

CIMC VEHICLES

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

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

Stock Code:1839.HK / 301039.SZ

INTERIM REPORT 2022



SECTION I IMPORTANT NOTICE, CONTENTS AND DEFINITIONS

The Board, the Supervisory Committee and the Directors, Supervisors and senior management of the Company warrant the truthfulness, accuracy and completeness of the contents of this interim report and guarantee there are no false representations, misleading statements contained in, or material omissions from, and jointly and severally accept legal responsibility for this interim report.

The person in charge of the Company, Mr. Li Guiping, the person in charge of accounting affairs and the head of the Accounting Department (chief accounting), Mr. Zhan Rui, hereby warrant the truthfulness, accuracy and completeness of the financial statements as set out in this interim report.

All Directors attended the Board meeting in person to consider and approve this report.

The forward-looking statements in this report 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 this report and pay special attention to the risk factors faced by the Company, details of which are set out in “X. Risk Exposures of the Company and Responsive Initiatives” under Section III “Management Discussion and Analysis” in this report.

Approved by the Board meeting, the Company proposed not to distribute cash dividend, bonus shares or increase share capital by way of transfer from capital reserves for the 2022 interim period.

This report is published in English and Chinese. In the event of any inconsistency between the two versions, the Chinese version shall prevail.



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DIRECTORY OF DOCUMENTS FOR INSPECTION

- (I) Financial statements containing the signatures and seals of the legal representative of the Company, the person in charge of accounting affairs, and the head of the Accounting Department (chief accounting);
- (II) The 2022 interim report and Summary affixed with the seal of the legal representative of the Company;
- (III) The originals of all of the Company's documents and announcements publicly disclosed during the Reporting Period;
- (IV) Other relevant information.

The place where the above documents for inspection are kept: The office of the Board secretary of the Company.



DEFINITIONS

Articles of Association	the articles of association of the Company, as amended from time to time
A Share(s)	ordinary share(s) proposed to be issued by the Company pursuant to the A Share offering, with a nominal value of RMB1.00 each, which will be listed on the ChiNext Market of the SZSE and traded in RMB
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
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)
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
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) and the Main Board of the Hong Kong Stock Exchange (stock code: 2039), and the controlling shareholder of the Company



CIMC Enric	CIMC Enric Holdings Limited (中集安瑞科控股有限公司), a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 03899), and a non-wholly owned 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	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 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 Stock Exchange Listing Rules
CRM	abbreviation for Customer Relationship Management



DEFINITIONS *(Continued)*

CSRC	China Securities Regulatory Commission (中國證券監督管理委員會)
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
Group or we	the Company and its subsidiaries (unless the context otherwise requires)
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
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
H Shares	overseas listed foreign ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are listed and traded on the Hong Kong Stock Exchange
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



laaS	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
KA	abbreviation for Key Account
KTL	a mature technical process used for applying a thin, strong and corrosion-resistant organic coating on metal surfaces
“Light Tower” Plants	an automatic and intelligent production plant integrating virtual simulation, big data, Internet of Things and digital technology. With highly automated equipment (such as CNC laser cutting machine, robot welding workstation, KTL and powder coating line), it can realize large-scale automatic and flexible production and solve the problems of backward production equipment, technical lag, increasing labor cost, energy conservation and emission reduction
Listing Date of H Shares	July 11, 2019
Listing of H Shares	listing of H Shares on the Hong Kong Stock Exchange
LoM	abbreviation for Local Manufacturing
Longyuan Investment	Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd. (深圳市龍源港城投資發展有限責任公司), a limited liability company established in the PRC on December 14, 2015
LoP	abbreviation for Local Procurement
LTP	abbreviation for Light Tower Production
LTS	abbreviation for Light Tower Sourcing
ME	manufacturing engineering
Mendix	low-code development platform



DEFINITIONS *(Continued)*

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
NR	new retails
OD	organization development
OE	abbreviation for Original Equipment
OEM	abbreviation for Original Equipment Manufacturer
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) and the Hong Kong Stock Exchange (stock code: 2318), 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
Reporting Period	for the six months ended June 30, 2022
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



DEFINITIONS *(Continued)*

SAP	abbreviation for System Application and Products
Securities and Futures Ordinance or SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
semi-trailer(s)	any vehicle intended to be coupled to a motor vehicle in such a way that part of it rests on the motor vehicle with a substantial part of its weight and the weight of its load being borne by the motor vehicle, and constructed and equipped for the carriage of goods
Shanghai Taifu	Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥)), a limited liability partnership established in the PRC on December 18, 2015, and a Shareholder of the Company
Share(s)	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising A Share(s) and H Share(s)
Shareholder(s)	holder(s) of our Share(s)
Shenzhen 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
substantial shareholder(s)	has the meaning ascribed to it under the Hong Kong Stock Exchange Listing Rules
Supervisor(s)	the supervisor(s) of the Company
Supervisory Committee	the supervisory committee of the Company



SZSE	the Shenzhen Stock Exchange
SZSE Listing Rules	the Rules Governing the Listing of Securities on the ChiNext Market of the Shenzhen Stock Exchange, as amended, supplemented or otherwise modified from time to time
Taizhou Taifu	Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on November 28, 2017, and the promoter and Shareholder of the Company
Truck body for specialty vehicles/truck body	a type of vehicle body, such as a dump bed or mixer, which can be installed onto a truck chassis to form a fully-assembled specialty vehicle, such as a dump truck or mixer truck
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
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



SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

I. COMPANY INFORMATION

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

II. CONTACT PERSONS AND MEANS OF COMMUNICATION

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

III. OTHER INFORMATION

1. Company contact information

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

Applicable Not applicable

There were no changes in the registered address, office address and postal code, website address and e-mail address of the Company during the Reporting Period. For details, please refer to the 2021 Annual Report.



2. Information disclosure and locations for documents for inspection

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

Applicable Not applicable

There were no changes in the name of the newspaper selected by the Company for information disclosure, the website designated by the CSRC for publication of semi-annual reports, or locations for semi-annual reports of the Company for inspection. For details, please refer to the 2021 Annual Report.

3. Change of registration

Were there changes in the registration during the Reporting Period

Applicable Not applicable

There were no changes in the registration of the Company during the Reporting Period. For details, please refer to the 2021 Annual Report.

4. Other relevant information

Were there changes in other relevant information during the Reporting Period

Applicable Not applicable



SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS *(Continued)*

IV. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

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

Yes No

	Six months ended June 30, 2022	Six months ended June 30, 2021	Increase/ (decrease) compared with same period of last year
Revenue (RMB)	11,195,842,138.07	17,711,844,059.18	(36.79%)
Net profit attributable to shareholders of the Company (RMB)	365,758,163.71	688,457,493.07	(46.87%)
Net profit attributable to shareholders of the Company after deducting non-recurring profit or loss (RMB)	348,586,596.96	456,219,830.54	(23.59%)
Net cash flow from operating activities (RMB)	206,778,405.88	282,318,213.73	(26.76%)
Basic earnings per share (RMB/share)	0.18	0.39	(53.85%)
Diluted earnings per share (RMB/share)	0.18	0.39	(53.85%)
Weighted average return on net assets	3.08%	6.69%	(3.61%)
	June 30, 2022	December 31, 2021	Increase/ (decrease) compared with the end of last year
Total assets (RMB)	22,375,502,392.44	21,781,333,224.44	2.73%
Net assets attributable to shareholders of the Company (RMB)	11,766,954,532.10	11,738,895,400.14	0.24%



V. DIFFERENCES IN ACCOUNTING DATA UNDER DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

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

Applicable Not applicable

There was no difference in the net profit and in the net assets in the financial statements as disclosed under International Accounting Standards and CASBE during the Reporting Period.

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

Applicable Not applicable

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



SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS *(Continued)*

VI. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

Applicable Not applicable

Unit: RMB

Items	Six months ended June 30, 2022	Note
Losses on disposal of non-current assets	(9,383,105.14)	
Government grants recognized in profit or loss	41,360,047.32	Various government grants
Gains/(losses) arising from changes in fair value of financial assets and liabilities held for trading and derivative financial instruments, and investment income/(loss) arising from the changes in fair value of investment properties which are subsequently measured at fair value, and the investment income arising from disposals of financial assets and liabilities held for trading and derivative financial instruments	(11,425,801.97)	Loss from fair value change on derivative financial assets and liabilities
Other non-operating income and expenses other than the above-mentioned items	2,881,028.80	
Less: Income tax	2,319,964.84	
Non-controlling interests, net of tax	3,940,637.42	
	17,171,566.75	



SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS *(Continued)*

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

Applicable Not applicable

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

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

Applicable Not applicable

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



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

I. MAJOR BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD

(I) Major businesses and products

The Company is the world's leader in sophisticated manufacturing of semi-trailers and specialty vehicles. Since the Company entered the industry in 2002, it has focused on its business and technical advantages developed from “dedication and innovation”. According to the 2021 Global OEM Ranking List by Global Trailer, the Group ranked first for 9 years consecutively running in terms of production volume. According to the actual operational and strategic management needs, the Company has established six major businesses or groups: “Light Tower Pioneer Business”, “North American Business”, “European Business”, “Champion Tanker Business Group”, “Urban Dump Truck Business” and “TB Business Group”, so as to remove barriers in operation and achieve the linkage between production and sales and the maximization of benefits.

The Company engages in the manufacture, sales and after-sales market services of seven major categories of semi-trailers in global major markets. Light Tower Pioneer Business is deeply engaged in semi-trailer products in the Chinese market, and operates well-known brands including “Tonghua (通華)”, “Huajun (華駿)”, “Liangshan Dongyue (梁山東岳)”, “Pioneer Series (先鋒系列)”, “CIMC Light Tower (中集燈塔)” and “Vanguard Trailer Rental (掛車幫)”. Light Tower Pioneer Business had its semi-trailer market share in China continuously increased and ranked first in China for the 3 years consecutively. North American Business consists of van trailer, refrigerated trailer and container chassis trailer businesses, and operates well-known local brands including “Vanguard” and “CIE” in the North American market. With a good product reputation and rapid business development, North American Business won long-term trust and recognition from major North American customers. European Business is deeply engaged in semi-trailer products in the European market and operates “SDC” and “LAG” brands. SDC continuously increases its market share in the United Kingdom by upgrading its production lines and promoting the modular design of products. LAG, an over 70-year-old company ranking first in the European tank truck market, has a good reputation in the European market, with its higher commercial value, fuel saving, low weight and low strength ratio.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In addition, the Company is also a leader in the sophisticated manufacturing for truck bodies of specialty vehicles and van trucks. Champion Tanker Business Group manufactures and sells tank trailers and concrete mixer trucks, and operates strategic brands including “Ruijiang Tanker”, “Tonghua Tanker” and “Shandong Wanshida”. Champion Tanker Business Group ranked first for the five year consecutively in a row in China in terms of sales of concrete mixer trucks, and maintained a leading position in the market in terms of tank trailer products; the urban dump truck bodies manufactured by Urban Dump Truck Business are pioneering in the business of retrofitting of urban dump trucks in China. Urban Dump Truck Business of the Company actively carried out the strategies of joint development with tractor manufacturers for joint design and cross-marketing, keeping a leading competitive advantages during the changes of industry. TB Business Group manufactures refrigerated van truck bodies and dry van truck bodies and operates the “TB” brand, with an innovative spirit and the leading technology research and development level. Through modular product design and professional sophisticated manufacturing, TB Business Group provides customers with high-end products and services, which lead the development trend of the urban distribution and cold-chain logistics industry.

The Company cooperates with many well-known customers in the global semi-trailer and specialty vehicles businesses. In the domestic market, the main customers include well-known logistics and transportation enterprises such as SF Express, JD Logistics, ZTO Express and Deppon Express, as well as major heavy truck enterprises such as Sinotruk, FAW Jiefang, SAIC Hongyan and Shaanxi Automobile Group. In overseas markets, major customers include first-class European and American transportation companies and trailer rental companies such as JB Hunt, Schneider, Milestone, TIP and DHL. 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.



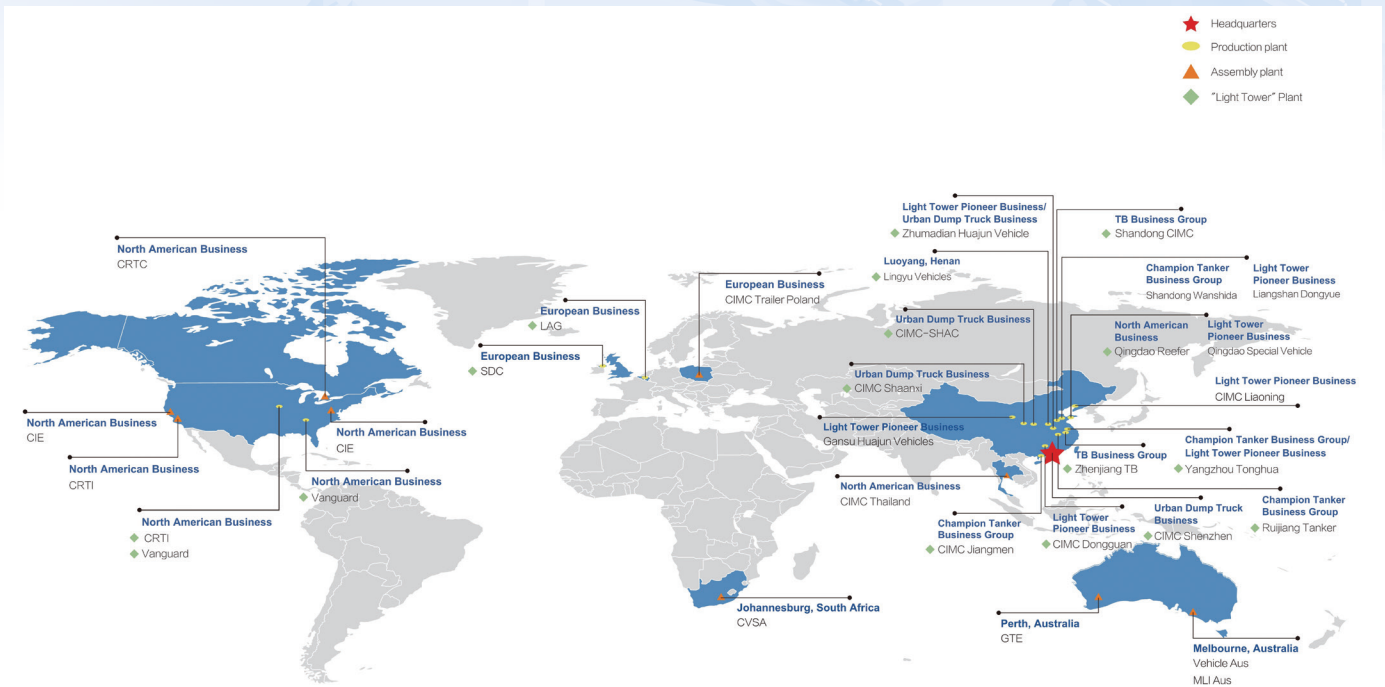
SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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 22 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, and has formed a transnational operation pattern with core competitiveness. The Company began to explore the construction of a “Sophisticated Manufacturing System” in 2014, and has fully implemented the “Sophisticated Manufacturing System” strategy by upgrade of “product modules”, improvement of “Light Tower” Plants, kick-off of sales and marketing transformation, promotion of organizational development, and establishment of EPS center.

The Company is also actively building the upgraded version of the “Light Tower” Plant – “Light Tower Manufacturing Network”, using the newly upgraded production line and equipment to improve production efficiency, reduce product manufacturing costs, realize fully automated, intelligent, and digital production, and effectively link the six major businesses or groups together in the long run, so as to ensure business development. The Company continuously deepened the “Sophisticated Manufacturing System”, consolidated the “new management infrastructure” and actively expanded the innovative business model of “Products + Services + Finance”, so as to promote the steady development of the six major businesses or groups under the intercontinental operation, thus maintaining a long-term competitive advantage.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (Continued)



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 etc.



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
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 van truck bodies for urban distribution of dry cargoes and sales of fully-assembled trucks for urban distribution of dry cargoes

(II) Development of the industry in which the Company operates

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 2022, against the backdrop of rising inflation and interest rates and economic slowdown, the international environment became more uncertain and complicated. However, as stimulus packages actively implemented by major economies in the world were conducive to the recovery of the demand for global logistics and transportation, the demand for semi-trailers in overseas markets was strong.

The flare-ups of the pandemic and lockdowns in China had a severe impact on the steady development of China's economy. According to the data released by the National Bureau of Statistics, in the first half of 2022, the GDP was RMB56.3 trillion, representing a year-on-year increase of 2.5%, which is slower than the growth in the first half of 2021. Due to various factors, there was a certain impact on the semi-trailer and specialty vehicles industries in which the Company was engaged. With the policy of "carbon peaking and carbon neutrality" and continuous implementation of new national standards, the upgrading trend of China's semi-trailers remains unchanged, and the semi-trailer industry will quickly develop towards van trailers in an intensive manner. The government



accelerated the promotion of new energy specialty vehicles, therefore, new energy became a source of growth in the specialty vehicle sector. In addition, the Chinese government promoted rural revitalization, and improved the construction of the urban logistics and distribution transportation network and the cold chain infrastructure, which contributed to the development of lightweight van trucks. With the introduction of the “14th Five-Year Plan” for the development of cold chain logistics, the cold chain logistics was in rapid development, which may release the demand for trucks for urban distribution of dry cargoes and refrigerated vans.

Under the trend of building a “national unified market” in an all-round way, industry integration and industrial upgrading in the domestic market became the central theme. Due to the construction of the “Sophisticated Manufacturing System” and the “new management infrastructure”, the Company seized opportunities from industry change, and actively planned the research and development and upgrade of its core business products to meet market requirements. Meanwhile, the Company actively responded to external adverse factors, enhanced its competitiveness, and promoted the high-quality development of the industries.

Semi-trailers in the market of China

In the first half of 2022, the National Bureau of Statistics showed that there was a year-on-year increase of 3.4% in the value added of the industrial enterprises above designated size in China, and a year-on-year increase of 2.8% in the value added of the manufacturing industry, reflecting the stability of industrial production with a tendency of improvement. According to the data released by the Ministry of Transport, in the first half of 2022, China’s road freight volume decreased by 4.6% year-on-year to 17.71 billion tons, due to the impact of the pandemic and lockdown policies on the logistics and transportation industry in the first half of 2022.

In January 2022, the State Council published the Work Plan for Promoting the Development of Multimodal Transport, Optimizing and Adjusting the Transport Structure (2021-2025). The Chinese government continuously optimized and adjusted the transport structure, improved the comprehensive transport efficiency through multimodal transport and the drop and pull transport, promoted the upgrading of semi-trailers in China, and reduced social logistics costs. The Opinions of the Central Committee of the Communist Party of China and the State Council on Accelerating the Construction of a National Unified Market, which was issued in April 2022, specifies that efforts should be made to construct a modern circulation network and remove key barriers in the economic cycle. As the above-mentioned Opinions plays the role of regulating unfair competition while Golden Tax Phase IV (金税四期) has the role of regulating the industries, semi-trailer manufacturers with advantages in management, technology and brand



were more likely to gain advantages in full competition. The drop and pull transport and trailer rental became effective ways to reduce costs and increase efficiency in the logistics and transportation industry.

The “Light Tower Pioneer Business” of the Company seized the opportunity from industry change, continuously promoted organizational change, actively adapted to the new business development paradigm, and achieved high-quality development and the upgrading of business models.

Semi-trailers in the North American market

In the first half of 2022, the US governments continuously published economics stimulus plan, which boosted the economic performance to some extent, with continuous improvement in service consumption and capacity investment. Economic and social activities in the United States returned to normal, with the unemployment rate remaining at 3.6%. In the first half of 2022, imports and exports increased continuously. Against this background, the semi-trailer and logistics transportation equipment markets in the United States were boosted, leading to a trend of short supply. According to the data released by ACT Research, an organization in the United States, in the first half of 2022, the production of semi-trailers in the United States reached 182,000 units, representing a year-on-year increase of 24.2%.

The impact of commodity and raw material prices on the industry gradually weakened, but the supply side remained tight, leading to the existence of the global supply chain crisis. The impact of raw material price fluctuation and the supply chain on the semi-trailer industry did not fade.

“Vanguard” and “CIE” of the Company’s North American Business had a high local brand awareness. Relying on the advantages of local manufacturing, the Company will seize the opportunity of the strong demand in the North American semi-trailer market, increase production and efficiency, complete order fulfillment, and achieve high-quality improvement in its results.

Semi-trailers in the European market

In the first half of 2022, the continuous geopolitical conflict aggravated the shortage of raw materials and the bottleneck of the supply chain, while the rising import prices in Europe led to the deterioration of the trading environment and the weakening of trade competitiveness, which gave rise to the imported inflationary pressure. The weak recovery and growth of the European market economy increased economic uncertainties. The challenges and opportunities for the automobile manufacturing industry in the European market coexisted.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

The Company actively made arrangements for the European market. In terms of the European business, capitalizing on its advantages of intercontinental operation, the Company actively delivered orders, and resisted the impact of fluctuations in raw material prices, supply chain shortages and geopolitical conflicts, so as to actively achieve steady development.

Tank trucks and concrete mixer trucks

In the first half of 2022, according to the data of the National Bureau of Statistics, the national fixed asset investment reached RMB27.1 trillion, representing a year-on-year increase of 6.1%. According to the data of the Ministry of Finance, in the first half of 2022, special bonds increased by RMB3.41 trillion, which played an important role in expanding infrastructure investment and stimulated the demand for specialty vehicles for construction machinery transportation to a certain extent.

In 2021, the Ministry of Transport, the Ministry of Industry and Information Technology, the Ministry of Public Security, and the State Administration for Market Regulation jointly published 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), to rectify the problems in the management of tank trucks, impose greater demands on the safety of tank trucks, comprehensively improve the safe operation and environmental protection level of tank trucks and accelerate the upgrading of compliant tank truck and concrete mixer truck products.

In addition, as the industry demand was exhausted due to the implementation of China VI emission standards, the sales of the specialty vehicle industry in the first half of 2022 remained low in the second half of 2021, which had an impact on the sales of tank trucks and concrete mixer trucks of the Company. It is worth noting that, according to the statistics of China Association of Automobile Manufacturers, in the first half of 2022, the sales of new energy heavy trucks reached 10,100 units, representing a year-on-year significant increase of 491%, and showing new development momentum of new energy heavy trucks. The market was driven by policies and innovation models instead of policies alone, and there were development opportunities for new energy and lightweight specialty vehicles products, while integration accelerated in the specialty vehicles industry of China.

The Company has established “Champion Tanker Business Group” to continuously upgrade product modules and promote organizational development. The product advantages of tank trailers and concrete mixer trucks which feature new energy, light weight, intelligence and environmental protection have been highlighted.



Urban dump trucks

According to the data released by China Association of Automobile Manufacturers, the sales of China's heavy trucks reached 378,000 units in the first half of 2022, representing a year-on-year decrease of 64%, as compared with 1,045,000 units in the same period of the previous year. Due to the implementation of China VI and the outbreak, there was downward pressure on the industry. The demand for urban dump trucks was highly related to infrastructure construction. In the first half of 2022, the total growth rate of real estate development investment decreased by 5.4%, representing a month-on-month decrease of 1.3 percentage points, which had a certain impact on the market demand for urban dump trucks.

With the gradual implementation of the national "growth stabilization" policy, relevant policies were introduced in many places in China to speed up the obsolescence of old trucks and promote the use of intelligent and environmental-friendly urban dump trucks. The market space was improved for the environmental-friendly urban dump trucks produced by the Company's "Urban Dump Truck Business", with a leading competitive advantage maintained in the industry change.

Light van trucks

According to the data of China Association of Automobile Manufacturers, in the first half of 2022, the sales of light trucks in China reached 849,000 units, representing a year-on-year decrease of 29.5%. The flare-ups of the pandemic, the lower demand for cargo transportation, and the adoption of the new regulations on blue license plates caused a short-term disturbance in the light truck industry.

In January 2022, the Notice on Further Strengthening the Administration of Production and Registration of Light Trucks and Small and Mini Passenger Vehicles was issued, further placing greater demands on the safety, technology, and compliance of light trucks. In April 2022, the Ministry of Transport, the National Railway Administration, Civil Aviation Administration of China, the State Post Bureau and China State Railway Group Co., Ltd. published the Implementation Opinions on Accelerating the High-quality Development of Cold Chain Logistics and Transportation, which specifies that it is necessary to speed up the improvement in the cold chain transportation facility network for production and sales and promote the innovation and upgrading of technical equipment. In May 2022, the General Office of the Ministry of Finance and the General Office of the Ministry of Commerce published the Notice on Supporting the Acceleration of the Construction of the Agricultural Product Supply Chain System and Further Promoting the Development of Cold Chain Logistics, specifying that on the basis



of the construction of agricultural product supply chain system, a further focus should be on making up for the shortcomings of cold chain facilities to improve the quality and efficiency of cold chain logistics. In June 2022, the National Development and Reform Commission published the Notice on Promoting the Construction of the Modern Cold Chain Logistics System, and together with the Agricultural Development Bank of China, supported the construction of cold chain logistics projects, providing the credit support of RMB120 billion.

The Company has established “TB Business Group” to actively improve the production capacity arrangements and radiate the core cold chain markets in China, so as to expand the business development for truck bodies for urban refrigerated distribution and truck bodies for urban distribution of dry cargoes.

(III) Major business models of the Company

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.

(IV) Analysis of the Company’s operation during the Reporting Period

In the first half of 2022, with the flare-ups of the global pandemic and the more complicated domestic and international economic situation, the coexistence of uncertainty and urgency became a new norm. During the Reporting Period, the Company recorded a revenue of RMB11,195.8 million, representing a year-on-year decrease of 36.8%; the net profit attributable to shareholders of the parent company was RMB365.8 million, representing a year-on-year decrease of 46.9%; the net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses was RMB348.6 million, representing a year-on-year decrease of 23.6%. The decline in revenue and net profit were mainly due to (1) the suppression of the demand of the domestic logistics semi-trailer market and the decline in the product demand arising out of the decrease in the logistics demand and efficiency as a result of the flare-ups of the pandemic in China; (2) a weak specialty vehicles market in China since the second half of 2021 and during the Reporting Period resulting from exhaustion of the demand for specialty vehicles in China as a result of the implementation of China VI emission standards; (3) the slowdown in infrastructure and real estate investment growth of China,



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

and the decline in the sales of the Company's concrete mixer truck and urban dump truck products in a weak specialty vehicles market; and (4) the continued pressure on the profit margin of the Company arising out of global stagflation and high prices of bulk raw materials.

Despite the impact of the changes in the operating environment in the Chinese market on the Company's results for the Reporting Period, the strong performance of the Company's overseas business made up for the stagnant growth of the specialty vehicles business in China to a certain extent. The Company actively responded to the anti-globalization trend. As the intercontinental operation strategy played an active role, the operation of the Company in the North American market in the first half of the year was better than expected. The performance of the semi-trailer business in the North American market was remarkable, mainly because logistics, transportation and semi-trailer markets in North America emerged from the pandemic and began to fully recover, thus the North American semi-trailer market was in short supply. Meanwhile, the overall inflation in the United States remained high, the Company makes price adjustments promptly and the three major products of North American Business increased in volume and price, thus significantly increasing its revenue. During the Reporting Period, the Company actively implemented various strategic measures, integrated its advantageous resources, promoted the arrangements for six major businesses or groups, and adopted a series of measures to increase revenue and control costs, so as to ensure the steady development of its overall business. During the Reporting Period, the Company's gross profit margin improved by 1.1 percentage points year-on-year to 11.2%. The operating cash flow of the Company improved significantly, compared with the second half of 2021, which fully demonstrates the Company's operating resilience.

In the first half of 2022, Light Tower Pioneer Business of the Company maintained steady profitability; North American Business actively seized the growth opportunities from the intercontinental operation, with a significant increase in the revenue and profit; European Business made strategic breakthroughs, with quality growth; Champion Tanker Business Group consolidated its leading position despite the influence of many unfavorable factors; Urban Dump Truck Business continuously developed and launched new energy products; the sophisticated manufacturing production base of TB Business Group was basically completed, thus gradually releasing the production capacity.

During the Reporting Period, the Company sold 73,450 units of vehicles of various types worldwide (the first half of 2021: 126,630 units), representing a year-on-year decrease of 42.0%. Driven by the strategy of the Sophisticated Manufacturing System and new management infrastructure, the Company started a new round of



change and put forward the strategy of the “Light Tower Manufacturing Network”, so as to improve the production efficiency, gross profit margin and market share of products. Through the strategy of the “Light Tower Manufacturing Network” comprising LTP, LTS, LoP and LoM, the Company fully mobilized the superior resources in various regions, businesses and production lines, thus achieving the standardization of production and products.

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

Light Tower Pioneer Business

The market demand for semi-trailers in China was suppressed due to domestic logistics transportation snags arising out of the flares-up of the pandemic, high raw material prices, the rising fuel costs and the resultant increase in the logistics operation costs. The market demand gradually recovered with the gradual advancement of work to ensure smooth logistics and the orderly operation of freight logistics in China. During the Reporting Period, the revenue of Light Tower Pioneer Business of the Company reached RMB2,327.1 million (the first half of 2021: RMB3,614.0 million).

Due to policies and markets, China’s logistics and transportation industries were integrated more rapidly, and China’s semi-trailer industry was subject to upgrading and iteration, as well as further transition to scale manufacturing. Based on the “Light Tower Manufacturing Network” strategy of the Company, Light Tower Pioneer Business accelerated digital upgrading, and through production line optimization and regional planning, gave full play to the effectiveness of the “Light Tower” Plants, thus making a breakthrough in business. According to the statistics of China Association of Automobile Manufacturers, in 2021, the market share of semi-trailers of the Company in China reached 12.1% and continuously increased, and the Company ranked first in China for the third year in a row.

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 “Vanguard Trailer Rental” company successfully completed the A round of financing, the completion of which will support the business development of “Vanguard Trailer Rental” company, replenish the working capital and accelerate the promotion of business model.



North American Business

Logistics, transportation and semi-trailer markets in North America emerged from the pandemic and began to fully recover, thus the North American semi-trailer market was in short supply. 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, and overcame the impact of the “big traffic jam” in the global supply chain, and made profits hit a new record high.

During the Reporting Period, the Company’s North American Business performed brilliantly, with an increase in the sales and prices of its three main products, which led to the revenue increasing by 151.6% to RMB4,628.9 million and the gross profit margin increasing by 4.0 percentage points year-on-year, and significant improvement in the profitability.

Specifically, the demand of the refrigerated trailer market in North America rose continuously. The Company actively seized the opportunity from the growth of the refrigerated trailer market in North America, and released the refrigerated trailer production capacity in North America. During the Reporting Period, the revenue of refrigerated trailers of the Company in North America increased significantly by 189.4% year-on-year, and the gross profit margin increased by 3.0 percentage points year-on-year. According to the data of ACT Research, in 2021, the market share of refrigerated trailers in North America increased, and the Company ranked third in the refrigerated trailer market in North America.

Capitalizing on the established Sophisticated Manufacturing System network, North American Business has formed a flexible, reliable, low-cost and close-distance product delivery network, and actively met the product delivery needs of North American customers.

European Business

European Business consists of, among others, LAG Trailers NV Bree (“**LAG**”) and SDC Trailers Ltd. (“**SDC**”), which are wholly-owned subsidiaries of the Company in Europe.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Under the guidance of the intercontinental operation strategy, SDC actively improved the production line of the localized “Light Tower” Plant, completed the production line upgrade and construction of the UK Southampton pioneer manufacturing plant and the UK Mansfield manufacturing plant, expanded the modular design and standardized production of products, basically completed the construction of a sophisticated manufacturing system, and greatly improved production efficiency and production capacity.

During the Reporting Period, the Company’s European business strategy plan has shown results, with revenue increasing by 14.1% to RMB1,272.0 million, achieving quality growth.

Champion Tanker Business Group

The end demand in the heavy truck market was continuously sluggish due to factors including the slowdown in infrastructure and real estate investment in China, emission standard transition, the early release of market demand, and the intensification of homogeneous competitions in the industry. During the Reporting Period, the revenue of the Company’s Champion Tanker Business Group reached RMB2,142.2 million (the first half of 2021: RMB8,571.5 million). Despite the market downturn, Champion Tanker Business Group turned challenges into opportunities, continuously improved the “Light Tower Manufacturing Network”, brought into play the synergistic advantages of the three major production bases, and was continuously and deeply engaged in the market segments. With the extension of the industrial chain and the integration of upstream and downstream resource advantages, the gross profit margin increased by 0.8 percentage points year-on-year.

In the first half of 2022, with the regulation of atmospheric liquid dangerous goods tank trucks by the Chinese government, non-compliant tankers were gradually phased out of the market, while the demand for lightweight stainless-steel products gradually increased. With the Sophisticated Manufacturing System, Champion Tanker Business Group continuously improved the core competitiveness of its products.

With regard to concrete mixer trucks, under the comprehensive implementation of China VI, local governments have intensified efforts to solve on overloading and oversizing and superimposed “carbon peaking and carbon neutrality” strategic guidelines, and the demand for new energy concrete mixer trucks has accelerated. Champion Tanker Business Group promoted automated and intelligent upgrading of production lines, and accelerated the application of pure electric concrete mixer trucks in medium and short-distance transportation, engineering construction and urban infrastructure.



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 statistics of China Association of Automobile Manufacturers, in 2021, the market share of concrete mixer truck bodies of the Company in China reached 29.3%, and the Company ranked first in China for the five years consecutively in a row.

Champion Tanker Business Group regards automation, informatization and leanness as the drivers of sophisticated manufacturing. Through the deep integration of automation and informatization, Champion Tanker Business Group achieves production schedule management, process management, equipment status, energy management and automatic collection of data, making the manufacturing process lean and visual, effectively enhancing the core manufacturing competitiveness.

Urban Dump Truck Business

In the first half of 2022, Urban Dump Truck Business actively carried out product optimization and transformation, deepened the joint development with tractor manufacturers, and continuously made efforts in terms of new energy heavy trucks. During the Reporting Period, the revenue of the Company's Urban Dump Truck Business reached RMB478.5 million (the first half of 2021: RMB1,685.0 million), and its gross profit margin decreased year-on-year, mainly due to the decline in the market demand, the slowdown in infrastructure and real estate investment in China, the exhaustion of sales due to the implementation of China VI emission standards, and the increase in transportation costs.

In order to further improve the “Light Tower” Plant, Urban Dump Truck Business created better intelligent manufacturing and delivery capacity, shifted from the original pursuit of efficiency to “pursuit of efficiency + flexibility of production lines,” used more flexible laser cutting machines and more flexible working islands to upgrade production lines, sought the balance between production line efficiency and product personalization demand according to modular management of products, and met the special needs of customers for product personalization, achieved product personalization and made prices affordable.

Urban Dump Truck Business proposed the construction of a muck truck production center + a “Royal Housekeeper” light tower manufacturing network, took the road of joint development with tractor manufacturers, and enhanced the deep cooperation between Urban Dump Truck Business and tractor manufacturers, thus promoting the high-quality development of urban dump trucks of China.



TB Business Group

In the first half of the year, the light truck market was in a downturn, with a slowdown in the demand growth, due to the pandemic, more vehicles but less goods, low freight rates and the implementation of new regulations on blue license plates. During the Reporting Period, the revenue of the Company's TB Business Group reached RMB130.5 million (the first half of 2021: RMB259.9 million).

Through the introduction of North American refrigerated truck body technology and European dry truck body technology, TB Business Group continuously carried out assimilation, innovated, improved and built a Light Tower production line for refrigerated van truck bodies at an international advanced level and a highly automated Light Tower production line for dry van truck bodies, thus promoting the construction of the "Light Tower Manufacturing Network" system. TB Business Group continuously integrated the technical advantages, purchasing channels and sales resources of three major plants in Jiangmen, Guangdong Province, Zhenjiang, Jiangsu Province and Jinan, Shandong Province, and optimized the organizational structure, promoted the development of the cold chain product division and the urban distribution product division, accelerated the digital transformation, further improved the manufacturing management ability and product quality, increased cooperation with tractor manufacturers, and seized the new opportunities from the van truck body development of the Chinese market.

In addition, the rural revitalization strategy of China and the development of the county logistics economy will also promote the steady growth of the lightweight truck market, and accelerate the process of reducing the weight and new energy transition of lightweight trucks. TB Business Group exquisitely seized the opportunity from the new energy transition of lightweight trucks, focused on serving new energy customers, and actively explored and developed new energy products jointly with tractor manufacturers.

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

With regard to global semi-trailers, during the Reporting Period, the Company's global semi-trailer business performed steadily, with rapid growth in the North American and European markets. Revenue from the global semi-trailer business reached RMB8,190.1 million (the first half of 2021: RMB8,393.9 million), representing a year-on-year decrease of 2.4%; the gross profit margin increased by 0.5 percentage point year-on-year.



With regard to Truck bodies for specialty vehicles in China, 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 RMB1,491.1 million (the first half of 2021: RMB7,715.3 million), representing a year-on-year decrease of 80.7%, mainly due to the overbuying in the same period last year as a result of the implementation of China VI emission standards; coupled with the slowdown in the growth rate of infrastructure and real estate investment in China, and the sluggish overall market demand; gross profit margin decreased by 2.6 percentage points year-on-year, mainly due to the unstable raw material price and intensified homogeneous competition.

With regard to lightweight van truck bodies, the revenue from the Company's business of production and sales of lightweight van truck bodies in China was RMB93.1 million (the first half of 2021: RMB153.5 million), representing a year-on-year decrease of 39.4%, with the gross profit margin decreasing year-on-year. The decline in revenue and gross profit margin was mainly due to the adjustment of product structure and the incomplete release of production capacity.

II. ANALYSIS OF CORE COMPETENCE

(I) Advantages of intercontinental operation

The Company is the world's leading semi-trailer and specialty vehicle sophisticated manufacturer operating 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 Light Tower Pioneer Business, North American Business, European Business, Champion Tanker Business Group, Urban Dump Truck Business and TB Business Group, covering four major markets and more than 40 countries in the world, with 22 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, and has formed transnational operation pattern with core competitiveness, so as to enhance its business resilience and risk tolerance capability in all types of businesses and markets in the world.



(II) 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 terms of Light Tower Pioneer Business, according to the statistics of China Association of Automobile Manufacturers, the Company ranked first in China for the third year in a row, with its semi-trailer market share in China increasing continuously and reaching 12.1% in 2021. In terms of North American Business, the Company operates well-known brands such as “Vanguard” and “CIE”, and ranked third in the North American market in terms of sales of refrigerated trailers in 2021; the Company further increased its market share and was a well-known and fast-growing manufacturer of refrigerated trailers, as well as a reliable supplier of major North American customers. In terms of European Business, the Company operates “SDC” and “LAG” brands. SDC continuously increases its market share in the United Kingdom by upgrading its production lines and promoting the modular design of products. LAG, an over 70-year-old company ranking first in the European tank truck market, has a good reputation in the European market, with its higher commercial value, fuel saving, low weight and low strength ratio.

The Company is also a leader in the sophisticated manufacturing of truck bodies of special vehicles and van trucks. In terms of Champion Tanker Business Group, according to the statistics from Special Purpose 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. In terms of Urban Dump Truck Business, the Company is 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, keeping a leading competitive advantages during the changes of industry. In terms of TB Business Group, the Company is a manufacturer of refrigerated van bodies and dry van bodies with an innovative spirit and leading technology research and development level. Through modular product design and professional sophisticated manufacturing, the Company provides customers with high-end products and services for urban distribution and cold chain logistics.



(III) Research and development technology advantages

The Company has obvious advantages in research and development technology. As of June 30, 2022, the Company had 700 research and development personnel in the world and more than 1,300 registered patents, and participated in the formulation and revision of 30 national and industry standards for semi-trailers and truck bodies for specialty vehicles in China. 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 suitable for flexible product manufacturing, 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 trailers and curtain-side trailers.

(IV) 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 22 “Light Tower” Plants in six major businesses or groups, 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.

In addition, the Company is also actively building the upgraded version of the “Light Tower” Plant – “Light Tower Manufacturing Network”, uses the newly upgraded production line and equipment to improve production efficiency, reduce product manufacturing costs, realize fully automated, intelligent and digital production, and effectively link the six major businesses or groups together in the long run, so as to ensure business development.



(V) 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 purchasing-end supply chains in the global market, and has the leading global distribution capability and the capability for raw material storage and management, which can resist the influence of the change in upstream raw material prices on production management to the maximum extent.

(VI) Advantages of the new retail model

In the domestic market, the Company established good and stable partnerships with domestic well-known logistics and transportation enterprises such as SF Express, JD Logistics, ZTO Express and Deppon Express, and major heavy truck enterprises such as CNHTC, FAW, SAIC Hongyan and Shaanxi Automobile Group. In overseas markets, the Company cooperated with many well-known customers including first-class European and American transportation companies and trailer rental companies such as JB Hunt, Schneider, Milestone, TIP and DHL.

"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 model, so as to create a "new retail" model to adapt to market changes. The "new retail" model can 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.

(VII) Advantages of organizational development

The Company has excellent management teams, business technical teams and sales teams from all over the world. Since 2002, the Company has manufactured and sold semi-trailers. The senior management team leads the direction of strategic operation of the Company, the management team was experienced in the specialty vehicle and semi-trailer industries. Meanwhile, the Company also gives full play to its advantages in talent pool and training, by establishing a new-generation young management team with rich industry experience and deep engagement in business.

In order to support the implementation of the “Sophisticated Manufacturing System”, the Company further reviewed the underlying management structure and logic, and optimized management efficiency, with the aim of incorporating digital, intelligent and efficient management factors into its daily management work, and continuously optimized the three driving forces, namely the Promotion Committee, the Efficient Team Organization of Intercontinental Operation and the Senior Leadership Training Center. 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.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

III. ANALYSIS OF CORE BUSINESSES

Overview

See “I. Major Businesses of the Company During the Reporting Period” under Section III “Management Discussion and Analysis”

Major Financial Data Compared with the Same Period of Last Year

Unit: RMB

	Six months ended June 30, 2022	Six months ended June 30, 2021	Change compared with the same period of last year	Description of Major Changes
Revenue	11,195,842,138.07	17,711,844,059.18	(36.79%)	The domestic vehicle sales business declined, due to the downturn in the domestic market, the repeated epidemic and the slowdown in infrastructure construction
Cost of sales	9,944,943,043.42	15,927,568,598.90	(37.56%)	Cost of sales declined accordingly as revenue declined
Selling expenses	263,724,269.00	383,360,776.54	(31.21%)	Selling expenses declined accordingly as revenue declined
Administrative expenses	398,444,110.44	447,367,998.75	(10.94%)	
Finance expenses	(52,575,847.22)	8,836,328.22	(695.00%)	Mainly the exchange gains and losses
Income tax expenses	85,668,688.02	120,963,651.73	(29.18%)	
Research and development expenses	145,901,201.60	189,778,236.63	(23.12%)	
Net cash flow from operating activities	206,778,405.88	282,318,213.73	(26.76%)	
Net cash flow from investing activities	(315,218,818.82)	(459,208,854.51)	31.36%	Mainly the decrease of cash outflows for purchase of long-term assets
Net cash flow from financing activities	(217,735,736.51)	(97,989,787.46)	(122.20%)	Mainly the increase of cash outflows for repayments of borrowings
Net increase in cash and cash equivalents	(315,335,706.69)	(294,176,835.96)	(7.19%)	



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Description of the reasons for a significant change in relevant data

Applicable Not applicable

There was no material change in the composition or source of the Company's profits during the reporting period.

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 operation 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 product and service						
Global Semi-trailer	8,190,098,143.22	7,285,126,856.96	11.05%	(2.43%)	(2.96%)	Increase by 0.49 pct
Truck Bodies and chassis for specialty vehicles and tractor units	1,491,071,966.60	1,435,931,545.59	3.70%	(80.67%)	(80.14%)	Decrease by 2.59 pct
By region						
Chinese market	4,538,917,249.54	4,070,717,091.04	10.32%	(66.45%)	(66.58%)	Increase by 0.34 pct
North American market	4,774,181,585.58	4,206,714,202.46	11.89%	115.20%	107.35%	Increase by 3.34 pct
European market	1,295,686,952.25	1,162,864,108.42	10.25%	6.38%	8.15%	Decrease by 1.47 pct



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

IV. ANALYSIS OF NON-PRINCIPAL BUSINESSES

Applicable Not applicable

Unit: RMB

	Amount	Percentage in total profit	Explanation on the formation	Sustainable or not
Investment income	(2,072,886.45)	(0.45%)	Mainly investment income from long-term equity investments accounted for using the equity method, investment loss from the disposal of financial assets held for trading and losses from discounted notes receivables	No
Profit or loss arising from changes in fair values	(9,375,789.37)	(2.06%)	Mainly changes in fair values of derivative financial assets and liabilities	No
Asset impairment losses	(12,555,324.98)	(2.75%)	Mainly provision for impairment of inventories	No
Non-operating income	5,164,187.96	1.13%	Mainly Penalty income	No
Non-operating expenses	(3,059,489.26)	(0.67%)	Mainly Penalty expenses	No
Credit impairment losses	(5,524,064.71)	(1.21%)	Mainly bad debt provision for receivables	No
Gains on disposal of assets	(8,606,775.04)	(1.89%)	Mainly losses on the disposal of fixed assets	No
Other income	38,441,371.21	8.43%	Mainly government grants	No



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

V. ANALYSIS OF ASSETS AND LIABILITIES

1. Significant Changes in Composition of Assets

Unit: RMB

	June 30, 2022		December 31, 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	4,584,933,260.58	20.49%	5,041,982,475.37	23.15%	(2.66%)	No major changes
Accounts receivables	3,357,265,298.34	15.00%	2,781,330,860.48	12.77%	2.23%	No major changes
Inventories	5,622,320,908.97	25.13%	4,939,195,443.70	22.68%	2.45%	No major changes
Investment properties	395,877,604.27	1.77%	393,130,062.84	1.80%	(0.03%)	No major changes
Long-term equity investments	153,770,441.19	0.69%	151,084,643.75	0.69%	0.00%	No major changes
Fixed assets	4,633,471,562.63	20.71%	4,626,675,908.82	21.24%	(0.53%)	No major changes
Construction in progress	592,074,870.11	2.65%	516,572,732.14	2.37%	0.28%	No major changes
Right-of-use assets	239,439,981.65	1.07%	232,392,010.62	1.07%	0.00%	No major changes
Short-term borrowings	660,118,057.06	2.95%	889,554,358.43	4.08%	(1.13%)	No major changes
Contract liabilities	553,914,298.14	2.48%	547,132,006.91	2.51%	(0.03%)	No major changes
Long-term borrowings	388,116,144.07	1.73%	374,823,099.70	1.72%	0.01%	No major changes
Lease liabilities	190,383,279.47	0.85%	185,163,298.60	0.85%	0.00%	No major changes
Advances to suppliers	189,268,136.56	0.85%	221,827,969.94	1.02%	(0.17%)	No major changes
Other current assets	246,972,121.80	1.10%	313,226,364.46	1.44%	(0.34%)	No major changes
Notes payables	742,174,711.89	3.32%	1,098,475,012.01	5.04%	(1.72%)	The settlement method of some suppliers has changed, so the balance of notes payables declined
Accounts payables	4,334,697,968.54	19.37%	3,558,427,089.39	16.34%	3.03%	No major changes
Receivables financing	404,913,942.76	1.81%	510,091,121.74	2.34%	(0.53%)	No major changes
Intangible assets	869,099,544.45	3.88%	892,972,786.18	4.10%	(0.22%)	No major changes
Derivative financial assets	425,076.40	0.00%	2,039,603.00	0.01%	(0.01%)	Changes of forward foreign exchange contracts held
Notes receivables	55,508,737.62	0.25%	109,678,708.95	0.50%	(0.25%)	Decrease in the balance of of bank acceptance notes



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

	June 30, 2022		December 31, 2021		Change in the percentage	Description of Major Changes
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Long-term prepaid expenses	35,994,512.42	0.16%	25,765,480.68	0.12%	0.04%	Increase of construction and improvement projects
Derivative financial liabilities	10,609,621.22	0.05%	21,100.00	0.00%	0.05%	Changes of forward foreign exchange contracts held
Long-term payables	-	0.00%	15,464,866.01	0.07%	(0.07%)	Relevant payables were settled in advance

2. Major Oversea Assets

Applicable Not applicable

Unit: RMB

Asset	Method of Obtaining the Asset	Size of the Asset	Location	Operating Model	Control Measures to Ensure the Asset Safety	Revenue	Overseas Assets as a Percentage of Net Assets of the Company	Whether There are Significant Impairment Risks
VANGUARD NATIONAL TRAILER CORPORATION	Acquisition	1,550,879,795.75	United States	Production and operation	Internal controls were carried out continuously and effectively	122,862,143.34	13.18%	No



3. 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	Purchase for the Period	Disposal for the Period	Other Changes	Ending Balance
Financial assets								
Derivative financial assets	2,039,603.00	(1,614,526.60)	-	-	1,201,487.40	1,201,487.40	-	425,076.40
Sub-total	2,039,603.00	(1,614,526.60)	-	-	1,201,487.40	1,201,487.40	-	425,076.40
Investment properties	393,130,062.84	2,832,342.40	-	-	-	-	(84,800.97)	395,877,604.27
Receivables financing	510,091,121.74	-	-	(1,218,397.02)	2,843,788,610.98	2,947,747,392.94	-	404,913,942.76
Other non-current financial assets	-	-	-	-	8,005,300.00	-	-	8,005,300.00
Total	905,260,787.58	1,217,815.80	-	(1,218,397.02)	2,852,995,398.38	2,948,948,880.34	(84,800.97)	809,221,923.43
Financial liabilities	21,100.00	10,593,605.17	-	-	3,251,500.00	3,251,500.00	(5,083.95)	10,609,621.22

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Other changes

Other changes are the effect of exchange rate changes.

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

Yes No

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

Item	Closing book value (RMB)	Reason for the restriction
Cash at bank and on hand	205,565,633.69	Deposits for vehicle loans, bills, etc.
Fixed assets	37,690,725.97	The transfer of some fixed assets is subject to approval by the Shenzhen Municipal People's Government, and they shall not be transferred in part or leased. Some fixed assets are guaranteed for property preservation in civil litigation.
Notes receivables	15,223,940.80	Pledged
Receivables financing	<u>12,494,000.00</u>	Pledged
Total	<u><u>270,974,300.46</u></u>	



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

VI. INVESTMENT ANALYSIS

1. Overall conditions

Applicable Not applicable

Amount of Investments During the Reporting Period (RMB)	Amount of Investment During the Same Period of Last Year (RMB)	Change
<u>349,569,598.32</u>	<u>879,062,385.02</u>	<u>(60.23%)</u>

2. Significant Equity Investments Acquired during the Reporting Period

Applicable Not applicable

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

Applicable Not applicable



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

4. 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 Change Recorded in Equity	Purchase for the Reporting Period	Disposal for the Reporting Period	Accumulated Investment Income	Other Changes	Ending Amount	Source of Fund
Financial derivatives	2,039,603.00	(1,614,526.60)	-	1,201,487.40	1,201,487.40	-	-	425,076.40	Own funds
Receivables financing	510,091,121.74	-	-	2,843,788,610.98	2,947,747,392.94	-	(1,218,397.02)	404,913,942.76	Own funds
Other non-current financial assets	-	-	-	8,005,300.00	-	-	-	8,005,300.00	Own funds
Total	512,130,724.74	(1,614,526.60)	-	2,852,995,398.38	2,948,948,880.34	-	(1,218,397.02)	413,344,319.16	



5. Use of Proceeds

Applicable Not applicable

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

Applicable Not applicable

Basic Information on Raised Proceeds from A Share Offering

In order to fully expand and capitalize on the financing channels of the A Share capital market, on May 6, 2020, the Board considered and approved the resolution in relation to the proposed initial public offering of A Shares and the proposed listing on the SZSE ChiNext Market. The application for registration of shares in the Company's initial public offering was approved in accordance with the Reply in Relation to Approval for Registration of Shares in Initial Public Offering of CIMC Vehicles (Group) Co., Ltd. (Zheng Jian Xu Ke [2021] No. 1719) issued by the China Securities Regulatory Commission on May 18, 2021. With the consent of SZSE, the Company issued 252.6 million RMB ordinary shares (A Shares) with a par value of RMB1.00 each and raised total proceeds of RMB1,758.096 million, at an issue price of RMB6.96 per share, in the initial public offering. After deducting the issue expenses (including underwriting and sponsoring fees (value-added tax exclusive) and other issue expenses) of RMB174.3192 million, the net proceeds from A Share offering were RMB1,583.7768 million, and the net issue price was approximately RMB6.27 per A Share. The A Share offering was conducted through a combination of targeted placement to strategic investors, placement to qualified investors through offline price consultation process and subscription by public investors at a price fixed according to market value. The above proceeds were received on July 5, 2021, in respect of which PricewaterhouseCoopers Zhong Tian LLP verified the payment and issued the Capital Verification Report (PwC Zhong Tian Yan Zi (2021) No. 0668). The Company was listed on the ChiNext Market of the Shenzhen Stock Exchange on July 8, 2021 when the closing price of A Shares was RMB15.49 on the SZSE and HK\$7.13 on the Hong Kong Stock Exchange.

As at June 30, 2022, the raised proceeds from A Share offering utilized by the Company during this half year were RMB95.8934 million, the total raised proceeds from A Share offering cumulatively utilized were RMB663.2605 million, and the unutilised raised proceeds from A Share offering were RMB942.9138 million (including net interest income of raised proceeds from A share offering exclusive of bank charges and account management fees).



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Management of Raised Proceeds from A Share Offering

In order to standardize the management and use of the raised proceeds, the Company has formulated the Management System for Raised Proceeds of CIMC Vehicles (Group) Co., Ltd., based on the actual situation. According to the system, the raised proceeds were deposited in a special account by the Company. On August 4, 2021, the Company signed the Agreement for Tripartite Supervision of Raised Proceeds and the Agreement for Quadripartite Supervision of Raised 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 utilising the raised proceeds.

Unit: RMB ten thousand

Total amount of raised proceeds	158,377.68
Total amount of raised proceeds invested during the Reporting Period	9,589.34
Total amount of raised proceeds cumulatively invested	66,326.05
Total amount of raised proceed applied to changed purposes during the Reporting Period	0.00
Total amount of raised proceeds cumulatively applied to changed purposes	0.00
Percentage of total amount of raised proceeds cumulatively applied to changed purposes	0.00

General use of Raised Proceeds

As of June 30, 2022, the amount of proceeds from A Share offering utilised by the Company during this half year was RMB95.8934 million, the total amount of proceeds from A Share offering cumulatively utilised was RMB663.2605 million and the total amount of unutilised proceeds from A Share offering was RMB942.9138 million (including net interest income of raised proceeds from A Share offering exclusive of bank charges and account management fees).



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

Applicable Not applicable

Unit: RMB ten thousand

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



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Committed Investment Project and Investment of Surplus Proceeds	Whether the Project was Changed (Including Partial Change)	Total Committed Investment of Raised Proceeds	Adjusted Total Investment ⁽¹⁾	Investment for the Reporting Period	Accumulated Investment as at the End of the Period ⁽²⁾	Investment Progress as at the End of the Period (3)=(2)/(1)	Date on Which the Project is Ready for its Intended Use	Benefits Generated during the Reporting Period	Accumulated Benefits Generated as at the End of the Reporting Period	Whether the Expected Benefits are Achieved	Whether There are Significant Changes in the Project Feasibility

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

As at June 30, 2022, the project for upgrading and technical transformation of coating lines, a sub-project of the project for lighthouse factory upgrade and construction, failed to progress as planned, mainly because the Company had built coating production lines for different products in the past three years, and according to the current domestic and foreign industrial development trend, the project for upgrading and technological transformation of the coating lines was targeted at the third-generation coating technology and met the new changes and trends of product technology improvement. The new-generation technology and process flow will be further planned as a whole and tested repeatedly in upgrading and technological transformation of the existing coating lines so that the project is implemented more in line with the requirements of the "Sophisticated Manufacturing System." The technology demonstration and integration were still in progress. Meanwhile, the progress in relevant technology demonstration and tests was significantly affected due to the pandemic, resulting in the failure of the project to progress as planned. The Company is conducting a systematic analysis and demonstration of the project based on the current macro-environment and the actual situation of upgrading of the "Sophisticated Manufacturing System" of the Group, and will perform the corresponding review and disclosure procedures in accordance with the compliance requirements for listing as soon as possible after completion of the demonstration.

Description of significant changes in the project feasibility

Amount, use and progress in the use of surplus proceeds

Change of location of the raised proceeds-funded projects

N/A

N/A

N/A

There is no change in the location of the raised proceeds-funded projects of the Company.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

	Whether the Project was Changed (Including Partial Change)	Total Committed Investment of Raised Proceeds	Adjusted Total Investment ⁽¹⁾ for the Reporting Period	Accumulated Investment as at the End of the Period ⁽²⁾	Investment Progress as at the End of the Period (3)=(2)/(1)	Date on Which the Project is Ready for its Intended Use	Benefits Generated during the Reporting Period	Accumulated Benefits Generated as at the End of the Reporting Period	Whether There are Significant Changes in the Project Feasibility
Adjustments to the implementation method of the raised proceeds-funded projects	N/A								
Initial investments and fund replacements in raised proceeds-funded projects	Applicable								
Use of unutilized raised proceeds for temporary replenishment of working capital	N/A								
Amount of and reasons for the remaining balance of raised proceeds after the implementation of the project	N/A								

On August 25, 2021, the Company held the tenth meeting of the first session of the Board of Directors in 2021 and the fourth meeting of the first session of the Supervisory Committee in 2021, which considered and approved the Resolution on Replacement of Self-raised Funds Invested in the Raised Proceeds-funded Projects and Used to Cover the Issue Expenses in Advance with Raised Proceeds from A Share Offering, authorizing the Company to replace the self-raised funds totaling RMB326,2496 million invested in the proceeds-funded projects and used to cover the issue expenses in advance, with the raised proceeds from A Share offering. The issue expenses of RMB41,4293 million (exclusive of value-added tax) were paid by the Company out of its self-raised funds in advance, while RMB284,8203 million of the self-raised funds was invested in the A Share proceeds-funded projects in advance.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Committed Investment Project and Investment of Surplus Proceeds	Whether the Project was Changed (Including Partial Change)	Total Committed Investment of Raised Proceeds	Adjusted Total Investment ⁽¹⁾	Investment for the Reporting Period	Accumulated Investment as at the End of the Period ⁽²⁾	Investment Progress as at the End of the Period (3)=(2)/(1)	Date on Which the Project is Ready for its Intended Use	Benefits Generated during the Reporting Period	Accumulated Benefits Generated as at the End of the Reporting Period	Whether the Expected Benefits are Achieved	Whether There are Significant Changes in the Project Feasibility

Proposed use and investment of the unused raised proceeds of the Company were deposited in the special account for raised proceeds in demand deposits, with a balance of RMB942.9138 million (including net interest income of raised proceeds exclusive of bank charges and account management fees).

On August 25, 2021, the Company held the tenth meeting of the Board of Directors in 2021 and the fourth meeting of the first session of the Supervisory Committee in 2021, which considered and approved the Proposal on Using Part of the Idle Raised Proceeds from A Share Offering for Cash Management, agreeing to use the idle raised proceeds with the principal amount of not more than RMB1,150,000 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 June 30, 2022, the balance of the Company's agreed deposit account was RMB846.9950 million, which did not exceed the quota and validity period as approved by the board of directors and the supervisory committee of the Company regarding the use of part of the idle raised proceeds from A Share offering for cash management.



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

Applicable Not applicable

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

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

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

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



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

As at January 1, 2022, net proceeds from H Share offering carried forward from last year by the Company amounted to approximately HK\$432.8 million. The use of the net proceeds from the H Share offering and its utilization as of June 30, 2022, which are intended to be utilized in the next five years after the Listing Date of H Shares, are as follows:

Intended Use of Net Proceeds	Intended Amount <i>(HK\$ million)</i>	Utilized Amount as of June 30, 2022 <i>(HK\$ million)</i>	Utilized Amount during the Reporting Period <i>(HK\$ million)</i>	Unutilized Amount as of June 30, 2022 <i>(HK\$ million)</i>
Develop new manufacturing or assembly plants	1,248.2	1,049.4	224.0	198.8
– Develop a new automated production facility for chassis trailers in the coastline regions along the eastern or southern US	38.8	38.8	–	–
– Develop a new assembly plant for high-end refrigerated trailers in the UK or Poland	32.1	15.8	1.1	16.3
– Develop a new automated production facility for refrigerated trailers in Monon, the US	163.0	159.4	–	3.6
– Develop a new assembly plant for swap bodies and chassis and flatbed trailers in the Netherlands	105.2	102.3	–	2.9
– Develop a new assembly plant for refrigerated trailers in Canada	20.2	20.2	–	–
– Develop a new manufacturing plant in Jiangmen, China	87.0	79.2	–	7.8
– Technological reform and informatization of plants in Xi'an, China	32.7	2.7	2.7	30
– Develop a new production plant in Baoji, China	70.0	69.6	30.4	0.4
– Construct a vehicle park in Kunming, China	78.4	78.4	3.6	–
– Expand semi-trailer production plant in Dongguan, China	114.8	101.1	7.9	13.7
– Expand dry bodies and refrigerated bodies production plant in Zhenjiang, China	34.4	11.4	1.3	23
– Expand production and assembly plant for chassis trailers in Rayong, Thailand	193.5	193.5	–	–
– Increase the registered capital and production capacity of subsidiaries in the UK (Note)	278.1	177.0	177.0	101.1
Research and develop new products	66.5	64.6	8.1	1.9
– Invest in industry fund	34.4	34.4	–	–
– Develop high-end refrigerated semi-trailers	26.3	24.4	8.1	1.9
– Develop other trailers	5.8	5.8	–	–
Repay the principal amount and interests of bank borrowings	153.8	153.8	–	–
Working capital and general corporate purposes	151.5	151.5	–	–
Total	1,620.0	1,419.3	232.1	200.7



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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

(1) Entrusted Wealth Management

Applicable Not applicable

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

(2) Investment in Derivatives

Applicable Not applicable



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Unit: RMB ten thousand

Name of derivatives investment operator	Relationship with the Group	Related party transaction or not	Type of derivatives investment	Initial investment amount of derivatives investment	Date of commencement	Date of termination	Investment amount at the beginning of the Reporting Period	Purchase during the Reporting Period	Sale during the Reporting Period	Provision for impairment (if any)	Investment amount at the end of the Reporting Period	Proportion of Investment amount at the end of the Reporting Period to the net assets of the Company at the end of the Reporting Period	Actual profit or loss during the Reporting Period
BOC, Standard Chartered and other banks	Nil	No	Foreign exchange forward contracts	-	2021/8/6	2023/3/20	8,926.0	-	-	-	43,422.1	3.7%	(1,220.8)
Total							8,926.0	-	-	-	43,422.1	3.7%	(1,220.8)
Source of funds for derivatives investments				Self-owned funds									
Litigation case (if applicable)				Not applicable									
Disclosure date of the resolution in relation to the consideration and approval of derivative investments by the Board (if any)				2022/2/23									
Disclosure date of the resolution in relation to the consideration and approval of derivative investments by the Shareholders' general meeting (if any)				Not applicable									



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Name of derivatives investment operator	Relationship with the Group	Related party transaction or not	Type of derivatives investment	Initial investment amount of derivatives investment commencement	Date of commencement	Date of termination	Investment amount at the beginning of the Reporting Period	Purchase during the Reporting Period	Sale during the Reporting Period	Provision for impairment (if any)	Investment amount at the end of the Reporting Period	Proportion of Investment amount at the end of the Reporting Period to the net assets of the Company at the end of the Reporting Period	Actual profit or loss during the Reporting Period
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Risk analysis and explanations on risk control measures for positions in derivatives during the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operation risk and legal risk etc.)

Changes in market prices or product fair values of derivatives invested during the Reporting Period, where specific methods and relevant assumptions and parameters used shall be disclosed in the analysis of fair values of derivatives

Explanations on any significant changes in the Company's accounting policies and specific accounting principles on derivatives for the Reporting Period as compared with those for the last reporting period

As of June 30, 2022, the derivative financial instruments held by the Group were foreign exchange forward contracts. The risks exposed by foreign exchange forwards were connected with the market risks relating to exchange rates and the Group's cash flow certainty of foreign currency revenues in the future. The Group's control measures on the derivative financial instruments were mainly reflected in: making prudent selection and decision on the type and quantity of derivative financial instruments, and only adopting the exchange forward contracts to hedge the exchange rate risk, as to derivatives transactions, the Group developed rigorous internal approval systems and operational processes, and clarified the approval and authorisation procedures for all levels involved, so as to control the associated risks. From January to June 2022, the Group's profit or loss arising from changes in fair values of the derivative financial instruments was RMB-1,220.8 ten thousand. Fair values of the derivative financial instruments of the Group were determined based on market price quotations from external financial institutions.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Name of derivatives investment operator	Relationship with the Group	Related party transaction or not	Type of derivatives investment	Initial investment amount of derivatives investment	Date of commencement	Date of termination	Investment amount at the beginning of the Reporting Period	Purchase during the Reporting Period	Sale during the Reporting Period	Provision for impairment (if any)	Investment amount at the end of the Reporting Period	Proportion of Investment amount at the end of the Reporting Period to the net assets of the Company at the end of the Reporting Period	Actual profit or loss during the Reporting Period

Specific opinions of independent Directors on the derivatives investments and risk control of the Company

The foreign exchange forward hedging business of the Company and its majority-owned subsidiaries is related to the daily global operations, so as to better avoid and guard against the risks of fluctuations in foreign exchange rates and interest rates and to enhance the financial stability of the Company. The Company adheres to the basic principle of hedging and prohibits speculation. The Company formulated the Foreign Exchange Risk Management System and established and improved the corresponding internal control system, which is conducive to strengthening the management and control of transaction risks. The relevant decision-making procedures complied with laws, regulations and other provisions, and there was no damage to the interests of the Company and all shareholders, especially minority shareholders. We unanimously agreed on the matter of the Company in relation to the foreign exchange forward hedging business in 2022.

(3) *Entrusted Loans*

Applicable Not applicable

During the Reporting Period, there was no entrusted loan.



VII. DISPOSAL OF SUBSTANTIAL ASSETS AND EQUITY INTERESTS

1. Disposal of Substantial Assets

Applicable Not applicable

The Company did not dispose of any substantial assets during the Reporting Period.

2. Disposal of Substantial Equity Interests

Applicable Not applicable



VIII. ANALYSIS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES

Applicable Not applicable

Principal subsidiaries and associates contributing to more than 10% of the Company's net profits

Unit: RMB

Company Name	Company Type	Principal Activities	Registered Capital	Total Assets	Net Assets	Revenues	Operating Profits	Net Profits
Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd.	Subsidiary	Manufacture and sales of trailers, semi-trailers and special vehicles	RMB:434,300,750.00	2,932,287,208.44	1,109,126,000.47	1,283,186,614.66	72,309,634.89	66,557,492.55
Qingdao CIMC Reefer Trailer Co., Ltd.	Subsidiary	Manufacturing and sales of kinds of transportation equipment such as refrigerating and insulating equipment, and providing relevant technical services and maintenance	USD:29,404,963.00	1,201,881,068.73	390,674,854.28	642,678,950.08	82,467,142.12	66,253,852.98
CIMC Vehicle Investment Holding Co., Ltd.	Subsidiary	Investment holding	USD:50,000.00	3,168,522,594.00	3,007,532,214.62	-	69,352,295.84	69,352,295.84
VANGUARD NATIONAL TRAILER CORPORATION	Subsidiary	Manufacturing and sales of dry van trailers	USD:10.00	1,550,879,795.75	1,033,177,419.25	1,917,260,977.87	163,908,688.74	122,862,143.34
Zhumadian CIMC Huajun Vehicle Co., Ltd.	Subsidiary	Manufacture and sales of special vehicles and trailers	RMB:205,340,000.00	1,136,956,534.28	521,735,821.57	502,543,459.14	22,873,278.02	19,534,350.21



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Company Name	Company Type	Principal Activities	Registered Capital	Total Assets	Net Assets	Revenues	Operating Profits	Net Profits
CIMC Vehicle (Jiangmen) Co., Ltd.	Subsidiary	Development, production and sales of auto parts (excluding engines), products of composite materials, tank trucks and automotive trailers, and provision of related after-sales services; sales of automobile (excluding those subject to management of automobile brand marketing)	RMB:141,215,315.00	707,575,453.30	315,271,129.22	167,252,222.95	14,060,562.79	13,001,412.96
Luoyang CIMC Lingyu Automobile Co., Ltd.	Subsidiary	Production and sales of passenger vehicles and tank vehicles; processing of machines; import and export business	RMB:122,745,705.94	882,577,768.83	270,052,716.83	660,206,444.41	(4,403,975.23)	(2,689,760.59)
Wuhu CIMC Ruijiang Automobile Co., Ltd.	Subsidiary	Development, production and sales of various special vehicles, ordinary mechanical products and metal structure parts	RMB:348,177,160.79	1,159,177,453.11	638,340,221.87	676,508,479.44	20,678,919.09	18,288,998.11
Wuhu CIMC Ruijiang Automobile Marketing Service Co., Ltd.	Subsidiary	Sales of various special vehicles, ordinary mechanical products and metal structure parts	RMB:5,000,000.00	677,762,710.06	19,716,703.21	616,312,786.72	3,334,674.03	2,501,005.51
CIMC VEHICLES UK LIMITED	Subsidiary	Investment holding	GBP:100.00	1,498,848,922.79	667,756,096.41	871,666,558.87	13,620,230.42	10,006,600.22

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

During the Reporting Period, benefiting from the demands in the North American market, the net profit of the subsidiaries of the Company, VANGUARD NATIONAL TRAILER CORPORATION and Qingdao CIMC Reefer Trailer Co., Ltd., respectively increased by 116.15% and 72.44% compared to the same period last year. During the Reporting Period, the net profit of the subsidiary of the Company, Yangzhou CIMC Tonghua Special Vehicles Co., Ltd., decreased by 77.35% compared to the same period last year, mainly due to the compensation income from demolition of approximately RMB219 million recognized in the first half of 2021.

Details on acquisition and disposal of subsidiaries during the Reporting Period

Applicable Not applicable

Company Name	Method of acquiring and disposing subsidiaries	Impact on overall production, operation and performance
Qingdao CIMC Eco-Equipment Co., Ltd.	Deregistered	No significant impact
Qingdao CIMC Smart Logistics Equipment Co., Ltd.	Deregistered	No significant impact
Xiamen CIMC Vehicle Logistics Equipment Co., Ltd.	Deregistered	No significant impact

IX. STRUCTURED ENTITIES CONTROLLED BY THE COMPANY

Applicable Not Applicable

X. RISK EXPOSURES OF THE COMPANY AND RESPONSIVE INITIATIVES

1. Macroeconomic fluctuation and industry cyclicity risks

The Company is engaged in the specialty vehicles manufacturing industry. It is a semi-trailer 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 truck 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, 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.

Responsive Initiatives: 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 truck 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. Short supply of raw materials and risk of price fluctuations

The Company's production process depends on the timely and stable supply of several raw materials and parts. 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.

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

3. Risks of overseas investment and intercontinental operation

The Company actively develops overseas business and establishes new production 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 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, Europe and other regions.

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

Responsive Initiatives: The Company actively promotes the strategic transformation of “Intercontinental Operation, Local Manufacturing” and will further increase its support for 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 sales to overseas customers mainly with foreign currency quotation and settlement accounts for a large percentage. The Company has hedged against the impact of exchange rate fluctuations through forward foreign exchange contracts and other measures. However, the Company will remain subject to the risk of exchange loss, in case of significant fluctuations in the exchange rate of the domestic currency against any foreign currency in the future as a result of any changes in the domestic and foreign economic environment, political situation, monetary policies and other factors.

Responsive Initiatives: The Company manages its foreign exchange risk by regularly reviewing its net exposure to foreign exchange risk, and carries out risk management by entering into foreign exchange forward 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

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

Responsive Initiatives: The Company continuously implements the development strategy of “Sophisticated Manufacturing System”, actively promotes the digitalization and intellectualization of “Light Tower” Plants and builds the “Light Tower Manufacturing Network”. 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 core talents and trained core talents according to the needs of its strategic development.



6. Risk from environmental protection policies

As the philosophy of green development has become a development consensus, China has put greater demands on environmental protection, thus leading to higher pressure on manufacturing enterprises in terms of environmental protection and an increase in their investment in environmental protection. Manufacturing and transportation are important sectors for implementing the “carbon peaking and carbon neutrality” policy of China. China has also frequently published relevant policies to support green development, which specify the development goals and specific work arrangements, including the continuous decrease in carbon emission intensity, the significant decline in pollutant emission intensity and the steady improvement in energy efficiency. China has improved the green manufacturing system, and built green factories and green industrial parks, thus drawing a new blueprint for the 14th Five-Year Plan for Industrial Green Development. The “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.

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

XI. FUTURE PROSPECTS AND STRATEGIES

(I) Changes in the macro situation and industry landscape in the second half of 2022

Looking forward to the second half of 2022, China’s economy is in a “new normal”, shifting from a high-speed growth stage to a high-quality development stage. The economic structure shifts from “focus on output and capacity enhancement” to “adjustment of the inventory and optimization of the increment”, and the driving force of economic development changes from “relying on resources and low-cost labor” to “innovation-driven”. The sustained implementation of growth stabilization policies, the accelerated implementation of infrastructure projects and the orderly recovery of supply chain and logistics transportation will support the steady recovery of China’s economy; the profits of downstream enterprises in the manufacturing industry are expected to improve.



The Opinions of the Central Committee of the Communist Party of China and the State Council on Accelerating the Construction of a National Unified Market specifies the goal of continuously making domestic markets efficient and smooth and expanding the market size, etc., and the construction of a modern circulation network. The logistics and transportation in the Chinese market will be developed towards standardization and intensification.

In the face of new opportunities and challenges, the management of the Company will actively implement various strategic measures, integrate the superior resources of the Company, and actively make arrangements for local manufacturing while persisting in optimizing the efficiency of intercontinental operation, and improve the product assembly, delivery, after-sales service and financial service capabilities in regions and countries where the markets are located, deepen and expand the influence of local brands, and determine to ensure the deep engagement of the Company in local markets for a long time. Meanwhile, the Company is expanding the profitability in the entire value chain and increasing the opportunities to make a profit in the whole life cycle, so as to ensure the steady development of its six major businesses or groups.

1. *Semi-trailers in the Chinese market*

The entry into force and stricter implementation of new national standards, the opportunity for upgrading of semi-trailers of China and the implementation of the strategy of “carbon peaking and carbon neutrality” increase the certainty of the semi-trailer business development in China, and raise the concentration and entry threshold of the industry. A healthy competition landscape will be more conducive to compliant enterprises.

Under the background of ensuring smooth logistics, multi-modal transport, drop and pull transport and trailer rental business, as the methods for improving the efficiency of logistics and transportation in China, gain attraction in the market.

2. *Semi-trailers in the North American market*

Due to the loose monetary policy of the Federal Reserve, stimulus packages of governments and other measures, inflation in the United States remained at a high level and peaked subsequently. However, the semi-trailer and logistics transportation equipment markets in North America were in short supply due to the adoption of the U.S. Infrastructure Investment Act and the continuous growth of residents’ consumption demand. The overall demand for semi-trailers in the North American market will improve in the second half of 2022.



3. *Semi-trailers in the European market*

The European economy is subject to downside risks, affected by rising commodity prices, geopolitical conflicts, energy price fluctuations and supply shortages. The semi-trailer supply chain, production and manufacturing capacities in the European market are subject to new challenges. The industry reshuffling will accelerate, and the market concentration is expected to further increase.

4. *Tank trucks and concrete mixer trucks*

In the second half of 2022, with the accelerated offering of special bonds by the Chinese government, the growth rate of infrastructure investment will be expected to increase, and the national fixed asset investment is promoted, which will stimulate the market demand for tank trucks and concrete mixer trucks to a certain extent. However, affected by high oil prices and the downturn of the real estate industry, the demand for tank trucks and concrete mixer trucks will be suppressed in the short term. In the long run, the Chinese government will continuously promote the rectification of non-compliant tank trucks, implement strict qualification examination and access standards, and promote the industrial structure adjustment, optimization and upgrading of the chemical industry. There will be opportunities and challenges for the compliant tank semi-trailers manufactured by the Company.

With the full implementation of China VI emission standards, the crackdown on overloading and oversizing and further promotion of new energy specialty vehicles are carried out in many places in China, thus there is an obvious tendency of upgrading and new energy transition of specialty vehicles.

5. *Urban dump truck*

The new energy and environmental protection transformation of urban dump trucks is accelerated, with the progress towards China's strategic goal of "carbon peaking and carbon neutrality" and the upgrading of urban dump trucks promoted by the implementation of China VI emission standards. The steady improvement in China's infrastructure construction will provide room for the growth of compliant urban dump trucks, but the product demand for traditional urban dump trucks remains under pressure in the short term. The Chinese government makes greater efforts for promotion, which is expected to facilitate the sales of lightweight, intelligent and environmental-friendly new energy urban dump trucks.



6. *Lightweight van trucks*

The lightweight van trucks become a new hot category in the commercial vehicle industry in China, due to the official implementation of the technical specifications against “understating the unloaded weight” of light trucks, and the implementation of policies including “rural revitalization,” the “14th Five-Year Plan for the Development of Cold Chain Logistics” and the “national unified market.” Enterprises manufacturing compliant dry truck bodies are exposed to opportunities, as green and low-carbon transition of urban distribution trucks is accelerated, and the regulatory and entry standards become stricter.

In addition, after the General Office of the State Council of China published the “14th Five-Year Plan for the Development of Cold Chain Logistics,” local governments successively introduced a series of supporting policies to encourage the development of urban logistics and distribution, cold chain logistics and transportation. China continuously promotes the development of the cold chain logistics industry and accelerates the construction of the cold chain logistics system and logistics hub. The market demand for refrigerated trucks is strong but subject to scattered industry competition.

(II) Development strategy of the Company

In 2022, the Company will continuously build the Sophisticated Manufacturing System to promote high-quality development, actively deepen its strategic arrangements for the six major businesses or groups, and further increase its market segment share in China through production and marketing coordination, so that overseas semi-trailers will have competitive advantages in North American, European and emerging markets, thus further enhancing its leading position in the world.

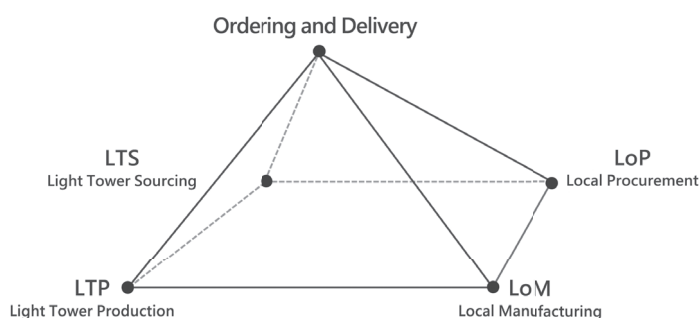
The Company will consolidate its main business according to the core measures and resources of the six major businesses or groups, accelerate the reform that is conducive to improving the efficiency of resource allocation, actively implement standardization strategies and improve the “development achievement” evaluation system through high-quality products and services, strong innovation, high demand identification rate, brand influence, networked and intelligent production organization methods and a complete industrial system, so as to achieve high-quality development.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Meanwhile, the Company will launch the policy to promote the high-quality development of six major businesses or groups from 2023 to 2025, make strategic and organizational development plans, and organize core subsidiaries to regularly explore strategic development and identify a “high-quality development path.”

1. ***Promoting the construction of the “Light Tower Manufacturing Network” and incubating an efficient operation organization and process***



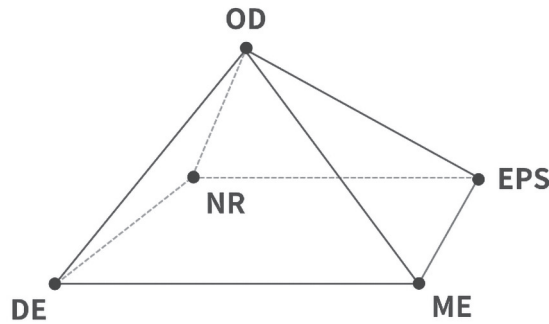
Due to the strategic promotion by the Sophisticated Manufacturing System and the new management infrastructure, in the past six years, the Company has invested in and built 22 “Light Tower” Plants, which has supported the rapid development of the Company. In order to support intercontinental operation and trans-regional operation more flexibly, the Company will actively prepare for the upgraded version of the “Light Tower” Plant, namely the “Light Tower Manufacturing Network.”

By introducing the “five cornerstones” of the Sophisticated Manufacturing System and implementing the “new management infrastructure,” the Company has improved the “Light Tower” Plants and started a new round of reform, so as to improve the production efficiency, gross profit margin of products and market share.

In the “Light Tower Manufacturing Network” model, the underlying architecture consists of LTP, LTS, LoP and LoM, which forms a complete pyramid and provides a new direction for the Company’s organizational development, securing of orders and delivery services. Meanwhile, the customer relationship management (CRM) system and EPS digital supply chain platform are utilized in the whole process, which improves the degree of adhesion and coordination of modules, finally forms an efficient operation organization and process and determines the competitive advantage.



2. ***Building “five cornerstones” of the Sophisticated Manufacturing System to lay a good foundation for organizational development***



- (1) *Improving the technology research and development and reserve of product modules (DE)*

In terms of building specialized product modules, the Company has actively built a system of product module construction, established a professional product module team, united various product engineers for brainstorming, exploration and innovation, and continuously upgraded the technical research and development of product modules, so as to provide customers with high-quality and high-tech products. With models of a year as the subject, the Company has provided special training camps for sophisticated manufacturing, promoted and trained digital and modular technologies, continuously improved the research and development strength of technicians through professional training, and stimulated the innovation enthusiasm for building specialized product modules, thus deepening the construction of the Sophisticated Manufacturing System.

Through research and development and modular exploration, the Company continuously helps improve logistics and transportation efficiency in China. In order to meet customers' needs in e-commerce logistics and improve logistics efficiency, the Company has provided lightweight and large-volume logistics solutions for e-commerce logistics through CAE analysis, prototype validation and other methods. Meanwhile, the Company has actively provided solutions for efficient loading and unloading of van trucks. The Company, together with the Research Institute of Highway Ministry of Transport, has actively promoted the research project for double-trailer trains. As a modular transportation solution, the project greatly improves the loading capacity and is of guiding significance for the development of the logistics industry and the development of regulations of China.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In the future, the Company will continuously increase its investment in product module technology, research and development, and actively make arrangements for lightweight, specialization, intelligentization and new energy. The Company will improve the logistics transportation mode of China and help improve logistics transportation efficiency in China, through its research and development.

(2) Upgrading of green “Light Tower” Plants (ME)

At present, the Company has built 22 “Light Tower” Plants at domestic and abroad. The Sophisticated Manufacturing System has begun to show results, and the economic and environmental benefits arising out of the “Light Tower” Plants have begun to play out. From 2020 to 2022, the Company completed the construction of a high-end production center, namely, the LTP production center, including the TB Plant in Jiangmen, the Stainless Steel Tank Line of Champion Tanker in Wuhu and DS Plant in Thailand. During the same period, the Company also established a sophisticated manufacturing network, namely LoM manufacturing plant, including three chassis trailer pioneer manufacturing lines of CIE, polar bear manufacturing plant and glacier manufacturing plant of CRTI in North America, and UK Southampton pioneer manufacturing plant and Mansfield manufacturing plant of SDC in Europe, and Pijnacker pioneer manufacturing plant of LAG in the Netherlands. In China and Asia, the Company completed the upgrading of the Yangzhou cement mixer truck manufacturing plant of Champion Tanker Business Group and the construction of the manufacturing plant of TB Business Group.

The Company vigorously promoted the transformation of “Light Tower” Plants from automation to digitalization and intelligentization, actively practiced the philosophy of digitalization and integration of product design and manufacturing, actively participated in the formulation of intelligent manufacturing standards, continuously promoted the manufacturing execution management system (MES) of manufacturing plants, and realized the collection of production site management data, and completed the energy consumption management of a whole workshop, intelligent interconnection IOT and comprehensive management of equipment.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

The 8+2 digital management system platform with SAP as the core supplemented by PLM and MES systems was built for the TB Business Group in Jiangmen plant on a trial basis. Starting from the top-level design, the Company carried out forward-looking research and deployment for the flexible storage, efficient utilization and deep mining of its product design data, manufacturing data and financial data, and provided the best practices and cases for its overall digital transformation.

Meanwhile, the “Light Tower” Plants of the Company continuously delivered the green philosophy of “saving energy consumption and reducing pollution” through its products, and led the green development of the semi-trailer and specialty vehicle industries. The Company actively promoted joint research and development with tractor manufacturers, applied green engineering technology to building green, automatic and intelligent production lines, and started the upgrading construction of intelligent coating lines for urban dump truck bodies. The Company cooperated with tractor manufacturers in development, integration of superior resources, and creation of a new era of development of specialty vehicles in China.

The Company continuously seized the development opportunities for urban distribution and cold chain logistics in China, and made arrangements for the production lines of dry truck bodies and refrigerated truck bodies. The Company’s TB Business Group launched K2 product series with high-cost performance in the market, and actively built three production bases in Jinan, Shandong Province, Zhenjiang, Jiangsu Province and Jiangmen, Guangdong Province. Meanwhile, the Company also built a high-end refrigerated semi-trailer assembly line in Dongguan in a timely manner to make up for the gap in the refrigerated semi-trailer production capacity in the markets of South China and Southeast Asia, which was able to form efficient industrial synergy and complementarity with the TB plant in Jiangmen, thus enriching product series.

The plant of Ruijiang Tanker under the Champion Tanker Business Group has completed a stainless-steel liquid tank trailer production line and a mixer truck production line. The production lines incorporate the most advanced manufacturing process equipment and technology in the industry, and feature with various pioneering processes and technologies in the industry and an automation rate of over 90%. The production lines increase the production efficiency per employee, continuously optimize the product structure, and can quickly provide customers with high-quality and low-cost products.



(3) *Promoting the establishment of a “new retail” team, and accurately serving the demand of customers (NR)*

The Company comprehensively upgraded the KA organization team of its headquarters, built a new retail operation center, developed high-level core management resources of the headquarters, and established the “KA10 Promotion Committee”, a new retail organization for key accounts in China. At the headquarters level, according to the pain points and demands of key accounts, the Company promoted the upgrading of products and services and provided comprehensive and targeted products and services with high user stickiness for benchmarking customers in various industry segments.

By selecting and training professional sales personnel, the Company established a new retail professional sales competency model. Through the launch of the customer relationship management (CRM) platform, the Company thoroughly practiced the philosophy of “bringing the users closer and keeping close customer relationship”. With the deepening of the marketing connotation of the new retail (NR) system, the Company further utilized the digital platform to realize the connection between the ERP of plants and the CRM digital platform of the headquarters, and the connection between customers and sales personnel, thus forming the closed loop of the sales order management process.

The Company continuously launched new series of brands under the Sophisticated Manufacturing System, and obtained an advantage in the market by launching brands such as “Pioneer Series”, “CIMC Light Tower”, “TB” and “Vanguard Trailer Rental”. In the year, “Hexi Pioneer” in West China and “Northeast Pioneer” in East China were successively launched, and the sales teams of the “Champion Tanker Business Group” and the “TB Business Group” were remodeled, so as to continuously enhance the brand marketing and word-of-mouth construction, establish the brand awareness and image of the Company, and bring customers closer.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In the complicated and changeable domestic business environment, the Company further established a cross-business group and a cross-enterprise and cross-functional joint service team to promote and innovate the leading customer scenarios in various industry segments, and established in-depth technical and resource cooperation with them; carried out joint development, and launched innovative products and services around the scenarios of strategic directions such as new energy and environmental protection in line with the development trend of China and industries.



(4) *Continuously promoting organizational development (OD)*

In order to support the implementation of the “Sophisticated Manufacturing System”, the Company further reviewed the underlying management structure and logic, optimized management efficiency, with the aim of incorporating digital, intelligent and efficient management factors into its daily management work, and continuously optimized the three driving forces, namely the Promotion Committee, the Efficient Team Organization of Intercontinental Operation and the Senior Leadership Training Center.

The Company’s diamond pyramid structure has taken shape, and the Company has persisted in developing an efficient operation organization and process in the Sophisticated Manufacturing System. For core key accounts, the Company carried out efficient process optimization and relied on the advantages of the Light Tower Manufacturing Network to consolidate the core competitiveness and establish competition barriers.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

The Promotion Committee will serve as the main decision-making department in the process of building the “Sophisticated Manufacturing System” for the Company and will promote the achievement of the Company’s goal of development at a higher stage. In terms of system, the Company will continuously promote the construction of the Sophisticated Manufacturing System for its headquarters and core subsidiaries, and build new management infrastructure. This is reflected in the following: Firstly, the Company will continuously build DE/ME professional space, platforms and teams; secondly, the Company will build professional new retail stores, CRM platforms and professional sales teams; thirdly, the Company will construct digital asset management platforms and reporting systems based on “New Silk Road”; fourthly, the Company will build the upgrading platform for core human resources and the Senior Leadership Training Center.

Meanwhile, under the framework of the Company’s intercontinental operation strategy, “Intercontinental Operation, Local Manufacturing” will define the operation and future development model, seize overseas growth opportunities and realize global enabling. The performance of European Business improved continuously after the completion of the restructuring. Meanwhile, North American Business Group was also ready to achieve “being bigger and stronger” in the United States through business process optimization.

In addition, in order to enhance the organizational vitality and match the efficient professional ability, the Company’s Senior Leadership Training Center continuously provides training opportunities for employees in leadership positions and core business positions in the headquarters and core enterprises. The Company has continuously produced more than 10 senior executives with high-end vision to the organization to promote the development of each business or group with new thinking and vision under the principle of “unity of knowledge and action” in each business module. At present, the Company has launched the third senior leadership training plan.



(5) *The construction of digital supply chain center has achieved initial results (EPS)*

The EPS Center, as the fifth cornerstone of the Sophisticated Manufacturing System, acts as the center of the digital supply chain, which can give full play to the advantages of the EPS platform in terms of time and space, strategies and processes, and realizes the digital management of supply resources and effectively supports the purchase requirements of various businesses or groups. The EPS Center can make full use of the cooperative relationship with the famous parts and components suppliers in the world to establish a stable and reliable supply chain system; reduce the purchase costs of parts and components, 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. At present, the Company has a unified EPS portal platform and achieves online management of more than 100 suppliers.

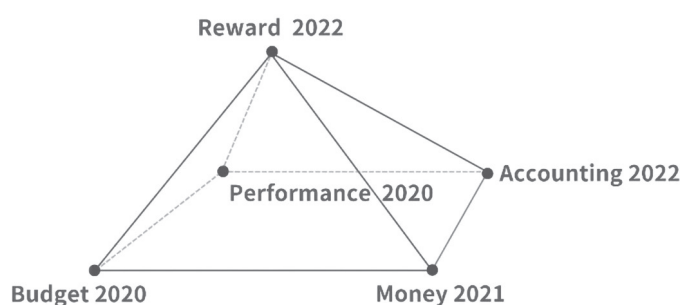
The shortage in the global supply chain due to the impact of the pandemic also posed new challenges to the management and operation of the Company's global supply chains. At the time of great changes in the industry, the Company's supply chain management will focus on "products, prices and relationships," and the Company will be committed to building "process digitalization" and continuously advancing the design and global deployment of the EPS platform. At present, the Company has realized the supplier and sourcing management of conventional OE parts on the EPS platform and has completed the exploration of LTS and LTP business models through the platform process, thus efficiently enabling the "Light Tower Manufacturing Network." In the first half of the year when raw material prices were high, the Company conducted bidding for OEM parts through the EPS platform, which had a higher purchase price advantage than as compared with the mainstream market.

In terms of the construction of the "Light Tower Manufacturing Network," the EPS platform has become the hub of the process, and will link various segments of the Sophisticated Manufacturing System to maximize the "order fulfillment." In the future, the Company will actively advance "model selection and development of OE parts and components based on product application scenarios," establish a professional technology-based supply chain team, and promote its subsidiaries to form a unified working platform for the supply chain, 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 parts and 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.

3. *New management infrastructure*



As the inevitable result of organizational development, the Company reorganized enterprises with the characteristics of the Sophisticated Manufacturing System into strategic organizations and business units. It is necessary to establish a new enterprise management infrastructure between strategic organizations and business units. As an important promoter to match the strategic planning objectives of the Company, the new management infrastructure will continuously improve its governance and promote the upward development of the organization.

- (1) **Budget 2020:** Budget 2020 is an important cornerstone in the Company's new management infrastructure. It guides the Company's operations, investment and financing activities, and provides direction for capital allocation.
- (2) **Money 2021:** Money 2021, which was launched in 2021, manages funds around strategic and budgetary goals and has rational fund allocation plans.
- (3) **Accounting 2022:** Accounting 2022, which will be launched in 2022, incorporates information systems as tools and digitization as impetus to establish an accounting system and a report system that are compatible with Budget 2020.



- (4) Performance 2020: Performance 2020, which was launched in 2020, supports the budget system and sets KPI systems, mechanisms and guidance for performance assessment of core enterprises of the Company.
- (5) Reward 2022: Launched in 2022, it identifies special talents that are of great significance to the future strategic development of the Company. It is an incentive mechanism for the core engineers of the Sophisticated Manufacturing System and the core talents who manage the new infrastructure, with a focus on long-term incentives, annual bonuses as the fulcrum to retain core talents and ensure the sustainable driver for development of the Company.

4. Accelerating digital transformation

In order to follow the trend of digitalization in the sophisticated manufacturing industry, the Company embraces digital transformation in an all-round way, and makes use of the convenience and advantages of digital management, and the methods of cloud collaboration, cloud sharing and cloud storage to continuously improve the operational efficiency of the organization, so as to ensure the stability of basic business systems and build a digital work platform for Sophisticated Manufacturing System and new infrastructure management.

(1) Digital work platform for “Sophisticated Manufacturing System”

The digital work platform for “Sophisticated Manufacturing System” will aim to complete the comprehensive cloudization of core business processes including product development, market management, sales management and integrated supply chain, and ensure that the advantages of the digital upgrade of the system can facilitate organizational development.

In terms of CRM, the Company strengthens business opportunity management, continuously refines sales management processes, promotes the change of communication methods, accurately identifies customers, improves the accuracy of sales forecast and ensures the win rate and the conversion rate; meanwhile, the Company is committed to quickly and accurately understanding customer information and completing customer profiling. Through uniformly pushing customer information, the Company supports the sale and its team in acquiring customers, thus improving the conversion.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In terms of ERP, the Company's digitalization team has established end-to-end business processes with a focus on the Sophisticated Manufacturing System, and constructed an integrated operation and management platform, thus comprehensively paving the way for upgrading intelligent manufacturing of enterprises. Meanwhile, according to the vehicle management requirements, the design covers master data management, sales management, production plan and execution management, purchasing management, warehousing management, finance and cost management, etc., thus forming the blueprint process system of the Company. The Company has built a cross-system integrated business process operation platform with the SAP and ERP systems as the core, so as to realize the "integration of sales, research, production and supply" and the "integration of finance and business".

In terms of PLM, under the intelligentization, customization, greenization, high reliability cost trend of the logistics and transportation industry, the Company makes full use of advanced information technology, artificial intelligence, big data, Internet and other technologies to build intelligent products and digital platforms, continuously improves the professional research and development capability for product configuration and customization, gradually shifts from two-dimensional product design to product design which is mainly three-dimensional, improves product and process configuration management, establishes a data chain with product data as the core, realizes the integration of PLM and other business systems, and supports efficient operation of various business systems, whiling achieving rapid replication.

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



(2) Digital platform of “New Management Infrastructure”

The digital work platform of “New Management Infrastructure” will aim to optimize the internal budget, statements and resource allocation of funds, provide a visual and multi-dimensional digital system, and improve work efficiency. Meanwhile, through launching the digital work platform, the Company enhances the scale effect of funds, optimizes the allocation of funds and reduces financial expenses. Currently, the digital work platform of “New Management Infrastructure” has been launched for domestic and overseas core enterprises, and achieved intelligent analysis and provided decision-making support.

5. Promoting the research and development of new energy products to help achieving the “carbon peaking and carbon neutrality” strategy

With the promotion of the “carbon peaking and carbon neutrality” strategy and the national new energy policy, the penetration rate of new energy commercial vehicles continues to rise. According to the statistics of China Association of Automobile Manufacturers, in the first half of 2022, the total sales of new energy heavy trucks reached 10.1 thousand units, representing a significant increase of 491% on a year-on-year basis, which was a blowout growth. The Company actively promotes the research, development and innovation of new energy products to promote the high-quality development of the road transportation equipment industry and help the country achieve the strategic goal of “carbon peaking and carbon neutrality”.

In terms of new energy product innovation, the Company actively researches and develops new energy lightweight urban dump trucks, which adopt ultra-high strength and wear-resistant steel to ensure the realization of lightweight technology and match with new energy chassis, to have leading advantages in lightweight, durability, corrosion resistance and load capacity; meanwhile, the Company launches pure electric mining trucks, which adopt advanced “ERS” technology to achieve “heavy-duty downhill” energy recovery, with an energy saving rate of over 85%, and are equipped with a wire-controlled chassis to achieve long-range capability. In terms of concrete mixer truck, the Company has developed a variety of new energy pure electric concrete mixer truck products based on the market demand, including rechargeable and exchangeable type, with small capacity battery to provide rotating power for mixing tank, energy saving and emission reduction. In terms of urban distribution vehicles and refrigerated van trucks, the Company has actively joined hands with tractor manufacturers to develop new energy refrigerated vehicles, achieving a weight reduction of more than 1,000 KG in the chassis of the van truck bodies.



In addition, the Company explores innovative business models in new energy and autonomous driving scenarios, creating lightweight and long-life semi-trailer solutions around the rapidly developing development trend of new energy heavy trucks, regional autonomous driving and special line formation driving, transforming customers' purchase of products from price to value orientation, establishing close cooperative relationships with customers, and forming an innovative exploration with technology, business and investment as a whole. The Company will take the lead in the development of the new energy commercial vehicles market.

(III) Operating plan for the second half of 2022

1. *Light Tower Pioneer Business*

Light Tower Pioneer Business is deeply engaged in semi-trailer products in the Chinese market. By integrating the resources of various semi-trailer "Light Tower" Plants in China, it has built the Light Tower Manufacturing Network comprising LTP, LTS, LoP and LoM, completed the organization iteration and change, promoted the securing and fulfillment of orders, and consolidated the strong foundation of the semi-trailer business in the domestic circulation.

In order to cope with the uncertain external market, the Company has improved its response measures and further expanded its capacity utilization rate. The Company has upgraded the strategic plan of "Light Tower Manufacturing Network", carried out production line optimization and regional planning, and made breakthroughs in core products. The Company has actively conducted unified bidding at the headquarters level, distributed orders according to the principle of proximity in vehicle license application, and formed a joint force, thus achieving breakthroughs in sales.

2. *North American Business*

In the second half of 2022, the demand for semi-trailers in the North American market continuously improved, and the overall market remained in short supply. The core plants of North American Business completed production line optimization and process improvement, and put into use the digital and modular design system, thus continuously improving its delivery efficiency. Meanwhile, the Company continuously made breakthroughs in research and development in terms of weight reduction for fully-assembled vehicles and insulation performance of refrigerated trucks, so as to enhance customer satisfaction and market competitiveness, and continuously gain an advantage in the market recovery.



In the future, according to the market conditions of raw materials, the Company will flexibly stock up, continuously control the production cost, and continuously improve its profitability in the North American market, so as to achieve the objective growth of North American Business.

3. *European Business*

In the second half of 2022, European Business will actively improve the production line of the local “Light Tower” Plant, and continuously improve the production efficiency and capacity to seize the potential growth opportunities for semi-trailers in the European market. In the face of uncertainties in Europe, the Company started the corporate strategic upgrading plan, optimized management, reduced the costs of raw materials, ensured the stability of the supply chain and improved the order fulfillment capacity by implementing the enterprise ERP system and the global supply chain management system.

4. *Champion Tanker Business Group*

Champion Tanker Business Group produces and sells two core products, namely tank semi-trailers and concrete mixer trucks, and integrates several strategic brands for operation, thus forming a joint force and strategic synergy. It has established strategic cooperation with major and strategic customers, and improved the after-sales service guarantee system and the centralized purchase system of Champion Tanker, so as to promote the placement of orders.

Under the market trend of new energy, the Company has continuously deepened the research and development of new energy concrete mixer truck products, and promoted organizational development and change, and the “Strategic Development Plan for Champion Tankers”, to expand the business of manufacturing enterprises beyond market segments, thus achieving better sales performance than the market.



5. *Urban Dump Truck Business*

In the second half of 2022, it is expected that the exhaustion of the demand in the heavy truck industry due to the implementation of China VI emission standards will be improved. The Company's Urban Dump Truck Business will continuously promote the joint research and development strategy with tractor manufacturers, including deepening the exploration of new energy chassis and intelligent interconnection, raising the lightweight level, seizing the new energy development opportunities in the industry, and expanding the leading edge of products and businesses.

6. *TB Business Group*

TB Business Group actively serves cold chain logistics and distribution, urban logistics and distribution, express delivery and other industries. The Company makes full use of K2 dual-mode foaming technology with independent intellectual property rights to improve its product manufacturing efficiency, product performance and quality. The total sales goals of the classic refrigerated van body business represented by KG+K² and the new-generation cost-effective refrigerated truck body business are to exceed those of the market. Meanwhile, the Company continuously integrates the technical advantages, purchasing channels and sales resources of the three plants of TB Business Group. Based on the management requirements of business combinations, the Company has adopted a matrix management structure, and established five major centers and three major bases to support the business departments.

With a focus on “externally seizing the opportunity from the policy of retrofitting by designated truck body manufactures, and internally and comprehensively optimizing the supply chain, and reducing costs and improving the efficiency for ME”, TB Business Group will enhance the core competitiveness of light truck bodies businesses, become an excellent manufacturer of dry truck van bodies, refrigerated truck van bodies and fully-assembled vehicles businesses, and enhance its market position.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

XII. REGISTER OF RECEPTION OF RESEARCH, COMMUNICATIONS AND INTERVIEWS DURING THE REPORTING PERIOD

Applicable Not applicable

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main contents of discussion and data provided	Brief description on research
January 19, 2022	Shenzhen Headquarters	Teleconference	Institutional investors	Shenwan Hongyuan Securities and its customers	Statement of the Results for the First Three Quarters of 2021	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on January 21, 2022
March 4, 2022	Shanghai	On-site activity	Institutional investors	Qianhai Hon Fu Fund, U-Shine Fund, Shanghai Dragon Investment Management and Topsperity Fund	Statement of the Results for the First Three Quarters of 2021	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on March 8, 2022
March 18, 2022	Shenzhen Headquarters	Teleconference	Institutional investors	ICBC Credit Suisse	Statement of the Results for the First Three Quarters of 2021	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on March 22, 2022
March 25, 2022	Shenzhen Headquarters	Video conference	Institutional investors Small and Medium Investors	Investors involved in the Company's 2021 annual results	Statement of the Annual Results of 2021	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on March 28, 2022



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main contents of discussion and data provided	Brief description on research
From March 25 to April 6, 2022	Shenzhen Headquarters	Teleconference	Institutional investors	Central SOEs Industrial Investment Fund for Rural Area, CICC and its customer	Statement of the Annual Results of 2021	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on April 7, 2022
April 28, 2022	Shenzhen Headquarters	Teleconference	Institutional investors	SUNWAH KINGSWAY	Statement of the Results for the First Quarter of 2022	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on April 29, 2022
May 10, 2022	Shenzhen Headquarters	Teleconference	Institutional investors	7 institutions, including Huatai Securities and Maxwealth Fund	Statement of the Results for the First Quarter of 2022	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on May 12, 2022
From May 18 to May 19, 2022	Shenzhen Headquarters	Teleconference	Institutional investors	16 institutions, including China Asset Management and Eastmoney Securities	Statement of the Results for the First Quarter of 2022	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on May 20, 2022



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main contents of discussion and data provided	Brief description on research
May 30, 2022	Shenzhen Headquarters	Teleconference	Institutional investors	Sunbridge Capital	Statement of the Results for the First Quarter of 2022	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on June 2, 2022
June 21, 2022	Shenzhen Headquarters	Teleconference	Institutional investors	23 institutions, including CICC and Greenwoods Asset Management	Statement of the Results for the First Quarter of 2022	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on June 26, 2022
From June 28 to June 29, 2022	Shenzhen Headquarters	Teleconference	Institutional investors	5 institutions, including CITIC Securities and Orient Securities	Statement of the Results for the First Quarter of 2022	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on July 2, 2022



XIII. DISCLOSURE UNDER THE LISTING RULES OF THE HONG KONG STOCK EXCHANGE

1. Significant Investments during the Reporting Period

During the Reporting Period, the Group did not have significant investments amounting to 5% or more of the total assets of the Group (including any investments in an investee company).

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

On March 24, 2022, the Company entered into the Capital Increase Agreement with other existing shareholders of Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. (深圳中集同創供應鏈有限公司) (“**CIMC Tongchuang**”), namely Shenzhen CIMC Investment Co., Ltd. (深圳市中集投資有限公司) (“**CIMC Investment**”), CIMC Technology Co., Ltd. (中集技術有限公司) (“**CIMC Technology**”), CIMC Enric Investment Holdings (Shenzhen) Ltd. (中集安瑞科投資控股(深圳)有限公司) (“**CIMC Enric (Shenzhen)**”), Cuilian (Shenzhen) Fire-fighting Equipment Co., Ltd. (萃聯(深圳)消防裝備有限公司) (“**Cuilian Fire-fighting**”) and Shenzhen Qili Corporate Management Partnership (Limited Partnership) (深圳齊力企業管理合夥企業(有限合夥)) (“**Qili Corporate**”). Pursuant to which, the Parties agree to increase the registered capital of CIMC Tongchuang from RMB200,000,000 to RMB362,100,500. On the same day, the Board has resolved to approve the Company to waive the preferential subscription right for the capital increase of CIMC Tongchuang. Cuilian Fire-fighting and Qili Corporate have also waived the exercise of the preferential subscription right for the capital increase of CIMC Tongchuang. Immediately after the completion of the Capital Increase of CIMC Tongchuang, the shareholding of CIMC Tongchuang held by the Company will be diluted from 10% to 5.52%, which remains as a participating shareholding company of the Company. For relevant information, please refer to the announcement of the Company dated March 24, 2022.

During the Reporting Period, save as disclosed above, the Company did not have other material acquisitions and 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 of VI. Investment Analysis” under Section III “Management Discussion and Analysis” in this report and the “Investment Plan for 2022” set out in the “Announcement on Resolutions of the Third Meeting of the Second Session of Board of Directors in 2022” issued by the Company on March 24, 2022, as of the date of this Report, the Group had no other significant future capital asset investment or acquisition plans approved by the Board.

4. Liquidity and Financial Resources

As at June 30, 2022, the Group had cash and cash equivalents of RMB4,379.4 million (December 31, 2021: RMB4,694.7 million). As at June 30, 2022, the Group had borrowings of RMB1,106.1 million (December 31, 2021: RMB1,326.6 million).

	As at June 30, 2022 (RMB in millions)	As at December 31, 2021 (RMB in millions)
Long-term borrowings		
– Bank borrowings	388.1	277.9
– Bank borrowings, guaranteed	–	96.9
Subtotal	<u>388.1</u>	<u>374.8</u>
Current portion of long-term borrowings		
– Bank borrowings	57.9	21.8
– Bank borrowings, guaranteed	–	40.4
Subtotal	<u>57.9</u>	<u>62.2</u>
Short-term borrowings		
– Bank borrowings	475.9	663.4
– Bank borrowings, guaranteed	179.3	226.1
– Loans from third parties		
– Discounted bills	5.0	–
Subtotal	<u>660.1</u>	<u>889.6</u>
Total borrowings	<u>1,106.1</u>	<u>1,326.6</u>

Note: There is a difference in the mantissa between the the total amount directly added and the total amount. This difference is caused by the unit (RMB ten thousand) and rounding.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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

	As at June 30, 2022 (RMB in millions)	As at December 31, 2021 (RMB in millions)
Within one year	718.0	951.8
One to two years	83.1	82.6
Two to five years	305.0	292.2
Total	<u>1,106.1</u>	<u>1,326.6</u>

During the Reporting Period, the Group's major cash inflow items are net cash inflow generated from operating activities of RMB206.8 million (2021: RMB282.3 million).

There is no seasonal variation in the Group's borrowing needs. As at June 30, 2022, the interest rate range for short-term borrowings was 0.8% to 4.7% (December 31, 2021: 0.8% to 4.7%), and the interest rate range for long-term borrowings was 3.3% to 5.1% (December 31, 2021: 3.3% to 4.7%). Borrowings at fixed interest rates were approximately RMB442.9 million (December 31, 2021: RMB429.7 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 at June 30, 2022, the Group had current assets of RMB14,759.8 million (December 31, 2021: RMB14,233.9 million), and current liabilities of RMB9,173.2 million (December 31, 2021: RMB8,623.4 million). As at June 30, 2022, the Group's current ratio was approximately 1.6 times (December 31, 2021: 1.7 times). The current ratio equals to total current assets divided by total current liabilities. The current ratio remained basically unchanged as compared to 2021.

5. Capital Structure

During the Reporting Period, the Group had been adopting a prudent financial management policy and handling capital expenditures with caution. After the Reporting Period, the Group will continue to monitor its liquidity and financial resources, and manage them to maintain a good gearing ratio. As at June 30, 2022, the Group's gearing ratio (equal to total debt divided by total equity multiplied by 100%) was 9.2% (December 31, 2021: 11.0%). The decrease in gearing ratio was mainly due to the decrease of the Group's total debt as at the end of the Reporting Period.



As at June 30, 2022, the Group's cash and cash equivalents were mainly denominated in Renminbi, HK dollars and US dollars, and borrowings were also mainly denominated in Renminbi, Great Britain Pound and US dollars. The Group was exposed to foreign exchange risk primarily through sales and purchases, capital expenditures and other expenses that are denominated in a currency other than the functional currency of the relevant subsidiaries. The Group's foreign exchange exposure mainly arises from the conversion of Renminbi against US dollar, Great Britain Pound, HK dollars and Euro. The Group manages our foreign exchange risk by performing regular reviews of net foreign exchange exposure and minimizes these exposures through entering into foreign exchange forward contracts. The effective period of the Group's hedging activities must not exceed 12 months or the term of the relevant borrowings. The management of the Group continues to monitor the market environment and its own foreign exchange risk profile, and considers appropriate hedging measures when necessary. As at June 30, 2022, the notional amount of the outstanding foreign exchange forward contracts held by the Group was RMB434.2 million.

6. Capital Commitments

As at June 30, 2022, the Group's capital commitments were approximately RMB92.0 million (December 31, 2021: approximately RMB99.2 million), representing a year-on-year decrease of 7.3%, mainly due to gradual completion of purchase 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 the first half of 2022, our outstanding capital commitments were mainly attributable to the upgrading and improvement of factories and equipment and outward investment.

7. Pledge of the Group's Assets

As at June 30, 2022, except for the pledge for certain bank deposits as disclosed in "(1) Financial guarantees of 8. Contingent Liabilities" under this section, the Group had the carrying amount of RMB1.3 million of other fixed assets pledged for the guarantees for property preservation in civil procedure (December 31, 2021: 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 at June 30, 2022, the outstanding balance of the above guarantees provided by the Group to dealers and customers totalled RMB2,504.6 million (December 31, 2021: RMB2,849.4 million), and the bank deposits pledged for these guarantees were RMB156.7 million (December 31, 2021: RMB194.4 million).

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

As at June 30, 2022, the Group had outstanding performance bond and letter of credit of a total of RMB179.9 million (December 31, 2021: RMB74.8 million).

9. Advance to an Entity

As of June 30, 2022, there was no advance extended by the Company to an entity which is subject to disclosure requirements under the Hong Kong Stock Exchange Listing Rules.

10. Pledge of Shares by Controlling Shareholders

As of June 30, 2022, there was no pledge of Shares by the Controlling Shareholders.

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

As of June 30, 2022, there was no loan agreement of the Company with covenants relating to specific performance of the Controlling Shareholders.



12. Breach of Loan Agreements

As of June 30, 2022, there was no breach of the loan agreements by the Company in which the loan involved would have a significant impact on the business operations of the Company.

13. Financial Assistance and Guarantees to Affiliated Companies

As of June 30, 2022, there was no financial assistance or guarantee to affiliated companies by the Company which is subject to disclosure requirements under the Hong Kong Stock Exchange Listing Rules.

14. Information on Employees of the Company

(1) Number of Employees

As at June 30, 2022, the Group had approximately 12,648 full-time employees (excluding labor dispatch workers) (as at June 30, 2021: 13,211). During the Reporting Period, the employee benefits expenses amounted to approximately a total of RMB1,158.9 million (the first half of 2021: RMB1,332.5 million).

(2) Remuneration Policy

The Group adheres to the “people-oriented” talent philosophy and strategy, strictly complies with the labor law and relevant laws and regulations in the place where the Company is located. Under the “position value, individual ability and individual contribution” salary philosophy and orientation, the Group implements a performance appraisal mechanism for fair work, and continuously improves its employee remuneration and benefit systems. Meanwhile, the Group actively ponders over the challenges in its development, continuously innovates its thinking, establishes and improves a diversified incentive system. It continuously improves the competence of its employees and stimulates the vitality of the organization and its employees by using differentiated incentives and motivation tools, so as to help the Group and its employees develop steadily in the long term. In the first half of 2022, the remuneration of employees of the Group amounted to RMB1,158.9 million (the first half of 2021: RMB1,332.5 million).



(3) Training Plans

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

15. Significant Events after the Period

The sixth meeting of the second session of the Board in 2022 was held on July 8, 2022, at which the Board agreed to appoint Ms. Mao Yi as the secretary of the Board and joint company secretary, and Ms. Li Zhimin ceased to act as the secretary of the Board and joint company secretary with effect from July 8, 2022. For details, please refer to the announcement of the Company dated July 11, 2022.

On July 15, 2022, the Company convened the first extraordinary general meeting in 2022, which considered and approved the Resolution on Revision of the Estimated Cap on Continuing Connected Transactions/Daily Connected Transactions with CIMC and its Related Parties in 2022-2024, and approved the proposed Supplementary Agreement to the Procurement and Services Framework Agreement between the Company and CIMC (on its behalf and on behalf of its majority owned subsidiaries and associates), to revise and increase the annual caps for the three years ending December 31, 2024. For details, please refer to the announcements of the Company dated June 2, 2022 and July 15, 2022 and the circular dated June 24, 2022.



SECTION IV CORPORATE GOVERNANCE

I. INFORMATION ON ANNUAL GENERAL MEETING AND EXTRAORDINARY GENERAL MEETING CONVENED DURING THE REPORTING PERIOD

1. Information on the general meeting during the Reporting Period

Session	Type of meeting	Proportion of Participating Investors	Date of Meeting	Date of Disclosure	Resolution of meeting
2021 annual general meeting	Annual general meeting	83.67%	May 31, 2022	May 31, 2022	Resolutions of 2021 annual general meeting

2. Request of preferred shareholders whose voting rights are restored for holding an extraordinary general meeting

Applicable Not applicable

II. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Applicable Not applicable

Name	Position	Employment Status	Date	Reason
Sun Chunan	Executive vice president and chief operating officer of the PRC business	Retired upon expiry of the term of office	January 21, 2022	Mr. Sun Chunan retired upon the expiry of his term of office
Wang Zhujiang	Senior vice president	Appointed	January 21, 2022	At the first meeting of the second session of the Board of the Company in 2022 held on January 21, 2022, the Board agreed to the appointment of Mr. Wang Zhujiang as the senior vice president
Mao Yi	Vice president	Appointed	January 21, 2022	At the first meeting of the second session of the Board of the Company in 2022 held on January 21, 2022, the Board agreed to the appointment of Ms. Mao Yi as the vice president
Chen Bo	Non-executive Director	Resigned	March 28, 2022	Mr. Chen Bo has applied to resign as a non-executive Director of the second session of the Board due to devote more time to his other business commitments



SECTION IV CORPORATE GOVERNANCE *(Continued)*

Name	Position	Employment Status	Date	Reason
He Jin	Non-executive Director	Elected	May 31, 2022	Mr. He Jin was elected as a non-executive Director of the second session of the Board pursuant to the resolutions of the 2021 annual general meeting held on May 31, 2022
Mao Yi	Secretary to the Board and joint company secretary	Appointed	July 8, 2022	At the sixth meeting of the second session of the Board of the Company in 2022 held on July 8, 2022, the Board agreed to the appointment of Ms. Mao Yi as the secretary to the Board and the joint company secretary
Li Zhimin	Secretary to the Board and joint company secretary	Removed	July 8, 2022	Ms. Li Zhimin resigned as the secretary to the Board and the joint company secretary due to job adjustment
Huang Haicheng	Non-executive Director	Resigned	September 7, 2022	Mr. Huang Haicheng has applied to resign as a non-executive Director of the second session of the Board and chairman of the Strategy and Investment Committee due to changes in work arrangement

In addition to the above changes in non-executive Directors, the following are the changes in the information on directors and supervisors disclosed in accordance with Rule 13.51B(1) of the Hong Kong Stock Exchange Listing Rules:

1. Mr. Cheng Hok Kai Frederick, the independent non-executive Director of the Company, has ceased to serve as an independent non-executive Director of Luzhou Xinglu Water (Group) Co., Ltd. (瀘州市興瀘水務(集團)股份有限公司) (a company listed on the Hong Kong Stock Exchange (stock code: 2281)) in March 2022;
2. Mr. Feng Baochun, a Supervisor of the Company, has been appointed as a director of Shandong Linglong Tire Co., Ltd. (山東玲瓏輪胎股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 601966)) in July 2022;
3. Mr. Song Yanwen, a Supervisor of the Company, has ceased to serve as the secretary of the Party branch of the Company from July 2022.

Except for the above disclosures, as at the date of this Report, there were no changes in information of Directors and Supervisors, which are subject to disclosure and have been disclosed under the paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Hong Kong Stock Exchange Listing Rules.



SECTION IV CORPORATE GOVERNANCE *(Continued)*

III. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The management of the Board and the day-to-day management of the Group's business are clearly divided and separately undertaken by the Chairman and the Chief Executive Officer to ensure a balance of power and authority. The Board is responsible for making decisions on specific issues, while the management is delegated the power to execute and manage the Company's day-to-day affairs. The Company has the position of Chief Executive Officer. The positions of Chairman and Chief Executive Officer of the Company are taken up by Mr. Mai Boliang and Mr. Li Guiping respectively, with clear division of responsibility between them. The Chairman takes charge of the affairs of the Board and reviews the implementation of the Board's resolutions whereas the Chief Executive Officer, under the leadership of the Board, is mainly responsible for the Company's management operations and business coordination, and thus the Company has complied with the requirements of Code Provision C.2.1 of Part II of the Corporate Governance Code. Apart from the information disclosed in the "VII. Information on Directors, Supervisors and Senior Management" under Section VII "Corporate Governance and Corporate Governance Report" of the 2021 Annual Report of the Company, there is no financial, business, family and other material/related relationship among Directors and between the Chairman and the Chief Executive Officer.

IV. PROFIT DISTRIBUTION AND CONVERSION OF CAPITAL RESERVE INTO SHARE CAPITAL DURING THE REPORTING PERIOD

Applicable Not applicable

The Company proposed not to distribute cash dividend, bonus shares or increase share capital by way of transfer from capital reserves during the Reporting Period.

V. IMPLEMENTATION OF THE COMPANY'S SHARE INCENTIVE PLAN, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES

Applicable Not applicable

The Company had no share incentive plans, employee stock ownership plans or other employee incentive measures, or did not implement such measures during the Reporting Period.



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

I. MAJOR ENVIRONMENTAL PROTECTION ISSUES

1. Whether the listed company and its subsidiaries are on the list of critical pollutant discharge enterprises published by the environmental protection authorities

Yes No

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/half year)	Approved total emission (tonnes/year)	Excessive emission
Yangzhou CIMC Tonghua Special Vehicles Co., Ltd.	Methylbenzene	Organised emission	2	Semi-trailer coating workshop, tanker coating workshop	ND (not detected)	Emission Standard of Volatile Organic Compounds for Surface Coating (Vehicle Manufacturing Industry)	0	Not approved by regulators	Not exceeded
	Xylene	Organised emission	2	Semi-trailer coating workshop, tanker coating workshop	0.059mg/m ³	DB32/2862-2016	0.0022	Not approved by regulators	Not exceeded
	VOCs	Organised emission	12	Semi-trailer KTL workshop, coating workshop, hazardous waste warehouse; tanker coating workshop, paint repair workshop, hazardous waste warehouse	52.800mg/m ³		1.7801	4.6740	Not exceeded
	Total phosphorus	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	7.980mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers GB/T31962-2015 (Grade B), Integrated Wastewater Discharge Standard GB8978-1996 (Level III)	0.4591	1.0060	Not exceeded
	COD	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	496.500mg/L		26.2880	103.8420	Not exceeded
	Total nitrogen	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	63.200mg/L		2.3453	9.9740	Not exceeded
	Petroleum	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	1.510mg/L		0.0572	Not approved by regulators	Not exceeded



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/half year)	Approved total emission (tonnes/year)	Excessive emission
	Blackness of fume	Organised emission	5	Semi-trailer KTL workshop and shower room; tanker coating workshop and shower room	<Level 1	Boiler Air Pollutant Discharge Standard GB13271-2014	-	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	6	Semi-trailer KTL workshop and coating workshop; tanker coating workshop	18.300mg/m ³	Integrated Emission Standard of Air Pollutants GB16297-1996	1.8746	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	2	Tanker coating workshop, paint repair workshop	3.900mg/m ³		0.1394	Not approved by regulators	Not exceeded
	SS	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	58.000mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers GB/T31962-2015	3.4511	Not approved by regulators	Not exceeded
	Five-day biochemical oxygen demand	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	48.700mg/L	(Grade B), Integrated Wastewater Discharge Standard GB8978-1996	2.5457	Not approved by regulators	Not exceeded
	Anionic surfactant	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	1.800mg/L	(Level III)	0.0711	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	5	Semi-trailer KTL workshop and shower room; tanker coating workshop and shower room	11.900mg/m ³	Boiler Air Pollutant Discharge Standard GB13271-2014	0.0190	Not approved by regulators	Not exceeded
	Sulfur dioxide	Organised emission	5	Semi-trailer KTL workshop and shower room; tanker coating workshop and shower room	ND (not detected)		0	Not approved by regulators	Not exceeded
	Nitric oxide	Organised emission	5	Semi-trailer KTL workshop and shower room; tanker coating workshop and shower room	48.000mg/m ³		0.1515	Not approved by regulators	Not exceeded



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/half year)	Approved total emission (tonnes/year)	Excessive emission
	Blackness of fume	Organised emission	10	Semi-trailer KTL workshop and coating workshop; tanker coating workshop and paint repair workshop	<Level 1	Emission Standard of Air Pollutants for Industrial Furnaces and Kilns in Jiangsu Province	-	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	11	Semi-trailer KTL workshop and coating workshop; tanker coating workshop and paint repair workshop	15.600mg/m ³	DB32/3728-2020	0.0544	Not approved by regulators	Not exceeded
	Sulfur dioxide	Organised emission	11	Semi-trailer KTL workshop and coating workshop; tanker coating workshop and paint repair workshop	ND (not detected)		0	Not approved by regulators	Not exceeded
	Nitric oxide	Organised emission	11	Semi-trailer KTL workshop and coating workshop; tanker coating workshop and paint repair workshop	135.000mg/m ³		0.5869	Not approved by regulators	Not exceeded
	Phosphoric acid fume	Organised emission	1	Semi-trailer KTL workshop	ND (not detected)	Integrated Emission Standard of Air Pollutants DB31/933-	0	Not approved by regulators	Not exceeded
	Nitric oxide	Organised emission	1	Tanker coating workshop	3.120mg/m ³	2015	0.0152	Not approved by regulators	Not exceeded
	Fluoride	Organised emission	1	Tanker coating workshop	2.980mg/m ³		0.0188	Not approved by regulators	Not exceeded



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/ half year)	Approved total emission (tonnes/year)	Excessive emission
	PH	Indirect emission	2	Semi-trailer coating workshop, tanker coating workshop	8.485	Wastewater Quality Standards for Discharge to Municipal	/	Not approved by regulators	Not exceeded
	Total nickel	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	0.683mg/L	Sewers GB/T31962-2015 (Grade B), Integrated Wastewater Discharge	0.0048	0.0080	Not exceeded
	Total chromium	Indirect emission	1	Main outlet of tanker plant	ND (not detected)	Standard GB8978-1996 (Level III)	0	0.00003	Not exceeded
	Fluoride	Indirect emission	1	Main outlet of tanker plant	16.800mg/L		0.3920	Not approved by regulators	Not exceeded
	Ammonia nitrogen	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	42.150mg/L		2.5696	5.781	Not exceeded
	Total zinc	Indirect emission	1	Main outlet of semi-trailer plant	0.120mg/L		0.0048	Not approved by regulators	Not exceeded
	Total manganese	Indirect emission	1	Main outlet of semi-trailer plant	0.420mg/L		0.0156	Not approved by regulators	Not exceeded
Zhumadian CIMC Huajun Vehicle Co., Ltd.	Methylbenzene	Organised emission	13	The outer edge of coating workshop	0.188mg/m ³	Emission Standard of Volatile Organic Compounds for Industrial Surface Coating	0.0981	Not approved by regulators	Not exceeded
	Xylene	Organised emission	13	The outer edge of coating workshop	3.330mg/m ³	DB41/1951-2020	1.2239	Not approved by regulators	Not exceeded
	VOCs (based on non- methane total hydrocarbons)	Organised emission	15	The outer edge of coating workshop	13.270mg/m ³		5.5730	58.8350	Not exceeded



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/half year)	Approved total emission (tonnes/year)	Excessive emission
	Particulate matter	Organised emission	11	The outer edge of sanding workshop	29.400mg/m ³	Integrated Emission Standard of Air Pollutants GB	1.8312	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	13	The outer edge of coating workshop	5.400mg/m ³	16297-1996	2.4512	Not approved by regulators	Not exceeded
	COD	Indirect emission	1	The main outlet of the plant	21.750mg/L	Integrated Wastewater Discharge Standard GB	0.1656	3.4440	Not exceeded
	Ammonia nitrogen	Indirect emission	1	The main outlet of the plant	5.560mg/L	8978-1996	0.0286	0.4750	Not exceeded
	Five-day biochemical oxygen demand	Indirect emission	1	The main outlet of the plant	6.200mg/L		0.0483	Not approved by regulators	Not exceeded
	pH	Indirect emission	1	The main outlet of the plant	7.7		–	Not approved by regulators	Not exceeded
	Total phosphorus	Indirect emission	1	The main outlet of the plant	0.930mg/L		0.0065	Not approved by regulators	Not exceeded
	Fluoride	Indirect emission	1	The main outlet of the plant	0.820mg/L		0.0055	Not approved by regulators	Not exceeded
	Anionic surfactant	Indirect emission	1	The main outlet of the plant	0.184mg/L		0.0029	Not approved by regulators	Not exceeded
	Petroleum	Indirect emission	1	The main outlet of the plant	0.120mg/L		0.0010	Not approved by regulators	Not exceeded
	Phosphate	Indirect emission	1	The main outlet of the plant	0.770mg/L		0.0048	0.0316	Not exceeded
	SS	Indirect emission	1	The main outlet of the plant	12.000mg/L		0.0815	Not approved by regulators	Not exceeded
	Total nickel	Indirect emission	1	The main outlet of the plant	ND (not detected)		0	0	Not exceeded



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/half year)	Approved total emission (tonnes/year)	Excessive emission	
Liangshan CIMC Dongyue Vehicle Co., Ltd.	VOCs	Organised emission	1	Painting room	3.020mg/m ³	Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing	0.1493	149.7300	Not exceeded	
	Methylbenzene	Organised emission	1	Painting room	0.197mg/m ³		0.0077	Not approved by regulators	Not exceeded	
	Xylene	Organised emission	1	Painting room	0.298mg/m ³		0.0114	Not approved by regulators	Not exceeded	
	Particulate matter	Organised emission	3	1 in Painting room and 2 in shot blasting room	3.100mg/m ³		Shandong Provincial Standard – Regional and Integrated Emission Standard of Air Pollutants DB37/2376-2019	0.1153	Not approved by regulators	Not exceeded
CIMC Vehicles (Liaoning) Co., Ltd.	NOX 2	Organised emission	2	2 outlets (DA007-008) in boiler room for winter heat supply	42.000mg/m ³	Boiler Air Pollutant Discharge Standard GB13271-2014	0.1000	Not approved by regulators	Not exceeded	
	Sulfur dioxide 2	Organised emission	2	2 outlets (DA007-008) in boiler room for winter heat supply	6.000mg/m ³		0.0200	Not approved by regulators	Not exceeded	
	Blackness of fume 1	Organised emission	1	1 outlet DA006 at north side of the drying room of phase I workshop	<Level 1		Emission Standard of Air Pollutants for Industrial Kilns and Furnaces GB9078-1996	–	Not approved by regulators	Not exceeded
	Blackness of fume 2	Organised emission	2	2 outlets (DA007-008) in boiler room for winter heat supply	<Level 1		Boiler Air Pollutant Discharge Standard GB13271-2014	–	Not approved by regulators	Not exceeded



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/half year)	Approved total emission (tonnes/year)	Excessive emission
	Sulfur dioxide 1	Organised emission	1	1 outlet DA006 at north side of the drying room of phase I workshop	11.000mg/m ³	Emission Standard of Air Pollutants for Industrial Kilns and Furnaces	0.0030	0.0410	Not exceeded
	NOX 1	Organised emission	1	1 outlet DA006 at north side of the drying room of phase I workshop	77.700mg/m ³	GB9078-1996	0.0100	0.1240	Not exceeded
	Particulate matter 1	Organised emission	1	Outlet DA006 at north side of the drying room of phase I workshop	4.900mg/m ³		0.0010	0.0080	Not exceeded
	Particulate matter 2	Organised emission	7	Outlets (DA001-005) in paint room and sand room at north side of phase I workshop, 2 outlets (DA007-008) in boiler room for winter heat supply	13.600mg/m ³	Integrated Emission Standard of Air Pollutants 16297-1996	0.030	Not approved by regulators	Not exceeded
	VOCs	Organised emission	2	2 outlets (DA001-002) at north side of phase I workshop	12.500mg/m ³	Integrated Emission Standard of Air Pollutants 16297-1996	0.1000	Not approved by regulators	Not exceeded
	PH	Indirect emission	1	Main outlet of wastewater	7.6	Integrated Wastewater Discharge Standard	-	Not approved by regulators	Not exceeded
	COD	Indirect emission	1	Main outlet of wastewater	148.000mg/L	DB21/1627-2008	0.2000	Not approved by regulators	Not exceeded
	Total nitrogen	Indirect emission	1	Main outlet of wastewater	42.000mg/L		0.1100	Not approved by regulators	Not exceeded
	Five-day biochemical oxygen demand	Indirect emission	1	Main outlet of wastewater	37.000mg/L		0.0500	Not approved by regulators	Not exceeded
	SS	Indirect emission	1	Main outlet of wastewater	210.000mg/L		0.3000	Not approved by regulators	Not exceeded
	Total phosphorus	Indirect emission	1	Main outlet of wastewater	0.180 mg/L		0.0005	Not approved by regulators	Not exceeded
	Ammonia nitrogen NH3-N	Indirect emission	1	Main outlet of wastewater	6.000mg/L		0.0100	Not approved by regulators	Not exceeded



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/half year)	Approved total emission (tonnes/year)	Excessive emission	
Qingdao CIMC Eco-Equipment Co., Ltd.	Xylene	Organised emission	1	Painting workshop	0.061 mg/m ³	Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing, DB37/2801.1-2016	0.0021	Not approved by regulators	Not exceeded	
	Methylbenzene	Organised emission	1	Painting workshop	0.010 mg/m ³		0.0004	Not approved by regulators	Not exceeded	
	VOCs	Organised emission	1	Painting workshop	0.080 mg/m ³		0.4661	39.9600	Not exceeded	
	Particulate matter	Organised emission	1	Painting workshop	2.100 mg/m ³		Regional and Integrated Emission Standard of Air	0.0907	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	1	Putty room	1.500 mg/m ³		Pollutants DB37 2376-2019	0.0633	Not approved by regulators	Not exceeded
	Hydrogen chloride	Organised emission	1	Pre-treatment	0.330mg/m ³		Integrated Emission Standard of Air Pollutants GB16297-1996	0.0018	Not approved by regulators	Not exceeded
CIMC-SHAC (Xi'an) Special Vehicle Co., Ltd.	Particulate matter	Organised emission	8	1 outside the primer paint room, 2 outside the top paint room, 1 outside the small parts painting room, 2 outside the sanding room, 1 outside the east gate of small parts room, and 1 outside the painting passage	17.400mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996)	2.2690	Not approved by regulators	Not exceeded	
	Sulfur dioxide	Organised emission	3	1 outside the primer paint room, 1 outside the top paint room and 1 outside the small parts painting room	ND (not detected)		0	Not approved by regulators	Not exceeded	
	Nitric oxide	Organised emission	3	1 outside the primer paint room, 1 outside the top paint room and 1 outside the small parts painting room	ND (not detected)		0	Not approved by regulators	Not exceeded	



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/half year)	Approved total emission (tonnes/year)	Excessive emission
	Methylbenzene	Organised emission	4	1 outside the primer paint room, 2 outside the top paint room, 1 outside the primer paint room and 2 outside the top paint room	0.398 mg/m ³	Shaanxi Provincial Emission Control Standard of Volatile Organic Compounds (DB61/T1061-2017)	0.0200	Not approved by regulators	Not exceeded
	Xylene	Organised emission	4	1 outside the primer paint room, 2 outside the top paint room, 1 outside the primer paint room and 2 outside the top paint room	1.250 mg/m ³		0.0750	Not approved by regulators	Not exceeded
	Non-methane total hydrocarbon	Organised emission	4	1 outside the primer paint room, 2 outside the top paint room, 1 outside the primer paint room and 2 outside the top paint room	2.920mg/m ³		0.4230	45.5000	Not exceeded
Wuhu CIMC Ruijiang Automobile Co., Ltd.	Particulate matter 1	Organised emission	1	1 in the powder tank sanding room	15.800mg/m ³	Integrated Emission Standard of Air Pollutants in Shanghai (DB31-933-2015)	0.6600	Not approved by regulators	Not exceeded
	Particulate matter 2	Organised emission	1	3 in the powder tanker painting line and 2 in the mixer truck powder spraying line	8.600mg/m ³		1.2850	Not approved by regulators	Not exceeded
	Non-methane total hydrocarbon	Organised emission	5	3 in the Phase I painting line, 1 in the mixer truck powder spraying and curing line, and 1 in the liquid tanker coating line	4.440mg/m ³		0.4900	6.8190	Not exceeded
	Sulfur dioxide	Organised emission	4	2 in the powder tanker painting line and 2 in the mixer truck powder spraying line	3.000mg/m ³		0.1330	Not approved by regulators	Not exceeded
	Nitric oxide	Organised emission	4	2 in the powder tanker painting line and 2 in the mixer truck powder spraying line	8.000mg/m ³		0.6300	Not approved by regulators	Not exceeded
	Xylene	Organised emission	2	2 in the powder tanker coating line and 1 in the liquid tanker coating line	1.050mg/m ³		0.0582	Not approved by regulators	Not exceeded



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/half year)	Approved total emission (tonnes/year)	Excessive emission
	SS	Indirect emission	1	Main outlet of wastewater	75.000mg/L	Integrated Wastewater Discharge Standard (GB8978-1996) Class 3 Standard	1.0800	Not approved by regulators	Not exceeded
	Petroleum	Indirect emission	1	Main outlet of wastewater	7.980mg/L		0.1120	Not approved by regulators	Not exceeded
	PH	Indirect emission	1	Main outlet of wastewater	7.2		-	Not approved by regulators	Not exceeded
	COD	Indirect emission	1	Main outlet of wastewater	5.730mg/L		0.0233	0.1441	Not exceeded
	Ammonia nitrogen	Indirect emission	1	Main outlet of wastewater	21.50mg/L		0.0873	4.3431	Not exceeded
	Animal and vegetable oil	Indirect emission	1	Main outlet of wastewater	2.870mg/L		0.0790	Not approved by regulators	Not exceeded
	Fluoride	Indirect emission	1	Main outlet of wastewater	1.200mg/L		0.0160	Not approved by regulators	Not exceeded
	Anionic surfactant	Indirect emission	1	Main outlet of wastewater	0.260mg/L		0.0030	Not approved by regulators	Not exceeded
	Five-day biochemical oxygen demand	Indirect emission	1	Main outlet of wastewater	22.300mg/L		0.3140	Not approved by regulators	Not exceeded
CIMC Vehicles (Shandong) Co., Ltd.	Nitric oxide	Organised emission	2	The boiler room of refrigeration and cold transportation workshop	37.000mg/L		Boiler Air Pollutant Discharge Standard of Shandong Province (DB37/2374-2018)	0.1100	Not approved by regulators
	Sulfur dioxide	Organised emission	2	The boiler room of refrigeration and cold	1.000mg/m ³	0.0015		Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	2	The boiler room of refrigeration and cold	2.200mg/m ³	0.0130		Not approved by regulators	Not exceeded



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/half year)	Approved total emission (tonnes/year)	Excessive emission
	Methylbenzene	Organised emission	4	Painting workshop – painting line (small parts, colour separation), drying line (small parts, colour separation)	0.903mg/m ³	Shandong Province Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing (DB37/2801.1-2016)	0.0161	Not approved by regulators	Not exceeded
	Xylene	Organised emission	4	Painting workshop – painting line (small parts, colour separation), drying line (small parts, colour separation)	3.420mg/m ³		0.0598	Not approved by regulators	Not exceeded
	Non-methane total hydrocarbon	Organised emission	6	Painting workshop – painting line (small parts, colour separation), drying line (small parts, colour separation), plate making process, cold foaming process	8.380mg/m ³		0.4388	20.6500	Not exceeded
	Benzene	Organised emission	4	Painting workshop – painting line (small parts, colour separation), drying line (small parts, colour separation)	0.034mg/m ³		0.0063	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	7	Painting workshop – painting line (small parts, colour separation), drying line (small parts, colour separation), carving and trimming, plasma cutting, woodworking cutting	3.600mg/m ³	Shandong Provincial Standard – Regional and Integrated Emission Standard of Air Pollutants (DB37/2376-2019)	0.3226	Not approved by regulators	Not exceeded



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/half year)	Approved total emission (tonnes/year)	Excessive emission
	PH	Indirect emission	1	Domestic sewage outlet	7.8	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015), limit being 6.5-9.5	–	Not approved by regulators	Not exceeded
	COD	Indirect emission	1	Domestic sewage outlet	25.000mg/L		0.1360	Not approved by regulators	Not exceeded
	Total phosphorus	Indirect emission	1	Domestic sewage outlet	3.820mg/L		0.0165	Not approved by regulators	Not exceeded
	Five-day biochemical oxygen demand	Indirect emission	1	Domestic sewage outlet	7.900mg/L		0.0434	Not approved by regulators	Not exceeded
	SS	Indirect emission	1	Domestic sewage outlet	21.00mg/L		0.0945	Not approved by regulators	Not exceeded
	Ammonia nitrogen	Indirect emission	1	Domestic sewage outlet	7.170mg/L		0.0406	Not approved by regulators	Not exceeded
	Sulfur dioxide	Organised emission	2	Painting workshop – painting colour separation line, small parts drying line	2.000mg/m ³	Shandong Provincial Standard – Regional and Integrated Emission Standard of Air Pollutants (DB37/2376-2019), limit being 50mg/m ³	0.0017	Not approved by regulators	Not exceeded
	Nitric oxide	Organised emission	2	Painting workshop-painting colour separation line, small parts drying line	81.000mg/m ³	Shandong Provincial Standard – Regional and Integrated Emission Standard of Air Pollutants (DB37/2376-2019), limit being 100mg/m ³	0.1543	Not approved by regulators	Not exceeded



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/half year)	Approved total emission (tonnes/year)	Excessive emission
Shenzhen CIMC Special Vehicle Co., Ltd.	Particulate matter 1	Organised emission	3	Welding workshop	1.600mg/m ³	Emission Limits of Air Pollutants DB44/27-2001	0.1821	1.8300	Not exceeded
	Particulate matter 2	Organised emission	6	Coating workshop	7.000mg/m ³	Boiler Air Pollutant Discharge Standard B13271-2014	0.0163		Not exceeded
	Nitric oxide	Organised emission	6	Coating workshop	124mg/m ³		0.2788	0.8400	Not exceeded
	Sulfur dioxide	Organised emission	6	Coating workshop	20mg/m ³		0.0338	0.1800	Not exceeded
	Ringelmann Blackness	Organised emission	6	Coating workshop	Level 0		–	Not approved by regulators	Not exceeded
	Methylbenzene + Xylene	Organised emission	1	Coating workshop	0.326mg/m ³	Emission Standard of Volatile Organic Compounds for Surface Coating (Vehicle Manufacturing Industry) DB44/816-2010	0.0017	Not approved by regulators	Not exceeded
	Volatile Organic Compounds (VOCs)	Organised emission	2	Coating workshop	2.800mg/m ³		0.008	0.1340	Not exceeded
Qingdao CIMC Special Vehicle Co., Ltd.	Xylene	Organised emission	1	Painting workshop	0.041mg/m ³	Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing, DB37/2801.1-2016	0.0048	Not approved by regulators	Not exceeded
	VOCs	Organised emission	1	Painting workshop	0.070mg/m ³		0.5368	71.1800	Not exceeded
	Particulate matter	Organised emission	4	Painting workshop	4.300mg/m ³	Regional and Integrated Emission Standard of Air Pollutants, DB37 2376-2019, 10 mg/m ³	0.4500	Not approved by regulators	Not exceeded



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/half year)	Approved total emission (tonnes/year)	Excessive emission
Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd.	Particulate matter	Organised emission	3	Shot blasting room, centralized welding fume collection	3.200mg/m ³	Shandong Provincial Standard – Regional and Integrated Emission Standard of Air Pollutants (DB37/2376-2019)	0.1870	Not approved by regulators	Not exceeded
	Nitric oxide	Organised emission	2	Drying room	< 3mg/m ³		0.0362	Not approved by regulators	Not exceeded
	Sulfur dioxide	Organised emission	2	Drying room	< 3mg/m ³		0.0032	Not approved by regulators	Not exceeded
	VOCs	Organised emission	1	Painting room, drying room	3.630mg/m ³	Shandong Province Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing (DB37/2801.1-2016)	0.3078	78.6450	Not exceeded
	Methylbenzene	Organised emission	1	Painting room, drying room	0.160mg/m ³		0.0089	Not approved by regulators	Not exceeded
	Xylene	Organised emission	1	Painting room, drying room	0.258mg/m ³		0.0156	Not approved by regulators	Not exceeded
CIMC Vehicles (Jiangmen) Co., Ltd.	Methylbenzene + Xylene	Organised emission	3	3 for the painting line	15.700mg/m ³	DB44/816-2010 Emission Standard of Volatile Organic Compounds for Surface Coating (Vehicle Manufacturing Industry)	0.7806	Not approved by regulators	Not exceeded
	VOCs	Organised emission	3	3 for the painting line	39.800mg/m ³		1.0181	2.0950	Not exceeded
	Particulate matter	Organised emission	4	1 in the sanding room, 3 in the paint grinding room	< 20mg/m ³	DB44/27-2001 Emission Limits of Air Pollutants	0.7311	Not approved by regulators	Not exceeded
	SO ₂	Organised emission	1	1 in the drying room, the same as NOx	14.000mg/m ³	GB9078-1996 Emission Standard of Air Pollutants for Industrial Kilns and Furnaces	0.0088	0.0800	Not exceeded
	NOx	Organised emission	1	1 in the drying room, the same as SO ₂	65.000mg/m ³		0.0558	0.4400	Not exceeded



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/half year)	Approved total emission (tonnes/year)	Excessive emission
Dongguan CIMC Special Vehicle Co., Ltd.	COD	Direct emission	1	Industrial wastewater outlet	14.000mg/l	Environmental Quality Standard for Surface Water GB3838-2002	0.0815	Not approved by regulators	Not exceeded
	BOD5	Direct emission	1	Industrial wastewater outlet	3.700mg/l		0.0215	Not approved by regulators	Not exceeded
	Total phosphorus	Direct emission	1	Industrial wastewater outlet	0.100mg/l		0.0006	Not approved by regulators	Not exceeded
	Petroleum	Direct emission	1	Industrial wastewater outlet	0.260mg/l		0.0015	Not approved by regulators	Not exceeded
	Total zinc	Direct emission	1	Industrial wastewater outlet	0.040mg/l		0.0002	Not approved by regulators	Not exceeded
	Total nickel	Direct emission	1	Industrial wastewater outlet	0.025mg/l		0.0001	Not approved by regulators	Not exceeded
	Total manganese	Direct emission	1	Industrial wastewater outlet	0.070mg/l		0.0004	Not approved by regulators	Not exceeded
	Fluoride	Direct emission	1	Industrial wastewater outlet	1.110mg/l		0.0065	Not approved by regulators	Not exceeded
	Total nitrogen	Direct emission	1	Industrial wastewater outlet	1.300mg/l		0.0076	Not approved by regulators	Not exceeded
	SS	Direct emission	1	Industrial wastewater outlet	17.000mg/l	Discharge Standard of Water Pollutants for Electroplating DB44/1597-2015	0.0989	Not approved by regulators	Not exceeded
	COD	Indirect emission	1	Domestic sewage outlet	90.000mg/l	Discharge Limits of Water Pollutants DB44/26-2001	1.9993	Not approved by regulators	Not exceeded
	SS	Indirect emission	1	Domestic sewage outlet	66.000mg/l		1.4662	Not approved by regulators	Not exceeded
	BOD	Indirect emission	1	Domestic sewage outlet	24.700mg/l		0.5487	Not approved by regulators	Not exceeded



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/half year)	Approved total emission (tonnes/year)	Excessive emission
	Ammonia nitrogen	Indirect emission	1	Domestic sewage outlet	40.000mg/l	No limit standard	0.8886	Not approved by regulators	Not exceeded
	Total phosphorus	Indirect emission	1	Domestic sewage outlet	5.780mg/l		0.1284	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	15	Structure workshop, coating workshop	12.825mg/m ³	Emission Limits of Air Pollutants DB44/27-2001	0.3117	Not approved by regulators	Not exceeded
	Manganese and its compounds	Organised emission	6	Structure workshop	ND (not detected)		0	Not approved by regulators	Not exceeded
	SO ₂	Organised emission	8	Coating workshop	12.125mg/m ³		0.1526	Not approved by regulators	Not exceeded
	NOX	Organised emission	8	Coating workshop	38.000mg/m ³		0.3844	Not approved by regulators	Not exceeded
	VOCs	Organised emission	2	Coating workshop	1.590mg/m ³	Emission Standard of Volatile Organic Compounds for Surface Coating (Vehicle Manufacturing Industry) DB44/816-2010	0.0467	Not approved by regulators	Not exceeded
Gansu CIMC Huajun Vehicles Co., Ltd.	SS	Indirect emission	1	The main outlet of the plant	34.000mg/L	Integrated Wastewater Discharge Standard GB	0.4090	Not approved by regulators	Not exceeded
	Five-day biochemical oxygen demand	Indirect emission	1	The main outlet of the plant	62.200mg/L	8978-1996	0.7489	Not approved by regulators	Not exceeded
	CODcr	Indirect emission	1	The main outlet of the plant	149.000mg/L		1.7941	Not approved by regulators	Not exceeded
	Ammonia nitrogen	Indirect emission	1	The main outlet of the plant	36.800mg/L		0.4431	Not approved by regulators	Not exceeded
	Total phosphorus	Indirect emission	1	The main outlet of the plant	4.120mg/L		0.0497	Not approved by regulators	Not exceeded
	PH (dimensionless)	Indirect emission	1	The main outlet of the plant	8.6		/	Not approved by regulators	Not exceeded



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/half year)	Approved total emission (tonnes/year)	Excessive emission				
	Xylene	Organised emission	4	Coating workshop	3.400mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996)	0.0288	Not approved	Not exceeded				
	Methylbenzene	Organised emission	4	Coating workshop	1.800mg/L		0.0487	Not approved	Not exceeded				
	Particulate matter	Organised emission	6	Coating workshop and sanding room	22.000mg/L		0.4531	Not approved	Not exceeded				
	Nitric oxide	Organised emission	1	Coating workshop	28.000mg/m ³		0.0059	Not approved	Not exceeded				
	VOCs	Organised emission	4	Coating workshop	13.270mg/m ³		0.9428	66.5000	Not exceeded				
Luoyang CIMC Lingyu Automobile Co., Ltd.	Particulate matter	Organised emission	4	Cutting and welding fume treatment facilities	3.700mg/m ³	Special Plan for Industrial Pollution Control in Luoyang City in 2020 (Luo Huan Gong Jian Ban [2020] No.14)	0.6483	Not approved by regulators	Not exceeded				
	COD	Indirect emission	1		The main sewage outlet of the plant		165.884mg/L			Class 3 standard in Table 4 in the Integrated Wastewater Discharge Standard (GB8978-1996)	1.1630	8.9060	Not exceeded
	Ammonia nitrogen	Indirect emission	1		The main sewage outlet of the plant		11.289mg/L			Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T 31962-2015)	0.1259	1.2140	Not exceeded
	Particulate matter	Organised emission	1		Drying room of the painting workshop, drying room of the powder spraying line, powder curing room and hot cleaning furnace		4.200mg/m ³			Standards in Table 1 in the Standards of Atmospheric Pollution Emissions from Industrial Furnaces (DB41/1066-2020)	0.0361	Not approved by regulators	Not exceeded
	Sulfur dioxide	Organised emission	1		Drying room of the painting workshop, drying room of the powder spraying line, powder curing room and hot cleaning furnace		29.000mg/m ³				0.0244	1.3800	Not exceeded



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/half year)	Approved total emission (tonnes/year)	Excessive emission	
	Nitric oxide	Organised emission	2	1	Gas-fired boiler of the powder spraying line	27.000mg/m ³	Boiler Air Pollutant Discharge Standard (DB41/2089 – 2021)	0.0004	5.1300	Not exceeded
	Particulate matter	Organised emission	3	8	The painting room, polishing room and sandblasting room of the painting workshop, the shot blasting room and the powder spraying room of the powder spraying line	8.300mg/m ³	Class 2 standards in Table 2 of the Integrated Emission Standard of Air Pollutants (GB16297-1996)	1.6898	Not approved by regulators	Not exceeded
	Non-methane total hydrocarbon	Organised emission	3	3	Exhaust gas treatment facilities for painting and drying in the painting workshop, the powder curing room and hot cleaning furnace of the powder spraying line	22.356mg/m ³	Standards in Table 1 in the Standards of Volatile Organic Compounds Emissions from Industrial Coating Processes (DB41/1951-2020)	0.8253	18.5100	Not exceeded
	Phosphate	Indirect emission	1	1	The main sewage outlet of the plant	2.898mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T 31962-2015)	0.0157	Not approved by regulators	Not exceeded
	Petroleum	Indirect emission	1	1	The main sewage outlet of the plant	0.060mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T 31962-2015)	0.0011	Not approved by regulators	Not exceeded



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/half year)	Approved total emission (tonnes/year)	Excessive emission
	SS	Indirect emission	1	The main sewage outlet of the plant	14.000mg/L	Class 3 standard in Table 4 in the Integrated Wastewater Discharge Standard (GB8978-1996), 400mg/L	0.2337	Not approved by regulators	Not exceeded
	Fluoride	Indirect emission	1	The main sewage outlet of the plant	1.920mg/L	Discharge Standard (GB8978-1996), 400mg/L	0.0331	Not approved by regulators	Not exceeded
	pH	Indirect emission	1	The main sewage outlet of the plant	7.781		-	Not approved by regulators	Not exceeded
	Anionic surfactant	Indirect emission	1	The main sewage outlet of the plant	0.138mg/L		0.0031	Not approved by regulators	Not exceeded
	Biochemical oxygen demand	Indirect emission	1	The main sewage outlet of the plant	26.300mg/L		0.2685	Not approved by regulators	Not exceeded
	Particulate matter 2	Organised emission	1	Gas-fired boiler of the powder spraying line	1.700mg/m ³	Boiler Air Pollutant Discharge Standard (DB41/2089	0.00003	Not approved by regulators	Not exceeded
	Sulfur dioxide 2	Organised emission	1	Gas-fired boiler of the powder spraying line	ND (not detected)	- 2021)	0	1.3800	Not exceeded
	Nitric oxide ¹	Organised emission	11	Drying room of the painting workshop, drying room of the powder spraying line, powder curing room and hot cleaning furnace	100.000mg/m ³	Standards in Table 1 in the Standards of Atmospheric Pollution Emissions from Industrial Furnaces (DB41/1066-2020)	0.3345	5.1300	Not exceeded



2. Construction and operation of pollution prevention and control facilities

Yangzhou CIMC Industrial sewage:

- | | |
|-------------------------------------|--|
| Tong Hua Special Vehicles Co., Ltd. | <ol style="list-style-type: none"> (1) 3 sets of sewage treatment systems, including 1 set of semi-trailer electrophoresis wastewater treatment system: the maximum capacity of treating wastewater with phosphorus and heavy metal is 4.5 m³/h and the maximum capacity of treating wastewater without phosphorus and heavy metal is 8 m³/h. Wastewater with phosphorus and heavy metal is pre-treated by secondary coagulation-sedimentation; wastewater without phosphorus and heavy metal is pre-treated by coagulation-sedimentation + flotation. Pre-treated industrial wastewater and domestic sewage are discharged to the municipal network after the anaerobic process + aerobic process + membrane bioreactor (MBR) treatment in compliance with pipe incorporation standards; (2) 1 set of semi-trailer plant coating wastewater treatment system, with a designed capacity of 2 m³/h. Wastewater is recycled to the painting room after treated with solvent and discharged regularly after the treatment in compliance with standards; (3) 1 set of tanker plant coating wastewater treatment system: Wastewater with heavy metals after flocculation and sedimentation, and wastewater without heavy metals after pH adjustment + sedimentation are subjected to air flotation + hydrolysis acidification + contact oxidation + sedimentation. Such treated wastewater is discharged via pipes after reaching the standard. The designed treatment capacity is 40t/d; |
|-------------------------------------|--|

All the above facilities are in normal operation.

Industrial exhaust:

- (1) 6 sets of sanding waste gas dust removal facilities, with cyclone dust removal + filter barrel dust removal process; the air speed at the inlet of cyclone dust collector is 18-22 m/s; the air speed of filter barrel dust collector is 0.85 m/min; the filtration precision is 5-10μm;
- (2) 3 sets of paint spray and touch-up waste gas activated carbon adsorption + catalytic combustion facilities, adopting the activated carbon adsorption + catalytic combustion process, with a designed air treatment volume of 120,000 m³/h each;
- (3) 32 sets of dust removal devices for welding waste gas treatment, adopting the mobile welding dust removal device to treat welding and polishing;
- (4) 2 sets of activated carbon adsorption devices for the hazardous waste warehouse;
- (5) 2 sets of canteen fume purification devices, adopting the fume purification device to treat the canteen fume;
- (6) Low-nitrogen burners are installed for 2 sets of natural gas boilers in the shower room;



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

- (7) 1 set of phosphorus waste gas purification device, adopting the waste gas washing tower, with an air treatment volume of 25,000 m³/h, filtration speed of 1.8-2 m/s and efficiency of 95%;
- (8) 1 set of electro-coating waste gas purification device, emitting the waste gas collected by the suction hood after the treatment of waste gas washing tower, with an air treatment volume of 25,000 m³/h, filtration speed of 1.8-2 m/s and efficiency of 90%;
- (9) 1 set of electro-drying waste gas catalytic combustion device, adopting the catalytic combustion process, with a designed air treatment volume of 4,000 Nm³/h;
- (10) 1 set of powder solidification waste gas filter cotton + activated carbon adsorption device, adopting the filter cotton + activated carbon adsorption process, with the filtration area of the filter cotton filtration system being 4.4 m² and the thickness of 50 mm, the filtration area of activated carbon adsorption being 204.4 m² and the filter layer of 200 mm;
- (11) 1 set of acid pickling waste gas purification device, adopting waste gas purification tower to treat waste gas, with an air treatment volume of 25,000 m³/h and efficiency of 90%;
- (12) Low-nitrogen burners are installed for 1 set of natural gas hot water boiler for degreasing and heating of zirconization tank;
- (13) 1 set of powder solidification waste gas catalytic combustion device, adopting the catalytic combustion process, with a designed waste gas treatment volume of 1,500 Nm³/h;
- (14) 1 set of putty polishing waste gas filter device, adopting secondary filtration (filter cotton + filter bag) method, with the filtration efficiency of about 90%;

Currently, all the above facilities are in normal operation.

Hazardous waste:

- (1) The Company has built 8 hazardous waste temporary storage rooms in accordance with requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2001), with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels on site;

Currently, all the above facilities are in normal operation.



Zhumadian CIMC Industrial sewage:

- Huajun Vehicle Co., Ltd.
- (1) 1 set of phosphorus-containing inorganic wastewater treatment system, adopting reactive precipitation + TMF + RO + flocculation reaction + secondary biochemical treatment. The treated water is returned to the phosphating washing tank, and the treatment capacity is 4.5 m³/h; 1 set of non-phosphorus organic wastewater treatment system, adopting reactive precipitation + flotation + biochemical treatment + MBR + RO + flocculation reaction + secondary biochemical treatment. Part of the treated water is returned to the phosphating washing tank; a small part of the treated water is discharged to the wastewater treatment plant through the municipal network; the treatment capacity is 9 m³/h;
 - (2) Domestic sewage is discharged to the municipal network after treated by the septic tank;

Currently, all the above facilities are in normal operation.

Industrial exhaust:

- (1) 3 sets of plasma gas cutting dust collection and treatment facilities, each with a treatment capacity of 6,000 m³/h; 10 sets of robotic welding fume collection and treatment facilities, each with a treatment capacity of 5,000 m³/h; 1 set of frame line welding fume collection and treatment facilities, with a treatment capacity of 8,000 m³/h; 1 set of lifting welding robot welding fume collection and treatment facilities, with capacity of 8,000 m³/h; 2 sets of carving and trimming line robot welding fume collection and treatment facilities, each with a treatment capacity of 10,000 m³/h, adopting the filter cartridge dust removal process;
- (2) 8 sets of sanding dust collection and treatment facilities, each with a treatment capacity of 80,000 m³/h, adopting the bag dust collecting process;
- (3) 1 set of electrophoresis tank organic waste gas collection and treatment facilities, with a treatment capacity of 35,000 m³/h, adopting the activated carbon adsorption process; 1 set of electro-drying organic waste gas catalytic combustion treatment facilities, with a treatment capacity of 10,000 m³/h, adopting the catalytic combustion process;
- (4) 1 set of powder coating waste gas collection and treatment facilities, with a treatment capacity of 30,000 m³/h, adopting the UV photo-oxidation + activated carbon adsorption process;



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

- (5) 11 sets of manual painting waste gas catalytic combustion facilities, each with a treatment capacity of 110,000-170,000 m³/h, adopting the activated carbon adsorption + catalytic combustion desorption process;
- (6) 1 set of manual painting washing + activated carbon adsorption treatment facilities, each with a treatment capacity of 150,000 m³/h, adopting the washing + activated carbon adsorption process;

Currently, all the above facilities are in normal operation.

Hazardous waste:

- (1) The Company has built 2 hazardous waste warehouses, with a closed and wind, rain and sun-proof space. The warehouse is managed under the dual administrator and lock system; the floor has been hardened and treated to prevent any infiltration; cofferdams are established to avoid any leakage. The warehouse sets waste liquid collection measures in place; hazardous waste is stored properly in intact packaging and by category;

Currently, all the above facilities are in normal operation.

Liangshan CIMC Industrial sewage:

- Dongyue Vehicle Co., Ltd.
- (1) 1 set of spraying wastewater treatment facility, with the capacity of 9.6 m³/d; the spraying wastewater adopts the flotation + Fenton reagent flocculation reaction + sedimentation + filtration process, and is recycled and replenished on a regular basis, with no external emission;
 - (2) 1 set of domestic sewage treatment facilities, with the capacity of 2.6 m³/d; domestic wastewater adopts the hydrolytic acidification + SBR + oxidization removal + sand filtration + disinfection process, and is used in greening work, with no external emission;

Currently, all the above facilities are in normal operation.

Industrial exhaust:

- (1) 1 set of catalytic combustion facilities, with a designed capacity of 200,000 m³/h, adopting the “water rotation + filter cotton filtration + activated carbon adsorption + catalytic combustion” process. The waste gas is emitted at an altitude of more than 15 meters in accordance with national standards;
- (2) Welding fume is treated by mobile welding fume purifier.

Currently, all the above facilities are in normal operation.



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Hazardous waste:

- (1) The Company has built the hazardous waste temporary storage room in accordance with requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2001), with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels on site;

Currently, all the above facilities are in normal operation.

CIMC Vehicles
(Liaoning) Co.,
Ltd.

Industrial sewage:

- (1) Production wastewater: Spraying wastewater was recycled and replenished on a regular basis, with no external emission;
- (2) Domestic sewage: After sedimentation in a septic tank, it was discharged into the municipal pipe network and then flowed into Yingkou Municipal Western Sewage Treatment Plant for treatment;

Currently, all the above facilities are in normal operation.

Industrial exhaust:

- (1) 3 sets of dust collectors for shot blasting machines. It was treated using the bag filters each with a designed capacity of 30,000 m³/h;
- (2) 2 sets of negative pressure air circulation systems each with a designed capacity of 100,000 m³/h, adopting the water curtain method;
- (3) 2 sets of VOCs treatment facilities each with a designed capacity of 20,000 m³/h, adopting the activated carbon adsorption + photo-oxygen catalytic oxidation process;

Currently, all the above facilities are in normal operation.

Hazardous waste:

- (1) The Company has built a hazardous waste temporary storage room in accordance with requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2001), with the floor hardened and treated to prevent any infiltration. Hazardous wastes in warehouses were packed in bags with labels on site.

Currently, all the above facilities are in normal operation.



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

- Qingdao CIMC Eco-Equipment Co., Ltd.
- Industrial sewage:
- (1) Production wastewater: 1 set of painting pre-treatment wastewater treatment facilities, with capacity of 40 t/d, adopting the wastewater tank – reaction tank – sedimentation tank – reverse neutralization – intermediary adjusting tank – biological aeration -deep precipitation – filtration intermediary tank – activated carbon filtration – sludge tank – pressure filter; the wastewater is used for internal recycling purpose after treatment;
 - (2) Domestic sewage is discharged to the municipal network after pre-treated by the septic tank;

Currently, all the above facilities are in normal operation.

Industrial exhaust:

- (1) 1 set of painting waste gas activated carbon + catalytic combustion facilities, with a designed capacity of 100,000 m³/h, adopting the activated carbon adsorption + catalytic combustion process, with the painting waste gas to be emitted after the treatment in compliance with standards;
- (2) 1 set of painting workshop putty sanding waste gas treatment facilities, with a designed capacity of 30,000 m³/h, with the puttying waste gas to be emitted after treated by the filter cartridge dust collector in compliance with standards;
- (3) 1 set of fume collection facilities equipped to the laser cutting machines in the blanking workshop;
- (4) 17 sets of mobile fume collection facilities equipped to the welding workshop, each with a designed capacity of 4,000 m³/h;

Currently, all the above facilities are in normal operation.

Hazardous waste:

- (1) The Company has built the hazardous waste temporary storage room, with the floor of the hazardous waste storage area hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The storeroom adopts separate storage measures for different categories of hazardous waste and sets classification labels on site;

Currently, all the above facilities are in normal operation.



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

- CIMC-SHAC (Xi'an) Special Vehicle Co., Ltd. Industrial sewage:
- (1) 1 set of industrial sewage treatment facility, adopting the microelectrolysis + flotation + precipitation reverse osmosis + adsorption filtration process. The maximum treatment capacity is 60 T/d; the wastewater adsorbed by painted items of the painting line will be reused after the treatment, with no external emission;
 - (2) 1 set of domestic sewage treatment facility: Domestic wastewater is discharged to the municipal wastewater treatment plant after initial treatment;
- Currently, all the above facilities are in normal operation.

Industrial exhaust:

- (1) 4 sets of organic waste gas deep treatment facilities, adopting the dry paint mist filter + activated carbon adsorption concentration + hot air desorption catalytic combustion process, each with a designed air treatment volume of 100,000 m³/h;
- (2) 3 sets of welding fume dust removal facilities, with a designed air treatment volume of 24,000 m³/h, 220,000 m³/h and 7,680 m³/h, adopting the filter cartridge dust removal process;
- (3) 1 set of sanding dust removal facilities, with a designed air treatment volume of 20,000 m³/h;

Currently, all the above facilities are in normal operation.

Hazardous waste:

- (1) The Company has built a hazardous waste warehouse, covering an area of 72 m², which has two rooms, with the maximum storage capacity of 20 tonnes. The warehouse floor has been hardened and treated to prevent infiltration and is equipped with integral oil drip pans. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels on site;

Currently, the facilities are in normal operation.



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

- Wuhu CIMC RuiJiang Automobile Co., Ltd.
- Industrial sewage:
- (1) 1 liquid tanker powder pre-treatment system, with the capacity of 5t/h, adopting the “sedimentation + flotation + acidification + biological oxidation” process. After the treatment, the water meets the Class III discharge standard of the Integrated Wastewater Discharge Standard (GB8978-1996) and is discharged to the integrated wastewater treatment station of the plant;
 - (2) 1 mixer truck wastewater pre-treatment station, with the capacity of 100 m³/d, adopting the “reaction + high-efficiency sedimentation + flotation + hydrolytic acidification + contact oxidation + precipitation” process. After the treatment, the water meets the Class III discharge standard of the Integrated Wastewater Discharge Standard (GB8978-1996) and is discharged to the integrated wastewater treatment station of the plant;
 - (3) 1 integrated wastewater treatment station, with the capacity of 300 t/d. The industrial wastewater is treated by “microelectrolysis + flotation” process, and then, together with domestic wastewater, treated by “anaerobic process + aerobic process + sedimentation + adsorptive precipitation” process. After the treatment, the water meets the Class III discharge standard of the Integrated Wastewater Discharge Standard (GB8978-1996) and is discharged to Chengnan Wastewater Treatment Plant through the municipal network;

Domestic sewage:

- (1) 1 set of domestic sewage treatment facilities. Domestic sewage is first treated by “anaerobic process + aerobic process + sedimentation + adsorptive precipitation” process and is discharged to Wuhu Chengnan Wastewater Treatment Plant;

Currently, all the above facilities are in normal operation.

Industrial exhaust:

- (1) 2 sets of VOCs treatment facilities, one set with a designed capacity of 100,000 m³/h, and the other set with a designed capacity of 40,000m³/h, adopting the “spray + UV photocatalytic + activated carbon adsorption” process;
- (2) 1 set of powder solidification waste gas treatment facilities, with a designed capacity of 15,000 m³/h, adopting the “activated carbon adsorption” process;
- (3) 10 sets of stationary welding fume treatment facilities, with a designed capacity of 4,500 m³/h, adopting the “filter cartridge dust removal” process;
- (4) 1 set of acid washing waste gas treatment facilities, with a designed capacity of 3,500 m³/h, adopting the “alkaline absorption” process;
- (5) 1 set of sandblasting waste gas treatment facilities, with the capacity of 1,638 m³/h, adopting the “filter cartridge dust removal” process;



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

- (6) 1 set of organic waste gas treatment facilities, adopting the “pre-treatment + activated carbon adsorption and desorption + catalytic combustion” process, with the air treatment volume of 3,000 Nm³/h;
- (7) 1 set of acid mist purification tower, adopting the “alkali liquor spray + packed tower + demister” process, with the air treatment volume of 10 m³/h;

Currently, all the above facilities are in normal operation.

Hazardous waste:

- (1) The Company has built 1 hazardous waste temporary storage room in accordance with requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2001), with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels;

Currently, the facilities are in normal operation.

CIMC Vehicles Industrial sewage:

- (Shandong) Co., Ltd.
- (1) Production wastewater: the industrial wastewater treatment station with a capacity of 2.08 m³/h, adopts the “electrooxidation + flotation + biochemical reaction + sedimentation + sand filtration” process. After the treatment, the wastewater that meets the reclaimed water standards will be reused in the water rotation process of the painting line, with no external discharge;
 - (2) Domestic wastewater: the domestic sewage treatment station with a capacity of 2.5 m³/h, adopts the process of “combining the physical and biochemical processes, with the biochemical process as the primary force”. After the treatment, the wastewater that meets the Grade-A standard of the Wastewater Quality Standard for Discharge to Municipal Sewers (GB/T31962-2015) is discharged to the municipal network, and ultimately treated deeply by Everbright Water (Zhangqiu) Operating Limited;

Currently, all the above facilities are in normal operation.

Industrial exhaust:

- (1) 2 sets of catalytic combustion facilities, with a designed capacity of 60,000 m³/h and 80,000 m³/h respectively, adopting the activated carbon adsorption + catalytic combustion process;
- (2) 1 set of four-stage filtration + zeolite rotor adsorption and desorption + RTO equipment is installed, with the designed air flow rate of 70,000 m³/h, and the four-stage filtration + zeolite rotor adsorption and desorption + RTO process;
- (3) 1 set of UV photocatalytic purification facilities, with a designed capacity of 20,000 m³/h, adopting the UV photocatalytic purification process;



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

- (4) 2 sets of filter cartridge dust removal facilities, with a designed capacity of 10,000 m³/h and 1,500 m³/h, adopting the filter cartridge filtration process;
- (5) 2 sets of low-nitrogen combustion facilities, with the rated power of 0.7 MW and 1.4 MW, adopting the low-nitrogen combustion process;
- (6) 2 sets of drying waste gas treatment facilities, each with the rated power of 0.75 MW, adopting the direct combustion process.
- (7) 1 set of blanking dust treatment facilities, with rated power of 22KW and air volume of 20,000 m³/h, adopting the bag central treatment process;

Currently, all the above facilities are in normal operation.

Hazardous waste:

- (1) The Company has built 1 hazardous waste temporary storage room in accordance with requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2001), with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels;

Currently, all the above facilities are in normal operation.

Shenzhen CIMC Industrial sewage:

Special Vehicle
Co., Ltd.

- (1) Production wastewater: 1 set of silane pre-treatment wastewater treatment system, with the capacity of 40 t/d, adopting the integrated treatment facilities of “sedimentation + flotation + A/O biochemical process + RO filtration + evaporation”. After the treatment, the reclaimed water is reused when meeting the Level III limit set out in Environmental Quality Standard for Surface Water (GB3838-2002) or the limit set out in the washing water standard of the Reuse of Urban Recycling Water – Water Quality Standard for Industrial Uses (GBT19923-2005), whichever is stricter, to be used in the pre-treatment process of the coating workshop, with no external emission;
- (2) Domestic wastewater: Domestic sewage is discharged to Shangyang Wastewater Treatment Plant through the municipal network after sedimentation through the septic tank.

Currently, all the above facilities are in normal operation.



Industrial exhaust:

- (1) 3 sets of welding fume treatment facilities, each with a designed capacity of 50,000 m³/h, adopting the electrostatic adsorption process;
- (2) 1 set of sanding dust collection and treatment facilities, with a designed capacity of 72,000 m³/h, adopting the cyclone + filter cartridge dust removal process;
- (3) 1 set of powder drying waste gas catalytic combustion facilities, with a designed capacity of 8,500 m³/h, adopting the catalytic combustion process;
- (4) 1 set of powder hot cleaning exhaust gas activated carbon adsorption facilities, with a designed air volume of 3,000 m³/h, adopting the activated carbon adsorption process;
- (5) 1 set of powder drying waste gas adsorption facilities, with a designed air volume of 15,000 m³/h, adopting the activated carbon adsorption process;

Currently, the (1)-(4) facilities are in normal operation, and the (5) facilities are out of operation.

Hazardous waste:

- (1) The company has built 1 hazardous waste temporary storage room in accordance with requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2001), with the floor hardened and treated to prevent any infiltration, collection ditches and waste liquid collection tank established around and outside the warehouse to avoid any leakage. The warehouse adopts different storage measures for different categories of hazardous waste and sets classification labels;

Currently, the facilities are in normal operation.

Qingdao CIMC Industrial sewage:

- Special Vehicle Co., Ltd.
- (1) Production wastewater: 1 set of painting wastewater treatment facilities, with the capacity of 40 t/d. After the flocculation precipitation, the wastewater is reused in the water rotation of the painting room, with no external emission;

Currently, the facilities are in normal operation.

Industrial exhaust:

- (1) 2 sets of zeolite runner + catalytic oxidation facilities for the painting line, each with a designed capacity of 60,000 m³/h, adopting the zeolite runner + catalytic oxidation process, with the painting waste gas to be emitted after meeting relevant standards;
- (2) 3 sets of filter cartridge dust removal facilities for the painting line, each with a designed capacity of 20,000 m³/h, with the sanding, OK station, pre-treatment particulate matter to be emitted when meeting the standards after the treatment of dust collector;



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

- (3) 1 set of fume collection facilities equipped to the laser cutting machines in the blanking workshop;
- (4) 86 sets of mobile fume collection facilities equipped to the welding workshop, each with a designed capacity of 4,000 m³/h;
- (5) 1 set of fine plasma fixed filter element dust removal facilities in the welding workshop, with a designed air treatment volume of 18,000m³/h.

Currently, all the above facilities are in normal operation.

Hazardous waste:

- (1) The Company has built two hazardous waste warehouses, covering an area of 100 m², with the maximum storage capacity of 100 tonnes. The temporary storage room was constructed in accordance with requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2001), with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels;

Currently, the facilities are in normal operation.

Shandong Industrial sewage:

- Wanshida
Special
Purpose Vehicle
Manufacturing
Co., Ltd.
- (1) 1 set of painting wastewater treatment system, with the capacity of 4 m³/h; after treated by “flotation + Fenton reagent flocculation precipitation + sedimentation + filtration process”, the wastewater is discharged to the domestic sewage treatment station of the plant;
 - (2) 1 set of domestic sewage treatment system, with the capacity of 4 m³/h, adopting the “hydrolytic acidification + SBR + contact oxidization + sand filtration + disinfection process”. After the treatment, the wastewater meets Grade-A standard set out in the Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB 18918-2002) and the quality standard for water used in greening work contained in the Reuse of Urban Recycling Water – Water Quality for Urban Miscellaneous Water Consumption (GB/T18920-2002), and is all used in the greening and road water spraying in the plant, with no external emission;

Currently, all the above facilities are in normal operation.



Industrial exhaust:

- (1) 4 sets of CNC cutting machine fume collection and treatment facilities, each with a designed capacity of 5,000 m³/h, adopting the filter cartridge dust removal process;
- (2) 3 sets of shot blasting machine fume collection and treatment facilities, each with a designed capacity of 5,000 m³/h, adopting the filter cartridge dust removal process;
- (3) 80 sets of welding machine fume collection and treatment facilities, with a designed capacity of 1,000 m³/h, adopting the filter cartridge dust removal process;
- (4) 2 sets of painting waste gas collection and treatment facilities, with the designed capacity of 100,000 m³/h and 120,000 m³/h, adopting the activated carbon adsorption and desorption + catalytic combustion process;
- (5) 1 set of centralized welding fume collection and treatment facilities is installed, with a designed air flow rate of 100,000 m³/h, and a filter cartridge dust removal process;

Currently, all the above facilities are in normal operation.

Hazardous waste:

The company has built 1 hazardous waste temporary storage room in accordance with requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2001), with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels;

Currently, the facilities are in normal operation.

CIMC Vehicles (Jiangmen) Co., Ltd. Industrial wastewater:

- (1) Production wastewater: 1 set of pressure test circulating water system and 1 set of paint circulating water system.
- (2) Domestic wastewater: 1 set of canteen domestic wastewater integrated treatment system.

Currently, all the above facilities are in normal operation.

Industrial exhaust:

- (1) 4 sets of VOCs treatment facilities for the paint line, 1 set of particulate matter treatment facilities for the sand blasting line, 3 sets of particulate matter treatment facilities in the paint grinding room, 1 set of canteen purification system, 3 sets of CNC cutting dust removal system, and 3 sets of laser cutting dust removal system;

Currently, all the above facilities are in normal operation.



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Hazardous waste:

- (1) The Company has built a 180m² dedicated hazardous waste temporary warehouse; Currently, all the above facilities are in normal operation.

Dongguan CIMC Industrial sewage:

Special Vehicle
Co., Ltd.

- (1) Production wastewater: The coating workshop is equipped with a wastewater treatment station, with the total treatment capacity of 237 t/d. The phosphating wastewater treatment system and the non-phosphorus wastewater treatment system are separately set for different characteristics of the coating workshop wastewater: 1. Phosphating wastewater treatment system adopts physical and chemical precipitation + ultrafiltration + RO reverse osmosis + DTRO + evaporation concentration process. After the treatment reaches the reuse water standard, the reclaimed water is reused to the phosphating process, while the concentrated wastewater is entrusted to external agencies for environmentally friendly and harmless treatment, thus realizing zero discharge of heavy metals; 2. Non-phosphorus wastewater treatment system adopts physical and chemical precipitation + biochemical process + ultrafiltration + RO reverse osmosis + sand filtration process. The treated reclaimed water which reaches the reuse standard is reused to the processes of pure water preparation, degreasing and washing. The concentrated water produced is further treated and discharged after reaching the level 4 standard of surface water.
- (2) Domestic sewage: The oily wastewater from the canteen is treated by oil and residue removal process; the toilet wastewater is treated by Level III septic tank; other domestic sewage is treated by residue removal process. After such treatment, other domestic sewage is discharged to the municipal network after residue removal treatment when meeting the Time Slot II Level III Standard set out in the Discharge Limits of Water Pollutants DB44/26-2001.

Currently, all the above facilities are in normal operation.

Industrial exhaust:

- (1) 3 sets of laser cutting flue gas collection and treatment facilities, with a total treatment capacity of 18,000 m³/h;
- (2) 5 sets of robotic welding fume collection and treatment facilities, with a total treatment capacity of 147,000 m³/h;
- (3) 1 set of sanding dust removal system, with a total treatment capacity of 73,000 m³/h;



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

- (4) 1 set of electrophoresis tank organic waste gas filtering device, with a total treatment capacity of 36,500 m³/h;
- (5) 1 set of electrophoresis drying room exhaust gas catalytic combustion treatment device, with a total treatment capacity of 3,000 m³/h.

Currently, all the above facilities are in normal operation.

Among them, the (2) facilities have been dismantled, and the dust removal equipment is temporarily out of operation; all the other facilities are in normal operation.

Hazardous waste:

- (1) The Company has built 1 dedicated hazardous waste temporary warehouse, with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels;

Currently, the facilities are in normal operation.

Gansu CIMC

Industrial sewage:

Huajun Vehicles Co., Ltd.

- (1) The Company's domestic sewage is discharged into the municipal pipe network after treatment in the septic tank;
- (2) A hydraulic cyclone system is used in the Company's painting room for recycling, and industrial wastewater is not discharged externally;

At present, all the above facilities are in normal operation.

Industrial exhaust:

- (1) 1 set of plasma gas cutting dust collection and treatment facilities, with a treatment capacity of 6,000 m³/h;
- (2) 7 sets of mobile welding fume collection and treatment devices, each with a treatment capacity of 4,000m³/h;
- (3) Painting exhaust in the painting room: 2 sets of hydraulic cyclone treatment + activated carbon adsorption + desorption and catalytic combustion processes, with 84,000 m³/h and 126,000 m³/h respectively;

All the above facilities are in normal operation.



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Hazardous waste:

- (1) The Company has built 1 hazardous waste warehouse, with a closed and wind, rain and sun-proof space; the floor has been hardened and treated to prevent any infiltration; cofferdams are established to avoid any leakage. The warehouse sets waste liquid collection measures in place; hazardous waste is stored properly in intact packaging and by category;

At present, the above facilities are in normal operation.

Luoyang CIMC

Industrial sewage:

Lingyu

Automobile Co.,
Ltd.

- (1) 1 set of industrial wastewater treatment facilities, with capacity of 120 m³/d and the “coagulation-sedimentation + hydrolyze acidification + biocontact oxidation” process. The wastewater meets the Class 3 standard in Table 4 of the Integrated Wastewater Discharge Standard (GB8978 – 1996) after the treatment and is discharged to the wastewater treatment plant of the whole plant through main outlet of the plant and the municipal sewage pipe network;
- (2) 1 set of sewage treatment facilities of the plant, with the capacity of 240 m³/d and the “hydrolyze acidification + bio-contact oxidation” process. After the treatment, the wastewater meets the Class 3 standard in Table 4 of the Integrated Wastewater Discharge Standard (GB8978 – 1996) and is discharged to the city’s wastewater treatment plant for through the municipal network.

At present, all the above facilities are in normal operation.

Industrial exhaust:

- (1) 3 sets of painting, drying VOCs waste gas treatment facilities, with a designed capacity of 136,000 m³/h, 146,000 m³/h and 140,000 m³/h respectively, and the “activated carbon adsorption/desorption + catalytic combustion” process;
- (2) 2 sets of dust removal facilities for the manual sandblasting room, with a designed capacity of 22,206 m³/h and 30,000 m³/h, and the bag dust collecting process;
- (3) 1 set of dust removal facilities of the polishing room, with a designed capacity of 136,000 m³/h and the filter cartridge dust removal process;
- (4) 3 sets of numerical-controlled cutting fume and dust removal facilities, with a designed capacity of 6,290 m³/h and the filter cartridge dust removal process;
- (5) 4 sets of welding fume and dust removal facilities of the semi-trailer workshop, 1 set with a designed capacity of 6,290 m³/h, 3 sets with a designed capacity of 15,000 m³/h and the filter cartridge dust removal process;



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

- (6) 8 sets of welding fume and dust removal facilities of the tank workshop, with a designed capacity of 15,000 m³/h and the filter cartridge dust removal process;
- (7) 4 sets of welding fume and dust removal facilities of the mixing workshop, 2 sets with a designed capacity of 30,000 m³/h, 2 sets with a designed capacity of 24,000 m³/h and the filter cartridge dust removal process;
- (8) 1 set of shot blasting dust removal facilities for the powder spraying lines, with a designed capacity of 90,000 m³/h and the cyclone + filter cartridge dust removal process;
- (9) 3 sets of powder spraying dust treatment facilities for the powder spraying lines, with a designed capacity of 32,000 m³/h, 32,000 m³/h and 24,000 m³/h, respectively and the cyclone + filter cartridge dust removal process;
- (10) 1 set of powder curing waste gas treatment facilities for the powder spraying lines, with a designed capacity of 3,000 m³/h and the catalytic combustion process;
- (11) 4 sets of laser cutting fume and dust removal facilities, of which 2 sets have a designed capacity of 2,500 m³/h, and the remaining 2 sets have a designed capacity of 3,500 m³/h, with the filter cartridge dust removal process.
- (12) 2 sets of welding fume and dust removal facilities for the automatic welding production line for mixer truck frames, with the designed air flow rate of 30,000m³/h and 56,000m³/h, respectively, and the filter cartridge dust removal process;

At present, all the above facilities are in normal operation.

Hazardous waste:

- (1) The company has 1 hazardous waste temporary storeroom, with the floor hardened and treated to prevent infiltration, different categories of hazardous waste stored in separate areas and classification labels in place.

At present, the above facilities are in normal operation.



3. Environmental impact assessment of construction projects and other environmental protection administrative licensing

Environmental impact assessment	15 subordinate key pollutant discharge enterprises have applied for environmental impact assessment and obtained approval
Pollutant discharge permits	15 subordinate key pollutant discharge enterprises have obtained the national pollutant discharge permits
Other environmental protection administrative licensing	None

4. Contingency plans for unexpected environment-related events

Whether the contingency plans have been prepared and are within the validity period	15 subordinate key pollutant discharge enterprises have prepared unexpected environment-related events emergency plans and are within the validity period
Whether the contingency plans have been filed with governmental agencies	15 subordinate key pollutant discharge enterprises have filed their unexpected environment-related events contingency plans
Whether the emergency drill has been carried out and documented	15 subordinate key pollutant discharge enterprises have carried out unexpected environment-related events emergency drills

5. Environmental self-monitoring program

The 15 subordinate key pollutant discharge enterprises under the Group have carried out environmental monitoring, and delegated qualified third party agencies to carry out regular monitoring on wastewater, exhaust, noise, etc.



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

6. Administrative punishment for environmental issues during the Reporting Period

Company or Subsidiary Name	Reasons for Punishment	Violations	Punishment	Impact on the Production and Operation of the Listed Company	Rectification Measures of the Company
Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd.	On January 18, 2022, Jining Ecological Environment Bureau issued a written decision on administrative punishment: JHFZ [2022] No. 12. The Company failed to present the quarterly report on the implementation of pollutant discharge permit in the first three quarters of 2021.	Violation of Article 22 of the "Regulations on the Administration of Pollutant Discharge Permits"	A fine of RMB11,375	None	<ol style="list-style-type: none"> The Company has immediately arranged special personnel to follow up and complete the supplementary report on the implementation of the pollutant discharge permit in the first three quarters of 2021. Sort out and refine the system and procedure for filling out environmental protection reports, form a long-term mechanism for presenting quarterly and annual reports, and implement them in strict accordance with relevant requirements.

7. Other discloseable environmental information

15 subordinate key pollutant discharge enterprises under the Group have publicized their environmental information through channels such as websites of relevant governments or enterprises.



8. Continuous improvement

<p>Whether passed the ISO14001 Environmental Management System Certification</p>	<p>A total of 16 enterprises within the Group have passed the ISO14001 environmental management system certification, and 13 out of the 15 subordinate key pollutant discharge enterprises have been certified.</p>
<p>Environmental protection investment amount</p>	<p>The Group has invested more than RMB15.530 million in environmental protection in the year, of which more than RMB10.390 million was invested in 15 subordinate key pollutant discharge enterprises.</p>
<p>Emissions reduction performance of “waste gas, wastewater and waste residue” of the Company</p>	<p>Waste gas improvement: In compliance with laws and regulations including the Atmospheric Pollution Prevention and Control Law of the People’s Republic of China, the Group continuously builds a “Sophisticated Manufacturing System”, and greatly reduces the emissions of VOCs and other waste gases by upgrading the coating production line.</p> <p>Waste water improvement: In compliance with laws and regulations including the Law of the People’s Republic of China on Prevention and Control of Water Pollution, the Group actively promotes sewage discharge reduction projects. On the one hand, qualified enterprises enhance their wastewater recycling efforts, and on the other hand, they strengthen on-site management to reduce leakage and waste of water resources.</p> <p>Solid waste improvement: The Group complies with laws and regulations including the Law of the People’s Republic of China on Prevention and Control of Environmental Pollution by Solid Waste. All enterprises have hazardous waste temporary storerooms, and treat hazardous wastes in strict accordance with the requirements of standardized management of hazardous wastes. While upgrading production lines to reduce solid waste, enterprises actively explore solid waste reduction technologies and formulate improvement plans.</p>



9. Measures taken to reduce carbon emissions during the Reporting Period and their effects

Applicable Not applicable

Climate change has gradually become one of the important factors affecting the sustainable development of mankind. As the world's leader in sophisticated manufacturing of semi-trailers and specialty vehicles, the Group is committed to promoting production line upgrading and high-end manufacturing, continuously carries out low-carbon, green and clean production, and actively responds to the national strategy of "carbon peaking and carbon neutrality".

In the first half of 2022, the measures taken by the Group to reduce carbon emissions and their effects were as follows:

In terms of manufacturing, with 22 automated and intelligent "light tower" plants for semi-trailers and specialty vehicles all over the world, the Group achieved green manufacturing, and comprehensively built a Sophisticated Manufacturing System by deepening the business philosophy of "intercontinental operation, local manufacturing", and actively implemented the strategy of "carbon peaking and carbon neutrality";

In terms of energy use, the subsidiaries of the Group made full use of roof resources to install photovoltaic panels. As of June 30, 2022, five rooftop photovoltaic projects of 5 enterprises, namely Wuhu CIMC Ruijiang Automobile Co., Ltd., Qingdao CIMC Reefer Trailer Co., Ltd., Dongguan CIMC Special Vehicle Co., Ltd., CIMC Vehicle (Jiangmen) Co., Ltd. and Jiangsu Baojing Auto Parts Co., Ltd. were put into use. In the first half of 2022, the total power generation exceeded 4.5 million kWh, reducing carbon emissions by over 2,600 tons. The Group will continuously cause its subsidiaries to carry out rooftop photovoltaic power generation projects, so as to further optimize the energy use structure and reduce greenhouse gas emissions;

In terms of product design, based on the greenhouse gases and other air pollutants from the consumption of fossil energy by specialty vehicles during driving, the Group actively took measures to vigorously promote the intelligent, clean and lightweight development of vehicles, so as to reduce greenhouse gas emissions caused by driving;



SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

In the future, the Group will gradually promote the implementation of key actions of energy conservation and carbon reduction, continuously improve energy efficiency through upgrading production lines, and reduce greenhouse gas emissions by optimizing the energy use structure. In addition, the Group will gradually cause all subsidiaries to establish energy management systems and systems for online monitoring of energy consumption, and effectively improve energy efficiency through standardized and digital means.

II. SOCIAL RESPONSIBILITY

During the Reporting Period, the Company did not carry out work in relation to “consolidation of the results of poverty elimination, and rural revitalization”.



SECTION VI SIGNIFICANT EVENTS

I. COMMITMENT COMPLETED DURING THE REPORTING PERIOD AND NOT YET COMPLETED AS AT THE END OF THE REPORTING PERIOD BY THE COMPANY'S DE FACTO CONTROLLERS, SHAREHOLDERS, RELATED PARTIES, ACQUIRERS, THE COMPANY AND OTHER PARTIES TO THE COMMITMENT

Applicable Not applicable

There was no commitment completed during the Reporting Period and not yet completed as at the end of the Reporting Period by the Company's de facto controllers, Shareholders, related parties, acquirers, the Company and other parties to the commitment.



SECTION VI SIGNIFICANT EVENTS (Continued)

II. TIE-UP OF FUNDS BY CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES FOR NON-OPERATING PURPOSES

Applicable Not applicable

During the Reporting Period, the Controlling Shareholder and other related parties did not tie up funds of the Company for non-operating purposes.

Table of tie-up of funds by Controlling Shareholders and other related parties for non-operating purposes of the Company and transactions with other related parties during the Reporting Period are as follows:

Unit: RMB'0,000

Tie-up of funds for non-operating purposes	Names of related parties	Relationship with listed company	Account items	Balance at the beginning of 2022	Accumulated amount during the first half of 2022 (interest excluded)	Interest for the first half of 2022 (if any)	Recover of accumulated amount during the first half of 2022	Balance at the end of the first half of 2022	Reason for occurrence	Nature
Controlling shareholders, De Facto Controllers and its subsidiaries					No, N/A					
Former controlling shareholders, De Facto Controllers and its subsidiaries					No, N/A					
Other related parties and its subsidiaries					No, N/A					



SECTION VI SIGNIFICANT EVENTS *(Continued)*

Transactions with other related parties	Names of other related parties	Relationship with listed company	Account items	Balance at the beginning of 2022	Accumulated amount during the first half of 2022 (interest excluded)	Interest for the first half of 2022 (if any)	Recover of accumulated amount during the first half of 2022	Balance at the end of the first half of 2022	Reason for occurrence	Nature (Operation/ Non-operations)
Controlling shareholders, De Facto Controllers and its subsidiaries	CIMC Enric Holdings Limited and its subsidiaries	Controlled by the parent company of the Company	accounts receivables	8,242.27	8,306.49	-	9,355.78	7,192.97	Sales	Operation
	C&C Trucks Co., Limited and its subsidiaries	Controlled by the parent company of the Company	accounts receivables	63.25	-	-	5.52	57.73	Sales	Operation
	Yangzhou Taili Special Equipment Co., Ltd.	Controlled by the parent company of the Company	accounts receivables	161.05	-	-	137.21	23.83	Sales	Operation
	others	Controlled by the parent company of the Company	accounts receivables	481.29	4,853.65	-	3,991.08	1,343.85	Sales	Operation
	CIMC Enric Holdings Limited and its subsidiaries	Controlled by the parent company of the Company	notes receivables	689.26	586.32	-	885.58	390.00	Sales	Operation
	CIMC Enric Holdings Limited and its subsidiaries	Controlled by the parent company of the Company	receivables financing	4,181.98	2,023.15	-	3,927.77	2,277.36	Sales	Operation
	C&C Trucks Co., Limited and its subsidiaries	Controlled by the parent company of the Company	other receivables	451.60	-	-	-	451.60	Business guarantees	Operation



SECTION VI SIGNIFICANT EVENTS (Continued)

Transactions with other related parties	Names of other related parties	Relationship with listed company	Account items	Balance at the beginning of 2022	Accumulated amount during the first half of 2022 (interest excluded)	Interest for the first half of 2022 (if any)	Recover of accumulated amount during the first half of 2022	Balance at the end of the first half of 2022	Reason for occurrence	Nature (Operation/ Non-operations)
	CIMC Group	The parent company of the Company	other receivables	-	116.71	-	60.64	56.07	Fees of services	Operation
	others	Controlled by the parent company of the Company	other receivables	77.17	470.54	-	38.64	509.07	Business guarantees	Operation
	CIMC Group	The parent company of the Company	Prepayments	2,490.79	-	-	2,490.79	-	Procurement business	Operation
	C&C Trucks Co., Limited and its subsidiaries	Controlled by the parent company of the Company	Prepayments	56.28	190.37	-	45.32	201.33	Procurement business	Operation
	Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd.	Controlled by the parent company of the Company	Prepayments	663.07	1,508.66	-	663.07	1,508.66	Procurement business	Operation
	CIMC Enric Holdings Limited and its subsidiaries	Controlled by the parent company of the Company	Prepayments	177.97	513.57	-	177.97	513.57	Procurement business	Operation
	ASIA CARGO LINK LTD	Controlled by the parent company of the Company	Prepayments	842.90	-	-	842.90	-	Procurement business	Operation



SECTION VI SIGNIFICANT EVENTS *(Continued)*

Transactions with other related parties	Names of other related parties	Relationship with listed company	Account items	Balance at the beginning of 2022	Accumulated amount during the first half of 2022 (interest excluded)	Interest for the first half of 2022 (if any)	Recover of accumulated amount during the first half of 2022	Balance at the end of the first half of 2022	Reason for occurrence	Nature (Operation/ Non-operations)
	CIMC TSD Supply Chain Services Co., LTD.	Controlled by the parent company of the Company	Prepayments	1,676.77	-	-	1,676.77	-	Procurement business	Operation
	Others	Controlled by the parent company of the Company	Prepayments	3.63	820.26	-	2.84	821.04	Procurement business	Operation
Listed company's subsidiaries and its affiliated enterprises	Zhumadian CIMC Huajun Vehicle Co., Ltd.	Subsidiaries of the Group	accounts receivables	5,056.29	17.16	0	0	5,073.45	Sales	Operation
	Dongguan CIMC Special Vehicle Co., Ltd.	Subsidiaries of the Group	accounts receivables	4,083.21	114.02	0	0	4,197.23	Sales	Operation
	Yangzhou CIMC Tonghua Special Vehicles Co., Ltd.	Subsidiaries of the Group	accounts receivables	2,724.36	175.68	0	0	2,900.04	Sales	Operation
	Others	Subsidiaries of the Group	accounts receivables	7,284.12	596.63	0	214.10	19,530.51	Sales	Operation
	Yingkou Xinsheng vehicles Manufacturing Co., Ltd.	Subsidiaries of the Group	other receivables	10,179.26	0	210.49	0	10,389.75	Funding and Reimbursed expenses	Non-operation



SECTION VI SIGNIFICANT EVENTS (Continued)

Transactions with other related parties	Names of other related parties	Relationship with listed company	Account items	Accumulated amount			Recover of accumulated amount during the first half of 2022	Balance at the end of the first half of 2022	Reason for occurrence	Nature (Operation/ Non-operations)
				Balance at the beginning of 2022	Interest for the first half of 2022 (if any)	Accumulated amount during the first half of 2022 (interest excluded)				
	CIMC Taizijie Vehicle Body Manufacturing (Zhenjiang) Co., Ltd.	Subsidiaries of the Group	other receivables	4,368.18	196.18	5000	287.18	9,277.18	Funding and Reimbursed expenses	Non-operation
	Zhumadian CIMC Huajun Casting Co., Ltd.	Subsidiaries of the Group	other receivables	935.73	42.18	7000.25	42.18	7,935.98	Funding and Reimbursed expenses	Non-operation
	Others	Subsidiaries of the Group	other receivables	26,955.74	643.8	23,140.98	13,028.60	37,711.92	Funding and Reimbursed expenses	Non-operation
Other related parties and its subsidiaries	Jiangsu Wanjing Technology Co., Ltd.	Joint ventures of the Company	accounts receivables	952.24	-	-	952.24	-	Sales	Operation
	Oriental Post Logistics Technology (Jiangxi) Co. Ltd.	The company which the director of the Company serves	accounts receivables	229.12	-	313.89	238.13	304.88	Sales	Operation
	CIMC Commercial Tires Inc.	Associates of the Company	accounts receivables	810.00	-	-	810.00	-	Sales	Operation



SECTION VI SIGNIFICANT EVENTS *(Continued)*

Transactions with other related parties	Names of other related parties	Relationship with listed company	Account items	Balance at the beginning of 2022	Accumulated amount during the first half of 2022 (interest excluded)	Interest for the first half of 2022 (if any)	Recover of accumulated amount during the first half of 2022	Balance at the end of the first half of 2022	Reason for occurrence	Nature (Operation/ Non-operations)
	Shandong Linglong Tire Co., Ltd.	The company which the supervisor of the Company serves	accounts receivables	657.88	-	-	657.88	-	Sales	Operation
	Jiangsu Wanjiang Technology Co., Ltd.	Joint ventures of the Company	receivables financing	200.00	-	-	200.00	-	Sales	Operation
	Oriental Post Logistics Technology (Jiangxi) Co. Ltd.	The company which the director of the Company serves	other receivables	54.00	-	-	2.00	52.00	Bidding guarantees	Operation
	Shenzhen CIMC Production City Development Group Co., Ltd. and its subsidiaries	Associates of the parent company of the Company	other receivables	1,655.21	-	-	-	1,655.21	Contractor Business of Employee Dormitory	Operation



SECTION VI SIGNIFICANT EVENTS (Continued)

Transactions with other related parties	Names of other related parties	Relationship with listed company	Account items	Accumulated amount			Recover of accumulated amount during the first half of 2022	Nature (Operation/ Non-operations)		
				Balance at the beginning of 2022	Amount during the first half of 2022 (interest excluded)	Interest for the first half of 2022 (if any)			Balance at the end of the first half of 2022	Reason for occurrence
	Chengdu CIMC Industrial Park Investment and Development Co., Ltd.	Associates of the Company/ Controlled by the parent company of the Company	other receivables	1.00	4.05	-	-	5.05	Fees of services	Operation
	Jiangsu Wanjiang Technology Co., Ltd.	Joint ventures of the Company	other receivables	37.03	0.08	-	0.08	37.03	Fees of services	Operation
	Others	Associates of the Company	other receivables	363.26	33.43	-	153.23	243.46	Business guarantees	Operation
	Jiangsu Wanjiang Technology Co., Ltd.	Joint ventures of the Company	Prepayments	-	229.28	-	-	229.28	Procurement business	Operation
	Shandong Linglong Tire Co., Ltd.	The company which the supervisor of the Company serves	Prepayments	66.97	-	-	65.95	1.02	Procurement business	Operation



SECTION VI SIGNIFICANT EVENTS *(Continued)*

Transactions with other related parties	Names of other related parties	Relationship with listed company	Account items	Balance at the beginning of 2022	Accumulated amount during the first half of 2022 (interest excluded)	Interest for the first half of 2022 (if any)	Recover of accumulated amount during the first half of 2022	Balance at the end of the first half of 2022	Reason for occurrence	Nature (Operation/ Non-operations)
	Oriental Post Logistics Technology (Jiangxi) Co., Ltd.	The company which the director of the Company serves	Prepayments	50.00	-	-	50.00	-	Procurement business	Operation
	Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	Associates of the Company	Prepayments	40.97	252.63	-	286.02	7.58	Procurement business	Operation
				<u>86,963.86</u>	<u>55,960.93</u>	<u>1,092.65</u>	<u>41,289.51</u>	<u>102,727.94</u>		
	Total									



SECTION VI SIGNIFICANT EVENTS *(Continued)*

III. EXTERNAL GUARANTEE IN VIOLATION OF REGULATIONS

Applicable Not applicable

During the Reporting Period, the Company did not provide guarantees externally in violation of laws.

IV. ENGAGEMENT AND REMOVAL OF ACCOUNTING FIRMS

Whether the Interim Financial Report has been audited

Yes No

The Interim Financial Report of the Company has not been audited.

V. DESCRIPTION PROVIDED BY THE BOARD, THE SUPERVISORY COMMITTEE AS TO THE “MODIFIED AUDIT REPORT” OF THE AUDITORS FOR THE REPORTING PERIOD

Applicable Not applicable

VI. DESCRIPTION OF INFORMATION IN THE “MODIFIED AUDIT REPORT” FOR THE PREVIOUS YEAR OF THE BOARD

Applicable Not applicable

VII. MATTERS IN RELATION TO BANKRUPTCY REORGANIZATION

Applicable Not applicable

During the Reporting Period, there were no matters of the Company in relation to bankruptcy reorganization.



SECTION VI SIGNIFICANT EVENTS *(Continued)*

VIII. LITIGATION MATTERS

MATERIAL LITIGATION AND ARBITRATION

Applicable Not applicable

During the Reporting Period, the Company was not involved in material litigation and arbitration.

OTHER LITIGATION

Applicable Not applicable

IX. PUNISHMENT AND RECTIFICATION

Applicable Not applicable

X. CREDIT STANDING OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS

Applicable Not applicable



SECTION VI SIGNIFICANT EVENTS (Continued)

XI. MATERIAL RELATED TRANSACTIONS

1. Related Transaction in Relation to Ordinary Operation

Applicable Not applicable

Party to Related Transaction	Related Relationship	Type of Related Transaction	Contents of Related Transaction	Pricing Principle of Related Transaction	Price for Related Transaction	Amount of Related Transaction (RMB'0,000)	Percentage of Amount of Similar Transactions	Approved Transaction Limit (RMB'0,000)	Is the Approved Limit Exceeded	Settlement Method for Related Transaction	Available Market Price for Similar Transactions	Date of Disclosure	Disclosure Index
CIMC, its holding subsidiaries and associates	Controlling Shareholder and its fellow subsidiaries	Purchase of goods from related parties	Purchase of goods	Market price/markup on	-	37,177.70	3.74%	40,000	No	Cash settlement	-	August 26, 2021	For specific details, please refer to the Announcement on Estimations of Ordinary Related Transactions for 2022-2024 disclosed on http://www.cninfo.com.cn
CIMC, its holding subsidiaries and associates	Controlling Shareholder and its fellow subsidiaries	Purchase of services from related parties	Purchase of services	Market price	-	6,851.83	0.69%	7,000	No	Cash settlement	-		
CIMC, its holding subsidiaries and associates	Controlling Shareholder and its fellow subsidiaries	Sale of goods to related parties	Sale of goods	Market price/markup on	-	12,790.99	1.14%	46,000	No	Cash settlement	-		
CIMC, its holding subsidiaries and associates	Controlling Shareholder and its fellow subsidiaries	Provision of services to related parties	Sale of services	Market price/markup on	-	262.62	0.02%	5,000	No	Cash settlement	-		
Total					-	57,083.14	--	98,000	--		-		



SECTION VI SIGNIFICANT EVENTS *(Continued)*

2. Related Transactions Involving Acquisition or Disposal of Assets or Equity Interests

Applicable Not applicable

During the Reporting Period, there were no related transactions involving acquisition or disposal of assets or equity interests.

3. Related Transaction Involving Joint External Investment

Applicable Not applicable

During the Reporting Period, the Company did not carry out related transactions involving joint external investment.

4. Related Claims and Debts

Applicable Not applicable

During the Reporting Period, the Company had no related claims or debts.



SECTION VI SIGNIFICANT EVENTS *(Continued)*

5. Dealings with Financial Companies with Related Relationships

Applicable Not applicable

Deposit business

Related Party	Related Relationship	Maximum Daily Deposit Limit (RMB'0,000)	Deposit Interest Rate Range	Beginning Balance (RMB'0,000)	Amount Incurred During the Reporting Period		Ending Balance (RMB'0,000)
					Total Deposit During the Reporting Period (RMB'0,000)	Total Withdrawal During the Reporting Period (RMB'0,000)	
CIMC Finance Company Ltd.	Common controlling shareholder	70,000	The interest rate is determined by reference to:(1) the interest rate published by the People's Bank of China for similar deposits and for the same period;(2) the interest rate charged by CIMC Finance Company Ltd. to other subsidiaries of CIMC Group (excluding the Company) for similar deposits and for the same period;(3) the interest rate offered by independent third-party commercial banks to the Company and its subsidiaries for similar deposits and for the same period.	62,441	707,981	713,274	57,148



SECTION VI SIGNIFICANT EVENTS *(Continued)*

Loan business

Related Party	Related Relationship	loan amount (RMB'0,000)	Range of lending rate	Amount Incurred During the Reporting Period			Ending Balance (RMB'0,000)
				Beginning Balance (RMB'0,000)	Total amount of loans for the Reporting Period (RMB'0,000)	Total amount of repayment for the Reporting Period (RMB'0,000)	
CIMC Finance Company Ltd.	Common controlling shareholder	35,000	The interest rate is determined by reference to:(1) the interest rate for loans published by the People's Bank of China for similar loans and for the same period;(2) the interest rate for loans offered by independent commercial banks and/or other non-bank financial institutions to the CIMC Vehicles Group for similar loans and for the same period. (3) the loan interest rate of Party B from Party A shall be no higher than that from other financial institutions for similar loans.	0	15,612	0	15,612

Other financial businesses

The Company and its holding subsidiaries are jointly and severally liable for guaranteeing the repayment of the financing obtained by customers and distributors from CIMC Finance Company Ltd. and CIMC Financial Leasing Co., Ltd., which are related parties, for purchasing the Company's products. During the Reporting Period, the amount of guarantee incurred for the above business was RMB50,000. As at the end of the Reporting Period, the balance of guarantee for the above business was RMB675.1937 million.



SECTION VI SIGNIFICANT EVENTS *(Continued)*

6. Dealings Between Financial Companies Controlled by the Company and Related Parties

Applicable Not applicable

7. Other Material Related Transactions

Applicable Not applicable

- (1) The Company held the third meeting of the second session of the Board in 2022 on March 24, 2022, which considered and approved the Proposed Waiver of the Preferential Subscription Right for the Capital Increase of CIMC Tongchuang and Related Party/Connected Transactions, approved the waiver of the preferential subscription right for the capital increase of participating shareholding company Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. and Related Party/Connected Transactions.
- (2) The Company held the third meeting of the second session of the Board in 2022 on March 24, 2022, which considered and approved the Proposed External Guarantees and Related Party/Connected Transactions, approved that in 2022 the Group will provide for its distributors and customers guarantees to secure financing from financial institutions affiliated to CIMC for the purpose of product sales, and the maximum balance of guarantee is RMB820 million. The proposal was considered and approved at the Company's 2021 Annual General Meeting held on May 31, 2022.
- (3) The Company held the fourth meeting of the second session of the Board of Directors in 2022 on April 26, 2022, which considered and approved the Proposed Entering into the Loans Financial Services Framework Agreement with CIMC Finance Company Ltd. and Related Party Transaction, and approved the Company's Loans Financial Services Framework Agreement with CIMC Finance Company Ltd. and the transactions contemplated thereunder, and the Cap for balance of loans for each of the three years ended December 31, 2022, December 31, 2023 and December 31, 2024 (the maximum annual Cap for balance of loans is RMB350 million; the annual cap for interest expense on loans is RMB17.675 million) and authorized the financial director of the Company to decide and handle specific matters of individual loans and credit within the aforesaid limit.



SECTION VI SIGNIFICANT EVENTS *(Continued)*

- (4) The Company held the fifth meeting of the second session of the Board of Directors in 2022 on June 2, 2022, which considered and approved the Proposed Revision of the Estimated Cap on Continuing Related Transactions/Daily Related Transactions with CIMC and its Related Party/ Connected Parties in 2022-2024, and approved the proposed Supplementary Agreement to the Procurement and Services Framework Agreement between the Company and CIMC (on its behalf and on behalf of its majority-owned subsidiaries and associates), to revise the annual caps for purchase transactions in CIMC and its majority-owned subsidiaries and associates for the years ended December 31, 2022, December 31, 2023 and December 31, 2024. The proposal has been considered and approved at the first extraordinary general meeting in 2022 held on July 15, 2022.

Information on websites for disclosure of temporary announcements on material related transactions

Name of temporary Announcement	Date of Disclosure of temporary Announcement	Name of Website for Disclosure of temporary Announcement
Announcement on Waiver of the Preferential Subscription Right for the Capital Increase of CIMC Tongchuang and Related Party/Connected Transactions	March 25, 2022	Cninfo(http://www.cninfo.com.cn/)
Announcement on External Guarantees and Related Party/ Connected Transactions	March 25, 2022	Cninfo(http://www.cninfo.com.cn/)
Announcement on Entering into the Loans Financial Services Framework Agreement with CIMC Finance Company Ltd. and Related Party Transaction	April 27, 2022	Cninfo(http://www.cninfo.com.cn/)
Announcement on Revision of the Estimated Cap on Daily Related Transactions in 2022-2024	June 2, 2022	Cninfo(http://www.cninfo.com.cn/)



SECTION VI SIGNIFICANT EVENTS *(Continued)*

XII. MATERIAL CONTRACTS AND THEIR PERFORMANCE

1. Custody, Contracting and Lease

(1) *Custody*

Applicable Not applicable

Description of Custody

During the Reporting Period, there were no custodian projects on which the profit or loss of the Company exceeded 10% of the total profit of the Company.

(2) *Contracting*

Applicable Not applicable

Description of Contracting

During the Reporting Period, there were no contracting projects on which the profit or loss of the Company exceeded 10% of the total profit of the Company.



SECTION VI SIGNIFICANT EVENTS *(Continued)*

(3) *Lease*

Applicable Not applicable

Description of Lease

1. As lessee

The assets leased by the Group mainly include houses, buildings and machinery equipment used in the daily production and operation. The lease term for houses and buildings is generally 1-20 years and the lease term for machinery equipment is generally 1-5 years. Lease contracts generally specify that the Group shall not sublease the leased assets.

2. As lessor

The Group leases out some of its houses, buildings, machinery equipment, transport machines and other equipment for a term ranging from 1 month to 20 years which may be extended according to the needs of the lessees. Under lease contracts, the rent shall be adjusted annually based on market rent conditions.

Projects on which the profit or loss of the Company exceeded 10% of the total profit of the Company for the Reporting Period

Applicable Not applicable

During the Reporting Period, there were no lease projects on which the profit or loss of the Company exceeded 10% of the total profit of the Company for the Reporting Period.



SECTION VI SIGNIFICANT EVENTS *(Continued)*

2. Material Guarantee

Applicable Not applicable

Unit: RMB'0,000

External guarantees of the Company and its subsidiaries (excluding guarantees to subsidiaries)										
Name of Principal	Date of Disclosure of Announcement on Guarantee	Guarantee Limit	Date of Incurrence	Actual Guarantee Amount	Type of Guarantee	Security (If Any)	Counter Guarantee (If Any)	Term of Guarantee	Is the Guarantee Fulfilled	Are Guarantees provided for Related Parties
	Vehicle customers and distributors of Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd.	March 25, 2022	360,000.00	January 1, 2022	32,946.24	Joint and several guarantee	Nil	Counter guarantee was provided	1-3 years	No
Vehicle customers and distributors of Wuhu CIMC Ruijiang Automobile Co., Ltd.			January 1, 2022	97,252.05	Joint and several guarantee	Nil	Counter guarantee was provided	1-3 years	No	No
Vehicle customers and distributors of Zhumadian CIMC Huajun Vehicle Co., Ltd.			January 1, 2022	359.25	Joint and several guarantee	Nil	Counter guarantee was provided	1-3 years	No	No
Vehicle customers and distributors of Shenzhen CIMC Special Vehicle Co., Ltd. and CIMC Vehicle (Jiangmen) Co., Ltd.			January 1, 2022	48,783.47	Joint and several guarantee	Nil	Counter guarantee was provided	1-3 years	No	No
Vehicle customers and distributors of Luoyang CIMC Lingyu Automobile Co., Ltd.			January 1, 2022	70,172.59	Joint and several guarantee	Nil	Counter guarantee was provided	1-3 years	No	No
Vehicle customers and distributors of Chongqing CIMC Vehicle Sales Service Co., Ltd.			January 1, 2022	894.73	Joint and several guarantee	Nil	Counter guarantee was provided	1-3 years	No	No



SECTION VI SIGNIFICANT EVENTS (Continued)

External guarantees of the Company and its subsidiaries (excluding guarantees to subsidiaries)

Name of Principal	Date of Disclosure of Announcement on Guarantee		Date of Incurrence	Actual Guarantee Amount	Type of Guarantee	Security (If Any)	Counter Guarantee (If Any)	Term of Guarantee	Is the Guarantee Fulfilled	Are Guarantees provided for Related Parties
	Limit	Limit								
Vehicle customers of Shanghai CIMC Vehicle Sales Services Co., Ltd.			January 1, 2022	52.29	Joint and several guarantee	Nil	Counter guarantee was provided	1-3 years	No	No
Vehicle customers of Shaanxi CIMC Vehicle Sales Service Co., Ltd.			January 1, 2022	2.41	Joint and several guarantee	Nil	Counter guarantee was provided	1-3 years	No	No
Kunming CIMC Vehicle Industrial Park Development Co., Ltd.	March 25, 2022	4,000.00								
Total external guarantee limit approved during the Reporting Period (A1)			364,000.00		Total amount of external guarantee incurred during the Reporting Period (A2)					30,544.84
Total external guarantee limit approved as at the end of the Reporting Period (A3)			364,000.00		Total balance of external guarantee provided as at end of the Reporting Period (A4)					250,463.05



SECTION VI SIGNIFICANT EVENTS *(Continued)*

Guarantee from the Company to Subsidiaries										
Name of Principal	Date of Disclosure of Announcement on Guarantee Limit	Guarantee Limit	Date of Incurrence	Actual Guarantee Amount	Type of Guarantee	Security (If Any)	Counter Guarantee (If Any)	Term of Guarantee	Is the Guarantee Fulfilled	Are Guarantees provided for Related Parties
Qingdao CIMC Special Vehicle Co., Ltd.	March 25, 2022	170,000.00	June 15, 2020	11.72	Joint and several guarantee	Nil	Nil	3 years	No	No
Liangshan CIMC Dongyue Vehicles Co., Ltd.			October 21, 2021	5,000.00	Joint and several guarantee	Nil	Counter guarantee was provided	1 year	Yes	No
Liangshan CIMC Dongyue Vehicles Co., Ltd.			February 20, 2021	3,384.17	Joint and several guarantee	Nil	Counter guarantee was provided	1 year	No	No
Zhumadian CIMC Huajun Casting Co., Ltd.			June 14, 2022	1,000.97	Joint and several guarantee	Nil	Nil	1 year	No	No
China Jiangsu Vanguard Trailer Rental Co., Ltd. (China Jiangsu Vanguard Trailer Rental Co., Ltd. (江蘇掛車幫租賃有限公司))			June 29, 2021	2,000.00	Joint and several guarantee	Nil	Counter guarantee was provided	1 year	Yes	No
China Jiangsu Vanguard Trailer Rental Co., Ltd. (江蘇掛車幫租賃有限公司))			August 31, 2020	5,000.00	Joint and several guarantee	Nil	Counter guarantee was provided	4 years	Yes	No
China Jiangsu Vanguard Trailer Rental Co., Ltd. (江蘇掛車幫租賃有限公司))			November 25, 2020	5,000.00	Joint and several guarantee	Nil	Counter guarantee was provided	4 years	Yes	No
China Jiangsu Vanguard Trailer Rental Co., Ltd. (江蘇掛車幫租賃有限公司))			December 30, 2020	7,000.00	Joint and several guarantee	Nil	Counter guarantee was provided	4 years	Yes	No
China Jiangsu Vanguard Trailer Rental Co., Ltd. (江蘇掛車幫租賃有限公司))			December 30, 2020	2,950.00	Joint and several guarantee	Nil	Counter guarantee was provided	4 years	Yes	No



SECTION VI SIGNIFICANT EVENTS (Continued)

Guarantee from the Company to Subsidiaries

Name of Principal	Date of Disclosure of Announcement on Guarantee Limit	Guarantee Limit	Date of Incurrence	Actual Guarantee Amount	Type of Guarantee	Security (If Any)	Counter Guarantee (If Any)	Term of Guarantee	Is the Guarantee Fulfilled	Are Guarantees provided for Related Parties
Gansu CIMC Huajun Vehicles Co., Ltd.			January 26, 2022	900.00	Joint and several guarantee	Nil	Nil	1 year	No	No
SDC Trailers Ltd			June 7, 2022	6,104.55	Joint and several guarantee	Nil	Nil	1 year	No	No
CIMC Vehicle (Thailand) Co., Ltd			December 27, 2021	7,740.45	Joint and several guarantee	Nil	Nil	1 year	No	No
Total approved guarantee limit for subsidiaries during the Reporting Period (B1)			200,000.00	Total amount of guarantee to subsidiaries incurred during the Reporting Period (B2)						13,261.48
Total guarantee limit approved for subsidiaries as at the end of the Reporting Period (B3)			200,000.00	Total balance of guarantee to subsidiaries incurred as at the end of the Reporting Period (B4)						19,141.85

Guarantee from Subsidiaries to Other Subsidiaries

Name of Principal	Date of Disclosure of Announcement on Guarantee Limit	Guarantee Limit	Date of Incurrence	Actual Guarantee Amount	Type of Guarantee	Security (If Any)	Counter Guarantee (If Any)	Term of Guarantee	Is the Guarantee Fulfilled	Are Guarantees provided for Related Parties
CIMC Intermodal Equipment, LLC	March 25, 2022	6,711.40	March 31, 2022	2,013.42	Joint and several guarantee	Nil	Nil	1 year	No	No
Total approved guarantee limit for subsidiaries during the Reporting Period (C1)			200,000.00	Total amount of guarantee to subsidiaries incurred during the Reporting Period (C2)						2,013.42
Total guarantee limit approved for subsidiaries as at the end of the Reporting Period (C3)			200,000.00	Total balance of guarantee to subsidiaries incurred as at the end of the Reporting Period (C4)						2,013.42



SECTION VI SIGNIFICANT EVENTS *(Continued)*

Guarantee from Subsidiaries to Other Subsidiaries										
Name of Principal	Date of Disclosure of Announcement on Guarantee		Date of Incurrence	Actual Guarantee Amount	Type of Guarantee	Security (If Any)	Counter Guarantee (If Any)	Term of Guarantee	Is the Guarantee Fulfilled	Are Guarantees provided for Related Parties
	Limit	Limit								
Total amount of guarantee of the Company (i.e. the sum of the above three major items)										
Total guarantee limit approved during the Reporting Period (A1+B1+C1)		564,000.00	Total amount of guarantee incurred during the Reporting Period (A2+B2+C2)							45,819.74
Total guarantee limit approved as at the end of the Reporting Period (A3+B3+C3)		564,000.00	Total balance of guarantee provided as at end of the Reporting Period (A4+B4+C4)							271,618.30
Total amount of guarantee provided (i.e. A4+B4+C4) as a percentage of net assets of the Company										23.08%
Specifically:										
Balance of guarantee provided for Shareholders, de facto controllers and their related parties (D)										-
Balance of debt guarantee directly or indirectly provided for principals with a gearing ratio of over 70% (E)										-
Excess of the total guarantee over 50% of net assets (F)										-
Sum of the above three guarantee amounts (D+E+F)										-
Description of the guarantee liability incurred or the evidence indicating the possibility of joint and several liabilities (if any) during the Reporting Period, with regard to outstanding guarantee contracts	The Company provides guarantees for repayment of financing obtained by eligible customers from financial institutions, for purchase of vehicles. As at June 30, 2022, the balance of subrogation liability incurred by the Company due to late payment of customers was RMB24.2020 million									
Description of the provision of external guarantee in violation of specified procedures (if any)	Nil									



SECTION VI SIGNIFICANT EVENTS *(Continued)*

Note 1: The total approved limit of guarantee from the Company and its subsidiaries to subsidiaries during the Reporting Period was RMB2,000.00 million.

Note 2: There is a difference in the mantissa between the total amounts arrived at through direct adding up and the “total” amount. Such difference is caused by the unit (RMB ten thousand) and the rounding.

3. Material Contracts in the Ordinary Course of Business

Applicable Not applicable

4. Other Material Contracts

Applicable Not applicable

During the Reporting Period, the Company had no other material contracts.

XIII. OTHER MATERIAL MATTERS

Applicable Not applicable

1. Listing and Circulation of Offline Allotted Shares with Sales Restriction in the Initial Public Offering of A Shares

For details, refer to the Indicative Announcement on the Listing and Circulation of Offline Allotted Shares with Sales Restriction in the Initial Public Offering of A Shares (Announcement No. 2022-002) disclosed on the website of Cninfo at <http://www.cninfo.com.cn/> on January 6, 2022, and the announcements published on the website of the Hong Kong Stock Exchange at <http://www.cninfo.com.cn/>.

2. Matters in relation to the Foreign Exchange Forward Hedging Business in 2022

For details, refer to the Announcement on the Foreign Exchange Forward Hedging Business in 2022 (Announcement No. 2022-008) disclosed on the website of Cninfo at <http://www.cninfo.com.cn/> on February 23, 2022, and the announcements published on the website of the Hong Kong Stock Exchange at <http://www.cninfo.com.cn/>.



SECTION VI SIGNIFICANT EVENTS *(Continued)*

3. Matters in relation to the Guarantees for Subsidiaries and their Distributors and Customers in 2022

For details, refer to the Announcement on the Guarantees for Subsidiaries and their Distributors and Customers in 2022 (Announcement No. 2022-015) disclosed on the website of Cninfo at <http://www.cninfo.com.cn/> on March 25, 2022, and the announcements published on the website of the Hong Kong Stock Exchange at <http://www.cninfo.com.cn/>.

4. Matters in relation to the amendment to the Articles of Association and Relevant Constitutional Documents of the Company

For details, refer to the Announcement on Resolutions of the Third Meeting of the Second Session of Board in 2022 (Announcement No. 2022-012), Announcement on the amendment to the Articles of Association and the Rules of Procedure for the General Meeting (Announcement No. 2022-021) and relevant constitutional documents disclosed on the website of Cninfo at <http://www.cninfo.com.cn/> on March 25, 2022, and the announcements published on the website of the Hong Kong Stock Exchange at <http://www.cninfo.com.cn/>.

XIV. OTHER SIGNIFICANT MATTERS OF SUBSIDIARIES OF THE COMPANY

Applicable Not applicable

XV. OTHER INFORMATION DISCLOSED IN ACCORDANCE WITH THE HONG KONG STOCK EXCHANGE LISTING RULES

1. Securities Transactions by the Directors and Supervisors

The Company has adopted a set of code of conduct on terms no less exacting than the required standards set out in the Model Code in connection with securities transactions by the Directors and Supervisors. Upon the enquiries made to all Directors and Supervisors, they confirmed that they have adopted the Corporate Governance Code as the main guideline on corporate governance practices and have complied with the standards for securities transactions by the Directors and Supervisors as set out in the Model Code and the code of conduct during the Reporting Period.



SECTION VI SIGNIFICANT EVENTS *(Continued)*

2. Corporate Governance Practices

The Company understands that Shareholders' confidence and faith in the Company comes with good corporate governance, which is fundamental to enhancing Shareholders' value and interests. The principles applied to the Company's corporate governance practices emphasize an effective Board, prudent risk management and internal control system, corporate transparency and quality disclosure. The Company has adopted the Corporate Governance Code as the main guideline on corporate governance practices and has complied with the code provisions set out in Part 2 of the Corporate Governance Code during the Reporting Period.

3. 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 interim results and unaudited financial statements of the Group for the six months ended June 30, 2022. The Audit Committee has no disagreement on the accounting treatment adopted by the Company.



SECTION VII CHANGES IN SHARES AND SHAREHOLDERS

I. CHANGES IN SHARES

1. Changes in Shares

Unit: Share

	Prior to Change		Increase/Decrease (+/-)					Upon Change	
	Number	Percentage	Issuance of New Shares	Bonus Issue	Conversion of Capital Reserve into Share Capital	Others	Sub-total	Number	Percentage
I. Shares subject to selling restrictions	1,565,371,955	77.59%				(10,341,439)	(10,341,439)	1,555,030,516	77.07%
1. State-owned shares	0	0.00%				0	0	0	0.00%
2. Shares held by state-owned legal persons	42,338,165	2.10%				765,283	765,283	43,103,448	2.14%
3. Shares held by other domestic investors	1,238,027,386	61.36%				(11,085,318)	(11,085,318)	1,226,942,068	60.81%
of which: Shares held by domestic legal persons	1,238,015,895	61.36%				(11,073,827)	(11,073,827)	1,226,942,068	60.81%
Shares held by domestic natural persons	11,491	0.00%				(11,491)	(11,491)	0	0.00%
4. Shares held by foreign investors	285,006,404	14.13%				(21,404)	(21,404)	284,985,000	14.12%
of which: Shares held by foreign legal persons	285,005,704	14.13%				(20,704)	(20,704)	284,985,000	14.12%
Shares held by foreign natural persons	700	0.00%				(700)	(700)	0	0.00%
II. Shares not subject to selling restrictions	452,228,045	22.41%				10,341,439	10,341,439	462,569,484	22.93%
1. RMB ordinary shares	173,293,045	8.59%				10,341,439	10,341,439	183,634,484	9.10%
2. Domestic listed foreign shares	0	0.00%				0	0	0	0.00%
3. Overseas listed foreign shares	278,935,000	13.83%				0	0	278,935,000	13.83%
4. Others	0	0.00%				0	0	0	0.00%
III. Total shares	<u>2,017,600,000</u>	<u>100.00%</u>				<u>0</u>	<u>0</u>	<u>2,017,600,000</u>	<u>100.00%</u>



SECTION VII CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

Reasons for changes in shares

Applicable Not applicable

Approval for changes in shares

Applicable Not applicable

Transfer for changes in shares

Applicable Not applicable

Progress in the repurchase of shares

Applicable Not applicable

Progress in reduction in the holding of repurchased shares by way of call auction

Applicable Not applicable

Impact of changes in shares on financial indicators including the basic earnings per share, diluted earnings per share and net assets per share attributable to ordinary Shareholders of the Company for the previous year or latest period

Applicable Not applicable

Other information whose disclosure is considered necessary by the Company or required by securities regulatory authorities

Applicable Not applicable

On January 10, 2022, in the initial public offering of A shares, 11,156,439 shares of the Company subject to selling restrictions were placed to institutional investors other than through the online trading system of the stock exchange, and the Company's shares subject to selling restrictions decreased by 11,156,439 shares; 815,000 new shares subject to selling restrictions arose out of the partial return of shares subject to selling restrictions which were lent.



SECTION VII CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

2. Changes in Shares subject to Selling Restrictions

Applicable Not applicable

Unit: Share

Name of Shareholder	Number of Shares Subject to Selling Restrictions at the Beginning of the Period	Number of Shares Released from Selling Restrictions During the Reporting Period	Increase in Number of Shares Subject to Selling Restrictions During the Reporting Period	Number of Shares Subject to Selling Restrictions at the end of the Period	Reasons for Selling Restrictions	Proposed Date of Release from Selling Restrictions
CIMC	728,443,475			728,443,475	Pre-IPO shares subject to selling restrictions	July 8, 2024
CIMC Hong Kong	284,985,000			284,985,000	Pre-IPO shares subject to selling restrictions	July 8, 2024
Ping An Capital Co., Ltd. – Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership)	161,602,500			161,602,500	Pre-IPO shares subject to selling restrictions	July 8, 2022
Ping An Capital Co., Ltd. – Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership)	167,836,525			167,836,525	Pre-IPO shares subject to selling restrictions	July 8, 2022
Xiang Shan Hua Jin	96,877,500			96,877,500	Pre-IPO shares subject to selling restrictions	July 8, 2022
Shenzhen Long Yuan	23,160,000			23,160,000	Pre-IPO shares subject to selling restrictions	July 8, 2022
Shenzhen Nanshan Dacheng Fund Management Limited Company – Shenzhen Nan Shan Da Cheng New Material Investment Partnership (Limited Partnership)	23,160,000			23,160,000	Pre-IPO shares subject to selling restrictions	July 8, 2022



SECTION VII CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

Name of Shareholder	Number of Shares Subject to Selling Restrictions at the Beginning of the Period	Number of Shares Released from Selling Restrictions During the Reporting Period	Increase in Number of Shares Subject to Selling Restrictions During the Reporting Period	Number of Shares Subject to Selling Restrictions at the end of the Period	Reasons for Selling Restrictions	Proposed Date of Release from Selling Restrictions
Guangzhou Gongkong Capital Management Co., Ltd.	14,367,816			14,367,816	Strategic investors subject to selling restrictions	July 8, 2022
Central Enterprises Poor Regions Industry Investment Fund Co., Ltd. <i>(Note 1)</i>	27,920,632		815,000	28,735,632	Strategic investors subject to selling restrictions	July 8, 2022
China Insurance Investment Co., Ltd. – China Insurance Investment Fund (Limited Partnership)	25,862,068	25,862,068			Strategic investors subject to selling restrictions	July 8, 2022
Shareholders who subscribe for shares other than through the online trading system of the stock exchange	11,156,439	11,156,439		0	Shares subject to selling restrictions which are placed other than through the online trading system of the stock exchange	January 10, 2022
Total	<u>1,565,371,955</u>	<u>11,156,439</u>	<u>815,000</u>	<u>1,555,030,516</u>	<u>-</u>	<u>-</u>

3. Purchase, Sale or Redemption of Listed Securities of the Company

There was no purchase, sale or redemption of any listed securities of the Company by the Company or its subsidiaries during the Reporting Period.



SECTION VII CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

II. ISSUANCE AND LISTING OF SECURITIES

Applicable Not applicable

III. NUMBER OF SHAREHOLDERS AND THE SHAREHOLDING OF THE COMPANY

Unit: Share

Total number of ordinary Shareholders as at the end of the Reporting Period	Total number of shareholders: (among which, A Shares: 44,588, and H Shares: 47)	Total number of preferred Shareholders whose voting rights have been reinstated as at the end of the Reporting Period	0	Total number of Shareholders holding Shares with special voting rights	0
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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
CIMC	Domestic non-state-owned legal person	36.10%	728,443,475	0	728,443,475	0		
CIMC Hong Kong <i>(note 1)</i>	Overseas legal person	19.67%	396,801,000	5,849,500	284,985,000	111,816,000		



SECTION VII CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

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
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		
HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司) <i>(note 2)</i>	Overseas legal person	8.28%	167,056,532	(5,867,000)	0	167,056,532		
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		
Xiangshan Huajin	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)	State-owned legal person	1.42%	28,735,632	815,000	28,735,632	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	0	25,862,068	0		
Shenzhen Longyuan	Domestic non-state-owned legal person	1.15%	23,160,000	0	23,160,000	0		



SECTION VII CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

Name of shareholder	Nature of shareholder	Shareholding percentage	Number of	Changes during the Reporting Period	Number of	Number of	Pledged, charged or frozen shares	Status	Number
			shares held as at the end of the Reporting Period		shares held subject to trading restrictions	shares held not subject to trading restrictions			
Shenzhen Nanshan Dacheng Fund Management Limited Company (深圳南山大成基金管理有限公司) – 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))	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									<p>1. CIMC Hong Kong is a wholly-owned subsidiary of CIMC;</p> <p>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 Ping An Decheng. Both Ping An Decheng and Ping An Capital Co., Ltd. (平安資本有限責任公司) are enterprises whose equity interests are indirectly owned as to 100% by Ping An Group (a listed company, 601318.SH/02318. HK). Ping An Capital Co., Ltd. (平安資本有限責任公司) – Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥)) and Ping An Capital Co., Ltd. (平安資本有限責任公司) – Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企業(有限合夥)) are under the control of the same entity and are persons acting in concert.</p> <p>Saved as disclosed above, the Company is not aware of any other related relationship among the above shareholders, or whether they are persons acting in concert.</p>
Description of entrusting/being entrusted voting rights or waiving voting rights of the above Shareholders									Not applicable
Special description of the special accounts for repurchase held by the top ten Shareholders									Not applicable



SECTION VII CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

Shareholding of the Top 10 Shareholders not Subject to Selling Restrictions

Name of Shareholder	Number of Shares Held not Subject to Selling Restrictions as at the End of Reporting Period	Class of Shares	
		Class of Shares	Number
HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司) <i>(note 2)</i>	167,056,532	Overseas listed foreign shares	167,056,532
CIMC Hong Kong <i>(note 1)</i>	111,816,000	Overseas listed foreign shares	111,816,000
Xiao Jingsong (肖徑松)	3,410,468	RMB ordinary shares	3,410,468
Hong Kong Securities Clearing Company Limited	2,852,956	RMB ordinary shares	2,852,956
Yang Wenting (楊文婷)	2,387,426	RMB ordinary shares	2,387,426
Huatai Securities Co., Ltd. (華泰證券股份有限公司)	659,877	RMB ordinary shares	659,877
Xiao Haoqin (肖浩欽)	642,300	RMB ordinary shares	642,300
Wang Xinwei (王新偉)	620,100	RMB ordinary shares	620,100
Shi Zhangwen (石張文)	597,400	RMB ordinary shares	597,400
Hong Hui (洪輝)	487,100	RMB ordinary shares	487,100
Description of the connected relationship or concerted actions between the top 10 Shareholders of tradable shares not subject to selling restrictions, and between the top 10 Shareholders of tradable shares not subject to selling restrictions and the top 10 Shareholders	CIMC Hong Kong is a wholly-owned subsidiary of CIMC. Saved as disclosed above, the Company is not aware of any other connected relationship between the above Shareholders, and between the above Shareholders and the top 10 Shareholders or whether they are persons acting in concert.		
Description of securities margin trading business by the top 10 ordinary shareholders	The top 10 ordinary shareholders have not participated in securities margin trading business.		

Note 1: As at the end of the Reporting Period, 111,816,000 H Shares of the Company held by CIMC Hong Kong were registered under HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司). The number of shares held by CIMC Hong Kong and the shareholding percentage in the above table have taken into account the number of such shares.

Note 2: HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司) is the nominee holder on behalf of the non-registered shareholders of the H Shares. As at the end of the Reporting Period, 278,872,532 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 111,816,000 H Shares registered thereunder and held by CIMC Hong Kong.

Whether the Company had voting rights difference arrangement

Yes No



SECTION VII CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

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.

IV. DISCLOSURE OF SHAREHOLDINGS OF THE SUBSTANTIAL SHAREHOLDERS AND OTHER PARTIES UNDER THE SFO OF HONG KONG

As at June 30, 2022, to the knowledge of Directors, the following persons other than the Directors, Supervisors and chief executive of the Company had interests and/or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept pursuant to Section 336 of the SFO:

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares	Long Position/ Short Position	Approximate Percentage of the Relevant Class of Shares	Approximate Percentage of the Total Issued Share Capital of the Company
CIMC	Beneficial owner	A Shares	728,443,475	Long position	50.11%	36.10%
	Interest in controlled corporation <i>(note 1)</i>	H Shares	396,801,000	Long position	70.36%	19.67%
Ping An Decheng	Interest in controlled corporation <i>(note 2)</i>	A Shares	329,439,025	Long position	22.66%	16.33%
Ping An Financial	Interest in controlled corporation <i>(note 2)</i>	A Shares	329,439,025	Long position	22.66%	16.33%
Ping An Life Insurance	Interest in controlled corporation <i>(note 4)</i>	A Shares	329,439,025	Long position	22.66%	16.33%
Ping An Group	Interest in controlled corporation <i>(note 2)</i>	A Shares	329,439,025	Long position	22.66%	16.33%
CIMC Hong Kong	Beneficial owner	H Shares	396,801,000	Long position	70.36%	19.67%
Shanghai Taifu	Beneficial owner	A Shares	167,836,525	Long position	11.55%	8.32%
Chi Xiao	Interest in controlled corporation <i>(note 3)</i>	A Shares	167,836,525	Long position	11.55%	8.32%



SECTION VII CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

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
Nanshan Group	Interest in controlled corporation <i>(note 3)</i>	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 <i>(note 4)</i>	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 <i>(note 4)</i>	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 <i>(note 4)</i>	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 <i>(note 5)</i>	A Shares	96,877,500	Long position	6.66%	4.80%
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 <i>(note 6)</i>	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 <i>(note 6)</i>	H Shares	42,556,500	Long position	7.55%	2.11%
Wang Xicheng	Interest in controlled corporation <i>(note 6)</i>	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%
	Approved lending agent	H Shares	20,500	Short Position	0.004%	0.001%
GIC Private Limited	Investment manager	H Shares	37,588,218	Long position	6.67%	1.86%
		H Shares	35,588,000	Long position	6.31%	1.76%



SECTION VII CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

Notes:

- (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 June 30, 2022, CIMC Hong Kong held 396,801,000 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. Ping An Decheng is wholly owned by Ping An Financial which is ultimately controlled by Ping An Group and therefore both Ping An Financial and Ping An Group are deemed to be interested in A Shares held by Shanghai Taifu and Taizhou Taifu.*
- (3) *Chi Xiao is a limited partner of Shanghai Taifu which holds 59.51% equity interest in it and therefore is deemed to be interested in the A Shares held by Shanghai Taifu. Chi Xiao is wholly owned by Nanshan Group and therefore Nanshan Group is also deemed to be interested in A Shares held by Shanghai Taifu 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 its equity interests, and therefore both of them are deemed to be interested in A Shares held by Taizhou Taifu. Shenzhen Sidao Branch Investment Co., Ltd. (深圳市思道科投資有限公司), a wholly owned subsidiary of Shenzhen Pingan Yuanxin Investment Development Holdings Co., Ltd. (深圳市平安遠欣投資發展控股有限公司), holds 55.12% equity interest in Ping An Health Partnership, and therefore is deemed to be interested in A Shares of the Company held by Taizhou Taifu. Ping An Life Insurance holds 40.36% equity interest in Shanghai Taifu, and therefore is deemed to be interested in A Shares held by Shanghai Taifu 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 39.73% 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.*

V. SHARES PLEDGED BY CONTROLLING SHAREHOLDER OR THE LARGEST SHAREHOLDER OF THE COMPANY AND PERSONS ACTING IN CONCERT WITH IT ACCOUNT FOR 80% OF SHARES HELD BY THEM IN THE COMPANY

Applicable Not applicable



SECTION VII CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

VI. CHANGES IN SHAREHOLDING OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Applicable Not applicable

There were no changes in the direct shareholding of the Company's Directors, Supervisors and senior management during the Reporting Period. For details, see the 2021 Annual Report.

As at the end of the Reporting Period, the indirect holding of shares of the Company by the Directors, Supervisors and senior management was as follows:

Name	Employment Status	Number of Shares Held as at the end of the Reporting Period (0'000)	Changes during the Reporting Period (0'000)	Method of Shareholding and Class of Shares Held
Li Guiping	In office	2,267.23	0	Indirect holding of A Shares through Shenzhen Longyuan, Shenzhen Longhui and Xiangshan Huajin
Wang Yu	In office	1,011.73	0	Indirect holding of A Shares through Shenzhen Longhui and Xiangshan Huajin
Feng Baochun	In office	3.92	(0.28)	Indirect holding of H Shares through Hong Kong Tiancheng Investment & Trading Co. Limited
Jiang Qiwen	In office	73.85	0	Indirect holding of A Shares through Shenzhen Longyuan



SECTION VII CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

Name	Employment Status	Number of Shares Held as at the end of the Reporting Period (0'000)	Changes during the Reporting Period (0'000)	Method of Shareholding and Class of Shares Held
Li Zhimin	In office	178.30	0	Indirect holding of A Shares through Shenzhen Longyuan
Mao Yi	In office	245.67	0	Indirect holding of A Shares through Shenzhen Longyuan
Li Xiaofu	In office	33.69	0	Indirect holding of A Shares through Shenzhen Longyuan
Zhan Rui	In office	33.69	0	Indirect holding of A Shares through Shenzhen Longyuan
Sun Chunan	Out of office	67.37	0	Indirect holding of A Shares through Shenzhen Longyuan
Total		<u>3,915.45</u>	<u>(0.28)</u>	

Save for the above shareholding, none of the Directors, Supervisors and senior management directly or indirectly held the shares of the Company by any other means during the Reporting Period.



SECTION VII CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

VII. INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE AND LONG POSITIONS IN THE SHARES/UNDERLYING SHARES OF ASSOCIATED CORPORATIONS DISCLOSED IN ACCORDANCE WITH THE SECURITIES AND FUTURES ORDINANCE

As at June 30, 2022, the interests and/or short positions of the Directors, Supervisors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they are taken or deemed to have under such provisions of the SFO, or which are required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Nature of Interest	Class of Shares	Number of Shares/		Approximate Percentage of the Relevant Class of Shares	Approximate Percentage of the Total Issued Share Capital of the Company
			Underlying Shares Held	Long Position/ Short Position		
Li Guiping	Interest in controlled corporation <i>(Note 1)</i>	A Shares	120,037,500	Long position	8.26%	5.95%
Wang Yu	Interest in controlled corporation <i>(Note 2)</i>	A Shares	96,877,500	Long position	6.66%	4.80%

Note:

- (1) *Mr. Li Guiping is an executive Director, Chief Executive Officer and President of the Company. Mr. Li is the general partner of Shenzhen Longhui, a general partner of Xiangshan Huajin and is interested in 47.37% of the shares, therefore he is deemed to be interested in 96,877,500 A Shares held by Xiangshan Huajin. Mr. Li is interested in 80% of the equity interest of Longyuan Investment, a general partner of Shenzhen Longyuan, and therefore he is also deemed to be interested in 23,160,000 A Shares held by Shenzhen Longyuan.*
- (2) *Mr. Wang Yu is a non-executive Director of the Company. Mr. Wang is interested in 26.32% of the shares of Shenzhen Longhui, a general partner of Xiangshan Huajin, and therefore is also deemed to be interested in 96,877,500 A Shares held by Xiangshan Huajin.*



SECTION VII CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

Long Positions in the Shares/Underlying Shares of Associated Corporations

Associated Corporation	Class of Shares Held in the Associated Corporation	Name of Director	Capacity	Number of Shares/ underlying Shares held	Approximate Percentage
					of the Relevant Class of Shares
CIMC	A Shares	Mai Boliang	Beneficial owner <i>(Note 1)</i>	593,643	0.04%
	A Shares	He Jin	Beneficial owner <i>(Note 1)</i>	17,400	0.00%
CIMC Enric	Ordinary Share	Mai Boliang	Beneficial owner <i>(Note 1)</i>	7,260,000	0.36%
		Wang Yu	Beneficial owner <i>(Note 1)</i>	320,000	0.02%
		Zeng Han	Beneficial owner <i>(Note 1)</i>	400,000	0.02%
China Jiangsu Vanguard Trailer Rental Co., Ltd. (江蘇掛車幫租賃有限公司)	Domestic Shares	Li Guiping	Interest in controlled corporation <i>(Note 4)</i>	10,000,000	4.26%
Shenzhen SF-Trailernet Technology Co., Ltd. (深圳市星火車聯科技有限公司)	Domestic Shares	Li Guiping	Interest in controlled corporation <i>(Note 4)</i>	1,200,000	17.14%

Note:

1. Mr. Mai Boliang, Mr. He Jin, Mr. Wang Yu and Mr. Zeng Han are non-executive Directors of the Company. As at June 30, 2022, Mr. Mai Boliang and Mr. He Jin held 593,643 and 17,400 A Shares in issue of CIMC respectively, and Mr. Mai Boliang, Mr. Wang Yu and Mr. Zeng Han held 7,260,000, 320,000 and 400,000 ordinary shares of CIMC Enric respectively. CIMC and CIMC Enric are associated corporations of the Company.
2. The approximate percentage of shareholding is calculated based on the total issued A share capital of 1,535,121,660 shares of CIMC as of June 30, 2022.
3. The approximate percentage of shareholding is calculated based on the total issued ordinary share capital of 2,028,277,588 shares of CIMC Enric as at June 30, 2022.
4. Mr. Li Guiping is an executive Director, Chief Executive Officer and President of the Company. As Mr. Li Guiping has a 24% equity interest in Shenzhen Huixin Enterprise Management Center (Limited Partnership) (深圳匯信企業管理中心(有限合夥)), Mr. Li Guiping discloses his 4.26% equity interest in China Jiangsu Vanguard Trailer Rental Co., Ltd..
5. Mr. Li Guiping is an executive Director, Chief Executive Officer and President of the Company. Mr. Li Guiping has a 4.8% equity interest in Shenzhen Yuanxin Investment Partnership (Limited Partnership)(深圳源欣投資合夥企業(有限合夥)), and therefore he discloses his interest in 17.14% of the shares of Shenzhen SF-Trailernet Technology Co., Ltd.(深圳市星火車聯科技有限公司) which is held by the Company as to 28% of its shares.



SECTION VII CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

VIII. CHANGE OF CONTROLLING SHAREHOLDERS OR DE FACTO CONTROLLER

Changes in controlling shareholders during the Reporting Period

Applicable Not applicable

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

Changes in de facto controller during the Reporting Period

Applicable Not applicable



SECTION VIII INFORMATION ON PREFERENCE SHARES

Applicable Not applicable

During the Reporting Period, the Company had no preference shares.



SECTION IX INFORMATION ON BONDS

Applicable Not applicable

During the Reporting Period, the Company had no bonds.



SECTION X FINANCIAL REPORT

I. AUDIT REPORT

Has the interim report been audited?

Yes No

The interim financial report of the Company has not been unaudited.

II. FINANCIAL STATEMENTS

The Group prepares the financial statements and their notes in accordance with the Chinese Accounting Standards for Business Enterprises.

Unit in the statements of the notes to financial statements: RMB



CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

	Note	June 30, 2022	December 31, 2021
ASSETS			
Current assets			
Cash at bank and on hand	4(1)	4,584,933,260.58	5,041,982,475.37
Derivative financial assets	4(2)	425,076.40	2,039,603.00
Notes receivables	4(3)	55,508,737.62	109,678,708.95
Accounts receivables	4(4)	3,357,265,298.34	2,781,330,860.48
Receivables financing	4(5)	404,913,942.76	510,091,121.74
Advances to suppliers	4(6)	189,268,136.56	221,827,969.94
Other receivables	4(7)	260,340,278.10	272,965,193.59
Inventories	4(8)	5,622,320,908.97	4,939,195,443.70
Current portion of non-current assets		37,899,111.45	41,518,285.14
Other current assets	4(9)	246,972,121.80	313,226,364.46
Total current assets		14,759,846,872.58	14,233,856,026.37
Non-current assets			
Long-term receivables		28,336,224.05	26,581,838.37
Other non-current financial assets	4(10)	8,005,300.00	–
Long-term equity investments	4(11)	153,770,441.19	151,084,643.75
Investment properties	4(12)	395,877,604.27	393,130,062.84
Fixed assets	4(13)	4,633,471,562.63	4,626,675,908.82
Construction in progress	4(14)	592,074,870.11	516,572,732.14
Right-of-use assets	4(15)	239,439,981.65	232,392,010.62
Intangible assets	4(16)	869,099,544.45	892,972,786.18
Goodwill	4(17)	391,431,051.22	408,521,522.38
Long-term prepaid expenses		35,994,512.42	25,765,480.68
Deferred tax assets	4(18)	151,068,726.35	137,466,769.78
Other non-current assets	4(19)	117,085,701.52	136,313,442.51
Total non-current assets		7,615,655,519.86	7,547,477,198.07
TOTAL ASSETS		22,375,502,392.44	21,781,333,224.44
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	4(21)	660,118,057.06	889,554,358.43
Derivative financial liabilities	4(2)	10,609,621.22	21,100.00
Notes payables	4(22)	742,174,711.89	1,098,475,012.01
Accounts payables	4(23)	4,334,697,968.54	3,558,427,089.39
Advances from customers		10,093,648.75	8,642,080.45
Contract liabilities	4(24)	553,914,298.14	547,132,006.91
Employee benefits payable	4(25)	519,820,167.30	533,567,985.84
Taxes payable	4(26)	233,365,264.39	186,121,358.83
Other payables	4(27)	1,741,414,074.70	1,411,093,894.20
Current portion of non-current liabilities	4(28)	93,018,501.53	104,017,726.41
Other current liabilities	4(29)	273,950,490.70	286,361,852.63
Total current liabilities		9,173,176,804.22	8,623,414,465.10



CONSOLIDATED BALANCE SHEET *(Continued)*

AS AT JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

	Note	June 30, 2022	December 31, 2021
Non-current liabilities			
Long-term borrowings	4(30)	388,116,144.07	374,823,099.70
Lease liabilities	4(31)	190,383,279.47	185,163,298.60
Long-term payables		–	15,464,866.01
Deferred income	4(32)	59,700,856.81	60,752,790.97
Deferred tax liabilities	4(18)	133,648,244.31	134,675,106.28
Other non-current liabilities		–	465,637.40
Total non-current liabilities		771,848,524.66	771,344,798.96
Total liabilities		9,945,025,328.88	9,394,759,264.06
Shareholders' equity			
Share capital	4(33)	2,017,600,000.00	2,017,600,000.00
Capital reserve	4(34)	4,779,818,126.58	4,754,868,324.01
Other comprehensive income	4(35)	(88,134,763.01)	(129,005,928.69)
Surplus reserve	4(36)	261,108,219.97	261,108,219.97
Undistributed profits	4(37)	4,796,562,948.56	4,834,324,784.85
Total equity attributable to shareholders of the Company		11,766,954,532.10	11,738,895,400.14
Non-controlling interests		663,522,531.46	647,678,560.24
Total shareholders' equity		12,430,477,063.56	12,386,573,960.38
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		22,375,502,392.44	21,781,333,224.44

The accompanying notes form an integral part of these financial statements.

Legal representative:

Li Guiping

Principal in charge of accounting:

Zhan Rui

Head of accounting department:

Zhan Rui



BALANCE SHEET

AS AT JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

	<i>Note</i>	June 30, 2022	December 31, 2021
ASSETS			
Current assets			
Cash at bank and on hand		2,135,869,404.82	2,129,112,624.05
Accounts receivables	16(1)	240,970,053.12	241,858,248.97
Receivables financing		218,443.00	—
Advances to suppliers		28,367.35	—
Other receivables	16(2)	1,137,723,562.60	884,335,492.30
Other current assets		6,981,923.30	16,060,979.94
Total current assets		<u>3,521,791,754.19</u>	<u>3,271,367,345.26</u>
Non-current assets			
Other non-current financial assets		8,005,300.00	—
Long-term equity investments	16(3)	5,379,228,641.12	5,137,876,328.24
Investment properties		2,265,114.85	2,259,993.11
Fixed assets		29,392,948.58	28,550,148.81
Construction in progress		11,600,125.10	8,730,589.30
Right-of-use assets		2,614,859.38	3,669,493.48
Intangible assets		17,552,640.77	16,655,064.68
Long-term prepaid expenses		2,465,451.65	3,348,749.65
Other non-current assets		2,054,623.50	1,915,376.00
Total non-current assets		<u>5,455,179,704.95</u>	<u>5,203,005,743.27</u>
TOTAL ASSETS		<u>8,976,971,459.14</u>	<u>8,474,373,088.53</u>



BALANCE SHEET *(Continued)*

AS AT JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

	June 30, 2022	December 31, 2021
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payables	527,771.10	2,006,121.46
Contract liabilities	357,536.29	293,538.20
Employee benefits payable	118,960,248.67	123,386,680.53
Taxes payable	1,817,113.63	3,279,762.61
Other payables	1,273,606,423.73	872,873,083.72
Current portion of non-current liabilities	2,334,754.90	2,267,411.02
Other current liabilities	1,623,648.37	416,284.69
Total current liabilities	1,399,227,496.69	1,004,522,882.23
Non-current liabilities		
Lease liabilities	605,761.75	1,778,298.78
Total non-current liabilities	605,761.75	1,778,298.78
Total liabilities	1,399,833,258.44	1,006,301,181.01
Shareholders' equity		
Share capital	2,017,600,000.00	2,017,600,000.00
Capital reserve	4,620,152,172.67	4,620,483,419.93
Other comprehensive income	18,436,287.93	18,436,287.93
Surplus reserve	261,108,219.97	261,108,219.97
Undistributed profits	659,841,520.13	550,443,979.69
Total shareholders' equity	7,577,138,200.70	7,468,071,907.52
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	8,976,971,459.14	8,474,373,088.53

The accompanying notes form an integral part of these financial statements.

Legal representative:
Li Guiping

Principal in charge of accounting:
Zhan Rui

Head of accounting department:
Zhan Rui



CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Items	Note	For the six months ended June 30, 2022	For the six months ended June 30, 2021
I. Revenue	4(38)	11,195,842,138.07	17,711,844,059.18
Less: Cost of sales	4(38)	(9,944,943,043.42)	(15,927,568,598.90)
Taxes and surcharges	4(39)	(41,842,407.56)	(57,722,727.17)
Selling expenses	4(40)	(263,724,269.00)	(383,360,776.54)
Administrative expenses	4(41)	(398,444,110.44)	(447,367,998.75)
Research and development expenses	4(42)	(145,901,201.60)	(189,778,236.63)
Financial expenses	4(43)	52,575,847.22	(8,836,328.22)
Including: Interest expenses		22,050,434.04	28,250,115.63
Interest income		34,617,381.21	26,035,102.02
Add: Other income	4(47)	38,441,371.21	93,307,601.18
Investment (losses)/income	4(48)	(2,072,886.45)	4,314,934.95
Including: Share of profit of associates and joint ventures		4,058,836.70	2,158,678.03
Fair value (losses)/gains	4(49)	(9,375,789.37)	424,193.36
Credit impairment losses	4(46)	(5,524,064.71)	(69,064,632.13)
Asset impairment losses	4(45)	(12,555,324.98)	(22,089,616.60)
(Losses)/gains on disposals of assets	4(50)	(8,606,775.04)	174,272,570.27
II. Operating profit		453,869,483.93	878,374,444.00
Add: Non-operating income	4(51)	5,164,187.96	6,077,855.40
Less: Non-operating expenses	4(52)	(3,059,489.26)	(2,838,735.52)
III. Profit before income tax		455,974,182.63	881,613,563.88
Less: Income tax expenses	4(53)	(85,668,688.02)	(120,963,651.73)
IV. Profit for the period		370,305,494.61	760,649,912.15
Classified by business continuity			
Net profit from continuing operations		370,305,494.61	760,649,912.15
Net profit from discontinued operations		-	-
Classified by ownership			
Net profit attributable to shareholders of the Company		365,758,163.71	688,457,493.07
Net profit attributable to non-controlling interests		4,547,330.90	72,192,419.08



CONSOLIDATED INCOME STATEMENT *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Items	Note	For the six months ended June 30, 2022	For the six months ended June 30, 2021
V. Other comprehensive income, net of tax		40,905,763.97	(40,545,771.20)
Attributable to shareholders of the Company		40,871,165.68	(40,384,562.76)
Items that may be reclassified subsequently to profit or loss		40,871,165.68	(40,384,562.76)
Currency translation differences		40,871,165.68	(40,384,562.76)
Attributable to non-controlling interests		<u>34,598.29</u>	<u>(161,208.44)</u>
VI. Total comprehensive income		<u>411,211,258.58</u>	<u>720,104,140.95</u>
Attributable to shareholders of the Company		406,629,329.39	648,072,930.31
Attributable to non-controlling interests		4,581,929.19	72,031,210.64
VII. Earnings per share	4(54)		
Basic earnings per share (RMB)		0.18	0.39
Diluted earnings per share (RMB)		0.18	0.39

The accompanying notes form an integral part of these financial statements.

Legal representative:
Li Guiping

Principal in charge of accounting:
Zhan Rui

Head of accounting department:
Zhan Rui



INCOME STATEMENT

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Item	Note	For the six months ended June 30, 2022	For the six months ended June 30, 2021
I. Revenue	16(4)	14,440,454.66	30,422,224.39
Less: Cost of sales	16(4)	(363,117.78)	(519,619.10)
Taxes and surcharges		(100,703.28)	(31,940.37)
Selling expenses		(3,939,212.99)	(4,901,132.35)
Administrative expenses		(42,258,661.70)	(97,252,975.41)
Research and development expenses		(10,259,381.44)	(3,724.11)
Financial expenses		15,985,063.26	3,235,915.00
Including: Interest expenses		8,334,275.95	9,349,028.85
Interest income		22,284,933.43	22,527,248.12
Add: Other income		486,524.76	596,656.92
Investment income	16(5)	541,958,773.37	286,843,798.88
Including: Share of profit of associates and joint ventures		3,975,352.14	2,339,282.89
Fair value gains		5,121.74	917,500.00
Credit impairment losses		(3,052,373.85)	(1,698,968.09)
Gains on disposal of assets		644.55	51,941.80
II. Operating profit		512,903,131.30	217,659,677.56
Add: Non-operating income		14,980.00	5,001.74
Less: Non-operating expenses		(570.86)	(1,819.11)
III. Profit before income tax		512,917,540.44	217,662,860.19
Less: Income tax expenses		—	—
IV. Profit for the period		512,917,540.44	217,662,860.19
Classified by business continuity			
Net profit from continuing operations		512,917,540.44	217,662,860.19
Net profit from discontinued operations		—	—
V. Other comprehensive income, net of tax		—	—
VI. Total comprehensive income		512,917,540.44	217,662,860.19

The accompanying notes form an integral part of these financial statements.

Legal representative:
Li Guiping

Principal in charge of accounting:
Zhan Rui

Head of accounting department:
Zhan Rui



CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Item	Note	For the six months ended June 30, 2022	For the six months ended June 30, 2021
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		9,217,975,776.56	16,842,384,085.41
Refund of taxes and surcharges		158,922,827.45	82,776,423.53
Cash received relating to other operating activities	4(55)(a)	<u>257,097,326.04</u>	<u>188,751,046.40</u>
Sub-total of cash inflows from operating activities		<u>9,633,995,930.05</u>	<u>17,113,911,555.34</u>
Cash paid for goods and services		(7,291,181,487.05)	(14,543,664,519.79)
Cash paid to and on behalf of employees		(1,178,176,546.01)	(1,319,440,427.55)
Payments of taxes and surcharges		(528,673,740.71)	(462,237,923.86)
Cash paid relating to other operating activities	4(55)(b)	<u>(429,185,750.40)</u>	<u>(506,250,470.41)</u>
Sub-total of cash outflows from operating activities		<u>(9,427,217,524.17)</u>	<u>(16,831,593,341.61)</u>
Net cash generated from operating activities		<u>206,778,405.88</u>	<u>282,318,213.73</u>
II. Cash flows from investing activities			
Cash received from disposals of investments		13,911,624.08	226,466,507.94
Cash received from returns on investments		1,041,792.00	2,977,674.55
Proceeds from disposal of fixed assets, intangible assets and other long-term assets		19,397,363.42	182,809,348.02
Proceeds from disposal of associates and joint ventures		<u>—</u>	<u>7,600,000.00</u>
Sub-total of cash inflows from investing activities		<u>34,350,779.50</u>	<u>419,853,530.51</u>
Payment for fixed assets, intangible assets and other long-term assets		(347,519,585.72)	(612,401,571.02)
Cash paid for investments		—	(266,000,000.00)
Payments for acquisition of a subsidiary		—	(660,814.00)
Cash paid relating to other investing activities		<u>(2,050,012.60)</u>	<u>—</u>
Sub-total of cash outflows from investing activities		<u>(349,569,598.32)</u>	<u>(879,062,385.02)</u>
Net cash used in investing activities		<u>(315,218,818.82)</u>	<u>(459,208,854.51)</u>



CONSOLIDATED CASH FLOW STATEMENT (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Item	Note	For the six months ended June 30, 2022	For the six months ended June 30, 2021
III. Cash flows from financing activities			
Cash received from capital injections		100,000,000.00	58,000,000.00
Including: Cash injection from non-controlling interests		50,000,000.00	58,000,000.00
Proceeds from borrowings		885,089,314.02	621,118,663.10
Sub-total of cash inflows from financing activities		985,089,314.02	679,118,663.10
Repayments of borrowings		(1,112,275,494.91)	(663,450,011.93)
Cash payments for dividends distribution and interest expenses of borrowings		(39,478,331.49)	(63,862,679.03)
Including: dividends paid to non-controlling interests of subsidiaries		(18,695,583.19)	(38,998,388.03)
Cash paid relating to other financing activities	4(55)(c)	(51,071,224.13)	(49,795,759.60)
Sub-total of cash outflows from financing activities		(1,202,825,050.53)	(777,108,450.56)
Net cash used in financing activities		(217,735,736.51)	(97,989,787.46)
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
		10,840,442.76	(19,296,407.72)
V. Net decrease in cash and cash equivalents			
	4(56)(a)	(315,335,706.69)	(294,176,835.96)
Add: Cash and cash equivalents at the beginning of the period	4(56)(a)	4,694,703,333.58	4,269,375,822.30
VI. Cash and cash equivalents at the end of the period			
		4,379,367,626.89	3,975,198,986.34

The accompanying notes form an integral part of these financial statements.

Legal representative:
Li Guiping

Principal in charge of accounting:
Zhan Rui

Head of accounting department:
Zhan Rui



CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Item	For the six months ended June 30, 2022	For the six months ended June 30, 2021
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	12,283,136.93	27,712,652.45
Refund of taxes and surcharges	11,008,187.28	7,998,054.15
Cash received relating to other operating activities	<u>23,792,708.63</u>	<u>20,262,994.61</u>
Sub-total of cash inflows from operating activities	<u>47,084,032.84</u>	<u>55,973,701.21</u>
Cash paid to and on behalf of employees	(42,644,192.95)	(47,363,024.52)
Payments of taxes and surcharges	(931,271.08)	(22,124.20)
Cash paid relating to other operating activities	<u>(29,779,975.77)</u>	<u>(29,408,656.11)</u>
Sub-total of cash outflows from operating activities	<u>(73,355,439.80)</u>	<u>(76,793,804.83)</u>
Net cash used in operating activities	<u>(26,271,406.96)</u>	<u>(20,820,103.62)</u>
II. Cash flows from investing activities		
Cash received from disposals of investments	63,934,079.69	–
Cash received from returns on investments	474,525,205.62	430,746,177.87
Proceeds from disposal of fixed assets, intangible assets and other long-term assets	17,118.14	237,512.75
Proceeds from disposal of associates and joint ventures	–	7,600,000.00
Cash received relating to other investing activities	<u>101,182,390.88</u>	<u>172,406,309.31</u>
Sub-total of cash inflows from investing activities	<u>639,658,794.33</u>	<u>610,989,999.93</u>
Payment for fixed assets, intangible assets and other long-term assets	(14,743,291.46)	(10,703,939.37)
Cash paid for investments	(264,250,000.00)	(495,798,728.70)
Cash paid relating to other investing activities	<u>(331,000,000.00)</u>	<u>(59,260,000.00)</u>
Sub-total of cash outflows from investing activities	<u>(609,993,291.46)</u>	<u>(565,762,668.07)</u>
Net cash generated from investing activities	<u>29,665,502.87</u>	<u>45,227,331.86</u>



CONSOLIDATED CASH FLOW STATEMENT (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Item	For the six months ended June 30, 2022	For the six months ended June 30, 2021
III. Cash flows from financing activities		
Cash received relating to other financing activities	<u>24,720,683.00</u>	<u>68,800,000.00</u>
Sub-total of cash inflows from financing activities	<u>24,720,683.00</u>	<u>68,800,000.00</u>
Cash paid relating to other financing activities	<u>(21,624,554.60)</u>	<u>(39,826,797.47)</u>
Sub-total of cash outflows from financing activities	<u>(21,624,554.60)</u>	<u>(39,826,797.47)</u>
Net cash generated from financing activities	<u>3,096,128.40</u>	<u>28,973,202.53</u>
IV. Effect of foreign exchange rate changes on cash and cash equivalents	<u>266,556.46</u>	<u>(1,503,159.32)</u>
V. Net increase in cash and cash equivalents	6,756,780.77	51,877,271.45
Add: Cash and cash equivalents at the beginning of the period	<u>2,129,112,624.05</u>	<u>1,392,970,681.76</u>
VI. Cash and cash equivalents at the end of the period	<u><u>2,135,869,404.82</u></u>	<u><u>1,444,847,953.21</u></u>

The accompanying notes form an integral part of these financial statements.

Legal representative:
Li Guiping

Principal in charge of accounting:
Zhan Rui

Head of accounting department:
Zhan Rui



CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Item	Attributable to shareholders of the Company						Total shareholders' equity	
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	Sub-total		Non-controlling interests
Note								
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	9,962,232,215.04	486,465,562.95	10,448,698,777.99
Movements for the period								
Total comprehensive income	-	-	-	-	688,457,493.07	688,457,493.07	72,192,419.08	760,649,912.15
Profit for this period	-	-	(40,384,562.76)	-	-	(40,384,562.76)	(161,208.44)	(40,545,771.20)
Other comprehensive income	-	-	-	-	-	-	-	-
Sub-total	-	-	(40,384,562.76)	-	688,457,493.07	648,072,930.31	72,031,210.64	720,104,140.95
Appropriation to surplus reserves	-	-	-	-	-	-	-	-
Profit distribution to shareholders and non-controlling interests	-	-	-	-	-	-	(38,547,101.61)	(38,547,101.61)
Transactions with non-controlling interests	-	(2,364,082.00)	-	-	-	(2,364,082.00)	(446,562.31)	(2,810,644.31)
Others	-	-	-	-	-	-	-	-
Balance at June 30, 2021	1,765,000,000.00	3,402,671,979.31	(48,151,073.72)	211,424,630.23	5,276,996,527.53	10,607,942,063.35	519,503,109.67	11,127,445,173.02



CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Item	Attributable to shareholders of the Company							Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	Sub-total	Non-controlling interests	
Balance at January 1, 2022	2,017,600,000.00	4,754,868,324.01	(129,005,928.69)	261,108,219.97	4,834,324,784.85	11,736,895,400.14	647,678,560.24	12,386,573,960.38
Movements for the period								
Total comprehensive income	-	-	-	-	365,758,163.71	365,758,163.71	4,547,330.90	370,305,494.61
Profit for this period	-	-	40,871,165.68	-	-	40,871,165.68	34,598.29	40,905,763.97
Other comprehensive income	-	-	-	-	-	-	-	-
Sub-total	-	-	40,871,165.68	-	365,758,163.71	406,629,329.39	4,581,929.19	411,211,258.58
Appropriation to surplus reserves	4(36)	-	-	-	-	-	-	-
Profit distribution to shareholders and non-controlling interests	4(37)	-	-	-	(403,520,000.00)	(403,520,000.00)	(63,456,908.14)	(466,976,908.14)
Capital injections from non-controlling interests	4(34)(a)	-	8,636,489.01	-	-	8,636,489.01	41,363,510.99	50,000,000.00
Transactions with non-controlling interests	4(34)(a)	-	16,644,560.82	-	-	16,644,560.82	33,355,439.18	50,000,000.00
Others	4(34)(b)	-	(331,247.26)	-	-	(331,247.26)	-	(331,247.26)
Balance at June 30, 2022	2,017,600,000.00	4,779,818,126.58	(88,134,763.01)	261,108,219.97	4,796,562,948.56	11,766,954,532.10	663,522,531.46	12,430,477,063.56

The accompanying notes form an integral part of these financial statements.

Legal representative: Li Guiping

Principal in charge of accounting: Zhan Rui

Head of accounting department: Zhan Rui



STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Item	Note	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
Balance at January 1, 2021		1,765,000,000.00	3,289,306,666.62	18,436,287.93	211,424,630.23	708,571,672.01	5,992,739,256.79
Movements for the period							
Total comprehensive income		-	-	-	-	217,662,860.19	217,662,860.19
Profit for this period		-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-
Sub-total		-	-	-	-	217,662,860.19	217,662,860.19
Appropriation to surplus reserves	4(36)	-	-	-	-	-	-
Profit distribution to shareholders	4(37)	-	-	-	-	-	-
Others		-	-	-	-	-	-
Balance at June 30, 2021		1,765,000,000.00	3,289,306,666.62	18,436,287.93	211,424,630.23	926,234,532.20	6,210,402,116.98



STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Item	Note	Other comprehensive income			Share capital	Capital reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
		Share capital	Capital reserve	Surplus reserve					
Balance at January 1, 2022		2,017,600,000.00	4,620,483,419.93	18,436,287.93	261,108,219.97	550,443,979.69	7,468,071,907.52		
Movements for the period									
Total comprehensive income		-	-	-	-	-	-		
Profit for this period		-	-	-	-	-	-		
Other comprehensive income		-	-	-	-	-	-		
Sub-total		-	-	-	-	-	-		
Appropriation to surplus reserves	4(36)	-	-	-	-	-	-		
Profit distribution to shareholders	4(37)	-	-	-	-	-	-		
Others		-	(331,247.26)	-	-	-	(331,247.26)		
Balance at June 30, 2022		2,017,600,000.00	4,620,152,172.67	18,436,287.93	261,108,219.97	659,841,520.13	7,577,138,200.70		

The accompanying notes form an integral part of these financial statements.

Legal representative: Li Guiping

Principal in charge of accounting: Zhan Rui

Head of accounting department: Zhan Rui



NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

1 GENERAL INFORMATION

CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)股份有限公司) (the “Company”) was formerly known as CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)有限公司) (the “Predecessor”). The Predecessor, formerly named as Shenzhen Tianda Heavy Machinery Ltd., 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 29 August 1996, with a registered capital of USD1,000,000. On 21 November 1997, as approved by the Shenzhen Administration for Industry and Commerce, the Predecessor was renamed as “Shenzhen CIMC Heavy Machinery Ltd.” And on 22 June 2004, as approved by the Shenzhen Administration for Industry and Commerce, the Predecessor was renamed as “CIMC Vehicles (Group) Co., Ltd.” (中集車輛(集團)有限公司). The original registered capital was USD60,000,000, of which USD42,000,000 and USD18,000,000 were contributed by China International Marine Containers (Group) Co., Ltd. (“CIMC Group”) and China International Marine Containers (Hong Kong) Limited (“CIMC HK”) respectively. The address of the Company’s registered office is No. 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen. And the Company is headquartered in Shenzhen, Guangdong province, the People’s Republic of China (the “PRC”).

In 2007, according to the Predecessor’s Board resolutions, China Resource SZITIC Trust Co., Ltd. (formerly known as “Shenzhen International Trust and Investment Co., Ltd.”, hereinafter “CR Trust”) made a capital contribution of USD15,000,000 to the Predecessor. The registered capital of the Predecessor increased from USD60,000,000 to USD75,000,000. CR Trust was held by management personnel related to the vehicles business of CIMC Group and core employees of the Predecessor, with a shareholding of 56%, 24% and 20% by CIMC Group, CIMC HK and CR Trust respectively.

In 2011, investors increased the Predecessor’s registered capital by USD93,000,000 in proportion to their contributions to the registered capital. As at 31 December 2011, the first capital contribution of USD62,000,000 was paid by all investors of the Predecessor, of which USD34,720,000, USD14,880,000 and USD12,400,000 were contributed by CIMC Group, CIMC HK and CR Trust respectively in proportion to their original contributions. After this capital increase, the Predecessor’s registered capital was USD168,000,000, and the paid-in capital was USD137,000,000. As at 31 December 2012, the second capital contribution of USD31,000,000 (equivalent to RMB196,450,472.00) was paid by all investors of the Predecessor, of which USD17,360,000, USD7,440,000 and USD6,200,000 were contributed by CIMC Group, CIMC HK and CR Trust respectively in proportion to their original contributions. After this capital increase, both the registered capital and the paid-in capital were USD168,000,000. Among them, USD94,080,000, USD40,320,000 and USD33,600,000 were contributed by CIMC Group, CIMC HK and CR Trust respectively at their shareholding of 56%, 24% and 20%.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

1 GENERAL INFORMATION *(Continued)*

In 2015, the Board of Directors of the Predecessor passed the Board Resolution on Capital Increase and Introduction of Strategic Investors, whereby the registered capital of the Predecessor increased by USD44,225,068, which was subscribed by four new investors, namely Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (“Shanghai Taifu”), Shenzhen Nan Shan Da Cheng New Material Investment Partnership (Limited Partnership) (“Nanshan Dacheng”), Sumitomo Corporation, Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd. Shanghai Taifu, Nanshan Dacheng, Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd. and Sumitomo Corporation made additional contributions of USD35,700,000, USD3,276,352, USD3,276,352 and USD1,972,364 respectively to the Predecessor according to the proportions agreed, increasing the registered capital of the Predecessor from USD168,000,000 to USD212,225,068. After this capital increase, the shareholding of the original investors changed in proportion to capital contributions, specifically, CIMC Group, CIMC HK, CR Trust, Shanghai Taifu, Nanshan Dacheng, Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd. and Sumitomo Corporation held equity interests of 44.330%, 18.999%, 15.832%, 16.822%, 1.544%, 1.544% and 0.929% respectively.

In 2016, Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd. transferred its 1.544% equity interests in the Predecessor to Shenzhen Long Yuan Gang Cheng Enterprise Management Centre (Limited Partnership) (“Shenzhen Longyuan”). After this equity transfer, the shareholding ratios of CIMC Group, CIMC HK, CR Trust, Shanghai Taifu, Nanshan Dacheng, Shenzhen Longyuan and Sumitomo Corporation were 44.330%, 18.999%, 15.832%, 16.822%, 1.544%, 1.544% and 0.929% respectively.

In 2017, CR Trust transferred its 10.7735% and 5.0585% equity interests in the Predecessor to Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (“Taizhou Taifu”) and Xiang Shan Hua Jin Equity Investment Partnership (Limited Partnership) (“Xiangshan Huajin”) respectively. After this equity transfer, the shareholding ratios of CIMC Group, CIMC HK, Shanghai Taifu, Nanshan Dacheng, Shenzhen Longyuan, Sumitomo Corporation, Taizhou Taifu and Xiangshan Huajin were 44.330%, 18.999%, 16.822%, 1.544%, 1.544%, 0.929%, 10.7735% and 5.0585% respectively.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

1 GENERAL INFORMATION *(Continued)*

In 2018, as promoters, all shareholders of the Predecessor converted the audited net assets of RMB3,651,996,830.08 as at 30 June 2018 (“the audit base date for joint-stock reform”) into share capital of a joint stock limited company at the ratio of 1:0.4107, with a total of 1,500,000,000.00 shares at the par value of RMB1 per share. All shareholders of the former limited liability company held shares in proportion to their capital contributions, with RMB2,151,996,830.08, the excess of the net assets over the total share capital included in capital reserve of the joint stock company. After the joint-stock reform, the shareholding ratios of CIMC Group, CIMC HK, Shanghai Taifu, Nanshan Dacheng, Shenzhen Longyuan, Sumitomo Corporation, Taizhou Taifu and Xiangshan Huajin were 44.330%, 18.999%, 16.822%, 1.544%, 1.544%, 0.929%, 10.7735% and 5.0585% respectively. On 13 September 2018, as approved by the State Administration for Industry and Commerce, the Predecessor was renamed as “CIMC Vehicles (Group) Co., Ltd.” (中集車輛(集團)股份有限公司). On 23 October 2018, the Company obtained the business license from Shenzhen Administration for Market Regulation, and completed the business registration of the overall change to a joint stock limited company.

The parent company and the ultimate holding company of the Company is CIMC Group. The Company’s shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 11 July 2019, and listed on the ChiNext of the Shenzhen Stock Exchange on 8 July 2021. As at June 30, 2022, the Company’s total share capital was RMB2,017,600,000.00, with a par value of RMB1 per share (Note 4(33)).

The Company and its subsidiaries ((hereinafter collectively referred to as “the Group”) are mainly engaged in design, manufacture and sales of an extensive range of high-tech and high-performance specialty vehicles and semi-trailers series and their spare parts (excluding restricted items), process and manufacture of general mechanical products and metal structures and related businesses, as well as provision of relevant consulting services.

Please refer to Note 6 for details of subsidiaries included in the consolidation scope and also refer to Note 5 for the details of subsidiaries newly included in the consolidation scope.

These financial statements were authorised for issue by the Board of Directors on August 25, 2022.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group determines the specific accounting policies and accounting estimates based on the features of its business operations, primarily comprising the provision for ECL of receivables (Note 2(9)), costing of inventories (Note 2(10)), measurement model of investment properties (Note 2(12)), criteria for determining impairment of long-term assets (Note 2(18)), depreciation of fixed assets and amortisation of intangible assets and right-of-use assets (Note 2(13), (16) and (25)), measurement of provisions (Note 2(21)), revenue recognition and measurement (Note 2(22)), etc.

Key judgements, critical accounting estimates and key assumptions applied by the Group in determining significant accounting policies are set out in Note 2(28).

(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.

Certain notes to the financial statements have been prepared in accordance with the requirements of the Hong Kong Companies Ordinance.

(2) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for six months ended June 30, 2022 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the consolidated and the Company as at June 30, 2022 and their financial performance, cash flows and other information for six months then ended.

(3) Accounting year

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



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(4) Functional and presentation currency

The functional and presentation currency of the Company is Renminbi(RMB). 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 RMB. The functional currency of Hong Kong and overseas subsidiaries is the local currency. Currencies other than the functional currency are foreign currencies. The financial statements are presented in RMB.

(5) Business combinations

(a) *Business combinations under common control*

The consideration paid and net assets obtained by the Group in a business combination are measured at the carrying amount. If the combined party is acquired from a third party by the ultimate controlling party in a prior year, the consideration paid and net assets obtained by the Group are measured based on the carrying amounts of the combined party's assets and liabilities (including the goodwill arising from the acquisition of the combined party by the ultimate controlling party) presented in the consolidated financial statements of the ultimate controlling party. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital reserve (share premium). If the capital reserve (share premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

(b) *Business combinations not under common control*

The cost of combination and identifiable net assets obtained by the Group in a business combination are measured at fair value at the acquisition date. Where the cost of the combination exceeds the Group's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill; where the cost of combination is lower than the Group's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(6) Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profit realised before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting period of the Company. For subsidiaries acquired from business combinations involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant intra-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of subsidiaries' shareholders' equity and the portion of subsidiaries' net profits and losses and comprehensive incomes for the period not attributable to the Company are recognised as minority interests, net profit or loss attributable to minority interests and total comprehensive income attributable to minority interests, and presented separately in the consolidated financial statements under shareholders' equity, net profit and 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 profits and losses arising from the sale of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to owners of the Company. The unrealised profits and losses arising from sales of assets by subsidiaries to the Company are eliminated and allocated between net profit attributable to owners of the Company as well as net profit attributable to minority interests respectively in accordance with the shareholding of Company and minority interests on the subsidiaries. The unrealised profits and losses 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 in accordance with the shareholding of the Company and minority interests on the subsidiaries.

If the accounting treatment of a transaction is inconsistent in the financial statements at the Group level and at the Company or its subsidiary level, adjustment will be made from the perspective of the Group.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Foreign currency translation

(a) *Foreign currency transactions*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into functional currency using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(b) *Translation of foreign currency financial statements*

The asset and liability items in the balance sheets for overseas operations are translated at the spot exchange rates on the balance sheet date. Among the shareholders' equity items, the items other than "undistributed profits" are translated at the spot exchange rates of the transaction dates. The income and expense items in the income statements for overseas operations are translated at the spot exchange rates of the transaction dates. The differences arising from the above translation are presented in other comprehensive income. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(9) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset or a financial liability is recognised when the Group becomes a party to the contractual provisions of the instrument.

(a) *Financial assets*

(i) *Classification and measurement*

Based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, financial assets are classified as: (1) financial assets at amortised cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

At initial recognition, the financial assets are measured at fair value. Transaction costs that are directly attributable to the acquisition of the financial assets are included in the initially recognised amounts, except for the financial assets at fair value through profit or loss, the related transaction costs of which are expensed in profit or loss for the current period. Accounts receivables or notes receivables arising from sale of products or rendering of services (excluding or without regard to significant financing components) are initially recognised at the consideration that is entitled to be received by the Group as expected.

Debt instruments

The debt instruments held by the Group refer to the instruments that meet the definition of financial liabilities from the perspective of the issuer, and are measured in the following three categories:



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(9) Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

(i) Classification and measurement *(Continued)*

Measured at amortised cost:

The objective of the Group's business model is to hold the financial assets to collect the contractual cash flows, and the contractual cash flow characteristics are consistent with a basic lending arrangement, which gives rise on specified dates to the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The interest income of such financial assets is recognised using the effective interest method. Such financial assets mainly comprise cash at bank and on hand, notes receivables, accounts receivables, other receivables, long-term receivables, etc. Long-term receivables that are due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current assets.

Measured at fair value through other comprehensive income:

The objective of the Group's business model is to hold the financial assets for both collection of the contractual cash flows and selling such financial assets, and the contractual cash flow characteristics are consistent with a basic lending arrangement. Such financial assets are measured at fair value through other comprehensive income, except for the impairment gains or losses, foreign exchange gains and losses, and interest income calculated using the effective interest method which are recognised in profit or loss for the current period. Such financial assets mainly include receivables financing.

Measured at fair value through profit or loss:

Debt instruments held by the Group that do not meet the criteria for amortised cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. Financial assets that are due over one year as from the balance sheet date and are expected to be held over one year are included in other non-current financial assets. Others are included in financial assets held for trading.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(9) Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

(i) Classification and measurement *(Continued)*

Equity instruments

Investments in equity instruments, over which the Group has no control, joint control or significant influence, are measured at fair value through profit or loss under financial assets held for trading; investments in equity instruments expected to be held over one year as from the balance sheet date are included in other non-current financial assets.

(ii) Impairment

The Group recognises loss provision on the basis of ECL for financial assets at amortised cost, investments in debt instruments at fair value through other comprehensive income, as well as financial guarantee contracts.

Giving consideration to reasonable and supportable information that is available without undue cost or effort at the balance sheet date on past events, current conditions and forecasts of future economic conditions weighted by the probability of default, the Group recognises the ECL as the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to collect.

At each balance sheet date, the ECL of financial instruments at different stages is measured respectively. 12-month ECL is recognised for financial instruments in Stage 1 which don't have a significant increase in credit risk since initial recognition; lifetime ECL is recognised for financial instruments in Stage 2 which have had a significant increase in credit risk since initial recognition but are not deemed to be credit-impaired; and lifetime ECL is recognised for financial instruments in Stage 3 that are credit-impaired.

For the financial instruments with low credit risk as at the balance sheet date, the Group assumes there is no significant increase in credit risk since initial recognition. The Group determines them as the financial instruments in Stage 1 and recognises the 12-month ECL.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(9) Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

(ii) Impairment *(Continued)*

For the financial instruments in Stage 1 and Stage 2, the interest income is calculated by applying the effective interest rate to the book balance (before net of expected credit loss provision). For the financial instrument in Stage 3, the interest income is calculated by applying the effective interest rate to the amortised cost (net of expected credit loss provision).

For notes receivables, accounts receivables and receivables financing arising from sale of goods and rendering of services in the ordinary course of operating activities, the Group recognises the lifetime ECL regardless of whether there exists a significant financing component.

The Group classifies the receivables into certain groups on the basis of shared risk characteristics, and calculates the ECL for each group respectively. Basis for determining groups and method for provision are as follows:

Group 1	Bank acceptance notes
Group 2	Trade acceptance notes
Group 3	Accounts receivables

For notes receivables which are classified into different groups, the Group calculates the ECL with reference to historical credit loss experience, current conditions and forecasts of future economic conditions, and based on the exposure at default and the lifetime ECL rates.

For accounts receivables which are classified into different groups, the Group prepare the cross-reference between the number of overdue days and the lifetime ECL rate to calculate the ECL, with reference to historical credit loss experience, current conditions and forecasts of future economic conditions.

For other receivables that are classified into groups, the Group calculates the ECL with reference to historical credit loss experience, current conditions and forecasts of future economic conditions, and based on the exposure at default and the 12-month or lifetime ECL rates. The basis for determining the groups is as follows:



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(9) Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

(ii) Impairment *(Continued)*

Group 1	Deposits and guarantees
Group 2	Tax refund receivables
Group 3	Other receivables from staffs
Group 4	Disbursement of vehicle mortgage loans
Group 5	Receivables from related parties
Group 6	Others

The Group recognises the loss provision made or reversed into profit or loss for the current period. For debt instruments classified as at fair value through other comprehensive income, the Group recognises the impairment loss or gain in profit or loss meanwhile adjusts other comprehensive income.

(iii) Derecognition

A financial asset is derecognised when one of the following criteria is satisfied: (i) the contractual rights to receive the cash flows from the financial asset are expired, (ii) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, or (iii) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

When a financial asset is derecognised, the difference between the carrying amount and the consideration received as well as the cumulative changes in fair value that are previously recognised directly in other comprehensive income is recognised in profit or loss for the current period, except for those measured at fair value through other comprehensive income, the difference aforementioned is recognised in retained earnings instead.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(9) Financial instruments *(Continued)*

(b) Financial liabilities

Financial liabilities are classified as financial liabilities at amortised cost and financial liabilities at fair value through profit or loss at initial recognition.

Financial liabilities of the Group mainly comprise financial liabilities at amortised cost, including notes payables, accounts payables, other payables, borrowings, etc. Such financial liabilities are initially recognised at fair value, net of transaction costs incurred, and subsequently measured using the effective interest method. Financial liabilities with maturities of no more than one year (inclusive) are presented as current liabilities, and those with maturities of over one year but due within one year (inclusive) as from the balance sheet date are presented as current portion of non-current liabilities; and others are presented as non-current liabilities.

A financial liability is derecognised or partly derecognised when the underlying present obligation is discharged or partly discharged. The difference between the carrying amount of the derecognised part of the financial liability and the consideration paid is recognised in profit or loss for the current period.

(c) Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. In valuation, the Group adopts valuation techniques applicable in the current situation and supported by adequate available data and other information, selects inputs with the same characteristics as those of assets or liabilities considered in relevant transactions of assets or liabilities by market participants, and gives priority to the use of relevant observable inputs. When relevant observable inputs are not available or feasible, unobservable inputs are adopted.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(10) Inventories

(a) Classification

Inventories include raw materials, work in progress, finished goods, spare parts, materials processed on commission, and low value consumables, and are stated at the lower of cost and net realisable value.

(b) Costing of inventories

Cost is determined using the weighted average method. The cost of finished goods and work in progress comprise raw materials, direct labour and systematically allocated production overhead based on the normal production capacity.

(c) Basis for determining net realisable values of inventories and method for making provision for decline in the value of inventories

Provision for decline in the value of inventories is determined at the excess amount of the carrying amount of the inventories over their net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes.

(d) The Group adopts the perpetual inventory system.

(e) Amortisation method for low value consumables and packaging materials

Turnover materials include low value consumables and packaging materials. Low value consumables are amortised into expenses based upon numbers of usage, and packaging materials are expensed when issued.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(11) Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, and the Group's long-term equity investments in its joint ventures and associates.

Subsidiaries are the investees over which the Company is able to exercise control. A joint venture is a joint arrangement which is structured through a separate vehicle over which the Group has joint control together with other parties and only has rights to the net assets of the arrangement based on legal forms, contractual terms and other facts and circumstances. An associate is an investee over which the Group has significant influence on its financial and operating policy decisions.

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted to the equity method when preparing the consolidated financial statements. Investments in joint ventures and associates are accounted for using the equity method.

(a) Determination of investment cost

For long-term equity investments acquired through a business combination involving enterprises under common control, the investment cost shall be the share of the carrying amount of the acquiree's owners' equity in the consolidated financial statements of the ultimate controlling party at the combination date; for long-term equity investments acquired through a business combination involving enterprises not under common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through a business combination: for long-term equity investments acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(11) Long-term equity investments *(Continued)*

(b) Subsequent measurement and recognition of profit or loss

Long-term equity investments accounted for using the cost method are measured at initial investment cost. Cash dividends or profit distributions declared by the investees are recognised as investment income in profit or loss.

For long-term equity investments accounted for using the equity method, where the initial investment cost exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the investment is initially measured at that cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is included in profit or loss for the current period and the cost of the long-term equity investment is adjusted upwards accordingly.

For long-term equity investments accounted for using the equity method, the Group recognises the investment income according to its share of net profit or loss of the investee. The Group does not recognise further losses when the carrying amount of the long-term equity investment together with any long-term interests that, in substance, form part of the Group's net investment in the investee is reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions are satisfied, the Group continues recognising the investment losses and the provisions at the amount it expects to undertake. The Group's share of changes in the investee's owners' equity other than those arising from the net profit or loss, other comprehensive income and profit distribution is recognised in capital reserve with a corresponding adjustment to the carrying amount of the long-term equity investment. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by the investee. Unrealised gains or losses on transactions between the Group and its investees are eliminated to the extent of the Group's equity interest in the investees, based on which the investment income or losses are recognised. Any losses resulting from transactions between the Group and its investees, which are attributable to asset impairment losses are not eliminated.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(11) Long-term equity investments *(Continued)*

(c) *Basis for determining existence of control, joint control or significant influence over investees*

Control is the power over the investee to enjoy variable returns by participating in related activities of the investee and the ability to affect the return amount by executing the power over the investee.

Joint control is the sharing of control over an arrangement according to related agreement, and exists only when the decisions relating to the activity of the arrangement require the unanimous consent of the parties sharing control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

(d) *Impairment of long-term equity investments*

The carrying amounts of long-term equity investments in subsidiaries, joint ventures and associates are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note 2(18)).

(12) Investment properties

Investment properties, including land use rights that have already been leased out, buildings that are held for the purpose of leasing and buildings that are being constructed or developed for future use for leasing, are measured initially at cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss for the period in which they are incurred.

Investment properties are subsequently measured using the fair value model and are not depreciated or amortised. The carrying amount of investment properties is adjusted based on their fair value at the balance sheet date, and the difference between the fair value and the original carrying amount is recognised in profit or loss for the current period.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(12) Investment properties *(Continued)*

When an investment property is transferred to owner-occupied property, it is reclassified to fixed asset or intangible asset with the carrying amount determined at the fair value of the investment property at the date of the transfer, and the difference between the fair value and the original carrying amount of the investment property is recognised in profit or loss for the current period. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is transferred to investment properties with the carrying amount determined at the fair value at the date of the transfer. If the fair value at the date of the transfer is less than the original carrying amount of the fixed asset or the intangible asset, the difference is recognised in profit or loss for the current period; otherwise, it is included in other comprehensive income and transferred into profit or loss for the current period when the investment property is disposed.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment property after its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

(13) Fixed assets

(a) Recognition and initial measurement of fixed assets

Fixed assets comprise buildings, machinery and equipment, motor vehicles, electronic and other equipment.

Fixed assets are recognised when it is probable that the related economic benefits will flow to the Group and the costs can be reliably measured. Fixed assets purchased or constructed by the Group are initially measured at cost at the time of acquisition.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss for the period in which they are incurred.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(13) Fixed assets *(Continued)*

(b) Depreciation of fixed assets

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated net residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the estimated net residual values expressed as a percentage of cost and the annual depreciation rates of fixed assets are as follows:

	Estimated useful lives	Estimated net residual values	Annual depreciation rates
Buildings	20 to 30 years	10%	3.0% to 4.5%
Machinery and equipment	10 to 12 years	10%	7.5% to 9.0%
Motor vehicles	5 years	10%	18.0%
Electronic and other equipment	4.5 to 5 years	10%	18.0% to 20.0%

The estimated useful life and the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at each year-end.

(c) The carrying amount of a fixed asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(18)).

(d) Disposals of fixed assets

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(14) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the construction in progress ready for its intended use. Construction in progress is transferred to fixed assets when the asset is ready for its intended use, and depreciation is charged starting from the following month. The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(18)).

(15) Borrowing costs

The borrowing costs that are directly attributable to acquisition and construction of an asset that needs a substantially long period of time for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of an asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For the specific borrowings obtained for the acquisition or construction of an asset qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation is determined by deducting any interest income earned from depositing the unused specific borrowings in the banks or any investment income arising in the temporary investment of those borrowings during the capitalisation period.

The capitalised amount of general borrowings intended to be used for the acquisition and construction of qualifying assets is determined by the weighted average of the excess of accumulated capital expenditure over capital expenditure of the special borrowings multiplied by the weighted average effective interest rate of the utilised general borrowings. The effective interest rate is the interest rate at which the future cash flows of the borrowings over the estimated life or a shorter applicable period are discounted into the initial recognised amount of the borrowings.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(16) Intangible assets

Intangible assets include land use rights, technological know-how and trademarks, software use rights, customer contracts and customer relationships, and are measured at cost.

(a) *Land use rights*

Land use rights are amortised on the straight-line basis over their approved use period of 20 to 50 years. If the acquisition costs of the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the acquisition costs are recognised as fixed assets.

(b) *Technological know-how and trademarks*

Technological know-how and trademarks are amortised on the straight-line basis over the period of 5 to 10 years as stipulated by laws.

(c) *Software use rights*

Software use rights are amortised on the straight-line basis over 5 to 10 years.

(d) *Customer relationships*

Customer relationships are amortised on the straight-line basis over 5 to 10 years.

(e) *Customer contracts*

Customer relationships are amortised on the straight-line basis over 9 months.

(f) *Periodical review of useful life and amortisation method*

For an intangible asset with a finite useful life, review of its useful life and amortisation method is performed at each year-end, with adjustment made as appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(16) Intangible assets *(Continued)*

(g) Research and development

The expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at the end of the project.

Expenditure on the research phase, such as expenditure on planned research, assessment and selection for manufacturing technique, is recognised in profit or loss in the period in which it is incurred. Before mass production, expenditure on the development phase, such as expenditure on design and test for finalised application, is capitalised only if all of the following conditions are satisfied:

- the development of manufacturing technique has been fully demonstrated by technical team;
- management has approved the budget for the development of manufacturing technique;
- the research and analysis of preliminary market survey indicate that products manufactured with such technique are marketable;
- adequate technical and financial supports are available for development of manufacturing techniques and subsequent mass production; and
- expenditure on development of manufacturing techniques can be reliably collected.

Other development expenditures that do not meet the conditions above are recognised in profit or loss in the period in which they are incurred. Development costs previously recognised as expenses are not recognised as an asset in a subsequent period. Capitalised expenditure on the development phase is presented as development costs in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

(h) Impairment of intangible assets

The carrying amount of the intangible assets is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(18)).



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(17) Long-term prepaid expenses

Long-term prepaid expenses include the expenditure for improvements to right-of-use assets, and other expenditures that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

(18) Impairment of long-term assets

Fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date; intangible assets that are not yet available for their intended use are tested for impairment at least annually, irrespective of whether there is any indication of impairment. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of the fair value less costs to sell and the present value of the future cash flows expected to be derived from it. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying amount of goodwill is allocated to the related asset groups or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or a group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset group or group of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in the subsequent periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(19) Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for termination of employment relationship, which include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

(a) *Short-term employee benefits*

Short-term employee benefits include wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs and short-term paid absences, etc. The short-term employee benefits actually occurred are recognised as a liability in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Non-monetary benefits are measured at fair value.

(b) *Post-employment benefits*

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's post-employment benefits mainly include the premiums or contributions on basic pensions and unemployment insurance, both of which belong to defined contribution plans.

Basic pensions

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to the bases and percentage prescribed by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(19) Employee benefits *(Continued)*

(c) Termination benefits

The Group provides compensation for terminating the employment relationship with employees before the end of the employment contracts or as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts. The Group recognises a liability arising from compensation for termination of the employment relationship with employees, with a corresponding charge to profit or loss for the current period at the earlier of the following dates: 1) when the Group cannot unilaterally withdraw an employment termination plan or a curtailment proposal; 2) when the Group recognises costs or expenses for a restructuring that involves the payment of termination benefits.

The termination benefits expected to be settled within one year since the balance sheet date are classified as employee benefits payable.

(20) Profit distribution

Cash dividend is recognised as a liability for the period in which the dividend is approved by the shareholders' meeting/the Board of Directors.

(21) Provisions

Provisions for product warranties and onerous contracts, etc. are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Loss provision for financial guarantee contracts which is recognised on the basis of ECL is presented as provisions.

The provisions expected to be settled within one year since the balance sheet date are classified as current liabilities.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(22) Revenue

Revenue is recognised when obligations in a contract are performed, that is, the control of the goods is transferred to the customer. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the benefits from the asset.

When any of the below criteria is met, the Group is subject to fulfilment obligations satisfied over time; otherwise, at a point in time.

- (1) the customer simultaneously receives and consumes the benefits provided by the Group's fulfilment as the Group fulfils.
- (2) the Group's fulfilment creates or enhances an asset that the customer controls as the asset is created or enhanced.
- (3) the Group's fulfilment does not create an asset with an alternative use to the Group, and the Group has an enforceable right to payment for fulfilment completed to date.

In respect of a contract obligation that is to be fulfilled within a period, the Group should recognise the revenue based on the progress of the obligation fulfilment within the period, except that the progress of the obligation fulfilment fails to be reasonably determined.

Where the progress of the obligation fulfilment cannot be reasonably determined, revenue is recognised at the amount of cost incurred if it is expected that the cost can be compensated till the progress of the obligation fulfilment can be reasonably determined.

(a) Sale of goods

Revenue from the sale of vehicles directly to customers, is recognised at a point in time when the customers obtain the control of the goods, being when the products are delivered to customers, when the goods have been delivered to the specific location, the inventory risk and loss have been transferred to the customers, and the customers have accepted the goods in accordance with the sales contract, and when there is objective evidence that all criteria for recognition have been satisfied.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

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(All amounts in RMB unless otherwise stated) [English translation for reference only]

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(22) Revenue *(Continued)*

(a) **Sale of goods** *(Continued)*

The vehicles are often sold to distributors with rebates based on aggregate sales over a 12 months period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated rebates. Based on the historical experience and data, the Group determines the estimated sale return amount using the expected value method and offsets the sale revenue. The Group recognises the amount expected to be refunded due to sale return as refund payable under other current liabilities. Meanwhile, the difference arising from the carrying amount of the products at the time of sale net of estimated cost of recovering the product is recognised as return cost receivable, and presented as other current assets.

The Group recognises receivables when the goods are delivered, because the Group is entitled to the unconditional collection of the consideration when goods are delivered. The Group only needs to wait for the customer's payment. The credit term provided by the Group to the customers is generally 30 to 180 days, which is consistent with industry practice and there is no significant financing component.

The Group provides warranties for the sale of products, and recognises corresponding provisions (Note 2(21)). The Group does not provide any additional services or warranties, and thus such warranties do not constitute separate performance obligations.

(b) **Rendering of services**

The Group provides repair and replacement services to external parties. The related revenue is recognised based on the stage of completion within a certain period, which is determined based on proportion of costs incurred to date to the estimated total costs. On the balance sheet date, the Group re-estimates the stage of completion to reflect the actual status of contract fulfilment.

If the contract price received or receivable exceeds the amount for the completed service, the excess portion will be recognised as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(22) Revenue *(Continued)*

(b) Rendering of services *(Continued)*

Contract costs include contract fulfilment costs and contract acquisition costs. Costs incurred for sale of goods and provision of services are recognised as contract fulfilment costs, which is recognised as the cost of sale of main operations based on the stage of completion when recognising revenue. Incremental costs incurred by the Group for the acquisition of contract are recognised as the contract acquisition costs. For contract acquisition costs with the amortisation period within one year, the costs are included in the current profit or loss as incurred. For contract acquisition costs with the amortisation period beyond one year, the costs are included in the current profit or loss on the same basis as recognition of revenue from rendering of services under relevant contract. If the carrying amount of the contract costs is higher than the remaining consideration expected to be obtained by rendering of the services net of the estimated cost to be incurred, the Group makes provision for impairment on the excess portion and recognises it as asset impairment losses. As at the balance sheet date, based on whether the amortisation period of the contract fulfilment costs is more than one year when initially recognised, the amount of the Group's contract fulfilment costs net of related provision for asset impairment is presented as inventories or other non-current assets. For contract acquisition costs with amortisation period beyond one year at the initial recognition, the amount net of related provision for asset impairment is presented as other non-current assets.

(23) Government grants

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government, including tax return and financial subsidy, etc.

Government grants are recognised when the grants can be received and the Group can comply with all attached conditions. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

Government grants related to assets refer to government grants which are obtained by the Group for the purposes of purchase, construction or acquisition of the long-term assets. Government grants related to income refer to the government grants other than those related to assets.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(23) Government grants *(Continued)*

Government grants related to assets are recorded as deferred income and recognised in profit or loss on a systemic basis over the useful lives of the assets. Government grants related to income that compensate the future costs, expenses or losses are recorded as deferred income and recognised in profit or loss, or deducted against related costs, expenses or losses in reporting the related profit or loss; government grants related to income that compensate the incurred costs, expenses or losses are recognised in profit or loss, or deducted against related costs, expenses or losses directly in current period. The Group applies the presentation method consistently to the similar government grants in the financial statements.

Government grants that are related to ordinary activities are included in operating profit, otherwise, they are recorded in non-operating income or expenses.

The interest subsidies directly received from government are recorded as a reduction of borrowing costs.

(24) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognised for a temporary difference arising from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(24) Deferred tax assets and deferred tax liabilities *(Continued)*

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of reversal of the temporary differences, and it is probable that the temporary differences will not be reversed in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, associates and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

Deferred tax assets and liabilities are offset when:

- the deferred tax assets and liabilities are related to the same tax payer within the Group and the same taxation authority; and,
- that tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

(25) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as the lessee

At the lease commencement date, the Group recognises the right-of-use asset and measures the lease liability at the present value of the lease payments that are not paid at that date. Lease payments include fixed payments, the exercise price of a purchase option or termination penalty if the lessee is reasonably certain to exercise that option etc. Variable lease payments in proportion to sales are excluded from lease payments and recognised in profit or loss as incurred. Lease liabilities that are due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current liabilities.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(25) Leases *(Continued)*

The Group as the lessee (Continued)

Right-of-use assets of the Group comprise leased buildings, machinery and equipment, motor vehicles, etc. Right-of-use assets are measured initially at cost which comprises the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date and any initial direct costs, less any lease incentives received. If there is reasonable certainty that the Group will obtain ownership of the underlying asset by the end of the lease term, the asset is depreciated over its remaining useful life; otherwise, the asset is depreciated over the shorter of the lease term and its remaining useful life. The carrying amount of the right-of-use asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount.

For short-term leases with a term of 12 months or less and leases of an individual asset (when new) of low value, the Group chooses to include the lease payments in the cost of the underlying assets or in the profit or loss for the current period on a straight-line basis over the lease term, instead of recognising right-of-use assets and lease liabilities.

The Group accounts for a lease modification as a separate lease if both: (1) the modification increases the scope of the lease by adding the right to use one or more underlying assets; (2) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the contract.

For a lease modification that is not accounted for as a separate lease, the Group redetermines the lease term at the effective date of the lease modification, and remeasures the lease liability by discounting the revised lease payments using a revised discount rate, except that the contract changes directly resulting from COVID-19 are accounted for by applying the practical expedient. For a lease modification which decreases the scope of the lease or shortens the lease term, the Group decreases the carrying amount of the right-of-use asset, and recognises in profit or loss any gain or loss relating to the partial or full termination of the lease. For other lease modifications which lead to the remeasurement of lease liabilities, the Group correspondingly adjusts the carrying amount of the right-of-use asset.

For the rent concessions as a direct result of COVID-19 and for the period ended 30 June 2022 only, the Group applies the practical expedient and records the undiscounted concessions in profit or loss when the agreement is reached to discharge the original payment obligation with corresponding adjustment of lease liabilities.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(25) Leases *(Continued)*

The Group as the lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. An operating lease is a lease other than a finance lease.

(a) Operating leases

Where the Group leases out self-owned buildings, machinery and equipment, and motor vehicles under operating leases, rental income therefrom is recognised on a straight-line basis over the lease term. Variable rental that is linked to a certain percentage of sales is recognised in rental income as incurred.

For a lease modification, the Group accounts for it as a new lease from the effective date of the modification, and considers any lease payments received in advance and receivable relating to the lease before modification as receivables of the new lease.

(26) Held for sale and discontinued operations

A non-current asset or a disposal group is classified as held for sale when all of the following conditions are satisfied: (1) the non-current asset or the disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such non-current asset or disposal group; (2) the Group has entered into a legally enforceable sale agreement with other party and obtained relevant approval, and the sale transaction is expected to be completed within one year.

Non-current assets (except for financial assets, investment properties measured at fair value and deferred tax assets) that meet the recognition criteria for held for sale are recognised at the amount equal to the lower of the fair value less costs to sell and the carrying amount. Any excess of the original carrying amount over the fair value less costs to sell is recognised as asset impairment losses.

Such non-current assets and assets and liabilities included in disposal groups classified as held for sale are classified as current assets and current liabilities respectively, and are separately presented in the balance sheet.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(26) Held for sale and discontinued operations *(Continued)*

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and is separately identifiable and satisfies one of the following conditions: (1) it represents a separate major line of business or geographical area of operations; (2) it is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; and (3) it is a subsidiary acquired exclusively with a view to resale.

The net profit from discontinued operations in the income statement includes operating profit or loss and disposal gains or losses of discontinued operations.

(27) Segment information

The Group identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenue and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group. Two or more operating segments that have similar economic characteristics and satisfy certain conditions can be aggregated into one single operating segment.

(28) Critical accounting estimates and judgements

The Group continually evaluates the critical accounting estimates and key judgements applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(28) Critical accounting estimates and judgements *(Continued)*

(a) *Critical accounting estimates and key assumptions*

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are outlined below:

(i) *Impairment of accounts receivables*

The Group calculates ECL through exposure at default and ECL rates, and determines the ECL rates based on probability of default and loss given default. In determining the ECL rates, the Group uses data such as internal historical credit loss experience, etc., and adjusts historical data based on current conditions and forward-looking information.

When considering forward-looking information, the Group uses parameters including China fiscal balance, China money supply M1 growth rate, the risk of economic downturn, GDP, CPI, external market environment, technological environment, changes in customer conditions, etc. The Group regularly monitors and reviews assumptions and parameters related to the calculation of ECL. There was no significant change in the assumptions and parameters mentioned above for the six months ended June 30, 2022.

(ii) *Impairment of goodwill*

Goodwill is reviewed at each balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If there is any indication that the carrying amount of the goodwill may not be recovered in full amount, related assets will be deemed as impaired and impairment losses are recognised.

The recoverable amount of an asset (asset group) is the higher of the fair value less costs to sell and the present value of the future cash flows expected to be derived from it. In assessing the present value of future cash flows, significant judgements are exercised over the asset's (asset group's) production, selling price, gross margins, related operating costs and the discount rate to calculate the present value. The Group estimates the recoverable amount based on all available information, including the forecast of yield, selling price and related operating costs based on reasonable and supportable assumptions.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(28) Critical accounting estimates and judgements *(Continued)*

(a) *Critical accounting estimates and key assumptions (Continued)*

(ii) *Impairment of goodwill (Continued)*

If management revises the growth rate that is used in the calculation of the future cash flows of an asset (asset group), and the revised rate is lower than the current rate, the Group would need to recognise further impairment against goodwill.

If management revises the gross margin that is used in the calculation of the future cash flows of an asset (asset group), and the revised gross margin is lower than the one currently used, the Group would need to recognise further impairment against goodwill.

If management revises the pre-tax discount rate applied to the discounted cash flows, and the revised pre-tax discount rate is higher than the one currently applied, the Group would need to recognise further impairment against goodwill.

If the actual growth rate and gross margin are higher or the actual pre-tax discount rate is lower than management's estimates, the impairment loss of goodwill previously provided for is not allowed to be reversed by the Group.

(iii) *Provision for inventories*

As described in Note 2(10), the net realisable value of inventories is under the Group's regular review, and as a result, provision for inventories is recognised for the excess of inventories' carrying amounts over their net realisable values. When making estimates of net releasable value, the Group takes into consideration the use of inventories held on hand and other information available to form the underlying assumptions, including the inventories' market prices and the Group's historical operating costs. The actual selling price, costs to completion, costs necessary to make the sale and related taxes may vary with the changes in market conditions, production techniques or actual use of the inventories, which would result in the change in the provision for decline in the value of inventories. The adjustment on the provision for decline in the value of inventories will affect the profit or loss for the period in which the estimation change is made.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(28) Critical accounting estimates and judgements *(Continued)*

(a) *Critical accounting estimates and key assumptions* *(Continued)*

(iv) *Estimation of fair value of investment properties*

The Group recognises the fair value of the investment properties based on the valuation assessed by the independent professional valuer or the valuation assessed by management. To assess the fair value of investment properties, as stated in Note 14(1), several significant judgements and assumptions are used.

(v) *Income taxes and deferred income taxes*

The Group is subject to income taxes in numerous jurisdictions. There are some transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is required from the Group in determining the provision for income tax in each of these jurisdictions. Where the final tax outcomes of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The Group prudently evaluates tax implications of transactions and tax provisions are made accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised based on deductible tax losses and deductible temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. The Group reviews judgements made for the deferred income tax on a continuous basis. If estimate shows that future taxable income is likely to be obtained, corresponding deferred tax assets are recognised.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(28) Critical accounting estimates and judgements *(Continued)*

(a) **Critical accounting estimates and key assumptions** *(Continued)*

(v) *Income taxes and deferred income taxes (Continued)*

As stated in Note 3(1), some subsidiaries of the Group are high-tech enterprises. The “High-Tech Enterprise Certificate” is effective for three years. Upon expiration, application for high-tech enterprise should be submitted again to the relevant government authorities. Based on the past experience of reassessment for high-tech enterprise upon expiration and the actual condition of the subsidiaries, the Group considers that the subsidiaries are able to obtain the qualification for high-tech enterprises in future years, and therefore a preferential tax rate of 15% is used to calculate the corresponding deferred income tax. If some subsidiaries cannot obtain the qualification for high-tech enterprise upon expiration, then the subsidiaries are subject to a statutory tax rate of 25% for the calculation of the income tax, which further influences the recognised deferred tax assets, deferred tax liabilities and income tax expenses.

A deferred tax asset is recognised for the carryforward of unused deductible losses to the extent that it is probable that future taxable profits will be available against which the deductible losses can be utilised. Future taxable profits include taxable profits that can be achieved through normal operations and the increase in taxable profits due to the reversal of taxable temporary differences arising from previous period in future period. The Group needs to apply estimates and judgements in determining the timing and amount of future taxable profits. If there is any difference between the actual and the estimates, adjustment may be made to the carrying amount of deferred tax assets.

(vi) *Warranties*

As described in Note 2(21), the Group makes provisions under the warranties it gives on the sales of its transport vehicles to consumers based on the recent claim experience. Because it is possible that the recent claim experience may not be indicative of future claims that the Group will receive in respect of past sales, a considerable level of management’s judgement is required and exercised to estimate the provision. Any increase or decrease in the provision will affect profit or loss in future years.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(28) Critical accounting estimates and judgements *(Continued)*

(a) *Critical accounting estimates and key assumptions (Continued)*

(vii) *Expected credit loss of financial guarantee contracts for vehicle mortgage loans*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the contract holder for a loss it incurs if a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. As the issuer, an enterprise shall subsequently measure such financial liabilities at the higher of: (i) the amount of loss provision recognised in accordance with the financial instruments standard and (ii) the amount initially recognised less accumulative amortisation recognised in accordance with the revenue standard.

In accordance with the provisions of financial guarantee contracts related to financial guarantees for vehicle mortgage loans provided for consumers by the Group, the Group and its subsidiaries, as vehicle financing guarantors for consumers of transportation vehicles sold, shall perform obligations or assume liabilities in accordance with the contracts when the debtors fail to perform obligations, and for the guarantee contract liability, make provisions for the ending balance of vehicle loan guarantee based on vehicle loans status. The Group considers loss experience of recent years when making provisions.

(29) Significant changes in accounting policies

No significant accounting policy changes occur for six months ended June 30, 2022.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

3 TAXATION

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

	For the six months ended June 30, 2022	For the six months ended June 30, 2021	Taxation base
The Company	25%	25%	Taxable income
Subsidiaries registered in mainland China	15%-25%	15%-25%	Taxable income
Subsidiaries registered in Hong Kong, China	16.5%	16.5%	Taxable income
Subsidiaries registered in British Virgin Islands	–	–	Taxable income
Subsidiaries registered in Australia	30%	30%	Taxable income
Subsidiaries registered in Thailand	20%	20%	Taxable income
Subsidiaries registered in South Africa	28%	28%	Taxable income
Subsidiaries registered in the US	25%-26%	25%-26%	Taxable income
Subsidiaries registered in Netherlands	16.5%-25%	16.5%-25%	Taxable income
Subsidiaries registered in Belgium	25%	25%	Taxable income
Subsidiaries registered in Poland	19%	19%	Taxable income
Subsidiaries registered in UK	19%	19%	Taxable income
Subsidiaries registered in Russia	20%	20%	Taxable income
Subsidiaries registered in Vietnam	20%	20%	Taxable income
Subsidiaries registered in Malaysia	24%	24%	Taxable income
Subsidiaries registered in Bahrain	–	–	Taxable income
Subsidiaries registered in Canada	28%	28%	Taxable income
Subsidiaries registered in Djibouti	–	–	Taxable income



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

3 TAXATION *(Continued)*

(1) *(Continued)*

The subsidiaries entitled to the favourable tax are presented as follows:

Name of entity	Local statutory tax rate	Favourable tax rates		Reason
		For the six months ended June 30, 2022	For the six months ended June 30, 2021	
CIMC Vehicles (Liaoning) Co., Ltd	25%	15%	15%	High-tech enterprises
Wuhu CIMC Ruijiang Automobile Co.,Ltd.	25%	15%	15%	High-tech enterprises
Shenzhen CIMC Vehicle Co., Ltd.	25%	15%	15%	High-tech enterprises
Zhumadian CIMC Huajun Vehicle Co., Ltd. (“CIMC Huajun”)	25%	15%	15%	High-tech enterprises
Gansu CIMC Huajun Vehicles Co., Ltd.	25%	15%	15%	High-tech enterprises
Yangzhou CIMC Tonghua Special Vehicles Co., Ltd. (“Yangzhou Tonghua”)	25%	15%	15%	High-tech enterprises
Dongguan CIMC Special Vehicle Co., Ltd.	25%	15%	15%	High-tech enterprises
Zhumadian CIMC Huajun Casting Co., Ltd.	25%	15%	15%	High-tech enterprises
Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd.	25%	15%	15%	High-tech enterprises
CIMC Vehicles (Shandong) Co., Ltd.	25%	15%	15%	High-tech enterprises
Luoyang CIMC Lingyu Automobile Co., Ltd.	25%	15%	15%	High-tech enterprises
CIMC Vehicle (Jiangmen) Co., Ltd.	25%	15%	15%	High-tech enterprises
Jiangsu Baojing Auto Parts Co., Ltd.	25%	15%	15%	High-tech enterprises
CIMC-Shac (Xi’an) Special Vehicles Co., Ltd.	25%	15%	15%	Large-scale development of western China



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

3 TAXATION *(Continued)*

(2) Other main categories and tax rates applicable to the Group are set out below:

Category	For the six months ended June 30, 2022	For the six months ended June 30, 2021	Tax base
Value-added tax ("VAT") (China)	6% · 9% and 13%	6% · 9% and 13%	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (South Africa)	15%	15%	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (Thailand)	7%	7%	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (Vietnam)	10%	10%	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (UK)	20%	20%	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (Russia)	20%	20%	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (Canada)	13%	13%	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (Belgium)	21%	21%	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

3 TAXATION *(Continued)*

(2) *(Continued)*

Category	For the six months ended June 30, 2022	For the six months ended June 30, 2021	Tax base
VAT (Australia)	10%	10%	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (Poland)	23%	23%	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (Malaysia)	–	–	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (Netherlands)	21%	21%	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (Bahrain)	5%	5%	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)
City maintenance and construction tax	7%	7%	The payment amount of VAT
Educational surcharge	5%	5%	The payment amount of VAT

Pursuant to the provisions including the Circular on Enterprise Income Tax Policy concerning Deductions for Equipment and Appliances (Cai Shui [2018] No. 54) and the Announcement on Extending the Implementation Period of Certain Preferential Tax Policies (Cai Shui [2021] No. 6) issued by the State Taxation Administration, during the period from 1 January 2018 to 31 December 2023, the cost of newly purchased equipment with the original cost less than RMB5 million can be fully deducted against taxable profit in the next month after the asset is put into use, instead of being depreciated annually for tax filing.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

3 TAXATION *(Continued)*

(2) *(Continued)*

Pursuant to the Announcement on VAT Policies for Promoting Relief and Development of Distressed Industries in the Service Sector (Ministry of Finance and State Taxation Administration Announcement [2022] No. 11) issued by Ministry of Finance and State Taxation Administration, the applicable period of additional VAT deduction policy for producer service companies has been extended to December 31, 2022.

Pursuant to the Announcement on Further Implementing Preferential Income Tax Policies for Small and Micro Enterprises (Ministry of Finance and State Taxation Administration Announcement [2022] No. 13) issued by the Ministry of Finance and the State Taxation Administration, from January 1, 2022 to December 31, 2024, taxable income between RMB1 million to 3 million from small and micro enterprises will be calculated as 25% of the original taxable income, of which the income tax will be calculated at the tax rate of 20%.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash at bank and on hand

	June 30, 2022	December 31, 2021
Cash on hand	402,025.85	397,471.87
Cash at bank	3,881,607,742.81	4,164,518,425.92
Deposits at Finance Company	497,357,858.23	529,787,435.79
Other cash balances	205,565,633.69	347,279,141.79
	<u>4,584,933,260.58</u>	<u>5,041,982,475.37</u>
Including: Overseas deposits	<u>805,478,774.51</u>	<u>729,828,970.82</u>

CIMC Finance Company Ltd. (“Finance Company”) is a financial institution established with the approval of the People’s Bank of China. The ultimate controlling party of Finance Company is CIMC Group. Balances in Finance Company include deposits and guarantee (Note 8(6)(j)) held in Finance Company, and deposits related to guarantees have been classified into other cash balances.

As at June 30, 2022 and December 31, 2021, other cash balances of the Group mainly include vehicle mortgage loan guarantees, notes guarantees and other guarantees, of which other cash balances deposited at Finance Company amounted to RMB74,117,469.44 (December 31, 2021: RMB94,624,179.73).



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(2) Derivative financial assets and derivative financial liabilities

	June 30, 2022	December 31, 2021
Derivative financial assets		
– Forward exchange contracts	<u>425,076.40</u>	<u>2,039,603.00</u>
Derivative financial liabilities		
– Forward exchange contracts	<u>10,609,621.22</u>	<u>21,100.00</u>

(3) Notes receivables

	June 30, 2022	December 31, 2021
Trade acceptance notes	35,835,932.80	39,291,608.35
Bank acceptance notes	20,614,120.00	71,353,941.25
Less: Provision for bad debts	<u>(941,315.18)</u>	<u>(966,840.65)</u>
	<u>55,508,737.62</u>	<u>109,678,708.95</u>

- (a) For the purpose of issuing bank acceptance notes, the Group pledges part of the notes receivable. As at June 30, 2022, the amount of pledged bank acceptance notes listed on notes receivable is RMB15,223,940.80 (December 31, 2021: RMB4,170,000.00).

As at June 30, 2022 and December 31, 2021, there are no pledged trade acceptance notes.

- (b) As at June 30, 2022, the amount of the Group's endorsed or discounted but not yet due banker's acceptance notes and trade acceptance notes as shown in the notes receivable is RMB20,884,894.00 (December 31, 2021: RMB30,589,998.40) and RMB11,500,000.00 (December 31, 2021: Nil), respectively.

For the six months ended June 30, 2022 and 2021, certain bank acceptance notes of certain subsidiaries of the Group were discounted and endorsed for the purpose of daily treasury management. The objective of the business model was to manage such notes receivables to both collect their contractual cash flows, and sell financial assets which satisfies the derecognition criteria. Therefore, these bank acceptance notes were reclassified to financial assets at fair value through other comprehensive income under receivables financing (Note 4(5)).



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(3) Notes receivables *(Continued)*

(c) 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 based on lifetime ECL.

- (i) The provision for bad debts of note receivables are as follows,

For bank acceptance notes:

As at June 30, 2022, The group shall measure the provision for bad debts based on lifetime ECL. The provision for bad debts is RMB61,842.36 (December 31, 2021: RMB214,061.82). The Group believes that its bank acceptance notes are not exposed to significant credit risk and the probability of default of these banks is very low.

For trade acceptance notes:

As at June 30, 2022, The Group shall measure the allowance for bad debts based on lifetime ECL. The provision for bad debts is RMB879,472.82 (December 31, 2021: RMB752,778.83).

- (ii) The provisions accrued for the six months ended June 30, 2022 is RMB941,315.18 (for the six months ended June 30, 2021: RMB1,528,351.26), and the provisions collected or reversed for the six months ended June 30, 2022 is RMB966,840.65 (for the six months ended June 30, 2021: RMB2,655,387.27).
- (iii) No notes receivables were written off for the six months ended June 30, 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(4) Accounts receivables

	June 30, 2022	December 31, 2021
Accounts receivables	3,515,878,417.07	2,928,963,909.69
Less: Provision for bad debts	<u>(158,613,118.73)</u>	<u>(147,633,049.21)</u>
	<u><u>3,357,265,298.34</u></u>	<u><u>2,781,330,860.48</u></u>

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

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

	June 30, 2022	December 31, 2021
Within 1 year	3,337,074,074.31	2,763,792,253.13
1 to 2 years	115,644,560.65	104,228,253.45
2 to 3 years	21,823,857.05	19,694,665.51
Over 3 years	<u>41,335,925.06</u>	<u>41,248,737.60</u>
	<u><u>3,515,878,417.07</u></u>	<u><u>2,928,963,909.69</u></u>

(b) As at June 30, 2022, the five largest accounts receivables aggregated by debtors are summarised and analysed as follows:

	Balance	Provision for bad debts	% of total balance
Total balance of the five largest accounts receivables	<u>443,846,096.68</u>	<u>9,337,305.78</u>	<u>12.63%</u>

As at December 31, 2021, the five largest accounts receivables aggregated by debtors amounted to RMB316,775,097.88, accounting for 10.82% of the total balance of accounts receivables



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(4) Accounts receivables *(Continued)*

(c) For the six months ended June 30, 2022 and 2021, the Group has no accounts receivables derecognized due to transfer of financial asset.

(d) *Provision for bad debts*

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

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

	June 30, 2022		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rates	Amount
Not overdue	2,631,955,323.69	2.17%	57,007,383.06
Overdue within 1 year	774,375,916.51	4.52%	35,018,174.74
Overdue 1 to 2 years	53,832,901.54	27.23%	14,657,833.50
Overdue 2 to 3 years	16,442,641.00	78.31%	12,875,829.51
Overdue over 3 years	39,271,634.33	99.45%	39,053,897.92
	<u>3,515,878,417.07</u>		<u>158,613,118.73</u>
	December 31, 2021		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rates	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 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 over 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>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(4) Accounts receivables *(Continued)*

(d) *Provision for bad debts* *(Continued)*

(ii) The provision for bad debts for the six months ended June 30, 2022 amounted to RMB18,736,939.06 (for the six months ended June 30, 2021: RMB69,242,211.95). A provision for bad debts amounted to RMB7,226,825.23 has been collected or reversed (for the six months ended June 30, 2021: RMB5,357,751.57). The Group has no significant collection or reversal of accounts receivables.

(e) The accounts receivables amounted to RMB254,015.35 was written off for the six months ended June 30, 2022 (for the six months ended June 30, 2021: RMB5,334,357.73), and the provision for bad debts amounted to RMB254,015.35 (for the six months ended June 30, 2021: RMB5,334,357.73)

(f) As at June 30, 2022 and December 31, 2021, the Group had no accounts receivables pledged to the bank as a guarantee for short-term borrowings.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(5) Receivables financing

	June 30, 2022	December 31, 2021
Bank acceptance notes	406,132,339.78	511,678,375.48
Less: Provision for bad debts	<u>(1,218,397.02)</u>	<u>(1,587,253.74)</u>
	<u>404,913,942.76</u>	<u>510,091,121.74</u>

Certain bank acceptance notes of certain subsidiaries of the Group were discounted or endorsed for the purpose of daily treasury management. The objective of the business model was to manage such notes receivables to both collect their contractual cash flows, and sell financial assets which satisfies the derecognition criteria. Therefore, these bank acceptance notes were reclassified to financial assets at fair value through other comprehensive income.

The Group had no bank acceptance notes for which the provision for impairment was made individually. As at June 30, 2022, the Group have measured provision as lifetime ECL amounted to RMB1,218,397.02 (December 31, 2021: RMB1,587,253.74). The Group believes that its bank acceptance notes are not exposed to significant credit risk and the probability of default of these banks is very low.

The Group pledged some bank acceptance notes for the purpose of issuing bank acceptance notes. As at June 30, 2022, the amount of pledged bank acceptance notes receivables disclosed in receivables financing was RMB12,494,000.00 (December 31, 2021: RMB58,622,779.91).

As at June 30, 2022, the Group's endorsed or discounted but not yet due notes receivables listed in receivables financing are as follows:

	Derecognised	Not derecognised
Bank acceptance notes	<u>2,214,530,466.46</u>	<u>—</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(6) Advances to suppliers

(a) Ageing analysis of advances to suppliers was as follows:

	June 30, 2022		December 31, 2021	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	187,671,936.29	96.17%	218,056,947.61	95.76%
1 to 2 years	990,892.72	0.51%	3,064,761.83	1.35%
2 to 3 years	150,376.50	0.08%	293,984.42	0.13%
Over 3 years	6,331,054.44	3.24%	6,288,399.47	2.76%
	<u>195,144,259.95</u>	<u>100.00%</u>	<u>227,704,093.33</u>	<u>100.00%</u>
Less: provision for bad debts	<u>(5,876,123.39)</u>		<u>(5,876,123.39)</u>	
	<u>189,268,136.56</u>		<u>221,827,969.94</u>	

As at June 30, 2022, the prepayments aged over one year amounted to RMB7,472,323.66 (December 31, 2021: RMB9,647,145.72), which are mainly prepayments for raw materials. Since the raw materials have not been delivered, the payment has not been settled.

(b) As at June 30, 2022, the five largest advances to suppliers aggregated by debtors are analysed as follows:

	Amount	% of total balance
Total balance of the five largest advances to suppliers	<u>51,922,750.68</u>	<u>26.61%</u>

As at December 31, 2021, the five largest advances to suppliers aggregated by debtors amounted to RMB85,656,768.73, accounting for 37.62% of the total balance of advances to suppliers.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(7) Other receivables

	June 30, 2022	December 31, 2021
Amounts due from related parties <i>(Note 8(6)(d))</i>	30,095,021.99	26,392,773.52
Other receivables from staffs	16,155,752.84	8,161,479.68
Tax refund receivables	13,376,803.16	3,507,757.06
Rental and other deposits	111,258,690.58	110,267,785.76
Disbursement of vehicle mortgage loans	18,369,862.72	24,416,510.27
Receivables from equity/asset transfer	10,902,601.47	24,814,225.55
Reimbursed expenses	40,541,906.69	49,643,318.90
Vendor rebates	18,066,192.73	31,586,136.43
Others	19,427,740.95	14,771,382.82
	278,194,573.13	293,561,369.99
Less: Provision for bad debts	(17,854,295.03)	(20,596,176.40)
	260,340,278.10	272,965,193.59

(a) Ageing analysis of other receivables was as follows:

	June 30, 2022	December 31, 2021
Within 1 year	246,493,535.25	259,737,404.68
1 to 2 years	2,352,572.97	2,146,186.35
2 to 3 years	1,464,717.96	6,413,163.04
Over 3 years	27,883,746.95	25,264,615.92
	278,194,573.13	293,561,369.99



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(7) Other receivables (Continued)

(b) Changes in provision and book balance

	Stage 1				Stage 3				Total
	12-month ECL (group)		12-month ECL (individual)		Lifetime ECL (credit impaired)		Total		
	Book balance	Provision for bad debts	Provision for bad debts	Provision for bad debts	Book balance	Provision for bad debts	Provision for bad debts	Provision for bad debts	
December 31, 2021	269,144,859.72	4,453,422.52	-	-	24,416,510.27	16,142,753.88	20,596,176.40	20,596,176.40	
Increase in the current period	48,386,020.31	825,745.99	-	-	5,292,858.92	2,436,162.92	3,261,908.91	3,261,908.91	
Reversal in the current period	(57,706,169.62)	(842,585.54)	-	-	(7,073,194.79)	(894,893.06)	(1,737,478.60)	(1,737,478.60)	
Write-off in the current period	-	-	-	-	(4,266,311.68)	(4,266,311.68)	(4,266,311.68)	(4,266,311.68)	
Including: Write-off	-	-	-	-	(4,266,311.68)	(4,266,311.68)	(4,266,311.68)	(4,266,311.68)	
Derecognition	-	-	-	-	-	-	-	-	
June 30, 2022	<u>259,824,710.41</u>	<u>4,436,582.97</u>	-	-	<u>18,369,862.72</u>	<u>13,417,712.06</u>	<u>17,854,295.03</u>	<u>17,854,295.03</u>	

The Group had no other receivables transferred to Stage 1 in the current period.

Except for amounts increased and decreased in the current period, there were no changes in provision for bad debts due to transfer between Stage 1 and Stage 3, and changes in the provision for bad debts as a result of changes in parameters and data used in determining ECL.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2022
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(7) Other receivables *(Continued)*

(b) Changes in provision and book balance *(Continued)*

As at June 30, 2022 and December 31, 2021, the Group did not have other receivables at Stage 2. Other receivables at Stage 1 and Stage 3 are analysed as follows:

As at June 30, 2022 and December 31, 2021, there was no provision for bad debts made individually

(i) As at June 30, 2022, other receivables for which the related provision for bad debts was provided on the collective basis are analysed as follows:

Stage 1	Book balance	12-month ECL rates	Provision for bad debts	Reason
Amounts due from related parties	30,095,021.99	-	-	Loss provision was made based on the following 12-month ECL
Tax refund receivables	13,376,803.16	-	-	
Rental and other deposits	111,258,690.58	-	-	
Other receivables from staffs	16,155,752.84	-	-	
Others	<u>88,938,441.84</u>	4.99%	<u>4,436,582.97</u>	
	<u>259,824,710.41</u>		<u>4,436,582.97</u>	
Stage 3	Book balance	Lifetime ECL rates	Provision for bad debts	Reason
Disbursement of vehicle mortgage loans	<u>18,369,862.72</u>	73.04%	<u>13,417,712.06</u>	Loss provision was made based on the lifetime ECL



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(7) Other receivables *(Continued)*

(b) Changes in provision and book balance *(Continued)*

(i) *(Continued)*

As at December 31, 2021, other receivables for which the related provision for bad debts was provided on the collective basis are analysed as follows:

Stage 1	Book balance	12-month ECL rates	Provision for bad debts	Reason
Amounts due from related parties	26,392,773.52	-	-	Loss provision was made based on the following 12-month ECL
Tax refund receivables	3,507,757.06	-	-	
Rental and other deposits	110,267,785.76	-	-	
Other receivables from staffs	8,161,479.68	-	-	
Others	<u>120,815,063.70</u>	3.69%	<u>4,453,422.52</u>	
	<u>269,144,859.72</u>		<u>4,453,422.52</u>	
Stage 3	Book balance	Lifetime ECL rates	Provision for bad debts	Reason
Disbursement of vehicle mortgage loans	<u>24,416,510.27</u>	66.11%	<u>16,142,753.88</u>	Loss provision was made based on the lifetime ECL

(c) The provision for bad debts for the six months ended June 30, 2022 amounted to RMB3,261,908.91 (for the six months ended June 30, 2021: RMB107,641.28). A provision for bad debts amounted to RMB1,737,478.60 for the six months ended June 30, 2022 has been collected or reversed (for the six months ended June 30, 2021: RMB2,029,665.38).

(d) The other receivables amounted to RMB4,266,311.68 was written off for the six months ended June 30, 2022 (for the six months ended June 30, 2021: RMB2,119,927.18), and the provision for bad debts amounted to RMB4,266,311.68 (for the six months ended June 30, 2021: RMB2,119,927.18).



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2022
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(7) Other receivables *(Continued)*

(e) As at June 30, 2022, the five largest other receivables aggregated by debtor are analysed as follows:

Name of entity	Nature	Book balance	Ageing	% of total balance	Provision for bad debts
Dongguan CIMC Innovation Industrial Park Development Co., Ltd	Construction funds for employee dormitory	16,552,122.00	Over 3 years	5.95%	–
Sinotruk Jinan Truck Co., Ltd.	Deposits and guarantees	6,484,351.46	Within 1 year, over 3 years	2.33%	–
Guangdong Ruiguang Construction Machinery Co., Ltd.	Deposits and guarantees	5,086,494.29	Within 1 year	1.83%	–
Guangdong Ruijiang Automobile Sales & Service Co., Ltd.	Deposits and guarantees	4,847,453.32	Within 1 year	1.74%	–
Taicang Cimc Special Logistics Equipment Co.,Ltd.	Receivables from related parties	4,570,000.00	Within 1 year	1.64%	–
		<u>37,540,421.07</u>		<u>13.49%</u>	<u>–</u>

As at December 31, 2021, the five largest other receivables aggregated by debtors amounted to RMB55,039,547.55, accounting for 18.74% of the total balance of other receivables.

(f) As at June 30, 2022 and December 31, 2021, the Group did not recognise government grants at amounts receivable.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(8) Inventories

(a) Inventories are summarised by categories as follows:

	June 30, 2022		
	Book balance	Provision for decline in the value of inventories and impairment of contract fulfilment costs	Carrying amount
Raw materials	2,148,675,407.79	(62,925,848.12)	2,085,749,559.67
Work in progress	1,393,778,203.97	(7,242,411.64)	1,386,535,792.33
Finished goods	1,927,806,516.99	(32,124,255.54)	1,895,682,261.45
Materials processed on commission	22,065,107.20	–	22,065,107.20
Spare parts	190,614,231.12	–	190,614,231.12
Low value consumables	12,819,101.70	–	12,819,101.70
Contract fulfilment costs ⁽ⁱ⁾	28,854,855.50	–	28,854,855.50
	<u>5,724,613,424.27</u>	<u>(102,292,515.30)</u>	<u>5,622,320,908.97</u>
	December 31, 2021		
	Book balance	Provision for decline in the value of inventories and impairment of contract fulfilment costs	Carrying amount
Raw materials	1,922,628,792.44	(64,258,191.72)	1,858,370,600.72
Work in progress	1,158,106,458.54	(6,605,701.83)	1,151,500,756.71
Finished goods	1,815,252,150.47	(65,734,721.63)	1,749,517,428.84
Materials processed on commission	26,511,195.15	–	26,511,195.15
Spare parts	134,459,311.04	–	134,459,311.04
Low value consumables	12,883,308.68	–	12,883,308.68
Contract fulfilment costs ⁽ⁱ⁾	5,952,842.56	–	5,952,842.56
	<u>5,075,794,058.88</u>	<u>(136,598,615.18)</u>	<u>4,939,195,443.70</u>

- (i) The book balance of contract fulfilment costs mainly refers to transportation costs incurred to fulfil sale contracts prior to the transferring of control over goods to customers. For the six months ended June 30, 2022, the amount of contract fulfilment costs recognised in cost of sale is RMB5,952,842.56 (for the six months ended June 30, 2021: RMB999,797.05).



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(8) Inventories *(Continued)*

- (b) Provision for decline in the value of inventories and impairment of contract fulfilment costs is analysed as follows:

	December 31, 2021	Movements in the current period			Currency translation differences	June 30, 2022
		Provision	Reversal	Write-off		
Raw materials	(64,258,191.72)	(7,438,516.27)	2,290,011.84	6,167,769.51	313,078.52	(62,925,848.12)
Work in progress	(6,605,701.83)	(696,553.50)	-	-	59,843.69	(7,242,411.64)
Finished goods	<u>(65,734,721.63)</u>	<u>(6,778,986.56)</u>	<u>68,719.51</u>	<u>39,608,052.20</u>	<u>712,680.94</u>	<u>(32,124,255.54)</u>
	<u>(136,598,615.18)</u>	<u>(14,914,056.33)</u>	<u>2,358,731.35</u>	<u>45,775,821.71</u>	<u>1,085,603.15</u>	<u>(102,292,515.30)</u>

- (c) Provisions for inventories are analysed as follows:

	Specific basis for determining net realisable value	Reasons for reversal or write-off of provision for decline in the value of inventories in the current period
Raw materials	Market price	Inventories have been used or sold, and the realisable value picks up
Work in progress	The estimated selling price of finished goods, less the estimated costs to completion and estimated selling expenses and related taxes	Inventories have been used or sold, and the realisable value picks up
Finished goods	Market price	Inventories have been used or sold, and the realisable value picks up
Materials processed on commission	The estimated selling price of finished goods, less the estimated costs to completion and estimated selling expenses and related taxes	Inventories have been used or sold, and the realisable value picks up



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(9) Other current assets

	June 30, 2022	December 31, 2021
Prepaid tax and tax to be deducted	245,449,824.79	307,129,252.18
Others	<u>1,522,297.01</u>	<u>6,097,112.28</u>
	<u><u>246,972,121.80</u></u>	<u><u>313,226,364.46</u></u>

(10) Other non-current financial assets

	June 30, 2022	December 31, 2021
Equity investment in a non-listed company	<u>8,005,300.00</u>	<u>—</u>

In June 2022, the Company acquired a total of 0.2512% of the equity of Shanghai Boxi Intelligent Technology Co., Ltd. through both of transfer of shares and capital injections.

(11) Long-term equity investments

	June 30, 2022	December 31, 2021
Joint ventures (a)	13,781,041.17	15,420,370.81
Associates (b)	<u>139,989,400.02</u>	<u>135,664,272.94</u>
	153,770,441.19	151,084,643.75
Less: Provision for impairment of long-term equity investments	<u>—</u>	<u>—</u>
	<u><u>153,770,441.19</u></u>	<u><u>151,084,643.75</u></u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(11) Long-term equity investments (Continued)

(a) Joint ventures

	Movements in the current period										Ending balance of provision for impairment
	December 31, 2021	Increase in investments	Decrease in investments	Share of net loss under equity method	Share of other comprehensive income	Share of other changes in equity	Cash dividends/profit declared	Provision for impairment	Others	June 30, 2022	
Jiangsu Wanjiang Technology Co., Ltd.*	11,554,605.05	-	-	(1,439,938.10)	-	-	-	-	-	10,114,666.95	-
Shenzhen Xinghuo Cheilan Technology Co., Ltd.*	3,865,765.76	-	-	(199,391.54)	-	-	-	-	-	3,666,374.22	-
Shenzhen Zhongnan Jizhi Technology LLP* (i)	-	-	-	-	-	-	-	-	-	-	-
	15,420,370.81	-	-	(1,639,329.64)	-	-	-	-	-	13,781,041.17	-

- Joint ventures directly held by the Company.

Equity related information in joint ventures is set forth in Note 6(2).

- (i) Joint ventures that the Group participated in the establishment but has not made actual contributions.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(11) Long-term equity investments *(Continued)*

(b) Associates

	Movements in the current period							Ending balance of provision for impairment		
	December 31, 2021	Increase in investments	Decrease in investments	Share of net loss under equity method	Share of other comprehensive income	Share of other changes in equity	Cash dividends/profit declared		Provision for impairment	Others
Senju (Shanghai) International Trade Co., Ltd.	435,233.40	-	-	248,922.96	-	-	-	-	-	684,156.36
Ningbo Huaxiang Automotive New Material Technology Co., Ltd.	1,464,257.07	-	-	1,791.69	-	-	-	-	-	1,466,048.76
Shenzhen Shuixiang Technology Co., Ltd. ⁽ⁱ⁾	-	-	-	-	-	-	-	-	-	-
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	22,271,226.18	-	-	2,663,464.52	-	(331,247.26)	(1,041,792.00)	-	-	23,561,651.44
Chengdu CIMC Industrial Park Investment and Development Co., Ltd.	81,733,478.26	-	-	3,339,382.41	-	-	-	-	-	85,072,860.67
CIMC Commercial Tires Inc. ⁽ⁱ⁾	-	-	-	-	-	-	-	-	-	-
Shenzhen Bay Angel Phase III Venture Capital Partnership (Limited Partnership)	29,760,078.03	-	-	(555,395.24)	-	-	-	-	-	29,204,682.79
	<u>135,664,272.94</u>	<u>-</u>	<u>-</u>	<u>5,698,166.34</u>	<u>-</u>	<u>(331,247.26)</u>	<u>(1,041,792.00)</u>	<u>-</u>	<u>-</u>	<u>139,989,400.02</u>

Equity related information in associates is set forth in Note 6(2).

(i) The carrying amount of the Group's investment in these associates under the equity method was reduced to zero, and the excess loss was recorded off-the-book, relevant information for which was disclosed in Note 6(2).



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(12) Investment properties

	Buildings and relevant land use rights
December 31, 2021	393,130,062.84
Changes in fair value	2,832,342.40
Currency translation differences	(84,800.97)
June 30, 2022	<u>395,877,604.27</u>

For the six months ended June 30, 2022 and 2021, no borrowing cost was capitalised in investment properties.

For the six months ended June 30, 2022, the impact on the Group's profit or loss resulting from the changes in fair value of investment properties are gains of RMB2,832,342.40 (for the six months ended June 30, 2021: losses of RMB136,084.05)(Note 4(49)).

As at June 30, 2022, buildings and land use rights with a carrying amount of approximately RMB100,649,930.00 (December 31, 2021: RMB98,704,644.50) didn't obtain the property ownership certificate due to uncompleted procedures.

(13) Fixed assets

	June 30, 2022	December 31, 2021
Fixed assets (a)	4,633,471,562.63	4,626,675,908.82
Fixed assets pending for disposal	<u>—</u>	<u>—</u>
	<u>4,633,471,562.63</u>	<u>4,626,675,908.82</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(13) Fixed assets (Continued)

(a) Fixed assets

	Buildings		Machinery and equipment		Motor vehicles		Electronic and other equipment		Total
	Self-use	Lease	Self-use	Lease	Self-use	Lease	Self-use	Lease	
Cost									
December 31, 2021	3,071,990,748.97	5,446,423.00	3,310,348,322.79	88,001,814.74	166,998,285.50	350,310,923.06	228,438,522.97	103,719,008.67	7,323,254,049.70
Increase in the current period									
Purchase	12,455,028.34	-	43,665,981.55	12,356,346.81	8,710,101.31	10,569,686.75	2,005,193.48	-	89,762,338.24
Transfers from construction in progress	85,526,093.01	-	58,001,127.87	-	3,882,133.36	-	1,943,321.75	-	149,352,675.99
Decrease in the current period									
Disposal and crapping	-	-	(40,685,531.79)	-	(6,569,962.05)	(3,265,264.91)	(6,032,761.22)	(1,260,104.82)	(57,814,624.79)
Currency translation differences	7,565,338.23	-	(660,061.71)	-	597,372.27	-	(210,049.26)	-	7,292,599.53
June 30, 2022	3,177,537,208.55	5,446,423.00	3,370,669,838.71	100,358,161.55	173,617,930.39	357,614,344.90	224,144,227.72	102,458,903.85	7,511,847,038.67
Accumulated depreciation									
December 31, 2021	779,182,555.64	1,737,446.96	1,471,971,518.83	8,097,364.10	104,879,687.78	113,965,307.67	152,101,657.66	41,461,388.76	2,673,396,927.40
Increase in the current period									
Depreciation charge	46,774,172.01	24,989.24	102,270,211.74	5,128,349.10	10,344,479.31	31,035,832.51	7,292,861.39	10,210,285.56	213,081,180.86
Decrease in the current period									
Disposal and crapping	-	-	(19,354,970.70)	-	(4,096,993.96)	(1,559,393.91)	(3,877,106.26)	(134,387.90)	(29,022,852.73)
Currency translation differences	(1,111,084.64)	-	(1,789,478.72)	-	542,246.87	-	75,306.50	-	(2,263,009.99)
June 30, 2022	824,845,643.01	1,762,436.20	1,553,097,281.15	13,225,713.20	111,669,420.00	149,441,746.27	155,592,719.29	51,537,286.42	2,855,172,245.54



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(13) Fixed assets (Continued)

(a) Fixed assets (Continued)

	Buildings		Machinery and equipment		Motor vehicles		Electronic and other equipment		Total
	Self-use	Lease	Self-use	Lease	Self-use	Lease	Self-use	Lease	
Provision for impairment									
December 31, 2021	150,736.69	-	18,526,954.02	-	30,435.32	-	4,473,087.45	-	23,181,213.48
Decrease in the current period									
Write-off on disposal	-	-	(11,303.50)	-	-	-	-	-	(11,303.50)
Currency translation differences	-	-	33,320.52	-	-	-	-	-	33,320.52
June 30, 2022	150,736.69	-	18,548,971.04	-	30,435.32	-	4,473,087.45	-	23,203,230.50
Carrying amount									
June 30, 2022	2,352,540,828.85	3,683,986.80	1,799,023,566.52	87,132,448.35	61,918,075.07	214,172,598.63	64,078,420.98	50,921,617.43	4,633,471,562.63
December 31, 2021	2,292,657,456.64	3,708,976.04	1,819,849,849.94	79,904,450.64	62,088,162.40	236,345,615.39	69,863,777.86	62,257,619.91	4,626,675,908.82

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(13) Fixed assets *(Continued)*

(a) Fixed assets *(Continued)*

For the six months ended June 30, 2022, depreciation charged to fixed assets amounted to RMB213,081,180.86 (for the six months ended June 30, 2021: RMB198,627,654.33), of which the depreciation expenses charged in the cost of sales, selling expenses, administrative expenses and research and development expenses were RMB167,863,909.81, RMB3,718,800.05, RMB28,019,826.67 and RMB13,478,644.33 (for the six months ended June 30, 2021: RMB151,070,376.75, RMB3,810,824.44, RMB26,477,091.45, and RMB17,269,361.69), respectively.

For the six months ended June 30, 2022, the cost of fixed assets transferred from construction in progress amounted to RMB149,352,675.99 (for the six months ended June 30, 2021: RMB768,736,917.11)

(i) Temporarily idle fixed assets

As at June 30, 2022, buildings, machinery and equipment and electronic and other equipment with a carrying amount of RMB25,380,976.03 (a cost of RMB46,971,248.76) (December 31, 2021: a carrying amount of RMB25,988,798.23 and a cost of RMB46,971,248.76) were temporarily idle. The analysis is as follows:

	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Buildings	30,403,742.20	6,686,044.20	–	23,717,698.00
Machinery and equipment	15,619,724.96	13,872,703.49	157,414.32	1,589,607.15
Electronic and other equipment	<u>947,781.60</u>	<u>820,508.41</u>	<u>53,602.31</u>	<u>73,670.88</u>
	<u>46,971,248.76</u>	<u>21,379,256.10</u>	<u>211,016.63</u>	<u>25,380,976.03</u>

(ii) Fixed assets which property ownership certificates not obtained:

As at June 30, 2022, buildings with a carrying amount of RMB480,140,399.60 (December 31, 2021: RMB413,069,337.55) had not been granted the property ownership certificates, or of which, property ownership transfer procedures were not processed. The Group has eligible right to use and dominate the above-mentioned buildings.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(13) Fixed assets *(Continued)*

(a) Fixed assets *(Continued)*

- (iii) No provision on residual value guarantees was specified in the lease contract for machinery and equipment, motor vehicles and electronic equipment and other equipment signed by the Group as the lessor.
- (iv) As at June 30, 2022 and December 31, 2021, the Group has not pledged any fixed assets. As at June 30, 2022, the carrying amount of the Group's fixed assets with restrictions on ownership was RMB37,690,725.97 (December 31, 2021: RMB36,895,846.27), since the transfer of some fixed assets needs to be approved by relevant government agencies or some fixed assets are being used for property preservation guarantee.

(14) Construction in progress

	June 30, 2022			December 31, 2021		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
CIMC smart logistics equipment project	363,927,312.84	-	363,927,312.84	241,810,188.65	-	241,810,188.65
Tonghua plant construction project	-	-	-	95,577,192.56	-	95,577,192.56
Growth Fortune steel structure plant building project	32,639,252.29	-	32,639,252.29	28,981,639.50	-	28,981,639.50
Vanguard Trenton & Monon GA Plant	37,630,577.45	-	37,630,577.45	23,655,976.24	-	23,655,976.24
Kunming vehicle park project	74,220,342.90	-	74,220,342.90	22,746,117.30	-	22,746,117.30
Mixer drum line upgrade project	-	-	-	11,953,356.79	-	11,953,356.79
Baoji manufacturing plant project	16,696,208.18	-	16,696,208.18	7,744,247.76	-	7,744,247.76
Huajun production maintenance investment project	1,300,851.56	-	1,300,851.56	5,910,475.03	-	5,910,475.03
Lingyu production line upgrade project	5,745,462.45	-	5,745,462.45	5,745,462.45	-	5,745,462.45
Huajun plant construction project	2,760,098.68	-	2,760,098.68	3,739,841.04	-	3,739,841.04
Dongguan Light Tower Magellan II production line investment project	-	-	-	3,365,310.00	-	3,365,310.00
US Polar Bear construction project (develop a new automated production facility for refrigerated semi-trailers in Monon, the US)	-	-	-	1,961,884.56	-	1,961,884.56
Others	57,154,763.76	-	57,154,763.76	63,381,040.26	-	63,381,040.26
	<u>592,074,870.11</u>	<u>-</u>	<u>592,074,870.11</u>	<u>516,572,732.14</u>	<u>-</u>	<u>516,572,732.14</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) Construction in progress (Continued)

(i) Movements of major construction in progress

Project name	Budgeted amount	December 31, 2021	Increase in the current period	Transfer to fixed assets/intangible assets in the current period	Other decreases	Currency translation differences	June 30, 2022	% of project investment to the budget	Work progress	Source of funds
CIMC smart logistics equipment project	456,000,000.00	241,810,188.65	122,117,124.19	-	-	-	363,927,312.84	80.00%	80.00%	Raised funds
Tonghua plant construction project	916,080,000.00	95,577,192.56	5,207,166.06	(100,784,358.62)	-	-	-	100.00%	100.00%	Self-owned
Growth Fortune steel structure plant construction project	37,449,612.00	28,981,639.50	2,060,432.03	-	-	1,597,180.76	32,639,252.29	90.00%	90.00%	Self-owned
Vanguard Trenton & Monon GA Plant	94,067,957.11	23,655,976.24	18,285,069.93	(5,988,193.83)	-	1,657,725.11	37,630,577.45	82.08%	82.00%	Self-owned
Kunming vehicle park project	119,460,000.00	22,746,117.30	51,474,225.60	-	-	-	74,220,342.90	62.51%	70.00%	Raised funds/ Self-owned
Mixer drum line upgrade project	66,520,000.00	11,953,356.79	-	(6,840,882.57)	(5,112,474.22)	-	-	100.00%	100.00%	Raised funds
Baoji manufacturing plant project	45,000,000.00	7,744,247.76	9,135,446.66	(183,486.24)	-	-	16,696,208.18	37.10%	40.00%	Raised funds
Huajun production maintenance investment project	59,336,200.00	5,910,475.03	917,614.79	(5,527,238.26)	-	-	1,300,851.56	99.00%	99.00%	Self-owned
Lingyu production line upgrade project	62,042,042.94	5,745,462.45	-	-	-	-	5,745,462.45	99.00%	99.00%	Self-owned
Huajun plant construction project	179,795,900.00	3,739,841.04	246,964.58	(1,226,706.94)	-	-	2,760,098.68	94.14%	94.00%	Self-owned
Dongguan Light Tower Magellan II production line investment project	33,300,000.00	3,365,310.00	4,667,757.26	(8,033,067.26)	-	-	-	24.34%	24.00%	Self-owned
US Polar Bear construction project (develop a new automated production facility for refrigerated semi-trailers in Monon, the US)	182,937,450.00	1,961,884.56	-	(1,971,543.18)	-	9,658.62	-	100.00%	100.00%	Raised funds/ Self-owned
Others		63,381,040.26	20,444,464.21	(20,841,639.48)	(5,809,592.19)	(19,509.04)	57,154,763.76			Raised funds/ Self-owned
		516,572,732.14	234,556,265.31	(151,377,116.38)	(10,922,066.41)	3,245,055.45	592,074,870.11			
Including: Capitalised borrowing costs	-	-	-	-	-	-	-			



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2022
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(15) Right-of-use assets

	Buildings	Machinery and other equipment	Total
Cost			
December 31,2021	293,032,500.86	14,571,227.12	307,603,727.98
Increase in the current period			
New lease contracts	26,998,881.15	2,427,604.42	29,426,485.57
Decrease in the current period			
Other decreases	(18,387,081.87)	(25,269.98)	(18,412,351.85)
Currency translation differences	(1,492,004.55)	85,738.48	(1,406,266.07)
June 30, 2022	300,152,295.59	17,059,300.04	317,211,595.63
Accumulated depreciation			
December 31,2021	69,741,366.93	5,470,350.43	75,211,717.36
Increase in the current period			
Depreciation charge	20,611,753.04	1,925,306.35	22,537,059.39
Decrease in the current period			
Other decreases	(18,387,081.87)	(25,269.98)	(18,412,351.85)
Currency translation differences	(1,559,108.29)	(5,702.63)	(1,564,810.92)
June 30, 2022	70,406,929.81	7,364,684.17	77,771,613.98
Provision for impairment			
December 31,2021	-	-	-
June 30, 2022	-	-	-
Carrying amount			
June 30, 2022	229,745,365.78	9,694,615.87	239,439,981.65
December 31,2021	223,291,133.93	9,100,876.69	232,392,010.62



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022
(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(16) Intangible assets

	Land use rights	Technological know-how and trademarks	Software use rights	Customer contracts	Customer relationships	Total
Cost						
December 31, 2021	974,977,187.13	167,699,672.15	66,798,382.57	17,126,736.00	97,730,691.10	1,324,332,668.95
Increase in the current period						
Purchase	13,827,757.00	62,448.69	2,664,288.55	-	-	16,554,494.24
Transfers from construction in progress	-	-	2,024,440.39	-	-	2,024,440.39
Currency translation differences	(1,229,766.00)	(5,168,021.79)	(884,477.10)	(935,101.00)	(4,177,228.08)	(12,394,593.97)
June 30, 2022	987,575,178.13	162,594,099.05	70,602,634.41	16,191,635.00	93,553,463.02	1,330,517,009.61
Accumulated amortisation						
December 31, 2021	182,575,186.20	106,031,859.63	32,302,093.26	17,126,736.00	53,317,653.42	391,353,528.51
Increase in the current period						
Amortization charge	24,127,433.49	6,341,581.57	4,794,729.33	-	2,703,375.39	37,967,119.78
Currency translation differences	(2,876.46)	(2,981,116.30)	(517,551.92)	(935,101.00)	(3,728,223.73)	(8,164,869.41)
June 30, 2022	206,699,743.23	109,392,324.90	36,579,270.67	16,191,635.00	52,292,805.08	421,155,778.88
Provision for impairment						
December 31, 2021	-	4,327,885.40	-	-	35,678,468.86	40,006,354.26
Currency translation differences	-	183,835.97	-	-	71,496.05	255,332.02
June 30, 2022	-	4,511,721.37	-	-	35,749,964.91	40,261,686.28
Carrying amount						
June 30, 2022	780,875,434.90	48,690,052.78	34,023,363.74	-	5,510,693.03	869,099,544.45
December 31, 2021	792,402,000.93	57,339,927.12	34,496,289.31	-	8,734,568.82	892,972,786.18



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2022
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(16) Intangible assets *(Continued)*

For the six months ended June 30, 2022, the amortisation of intangible assets amounted to RMB37,967,119.78 (for the six months ended June 30, 2021: RMB22,155,738.00).

As at June 30, 2022, the carrying amount of land use rights without certificates of ownership amounted to RMB805,485.14, the cost of which amounted to RMB1,123,766.30 (December 31,2021: Nil) °

As at June 30, 2022, and December 31,2021, the Group had no land use rights as collateral.

Expenditures on research and development incurred for the six months ended June 30, 2022 amounted to RMB145,901,201.60 (for the six months ended June 30, 2021: RMB189,778,236.63), all of which were recognised in profit or loss for the current period. As at June 30, 2022, the Group had no intangible assets arising from internal research and development (December 31,2021: Nil)

(17) Goodwill

	December 31,2021	Increase in the current period	Currency translation differences	June 30, 2022
Goodwill –				
CIMC Vehicles UK Limited (“Vehicles UK”)	333,670,128.00	–	(18,218,023.00)	315,452,105.00
CIMC Huajun	35,740,080.73	–	–	35,740,080.73
Others	<u>76,282,597.89</u>	–	<u>1,124,026.35</u>	<u>77,406,624.24</u>
	<u>445,692,806.62</u>	–	<u>(17,093,996.65)</u>	<u>428,598,809.97</u>
Less: Provision for impairment –				
Others	<u>(37,171,284.24)</u>	–	<u>3,525.49</u>	<u>(37,167,758.75)</u>
	<u>408,521,522.38</u>			<u>391,431,051.22</u>



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(17) Goodwill *(Continued)*

Goodwill mainly refers to the difference between the cost for acquiring equity in CIMC Vehicles (Shandong) Co., Ltd., Yangzhou Tonghua, Shanghai CIMC Vehicle Logistics Equipment Co., Ltd., Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd., CIMC Intermodal Equipment Co., Ltd., CIMC Vehicles South Africa (Pty) Ltd., Jiangsu Baojing Auto Parts Co., Ltd., Zhenjiang Shenxing Taibao Technology Co., Ltd. and Xxentria Technology Materials (China) Co., Ltd. (“Xxentria”), and the Group’s share of the fair value of the subsidiaries’ identifiable net assets.

All the goodwill of the Group has been allocated to the relevant asset groups or groups of asset groups on the acquisition date, details of which were summarised as follows: Vehicles UK, CIMC Huajun, Jiangsu Baojing Auto Parts Co., Ltd., CIMC Vehicles (Shandong) Co., Ltd., Yangzhou Tonghua, Shanghai CIMC Vehicle Logistics Equipment Co., Ltd., Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd., CIMC Intermodal Equipment Co., Ltd. and CIMC Vehicles South Africa (Pty) Ltd., Zhenjiang Shenxing Taibao Technology Co., Ltd. and Xxentria. The Group’s allocation of goodwill was not changed in the current period.

When testing the goodwill for impairment, the Group compared the carrying amount of relevant asset groups or groups of asset groups (including goodwill) and the recoverable amount, an impairment loss is recognised for the amount by which the assets’ carrying amount exceeds their recoverable amount.

The Group determines the growth rates and the gross margins based on its past experience and forecast on future market development. The forecast period growth rates are built on the five-year budget approved by the management, and the terminal growth rates are the weighted average growth rates applied by management to extrapolate cash flows beyond the forecast period, which are consistent with those estimated in the industry reports, and do not exceed the long-term average growth rates of each product. The discount rates used by the management are the pre-tax interest rates that are able to reflect the risks specific to the related asset groups or groups of asset groups.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(17) Goodwill *(Continued)*

The main assumptions applied in calculating discounted future cash flows for the Group's significant asset groups for the six months ended June 30, 2022 are as follows:

	Vehicles UK(a)	CIMC Huajun
Revenue growth rates in the forecast period	-2.6%-21.6%	5%
Terminal revenue growth rates	2%	2%
Gross margins	6.6%-7.8%	15%-16%
Pre-tax discount rates	14%	14%

The main assumptions applied in calculating discounted future cash flows for the Group's significant asset groups in 2021 are as follows:

	Vehicles UK	CIMC Huajun
Revenue growth rates in the forecast period	-3.8%-23.1%	5%
Terminal revenue growth rates	2%	2%
Gross margins	7.1%-7.8%	15%-16%
Pre-tax discount rates	14%	14%

- (a) Due to the global supply chain shortage, Vehicles UK delayed some orders in 2021 until 2022, which would lead to a decline in the estimated revenue in 2023 over 2022, and Vehicles UK would enter a stable period basically consistent with the industry forecast.

If the revenue growth rates in the forecast period of Vehicles UK had decreased by 7.0% from current estimates while other conditions had been held constant, goodwill would have been impaired; if the pre-tax discount rates used by Vehicles UK had increased by 6.4% from current estimates while other conditions had been held constant, goodwill would have been impaired; and if the gross margins used by Vehicles UK had decreased by 4.4% from current estimates while other conditions had been held constant, goodwill would have been impaired.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(18) Deferred tax assets and deferred tax liabilities

(a) *Deferred tax assets before offsetting*

	June 30, 2022		December 31, 2021	
	Deductible temporary differences and deductible tax losses	Deferred tax assets	Deductible temporary differences and deductible tax losses	Deferred tax assets
Provision for inventories	96,612,113.21	16,374,162.77	115,960,623.43	18,005,083.43
Provisions	190,224,447.14	36,061,467.49	181,670,367.20	31,892,804.30
Employee benefits payable	126,127,177.51	23,140,397.30	109,683,537.77	18,568,238.04
Provision for bad debts	109,736,844.51	18,762,613.67	107,720,283.37	18,608,363.87
Intra-group unrealised profits	89,169,689.68	22,292,422.42	70,672,556.68	17,668,139.17
Deferred income	48,266,572.46	7,353,679.29	52,915,170.26	8,079,665.22
Accrued expenses	153,264,230.16	25,743,665.98	247,411,541.09	43,967,650.91
Deductible tax losses	403,799,638.40	63,152,709.74	172,700,951.79	27,735,560.88
Others	43,838,756.92	9,151,422.41	25,030,371.51	4,167,147.00
	<u>1,261,039,469.99</u>	<u>222,032,541.07</u>	<u>1,083,765,403.10</u>	<u>188,692,652.82</u>
Including:				
Expected to be recovered within one year (inclusive)		114,591,632.48		120,176,497.65
Expected to be recovered after one year		<u>107,440,908.59</u>		<u>68,516,155.17</u>
		<u>222,032,541.07</u>		<u>188,692,652.82</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2022
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(18) Deferred tax assets and deferred tax liabilities *(Continued)*

(b) Deferred tax liabilities before offsetting

	June 30, 2022		December 31, 2021	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Accelerated depreciation of long-term assets	(538,298,240.15)	(99,823,246.82)	(406,811,943.95)	(79,192,900.38)
Business combinations not under common control	(102,535,742.99)	(21,937,661.69)	(116,293,692.51)	(24,510,852.50)
Changes in fair value of financial assets held for trading and derivative financial instruments	(425,076.40)	(97,246.54)	(2,018,503.00)	(509,900.75)
Adjustments in fair value of investment properties	(319,245,735.12)	(79,268,943.99)	(316,413,392.72)	(77,870,317.96)
Others	(14,328,826.12)	(3,484,959.99)	(15,268,070.88)	(3,817,017.73)
	<u>(974,833,620.78)</u>	<u>(204,612,059.03)</u>	<u>(856,805,603.06)</u>	<u>(185,900,989.32)</u>
Including:				
Expected to be recovered within one year (inclusive)		(79,366,190.53)		(78,380,218.71)
Expected to be recovered after one year		(125,245,868.50)		(107,520,770.61)
		<u>(204,612,059.03)</u>		<u>(185,900,989.32)</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(18) Deferred tax assets and deferred tax liabilities *(Continued)*

- (c) Deductible temporary differences and deductible tax losses that are not recognised as deferred tax assets are analysed as follows:

	June 30, 2022	December 31, 2021
Deductible temporary differences	180,310,835.49	179,959,933.13
Deductible tax losses	927,612,071.99	946,543,413.17
	<u>1,107,922,907.48</u>	<u>1,126,503,346.30</u>

- (d) Deductible tax losses that are not recognised as deferred tax assets will be expired in following years:

	June 30, 2022	December 31, 2021
2022	74,165,782.52	74,383,089.00
2023	52,373,985.42	56,110,138.57
2024	39,232,012.89	48,210,476.14
2025	57,007,833.60	94,955,597.71
2026	294,227,010.01	314,160,928.17
2027 and subsequent years	410,605,447.55	358,723,183.58
	<u>927,612,071.99</u>	<u>946,543,413.17</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(18) Deferred tax assets and deferred tax liabilities *(Continued)*

- (e) The net balances of deferred tax assets and deferred tax liabilities after offsetting are as follows:

	June 30, 2022		December 31, 2021	
	Offsetting amount	Balance after offsetting	Offsetting amount	Balance after offsetting
Deferred tax assets	(70,963,814.72)	151,068,726.35	(51,225,883.04)	137,466,769.78
Deferred tax liabilities	<u>70,963,814.72</u>	<u>(133,648,244.31)</u>	<u>51,225,883.04</u>	<u>(134,675,106.28)</u>

For the possible taxation effect from the cumulative undistributed profits of foreign subsidiaries, no deferred tax liabilities were recognised for the taxable temporary differences of RMB1,700,021,755.14 (December 31, 2021 : RMB1,455,837,429.41), as the Group has full discretion in determining the policy for dividend distribution and has neither such plan in foreseeable future nor the intent to dispose of these subsidiaries.

In addition, the Group had no significant unrecognised deferred tax liabilities.

(19) Other non-current assets

	June 30, 2022	December 31, 2021
Prepayment for equipments	<u>117,085,701.52</u>	<u>136,313,442.51</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2022
(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(20) Provision for impairment

	December 31, 2021	Increase in the current period	Decrease in the current period		Currency translation differences	June 30, 2022
			Reversal	Write-off		
Provision for bad debts of notes receivables	966,840.65	941,315.18	(966,840.65)	-	-	941,315.18
Including: Provision for bad debts on an individual basis	-	-	-	-	-	-
Provision for bad debts on a collective basis	966,840.65	941,315.18	(966,840.65)	-	-	941,315.18
Provision for bad debts of accounts receivables	147,633,049.21	18,736,939.06	(7,226,825.23)	(254,015.35)	(276,028.96)	158,613,118.73
Including: Provision for bad debts on an individual basis	-	-	-	-	-	-
Provision for bad debts on a collective basis	147,633,049.21	18,736,939.06	(7,226,825.23)	(254,015.35)	(276,028.96)	158,613,118.73
Provision for impairment of receivables financing	1,587,253.74	1,218,397.02	(1,587,253.74)	-	-	1,218,397.02
Provision for bad debts of other receivables	20,596,176.40	3,261,908.91	(1,737,478.60)	(4,266,311.68)	-	17,854,295.03
Provision for impairment of long-term receivables	833,025.70	596,003.47	(583,777.08)	-	-	845,252.09
Current portion of non-current assets	952,300.28	273,552.17	(255,705.42)	-	-	970,147.03
Provision for financial guarantees	48,564,611.81	36,466,716.42	(43,612,886.80)	-	-	41,418,441.43
Sub-total	<u>221,133,257.79</u>	<u>61,494,832.23</u>	<u>(55,970,767.52)</u>	<u>(4,520,327.03)</u>	<u>(276,028.96)</u>	<u>221,860,966.51</u>
Provision for bad debts of advances to suppliers	5,876,123.39	-	-	-	-	5,876,123.39
Provision for inventories and impairment of contract fulfillment costs	136,598,615.18	14,914,056.33	(2,358,731.35)	(45,775,821.71)	(1,085,603.15)	102,292,515.30
Provision for impairment of fixed assets	23,181,213.48	-	-	(11,303.50)	33,320.52	23,203,230.50
Provision for impairment of intangible assets	40,006,354.26	-	-	-	255,332.02	40,261,686.28
Provision for impairment of goodwill	37,171,284.24	-	-	-	(3,525.49)	37,167,758.75
Sub-total	<u>242,833,590.55</u>	<u>14,914,056.33</u>	<u>(2,358,731.35)</u>	<u>(45,787,125.21)</u>	<u>(800,476.10)</u>	<u>208,801,314.22</u>
	<u>463,966,848.34</u>	<u>76,408,888.56</u>	<u>(58,329,498.87)</u>	<u>(50,307,452.24)</u>	<u>(1,076,505.06)</u>	<u>430,662,280.73</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(21) Short-term borrowings

	June 30, 2022	December 31, 2021
Guaranteed (a)		
RMB	35,051,374.93	108,045,208.20
USD	20,134,200.00	60,569,150.00
THB	63,028,010.09	57,523,101.36
GBP	61,045,458.18	—
	<u>179,259,043.20</u>	<u>226,137,459.56</u>
Unsecured		
RMB	85,043,750.00	120,180,605.60
USD	313,660,203.86	205,667,288.27
EUR	18,572,260.00	19,132,205.00
GBP	58,582,800.00	318,436,800.00
	<u>475,859,013.86</u>	<u>663,416,898.87</u>
Pledged (b)		
RMB	5,000,000.00	—
	<u>660,118,057.06</u>	<u>889,554,358.43</u>

(a) The Group's short-term guaranteed borrowings include the guaranteed borrowings of Liangshan CIMC Dongyue Vehicles Co., Ltd. and Zhumadian CIMC Huajun Casting Co., Ltd. (all of which are subsidiaries of the Group), amounted to RMB35,051,374.93, and guaranteed borrowings of CIMC Vehicle (Thailand) Co., Ltd. amounted to THB 330,682,109.60 (equivalent to RMB63,028,010.09) and guaranteed borrowings of CIMC VEHICLES UK LIMITED amounted to GBP 7,502,668.00 (equivalent to RMB61,045,458.18), all of which are guaranteed by the Company. The guaranteed borrowings of USD3,000,000.00 (equivalent to RMB20,134,200.00) of CIMC Intermodal Equipment, LLC, a subsidiary of the Group, is guaranteed by CIMC Vehicle Investment Holdings Co., Ltd. and CIMC USA Inc, which are also subsidiaries of the Group.

(b) As at June 30, 2022, the pledged bank borrowings of RMB5,000,000.00 (December 31, 2021: nil) were short-term borrowings obtained by discounting the trade acceptance notes.

(c) As at June 30, 2022, the interest rate of short term borrowings ranged from 0.80% to 4.68% (December 31, 2021: 0.80% to 4.65%).



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(22) Notes payables

	June 30, 2022	December 31, 2021
Trade acceptance notes	161,641,699.22	95,680,000.00
Bank acceptance notes	580,533,012.67	1,002,795,012.01
	<u>742,174,711.89</u>	<u>1,098,475,012.01</u>

(23) Accounts payables

	June 30, 2022	December 31, 2021
Related parties (Note 8(6)(g))	261,260,208.73	181,212,628.67
Third parties	4,073,437,759.81	3,377,214,460.72
	<u>4,334,697,968.54</u>	<u>3,558,427,089.39</u>

(i) As at June 30, 2022, accounts payables aged over one year amounted to RMB61,092,862.00 (December 31, 2021: RMB23,993,213.37), which were mainly material costs payable, and have not yet been settled.

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

	June 30, 2022	December 31, 2021
Within 30 days	2,017,898,807.26	1,895,707,492.45
31 to 60 days	794,163,059.21	439,390,266.47
61 to 90 days	788,453,059.86	647,939,676.52
Over 90 days	734,183,042.21	575,389,653.95
	<u>4,334,697,968.54</u>	<u>3,558,427,089.39</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(24) Contract liabilities

	June 30, 2022	December 31, 2021
Advances for goods	<u>553,914,298.14</u>	<u>547,132,006.91</u>

For the six months ended June 30, 2022, balance of RMB406,436,016.77 included in contract liabilities at the beginning of the period was recognized as revenue (for the six months ended June 30, 2021: RMB659,258,977.50).

(25) Employee benefits payable

	June 30, 2022	December 31, 2021
Short-term employee benefits payable (a)	499,513,774.23	515,435,825.28
Defined contribution plans payable (b)	20,306,393.07	17,975,413.56
Termination benefits payable (c)	<u>—</u>	<u>156,747.00</u>
	<u>519,820,167.30</u>	<u>533,567,985.84</u>

(a) Short-term employee benefits payable

	December 31, 2021	Increase in the current period	Decrease in the current period	June 30, 2022
Wages and salaries, bonus, allowances and subsidies	496,330,398.59	974,105,069.78	(996,762,337.79)	473,673,130.58
Staff welfare	3,791,908.49	19,402,942.07	(19,618,058.65)	3,576,791.91
Social security contributions	3,645,578.45	45,738,054.09	(38,740,919.67)	10,642,712.87
Including: Medical insurance	3,223,394.78	43,424,178.77	(36,420,443.91)	10,227,129.64
Work injury insurance	152,786.85	1,966,514.08	(1,994,327.57)	124,973.36
Maternity insurance	269,396.82	347,361.24	(326,148.19)	290,609.87
Housing funds	4,546.93	25,591,495.46	(23,757,796.92)	1,838,245.47
Labour union funds and employee education funds	7,310,442.19	6,144,445.61	(6,696,082.30)	6,758,805.50
Other short-term employee benefits	<u>4,352,950.63</u>	<u>22,185,902.18</u>	<u>(23,514,764.91)</u>	<u>3,024,087.90</u>
	<u>515,435,825.28</u>	<u>1,093,167,909.19</u>	<u>(1,109,089,960.24)</u>	<u>499,513,774.23</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022
(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(25) Employee benefits payable *(Continued)*

(b) Defined contribution plans

	December 31, 2021	Increase in the current period	Decrease in the current period	June 30, 2022
Basic pensions	17,694,073.25	62,440,088.28	(60,053,029.50)	20,081,132.03
Unemployment insurance	281,340.31	2,013,282.56	(2,069,361.83)	225,261.04
	<u>17,975,413.56</u>	<u>64,453,370.84</u>	<u>(62,122,391.33)</u>	<u>20,306,393.07</u>

Monthly payments of premiums on the basic pensions and unemployment insurance are calculated according to the bases and percentage prescribed by local authorities of Ministry of Human Resource and Social Security, and such payments cannot be used to offset the amounts that the Group should pay for employees in future periods.

(c) Termination benefits payable

	June 30, 2022	December 31, 2021
Other termination benefits ⁽ⁱ⁾	<u>—</u>	<u>156,747.00</u>

(i) For the six months ended June 30, 2022, other termination benefits paid by the Group for termination of the employment relationship were RMB1,230,491.58 (for the six months ended June 30, 2021: RMB398,789.40).

(26) Taxes payable

	June 30, 2022	December 31, 2021
Unpaid VAT	50,533,078.10	45,027,781.97
Corporate income tax payable	111,743,510.65	84,764,394.95
Land use tax payable	7,681,302.73	6,848,967.34
Individual income tax payable	9,628,671.14	14,490,362.96
City maintenance and construction tax payable	2,541,261.78	2,854,667.01
Educational surcharge payable	1,867,871.56	2,128,362.79
Others	<u>49,369,568.43</u>	<u>30,006,821.81</u>
	<u>233,365,264.39</u>	<u>186,121,358.83</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(27) Other payables

	June 30, 2022	December 31, 2021
Amounts due to related parties <i>(Note 8(6)(h))</i>	112,981,921.02	116,784,864.38
Dividends due to non-controlling interests	44,943,658.41	182,333.46
Dividends due to shareholders of the Company	403,520,000.00	–
Accrued expenses	369,013,676.44	494,762,966.22
Deposits for quality guarantees and temporary receipts	514,176,891.22	488,712,798.14
Freight expenses payable	17,629,692.53	13,104,200.99
Payables for equipment and land use rights	149,644,691.47	169,504,298.03
Payables to and advance from the government 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 for acquisitions	10,932,782.29	10,932,782.29
Others	89,817,388.63	88,356,278.00
	<u>1,741,414,074.70</u>	<u>1,411,093,894.20</u>

(a) As at June 30, 2022, other payables with ageing over one year amounted to RMB42,414,650.48 (December 31, 2021: RMB34,464,397.21), mainly representing payables to and advance from the government for land use rights, which had not been settled due to unfinished government procedures and other reasons.

(28) Current portion of non-current liabilities

	June 30, 2022	December 31, 2021
Current portion of long-term borrowings <i>(Note 4(30))</i>	57,886,234.73	62,209,815.36
Current portion of lease liabilities <i>(Note 4(31))</i>	35,132,266.80	34,641,948.48
Current portion of long-term payables	–	7,165,962.57
	<u>93,018,501.53</u>	<u>104,017,726.41</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(29) Other current liabilities

	June 30, 2022	December 31, 2021
Warranties ^(a)	175,623,145.59	163,302,420.47
Financial guarantee for vehicle mortgage loans ^(b)	41,418,441.43	48,564,611.81
Accrued litigation and compensation loss	3,634,431.52	4,752,870.38
Output VAT to be recognised	44,366,669.11	58,582,377.13
Others	8,907,803.05	11,159,572.84
	<u>273,950,490.70</u>	<u>286,361,852.63</u>

(a) The Group provides after-sale quality maintenance commitments to consumers who purchase transportation vehicles. In case of failures and quality problems that are not caused by accidents during the warranty period for transportation vehicles sold, the Group undertakes the warranty responsibility as per the contract. Provision for warranties is made based on the Group's estimated obligation for such quality warranties.

(b) In accordance with the provisions of financial guarantee contracts related to auto financial guarantees provided for consumers by the Group and its subsidiaries, the Group and its subsidiaries, as vehicle financing guarantors for consumers of transportation vehicles sold, shall perform obligations or assume liabilities in accordance with the contracts when the debtors fail to perform obligations, and the financial contract liabilities are subsequently measured at the higher of the amount initially recognised net of accumulated amortisation and the provisions determined according to the contingency principle. The amount of warranties is provided based on the risk assessment on the Group's loss arising from compensation for the guarantee contracts.

(c) Changes in warranties and financial guarantee for vehicle mortgage loans

	December 31, 2021	Increase in the current period	Decrease in the current period	Currency translation differences	June 30, 2022
Warranties	163,302,420.47	33,072,228.24	(22,786,678.73)	2,035,175.61	175,623,145.59
Financial guarantee for vehicle mortgage loans	48,564,611.81	36,466,716.42	(43,612,886.80)	-	41,418,441.43
	<u>211,867,032.28</u>	<u>69,538,944.66</u>	<u>(66,399,565.53)</u>	<u>2,035,175.61</u>	<u>217,041,587.02</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(30) Long-term borrowings

	June 30, 2022	December 31, 2021
Guaranteed ^(a)	–	137,332,915.06
Unsecured	<u>446,002,378.80</u>	<u>299,700,000.00</u>
	<u>446,002,378.80</u>	<u>437,032,915.06</u>
Less: Current portion of long-term borrowings (Note 4(28))		
Guaranteed	–	(40,409,815.36)
Unsecured	<u>(57,886,234.73)</u>	<u>(21,800,000.00)</u>
	<u>(57,886,234.73)</u>	<u>(62,209,815.36)</u>
	<u>388,116,144.07</u>	<u>374,823,099.70</u>

(a) As at June 30, 2022, there was no bank guaranteed loan. (December 31, 2021: the bank guaranteed loan of RMB137,332,915.06 of China Jiangsu Vanguard Trailer Rental Co., Ltd., a subsidiary of the Group, is guaranteed by the Company).

(b) As at June 30, 2022, the interest rate of long-term borrowings ranged from 3.25% to 5.05% (December 31, 2021: 3.25% to 4.65%).



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(31) Lease liabilities

	June 30, 2022	December 31, 2021
Lease liabilities	225,515,546.27	219,805,247.08
Less: current portion of lease liabilities (Note 4(28))	<u>(35,132,266.80)</u>	<u>(34,641,948.48)</u>
	<u>190,383,279.47</u>	<u>185,163,298.60</u>

(a) As at June 30, 2022, future cash outflows to which the Group was potentially exposed that were not included in the lease liabilities were future minimum lease payments of RMB6,910,321.00 of short-term leases and low-value asset lease contracts adopting the practical expedient according to the new lease standard, which should be paid within one year. In addition, there were no other future cash outflows to which the Group was potentially exposed that were not included in the lease liabilities.

(32) Deferred income

	December 31, 2021	Increase in the current period	Decrease in the current period	June 30, 2022
Government grants	<u>60,752,790.97</u>	<u>11,309,963.00</u>	<u>(12,361,897.16)</u>	<u>59,700,856.81</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX MONTHS ENDED JUNE 30, 2022
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(32) Deferred income (Continued)

(a) Government grants

	December 31, 2021	Increase in the current period	Decrease in the current period		Currency translation differences	June 30, 2022	Asset related/ Income related
			Recognized in other income	Offset against financial expenses			
Land supporting funds and technology research and development funds of Shandong Vehicles	3,146,352.45	-	(112,369.68)	-	-	3,033,982.77	Asset related
Land contract tax refund of Wuhu Automobile	2,704,140.00	-	(70,995.00)	-	-	2,633,145.00	Asset related
Technological transformation project of Jiangmen Vehicles	10,362,694.08	-	(621,779.10)	-	-	9,740,914.98	Asset related
Stereoscopic warehouse project of CIMC Huajun	1,416,666.77	-	(124,999.98)	-	-	1,291,666.79	Asset related
Elevator programme of CIMC MLI	1,904,049.26	-	(645,572.17)	-	8,829.53	1,267,306.62	Income related
Demolition compensation project of Yangzhou Tonghua	-	1,863,363.00	(57,334.24)	-	-	1,806,028.76	Asset related
Subsidies for technological upgrading of fixed assets granted by Shenzhen Pingshan Finance Bureau	5,768,659.06	-	(303,613.62)	-	-	5,465,045.44	Asset related
Provincial special funds for the transformation and upgrading granted by Yangzhou Economic Development Bureau	3,200,000.00	-	(3,200,000.00)	-	-	-	Income related
Fund for the development and guidance of advanced manufacturing industry of Yangzhou City	-	4,159,100.00	(207,955.00)	-	-	3,951,145.00	Asset related
Discounted loan interest for Yangzhou Tonghua plant construction project	7,108,333.33	-	-	(4,695,777.50)	-	2,412,555.83	Income related
Special subsidy project for Qingdao CIMC on air pollution prevention and control	1,194,744.48	-	(57,810.24)	-	-	1,136,934.24	Asset related
Funding plan for intelligent manufacturing key projects in Dongguan	3,164,653.80	-	(234,418.80)	-	-	2,930,235.00	Asset related
Technical investment and transformation project of the Industry and Information Technology Bureau of Shenzhen Municipality	8,319,745.76	-	(437,881.32)	-	-	7,881,864.44	Asset related
Special fund for economic development of Pingshan District, Shenzhen	4,198,175.40	-	(220,956.60)	-	-	3,977,218.80	Asset related
Transformation in intelligent manufacturing technology for special vehicles	1,001,492.60	-	(49,253.70)	-	-	952,238.90	Asset related
Central air pollution prevention and control fund – coating VOC control project	1,888,888.88	-	(83,333.34)	-	-	1,805,555.54	Asset related
Foreign trade stabilisation and transformation and upgrading projects of Baiyin Finance Bureau	283,593.75	-	(14,062.50)	-	-	269,531.25	Asset related
Major emerging industrial project for manufacturing of high-end storage and transportation equipment for fluid materials in Wuhu	4,778,370.00	-	(265,465.02)	-	-	4,512,904.98	Asset related
Technical renovation fund for promoting high-quality economic development in Dongguan	-	1,457,500.00	(131,579.86)	-	-	1,325,920.14	Asset related
Special fund for high-quality manufacturing development in Luoyang	-	3,830,000.00	(606,416.67)	-	-	3,223,583.33	Asset related
Others	312,231.35	-	(229,152.35)	-	-	83,079.00	Asset related/ Income related
	<u>60,752,790.97</u>	<u>11,309,963.00</u>	<u>(7,674,949.19)</u>	<u>(4,695,777.50)</u>	<u>8,829.53</u>	<u>59,700,856.81</u>	



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(33) Share capital

	December 31, 2021	Movements in the current period ^(a)	June 30, 2022
Shares subject to trading restriction –			
A shares	1,280,386,955.00	(10,341,439.00)	1,270,045,516.00
H shares	284,985,000.00	–	284,985,000.00
Shares not subject to trading restriction -			
A shares	173,293,045.00	10,341,439.00	183,634,484.00
H shares	278,935,000.00	–	278,935,000.00
	<u>2,017,600,000.00</u>	<u>–</u>	<u>2,017,600,000.00</u>

(a) 11,156,439 A shares subscribed by off-line placement shareholders through A share IPO were released from restriction at January 10, 2022. 815,000 A shares lent out through the refinancing business previously had been returned, which leads to the increase of shares subject to trading restriction.

(34) Capital reserve

	December 31, 2021	Increase in the current period ^(a)	Decrease in the current period ^(b)	June 30, 2022
Share premium	4,744,910,598.42	25,281,049.83	–	4,770,191,648.25
Other capital reserve –				
Others	9,957,725.59	–	(331,247.26)	9,626,478.33
	<u>4,754,868,324.01</u>	<u>25,281,049.83</u>	<u>(331,247.26)</u>	<u>4,779,818,126.58</u>

(a) In March 2022, the Company reached an agreement with Central Enterprise Poor Regions Industry Investment Fund Co., Ltd. The Company transferred the 10.64% equity of the subsidiary, China Jiangsu Vanguard Trailer Rental Co., Ltd. with the consideration of RMB50,000,000.00. Meanwhile, Central Enterprise Poor Regions Industry Investment Fund Co., Ltd. made a capital injection of RMB50,000,000.00 towards China Jiangsu Vanguard Trailer Rental Co., Ltd.. After these transactions, the Group holds 51.92% equity interest of China Jiangsu Vanguard Trailer Rental Co., Ltd.. And the share premium increased by RMB25,281,049.83.

(b) In May 2022, other shareholders of the Company's associate, Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. ("CIMC Tongchuang") subscribed RMB162.1005 million registered capital of CIMC Tongchuang by RMB187.5175 million. The Company waived the exercise of the preferential subscription right for the capital injection. After the completion, the shareholding of CIMC Tongchuang held by the Company will be diluted from 10% to 5.52%. And the Company is still able to exert significant influences on CIMC Tongchuang. The changes of the equity interest of CIMC Tongchuang held by the Company offset the other capital reserve by RMB331,247.26.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(36) Surplus reserve

	December 31, 2021	Increase in the current period	Decrease in the current period	June 30, 2022
Statutory surplus reserve	<u>261,108,219.97</u>	<u>–</u>	<u>–</u>	<u>261,108,219.97</u>

(37) Undistributed profits

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Undistributed profits at the beginning of the period	4,834,324,784.85	4,588,539,034.46
Add: Net profit attributable to the shareholder of the Company	365,758,163.71	688,457,493.07
Less: Appropriation for surplus reserve	–	–
Dividends paid ^(a)	<u>(403,520,000.00)</u>	<u>–</u>
Undistributed profits at the end of the period	<u>4,796,562,948.56</u>	<u>5,276,996,527.53</u>

(a) As approved by the shareholders' general meeting on May 31, 2022, the Company distributed cash dividends to the shareholder of the Company, at RMB0.2 per share (tax inclusive), which was calculated according to 2,017,600,000 shares issued, totaling to RMB403,520,000.00. For the six months ended June 30, 2022, the Company did not distribute interim cash dividends.

For the six months ended June 30, 2021, the Company did not declare cash dividends. As approved by the Board of Directors on August 25, 2021 and the first extraordinary general meeting on September 29, 2021, the Company distributed the 2021 special interim cash dividends to the Shareholder of the Company, at RMB0.3 per share (tax inclusive), which was calculated according to 2,017,600,000 Shares issued, totaling to RMB605,280,000.00.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(38) Revenue and cost of sales

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Revenue from main operations	11,046,010,539.56	17,546,971,726.73
Revenue from other operations	149,831,598.51	164,872,332.45
	<u>11,195,842,138.07</u>	<u>17,711,844,059.18</u>
	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Cost of sales from main operations	9,904,187,295.42	15,897,025,727.17
Cost of sales from other operations	40,755,748.00	30,542,871.73
	<u>9,944,943,043.42</u>	<u>15,927,568,598.90</u>

(a) Revenue and cost of sales from main operations

	For the six months ended June 30, 2022		For the six months ended June 30, 2021	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Sales of vehicles	9,808,657,822.78	8,851,092,461.46	16,277,514,121.44	14,879,447,674.18
Sales of parts and components	1,059,834,973.93	934,571,048.23	1,050,520,299.97	898,703,135.22
Others	<u>177,517,742.85</u>	<u>118,523,785.73</u>	<u>218,937,305.32</u>	<u>118,874,917.77</u>
	<u>11,046,010,539.56</u>	<u>9,904,187,295.42</u>	<u>17,546,971,726.73</u>	<u>15,897,025,727.17</u>

(b) Revenue and cost of sales from other operations

	For the six months ended June 30, 2022		For the six months ended June 30, 2021	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Sales of scrap	68,035,700.75	2,727,923.79	120,156,616.12	11,182,098.14
Others	<u>81,795,897.76</u>	<u>38,027,824.21</u>	<u>44,715,716.33</u>	<u>19,360,773.59</u>
	<u>149,831,598.51</u>	<u>40,755,748.00</u>	<u>164,872,332.45</u>	<u>30,542,871.73</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(38) Revenue and cost of sales *(Continued)*

(c) *Disaggregation of revenue:*

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Revenue		
Including: Recognised at a point in time	11,041,016,866.51	17,555,051,787.53
Recognised over time	76,891,879.57	79,255,771.04
Rental income ⁽ⁱ⁾	77,933,391.99	77,536,500.61
	<u>11,195,842,138.07</u>	<u>17,711,844,059.18</u>

(i) The rental income from the rental of buildings, machinery and equipment, motor vehicles, electronic and other equipment owned by the Group. No significant lease changes occur for the six months ended June 30, 2022 and 2021.

(39) Taxes and surcharges

	For the six months ended June 30, 2022	For the six months ended June 30, 2021	Taxation base
City maintenance and construction tax	7,880,445.88	15,207,985.76	7% of the payment amount of VAT
Educational surcharge	5,817,521.85	11,244,087.31	5% of the payment amount of VAT
Property tax	9,128,899.56	9,030,250.13	The residual value and rental income of properties and the prescribed tax rate
Land use tax	14,523,171.61	14,858,084.37	The area of land actually used and the prescribed unit tax
Stamp tax	3,738,887.44	6,330,873.65	The amount included in the taxable vouchers or the number of vouchers and the prescribed tax rate or unit tax
Others	753,481.22	1,051,445.95	
	<u>41,842,407.56</u>	<u>57,722,727.17</u>	



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(40) Selling expenses

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Employee benefits expenses	119,668,536.90	169,324,544.58
Travelling, entertainment and selling expenses	56,799,973.71	89,363,722.49
Product warranty expenses	32,990,662.21	62,065,743.78
External sale commission of products	15,676,966.23	15,369,658.23
Insurance premiums	7,327,425.47	3,967,507.50
Maintenance fees	6,942,673.23	10,061,675.66
Advertising and exhibition fees	6,294,884.95	9,630,085.16
Storage fees	3,952,364.52	1,774,293.51
Depreciation and amortisation expenses	3,718,800.05	3,817,680.14
Intermediary fees	1,455,357.27	3,711,858.94
Others	8,896,624.46	14,274,006.55
	<u>263,724,269.00</u>	<u>383,360,776.54</u>

(41) Administrative expenses

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Employee benefits expenses	220,266,724.30	246,767,541.02
Depreciation and amortisation expenses	49,186,752.64	46,826,111.01
Intermediary fees	29,828,180.80	40,764,936.60
Material consumption and low value products	10,296,478.00	12,973,000.00
Insurance premiums	9,898,268.29	7,331,068.30
Utilities	8,446,105.66	7,303,032.89
Depreciation of right-of-use assets	7,957,773.00	12,391,465.34
Entertainment expenses	6,659,108.53	9,448,934.86
Funding for establishment	6,034,806.68	2,864,361.31
Charges and local fees	5,507,345.09	6,937,149.71
Travelling expenses	5,141,424.83	5,269,825.26
External maintenance charges	4,725,523.43	4,956,926.69
Communication fees	4,001,168.31	4,173,351.52
Transportation expenses	2,694,104.39	3,388,778.76
Rentals	2,652,889.47	4,283,877.66
Human resource related expenses	1,656,463.68	1,981,147.33
Others	23,490,993.34	29,706,490.49
	<u>398,444,110.44</u>	<u>447,367,998.75</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(42) Research and development expenses

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Employee benefits expenses	56,191,980.46	58,696,082.37
Direct material consumption	52,172,113.08	83,256,247.78
Depreciation and amortisation	15,145,308.18	17,682,250.22
Test fee	12,751,168.35	16,031,361.68
Design fee	6,014,458.13	9,398,693.46
Others	3,626,173.40	4,713,601.12
	<u>145,901,201.60</u>	<u>189,778,236.63</u>

(43) Financial expenses

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Interest expenses on borrowings	22,022,002.36	27,724,595.21
Add: Interest expenses on lease liabilities	4,724,209.18	5,454,687.09
Government grants (Note 4(32))	<u>(4,695,777.50)</u>	<u>(4,929,166.67)</u>
Interest expenses	22,050,434.04	28,250,115.63
Less: Interest income	(34,617,381.21)	(26,035,102.02)
Exchange (losses)/gains	(42,384,676.12)	4,565,586.35
Others	2,375,776.07	2,055,728.26
	<u>(52,575,847.22)</u>	<u>8,836,328.22</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(44) Expenses by nature

The cost of sale, selling expenses, administrative expenses and research and development expenses in the income statement are listed as follows by nature:

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Changes in inventories of finished goods and work in progress	(348,226,111.95)	55,007,468.32
Consumed raw materials and low value consumables	9,074,338,311.03	14,544,142,862.17
Employee benefits expenses	1,158,851,771.61	1,332,528,068.04
Depreciation and amortization expenses	257,755,957.67	226,263,268.57
Shipping and handling expenses	156,278,472.37	160,235,380.40
Utility expenses	83,376,457.64	107,144,114.89
Processing and repairing expenses	81,469,286.47	134,644,046.59
Travelling, entertainment and selling expenses	68,600,507.07	104,082,482.61
Product warranty expenses	32,990,662.21	62,065,743.78
Intermediary fees	31,283,538.07	44,476,795.54
Depreciation of right-of-use assets	22,537,059.39	23,383,161.17
Design fee and test fee	22,391,799.88	30,143,656.26
Insurance premiums	17,225,693.76	11,298,575.80
Rentals ⁽ⁱ⁾	7,841,447.66	11,033,931.98
Charges and local fees	5,507,345.09	6,937,149.71
Other expenses – other administrative expenses	30,410,949.99	42,114,129.41
Other expenses – other selling expenses	42,269,603.95	41,048,043.45
Other expenses – other manufacturing expenses	8,109,872.55	11,526,732.13
	<u>10,753,012,624.46</u>	<u>16,948,075,610.82</u>

(i) As disclosed in Note 2(25), the Group directly recognises the lease payments of short-term leases and low value leases in profit or loss. For the six months ended June 30, 2022, the amount was RMB7,841,447.66 (for the six months ended June 30, 2021: RMB11,033,931.98).

(ii) For the daily maintenance and repair expenses of fixed assets that do not meet the criteria of capitalisation, the Group included the costs related to the production and processing of inventories in the costs of inventories and recognised as cost of sale accordingly, and included the costs related to the research and development department, the administrative department and the sale department in research and development expenses, administrative expenses and selling expenses, respectively.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(45) Asset impairment losses

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Provision for inventories and costs incurred to fulfil a contract	<u>(12,555,324.98)</u>	<u>(22,089,616.60)</u>

(46) Credit impairment losses

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Reversal of bad debts of notes receivables	25,525.47	1,127,036.01
Losses on bad debts of accounts receivables	(11,510,113.83)	(63,884,460.38)
Reversal of bad debts of receivables financing	368,856.72	389,091.06
(Losses on)/reversal of bad debts of other receivables	(1,524,430.31)	1,922,024.10
(Losses on)/reversal of bad debts of long-term receivables (including current portion of non-current assets)	(30,073.14)	504,793.42
Reversal of/(losses on) financial guarantee contracts provision	<u>7,146,170.38</u>	<u>(9,123,116.34)</u>
	<u>(5,524,064.71)</u>	<u>(69,064,632.13)</u>

(47) Other income

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Government grants ^(a)	36,664,269.82	92,668,662.38
Extra deductible VAT	640,293.58	11,462.56
Tax refunds	<u>1,136,807.81</u>	<u>627,476.24</u>
	<u>38,441,371.21</u>	<u>93,307,601.18</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2022
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(47) Other income *(Continued)*

(a) Government grants

	For the six months ended June 30, 2022	For the six months ended June 30, 2021	Asset related/ Income related
Significant emerging industry development fund of Anhui Province	16,109,800.00	–	Income related
Provincial special fund for transformation and upgrading from Yangzhou Economic Development Bureau	3,200,000.00	–	Income related
Flood control fund from Bureau of Finance of Zhenjiang Hi-tech District	1,800,000.00	–	Income related
Demolition compensation project of Yangzhou Tonghua	–	46,440,843.79	Income related
Subsidy for emergency employment stabilisation of CIMC Huajun	–	6,777,000.00	Income related
Government subsidy for Z148 brake disc production line with an annual output of 300,000 sets	–	6,690,000.00	Income related
Fund of significant emerging industry of advanced fluid material storage and transportation equipment manufacturing in Wuhu City	265,465.02	5,309,300.00	Asset related
Fund for the development and guidance of advanced manufacturing industry in Yangzhou City	–	2,100,000.00	Income related
Refund of financial subsidy of Polish Development Fund (PFR)	–	3,491,726.95	Income related
Award for the capacity expansion of industrial enterprises in 2021 received by Shenzhen CIMC Vehicle	–	2,999,000.00	Income related
Subsidy for emergency employment stabilisation – Employment Promotion Centre of Yicheng District of Zhumadian City	–	2,097,400.00	Income related
Fund for the development and guidance of advanced manufacturing industry in 2020	–	1,400,000.00	Income related
Subsidy from the Economic and Information Development Bureau of Wuhu City	–	1,200,000.00	Income related Asset related/
Others	<u>15,289,004.80</u>	<u>14,163,391.64</u>	Income related
	<u>36,664,269.82</u>	<u>92,668,662.38</u>	



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(48) Investment (losses)/income

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Share of net profit of associates and joint ventures	4,058,836.70	2,158,678.03
Losses from disposal of associates and joint ventures	–	(375,851.02)
(Losses)/income from disposal of derivative financial instruments	(2,050,012.60)	2,532,107.94
Losses from discounted notes receivables ^(a)	(4,081,710.55)	–
	<u>(2,072,886.45)</u>	<u>4,314,934.95</u>

(a) A portion of notes receivables were discounted and derecognised, with loss incurred of RMB4,081,710.55, which was included in investment (losses)/income for the six months ended June 30, 2022 (for the six months ended June 30, 2021: Nil).

(49) Fair Value (losses)/gains

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Fair value change on investment properties	2,832,342.40	(136,084.05)
Fair value change on equity instruments held for trading	–	(2,364,208.26)
Fair value change on derivative financial assets	(1,614,526.60)	2,854,435.77
Fair value change on derivative financial liabilities	(10,593,605.17)	70,049.90
	<u>(9,375,789.37)</u>	<u>424,193.36</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(50) (Losses)/gains on disposals of assets

	For the six months ended June 30, 2022	For the six months ended June 30, 2021	Amount recognised in non-recurring profit or loss for the six months ended June 30,2022
Gains on disposals of fixed assets	753,787.04	101,422,975.77	753,787.04
Losses on disposals of fixed assets	(9,360,562.08)	(641,323.96)	(9,360,562.08)
Gains on disposals of intangible assets	—	73,490,918.46	—
	<u>(8,606,775.04)</u>	<u>174,272,570.27</u>	<u>(8,606,775.04)</u>

(51) Non-operating income

	For the six months ended June 30, 2022	For the six months ended June 30, 2021	Amount recognised in non-recurring profit or loss for the six months ended June 30,2022
Unpayable payables	598,778.97	1,804,714.47	598,778.97
Penalty income	4,155,515.68	2,230,508.10	4,155,515.68
Compensation income	239,180.31	207,286.81	239,180.31
Others	170,713.00	1,835,346.02	170,713.00
	<u>5,164,187.96</u>	<u>6,077,855.40</u>	<u>5,164,187.96</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(52) Non-operating expenses

	For the six months ended June 30, 2022	For the six months ended June 30, 2021	Amount recognised in non-recurring profit or loss for the six months ended June 30, 2022
Losses on disposals of fixed assets	776,330.10	1,807,584.09	776,330.10
Compensation expenses	359,806.13	503,827.79	359,806.13
Penalty expenses	1,623,843.34	170,421.39	1,623,843.34
Others	299,509.69	356,902.25	299,509.69
	<u>3,059,489.26</u>	<u>2,838,735.52</u>	<u>3,059,489.26</u>

(53) Income tax expenses

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Current income tax calculated based on tax law and related regulations	100,297,506.56	114,167,859.24
Deferred income tax	<u>(14,628,818.54)</u>	<u>6,795,792.49</u>
	<u>85,668,688.02</u>	<u>120,963,651.73</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(53) Income tax expenses *(Continued)*

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

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Profit before income tax	<u>455,974,182.63</u>	<u>881,613,563.88</u>
Income tax calculated at applicable tax rates	101,022,247.72	144,244,871.92
Income not subject to tax	(5,948,939.47)	(585,821.12)
Expenses not deductible for tax purposes	4,730,962.23	4,015,876.91
Utilisation of previously unrecognised deductible tax losses and temporary differences	(11,174,836.82)	(1,369,138.65)
Adjustment on taxation in previous year	(7,998,970.30)	(16,884,782.70)
Deductible tax losses and temporary differences for which no deferred tax asset was recognised	20,450,422.94	14,671,240.42
Research and development expenses bonus deduction	<u>(15,412,198.28)</u>	<u>(23,128,595.05)</u>
Income tax expenses	<u>85,668,688.02</u>	<u>120,963,651.73</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(54) Earnings per share

(a) *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.

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Consolidated net profit attributable to ordinary shareholders of the Company	365,758,163.71	688,457,493.07
Weighted average number of ordinary shares outstanding	<u>2,017,600,000.00</u>	<u>1,765,000,000.00</u>
Basic earnings per share (RMB/share)	<u>0.18</u>	<u>0.39</u>
Including:		
– Basic earnings per share from continuing operations:	<u>0.18</u>	<u>0.39</u>

(b) *Diluted earnings per share*

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

There were no dilutive potential ordinary shares for the six months ended June 30, 2022 and 2021, and therefore, diluted earnings per share are the same as the basic earnings per share.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(55) Notes to the cash flow statement

(a) Cash received relating to other operating activities

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Interest	34,617,381.21	26,035,102.02
Government grants	40,299,283.63	46,087,741.17
Forfeiture income	4,155,515.68	2,230,508.10
Others	178,025,145.52	114,397,695.11
	<u>257,097,326.04</u>	<u>188,751,046.40</u>

(b) Cash paid relating to other operating activities

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Shipping and handling expenses	151,752,980.83	158,464,722.12
Travelling, entertainment and selling expenses	68,600,507.07	104,082,482.61
Rental, insurance and miscellaneous charges related to sale	36,735,338.08	32,394,183.44
Product warranty expenses	22,786,678.73	49,091,762.06
Intermediary fees	31,688,478.45	44,476,795.54
Advertising and exhibition fees	6,294,884.95	9,630,085.16
External sale commission of products	15,676,966.23	15,369,658.23
Others	95,649,916.06	92,740,781.25
	<u>429,185,750.40</u>	<u>506,250,470.41</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(55) Notes to the cash flow statement *(Continued)*

(c) Cash paid relating to other financing activities

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Repayments of lease liabilities	28,930,713.87	30,985,115.29
Repayments of financing leaseback	22,140,510.26	—
Cash paid for acquisition of non- controlling interests	—	18,810,644.31
	<u>51,071,224.13</u>	<u>49,795,759.60</u>

For the six months ended June 30, 2022, total cash outflows for leases paid by the Group amounted to RMB36,772,161.53 (for the six months ended 30 June, 2022: RMB42,019,047.27), except for the repayments of lease liabilities classified as cash paid relating to financing activities, the remaining was classified as cash paid relating to operating activities.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(56) Supplementary information to the cash flow statement

(a) *Supplementary information to the cash flow statement*

Reconciliation from net profit to cash flows from operating activities

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Net profit	370,305,494.61	760,649,912.15
Add/Less: Asset impairment losses	12,555,324.98	22,089,616.60
Credit impairment losses	5,524,064.71	69,064,632.13
Depreciation of right-of-use assets	22,537,059.39	35,774,626.51
Depreciation of fixed assets	213,081,180.86	198,627,654.33
Amortisation of intangible assets	37,967,119.78	22,155,738.00
Amortisation of long-term prepaid expenses	6,707,657.03	5,479,876.24
Losses/(gains) on disposals of fixed assets, intangible assets and other long-term assets	9,383,105.14	(172,464,986.18)
Losses/(gains) arising from changes in fair value	9,375,789.37	(424,193.36)
Financial expenses	26,746,211.54	28,250,115.63
Investment income	(2,008,824.10)	(4,314,934.95)
(Increase)/decrease in deferred tax assets	(13,601,956.57)	1,797,985.94
(Decrease)/increase in deferred tax liabilities	(1,026,861.97)	4,997,806.54
Increase in inventories	(695,680,790.25)	(515,362,343.09)
Increase in operating receivables	(340,705,809.95)	(1,953,355,710.14)
Increase in operating payables	545,619,641.31	1,779,352,417.38
Net cash flows from operating activities	<u>206,778,405.88</u>	<u>282,318,213.73</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(56) Supplementary information to the cash flow statement *(Continued)*

(a) *Supplementary information to the cash flow statement (Cont'd)*

Significant investing and financing activities that do not involve cash receipts and payments

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Right-of-use assets increased in the current period	<u>29,426,485.57</u>	<u>54,088,597.61</u>
Changes in cash and cash equivalents		
	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Cash and cash equivalents at the end of the period	4,379,367,626.89	3,975,198,986.34
Less: Cash equivalents at the beginning of the period	<u>(4,694,703,333.58)</u>	<u>(4,269,375,822.30)</u>
Net decrease in cash and cash equivalents	<u>(315,335,706.69)</u>	<u>(294,176,835.96)</u>

(b) *Cash and cash equivalents*

	June 30, 2022	June 30, 2021
Cash		
Including: Cash on hand	402,025.85	397,471.87
Cash at bank and Finance Company that can be drawn on demand	4,378,965,601.04	4,694,305,861.71
Cash and cash equivalents at the end of the period	<u>4,379,367,626.89</u>	<u>4,694,703,333.58</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(57) Monetary items denominated in foreign currencies

	June 30, 2022		
	Functional currency	Exchange rate	In RMB
Cash at bank and on hand -			
USD	79,865,197.77	6.7114	536,007,288.31
EUR	8,468,717.44	7.0084	59,352,159.31
HKD	15,327,386.01	0.8552	13,107,980.52
AUD	2,813,155.99	4.6145	12,981,308.32
JPY	86,551,597.93	0.0491	4,249,683.46
GBP	22,134,509.55	8.1365	180,097,436.95
THB	144,387,693.41	0.1906	27,520,294.36
Others			11,431,893.71
			<u>844,748,044.94</u>
Accounts receivables -			
USD	176,570,096.87	6.7114	1,185,032,548.13
EUR	8,297,062.25	7.0084	58,149,131.07
HKD	2,783,415.00	0.8552	2,380,376.51
AUD	6,250,373.75	4.6145	28,842,349.67
JPY	69,116,488.91	0.0491	3,393,619.61
GBP	37,897,503.11	8.1365	308,353,034.05
THB	9,049,344.28	0.1906	1,724,805.02
Others			36,833,063.36
			<u>1,624,708,927.42</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(57) Monetary items denominated in foreign currencies *(Continued)*

	June 30, 2022		
	Functional currency	Exchange rate	Amount in RMB
Other receivables -			
USD	3,247,090.94	6.7114	21,792,526.13
EUR	776,996.68	7.0084	5,445,503.53
HKD	56,344.94	0.8552	48,186.19
AUD	1,959.11	4.6145	9,040.31
GBP	1,141.30	8.1365	9,286.19
THB	275,312,070.29	0.1906	52,474,480.60
Others			<u>3,215,786.00</u>
			<u>82,994,808.95</u>
Long-term receivables -			
AUD	159,496.20	4.6145	<u>735,995.21</u>
Short-term borrowings -			
USD	49,735,435.80	6.7114	333,794,403.86
EUR	2,650,000.00	7.0084	18,572,260.00
GBP	14,702,668.00	8.1365	119,628,258.18
THB	330,682,109.60	0.1906	<u>63,028,010.09</u>
			<u>535,022,932.13</u>
Accounts payables -			
USD	102,940,287.32	6.7114	690,873,444.32
EUR	6,817,362.23	7.0084	47,778,801.45
AUD	11,476,418.20	4.6145	52,957,931.78
GBP	58,418,674.38	8.1365	475,323,544.09
THB	107,329,593.02	0.1906	20,457,020.43
Others			<u>26,533,298.34</u>
			<u>1,313,924,040.41</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(57) Monetary items denominated in foreign currencies *(Continued)*

	June 30, 2022		
	Functional currency	Exchange rate	Amount in RMB
Other payables -			
USD	18,248,765.21	6.7114	122,474,762.83
EUR	3,577,828.70	7.0084	25,074,854.66
HKD	48,563,102.75	0.8552	41,531,165.47
AUD	1,468,138.50	4.6145	6,774,725.11
GBP	2,029,875.19	8.1365	16,516,079.48
THB	124,157,460.07	0.1906	23,664,411.89
Others			4,074,462.91
			<u>240,110,462.35</u>
Current portion of non-current liabilities -			
USD	609,441.99	6.7114	4,090,208.97
CAD	1,122,302.03	5.2058	5,842,479.91
AUD	1,247,680.94	4.6145	5,757,423.70
GBP	963,603.57	8.1365	7,840,360.45
			<u>23,530,473.03</u>
Lease liabilities -			
USD	1,616,894.47	6.7114	10,851,625.55
CAD	6,507,731.86	5.2058	33,877,950.52
AUD	12,387,099.38	4.6145	57,160,270.09
GBP	8,761,166.35	8.1365	71,285,230.01
			<u>173,175,076.17</u>

Foreign currencies in which the above monetary items are denominated refer to all currencies other than RMB (the scope of which is different from the foreign currency items in Note 13(1)(a)).



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

5 CHANGES IN THE CONSOLIDATION SCOPE

(1) Changes in the consolidation scope

- (a) In May 2022, the Group completed an intra-group consolidation. The wholly-owned subsidiaries of the Company, Qingdao CIMC Eco-Equipment Co., Ltd. and Qingdao CIMC Smart Logistics Equipment Co., Ltd. were merged by another wholly-owned subsidiary of the Company, Qingdao CIMC Special Vehicle Co., Ltd. The whole assets, creditor's rights and debits and all other rights and obligations of the former two subsidiaries merged were inherited by Qingdao CIMC Special Vehicle Co., Ltd..
- (b) In March 2022, Xiamen CIMC Vehicle Logistics Equipment Co., Ltd., a wholly-owned subsidiary of the Group, completed the registration of cancellation.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES

(1) Interests in subsidiaries

(a) Constitution of the Group

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
Shenzhen CIMC Vehicle Marketing Co., Ltd. (renamed as "Benjiu Tengyue semitrailer Parts (Shenzhen) Co., Ltd.")	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Sales of semitrailers, vans and other specialty vehicles and modified vehicles built by CIMC Group and its subsidiaries; sales of chassis, tractors and related spare parts	RMB16.5 million	100%	-	By establishment
Shenzhen CIMC Vehicle Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Development, manufacturing and sales of specialty vehicles, modified vehicles, semitrailers and parts, and after-sales services	RMB450 million	75%	25%	By establishment
Gansu CIMC Huajun Vehicles Co., Ltd.	Legal entity	Gansu, the PRC	Gansu, the PRC	Refitting of specialty vehicle, trailer and fittings, production of auto parts; sales of raw materials relating to car, motorcycle and metals and chemicals	RMB25 million	-	100%	By establishment
Qingdao CIMC Special Vehicle Co., Ltd.	Legal entity	Shandong, the PRC	Shandong, PRC	Development, production and sales of kinds of specialty vehicles, semitrailer and relevant parts; relevant consultation and after-sales services	RMB200.81 million	59.18%	40.82%	By establishment
CIMC Vehicles (Liaoning) Co., Ltd.	Legal entity	Liaoning, the PRC	Liaoning, the PRC	Development and production of kinds of semitrailer, specialty vehicles and relevant parts, and providing relevant technical services	RMB30 million	75%	25%	By establishment



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Interests in subsidiaries *(Continued)*

(a) Constitution of the Group *(Continued)*

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
CIMC-Shac (Xi'an) Special Vehicles Co., Ltd.	Legal entity	Shaanxi, the PRC	Shaanxi, the PRC	Development and production of kinds of semitrailer, specialty vehicles and relevant parts, and providing relevant technical services	RMB88 million	60.80%	14.20%	By establishment
Guangzhou CIMC Vehicle Logistics Equipment Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Wholesale and retail of vehicles, auto parts, metal materials, hardware and electrical equipment, and electromechanical equipment; maintenance of mechanical equipment	RMB15 million	100%	-	By establishment
Shanghai CIMC Vehicle Logistics Equipment Co., Ltd.	Legal entity	Shanghai, the PRC	Shanghai, the PRC	Development, construction operation, leasing, sales, property management and relevant services of storage and supporting facilities	RMB90,204,082	40%	60%	By acquisition
Shanghai CIMC Baojian Vehicle Comprehensive Inspection Co., Ltd.	Legal entity	Shanghai, the PRC	Shanghai, the PRC	Inspection of integrated performance for motor vehicles; storage of vehicles	RMB3.3 million	-	79.23%	By establishment
CIMC Vehicle (Jiangmen) Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Development, production and sales of auto parts (excluding engines), containers, folding boxes, tank containers, products of composite materials, tank trucks and automotive trailers, and provision of related after-sales services; sales of automobile (excluding those subject to management of automobile brand marketing)	RMB141,215,315	76.59%	-	By establishment



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Interests in subsidiaries *(Continued)*

(a) Constitution of the Group *(Continued)*

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
Hubei CIMC Vehicle Sales Service Co., Ltd.	Legal entity	Hubei, the PRC	Hubei, the PRC	Sales of cars and relevant services; sales of auto parts, metal materials, hardware and electronic equipment, mechanical equipment and chemical products; storage services	RMB0.5 million	100%	-	By establishment
Xinjiang CIMC Vehicle Logistics Equipment Co., Ltd.	Legal entity	Xinjiang, the PRC	Xinjiang, the PRC	Sales of hardware and electrical equipment, electromechanical equipment and chemical products; maintenance of mechanical equipment; storage of logistic equipment; leasing and retreading of tires	RMB0.5 million	100%	-	By establishment
CIMC Vehicle (Group) Xinjiang Co., Ltd.	Legal entity	Xinjiang, the PRC	Xinjiang, the PRC	Production and sales of mechanical equipment and development of relevant technology	RMB80 million	100%	-	By establishment
Sichuan CIMC Vehicle Logistics Equipment Co., Ltd.	Legal entity	Sichuan, the PRC	Sichuan, the PRC	Sales of vehicles, wholesale and retail of goods, leasing and storage	RMB5 million	100%	-	By establishment
Chongqing CIMC Vehicle Sales Service Co., Ltd.	Legal entity	Chongqing, the PRC	Chongqing, the PRC	Sales of vehicles, auto parts, metal materials, hardware and electrical equipment, and electromechanical equipment; maintenance of mechanical equipment; storage services; import and export of goods	RMB0.5 million	-	71.47%	By establishment
Liaoning CIMC Vehicle Logistics Equipment Co., Ltd.	Legal entity	Liaoning, the PRC	Liaoning, the PRC	Sales of vehicles, auto parts, metal materials, hardware and electrical equipment, and electromechanical equipment; leasing of logistics equipment; storage services	RMB5 million	100%	-	By establishment



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
Nanning CIMC Vehicle Logistics Equipment Co., Ltd.	Legal entity	Guangxi, the PRC	Guangxi, the PRC	Sales of specialty vehicles and semitrailers; purchasing and selling agency of auto parts, metal materials, hardware and electrical equipment and electromechanical equipment; maintenance of mechanical equipment	RMB0.5 million	100%	-	By establishment
Qingdao CIMC Reefer Trailer Co., Ltd.	Legal entity	Shandong, the PRC	Shandong, the PRC	Manufacturing and sales of kinds of transportation equipment such as refrigerating and insulating equipment, and providing relevant technical services and maintenance	USD29,404,963	62.25%	37.75%	By establishment
Yangzhou CIMC Tonghua Special Vehicles Co., Ltd.	Legal entity	Jiangsu, the PRC	Jiangsu, the PRC	Development, manufacturing and sales of specialty vehicles, modified vehicles, semitrailers and parts, and after-sales services	RMB434,300,750	100%	-	By acquisition
CIMC Vehicles (Shandong) Co., Ltd.	Legal entity	Shandong, the PRC	Shandong, the PRC	Development and manufacturing of refrigerator trucks, tank trucks, semitrailers, van vehicles, specialty vehicles and other kinds of serials products, and rendering of technical services	USD18,930,100	44%	43.01%	By acquisition
Zhumadian CIMC Huajun Vehicle Co., Ltd.	Legal entity	Henan, the PRC	Henan, the PRC	Refitting of specialty vehicle, trailer and fittings, production of auto parts, sales of various automotive related products and logistics	RMB205.34 million	74.5%	25.5%	By acquisition



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Interests in subsidiaries *(Continued)*

(a) Constitution of the Group *(Continued)*

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
Shanghai CIMC Vehicle Sales Services Co., Ltd.	Legal entity	Shanghai, the PRC	Shanghai, the PRC	Wholesale and retail of auto parts; sales of vehicles (sedan car excluded); processing, assembly and maintenance of vans, etc.	RMB5 million	-	100%	By establishment
Shanghai CIMC Automobile Examination and Repair Co., Ltd.	Legal entity	Shanghai, the PRC	Shanghai, the PRC	Test and repair of vehicles; commission on buying and selling of auto parts, decoration materials, marine parts, hardware and electrical equipment, rubber and plastic products, electric wire and cables	RMB1.13 million	-	100%	By establishment
Luoyang CIMC Lingyu Automobile Co., Ltd.	Legal entity	Henan, the PRC	Henan, the PRC	Production and sales of passenger transport vehicles; tank transport vehicles; processing of machines; import and export business	RMB122,745,705.94	71.47%	-	By establishment
Wuhu CIMC Ruijiang Automobile Co., Ltd.	Legal entity	Anhui, the PRC	Anhui, the PRC	Development, production and sales of various specialty vehicles; ordinary mechanical products and metal structure parts, and relevant consulting and after-sales services	RMB348,177,160.79	72.26%	-	By establishment
Liangshan CIMC Dongyue Vehicles Co., Ltd.	Legal entity	Shandong, the PRC	Shandong, the PRC	Production and sales of trailers; specialty vehicles and relevant parts	RMB90 million	70.10%	-	By establishment
Shenzhen CIMC Vehicle Marketing Service Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Sales of kinds of specialty vehicles, engineering machinery and automotive chassis parts	RMB15 million	100%	-	By establishment
Shanghai CIMC Special Vehicles Co., Ltd.	Legal entity	Shanghai, the PRC	Shanghai, the PRC	Development and production of van semitrailers and van vehicles	RMB10 million	75%	25%	By establishment



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
Shaanxi CIMC Vehicle Sales Service Co., Ltd.	Legal entity	Shaanxi, the PRC	Shaanxi, the PRC	Sales of vehicles and auto parts	RMB5 million	100%	-	By establishment
CIMC Jidong (Qinhuangdao) Vehicle Manufacture Co., Ltd.	Legal entity	Hebei, the PRC	Hebei, the PRC	Sales of vehicles and auto parts	RMB70 million	50%	25%	By establishment
Zhumadian CIMC Huajun Automobile Trading Co., Ltd.	Legal entity	Henan, the PRC	Henan, the PRC	Sales of brand vehicles (operating with letter of authorization); sales of trailers, farm vehicles and relevant parts; automobile decoration; operation of FAW car; repair of vehicles	RMB10 million	100%	-	By acquisition
Zhumadian CIMC Huajun Casting Co., Ltd.	Legal entity	Henan, the PRC	Henan, the PRC	Production, processing, sales and R&D of casting parts; R&D, manufacturing and sales of auto parts and mechanical parts	RMB297,762,000	68.30%	31.70%	By establishment
Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd.	Legal entity	Shandong, the PRC	Shandong, the PRC	Production and sales of trailers, specialty vehicles and relevant parts	RMB66 million	-	74.97%	By acquisition



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Interests in subsidiaries *(Continued)*

(a) Constitution of the Group *(Continued)*

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
Dongguan CIMC Special Vehicle Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Development, production and sales of all kinds of high-tech and high-performance specialty vehicles, refitted vehicles, special semitrailer series (the production of above products is subject to the announcement of relevant national authorities) and their spare parts, new mechanical equipment for road and port, containers, folding boxes, special containers, general mechanical products and metal structures; technical after-sales services; import and export of goods and technologies	RMB380,268,600	21.11%	78.89%	By establishment
Jiangsu Baojing Auto Parts Co., Ltd.	Legal entity	Jiangsu, the PRC	Jiangsu, the PRC	Design and production of automotive axle tubes and other components, technical services; self-operation and agency of import and export of various goods and technologies (excluding the goods and technologies of which the operation is restricted or the import and export is forbidden by government) (The business that is subject to the approval of relevant authorities are only allowed to be carried out after the approval has been obtained.)	RMB50 million	72.00%	28.00%	By acquisition



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
China Jiangsu Vanguard Trailer Rental Co., Ltd.	Legal entity	Jiangsu, the PRC	Jiangsu, the PRC	Leasing of vehicles, machinery equipment; repair and maintenance of leased equipment and facilities, etc.	RMB260 million	32.69%	19.23%	By establishment
Shenzhen Shengji Logistics and Transportation Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	International and domestic freight forwarding agency; leasing of vehicles	RMB20 million	-	51.92%	By establishment
Wuhan Shengji Logistics and Transportation Co., Ltd.	Legal entity	Hubei, the PRC	Hubei, the PRC	General freight; leasing of containers and automobiles	RMB6 million	-	51.92%	By establishment
Shanghai Rongji Logistics Co., Ltd.	Legal entity	Shanghai, the PRC	Shanghai, the PRC	Land transport of freights; vehicle leasing and storage services	RMB6 million	-	51.92%	By establishment
Guangzhou CIMC Vehicle Sales Services Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Sales of vehicles, auto parts and components, wholesale and retail of products; information and trade consulting services; import and export of technologies and trade agency	RMB30,010,000	100%	-	By establishment
Guangzhou CIMC Vehicle Drop and Pull Leasing Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Operation of roads and parking lots; leasing of vehicles, containers and machinery equipment; wholesale and retail of auto parts; commodity information technology consulting service, freight transport, etc.	RMB5 million	-	51.92%	By establishment
Zhumadian CIMC Wanjia Axle Co., Ltd.	Legal entity	Henan, the PRC	Henan, the PRC	Design, production, sales and technical service of vehicle axles and other auto parts	RMB20 million	100%	-	By establishment



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Interests in subsidiaries *(Continued)*

(a) Constitution of the Group *(Continued)*

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
CIMC Taizijie Vehicle Body Manufacturing (Jiangmen) Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Production, R&D, sales of new intelligent logistics machinery and equipment, specialty vehicles, semitrailers, modified vehicles, auto parts, special machinery and equipment for roads and ports, mechanical products and metal structures; after-sales service, and technical consulting services	RMB300 million	100%	-	By establishment
CIMC Zhenjiang Technology Transport Equipment Co., Ltd. (renamed "CIMC Taizijie Vehicle Body Manufacturing (Zhenjiang) Co., Ltd.")	Legal entity	Jiangsu, the PRC	Jiangsu, the PRC	Development, production and sales of kinds of specialty vehicles, semitrailer and relevant parts; relevant consultation and after-sales services	RMB130 million	76.92%	23.08%	By establishment



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Interests in subsidiaries *(Continued)*

(a) Constitution of the Group *(Continued)*

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
Wuhu CIMC Ruijiang Automobile Marketing Service Co., Ltd.	Legal entity	Anhui, the PRC	Anhui, the PRC	Sales, sales agency and after-sales services of a variety of heavy trucks, specialty vehicles, engineering equipment, automobile chassis, engines and components; sales of second-hand car; R&D, transfer, services and consulting of technology	RMB5 million	-	72.26%	By establishment
Zhenjiang Shenxing Taibao Technology Co., Ltd.	Legal entity	Jiangsu, the PRC	Jiangsu, the PRC	Production, processing and sales of security products, electronic products, and semitrailer parts	RMB10 million	31.00%	20.00%	By acquisition
Zhenjiang Vanguard Trailer Logistics Technology Co., Ltd.	Legal entity	Jiangsu, the PRC	Jiangsu, the PRC	Mechanical equipment leasing; vehicle leasing; repair and maintenance of motor vehicles; technical services, technology development, technical consultation, technical exchange, technology transfer, technology promotion; information system integration services.	RMB20 million	-	51.92%	By establishment



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Interests in subsidiaries *(Continued)*

(a) Constitution of the Group *(Continued)*

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
Kunming CIMC Vehicle Industrial Park Development Co., Ltd.	Legal entity	Yunnan, the PRC	Yunnan, the PRC	Project investment and management by using enterprise's own funds; warehousing services; property management; sales of automobiles, auto parts, metal materials, hardware and electrical equipment, mechanical and electrical equipment and chemical products; maintenance of machinery and equipment; leasing of sites, houses and tires; import and export of goods and technologies; leasing of billboards.	RMB70 million	100.00%	-	By establishment
Yingkou Xinsheng vehicles Manufacturing Co., Ltd.	Legal entity	Liaoning, the PRC	Liaoning, the PRC	Development and production of various semi-trailers, specialty vehicles and their parts, and relevant technical services	RMB30 million	75.00%	25.00%	By establishment
CIMC Vehicles (Shanxi) Automobile Co., Ltd.	Legal entity	Shaanxi, the PRC	Shaanxi, the PRC	Manufacturing of auto parts and accessories, R&D of auto parts, sales of new vehicles, repair and maintenance of motor vehicles, modification services of motor vehicles, information consulting services, sales of metal material, leasing of land use rights, leasing of houses, production of road motor vehicle, import and export of goods	RMB120 million	60.00%	-	By establishment



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
Xxentria	Legal entity	Guangdong, the PRC	Guangdong, the PRC	R&D, manufacture and sales of environmentally-friendly composite materials, metal matrix composite materials, metal layered composite materials, surface-treated aluminium (steel) coils, building materials and solar energy materials and other composite materials and relevant products, and technical services and maintenance of the above products; manufacture and sales of vehicle body parts.	RMB66,977,737.77	20.00%	75.32%	By acquisition
Yangzhou Vanguard Trailer Logistics Technology Co., Ltd.	Legal entity	Jiangsu, the PRC	Jiangsu, the PRC	Land freight transportation; leasing of machinery equipment and vehicles; domestic freight agency; technical services; warehousing services, etc.	RMB6 million	-	51.92%	By establishment
Shenzhen Vanguard Trailer Logistics Technology Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Leasing of machinery equipment, vehicles and containers; wholesale and retail of auto parts; technology consulting services, etc.	RMB6 million	-	51.92%	By establishment



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Interests in subsidiaries *(Continued)*

(a) Constitution of the Group *(Continued)*

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
CIMC Vehicle Investment Holdings Co., Ltd.	Legal entity	BVI	BVI	Investment holding	USD50,000	100%	-	By establishment
CIMC Vehicles (HK) Ltd.	Legal entity	Hong Kong	Hong Kong	Production and sales of kinds of specialty vehicles	HKD10,000	-	100%	By establishment
Manson Technology Limited	Legal entity	Hong Kong	Hong Kong	Investment holding	HKD10,000	100%	-	By establishment
CIMC Vehicles (Bahrain) Factory WLL	Legal entity	Bahrain	Bahrain	Sales and services of land transport vehicles	BHD 565,000	-	70%	By establishment
CIMC Australia Road Transport Equipment Pty Ltd.	Legal entity	Australia	Australia	Investment holding	AUD 8.3 million	-	100%	By establishment
General Transport Equipment Pty Ltd.	Legal entity	Australia	Australia	Manufacturing and services of land transport vehicles	AUD 24	-	100%	By establishment
Charm Beat Enterprises Limited	Legal entity	BVI	BVI	Holdings investment	USD1	-	100%	By establishment
CIMC Vehicle Europe GmbH	Legal entity	Germany	Germany	Manufacturing and services of land transport vehicles	EUR 1 million	-	100%	By establishment
Growth Fortune (Pty) Ltd.	Legal entity	South Africa	South Africa	Manufacturing and services of land transport vehicles	ZAR 5,175	-	100%	By establishment
CIMC Vehicle (Thailand) Co., Ltd.	Legal entity	Thailand	Thailand	Manufacturing and services of land transport vehicles	THB 122,122.06	-	100%	By establishment
CIMC Trailer RUS LLC	Legal entity	Russia	Russia	Sales and services of land transport vehicles	RUB 60 million	-	100%	By establishment
CIMC Vehicles UK Limited	Legal entity	UK	UK	Investment holding	GBP 100	-	100%	By establishment
SDC Trailers Limited	Legal entity	UK	UK	Manufacturing, sales and services of land transport vehicles	GBP 146,292	-	100%	By acquisition

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Interests in subsidiaries *(Continued)*

(a) Constitution of the Group *(Continued)*

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
Retlan Manufacturing Limited	Legal entity	UK	UK	Manufacturing, sales and services of land transport vehicles	GBP 692,041	-	100%	By acquisition
MDF Engineering Ltd.	Legal entity	UK	UK	Manufacturing, sales and services of land transport vehicles	GBP 1	-	100%	By acquisition
CIMC USA INC	Legal entity	USA	USA	Investment holding	USD10	-	100%	By establishment
Vanguard National Trailer Corporation	Legal entity	USA	USA	Manufacturing and services of land transport vehicles	USD10	-	100%	By acquisition
RRE Company LLC	Legal entity	USA	USA	Manufacturing and services of land transport vehicles	USD1	-	100%	By establishment
CIMC Reefer Trailer Inc.	Legal entity	USA	USA	Manufacturing and services of land transport vehicles	USD10	-	100%	By establishment
CIMC Intermodal Equipment Co., Ltd. (former name "Direct Chassis, LLC")	Legal entity	USA	USA	Manufacturing and services of land transport vehicles	USD10 million	-	100%	By acquisition
CIMC Vehicle Australia Pty Ltd.	Legal entity	Australia	Australia	Manufacturing and services of land transport vehicles	AUD 0.1 million	-	100%	By establishment
Marshall Lethlean Industries Pty Ltd.	Legal entity	Australia	Australia	Manufacturing and services of land transport vehicles	AUD 3.1 million	-	100%	By establishment
CIMC Holdings Australia Pty Ltd.	Legal entity	Australia	Australia	Investment holding	AUD 14,714,000	-	100%	By establishment
CIMC Vehicle Europe Cooperatie U.A.	Legal entity	Netherlands	Netherlands	Investment holding	USD50,000	-	100%	By establishment
Burg Carrosserie B.V.	Legal entity	Netherlands	Netherlands	Investment holding	NLG 0.2 million	-	100%	By acquisition



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Interests in subsidiaries *(Continued)*

(a) Constitution of the Group *(Continued)*

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
Exploitiemaatschappij Intraproges B.V.	Legal entity	Netherlands	Netherlands	Investment holding	NLG 175,000	-	100%	By acquisition
Lag Trailers NV Bree	Legal entity	Belgium	Belgium	Manufacturing and services of land transport vehicles	EUR 3,245,000	-	100%	By acquisition
Immoburg NV Bree	Legal entity	Belgium	Belgium	Manufacturing and services of land transport vehicles	EUR 247,752	-	100%	By acquisition
LAG Service Polska Sp.z.o.o.	Legal entity	Poland	Poland	Manufacturing and services of land transport vehicles	PLN 50,000	-	100%	By acquisition
LAG Polska Sp.z.o.o.	Legal entity	Poland	Poland	Manufacturing and services of land transport vehicles	PLN 51,800	-	100%	By acquisition
LAG Immopolska Sp.z.o.o.	Legal entity	Poland	Poland	Manufacturing and services of land transport vehicles	PLN 5,000	-	100%	By acquisition
Burg trailer Service BV	Legal entity	Netherlands	Netherlands	Manufacturing and services of land transport vehicles	EUR 18,000	-	100%	By acquisition
CIMC Vehicles (Malaysia) SDN BHD	Legal entity	Malaysia	Malaysia	Sales and services of land transport vehicles	MYR 3,575,692	-	100%	By establishment
CIMC Trailer Poland sp. z o.o.	Legal entity	Poland	Poland	Manufacturing and services of land transport vehicles	EUR 8.8 million	-	100%	By establishment
CIMC Vehicles South Africa (Pty) Ltd.	Legal entity	South Africa	South Africa	Manufacturing, sales and services of land transport vehicles	ZAR 100	-	100%	By acquisition



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
CIMC Vehicle (Vietnam) Co., Ltd.	Legal entity	Vietnam	Vietnam	Sales and services of land transport vehicles	USD1 million	-	100%	By establishment
Growth Fortune FZE	Legal entity	Djibouti	Djibouti	Manufacturing and services of land transport vehicles	USD8.69 million	-	100%	By establishment
DJIBOUTI CIMC HUAJUN VEHICLE FZE	Legal entity	Djibouti	Djibouti	Assembly, manufacturing, accessories and services	USD2.2 million	-	100%	By establishment
CIMC Intermodal Equipment UK Limited	Legal entity	UK	UK	Manufacturing and services of land transport vehicles	GBP 10,000	-	100%	By establishment
CIMC Refrigerated Trailer Co., Ltd.	Legal entity	Canada	Canada	Manufacturing and services of land transport vehicles	CAD 1,000	-	100%	By establishment
CIMC Intermodal Equipment NL B.V.	Legal entity	Netherlands	Netherlands	Manufacturing and services of land transport vehicles	EUR 1	-	100%	By establishment

As at June 30, 2022, no subsidiaries of the Group issued debt securities.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Interests in subsidiaries *(Continued)*

(b) *Subsidiaries with significant non-controlling interests*

	Shareholding of minority shareholders	Total profit or loss attributable to minority shareholders for the six months ended June 30, 2022	Dividends distributed to minority shareholders for the six months ended June 30, 2022	Non- controlling interests as at June 30, 2022
Wuhu CIMC Ruijiang Automobile Co., Ltd.	27.74%	5,073,368.08	(24,719,923.84)	177,075,577.55
Luoyang CIMC Lingyu Automobile Co., Ltd.	28.53%	(767,388.70)	(14,347,801.40)	77,046,040.11
CIMC Vehicle (Jiangmen) Co., Ltd.	23.41%	3,043,630.77	(16,143,484.72)	73,804,971.35

Major financial information of material non-wholly-owned subsidiaries of the Group is listed below:

	June 30, 2022					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Wuhu CIMC Ruijiang Automobile Co., Ltd.	762,570,403.74	396,607,049.37	1,159,177,453.11	460,899,708.97	59,937,522.27	520,837,231.24
Luoyang CIMC Lingyu Automobile Co., Ltd.	655,972,908.96	226,604,859.87	882,577,768.83	591,024,477.93	21,500,574.07	612,525,052.00
CIMC Vehicle (Jiangmen) Co., Ltd.	513,638,102.96	193,937,350.34	707,575,453.30	368,168,918.50	24,135,405.58	392,304,324.08

	December 31, 2021					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Wuhu CIMC Ruijiang Automobile Co., Ltd.	1,007,313,016.73	420,389,193.41	1,427,702,210.14	649,956,673.58	68,581,393.41	718,538,066.99
Luoyang CIMC Lingyu Automobile Co., Ltd.	684,798,823.04	224,716,149.96	909,514,973.00	567,100,496.46	19,381,773.39	586,482,269.85
CIMC Vehicle (Jiangmen) Co., Ltd.	541,728,343.65	196,574,906.14	738,303,249.79	336,084,085.56	30,989,667.00	367,073,752.56



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Interests in subsidiaries *(Continued)*

(b) *Subsidiaries with significant non-controlling interests (Continued)*

Major financial information of material non-wholly-owned subsidiaries of the Group is listed below: *(Continued)*

	For the six months ended June 30, 2022				For the six months ended June 30, 2021			
	Revenue	Net profit	Total	Cash flows	Revenue	Net profit	Total	Cash flows
			comprehensive income	from operating activities			comprehensive income	from operating activities
Wuhu CIMC Ruijiang Automobile Co., Ltd.	676,508,479.44	18,288,998.11	18,288,998.11	57,674,670.12	2,007,011,692.56	78,692,714.67	78,692,714.67	34,634,424.70
Luoyang CIMC Lingyu Automobile Co., Ltd.	660,206,444.41	(2,689,760.59)	(2,689,760.59)	27,631,711.63	2,604,846,520.18	50,296,779.50	50,296,779.50	52,223,862.19
CIMC Vehicle (Jiangmen) Co., Ltd.	167,252,222.95	13,001,412.96	13,001,412.96	(64,371,257.89)	894,489,469.85	63,739,396.69	63,739,396.69	21,356,366.25



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(2) Investments in joint ventures and associates

As at June 30, 2022 and December 31, 2021, the Group had no significant joint ventures and associates.

(a) Summarised financial information for immaterial joint ventures and associates

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Joint ventures:		
Aggregated carrying amount of investments	<u>13,781,041.17</u>	<u>16,603,565.66</u>
Aggregate of the following items in proportion		
Net profit (i)	(1,639,329.64)	(167,924.61)
Other comprehensive income (i)	<u>—</u>	<u>—</u>
Total comprehensive income	<u><u>(1,639,329.64)</u></u>	<u><u>(167,924.61)</u></u>
Associates:		
Aggregated carrying amount of investments	<u>139,989,400.02</u>	<u>131,972,268.76</u>
Aggregate of the following items in proportion		
Net profit (i)	5,698,166.34	2,326,602.66
Other comprehensive income (i)	<u>—</u>	<u>—</u>
Total comprehensive income	<u><u>5,698,166.34</u></u>	<u><u>2,326,602.66</u></u>

(i) The net profit and other comprehensive income have taken into account the impacts of both the fair value of the identifiable assets and liabilities upon acquisition of investments in joint ventures and associates and the unification of accounting policies adopted by the joint ventures and the associates to those adopted by the Group.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(2) Investments in joint ventures and associates *(Continued)*

(b) Excess loss incurred in associates

	Accumulated unrecognised losses at the beginning of the period	Unrecognised losses in the current period	Accumulated unrecognised losses at the end of the period
Excess loss incurred in associates	<u>(10,106,305.33)</u>	<u>(309,890.87)</u>	<u>(10,416,196.20)</u>

7 SEGMENT INFORMATION

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

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

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Revenue from external customers		
China	4,538,917,249.54	13,530,548,143.39
North America	4,774,181,585.58	2,218,477,614.80
Europe	1,295,686,952.25	1,217,992,358.15
Other countries/regions	587,056,350.70	744,825,942.84
	<u>11,195,842,138.07</u>	<u>17,711,844,059.18</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

7 SEGMENT INFORMATION *(Continued)*

(a) *(Continued)*

Total non-current assets	June 30, 2022	December 31, 2021
China	5,460,999,710.47	5,412,933,126.37
North America	651,009,100.88	603,104,866.53
Europe	803,517,115.09	869,231,941.19
Other countries/regions	358,948,901.83	347,074,012.08
	<u>7,274,474,828.27</u>	<u>7,232,343,946.17</u>

For the six months ended June 30, 2022 and 2021, the revenue derived from a single customer did not exceed 10% of the Group's revenue.

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(1) **The parent company**

(a) **General information of the parent company**

	Place of registration	Nature of business
CIMC Group	Shenzhen, the PRC	Investment holding

The Company's ultimate controlling party is CIMC Group, incorporated in Shenzhen, the PRC.

(b) **Registered capital and changes in registered capital of the parent company**

	December 31, 2021	Increase in the current period	Decrease in the current period	June 30, 2022
CIMC Group	<u>3,595,013,590.00</u>	<u>-</u>	<u>-</u>	<u>3,595,013,590.00</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(1) The parent company *(Continued)*

(c) *The percentages of shareholding and voting rights in the Company held by the parent company*

	June 30, 2022		December 31, 2021	
	Shareholding (%)	Voting rights (%)	Shareholding (%)	Voting rights (%)
CIMC Group	<u>55.77%</u>	<u>55.77%</u>	<u>55.48%</u>	<u>55.48%</u>

(2) Subsidiaries

The general information and other related information of subsidiaries are set out in Note 6.

(3) Joint ventures and associates

The information of joint ventures and associates that have related party transactions with the Group are as follows:

<u>Name of the entity</u>	<u>Relationship with the Group</u>
Xxentria	It was an associate of the Group, and has become a subsidiary of the Group since May 2021.
Shenzhen Shuxiang Technology Co., Ltd.	Associates
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	Associates
Chengdu CIMC Industrial Park Investment and Development Co., Ltd. and its subsidiaries	Associates
CIMC Commercial Tires Inc.	Associates
Shenzhen Xinghuo Chelian Technology Co., Ltd.	Joint ventures
Jiangsu Wanjing Technology Co., Ltd.	Joint ventures



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(4) Other related parties

<u>Name of the entity</u>	<u>Relationship with the Group</u>
CIMC HK	Controlled by the parent company of the Company
Yangzhou TongLee Reefer Container Co., Ltd.	Controlled by the parent company of the Company
CIMC Yiketong Parts Co., Ltd.	Controlled by the parent company of the Company
Taicang CIMC Reefer Logistics Equipment Co., Ltd.	Controlled by the parent company of the Company
Shenzhen Zhongji Huijie Supply Chain Co., Ltd.	Controlled by the parent company of the Company
Shenzhen CIMC Production City Development Group Co., Ltd.	Associate of the Company's parent company
Shanghai CIMC Yangshan Logistics Equipments Co., Ltd.	Controlled by the parent company of the Company
Shanghai CIMC Baowell Industries Co., Ltd.	Controlled by the parent company of the Company
Qingdao CIMC Chuangying Composite Material Technology Co., Ltd.	Controlled by the parent company of the Company
Qingdao Lida Chemical Co., Ltd.	Controlled by the parent company of the Company
Qingdao CIMC Special Reefer Co., Ltd.	Controlled by the parent company of the Company
Qianhai Ruiji Technology Co., Ltd.	Controlled by the parent company of the Company
NYK Zhenhua logistics (Tianjin) Co. Ltd.	Joint venture of the Company's parent company
CIMC Tongchuang Zhifu Protection Technology (Zhejiang) Co., Ltd.	Controlled by the parent company of the Company
Langfang CIMC Airport Support Co., Ltd.	Controlled by the parent company of the Company



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(4) Other related parties *(Continued)*

<u>Name of the entity</u>	<u>Relationship with the Group</u>
Jiaxing CIMC Wood Co., Ltd.	Controlled by the parent company of the Company
Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd.	Controlled by the parent company of the Company
Dalian CIMC Special Logistics Equipment Co., Ltd.	Controlled by the parent company of the Company
Finance Company	Controlled by the parent company of the Company
CIMC Enric Holdings Limited and its subsidiaries	Controlled by the parent company of the Company
CIMC Eco Material Supply Co., Ltd.	Controlled by the parent company of the Company
CIMC Capital Ltd. and its subsidiaries	Associate of the Company's parent company
CIMC Burg B.V. and its subsidiaries	Controlled by the parent company of the Company
Chengdu CIMC Transportation Equipment Manufacture Co., Ltd.	Controlled by the parent company of the Company
C&C Trucks Co., Limited and its subsidiaries	Controlled by the parent company of the Company
CIMC Transportation Equipment (International) Holdings Limited	Controlled by the parent company of the Company
Shenzhen Jiamei Apartment Management Co., Ltd.	Controlled by the parent company of the Company
CIMC Transportation Technology Co., Ltd.	Controlled by the parent company of the Company
CIMC Cold Chain Development Institution Co., Ltd.	Controlled by the parent company of the Company



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(4) Other related parties *(Continued)*

<u>Name of the entity</u>	<u>Relationship with the Group</u>
CIMC TSD Supply Chain Services Co., LTD.	Controlled by the parent company of the Company
CIMC-TianDa Holdings Company Limited and its subsidiaries	Controlled by the parent company of the Company
Guangdong CIMC building construction Co. Ltd.	Controlled by the parent company of the Company
Yangzhou Taili Special Equipment Co. Ltd.	Controlled by the parent company of the Company
Qingdao CIMC Container Manufacture Co. Ltd.	Controlled by the parent company of the Company
Longyuan Port City	Minority shareholders of the Company
Taifu Xiangzhong	Minority shareholders of the Company
Taifu Xiangyun	Minority shareholders of the Company
Xiangshan Huajin	Minority shareholders of the Company
Oriental Post Logistics Technology (Jiangxi) Co. Ltd.	The company which the director of the Company serves
Shandong Linglong Tire Co., Ltd.	The company which the supervisor of the Company serves

(5) Related party transactions

(a) *Pricing policy*

The price of the related party transactions of the Group in the ordinary course of business is determined according to the terms negotiated between the Group and related parties.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5) Related party transactions *(Continued)*

(b) Purchase of goods

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Shanghai CIMC Baowell Industries Co., Ltd.	8,096,174.15	20,876,131.10
C&C Trucks Co., Limited and its subsidiaries	263,274.34	50,539,112.13
Taicang CIMC Reefer Logistics Equipment Co., Ltd.	3,733,225.57	157,522.12
Jiangsu Wanjing Technology Co., Ltd.	2,501,607.54	62,318,336.21
Qingdao Lida Chemical Co., Ltd.	8,613,190.97	8,528,891.69
CIMC Enric Holdings Limited and its subsidiaries	4,988,763.39	15,363,689.72
Jiaxing CIMC Wood Co., Ltd.	146,284.48	1,297,206.32
Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd.	704,667.14	118,113.71
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	180,050,004.56	43,939,837.52
Oriental Post Logistics Technology (Jiangxi) Co. Ltd.	–	3,632,017.72
CIMC Tongchuang Zhifu Protection Technology (Zhejiang) Co., Ltd.	1,075,451.94	1,501,104.54
Dalian CIMC Special Logistics Equipment Co., Ltd.	7,709,734.51	–
Shenzhen Xinghuo Chelian Technology Co., Ltd.	–	305,433.65
Shenzhen Zhongji Huijie Supply Chain Co., Ltd.	966,548.66	4,105,560.20
Qingdao CIMC Chuangying Composite Material Technology Co., Ltd.	3,122,569.88	3,530,208.33
CIMC Group	–	14,591,751.53
CIMC Cold Chain Development Institution Co., Ltd.	–	16,311,701.98
Qingdao CIMC Reefer Container Manufacture Co., Ltd.	57,411,720.00	–
Shandong Linglong Tire Co., Ltd.	86,829,284.65	–
Taicang CIMC Special Logistics Equipment Co., Ltd.	66,444,821.64	–
Others	28,450,614.05	3,061,561.20
	461,107,937.47	250,178,179.67



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5) Related party transactions *(Continued)*

(c) Purchase of services

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
CIMC Enric Holdings Limited and its subsidiaries	124,126.94	101,524.22
Shenzhen Xinghuo Chelian Technology Co., Ltd.	–	641,757.55
CIMC TSD Supply Chain Services Co., LTD.	64,456,430.09	–
CIMC Transportation Technology Co., Ltd.	358,461.53	14,659,791.85
Others	3,579,312.05	9,975,939.52
	68,518,330.61	25,379,013.14



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5) Related party transactions *(Continued)*

(d) Sales of goods

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
CIMC Enric Holdings Limited and its subsidiaries	82,890,011.30	146,692,564.18
Jiangsu Wanjing Technology Co., Ltd.	–	12,341,609.41
CIMC Capital Ltd. and its subsidiaries	1,203,539.82	2,709,587.10
C&C Trucks Co., Limited and its subsidiaries	–	13,359,292.04
Oriental Post Logistics Technology (Jiangxi) Co. Ltd.	3,138,884.98	32,529,983.23
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	1,099,638.23	8,735,220.52
Guangdong CIMC building construction Co. Ltd.	26,284,812.75	–
Dalian CIMC Special Logistics Equipment Co., Ltd.	10,619,469.00	344,955.75
Yangzhou Tonglee Reefer Container Co.,Ltd.	2,438,898.23	–
Others	3,394,316.13	4,098,259.83
	<u>131,069,570.44</u>	<u>220,811,472.06</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5) Related party transactions *(Continued)*

(e) Rendering of services

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd.	1,813,764.29	1,585,144.56
CIMC Enric Holdings Limited and its subsidiaries	174,853.14	567,371.97
CIMC Transportation Technology Co., Ltd.	42,612.54	12,158,479.14
Others	594,965.95	1,874,403.23
	<u>2,626,195.92</u>	<u>16,185,398.90</u>

(f) Interest income

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Finance Company	<u>4,996,684.25</u>	<u>4,902,333.58</u>

(g) Income expenses

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Finance Company	<u>126,940.59</u>	<u>—</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(h) Borrowings from Related Party

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Finance Company	<u>156,117,589.79</u>	<u>—</u>

(i) Leases

Interest costs on lease liabilities in the current period with the Group as the lessee:

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Shenzhen Jiamei Apartment Management Co., Ltd.	<u>1,077.41</u>	<u>4,879.46</u>

The rental for short-term leases and low-value leases and related property management expenditures paid by the Group as the lessee in the current period:

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Shenzhen Jiamei Apartment Management Co., Ltd.	<u>671,808.24</u>	<u>741,298.18</u>
Others	<u>161,345.03</u>	<u>29,367.55</u>
	<u>833,153.27</u>	<u>770,665.73</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5) Related party transactions *(Continued)*

(i) Leases *(Continued)*

Rental income obtained by the Group as the lessor in the current period:

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
NYK Zhenhua logistics (Tianjin) Co. Ltd.	904,098.39	1,186,140.70
Others	140,384.07	241,470.67
	<u>1,044,482.46</u>	<u>1,427,611.37</u>

(j) Disposal of equity

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
CIMC Cold Chain Development Institution Co., Ltd.	–	7,600,000.00

(k) Remuneration of key management

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Remuneration of key management	<u>4,040,739.23</u>	<u>9,286,688.10</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(6) Balances with related parties

(a) Notes receivables

	June 30, 2022	December 31, 2021
CIMC Enric Holdings Limited and its subsidiaries	<u>3,900,000.00</u>	<u>6,892,640.00</u>

(b) Receivables financing

	June 30, 2022	December 31, 2021
Jiangsu Wanjing Technology Co., Ltd.	–	2,000,000.00
CIMC Enric Holdings Limited and its subsidiaries	<u>22,773,595.14</u>	<u>41,819,816.48</u>
	<u>22,773,595.14</u>	<u>43,819,816.48</u>

(c) Accounts Receivables

	June 30, 2022	December 31, 2021
CIMC Enric Holdings Limited and its subsidiaries	71,929,712.48	82,422,652.73
Jiangsu Wanjing Technology Co., Ltd.	–	9,522,425.44
Guangdong CIMC building construction Co. Ltd.	6,069,651.21	3,774,360.01
Yangzhou Tonglee Reefer Container Co., Ltd.	2,755,955.00	–
C&C Trucks Co., Limited and its subsidiaries	577,342.59	632,492.55
Yangzhou Taili Special Equipment Co. Ltd.	238,327.20	1,610,472.00
Shandong Linglong Tire Co., Ltd.	–	6,578,786.73
Oriental Post Logistics Technology (Jiangxi) Co. Ltd.	3,048,757.27	2,291,202.16
CIMC Commercial Tires Inc.	–	8,099,960.37
Others	<u>4,612,874.98</u>	<u>1,038,493.37</u>
	<u>89,232,620.73</u>	<u>115,970,845.36</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(6) Balances with related parties *(Continued)*

(d) Other receivables

	June 30, 2022	December 31, 2021
Shenzhen CIMC Production City Development Group Co., Ltd. and its subsidiaries	16,552,122.00	16,552,122.00
Taicang CIMC Special Logistics Equipment Co.,Ltd.	4,570,000.00	–
C&C Trucks Co., Limited and its subsidiaries	4,516,000.00	4,516,000.00
CIMC Capital Ltd. and its subsidiaries	1,134,341.75	800,000.00
Chengdu CIMC Industrial Park Investment and Development Co., Ltd. and its subsidiaries	50,474.00	10,000.00
Jiangsu Wanjing Technology Co., Ltd	370,332.06	370,332.06
Oriental Post Logistics Technology (Jiangxi) Co. Ltd.	520,000.00	540,000.00
Others	2,381,752.18	3,604,319.46
	<u>30,095,021.99</u>	<u>26,392,773.52</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(6) Balances with related parties *(Continued)*

(e) Advances to suppliers

	June 30, 2022	December 31, 2021
CIMC Group	–	24,907,947.19
C&C Trucks Co., Limited and its subsidiaries	2,013,298.29	562,817.12
Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd.	15,086,556.06	6,630,728.00
CIMC Enric Holdings Limited and its subsidiaries	5,135,741.84	1,779,749.06
Qingdao CIMC Container Manufacture Co. Ltd.	5,637,576.00	–
Taicang CIMC Special Logistics Equipment Co.,Ltd.	2,355,030.26	–
Jiangsu Wanjing Technology Co., Ltd.	2,292,849.32	–
CIMC TSD Supply Chain Services Co., LTD.	–	16,767,737.28
Others	303,759.62	10,044,727.21
	32,824,811.39	60,693,705.86

(f) Notes payables

	June 30, 2022	December 31, 2021
Shandong Linglong Tire Co., Ltd.	10,427,228.00	30,817,806.10
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	14,536,004.58	10,939,232.19
C&C Trucks Co., Limited and its subsidiaries	–	17,856,000.00
Others	43,293.39	745,560.42
	25,006,525.97	60,358,598.71



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(6) Balances with related parties *(Continued)*

(g) Accounts payables

	June 30, 2022	December 31, 2021
Jiangsu Wanjing Technology Co., Ltd.	1,319,665.84	3,505,179.13
Shanghai CIMC Baowell Industries Co., Ltd.	76,829,390.32	105,556,926.99
Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd.	388,703.12	1,225,084.29
CIMC Enric Holdings Limited and its subsidiaries	6,945,486.57	9,175,810.64
Qingdao Lida Chemical Co., Ltd.	7,882,423.80	10,207,939.29
Qianhai Ruiji Technology Co., Ltd.	289,500.00	1,670,340.00
Jiaxing CIMC Wood Co., Ltd.	162,448.92	744,602.63
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	96,006,934.28	11,559,604.43
CIMC Cold Chain Development Institution Co., Ltd.	145,200.00	268,101.98
CIMC TSD Supply Chain Services Co., LTD.	18,981,963.16	5,446,246.63
Shandong Linglong Tire Co., Ltd.	38,454,783.71	19,843,716.83
Taicang CIMC Special Logistics Equipment Co.,Ltd.	4,817,107.35	—
Qingdao CIMC Chuangying Composite Material Technology Co., Ltd.	2,882,163.12	1,623,614.74
CIMC Burg B.V. and its subsidiaries	—	961,880.63
Others	6,154,438.54	9,423,580.46
	<u>261,260,208.73</u>	<u>181,212,628.67</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(6) Balances with related parties *(Continued)*

(h) Other payables

	June 30, 2022	December 31, 2021
CIMC HK	124,618,741.42	42,841,462.42
CIMC Burg B.V. and its subsidiaries	41,818,758.64	49,524,901.87
CIMC Group	145,688,695.00	505,967.61
CIMC Transportation Equipment (International) Holdings Limited	15,644,484.66	14,861,783.59
C&C Trucks Co., Limited and its subsidiaries	1,500,000.00	1,500,000.00
NYK Zhenhua logistics (Tianjin) Co. Ltd.	694,760.00	1,515,840.00
Chengdu CIMC Industrial Park Investment and Development Co., Ltd. and its subsidiaries	1,158,272.64	1,086,272.61
Taifu Xiangzhong	33,567,305.00	–
Taifu Xiangyun	32,320,500.00	–
Xiangshan Huajin	19,375,500.00	–
Longyuan Port City	4,632,000.00	–
Others	5,737,203.66	4,948,636.28
	<u>426,756,221.02</u>	<u>116,784,864.38</u>

(i) Contract liabilities

	June 30, 2022	December 31, 2021
Dalian CIMC Special Logistics Equipment Co., Ltd.	1,701,614.00	2,359,214.00
CIMC Yiketong Parts Co., Ltd.	1,493,910.71	–
Others	378,598.99	1,877,289.00
	<u>3,574,123.70</u>	<u>4,236,503.00</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(6) Balances with related parties *(Continued)*

(j) Cash at bank and on hand

	June 30, 2022	December 31, 2021
Finance Company	<u>571,475,327.67</u>	<u>624,411,615.52</u>

9 CONTINGENCIES

(1) External guarantees provided

The Group works with Finance Company, CIMC Capital Ltd., Huishang Bank and Industrial Bank, etc to carry out credit business for vehicle buyers and has entered into loan guarantee contracts to provide banks with credit guarantee for the dealers and customers of the Group and its controlled subsidiaries in respect of banking facilities granted to purchase vehicles. As at June 30, 2022, the loans of the above dealers and customers guaranteed by the Group amounted to RMB2,504,630,497.85 (December 31, 2021: RMB2,849,431,737.96).

The bank borrowings of the subsidiaries of the Company are guaranteed by the Company and subsidiaries of the Company including CIMC Vehicle Investment Holdings Co., Ltd and CIMC USA Inc. As at June 30, 2022, the balance of the guarantees amounted to RMB179,259,043.20 (December 31, 2021: RMB363,256,065.05).

The bank acceptance notes and performance guarantees of the subsidiaries of the Company are guaranteed by the Company. As at June 30, 2022, the balance of the guarantees amounted to RMB32,293,678.57 (December 31, 2021: RMB96,556,595.39).

(2) Performance guarantees and letters of credit issued but undue

As at June 30, 2022, performance guarantees and letters of credit issued by the Group but undue amounted to RMB140,826,309.03 and RMB39,070,000.00 respectively (December 31, 2021: RMB9,739,646.71 and RMB65,069,889.57).



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

10 COMMITMENTS

(1) Capital commitments

(a) *Capital expenditures contracted for but are not yet necessary to be recognised on the balance sheet*

	June 30, 2022	December 31, 2021
Investment contracts that have been signed but not fulfilled or not absolutely fulfilled (i)	45,350,000.00	45,350,000.00
Purchase and construction contracts that have been signed but not fulfilled or not absolutely fulfilled	<u>46,656,131.13</u>	<u>53,852,623.16</u>
	<u>92,006,131.13</u>	<u>99,202,623.16</u>

- (i) The Company participated in the establishment of Shenzhen Bay Angel Phase III Venture Capital Partnership (Limited Partnership), with a subscribed capital contribution of RMB75,000,000.00. As at June 30, 2022, the Company had paid the first investment of RMB30,000,000.00, and the remaining subscription would be fully paid within 36 months after the date of establishment of the partnership.

The Company participated in the establishment of Shenzhen Zhong'an Jizhi Technology LLP, with a subscribed capital contribution of RMB350,000.00, which should be fully paid before December 31, 2022. As at June 30, 2022, the Company did not pay above consideration.

11 EVENTS AFTER THE BALANCE SHEET DATE

As at the date of this report issued, the Group has no events after the balance sheet date to be disclosed.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

12 OPERATING LEASE PROCEEDS AFTER THE BALANCE SHEET DATE

As the lessor, the Group's undiscounted lease proceeds receivable after the balance sheet date are as follows:

	June 30, 2022
Within 1 year	217,778,544.88
1 to 2 years	212,029,335.70
2 to 3 years	18,811,764.22
3 to 4 years	16,206,512.82
4 to 5 years	14,428,833.03
Over 5 years	46,527,654.92
	525,782,645.57

13 FINANCIAL INSTRUMENTS AND RISKS

The Group's activities expose it to a variety of financial risks: market risk (primarily including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group has made risk management policies to identify and analyse the risks it is exposed to and set appropriate risk resistant level and design relevant internal control procedures to monitor the Group's risk level. The Group reviews regularly these risk management policies and relevant internal control to adapt to changes in market condition or its operating activities.

(1) Market risk

(a) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. The Group is exposed to foreign exchange risk arising from the recognised assets and liabilities, and future transactions denominated in foreign currencies, primarily with respect to USD, EUR and HKD. The Group's continuously monitors the amount of assets and liabilities, and transactions denominated in foreign currencies to minimise the foreign exchange risk. Therefore, the Group considers entering into forward exchange contracts or currency swap contracts to mitigate the foreign exchange risk (Note 4(2)).



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

13 FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

(1) Market risk *(Continued)*

(a) Foreign exchange risk *(Continued)*

The financial assets and financial liabilities denominated in foreign currencies, which are held by the subsidiaries of the Group, whose recording currencies are RMB, are expressed in RMB as at June 30, 2022 and December 31, 2021 as follows:

	June 30, 2022					Total
	USD	EUR	HKD	JPY	Others	
Financial assets denominated in foreign currency						
Cash at bank and on hand	42,139,562.81	1,635,627.75	13,055,640.39	4,249,683.46	3,864,700.17	64,945,214.58
Accounts receivables	133,697,345.20	37,023,084.26	2,380,376.51	3,393,619.61	47,080,049.52	223,574,475.10
Other receivables	572,560.27	-	26,172.54	-	-	598,732.81
Derivative financial assets	385,618.71	-	-	-	39,457.69	425,076.40
	<u>176,795,086.99</u>	<u>38,658,712.01</u>	<u>15,462,189.44</u>	<u>7,643,303.07</u>	<u>50,984,207.38</u>	<u>289,543,498.89</u>
Financial liabilities denominated in foreign currency						
Short-term borrowings	266,680,403.90	-	-	-	-	266,680,403.90
Accounts payables	62,191,778.34	5,045,739.31	192,090.40	1,259,386.28	1,459,271.04	70,148,265.37
Other payables	22,575,363.36	20,466,650.98	143,117.72	-	43,986.38	43,229,118.44
Derivative financial liabilities	10,035,786.70	-	-	-	573,834.52	10,609,621.22
	<u>361,483,332.30</u>	<u>25,512,390.29</u>	<u>335,208.12</u>	<u>1,259,386.28</u>	<u>2,077,091.94</u>	<u>390,667,408.93</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2022
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

13 FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

(1) Market risk *(Continued)*

(a) Foreign exchange risk *(Continued)*

The financial assets and financial liabilities denominated in foreign currencies, which are held by the subsidiaries of the Group, whose recording currencies are RMB, are expressed in RMB as at June 30, 2022 and December 31, 2021 as follows:
(Continued)

	December 31, 2021					Total
	USD	EUR	HKD	JPY	Others	
Financial assets denominated in foreign currency						
Cash at bank and on hand	43,109,946.70	4,078,078.52	21,115.61	2,774,215.35	496,349.07	50,479,705.25
Accounts receivables	292,678,213.13	23,426,235.86	246,265.21	3,579,423.50	18,203,404.60	338,133,542.30
Other receivables	1,873,472.28	-	-	-	-	1,873,472.28
Derivative financial assets	<u>2,039,603.00</u>	-	-	-	-	<u>2,039,603.00</u>
	<u>339,701,235.11</u>	<u>27,504,314.38</u>	<u>267,380.82</u>	<u>6,353,638.85</u>	<u>18,699,753.67</u>	<u>392,526,322.83</u>
Financial liabilities denominated in foreign currency						
Short-term borrowings	160,573,061.34	-	-	-	-	160,573,061.34
Accounts payables	55,872,202.31	1,573,423.14	183,644.89	139,566.89	5,855,542.36	63,624,379.59
Other payables	71,831,529.81	20,889,841.69	-	-	44,057.87	92,765,429.37
Derivative financial liabilities	<u>21,100.00</u>	-	-	-	-	<u>21,100.00</u>
	<u>288,297,893.46</u>	<u>22,463,264.83</u>	<u>183,644.89</u>	<u>139,566.89</u>	<u>5,899,600.23</u>	<u>316,983,970.30</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

13 FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

(1) Market risk *(Continued)*

(a) Foreign exchange risk *(Continued)*

Sensitivity analysis

As at June 30, 2022 and December 31, 2021, if the RMB had strengthened/weakened against the USD, EUR, HKD and JPY due to the change in exchange rate while all other variables other than exchange rate had been held constant, the shareholders' equity and net profit of the Group would have increased/(decreased) as follows. The effect is presented in RMB using the spot exchange rates on the balance sheet date.

	June 30, 2022	December 31, 2021
RMB against USD		
Strengthened by 2.50%	3,880,088.95	(1,150,965.72)
Weakened by 2.50%	(3,880,088.95)	1,150,965.72
RMB against EUR		
Strengthened by 2.50%	(246,493.53)	(94,519.68)
Weakened by 2.50%	246,493.53	94,519.68
RMB against HKD		
Strengthened by 2.50%	(283,630.90)	(1,570.05)
Weakened by 2.50%	283,630.90	1,570.05
RMB against JPY		
Strengthened by 2.50%	(119,698.44)	(116,513.85)
Weakened by 2.50%	119,698.44	116,513.85



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

13 FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

(1) Market risk *(Continued)*

(a) Foreign exchange risk *(Continued)*

Sensitivity analysis (Continued)

The financial assets, financial liabilities and lease liabilities denominated in foreign currencies, which are held by the subsidiaries of the Group, whose functional currency is USD, are expressed in RMB as at June 30, 2022 and December 31, 2021 as follows:

	June 30, 2022				
	RMB	GBP	HKD	EUR	Total
Financial assets denominated in foreign currency					
Cash at bank and on hand	<u>3,364,294.87</u>	<u>1,940,006.36</u>	<u>796,382.76</u>	<u>6,100,683.99</u>	<u>12,201,367.98</u>
Financial liabilities denominated in foreign currency					
Short-term borrowings	-	58,582,800.00	-	18,572,260.00	77,155,060.00
Other payables	<u>593,673.44</u>	-	<u>243,931.73</u>	-	<u>837,605.17</u>
	<u>593,673.44</u>	<u>58,582,800.00</u>	<u>243,931.73</u>	<u>18,572,260.00</u>	<u>77,992,665.17</u>
	December 31, 2021				
	RMB	GBP	HKD	EUR	Total
Financial assets denominated in foreign currency					
Cash at bank and on hand	<u>9,913.79</u>	<u>9,345,956.90</u>	<u>54,305.97</u>	<u>682,055.82</u>	<u>10,092,232.48</u>
Financial liabilities denominated in foreign currency					
Short-term borrowings	-	318,436,800.00	-	19,132,205.00	337,569,005.00
Other payables	<u>593,673.44</u>	-	-	-	<u>593,673.44</u>
	<u>593,673.44</u>	<u>318,436,800.00</u>	-	<u>19,132,205.00</u>	<u>338,162,678.44</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

13 FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

(1) Market risk *(Continued)*

(a) Foreign exchange risk *(Continued)*

Sensitivity analysis (Continued)

As at June 30, 2022 and December 31, 2021, if the USD had strengthened/weakened against the RMB, GBP, HKD and EUR due to the change in exchange rate while all other variables other than exchange rate had been held constant, the shareholders' equity and net profit of the Group would have increased/(decreased) as follows. The effect is presented in RMB using the spot exchange rates on the balance sheet date.

	June 30, 2022	December 31, 2021
USD against RMB		
Strengthened by 2.50%	(51,949.15)	10,945.49
Weakened by 2.50%	51,949.15	(10,945.49)
USD against GBP		
Strengthened by 2.50%	1,062,052.38	5,795,453.31
Weakened by 2.50%	(1,062,052.38)	(5,795,453.31)
USD against HKD		
Strengthened by 2.50%	(10,358.46)	(1,018.24)
Weakened by 2.50%	10,358.46	1,018.24
USD against EUR		
Strengthened by 2.50%	233,842.05	345,940.30
Weakened by 2.50%	(233,842.05)	(345,940.30)



13 FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

(1) Market risk *(Continued)*

(b) Interest rate risk

The Group's interest rate risk arises from long-term interest bearing bank borrowings including long-term borrowings. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at June 30, 2022, the Group's short-term interest bearing borrowings were mainly GBP-denominated with floating rates linked to LIBOR, amounting to RMB58,582,800.00 (December 31, 2021: RMB318,436,800.00), and GBP-denominated with floating rates linked to SONIA, amounting to RMB61,023,750.00 (December 31, 2021: Nil), EUR-denominated with floating rates linked to LIBOR, amounting to RMB4,555,460.00 (December 31, 2021: RMB4,692,805.00), and USD-denominated with floating rates linked to LIBOR, amounting to RMB46,979,800.00 (December 31, 2021: RMB95,635,500.00), and USD-denominated with floating rates linked to PRIME, amounting to RMB20,134,200.00 (December 31, 2021: Nil) and RMB-denominated with floating rates linked to one-year LPR, amounting to RMB25,000,000.00 (December 31, 2021: RMB40,000,000.00). As at June 30, 2022, the Group's long-term interest bearing borrowings were mainly RMB-denominated with floating rates, amounting to RMB446,002,378.80 (December 31, 2021: RMB437,032,915.06) (Note 4(28), Note 4(30)).

The Group's continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new borrowing and the interest expenses with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial performance. The Group makes adjustments timely with reference to the latest market conditions and may enter into interest rate swap agreements to mitigate its exposure to interest rate risk. During the six months ended June 30, 2022 and June 30, 2021, the Group did not enter into any interest rate swap agreements.

As at June 30, 2022, if interest rates on the floating rate borrowings had risen/fallen by 50 basis points while all other variables had been held constant, the Group's net profit would have been approximately RMB2,655,583.13 (December 31, 2021: approximately RMB3,529,092.58).



13 FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

(2) Credit risk

The Group's credit risk mainly arises from cash at bank and on hand, notes receivables, accounts receivables, receivables financing, other receivables and financial guarantee contracts, etc., and derivative financial assets that are not included in the impairment assessment scope. As at the balance sheet date, the carrying amount of the Group's financial assets represented the maximum exposure of the Group; and the maximum credit risk exposures off the balance sheet to the above financial guarantee obligations are disclosed in Note 13(3).

The Group expects that there is no significant credit risk associated with cashes except those on hand since they are mainly deposited at financial institutions with good credit, and the Group does not expect that there will be any significant losses from non-performance by these counterparties.

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

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

(3) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. The Group monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

13 FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

(3) Liquidity risk *(Continued)*

The financial liabilities of the Group at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flows:

	June 30, 2022				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term borrowings	664,404,948.57	-	-	-	664,404,948.57
Derivative financial liabilities	10,609,621.22	-	-	-	10,609,621.22
Notes payables	742,174,711.89	-	-	-	742,174,711.89
Accounts payables	4,334,697,968.54	-	-	-	4,334,697,968.54
Other payables	1,367,581,498.26	-	-	-	1,367,581,498.26
Long-term borrowings	59,428,561.85	88,711,032.76	338,610,314.37	-	486,749,908.98
Lease liabilities	70,518,063.44	65,932,812.40	122,554,211.73	115,450,458.90	374,455,546.47
	<u>7,249,415,373.77</u>	<u>154,643,845.16</u>	<u>461,164,526.10</u>	<u>115,450,458.90</u>	<u>7,980,674,203.93</u>
	December 31, 2021				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	895,399,342.62	-	-	-	895,399,342.62
Derivative financial liabilities	21,100.00	-	-	-	21,100.00
Notes payables	1,098,475,012.01	-	-	-	1,098,475,012.01
Accounts payables	3,558,427,089.39	-	-	-	3,558,427,089.39
Other payables	911,512,027.98	-	-	-	911,512,027.98
Long-term borrowings	62,262,114.17	85,919,871.82	302,420,152.03	-	450,602,138.02
Lease liabilities	45,205,472.13	40,741,477.77	78,249,690.17	92,191,702.70	256,388,342.77
Long-term payables	8,232,138.16	8,232,138.16	8,232,138.16	-	24,696,414.48
	<u>6,579,534,296.46</u>	<u>134,893,487.75</u>	<u>388,901,980.36</u>	<u>92,191,702.70</u>	<u>7,195,521,467.27</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

13 FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

(3) Liquidity risk *(Continued)*

- (i) As at the balance sheet date, the Group's financial guarantees provided to external parties are analysed below based on the maximum amounts and the earliest periods in which the guarantees could be called:

	June 30, 2022				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Financial guarantees	<u>442,325,761.98</u>	<u>1,066,317,741.30</u>	<u>995,986,994.57</u>	<u>-</u>	<u>2,504,630,497.85</u>

	December 31, 2021				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Financial guarantees	<u>397,604,366.12</u>	<u>1,210,981,399.83</u>	<u>1,240,845,972.01</u>	<u>-</u>	<u>2,849,431,737.96</u>

- (ii) Bank borrowings and other borrowings are analysed by repayment terms as follows:

	June 30, 2022		December 31, 2021	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Within 1 year	<u>718,004,291.79</u>	-	951,764,173.79	7,165,962.57
1 to 2 years	<u>83,083,875.11</u>	-	82,609,815.40	7,536,531.11
2 to 5 years	<u>305,032,268.96</u>	-	292,213,284.30	7,928,334.90
	<u>1,106,120,435.86</u>	<u>-</u>	<u>1,326,587,273.49</u>	<u>22,630,828.58</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

14 FAIR VALUE ESTIMATES

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

(1) Assets and liabilities measured at fair value on a recurring basis

As at June 30, 2022, the assets measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets-				
Forward exchange contracts	-	425,076.40	-	425,076.40
Receivables financing-				
Notes receivables	-	-	404,913,942.76	404,913,942.76
Other non-current financial assets-				
Equity investments of non-listed company	-	-	8,005,300.00	8,005,300.00
Total financial assets	-	425,076.40	412,919,242.76	413,344,319.16
Non-financial assets				
Investment properties	-	-	395,877,604.27	395,877,604.27
Total	-	425,076.40	808,796,847.03	809,221,923.43



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

14 FAIR VALUE ESTIMATES (Continued)

(1) Assets and liabilities measured at fair value on a recurring basis (Continued)

As at June 30, 2022, the liabilities measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Derivative financial liabilities-				
Forward exchange contracts	-	10,609,621.22	-	10,609,621.22

As at December 31, 2021, the assets measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets-				
Forward exchange contracts	-	2,039,603.00	-	2,039,603.00
Receivables financing-				
Notes receivables	-	-	510,091,121.74	510,091,121.74
Total financial assets	-	2,039,603.00	510,091,121.74	512,130,724.74
Non-financial assets				
Investment properties	-	-	393,130,062.84	393,130,062.84
Total	-	2,039,603.00	903,221,184.58	905,260,787.58

As at June 30, 2022, the liabilities measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Derivative financial liabilities -				
Forward exchange contracts	-	21,100.00	-	21,100.00



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

14 FAIR VALUE ESTIMATES *(Continued)*

(1) Assets and liabilities measured at fair value on a recurring basis *(Continued)*

The Group takes the date on which events causing the transfers between the levels take place as the timing specific for recognising the transfers. There was no transfer between Level 1 and Level 2 in the current period.

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation techniques.

In addition to considering the assessment of management, the Group entrusts external valuers to evaluate the fair value of investment properties. The methods primarily comprise rental income model. The inputs mainly include rate of return/capitalisation rate and monthly rental, etc.

As receivables financing are not traded in an active market, the fair value is determined using discounted cash flow analysis.

As the Group invested the non-listed company nearly at the balance sheet date, the Group regards the cost of equity investments of non-listed company as its fair value.

The changes in Level 3 assets are analysed below:

	Other non-current financial assets
January 1, 2022	–
Acquisitions in the current period	8,005,300.00
Losses arising from changes in fair value	–
Currency translation differences	–
	<hr/>
June 30, 2022	8,005,300.00
	<hr/> <hr/>
Changes in unrealised gains or losses included in profit or loss for the six months ended June 30, 2022 with respect to assets still held as at June 30, 2022	–
	<hr/> <hr/>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

14 FAIR VALUE ESTIMATES *(Continued)*

(1) Assets and liabilities measured at fair value on a recurring basis *(Continued)*

The changes in Level 3 non-financial assets are analysed below:

	Investment properties
January 1, 2022	393,130,062.84
Currency translation differences	(84,800.97)
Transfer from fixed assets	–
Gains arising from changes in fair value	2,832,342.40
June 30, 2022	395,877,604.27
Changes in unrealised gains or losses included in profit or loss for the six months ended June 30, 2022 with respect to assets still held as at June 30, 2022	2,832,342.40

	Investment properties
January 1, 2021	385,672,568.62
Currency translation differences	9,149.63
Transfer from fixed assets	–
Losses arising from changes in fair value	(136,084.05)
June 30, 2021	385,545,634.20
Changes in unrealised gains or losses included in profit or loss for the six months ended June 30, 2021 with respect to assets still held as at June 30, 2021	(136,084.05)

The Group's finance department is responsible for the valuation of assets, and at the same time external independent valuers are entrusted to evaluate the fair value of the Group's investment properties. The above valuation results are independently verified and accounted for by the finance department of the Group, and disclosure information in relation to fair value is prepared based on the verified valuation results.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2022
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

14 FAIR VALUE ESTIMATES *(Continued)*

(1) Assets and liabilities measured at fair value on a recurring basis *(Continued)*

Information about the Level 3 fair value measurement is as follows:

	Fair value as at June 30, 2022	Valuation technique	Name	Inputs		
				Scope/ Weighted average	Relationship with fair value	Observable/ Unobservable
Investment properties - Completed investment properties	395,877,604.27	Income approach	Rate of return/ Capitalisation rate Monthly rental (RMB/m ² /month)	3.98%-11.89% 3-90	(a)	Unobservable
				Inputs		
	Fair value as at December 31, 2021	Valuation technique	Name	Scope/ Weighted average	Relationship with fair value	Observable/ Unobservable
Investment properties - Completed investment properties	393,130,062.84	Income approach	Rate of return/ Capitalisation rate Monthly rental (RMB/m ² /month)	5%-11.89% 3-72	(a)	Unobservable

(a) Relationship between unobservable inputs and fair value:

- The higher is rate of return/capitalisation rate, the lower is the fair value;
- The higher is the monthly rental, the higher is the fair value.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

14 FAIR VALUE ESTIMATES *(Continued)*

(2) Assets and liabilities not measured at fair value but for which the fair value is disclosed

Financial assets and liabilities measured at amortised cost mainly include notes receivables, accounts receivables, other receivables, long-term receivables, short-term borrowings, accounts payables, notes payables, long-term borrowings and long-term payables.

The carrying amount of financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value.

15 CAPITAL MANAGEMENT

The Group's capital management policies aim to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce debts.

The Group's total capital is calculated as 'shareholders' equity' as shown in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements, and monitors capital on the basis of gearing ratio.

As at June 30, 2022 and December 31, 2021, the Group's gearing ratio was as follows:

	June 30, 2022	December 31, 2021
Total liabilities	9,945,025,328.88	9,394,759,264.06
Total assets	<u>22,375,502,392.44</u>	<u>21,781,333,224.44</u>
Gearing ratio	<u>44.45%</u>	<u>43.13%</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

(1) Accounts receivables

	June 30, 2022	December 31, 2021
Accounts receivables	249,994,047.36	247,829,869.36
Less: provision for bad debts	<u>(9,023,994.24)</u>	<u>(5,971,620.39)</u>
	<u>240,970,053.12</u>	<u>241,858,248.97</u>

(a) *The ageing of accounts receivables based on their recording dates is analysed as follows:*

	June 30, 2022	December 31, 2021
Within 1 year	234,252,009.89	238,724,524.15
1 to 2 years	11,612,912.33	6,049,440.38
2 to 3 years	1,343,273.47	490,916.76
Over 3 years	<u>2,785,851.67</u>	<u>2,564,988.07</u>
	<u>249,994,047.36</u>	<u>247,829,869.36</u>

(b) *As at June 30, 2022, the five largest accounts receivables aggregated by debtors were summarised and analysed as follows:*

	Balance	Provision for bad debts	% of total balance
Total balance of the five largest accounts receivables	<u>150,577,240.19</u>	<u>-</u>	<u>60.23%</u>

(c) *For the six months ended June 30, 2022 and June 30, 2021, the Group did not have accounts receivables derecognised due to transfer of financial assets.*

(d) *Provision for bad debts*

For accounts receivables, the Company recognises the lifetime ECL regardless of whether there exists a significant financing component.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

(1) Accounts receivables *(Continued)*

(d) Provision for bad debts *(Continued)*

(i) Provision for bad debts made on a collective basis for accounts receivables is analysed as follows:

	June 30, 2022		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rates	Amount
Not overdue	206,032,102.75	–	–
Overdue within 1 year	28,219,907.14	5.00%	1,410,995.40
Overdue 1 to 2 years	11,612,912.33	30.00%	3,483,873.70
Overdue 2 to 3 years	1,343,273.47	100.00%	1,343,273.47
Overdue over 3 years	2,785,851.67	100.00%	2,785,851.67
	<u>249,994,047.36</u>		<u>9,023,994.24</u>
		December 31, 2021	
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rates	Amount
Not overdue	216,706,855.18	–	–
Overdue within 1 year	22,017,668.97	5.00%	1,100,883.45
Overdue 1 to 2 years	6,049,440.38	30.00%	1,814,832.11
Overdue 2 to 3 years	490,916.76	100.00%	490,916.76
Overdue over 3 years	2,564,988.07	100.00%	2,564,988.07
	<u>247,829,869.36</u>		<u>5,971,620.39</u>

(ii) The provision for bad debts for the six months ended June 30, 2022 amounted to RMB3,052,373.85 (for the six months ended June 30, 2021: RMB1,698,968.09), of which none was collected or reversed (for the six months ended June 30, 2021: Nil) °



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

(1) Accounts receivables *(Continued)*

(e) No accounts receivables were written off in the current period.

(f) As at June 30, 2022 and December 31, 2021, the Company did not have accounts receivables pledged.

(2) Other receivables

	June 30, 2022	December 31, 2021
Receivables from related parties	660,182,866.83	438,780,051.32
Dividends receivable	475,479,584.68	443,947,957.01
Deposits and guarantees	1,081,962.48	978,772.48
Receivables from staffs	602,960.76	308,822.76
Others	376,187.85	319,888.73
	<u>1,137,723,562.60</u>	<u>884,335,492.30</u>
Less: Provision for bad debts	<u>—</u>	<u>—</u>
	<u><u>1,137,723,562.60</u></u>	<u><u>884,335,492.30</u></u>

(a) *The ageing of other receivables is analysed as follows:*

	June 30, 2022	December 31, 2021
Within 1 year	609,949,085.10	352,294,727.26
1 to 2 years	240,536,104.57	242,173,287.57
2 to 3 years	191,513,587.09	164,858,646.85
Over 3 years	95,724,785.84	125,008,830.62
	<u><u>1,137,723,562.60</u></u>	<u><u>884,335,492.30</u></u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2022
(All amounts in RMB unless otherwise stated) [English translation for reference only]

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(2) Other receivables (Continued)

(b) Loss provision and changes in book balance

	Stage 1				Stage 3		
	12-month ECL (group)	12-month ECL (individual)		Sub-total	Lifetime ECL (credit impaired)		Total
	Provision for bad debts	Book balance	Provision for bad debts	Provision for bad debts	Provision for bad debts	Book balance	Provision for bad debts
	Book balance	debits	balance	debits	debits	balance	debits
January 1, 2022	884,335,492.30	-	-	-	-	-	-
Increase in the current period	927,895,894.45	-	-	-	-	-	-
Decrease in the current period	(674,507,824.15)	-	-	-	-	-	-
June 30, 2022	<u>1,137,723,562.60</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at June 30, 2022 and December 31, 2021, the Company did not have other receivables at Stage 2 or Stage 3. Other receivables at Stage 1 are analysed as follows:

- (i) As at June 30, 2022 and December 31, 2021, the Company did not have other receivables for which the related provision for bad debts was provided on the individual basis.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

(2) Other receivables *(Continued)*

(b) Loss provision and changes in book balance *(Continued)*

- (ii) As at June 30, 2022 and December 31, 2021, other receivables for which the related provision for bad debts was provided on the collective basis are analysed as follows:

Stage 1	June 30, 2022		
	Book balance	12-month ECL rates	Provision for bad debts
Receivables from related parties and dividends receivable:	1,135,662,451.51	—	—
Deposits and guarantees:	1,081,962.48	—	—
Receivables from staffs	602,960.76	—	—
Others:	376,187.85	—	—
	<u>1,137,723,562.60</u>		<u>—</u>
Stage 1	December 31, 2021		
	Book balance	12-month ECL rates	Provision for bad debts
Receivables from related parties and dividends receivable:	882,728,008.33	—	—
Deposits and guarantees:	978,772.48	—	—
Receivables from staffs	308,822.76	—	—
Others:	319,888.73	—	—
	<u>884,335,492.30</u>		<u>—</u>

(c) No provision for bad debts was made, collected or reversed in the current period.

(d) No other receivables were written off in the current period.



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

(2) Other receivables *(Continued)*

(e) As at June 30, 2022, the five largest other receivables aggregated by debtors are analysed as follows:

	Nature	Balance	Ageing	% of total balance of other receivables	Provision for bad debts
Yangzhou CIMC Tonghua Special Vehicles Co., Ltd.	Dividends receivable	350,000,000.00	Within 1 year, 1 to 2 years	30.76%	-
Yingkou Xinsheng vehicles Manufacturing Co., Ltd.	Intra-group accounts	103,897,451.08	Within 1 year, 1 to 2 years,	9.13%	-
CIMC Taizijie Vehicle Body Manufacturing (Zhenjiang) Co., Ltd.	Intra-group accounts	92,771,753.32	Within 1 year, 1 to 2 years, 2 to 3 years,	8.15%	-
Zhumadian CIMC Huajun Casting Co., Ltd.	Intra-group accounts	79,359,793.57	Within 1 year, 1 to 2 years,	6.98%	-
Qingdao CIMC Reefer Trailer Co., Ltd.	Intra-group accounts	77,058,399.81	Within 1 year.	6.77%	-
		<u>703,087,397.78</u>		<u>61.79%</u>	<u>-</u>

(3) Long-term equity investments

	June 30, 2022	December 31, 2021
Subsidiaries (a)	5,227,162,006.22	4,988,412,006.22
Joint ventures (b)	13,781,041.17	15,420,370.81
Associates (c)	138,285,593.73	134,043,951.21
	5,379,228,641.12	5,137,876,328.24
Less: provision for impairment of long-term equity investments	-	-
	<u>5,379,228,641.12</u>	<u>5,137,876,328.24</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2022
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

(3) Long-term equity investments *(Continued)*

(a) Subsidiaries

	December 31, 2021	Increase/ (decrease) in the current period	June 30, 2022	Ending balance of provision for impairment	Cash dividends declared in the current period
Yangzhou CIMC Tonghua Special Vehicles Co., Ltd.	467,230,357.90	-	467,230,357.90	-	179,941,304.19
CIMC Vehicles (Shandong) Co., Ltd.	72,437,800.51	-	72,437,800.51	-	-
Zhumadian CIMC Huajun Vehicle Co., Ltd.	307,248,713.68	-	307,248,713.68	-	87,238,441.97
Benjiu Tengyue semitrailer Parts (Shenzhen) Co., Ltd.	16,494,581.51	-	16,494,581.51	-	-
Shenzhen CIMC Vehicle Co., Ltd.	301,251,600.00	-	301,251,600.00	-	13,896,081.62
Qingdao CIMC Special Vehicle Co., Ltd.	58,924,610.00	71,552,497.59	130,477,107.59	-	8,924,559.35
CIMC Vehicle (Jiangmen) Co., Ltd.	100,840,327.90	-	100,840,327.90	-	51,719,835.73
Shanghai CIMC Vehicle Logistics Equipment Co., Ltd.	36,071,909.60	-	36,071,909.60	-	7,985,119.15
CIMC Vehicles (Liaoning) Co., Ltd.	22,500,000.00	-	22,500,000.00	-	-
CIMC-Shac (Xi'an) Special Vehicles Co., Ltd.	53,500,000.00	-	53,500,000.00	-	6,810,973.41
Guangzhou CIMC Vehicle Logistics Equipment Co., Ltd.	15,000,000.00	-	15,000,000.00	-	-
CIMC Vehicle Investment Holdings Co., Ltd.	1,259,144,347.13	226,250,000.00	1,485,394,347.13	-	-
Luoyang CIMC Lingyu Automobile Co., Ltd.	87,726,881.55	-	87,726,881.55	-	35,942,424.32
Wuhu CIMC Ruijiang Automobile Co., Ltd.	251,589,305.07	-	251,589,305.07	-	64,392,104.46
Qingdao CIMC Eco-Equipment Co., Ltd.	60,255,783.25	(60,255,783.25)	-	-	-
Liangshan CIMC Dongyue Vehicles Co., Ltd.	66,189,261.20	-	66,189,261.20	-	10,193,294.45
CIMC Vehicle (Group) Xinjiang Co., Ltd.	80,000,000.00	-	80,000,000.00	-	-
Sichuan CIMC Vehicle Logistics Equipment Co., Ltd.	5,000,000.00	-	5,000,000.00	-	-
Liaoning CIMC Vehicle Logistics Equipment Co., Ltd.	5,000,000.00	-	5,000,000.00	-	-
Shanghai CIMC Special Vehicles Co., Ltd.	7,500,000.00	-	7,500,000.00	-	-
CIMC Jidong (Qinhuangdao) Vehicle Manufacture Co., Ltd.	35,000,000.00	-	35,000,000.00	-	-
Shenzhen CIMC Vehicle Marketing Service Co., Ltd.	15,000,000.00	-	15,000,000.00	-	-
Qingdao CIMC Reefer Trailer Co., Ltd.	127,403,130.30	-	127,403,130.30	-	35,165,960.34
Zhumadian CIMC Huajun Casting Co., Ltd.	202,662,000.00	-	202,662,000.00	-	-
Mason Technology Limited	170,008,108.50	38,000,000.00	208,008,108.50	-	-
Zhumadian CIMC Huajun Automobile Trading Co., Ltd.	10,000,000.00	-	10,000,000.00	-	993,150.36
China Jiangsu Vanguard Trailer Rental Co., Ltd.	110,000,000.00	(25,000,000.00)	85,000,000.00	-	-
Jiangsu Baojing Auto Parts Co., Ltd.	34,172,280.04	-	34,172,280.04	-	-
Guangzhou CIMC Vehicle Sales Services Co., Ltd.	30,010,000.00	-	30,010,000.00	-	-
Zhumadian CIMC Wanjia Axle Co., Ltd.	20,000,000.00	-	20,000,000.00	-	-



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

(3) Long-term equity investments *(Continued)*

(a) *Subsidiaries (Continued)*

	December 31, 2021	Increase/ (decrease) in the current period	June 30, 2022	Ending balance of provision for impairment	Cash dividends declared in the current period
CIMC Taizijie Vehicle Body Manufacturing (Jiangmen) Co., Ltd.	559,880,000.00	-	559,880,000.00	-	-
CIMC Taizijie Vehicle Body Manufacturing (Zhenjiang) Co., Ltd.	100,000,000.00	-	100,000,000.00	-	-
Zhenjiang Shenxing Taibao Technology Co., Ltd.	3,313,207.13	-	3,313,207.13	-	-
Dongguan CIMC Special Vehicle Co., Ltd.	100,000,000.00	-	100,000,000.00	-	-
Kunming CIMC Vehicle Industrial Park Development Co., Ltd.	70,000,000.00	-	70,000,000.00	-	-
Yingkou Xinsheng vehicles Manufacturing Co., Ltd.	22,500,000.00	-	22,500,000.00	-	-
Qingdao CIMC Smart Logistics Equipment Co., Ltd.	11,296,714.34	(11,296,714.34)	-	-	-
CIMC Vehicles (Shaanxi) Automobile Co., Ltd.	72,000,000.00	-	72,000,000.00	-	-
Xxentria	14,261,086.61	-	14,261,086.61	-	-
Other subsidiaries	7,000,000.00	(500,000.00)	6,500,000.00	-	-
	<u>4,988,412,006.22</u>	<u>238,750,000.00</u>	<u>5,227,162,006.22</u>	<u>-</u>	<u>503,203,249.35</u>

(b) Refer to Note 4(11) for the Company's investments in joint ventures.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(3) Long-term equity investments (Continued)

(c) Associates

	Movements in the current period										
	December 31, 2021	Increase in investments	Decrease in investments	Share of net profit/(loss) under equity method	Share of other comprehensive income	Share of other changes in equity	Cash dividends/profit declared	Provision for impairment	Others	June 30, 2022	Ending balance of provision for impairment
Senju (Shanghai) International Trade Co., Ltd.	435,233.40	-	-	248,922.96	-	-	-	-	-	684,156.36	-
Ningbo Huaxiang Automotive New Material Technology Co., Ltd.	1,464,257.07	-	-	1,791.69	-	-	-	-	-	1,466,048.76	-
Shenzhen Shuxiang Technology Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	22,271,226.18	-	-	2,663,464.52	-	(331,247.26)	(1,041,792.00)	-	-	23,561,651.44	-
Chengdu CIMC Industrial Park Investment and Development Co., Ltd.	80,113,156.63	-	-	3,255,897.85	-	-	-	-	-	83,369,054.38	-
Shenzhen Bay Angel Phase III Venture Capital Partnership (Limited Partnership)	29,760,078.03	-	-	(555,395.24)	-	-	-	-	-	29,204,682.79	-
	134,043,951.21	-	-	5,614,681.78	-	(331,247.26)	(1,041,792.00)	-	-	138,285,593.73	-

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

(4) Revenue and cost of sales

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Revenue from main operations	–	–
Revenue from other operations (a)	<u>14,440,454.66</u>	<u>30,422,224.39</u>
	<u>14,440,454.66</u>	<u>30,422,224.39</u>

The Company's revenue from other operations mainly comprises the management service fees charged to its subsidiaries.

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Cost of sales from main operations	–	–
Cost of sales from other operations	<u>363,117.78</u>	<u>519,619.10</u>
	<u>363,117.78</u>	<u>519,619.10</u>

(a) Revenue and cost of sale from other operations

	For the six months ended June 30, 2022		For the six months ended June 30, 2021	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Rental income	55,045.87	–	–	–
Management service fees	11,502,758.17	–	22,156,582.31	–
Commissions	2,502,271.40	–	7,634,770.60	–
Others	<u>380,379.22</u>	<u>363,117.78</u>	<u>630,871.48</u>	<u>519,619.10</u>
	<u>14,440,454.66</u>	<u>363,117.78</u>	<u>30,422,224.39</u>	<u>519,619.10</u>



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

(4) Revenue and cost of sales *(Continued)*

(b) The Company's revenue is disaggregated as follows:

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Revenue from other operations		
Including: Recognised at a point in time	380,379.22	630,871.48
Recognised over time	14,060,075.44	29,791,352.91
	14,440,454.66	30,422,224.39

(5) Investment income

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Investment income from long-term equity investments under cost method	503,203,249.35	272,566,995.55
Investment income from long-term equity investments under equity method	3,975,352.14	2,339,282.89
Investment income from disposals of long-term equity investments	25,456,481.58	2,573,446.65
Interest income and others	9,323,690.30	9,364,073.79
	541,958,773.37	286,843,798.88



SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

1 STATEMENT OF NON-RECURRING PROFIT OR LOSS

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
(Losses)/gains on disposals of non-current assets	(9,383,105.14)	172,464,986.18
Government grants recognised in profit or loss	41,360,047.32	92,668,662.38
(Losses)/gains arising from changes in fair value of financial assets and liabilities held for trading and derivative financial instruments, and investment income/(loss) arising from the changes in fair value of investment properties which are subsequently measured at fair value, and the invest come arising from disposals of financial assets and liabilities held for trading and derivative financial instruments	(11,425,801.97)	2,956,301.30
Net loss from disposals of long-term equity investments	–	(375,851.02)
Other non-operating income and expenses other than the above mentioned items	2,881,028.80	5,046,703.97
	23,432,169.01	272,760,802.81
Less: Income tax	(2,319,964.84)	(39,493,380.12)
Less: Non-controlling interests, net of tax	(3,940,637.42)	(1,029,760.16)
	17,171,566.75	232,237,662.53

Basis for preparation of statement of non-recurring profit or loss

Pursuant to the Explanatory Announcement on Information Disclosure by Companies Offering Securities to the Public No.1 – Non-recurring Profit or Loss [2008] issued by the China Securities Regulatory Commission, non-recurring profit or loss refers to profit or loss arising from the transactions and events that are not directly related to the Company's normal course of business, also from the transactions and events that even are related to the company's normal course of business, but will interfere with the right judgement of users of the financial statements on the company's operation performance and profitability due to their special nature and occasional occurrence.



SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE YEAR ENDED DECEMBER 31, 2022

(All amounts in RMB unless otherwise stated) [English translation for reference only]

2 RETURN ON NET ASSETS AND EARNINGS PER SHARE

	Weighted average return		Earnings per share			
	on net assets (%)		Basic earnings per share		Diluted earnings per share	
	For the six months ended June 30, 2022	For the six months ended June 30, 2021	For the six months ended June 30, 2022	For the six months ended June 30, 2021	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Net profit attributable to ordinary shareholders of the Company	3.08	6.69	0.18	0.39	0.18	0.39
Net profit attributable to ordinary shareholders of the Company, net of non-recurring profit or loss	2.93	4.44	0.17	0.26	0.17	0.26





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