China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司), a joint stock company incorporated in the PRC on January 14, 1980 and listed on the Main Board of the Shenzhen Stock Exchange (stock code: 000039.SZ) and the Main Board of the Hong Kong Stock Exchange (stock code: 2039.HK), and the Controlling Shareholder of the Company
CIMC Enric	CIMC Enric Holdings Limited (中集安瑞科控股有限公司), a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 03899.HK), and a non-wholly owned subsidiary of CIMC
CIMC Financial Institution	CIMC Finance Co., Ltd. (中集集團財務有限公司), a limited liability company established in the PRC on February 9, 2010, a subsidiary of CIMC
CIMC Gansu	Gansu CIMC Huajun Vehicles Co., Ltd. (甘肅中集華駿車輛有限公司), a limited liability company established in the PRC on June 6, 2006, and a subsidiary of the Company
CIMC Group	CIMC and its subsidiaries
CIMC Hong Kong or CIMC HK	China International Marine Containers (Hong Kong) Limited (中國國際海運集裝箱(香港)有限公司), a limited liability company incorporated in Hong Kong on July 30, 1992, and a wholly owned subsidiary of CIMC and the promoter and Controlling Shareholder of the Company
CIMC Huajun	Zhumadian CIMC Huajun Vehicle Co., Ltd. (駐馬店中集華駿車輛有限公司), a limited liability company established in the PRC on October 30, 1997, and a subsidiary of the Company
CIMC RJST Tank Trailer (瑞江罐車)	Wuhu CIMC Ruijiang Automobile Co., Ltd. (蕪湖中集瑞江汽車有限公司), a limited liability company established in the PRC on March 26, 2007, and a subsidiary of the Company
CIMC Yangzhou	Yangzhou CIMC Tonghua Special Vehicles Co., Ltd. (揚州中集通華專用車有限公司), a limited liability company established in the PRC on December 14, 1991, and a subsidiary of the Company
Company or CIMC Vehicles	CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)股份有限公司) (including our predecessor, CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)有限公司)), a joint stock company with limited liability established under the laws of the PRC on August 29, 1996

Controlling Shareholder(s)	has the meaning ascribed to it under the SZSE Listing Rules and the Hong Kong Stock Exchange Listing Rules, unless the context requires otherwise, refers to CIMC
Corporate Governance Code	the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules
CRM	abbreviation for Customer Relationship Management
CSRC	China Securities Regulatory Commission (中國證券監督管理委員會)
Date of the Report	March 24, 2022
DE	design engineering. Since the Company is committed to promoting digital design models, DE here also refers to the design by means of digital design models
Director(s)	the director(s) of the Company
Dongguan CIMC	Dongguan CIMC Special Vehicle Co., Ltd. (東莞中集專用車有限公司), a limited liability company established in the PRC on July 21, 2014, and a subsidiary of the Company
ERP	abbreviation for Enterprise Resource Planning
Global Offering	the offer of H Shares by the Company for subscription by the public in Hong Kong, and in offshore transactions outside the United States and only to Qualified Institutional Buyers (QIBs) in the United States, the details of which are set out in the Prospectus
Group or we	the Company and its subsidiaries (unless the context otherwise requires)
H Share(s)	overseas listed foreign ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are listed and traded on the Main Board of the Hong Kong Stock Exchange
HK\$ or HK dollar(s)	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong or HK	the Hong Kong Special Administrative Region of the PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Hong Kong Stock Exchange Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

IaaS	services provided by Infrastructure-as-a-Service is targeted for the utilization of all computing infrastructure, including processing CPU, memory, storage, network and other basic computing resources, and users can deploy and run any software, including operating systems and applications
IoT	abbreviation for Internet of Things
KTL	a mature technical process used for applying a thin, strong and corrosion-resistant organic coating on metal surfaces
Listing Date of our H Shares	July 11, 2019
Listing of our H Shares	listing of our H Shares on the Hong Kong Stock Exchange
Longyuan Investment	Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd. (深圳市龍源港城投資發展有限責任公司), a limited liability company established in the PRC on December 14, 2015
ME	manufacturing engineering
Mendix	low-code development platform
MES	abbreviation for Manufacturing Execution System
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Stock Exchange Listing Rules
Nanshan Dacheng	Shenzhen Nan Shan Da Cheng New Material Investment Partnership (Limited Partnership) (深圳南山大成新材料投資合夥企業(有限合夥)), a limited liability partnership incorporated in the PRC on December 3, 2015, and a Shareholder of our Company
Nanshan Group	China Nanshan Development (Group) Co., Ltd. (中國南山開發(集團)股份有限公司), a limited liability company established in the PRC, and our Substantial Shareholder
New Policy on Blue Plates	the Notice on Further Strengthening the Management of Production and Registration of Light Trucks and Small and Mini Passenger Vehicles issued by the Ministry of Industry and Information Technology and the Ministry of Public Security of the People's Republic of China in January, 2022
Nomination Committee	the nomination committee under the Board
NR	new retails

OD	organization development
PaaS	Services provided by Platform-as-a-Service are the deployment of the applications developed or acquired by customers using development languages and tools (such as Java, Python and Net) provided, to the cloud computing infrastructure of suppliers
Ping An Decheng	Shenzhen Ping An Decheng Investment Limited Company (深圳市平安德成投資有限公司), a limited liability company established in the PRC on September 9, 2008 and the general partner of Shanghai Taifu and Taizhou Taifu
Ping An Financial	Shenzhen Ping An Financial Technology Consulting Co., Ltd. (深圳平安金融科技諮詢有限公司), a limited liability company established in the PRC, and our Substantial Shareholder
Ping An Group	Ping An Insurance (Group) Company Ltd. (中國平安保險(集團)股份有限公司), a joint stock company incorporated in the PRC with limited liability and listed on the Shanghai Stock Exchange (stock code: 601318.SZ) and the Hong Kong Stock Exchange (stock code: 2318.HK), and our Substantial Shareholder
Ping An Health Partnership	Shenzhen Ping An Health Technology Equity Investment Partnership (Limited Partnership) (深圳市平安健康科技股權投資合夥企業(有限合夥)), a limited partnership established in the PRC, and our Substantial Shareholder
Ping An Life Insurance	Ping An Life Insurance Company of China, Ltd. (中國平安人壽保險股份有限公司), a limited liability company established in the PRC, and our Substantial Shareholder
PLM	abbreviation for Product Lifecycle Management
PRC or China	the People's Republic of China
Proceeds from H Shares	the proceeds received upon the completion of the Global Offering of H Shares on the Main Board of the Hong Kong Stock Exchange on July 11, 2019
Prospectus	the H Shares prospectus of the Company dated June 27, 2019 in connection with the Global Offering
Remuneration Committee	the remuneration committee under the Board
Reporting Period or the Year	the year ended December 31, 2021
RMB or Renminbi	Renminbi, the lawful currency of the PRC
RMB, RMB ten thousand	RMB, RMB ten thousand

SaaS	Services provided by Software-as-a-Service to customers are applications run by operators on cloud computing infrastructure, to which users have access through client interfaces on various devices, such as browsers
Securities and Futures Ordinance or SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
Semi-trailer	any vehicle intended to be coupled to a motor vehicle in such a way that part of it rests on the motor vehicle with a substantial part of its weight and the weight of its load being borne by the motor vehicle, and constructed and equipped for the carriage of goods
Shanghai Taifu	Ping An Capital Co., Ltd. (平安資本有限責任公司) - Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥)), a limited liability partnership established in the PRC on December 18, 2015, and a Shareholder of the Company
Share(s)	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising A Share(s) and H Share(s)
Shareholder(s)	holder(s) of our Share(s)
Shenzhen Longhui	Shenzhen Long Hui Gang Cheng Enterprise Management Center (Limited Partnership) (深圳市龍匯港城企業管理中心(有限合夥)), a limited liability partnership incorporated in the PRC on May 11, 2017, and a Shareholder of Xiangshan Huajin
Shenzhen Longyuan	Shenzhen Long Yuan Gang Cheng Enterprise Management Center (Limited Partnership) (深圳市龍源港城企業管理中心(有限合夥)), a limited liability partnership incorporated in the PRC on April 29, 2016, and a Shareholder of the Company
Southbound Shareholders	the holders of H Shares through the Southbound Trading Link
Strategy and Investment Committee	the strategy and investment committee under the Board
Substantial Shareholder(s)	has the meaning ascribed to it under the Hong Kong Listing Rules
Supervisor(s)	member(s) of the Supervisory Committee
Supervisory Committee	the supervisory committee of the Company
SZSE	the Shenzhen Stock Exchange

SZSE Listing Rules	the Rules Governing the Listing of Securities on the ChiNext Market of the Shenzhen Stock Exchange, as amended, supplemented or otherwise modified from time to time
Taizhou Taifu	Ping An Capital Co., Ltd. - Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on November 28, 2017, and the promoter and Shareholder of the Company
Truck body for specialty vehicles/truck body	a type of vehicle body, such as a dump bed or mixer, which can be installed onto a truck chassis to form a fully-assembled specialty vehicle, such as a dump truck or mixer truck
Wuhu CIMC Ruijiang/ CIMC RJST Tank Trailer (瑞江罐車)	Wuhu CIMC Ruijiang Automobile Co., Ltd. (蕪湖中集瑞江汽車有限公司), a limited liability company established in the PRC on March 26, 2007, and a subsidiary of the Company
Xi'an CIMC	CIMC-SHAC (Xi'an) Special Vehicles Co., Ltd. (中集陝汽重卡(西安)專用車有限公司), a limited liability company established in the PRC on September 20, 2006, and a subsidiary of the Company
Xiangshan Huajin	Xiang Shan Hua Jin Industrial Investment Partnership (Limited Partnership) (象山華金實業投資合夥企業(有限合夥)) (previously known as Xiang Shan Hua Jin Equity Investment Partnership (Limited Partnership) (象山華金股權投資合夥企業(有限合夥))), a limited liability partnership established in the PRC on November 22, 2017, and a Shareholder of the Company

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

Hong Kong, March 24, 2022

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

* *Executive Director*

** *Non-executive Directors*

*** *Independent non-executive Directors*