THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any content of this circular or the action to be taken, you should consult your stockbroker or other securities dealer, bank manager, solicitor, accountant or other professional adviser licensed as a licensee under the SFO.

If you have sold or transferred all the shares **of CIMC Vehicles (Group) Co., Ltd. under your name,** you should immediately send this circular and the form of proxy to the buyer or transferee, or to the bank, Stockbroker or other agent for transfer to buyer or transferee.

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

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

(stock code: 1839)

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION DISPOSAL OF EQUITY INTEREST OF THE TARGET COMPANY; AND NOTICE OF THE 2023 FIRST EXTRAORDINARY GENERAL MEETING

Independent Financial Advisor
to the Independent Board Committee and the Independent Shareholders

Innovax Capital

The letter from the Board is set out on pages 7 to 22 of this circular. The letter from the Independent Board Committee, which contains its advice to the Independent Shareholders in relation to the Equity Transfer Agreement and the transactions contemplated thereunder, is set out on pages 23 to 24 of this circular, setting out its advice to the Independent Shareholders. The letter from the Independent Financial Advisor of Innovax Capital Limited is set out on pages 25 to 40 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Equity Transfer Agreement and the transactions contemplated thereunder. The Property Valuation Report is set out on pages II-1 to II-8 of this circular. The summary of Valuation Report is set out on pages III-1 to III-11 of this circular. The audit report of the Target Company is set out on pages IV-1 to IV-84 of this circular.

The Company would like to convene an EGM at Room 1803, 18th Floor, Prince Plaza, Shekou, Nanshan District, Shenzhen, Guangdong Province, China on March 23, 2023 (Thursday) at 2:50 p.m., and the notice to convene the EGM will be sent to Shareholders together with this circular.

Shareholders who intend to appoint a proxy to attend the EGM should complete and return the applicable proxy form in accordance with the instructions printed on the applicable proxy form. Proxy forms must be issued by you or your attorney duly authorized in writing or, in case of a legal person, must either be executed under its seal or under the hand of its director or other attorney duly authorized to sign the same. If the proxy form is signed by the appointer's authorized person, the power of attorney or other authorization documents authorizing the authorized person to sign must be notarized.

If there are joint holders of any Shares, any one of such joint holders may vote at the EGM in person or by proxy as the sole voter with respect to the relevant Shares. However, if more than one joint holder attends the EGM in person or by proxy, the Company will vote on any resolution according to the vote (whether in person or by proxy) of the joint shareholder who ranks first in the register of shareholders, while the other joint shareholders no longer have voting rights.

If you are a holder of H Shares, please submit the form of proxy together with any authorization documents to the Company's H Share registrar and transfer office Computershare Hong Kong Investor Services Limited (Address: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) or the Company's registered office in China at No. 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong Province, China as soon as possible, but in any case no later than 24 hours before the holding time of the EGM. After completing and returning the proxy form, you may still attend and vote in person at the EGM or any adjournment thereof if you so wish.

March 7, 2023

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In this circular, unless the context otherwise requires, the following terms have the following meanings:

"A Shares"	:	domestically listed ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are listed and traded on the ChiNext Market of the Shenzhen Stock Exchange
"associate(s)"	:	has the meaning ascribed to it under the Hong Kong Listing Rules
"Board of Directors" or "Board"	:	the board of directors of the Company
"Chi Xiao"	:	Chi Xiao Enterprise Co., Ltd. (赤曉企業有限公司), a limited liability company established in the PRC
"China" or "PRC"	:	the People's Republic of China
"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 with limited liability on January 14, 1980 and listed on the Shenzhen Stock Exchange (stock code: 000039) and the Hong Kong Stock Exchange (stock code: 2039), and the Controlling Shareholder of the Company
"CIMC Enric"	:	CIMC Enric Holdings Limited (中集安瑞科控股有限公司), a limited liability company incorporated in the Cayman Islands on September 28, 2004, whose shares are listed on the main board of the Hong Kong Stock Exchange (stock code: 3899), is a non-wholly-owned subsidiary of CIMC
"CIMC Hong Kong"	:	China International Marine Containers (Hong Kong) Limited, a limited liability company incorporated in Hong Kong on July 30, 1992, is a wholly-owned subsidiary of CIMC and the promoter and Controlling Shareholder of the Company
"CIMC Vehicle"	:	CIMC VEHICLE INVESTMENT HOLDINGS COMPANY LIMITED, a wholly-owned subsidiary of the Company

"Company"	:	CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)股份有限公司), a joint stock company with limited liability established under the laws of the PRC on August 29, 1996, the H Shares and A Shares of which are listed and traded on the Hong Kong Stock Exchange (stock code: 1839) and the Shenzhen Stock Exchange (stock code: 301039), respectively
"Completion"	:	the date when the entire equity interests of the Target Company have been transferred from the Company and CIMC Vehicle to CIMC and change of registration procedures have been completed at competent company registration authorities
"connected person"	:	has the meaning ascribed to it under the Hong Kong Listing Rules
"Controlling Shareholder(s)"	:	has the meaning ascribed to it by the Shenzhen Stock Exchange Listing Rules and the Hong Kong Listing Rules
"Director(s)"	:	the director(s) of the Company
"EGM" or "2023 First Extraordinary General Meeting"	:	the first extraordinary general meeting of the Company in 2023 to be convened by the Company at Room 1803, 18th Floor, Prince Plaza, Shekou, Nanshan District, Shenzhen, Guangdong Province, China on March 23, 2023 (Thursday) at 2:50 p.m., or any adjournment thereof, in order to consider and approve the Equity Transfer Agreement and the transactions contemplated thereunder
"Equity Transfer Agreement"	:	the equity transfer agreement considered and approved by the Board on February 6, 2023 to be entered into among the Company, CIMC Vehicle and CIMC, pursuant to which, the Company and CIMC Vehicle will sell their 75% and 25% equity interests of the Target Company, respectively, and CIMC will acquire the entire equity interest of the Target Company
"GEM"	:	GEM of Shenzhen Stock Exchange
"Group"	:	the Company and its subsidiaries

"H Shareholders"	:	H Shareholders of the Company
"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 main board of the Hong Kong Stock Exchange
"Hong Kong"	:	Hong Kong Special Administrative Region of China
"Hong Kong Listing Rules"	:	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Hong Kong Stock Exchange"	:	The Stock Exchange of Hong Kong Limited
"Independent Board Committee"	:	an independent board committee (comprising all independent non-executive Directors) appointed under the Hong Kong Listing Rules to advise the Independent Shareholder(s) on the Equity Transfer Agreement and the proposed Transfer contemplated thereunder
"Independent Financial Advisor" or "Innovax Capital"	:	Innovax Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance, being the independent financial advisor appointed to advise the Independent Board Committee and the Independent Shareholder(s) on the Equity Transfer Agreement and the proposed Transfer thereunder
"Independent Shareholder(s)"	:	shareholder(s) who are not required to abstain from voting on the Equity Transfer Agreement and the transactions contemplated thereunder
"Latest Practicable Date"	:	March 1, 2023, being the latest practicable date on which certain information contained in this circular was determined prior to printing
"LoM"	:	Local Manufacturing, local manufacturing centers

"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 China on December 14, 2015
"LTP"	:	Light Tower Production, production centers for light towers
"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
"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 China on September 9, 2008
"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
"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)
"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
"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 company established in the PRC with limited liability
"Property Valuation Report"	:	The property valuation report issued by the Property Valuer dated March 3, 2023 in relation to the market value of an industrial property of the Target Company as at the Valuation Date, which is set out in Appendix II of this circular
"Property Valuer"	:	Kroll (HK) Limited

"RMB"	:	Renminbi, the lawful currency of the PRC
"SFO"	:	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended, supplemented or otherwise modified from time to time)
"Shanghai Taifu"	:	Shanghai Taifu 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 partnership established in China on December 18, 2015
"Shareholder"	:	the shareholder(s) of the Company
"Shares"	:	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
"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 partnership incorporated in China on May 11, 2017
"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 partnership incorporated in China on April 29, 2016
"Shenzhen Stock Exchange"	:	Shenzhen Stock Exchange
"Shenzhen Stock Exchange Listing Rules"	:	Shenzhen Stock Exchange GEM Stock Listing Rules (Revised in 2020)
"subsidiary(ies)"	:	has the meaning ascribed to it under the Hong Kong Listing Rules
"substantial shareholder"	:	has the meaning ascribed to it in the SFO
"Supervisor"	:	the supervisor of the Company

"Taizhou Taifu"	:	Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企業(有限合夥)), a limited partnership established in China on November 28, 2017
"Target Company"	:	Shenzhen CIMC Vehicle Co., Ltd. (深圳中集專用車有限公司), a limited liability company incorporated in the PRC, being a subsidiary of the Company
"Transfer"	:	Equity Transfer Agreement and the transactions contemplated thereunder
"Valuation Date"	:	December 31, 2022, the valuation date stated in Valuation Report prepared by the Valuer and the Property Valuation Report prepared by the Property Valuer
"Valuation Report"	:	the valuation report on the value of the entire equity interest of shareholders of Shenzhen CIMC Vehicle Co., Ltd. involved in the proposed equity transfer by CIMC Vehicles (Group) Co., Ltd. (Xin Zi Ping Bao Zi (2023) No. 020001 (《中集車輛(集團)股份有限公司擬股權轉讓所涉及的深圳中集專用車有限公司的股東全部權益價值資產評估報告》(信資評報字(2023)第020001號)) issued by the Valuer dated February 2, 2023 in relation to the market value of all the shareholders' interest of the Target Company as at the Valuation Date, the summary of which is set out in Appendix III of this circular
"Valuer"	:	Shanghai Lixin Appraisal Co., Ltd.# (上海立信資產評估有限公司)
"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)) (formerly 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 partnership established in China on November 22, 2017
"%"	:	percentage

CIMC Vehicles (Group) Co., Ltd.
中集車輛(集團)股份有限公司
(stock code: 1839)

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

Non-Executive Directors:
Mr. Mai Boliang *(Chairman)*
Mr. Zeng Han
Mr. Wang Yu
Mr. He Jin
Ms. Lin Qing

Independent non-executive Directors:
Mr. Feng Jinhua
Mr. Fan Zhaoping
Mr. Cheng Hok Kai Frederick

Registered Office:
No. 2 Gangwan Avenue,
Shekou,
Nanshan District,
Shenzhen, Guangdong Province,
China

Principal place of business in Hong Kong:
40th Floor,
Dah Sing Financial Center,
248 Queen's Road East,
Wan Chai,
Hong Kong

March 7, 2023

To the Shareholders

Dear Sir/Madam,

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION DISPOSAL OF EQUITY INTEREST OF THE TARGET COMPANY; AND NOTICE OF THE 2023 FIRST EXTRAORDINARY GENERAL MEETING

INTRODUCTION

References are made to the announcements of the Company dated February 6, 2023 and February 17, 2023 in relation to the entering into of the Equity Transfer Agreement.

This circular is intended to provide information about (among other things) (i) further details of the Equity Transfer Agreement and the proposed Transfer thereunder; (ii) the letter from the Independent Board Committee to the Independent Shareholders regarding the Equity Transfer Agreement and the proposed Transfer thereunder; (iii) the letter of opinion from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders regarding the Equity Transfer Agreement and the proposed Transfer thereunder; (iv) the Property Valuation Report; (v) the summary of the Valuation Report; (vi) the audit report of the Target Company; and (vii) notice of EGM.

BACKGROUND

On February 6, 2023 (after trading hours), the Board considered and approved the Company to enter into the Equity Transfer Agreement with CIMC Vehicle and CIMC. Pursuant to the Equity Transfer Agreement, the Company and CIMC Vehicle will sell their 75% and 25% equity interests in the Target Company, respectively, and CIMC will acquire 100% equity interest in the Target Company and all the interests, benefits attached and all rights legally entitled, and all obligations assumed in accordance with laws, with total consideration of RMB1,355,618,000, payable by cash. After the Completion, the Company and CIMC Vehicle will no longer hold any interest in the Target Company, and the Target Company will no longer be a subsidiary of the Company, and the Target Company will no longer be included in the consolidated accounts of the Company.

An Independent Board Committee comprised of all independent non-executive Directors has been established to consider the terms of the Equity Transfer Agreement and the transactions contemplated thereunder, and to determine whether the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms or better terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and provide opinions to the Independent Shareholders. A letter containing the opinion and recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Equity Transfer Agreement and the Transfer contemplated thereunder is set out on pages 23 to 24 of this circular.

Innovax Capital has been appointed as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders on the Equity Transfer Agreement and the transactions contemplated thereunder. A letter from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders is set out on pages 25 to 40 of this circular.

MAJOR TERMS OF THE EQUITY TRANSFER AGREEMENT

Parties	:	The Company (transferor); CIMC Vehicle (transferor, a wholly-owned subsidiary of the Company); and CIMC (transferee, a connected person of the Company)
Subject matter	:	The Company and CIMC Vehicle will sell their 75% and 25% equity interests in the Target Company, respectively, while CIMC will acquire 100% equity interest in the Target Company and all the interests, benefits attached and all rights legally entitled, and all obligations assumed in accordance with laws.

		The Target Company is a subsidiary of the Company prior to the Completion. For details of the Target Company, please refer to the section headed "Information on the Target Company" in this circular.
Consideration	:	With reference to the valuation of the equity interests of the Target Company on the Valuation Date and taking into consideration of factors such as other commercial reasons and split payment arrangement, the parties to the Equity Transfer Agreement agree unanimously through negotiation that the transfer price of the equity interests of the Target Company in this Transfer shall be RMB1,355,618,000, of which the transfer price of the 75% equity interests of the Target Company held by the Company is RMB1,016,713,500 and the transfer price of 25% equity interests of the Target Company held by CIMC Vehicle is RMB338,904,500, payable in cash.
Payment arrangement	:	The first phase of equity transfer payment: CIMC shall pay 51% of the total consideration, i.e., to pay RMB518,523,900 to the bank account designated by the Company and pay RMB172,841,300 to the bank account designated by CIMC Vehicle within 20 working days after the Equity Transfer Agreement becomes effective. The second phase of equity transfer payment: CIMC shall pay 9% of the total consideration, i.e., to pay RMB91,504,200 to the bank account designated by the Company and pay RMB30,501,400 to the bank account designated by CIMC Vehicle before December 31, 2023. The third phase of equity transfer payment: CIMC shall pay 40% of the total consideration, i.e., to pay RMB406,685,400 to the bank account designated by the Company and pay RMB135,561,800 to the bank account designated by CIMC Vehicle before December 31, 2024.

Effective conditions	:	The Equity Transfer Agreement is established on the date of signing by the parties to the Equity Transfer Agreement and shall be effective on the date when all of the following conditions are satisfied: (1) the parties to the Equity Transfer Agreement have formally signed the Equity Transfer Agreement; (2) the shareholders meeting of the Company have considered and approved the Transfer; and (3) the board of directors of CIMC has considered and approved the Transfer.
Arrangements on change of registration	:	The parties to the Equity Transfer Agreement agree that each party shall use its best effort to complete the following procedures within 1 month after the Equity Transfer Agreement becomes effective, in accordance with relevant laws and regulations: (1) Amend the articles of association of the Target Company to reflect the information on the equity interests of the Target Company held by CIMC in the articles of association of the Target Company; and (2) Execute the registration/filing procedures for changes in the shareholders and shareholding of the Target Company, and the articles of association of the Target Company with the competent market supervision and management departments and business authorities.
Declaration and undertaking by CIMC	:	CIMC undertakes and warrants that after the Completion, it will actively implement the undertakings previously given to the Company prior to the public offering and listing of the Company in relation to non-competition. The Transfer will not give rise to competition.
Attribution of profit and loss during the transition period	:	The parties to the Equity Transfer Agreement agree that the transition period starts from the Valuation Date (including the Valuation Date) until the end of Completion (including the day of Completion).

		During the transition period, the Company and CIMC Vehicle shall exercise shareholder rights and fulfill shareholder obligations in accordance with the articles of association of the Target Company and legal requirements, and bear the profit and loss of the Target Company.
Contingencies	:	Prior to the payment date of third phase of equity transfer by CIMC, the Company shall bear any contingent liabilities or losses arising from events prior to Completion that leads to a difference between the book value of the assets held by the Target Company and as at Valuation Date and confirmed by the parties to the Equity Transfer Agreement.

Valuation of the Target Company

Based on the Valuation Report issued by the Valuer, a valuation of the entire equity interest of the shareholders of the Target Company was conducted with December 31, 2022 as the Valuation Date.

1. Valuation Approaches

The asset-based method and the income method are adopted for this appraisal, and ultimately the result of the asset-based method is selected. The reasons are as follows:

(1) The asset-based method takes the replacement cost of assets as the value standard, reflecting the social necessary labor consumed by the investment of assets (purchase and construction costs). Such purchase and construction costs usually fluctuate with the national economy. The core assets of enterprises are inventories, fixed assets and land use rights, etc. The conclusion of the asset-based method has a large correlation with the replacement cost of such physical assets and other assets and liabilities on the book balance on the Valuation Date. The conclusion can relatively accurately reflect the comprehensive profitability of the assets and liabilities of the Target Company as a whole in the future.

(2) The income method valuation is based on the expected income of the asset as the value standard, reflecting the size of the operating capacity (profitability) of the asset. The industry of the enterprise is capital-intensive. The scale of physical assets is large and there is a significant increase in value, resulting in a low overall return on assets. At the same time, the global economy has been affected by the impact of the epidemic in recent years, and the industry is still in a downward cycle in 2022, resulting in greater uncertainty in the income method.

2. *Conclusion of the Valuation*

Based on the asset-based method valuation for Target Company on Valuation Date of December 31, 2022, the book value of the total assets is RMB659.5727 million, and the appraisal value is RMB1,648.4392 million, the value increase is RMB988.8665 million, and the value increase rate is 149.93%. The book value of total liabilities is RMB411.7863 million, the appraisal value is RMB391.9503 million, the valuation decrease is RMB19.836 million, and the valuation decrease is 4.82%. The book value of net assets is RMB247.7864 million, the appraisal value is RMB1,256.4889 million, the value increase is RMB1,008.725 million, and the value increase rate is 407.09%.

Consolidated tables of valuation results of asset-based method

Valuation Date: December 31, 2021 Unit: RMB0'000

Items	Book value A	Valuation B	Difference C=B-A	Difference Ratio % D=C/A
Current assets	44,138.92	44,418.14	279.22	0.63
Non-current assets:	21,818.35	120,425.78	98,607.43	451.95
Net fixed assets	17,978.68	27,402.52	9,423.84	52.42
Net intangible assets	3,726.58	92,597.21	88,870.63	2,384.78
Long-term prepaid expenses	17.28	17.28	–	–
Deferred tax assets	95.81	408.77	312.96	326.65
Total assets	65,957.27	164,843.92	98,886.65	149.93
Current liabilities	39,218.18	39,195.03	-23.15	-0.06
Non-current liabilities	1,960.45	–	-1,960.45	-100.00
Total liabilities	41,178.63	39,195.03	-1,983.60	-4.82
Net assets (owners' equity)	24,778.64	125,648.89	100,870.25	407.09

The reasons for the increase of main assets and decrease of main liabilities are as follows:

The net book value of fixed assets-buildings is RMB84.9026 million, and the appraisal value is RMB178.7096 million. The value increase is RMB93.807 million. According to the analysis, the main reasons for value increase are: firstly, from the construction date of buildings to the valuation base date, due to the rise in labor costs of various materials, the cost level has increased to a certain extent, which results in valuation increase in origin value; secondly, the depreciation life of the enterprise is 5-12 years for structures and 20-30 years for buildings, while the economic durability period adopted by appraisal is 30-50 years, thus the financial depreciation period of the enterprise is less than the economic service life of the assets, which results in valuation increase in net value.

The net book value of equipment is RMB94.8841 million, the net appraisal value of equipment is RMB95.3155 million, and the value increase is RMB0.4314 million. The value increase is mainly due to the fact that the actual useful life of the enterprise's equipment is longer than the depreciation life, and some equipment adopts accelerated depreciation.

The net book value of intangible assets is RMB37.2658 million, the appraisal value is RMB925.9721 million, and the value increase is RMB888.7063 million, with a value increase rate of 2,384.78%. The main reason for value increase is that enterprise has obtained the land use rights at an early stage and its cost is low. Meanwhile, the price of industrial land in the suburbs has increased significantly in recent years.

The net book value of non-current liabilities is RMB19.6045 million and the appraisal value is RMB0 million. The value decrease is mainly because the deferred revenue related to subsidies, of which the project has been completed. Deferred revenue mainly came from government subsidies for the technical transformation matters from 2018 to 2021. The relevant technical transformation matters have been completed and no subsequent costs would occur. Therefore, it is valued as 0. At the same time, the deferred tax assets accrued by the Company, which are related to government grants, are also valued as 0.

The book value of deferred tax assets is RMB0.9581 million, its appraisal value is RMB4.0877 million, and the value increase is RMB3.1296 million. The deferred tax arising from the provision for impairment or expected value appreciation is an asset (or liability) caused by time difference, which should be reverted to its origin and be revalued, and the relevant income tax matters should be handled according to the common practice of appraisal. The main reason for the value increase is that the deferred income tax formed by the accelerated depreciation of fixed assets is valued as 0. In addition, for deferred tax assets caused by inventory depreciation and deferred revenue, since the inventory has been revalued and the deferred revenue is valued as 0 this time, the relevant deferred tax asset is also revalued as 0, which results in value decrease.

PRICING POLICY AND BASIS

According to the Valuation Report issued by the Valuer, with reference to the valuation of the Target Company on the Valuation Date of December 31, 2022 and taking into consideration of factors such as other commercial reasons and split payment arrangement, all parties to the Equity Transfer Agreement agree to determine the equity transfer price of the Target Company to be RMB1,355,618,000, of which the transfer price of the 75% equity interests of the Target Company held by the Company is RMB1,016,713,500, and the transfer price of the 25% equity interests of the Target Company held by CIMC Vehicle is RMB338,904,500. The commercial reasons taken into consideration include (1) the estimated cost of approximately RMB65 million is or to be incurred by the Group for internal restructuring arrangements in relation to changes arising from the disposal of the Target Company, including, among others, re-arranging the operating and administrative resources of the Group and the administrative procedures for reflecting the respective changes in shareholding structure; and (2) the estimated interest of approximately RMB34 million arising from the delayed receipt of part of the equity transfer payment pursuant to the split payment arrangement, the rate of which is calculated according to the average interest rates quoted by financial institutions for 1-year and 3-year loan based on the period from the expected Completion until the date of receiving the second and third phases of the equity transfer payment.

Based on the foregoing and the commercial negotiation between the Company and CIMC, there will be a premium of RMB99,129,100.00, representing approximately 7.9% premium of the equity transfer price of the Target Company over the valuation of the Target Company. Such premium amount has covered the estimated interest loss of approximately RMB34 million arising from the delayed receipt of part of the consideration. The Board has assessed the bases for the equity transfer price, including the aforementioned commercial reasons, and was of the view that the equity transfer price was fair and reasonable, taking into account of the fact that such premium was favorable to the Company and the costs and risks associated with the aforementioned commercial reasons were controllable.

FINANCIAL IMPACT OF THE TRANSFER AND USE OF PROCEEDS

Before Completion, the profit and loss of the Target Company is attributable to the Group. The Company and CIMC will execute the change of registration procedures in accordance with the Equity Transfer Agreement. Meanwhile, CIMC will pay 51% of the equity transfer payment to the Company within 20 working days after the Equity Transfer Agreement becomes effective. The Completion date shall be the date when the change of registration procedures is completed.

As at the Completion date, CIMC will own 100% of the equity interest of the Target Company and the Company will recognize the whole equity transfer income and receive the 51% of equity transfer proceeds, and the Target Company will no longer be included in the consolidated accounts of the Company and the profit and loss of the Target Company will be attributable to CIMC.

The total consideration of the Transfer is RMB1,355,618,000. After deducting various taxes and expenses, based on the book value of the assets in the Group's accounts of RMB247,786,400, it is estimated that the book value of income in the income statement of the Group will fall between RMB710,000,000 and RMB775,000,000. The Group will conduct accounting treatment in accordance with the relevant requirements of the Accounting Standards for Business Enterprises. The specific accounting treatment and impact figures are subject to the results of the annual audit confirmation of the accountant.

The Transfer will not have any adverse impact on the financial status, operating results, future main business and sustainable operating capabilities of the Company. The Transfer will not harm the interests of the Company and its Shareholders as a whole. The Company intends to use the proceeds from the Transfer after deducting various taxes and expenses to supplement the Company's working capital and the Company's business investment. Pursuant to the split payment arrangement, the first phase of equity transfer payment in an amount of RMB691,365,180.00, which is expected to be received in April 2023, will be intended to be used in the following manner:

(i) approximately RMB300,000,000.00 (representing approximately 43.4% of the first phase) for the development and expansion of the current business of the Group;

(ii) approximately RMB100,000,000.00 (representing approximately 14.5% of the first phase) for the business investment of new energy products; and

(iii) approximately RMB291,365,180 (representing approximately 42.1% of the first phase) for general working capital purpose.

The second phase of equity transfer payment in an amount of RMB122,005,620.00, which is expected to be received in December 2023, will be intended to be used for the continuing investment in the new energy products.

The third phase of equity transfer payment in an amount of RMB542,247,200.00, which is expected to be received in December of 2024, will be intended to be used for business investment and supplement the general working capital purpose based on the Company's future business strategy in 2025, details of which will be determined in 2024.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE EQUITY TRANSFER AGREEMENT

The proposed transfer of 100% equity interests of the Target Company is based on CIMC's intention to integrate its relevant industrial resources and enhance the resources efficiencies in Shenzhen, thus to initiate the purchase of 100% equity interest of the Target Company from the Company. After receiving such intention from CIMC, the Group is of the view that the Transfer is in line with its existing future strategic development plan due to the following key reasons: (i) To realize resource optimization of the Group, the Target Company has commenced business transformation since 2017 and its semi-trailer related business has been transferred to other subsidiaries of the Group and has been currently focusing on urban dump truck business. While observing the operating results of the Target Company in recent years, the Group has been considering the business positioning and future development prospect of the Target Company by taking into account of the Group's strategic development plan. The Transfer will promote the resource integration work carried out by the Group and the Target Company, and will further promote the Group's supply-side structural reform of production units (i.e. strategic integration of various businesses of the Group) since 2022; and (ii) Since 2020, with the promulgation and promotion of the national new energy policy, the Group, as a world-leading high-end manufacturer of semi-trailers and special vehicles, follows such national policy direction and actively deploys resources in the new energy industry. As capital investment in the new energy industry is costly, the proceeds from the Transfer will be used to explore new business models and product development in the new energy industry. After the implementation of the Transfer, the Company will continue to seize the opportunity of the development of a unified national market and actively promoting the structural reform of the production units of the Company in Shenzhen and the Guangdong-Hong Kong-Macao Greater Bay Area, with the third-generation of LTP production center and the LoM manufacturing network to build semi-trailer and truck body business, actively explores future-oriented new energy products and innovative business models, and relies on innovation drive to realize of the Company's connotative growth and further promotes the Company's high-quality development.

Based on the above, the Directors (including the independent non-executive Directors) believes that the terms and the pricing of the Equity Transfer Agreement are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole notwithstanding that the Transfer is not in the ordinary and usual course of business of the Company.

CONFIRMATION BY DIRECTORS AND SUPERVISORS

Directors have reviewed and approved the Equity Transfer Agreement and the transactions contemplated thereunder at the Board meeting on February 6, 2023. The Directors (including the independent non-executive Directors) and the Supervisors are of the opinion that the pricing of the Transfer has made reference to the value of the equity interests of the Target Company as determined by the Valuer as at the Valuation Date and is fair and reasonable, the transactions contemplated under the Equity Transfer Agreement are and will be entered on normal commercial terms and in the interests of the Company and the Shareholders as a whole notwithstanding that the Transfer is not in the ordinary and usual course of business of the Company.

INFORMATION ON THE GROUP

The Group is the world's leader of sophisticated manufacturing of semi-trailers and specialty vehicles, and is engaged in the manufacture, sale and after-sales services of seven major categories of semi-trailers in global major markets. In the China market, the Group is a competitive and innovative manufacturer of truck bodies for specialty vehicles as well as a manufacturer of lightweight van truck bodies.

CIMC Vehicle is a limited liability company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company. Its principal business is investment holding.

INFORMATION ON THE TARGET COMPANY

Basic information of the Target Company:

Name:	Shenzhen CIMC Vehicle Co., Ltd. (深圳中集專用車有限公司)
Social unified credit code:	9144030075860190XD
Legal representative:	Li Guiping
Type of company:	Limited Liability Company (foreign invested, non-wholly owned)
Date of incorporation:	May 17, 2004
Term of operation:	May 17, 2004 to May 17, 2034
Registered capital:	RMB150,000,000
Place of residence:	No. 1, Jinlong Avenue, Pingshan, Pingshan New District, Shenzhen City

Scope of business:	General operating items are: development, production and sales of various high-tech and high-performance specialty vehicles, refitted vehicles, special vehicles, 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.

The Target Company is not a discredited person. As at the Latest Practicable Date, the entire ownership of the Target Company is clear, complete and not subject to mortgages, pledges and any other third party rights. There is no material disputes, litigation, seizure, judicial freezing or other encumbrance in relation to the Target Company. Prior to the Completion, the Company holds 75% equity interest in the Target Company and CIMC Vehicle holds the remaining 25% equity interest in the Target Company.

Major financial information of the Target Company for the financial years ended December 31, 2021 and December 31, 2022 in accordance with PRC GAAP are set out as follows:

Item	**For the year ended December 31, 2021** *(RMB0'000)* *(Audited)*	**For the year ended December 31, 2022** *(RMB0'000)* *(Audited)*
Revenue	98,747.20	24,241.68
Gross Profit	4,245.95	12,373.45
Profit before taxation	4,284.95	12,373.03
Net Profit	4,117.36	11,600.23
Net cash flow generated from operating activities	2,052.65	4,986.64

Item	**For the year ended December 31, 2021** *(RMB0'000)* *(Audited)*	**For the year ended December 31, 2022** *(RMB0'000)* *(Audited)*
Total assets	99,713.47	65,957.27
Total liabilities	39,682.25	41,178.63
Total accounts receivable	27,467.51	33,714.97
Total amount in relation to contingencies	10,164.93	2,552.68
Net assets	60,031.22	24,778.64

Notes:

1. Total accounts receivables in the above table include accounts receivable and other receivables;

2. On October 31, 2022, the Target Company entered into an agreement with the Company, under which the Target Company transferred its entire 78.89% equity interest in its subsidiary, Dongguan CIMC Special Vehicle Co., Ltd.# (東莞中集專用車有限公司) ("**Dongguan Special Vehicle**"), to the Company. Upon completion of the aforesaid transfer of equity interest, the Target Company no longer holds the equity interest in Dongguan Special Vehicle and does not have any other subsidiaries or investing companies. The transfer involves the equity interest of the Target Company only, therefore, the aforesaid financial data of the Target Company are the relevant financial data of the Target Company; and

3. The amount of unaudited non-recurring profit or loss of the Target Company for the year 2022 was RMB103,770,200, representing 89.46% of its net profit, which was mainly attributable to the transfer of the Target Company's 78.89% equity interest in Dongguan Special Vehicle form the Target Company to the Company.

As at the Latest Practicable Date, the Group did not provide guarantee, financial assistance, entrusted financial management and non-operating capital appropriation to the Target Company. For the year ended 31 December 2022, the amount and nature of the Target Company's operating transactions with the Group were as follows:

Nature	**Amount** *(RMB)*
Purchase of goods	80,051,961.20
Sales of goods	96,857,382.18
Provision of labor	12,279,284.71
Total	189,188,628.09

As at January 31, 2023, the balance of the Target Company's operating transactions with the Group amounted to RMB24,671,900, which mainly represented the sales of goods receivable from the Group by the Target Company. Settlement will be made by both parties in accordance with the normal settlement cycle. Upon completion of the Transfer, the Group does not provide financial assistance to the Target Company in the form of operating capital transactions in disguise and there will not be any reliance over the Target Company by the Company. The Group will comply with relevant laws and rules such as the Company's connected transactions management rules. If there is any relevant matter required to be disclosed, the Group will comply with the corresponding approval procedures and information disclosure obligations in accordance with the relevant regulations in a timely manner.

INFORMATION ABOUT CIMC

Basic information of CIMC:

Name:	China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司)
Social unified credit code:	91440300618869509J
Legal representative:	Mai Boliang
Type of company:	Joint Stock Limited Company (Sino-foreign joint venture, listed company)
Date of incorporation:	January 14, 1980
Registered capital:	RMB3,595,013,590
Place of residence:	8th Floor (office), CIMC Research and Development Center, No. 2 Harbour Road, Shekou Industrial Zone, Nanshan District, Shenzhen City
Scope of business:	General operating items are: manufacturing and repairing of containers and related operations, processing and manufacturing of various types of component structures and related equipment using the company's existing equipment and providing the following processing services; cutting, stamping and forming, riveting surface treatment including sandblasting and painting, welding and assembly; container leasing.

Major consolidated financial data:

Financial indicators	**For the year ended December 31, 2021** *(RMB0'000)* *(Audited)*	**For the nine months ended September 30, 2022** *(RMB0'000)* *(Unaudited)*
Total assets	15,432,250	15,528,455
Net assets	5,698,009	6,111,538
Operating income	16,369,598	10,913,309
Net profit	836,077	419,394

CIMC's H shares are listed on the main board of the Hong Kong Stock Exchange, and its A shares are listed on the Shenzhen Stock Exchange. CIMC has normal production and operations, is not a discredited person and has a strong contract enforcement capability. As at the Latest Practicable Date, CIMC does not have any Controlling Shareholder nor actual controller. The single largest shareholder of CIMC is Shenzhen Capital Holdings Co., Ltd.# (深圳市資本運營集團有限公司), a state-owned municipal capital operation company established in China and wholly-owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen City (深圳市人民政府國有資產監督管理委員會). As at December 31, 2022, the two largest shareholders of CIMC are Shenzhen Capital Holdings Co., Ltd.# (深圳市資本運營集團有限公司) and China Merchants Group Limited (招商局集團有限公司), having an aggregate shareholding percentage of 54.23% in the Company.

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the Latest Practicable Date, CIMC and its associates directly and indirectly hold approximately 56.78% of the shares of the Company and are the Controlling Shareholders. Therefore, CIMC is a connected person of the Company. The Equity Transfer Agreement to be signed and the transactions contemplated thereunder constitute connected transactions of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. Since the highest applicable percentage ratio (as defined in the Listing Rules) of the Equity Transfer Agreement and the transactions contemplated thereunder exceeds 5%, the Equity Transfer Agreement and the transactions contemplated thereunder are subject to reporting, announcement, circular and Independent Shareholder's approval requirements under Chapter 14A of the Hong Kong Listing Rules.

In addition, since the highest applicable percentage ratio (as defined in the Hong Kong Listing Rules) of the Equity Transfer Agreement and the transactions contemplated thereunder exceeds 5% but is less than 25%, the Equity Transfer Agreement and the transactions contemplated thereunder also constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements of Chapter 14 of the Hong Kong Listing Rules.

As Mr. Mai Boliang, Mr. Wang Yu, Mr. Zeng Han, Mr. He Jin, being the Directors and Ms. Wang Jinghua, a Supervisor, each hold different positions in CIMC and/or certain of its subsidiaries, they are deemed to have a material interest in the Equity Transfer Agreement and the transactions contemplated thereunder and therefore abstained from voting on the resolutions relating to the Equity Transfer Agreement and the transactions contemplated thereunder. Save as disclosed above, no other Directors and Supervisors have any interest in the transactions contemplated under the Equity Transfer Agreement.

After the Completion, if there is any new connected transactions with CIMC and its connected persons, the Company will comply with the corresponding approval procedures and information disclosure obligations in accordance with the relevant regulations in a timely manner.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISOR

An Independent Board Committee comprised of all independent non-executive Directors has been established to consider the terms of the Equity Transfer Agreement and the transactions contemplated thereunder, and to provide opinions to the Independent Shareholders on whether the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms or better, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Pursuant to Rule 13.39(6) of the Hong Kong Listing Rules, the Independent Board Committee has approved the appointment of Innovax Capital as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders on the Equity Transfer Agreement and the transactions contemplated thereunder. The letter of advice from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders is set out on pages 25 to 40 of this circular.

NOTICE OF THE EGM

The Company would like to convene an EGM at Room 1803, 18th Floor, Prince Plaza, Shekou, Nanshan District, Shenzhen, Guangdong Province, China on March 23, 2023 at 2:50 p.m.. Notice of the EGM is set out on pages N-1 to N-2 of this circular.

Voting by poll at the EGM

Pursuant to Rule 13.39(4) of the Hong Kong Listing Rules, the resolution set out in the notice of the EGM is required to be taken by poll.

As at the Latest Practicable Date, CIMC and its associates, CIMC Hong Kong, directly and indirectly hold approximately 56.78% of the shares of the Company, and they are deemed to have material interests in the Equity Transfer Agreement and the Transfer contemplated thereunder. Therefore, they are required to abstain from voting on the resolution on the Equity Transfer Agreement and the Transfer contemplated thereunder at the EGM.

Save as disclosed above, to the best knowledge of the Directors, as at the Latest Practicable Date, no Shareholder was required to abstain from voting on the resolution proposed at the EGM.

Proxy Form

Shareholders who intend to appoint a proxy to attend the EGM are requested to complete the form of proxy and return it as soon as possible according to the instructions printed on the proxy form, and in any case not later than 24 hours before the time appointed for the EGM or any adjournment thereof. After completing and returning the proxy form, you may still attend and vote in person at such meetings or any adjournment thereof if you so wish.

For H Shareholders, the proxy form, and if the proxy form is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or other authority, must be delivered to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or the registered office of the Company in the PRC at No. 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong Province, the PRC, not less than 24 hours before the time appointed for holding the EGM in order for such documents to be valid.

CLOSURE OF REGISTER OF MEMBERS OF H SHARES

In order to determine the right to attend and vote at the EGM, the register of members of H Shares of the Company will be closed from March 20, 2023 (Monday) to March 23, 2023 (Thursday) (both days inclusive), during which no transfer of H Shares will be registered. Shareholders whose names appear on the register of members of H Shares at the close of business on March 20, 2023 (Monday) are entitled to attend and vote at the EGM.

In order to determine the identity of Shareholders who are entitled to attend and vote at the EGM, all H Share transfer documents together with the relevant share certificates must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders), not later than 4:30 pm on March 17, 2023 (Friday).

Please complete and return the proxy form whether or not you intend to attend the EGM. After completing and returning the proxy form, you may still attend and vote in person at the EGM (or any subsequent meeting immediately after its adjournment) should you so wish.

RECOMMENDATIONS

The Directors (including the independent non-executive Directors) consider that the resolution for Shareholders' consideration and approval as set out in the notice of EGM is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favor of the relevant resolution to be proposed at the EGM.

OTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

For reference only

The following is the full text of the letter from the Independent Board Committee, which sets out the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Equity Transfer Agreement and the transactions contemplated thereunder, for inclusion in this circular.

CIMC VEHICLES

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

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

(stock code: 1839)

March 7, 2023

To the Independent Shareholders

Dear Sir/Madam,

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION
DISPOSAL OF EQUITY INTEREST OF THE TARGET COMPANY

We refer to the Company's circular dated March 7, 2023, of which this letter forms a part. Capitalized terms used in this letter shall have the same meanings as those defined in this circular unless the context otherwise requires.

We have been appointed to form an Independent Board Committee to consider and advise the Independent Shareholders as to whether the Equity Transfer Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and are entered into on normal commercial terms and are fair and reasonable.

In addition, Innovax Capital Limited has been appointed as the Independent Financial Advisor to advise the Independent Board Committee and Independent Shareholders in this regard. Your attention is drawn to (i) the letter from the Independent Financial Advisor set out on pages 25 to 40 of this circular; (ii) the "Letter from the Board" on pages 7 to 22 of this circular; (iii) the general information set out in Appendix I to this circular; (iv) the Property Valuation Report set out in Appendix II to this circular; (v) the summary of the Valuation Report set out in Appendix III to this circular; and (vi) the audit report of the Target Company set out in Appendix IV to this circular.

Having considered, among other things, the information contained in the letter from the Board and the major factors, reasons and recommendations contained in the letter from the Independent Financial Advisor in this circular, we are of the view that the Equity Transfer Agreement and the transactions contemplated thereunder are in the interest of the Company and the Shareholders as a whole. The terms of the Equity Transfer Agreement are entered into on normal commercial terms and are fair and reasonable notwithstanding that the Transfer is not in the ordinary and usual course of business of the Company.

Accordingly, we recommend that the Independent Shareholders vote in favor of the ordinary resolution to be proposed at the EGM to approve the resolution in relation to the Equity Transfer Agreement and the transactions contemplated thereunder.

Yours faithfully,
for and on behalf of
Independent Board Committee
CIMC Vehicles (Group) Co., Ltd.

Mr. Feng Jinhua	**Mr. Fan Zhaoping**	**Mr. Cheng Hok Kai Frederick**
Independent Non-Executive Director	*Independent Non-Executive Director*	*Independent Non-Executive Director*

The following is the full text of the letter of advice to the Independent Board Committee and Independent Shareholders prepared by the Independent Financial Advisor for inclusion in this circular.

Innovax Capital

7 March 2023

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION DISPOSAL OF EQUITY INTEREST OF THE TARGET COMPANY

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Equity Transfer Agreement approved by the Board on 6 February 2023 and entered into by the Company on 17 February 2023, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular (the "**Circular**") dated 7 March 2023 issued by the Company, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

References are made to the announcements of the Company dated 6 February 2023 and 17 February 2023 in relation to the Equity Transfer Agreement entered into among (i) the Company, (ii) CIMC Vehicle and (iii) CIMC. According to the Equity Transfer Agreement, the Company and CIMC Vehicle will sell their 75% and 25% equity interests in the Target Company, respectively and CIMC will acquire 100% equity interests in the Target Company (inclusive of all interests, benefits attached and all rights legally entitled, and all obligations assumed in accordance with laws) at total consideration (the "**Consideration**") of RMB1,355,618,000, payable by cash.

As stated in the Letter from the Board, the Board would like to seek the Independent Shareholders' approval at the EGM to consider and approve the resolution regarding the Equity Transfer Agreement and the transactions contemplated thereunder.

As stated in the Letter from the Board, CIMC and its associates directly and indirectly held 56.78% of the shares of the Company as at the Latest Practicable Date and are the Controlling Shareholders. Therefore, CIMC is a connected person of the Company. Pursuant to Chapter 14A of the Hong Kong Listing Rules, the Equity Transfer Agreement and the transactions contemplated thereunder constitute connected transaction of the Company. Since the highest applicable percentage ratios (as defined in the Hong Kong Listing Rules) of the Equity Transfer Agreement and the transaction contemplated thereunder exceeds 5%, the

Equity Transfer Agreement and the transactions contemplated thereunder must comply with reporting, announcement, circular and Independent Shareholders' approval requirements under 14A of the Hong Kong Listing Rules.

In addition, since the highest applicable percentage ratio (as defined in the Hong Kong Listing Rules) of the Equity Transfer Agreement and the transactions contemplated thereunder exceeds 5% but less than 25%, the Equity Transfer Agreement and the transactions contemplated thereunder also constitute discloseable transaction of the Company and are subject to the reporting and announcement requirements of Chapter 14 of the Hong Kong Listing Rules.

As Mr. Mai Boliang, Mr. Wang Yu, Mr. Zeng Han and Mr. He Jin, being the Directors and Ms. Wang Jinghua, being a supervisor of the Company, each hold different positions in CIMC and/or certain of its subsidiaries, they are deemed to have a material interest in the Equity Transfer Agreement and the transactions contemplated thereunder and therefore abstained from voting on the resolutions relating to the Equity Transfer Agreement and the transactions contemplated thereunder. Save as disclosed above, no other Directors and supervisors of the Company have an interest in the transactions contemplated under the Equity Transfer Agreement.

The Independent Board Committee, comprising all of the three independent non-executive Directors, namely Mr. Feng Jinhua, Mr. Fan Zhaoping and Mr. Cheng Hok Kai Frederick, has been established in accordance with Chapter 14A of the Hong Kong Listing Rules to consider the terms of the Equity Transfer Agreement and the transactions contemplated thereunder, and to provide opinions to the Independent Shareholders on whether the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms or better, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The EGM will be convened on Thursday, 23 March 2023.

We, Innovax Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Equity Transfer Agreement and the transactions contemplated thereunder. As at the Latest Practicable Date, we are not connected with the Directors, chief executive and substantial Shareholders of the Company and CIMC or any of their respective subsidiaries or associates and are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. During the last two years, we were engaged as an independent financial adviser to the Company, in respect of (1) the revision of annual caps for continuing connected transaction (details can be referred to in the announcement of the Company dated 1 June 2022 and circular of the Company dated 24 June 2022), under which we were required to express our opinion on and to give recommendations to the independent board committee and independent shareholders of the Company in respect of the relevant transactions; and (2) the deposit service framework agreement, the procurement framework agreements, the provision of products and services framework agreement, the financial guarantee framework agreement and the Jiansu Wanjing Procurement Framework Agreement and the transactions contemplated thereunder and the proposed annual caps (details can be referred to in the announcement of the Company dated 25 August 2021), under which we were required to express our opinion on and to give recommendations to the independent non-executive directors of the Company in respect of the relevant transactions.

During the last two years, we were engaged as an independent financial adviser to CIMC in respect of (1) the continuing connected transactions (details can be referred to the announcements of the CIMC Group dated 9 December 2021 and 17 June 2022 and the circular of CIMC dated 15 July 2022; and (2) the discloseable and connected transaction in relation to the disposal of equity interests in target company and capital increase and deemed disposal of target company (details can be referred to in the announcement of CIMC dated 23 November 2021 and the circular of CIMC dated 7 December 2021). Under these engagements, we were required to express our opinion on and to give recommendations to the independent board committee and the independent shareholders of CIMC in respect of the relevant transactions.

During the last two years, we were also engaged as an independent financial adviser to CIMC Enric Holdings Limited (stock code: 3899.HK) ("**CIMC Enric**"), a subsidiary of CIMC, in respect of (1) the continuing connected transactions contemplated under (i) the financial services framework agreement (2022), (ii) the master sales agreement (2022); (iii) the master processing services agreement (2022); and (iv) the master procurement agreement (2022) (details can be referred to in the announcement of CIMC Enric dated 28 November 2022); and (2) the revision of annual caps for existing continuing connected transactions under the master sales agreement and the master procurement agreement (details can be referred to in the announcement of CIMC Enric dated 4 November 2021). Under these engagements, we were required to express our opinion on and to give recommendations to the independent non-executive directors of CIMC Enric in respect of relevant transactions.

On the bases that (1) apart from the normal professional fees payable to us by the Company, CIMC and CIMC Enric in connection with these appointments, no arrangement exists whereby we have received or will receive any fees or benefits from the Company or the Directors, chief executive and substantial Shareholders of the Company, CIMC, CIMC Enric or any of their respective subsidiaries or associates or any other parties that could reasonably be regarded as relevant to our independence; (2) all of the abovementioned previous engagements with the Company, CIMC and CIMC Enric were limited to providing independent financial advisory services to respective independent non-executive director, the independent board committee and/or the independent shareholders pursuant to the Hong Kong Listing Rules which had not impaired our independence; and (3) our appointments under all of the abovementioned previous engagements were independent and separate to each other, including our current appointment in relation to the Equity Transfer Agreement, we consider that we are independent pursuant to Rule 13.84 of Listing Rules of the Hong Kong Stock Exchange.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true, accurate and complete in all material respects at the time they were made and continue to be true, accurate and complete in all material respects at the date of the Circular. We have also relied on our discussion with the management of the Company (the "**Management**") and its representatives regarding the Group, the annual reports of the Company for the years ended 31 December 2020 and 2021, respectively (the "**FY2020 Annual Report**" and the "**FY2021 Annual Report**", respectively) and the transaction, including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Management and its representatives respectively in the Circular were reasonably made after due enquiry.

We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Management and its representatives. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, the Target Company and CIMC or their respective associates, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendations in respect of the Equity Transfer Agreement and the transactions contemplated thereunder, we have taken the following principal factors and reasons into consideration:

A. Background information of the Group, the Target Company and CIMC

1. Background information of the Group

With reference to the Board Letter, the Group is a world-leading sophisticated manufacturer of semi-trailers and specialty vehicles, and is engaged in the manufacture, sale and after-sales services of seven major categories of semi-trailers in global major markets. In the China market, the Group is a competitive and innovative manufacturer of truck bodies for specialty vehicles as well as a manufacturer of lightweight van truck bodies.

The following table summarises the financial information of the Group for the years ended 31 December 2019, 2020 and 2021, as extracted from the FY2020 Annual Report and FY2021 Annual Report.

	For the year ended/As at 31 December		
	2019	**2020**	**2021**
	RMB million	*RMB million*	*RMB million*
	(audited)	*(audited)*	*(audited)*
Revenue	23,220.2	26,247.2	27,647.8
– sales of vehicles	21,399.3	24,218.1	24,825.3
– sales of parts and components	1,501.2	1,654.5	2,000.0
– Others	319.7	374.6	822.5
Profit for the year	1,326.5	1,269.3	987.7
Net assets	10,220.7	10,448.7	12,386.6

As extracted from FY2020 Annual Report, the Group's revenue increased from approximately RMB23,220.2 million for the year ended 31 December 2019 to approximately RMB26,247.2 million for the year ended 31 December 2020, representing an increase of approximately RMB3,027.0 million or 13.0%. Such increase was mainly attributable to the increase in sales of semi-trailer trucks in China, driven by the new development pattern of "the domestic circulation as the mainstay and the domestic and international dual circulation promoting each other" as proposed by the PRC government, which has provided broad development room for the logistics and transportation market and the sophisticated manufacturing industry in China.

The Group's profit for the year decreased from approximately RMB1,326.5 million for the year ended 31 December 2019 to approximately RMB1,269.3 million for the year ended 31 December 2020, representing a decrease of approximately RMB57.1 million or 4.3%. Such decrease was mainly due to (i) the net impairment losses on financial assets and financial guarantee contracts; (ii) the foreign exchange losses; and partially offset by (iii) the increase in revenue as discussed above.

As extracted from FY2021 Annual Report, the Group's revenue increased from approximately RMB26,247.2 million for the year ended 31 December 2020 to approximately RMB27,647.8 million for the year ended 31 December 2021, representing an increase of approximately RMB1,400.6 million or 5.3%. Such increase was mainly due to the increase in sales of global semi-trailer and parts and components of semitrailers and specialty vehicles, mainly from the North American market and European market.

The Group's profit of the year, however, decreased from approximately RMB1,269.3 million for the year ended 31 December 2020 to approximately RMB987.7 million for the year ended 31 December 2021, representing a decrease of approximately RMB281.7 million or 22.2%. Such decrease was mainly due to (i) the decrease in gross profit margin primary attributable to the increase in raw material prices, overbuying resulting from the transition of emission standards and the increase in ocean freight charge; and (ii) the decrease in other income and investment income.

2. Background information of the Target Company

The Target Company is a limited company established in the PRC in 2004. As at the Latest Practicable Date, the Target Company was held by the Company and CIMC Vehicle. The Target Company is mainly engaged in the development, production and sales of various high-tech and high-performance special purpose vehicles, modified vehicles, special vehicles and semi-trailers in China.

The table below sets out the audited financial information of the Target Company for the two financial years ended 31 December 2021 and 2022 which are prepared in accordance with China Accounting Standards for Business Enterprises ("**CASBE**"):

	Year ended 31 December 2022 *RMB million (audited)*	**Year ended 31 December 2021** *RMB million (audited)*
Revenue	242.4	987.5
Net profit before tax	123.7	42.8
Net profit after tax	116.0	41.2

	As at 31 December 2022 *RMB million (audited)*	**As at 31 December 2021** *RMB million (audited)*
Total assets	659.6	997.1
Net assets	247.8	600.3
Total liabilities	411.8	396.8

Pursuant to the audit report of the Target Company and as advised by the Management, the significant increase in net profit before tax for the year ended 31 December 2022 was mainly attributable to gain on disposal of subsidiaries and dividend income from subsidiaries amounting to RMB175.7 million in aggregate. Since the Target Company had disposed of all of its subsidiaries as at 31 December 2022, such gain and dividend income were one-off in nature.

3. Background information of CIMC Group

With reference to the Board Letter, CIMC is a joint stock company established in the PRC with limited liability. Its H Shares are listed on the main board of the Hong Kong Stock Exchange and its A Shares are listed on the Shenzhen Stock Exchange. CIMC is a world-leading supplier in equipment and solution provider in logistics and energy industries.

Currently. it is principally engaged in the manufacture of containers, road transportation vehicles, energy, chemical and liquid food equipment, marine engineering equipment, logistics services and airport facilities and equipment.

B. The Equity Transfer Agreement and the transactions contemplated thereunder

1. Reasons for and benefits of entering into the Equity Transfer Agreement

As extracted from the Letter from the Board, the disposal of the Target Company is in line with the Group's strategic planning to enhance the quality and efficiency of operation. As advised by the Management, the scale of manufacturing operation of the Target Company was not material to the Group. For the year ended 31 December 2021, the revenue and profit of the Target Company represented only approximately 3.6% and 4.2% of those of the Group, respectively. As such, the disposal of the Target Company would not have a material impact on the Group's operation. Further, after the disposal of the Target Company, it is expected that certain of the original production in the Target Company located in Longgang district of Pingshan would be absorbed by the Group's other factories in Dongguan and Jiangmen. Therefore, the disposal of the Target Company is expected to enable the Group's other factories in Dongguan and Jiangmen to achieve further economy of scale through the expected increase in production volume. Based on the foregoing and given the fact that the Target Company is to be disposed of at fair value, the Equity Transfer Agreement provides a favorable opportunity for the Group to re-arrange its production resources in the area and re-direct financial and other resources, including the proceeds from such disposal, to the existing development plans of the Group.

2. Principal terms of the Equity Transfer Agreement

As extracted from the Letter from the Board, the principal terms of the Equity Transfer Agreement are as follows:

(1) Parties to the agreement

The Company (the transferor);

CIMC Vehicle (the transferor, a wholly-owned subsidiary of the Company); and

CIMC (transferee, a connected person of the Company).

(2) Subject matter

The Company and CIMC Vehicle will sell their 75% and 25% equity interests in the Target Company, respectively while CIMC will acquire the 100% equity interests in the Target Company (inclusive of all interests, benefits attached and all rights legally entitled, and all obligations assumed in accordance with laws).

(3) Consideration

With reference to the valuation of the equity interests of the Target Company on the Valuation Date and taking into consideration of other commercial reasons and the split payment arrange (to be set out below), the parties to the Equity Transfer Agreement agree unanimously through negotiation that the transfer price of the equity interests of the Target Company in this transaction shall be RMB1,355,618,000, of which the transfer price of the 75% equity interests of the Target Company held by the Company is RMB1,016,713,500 and the transfer price of 25% equity interests of the Target Company held by CIMC Vehicle is RMB338,904,500, payable in cash.

According to the Letter from the Board, the commercial reasons taken into consideration include (1) the estimated cost of approximately RMB65 million is or to be incurred by the Group for internal restructuring arrangements in relation to changes arising from the disposal of the Target Company, including, among others, re-arranging the operating and administrative resources of the Group and the administrative procedures for reflecting the respective changes in shareholding structure; and (2) the estimated interest of approximately RMB34 million arising from the delay receipt of part of the equity transfer payment pursuant to the split payment arrangement.

(4) Payment of the Consideration

The first phase of equity transfer payment: CIMC shall pay 51% of the total consideration, i.e., to pay RMB518,523,885 to the bank account designated by the Company and pay RMB172,841,295 to the bank account designated by CIMC Vehicle within 20 working days after the Equity Transfer Agreement becomes effective.

The second phase of equity transfer payment: CIMC shall pay 9% of the total consideration, i.e., to pay RMB91,504,215 to the bank account designated by the Company and pay RMB30,501,405 to the bank account designated by CIMC Vehicle before 31 December 2023.

The third phase of equity transfer payment: CIMC shall pay 40% of the total consideration, i.e., to pay RMB406,685,400 to the bank account designated by the Company and pay RMB135,561,800 to the bank account designated by CIMC Vehicle before 31 December 2024.

As advised by the Management, in response to the above payment arrangement, among others, CIMC has agreed a consideration of the Transfer of approximately RMB1,355.6 million which represents a premium of approximately RMB99.1 million or 7.9% over the valuation of the Target Company of approximately RMB1,256.5 million. Based on our assessment, such premium amount can cover the notional interest loss arising from the delayed receipt of part of the consideration and hence, we are of the view that the above payment arrangement is fair and reasonable and in the interest of the Company and Shareholders as a whole.

(5) Effective conditions and completion

The Equity Transfer Agreement is established on the date of signing by the parties to the Equity Transfer Agreement and shall be effective on the date when all of the following conditions are satisfied:

(i) The parties to the Equity Transfer Agreement have formally signed the Equity Transfer Agreement;

(ii) The shareholders meeting of the Company have considered and approved the Transfer; and

(iii) the board of directors of CIMC has considered and approved the Transfer.

The parties to the Equity Transfer Agreement agree that each party shall use its best efforts to complete the following procedures within one month after the Equity Transfer Agreement becomes effective, in accordance with relevant laws and regulations, including (1) amending the articles of association of the Target Company to reflect the information on the equity interests of the Target Company held by CIMC in the articles of association of the Target Company; and (2) executing the registration/filing procedures for changes in the shareholders and shareholding of the Target Company, and the articles of association of the Target Company with the competent market supervision and management departments and business authorities.

(6) Declaration and undertaking by CIMC

CIMC undertakes and warrants that after the Completion, it will actively implement the undertakings previously given to the Company prior to the public offering and listing of the Company in relation to non-competition. The Transfer will not give rise to competition.

(7) Attribution of profit and loss during the transition period

The parties to the Equity Transfer Agreement agrees that the transition period starts from the Valuation Date (including Valuation Date) until the end of Completion (including the day of Completion). During the Transition Period, the Company and CIMC Vehicle shall exercise shareholder rights and fulfill shareholder obligations in accordance with the articles of association of the Target Company and legal requirements, and bear the profit or loss of the Target Company.

(8) Contingencies

Prior to the payment date of third phase of Consideration by CIMC, the Company shall bear any contingent liabilities or losses arising from events prior to Completion that leads to a difference between the book value of the assets held by the Target Company and as at Valuation Date and confirmed by the parties to the Equity Transfer.

C. Evaluation of the Consideration

Pursuant to the Equity Transfer Agreement, the Consideration is determined with reference to the appraised value of the equity interests of the Target Company, taking into consideration other commercial reasons and the payment terms of the Consideration. We have reviewed the equity valuation report (the "**Valuation Report**") prepared by Shanghai Lixin Appraisal Co., Ltd. ("**Lixin**") in respect of the valuation of the equity interest of the Target Company (the "**Equity Valuation**") and the property valuation report (the "**Property Valuation Report**") prepared by Kroll (HK) Limited ("**Kroll (HK)**") in respect of the property interests of the Target Company (the "**Property Valuation**"). We note that the Valuation Report was prepared in accordance with the Basic Rules for Asset Appraisal as issued by the Ministry of Finance of the PRC and the Practising Standards and Code of Ethics for Asset Appraisal issued by the China Appraisal Society. In respect of the Property Valuation Report, it was prepared in compliance with, among others, the HKIS Valuation Standards and Chapter 5 of the Hong Kong Listing Rules. We have discussed with Lixin regarding Equity Valuation and Kroll (HK) regarding the Property Valuation with details set out below.

(1) The Valuation Report prepared by Lixin

(i) Scope of work and qualifications of Lixin

We have reviewed the engagement letter entered into between the Company and Lixin in respect of the scope of the services of Lixin and discussed with them regarding their scope of work on the Equity Valuation. We were not aware of any limitations on the scope of work which might adversely affect the degree of assurance given by the Valuation Report.

We have discussed with Lixin regarding its qualification for the Equity Valuation. In compliance with the requirements of Rule 13.80 of the Hong Kong Listing Rules, we have also reviewed and enquired the qualification and experience of Lixin and the valuers who are in charge of the Equity Valuation. As per our discussion with Lixin, we understand that Lixin is a qualified PRC appraiser. We also noticed that Ms. Tian Jing, Ms. Chen Qi Meng and Mr. Cai Yuan, the leading persons in charge of the Equity Valuation, are all qualified valuers in the PRC who have over five years of experience in conducting valuation. As such, we are of the view that Lixin possesses sufficient experience in performing the Equity Valuation.

(ii) Valuation approach

Based on our review on the Valuation Report and our discussions with Lixin, they had considered the asset based approach, market approach and income approach in respect of the Equity Valuation. Regarding the market approach, Lixin was of the view that there were insufficient transactions of equity transfer of companies with scale of assets, asset structure, scope of operation and profitability comparable to the Target Company and hence, the market approach was considered not appropriate. For income approach, Lixin had rejected the valuation result from income approach since (i) there was a significant appreciation in value of land and buildings held by the Target Company which could not be reflected in the valuation under income approach given the fact that the cash flows adopted in the income approach are primarily the cash flows from the principal operation of the Target Company, i.e. the development, production and sale of vehicles, which are not relevant to the values of its land and buildings; and (ii) the industry that the Target Company engaged in was adversely affected by COVID which caused uncertainties in the valuation under the income approach. Since the valuation under income approach was rejected by Lixin, we have not performed analysis for income approach. For asset based approach, the valuer will scrutinise each of the identifiable assets and liabilities on the balance sheet of the subject and assess their fair values separately. Depending on the nature of the asset and liability items, the valuer may adopt different valuation approach for each item. The fair values assessed are then added up for the enterprise value. Accordingly, under the asset based approach, the land and buildings of the Target Company will be separately appraised. Hence, Lixin is of the view and we concur that the asset based approach is the suitable method for valuation of the Target Company which can, among others, better reflect the value of land and buildings held by the Target Company. As a result, Lixin has adopted the asset based approach for the conclusion of the Equity Valuation.

Pursuant to the Valuation Report, we note that the Equity Valuation of RMB1,256.5 million based on the asset based approach represented an appreciation of RMB1,008.7 million over the net assets value of the Target Company as at 31 December 2022. Such appreciated value is mainly attributable to the land and buildings of the Target Company, representing an appreciation of RMB888.7 million and RMB93.8 million over the net book values, respectively.

In performing the asset based approach, in respect of the valuation of land of the Target Company, Lixin selected certain land sales comparables that have the characteristics comparable to the land parcels held by the Target Company for direct comparison purpose. We have obtained and reviewed the supporting documents in respect of the land sales comparables selected by the Lixin. We understood that both the land held by the Target Company and the land sales comparables are located at Longgang District of Shenzhen and are industrial land and hence, considered appropriate for direct comparison purpose by Lixin. Certain adjustment factors were then applied to the reference land value from the land sales samples for adjusting the difference in, among others, length of land use rights and locations between the land parcels held by the Target Company and the land sales comparables.

In respect of the valuation of buildings of the Target Company, we noted that it was estimated primarily based on the prevailing construction costs of the buildings and the relevant newness rates. Upon our enquiry with Lixin, we were given to understand that the prevailing construction costs were estimated primarily based on the information of recently completed constructions which are comparable to the buildings held by the Target Company and/or the construction cost index as published by local government, as further adjusted for the difference in the date of construction and the structure of the buildings. We have obtained and reviewed the comparable completed construction adopted by Lixin for determining the prevailing construction costs and noted that the comparable completed construction is an industrial complex completed in 2020, located at Guangzhou and of similar structure as compared to the buildings held by the Target Company. As further advised by Lixin, there was no comparable completed construction located at Longgang District of Shenzhen while they considered that the completed construction located in Guangzhou, i.e. within the Guangdong Province, is also acceptable for comparable purpose. The newness rates adopted were estimated based on, among others, the expected economic lives and the condition of the buildings held by the Target Company. We have obtained and reviewed the calculation schedule of the newness rates and enquired Lixin for the circumstances arriving at certain newness rates, which include economic lives, structure, decoration and facilities of the buildings. As advised by Lixin, they have also considered income approach for the valuation of land and buildings of the Target Company but was concluded not applicable since the relevant land and buildings were not for rental purpose. Lixin had also performed site inspection work on the properties on 3 January 2023.

In respect of the deferred tax assets of the Target Company, there is an appreciation of approximately RMB3.1 million, or 326.7% over the net book value. The appreciation was attributable to the fact that the deferred tax liabilities (net in the deferred tax assets) arising from the fixed assets of the Target Company were valued at nil by Lixin. As understood from Lixin, the relevant deferred tax liabilities were valued at nil since they have revalued the fixed assets of the Target Company and the accounting depreciation used in the calculation of the relevant deferred tax liabilities is not applicable under the Equity Valuation. We have checked to the breakdown showing such appreciation of deferred tax assets and noted that the deferred tax liabilities arising from fixed assets were eliminated while the remaining balance of deferred tax assets was mainly related to the impairment of receivables.

In respect of the non-current liabilities, represented by deferred revenue of the Target Company, there was a depreciation of approximately RMB2.0 million, or 100% over the net book value. As understood from Lixin, the deferred revenue was related to government subsidies which have been fully received by the Target Company. As such, the balance was valued at nil from the perspective of valuation. We have checked to the supporting documents in relation to the grant and receipt of the government subsidies.

For other assets and liabilities items of the Target Company, we have checked the appraised values of respective items pursuant to the Valuation Report against the net book values pursuant to the audit report of the Target Company and noted that there were no material differences.

Based on our assessment and work done on the Equity Valuation as mentioned above, we note that the assets and liabilities of the Target Company are stated at their fair values under the Equity Valuation and we have not identified any major findings which caused us to doubt the fairness and reasonableness in arriving at their valuation. Hence, we are of the view that the valuation of the Target Company based on the asset based approach is fair and reasonable.

The Equity Valuation pursuant to the Valuation Report amounts to approximately RMB1,256.5 million. As such, the Consideration of RMB1,355.6 million represents a premium of approximately 7.9% to the Equity Valuation. We are of the view that the Consideration is fair and reasonable.

(2) The Property Valuation Report prepared by Kroll (HK)

(i) Scope of work and qualifications of Kroll (HK)

We have obtained and reviewed the engagement letter entered into between the Company and Kroll (HK) for the scope of the services of Kroll (HK) and discussed with them regarding their scope of work on the Property Valuation. We were not aware of any limitations on the scope of work which might adversely affect the degree of assurance given by the Property Valuation Report.

We have discussed with Kroll (HK) regarding its qualification for the Property Valuation. In compliance with the requirements of Rule 13.80 of the Hong Kong Listing Rules, we have also reviewed and enquired the qualification and experience of Kroll (HK) and the valuer who is in charge of the Property Valuation. As per our discussion with Kroll (HK) and pursuant to our search on public information, we understand that Kroll (HK) is a member firm of Kroll, which is an international firm that provides, among others, independent valuation advisory services. We also noticed that Ms. Elaine Ng, the leading person in charge of the Property Valuation, has over 14 years of experience in conducting valuation. As such, we are of the view that Kroll (HK) possesses sufficient experience in performing the Property Valuation.

(ii) Valuation approach

We have reviewed the Property Valuation Report and enquired with Kroll (HK) to understand the valuation approach adopted in the Property Valuation. In respect of the valuation of land held by the Target Company, Kroll (HK) has considered market approach and income approach. Income approach was not adopted since the land held by the Target Company was not for rental investment purpose. In applying market approach, Kroll (HK) had selected certain land sales comparables that have the characteristics comparable to the land parcels held by the Target Company for direct comparison purpose. We have obtained and reviewed the supporting documents in respect of the land sales comparables extracted from local government websites and selected by Kroll (HK). We understood that both the land held by the Target Company and the land sales comparables are located at Longgang District of Shenzhen and are granted for industrial use and hence, considered appropriate for direct comparison purpose by Kroll (HK). An adjustment factor was then applied to the reference land value from the land sales comparables for adjusting the difference in land use terms' length on land use rights and locations between the land parcels held by the Target Company and the land sales comparables.

In respect of the valuation of buildings held by the Target Company, Kroll (HK) has considered market approach, income approach and cost approach. Market approach was not adopted since there were insufficient transactions in respect of buildings that are comparable to the building held by the Target Company. Income approach was not adopted since the buildings held by the Target Company were specially built properties for industrial use but not for rental investment purpose. In applying the cost approach, we noted that the valuation was estimated primarily based on, among other things, the gross floor area of the relevant buildings, the cost of reproduction new ("**CRN**") depending on the usage and nature of the buildings and the relevant depreciation. Upon our enquiry with Kroll (HK), we were given to understand that the CRN was extracted from their internal database which reflects the prevailing construction cost in the vicinity after the consideration of inflation rates, labour costs and material costs. As further advised by Kroll (HK), the prevailing construction cost from their internal database was derived from certain recently completed constructions which are comparable to the buildings held by the Target Company. We have obtained and reviewed the comparable completed constructions adopted by Kroll (HK) and note that they comprised of industrial buildings (including workshop, warehouse, staff dormitory and office building), located at Dongguan and Shaoguan, completed in 2021 and 2022 and of similar structure as compared to the buildings held by the Target Company. Kroll (HK) also advised that there was no comparable completed construction located at Longgang District of Shenzhen while they considered that the comparables located in Dongguan and Shaoguan, i.e. with the Guangdong Province, are also acceptable for comparable purpose. The building useful lives adopted in the calculation of depreciation were estimated based on the shorter of the length of land use right where the buildings were erected or the standard economic lives of 50 years for buildings. Kroll (HK) had also performed site inspection work on the properties on 5 and 6 January 2023.

Based on the aforesaid, we have not identified any major findings which caused us to doubt the fairness and reasonableness in arriving at their valuation.

The Property Valuation pursuant to the Property Valuation Report amounts to approximately RMB1,105.2 million, which was not materially different from the valuation of land and buildings as extracted from the Valuation Report based on asset based approach of RMB1,104.7 million.

D. Financial effects of the disposal of Target Company on the Group

As at the Latest Practicable Date and upon the completion of this transaction, the Target Company will no longer be a subsidiary of the Company, and its financial results will no longer be consolidated to the Company's consolidated financial statements. In addition, the disposal of Target Company is expected to have the below financial effects on the Group.

(1) Gearing ratio

As at 31 December 2021, the Group's gearing ratio was approximately 11.0%. It is expected that the Group's gearing ratio will be reduced upon completion of the transaction upon the receipt of proceeds from the disposal and the derecognition of debts held by the Target Company.

(2) Earnings

The Group expects to recognise a gain on disposal of the Target Company of approximately RMB710.0 million to RMB775.0 million since the Consideration exceeded the net assets value of the Target Company as at 31 December 2022. Further, by excluding the one-off gain on disposal of subsidiaries and dividend income from subsidiaries of approximately RMB175.7 million, the Target Company would have incurred a net loss of approximately RMB59.7 million for the year ended 31 December 2022. As such, upon the completion of the transaction, the Group's net profit is expected to increase.

(3) Net assets value

As at 31 December 2022, the net assets value of the Target Company was approximately RMB247.8 million. Nonetheless, upon completion of the transaction and the receipt of proceeds from the disposal of the Target Company which exceeds the net assets value of the Target Company, the net assets value of the Group is expected to increase.

(4) Liquidity

As at 31 December 2022, the Target Company's net current assets were approximately RMB49.2 million. As a result of the transaction, the Group expects to improve its liquidity upon the receipt of proceeds from the disposal of the Target Company.

OPINION AND RECOMMENDATION

Having considered the above principal factors, we are of the opinion that although the Equity Transfer Agreement and the transaction contemplated thereunder are not in the ordinary and usual course of business of the Group, they are in the interests of the Company and Shareholders as a whole and are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, and we advise the Independent Shareholders, to vote in favor of the ordinary resolutions to be proposed at the EGM for approving the Equity Transfer Agreement.

Yours faithfully,
For and on behalf of
Innovax Capital Limited

Richard, Chu Sai Tak
Managing Director

Note: Mr. Richard Chu is a licensed person under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and regarded as a responsible officer of Innovax Capital Limited. Mr. Richard Chu has over 15 years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, the Directors, Supervisors and the Company's chief executive ("**chief executive**") Shares, underlying Shares in the Company or any of its associated corporations (as defined in Part XV of the SFO) Interests and/or short positions in and bonds that are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including Deemed or taken to have interests or short positions), or registers required to be registered with the Company under section 352 of the SFO, or required to be notified under the Model Code for Securities Transactions by Directors of Listed Companies The interests and/or short positions of the Company and the Hong Kong Stock Exchange are as follows:

Director name	Nature of interest	Class of Shares	Number of Shares/ underlying Shares held	Long/short position	Approximate percentage of relevant class of Shares	Approximate percentage of the total issued Share capital of the Company
Li Guiping	Interests in controlled corporations *(Note 1)*	A Shares	99,037,500	long position	6.81%	4.91%
	Beneficial owner	H Shares	2,500	long position	0.00%	0.00%
Wang Yu	Interests in controlled corporations *(Note 2)*	A Shares	75,877,500	long position	5.22%	3.76%

Notes:

1. Mr. Li Guiping is the executive Director, chief executive officer and president of the Company. Since Mr. Li is the general partner of Shenzhen Longhui (which is the general partner of Xiangshan Huajin) and is interested in 47.37% of the shares of Shenzhen Longhui, he is deemed to be interested in the 75,877,500 A shares held by Xiangshan Huajin. Since Mr. Li is interested in 80% of the equity interest in Longyuan Investment (which is the general partner of Shenzhen Longyuan), he is also deemed to be interested in the 23,160,000 A shares held by Shenzhen Longyuan.

2. Mr. Wang Yu is a non-executive Director of the Company. Since Mr. Wang is interested in 26.32% of the shares of Shenzhen Longhui (which is the general partner of Xiangshan Huajin), he is also deemed to be interested in the 75,877,500 A shares held by Xiangshan Huajin.

Long position in shares/underlying shares of associated corporation

Save as disclosed below, as at the Latest Practicable Date, none of the Directors, Supervisors and chief executive of the Company had any interest in the underlying shares of the Company.

Associated corporation	Class of Shares held in associated corporation	Director name	Capacity	Number of Shares/underlying Shares held	Approximate percentage of relevant class of Shares
CIMC	A Shares	Mai Boliang	Beneficial owner *(Note 1)*	890,465	0.04% *(Note 2)*
	A Shares	He Jin	Beneficial owner *(Note 1)*	26,100	0.00% *(Note 2)*
CIMC Enric	Ordinary Shares	Mai Boliang	Beneficial owner *(Note 1)*	7,260,000	0.36% *(Note 3)*
	Ordinary Shares	Wang Yu	Beneficial owner *(Note 1)*	320,000	0.02% *(Note 3)*
	Ordinary Shares	Zeng Han	Beneficial owner *(Note 1)*	400,000	0.02% *(Note 3)*
Jiangsu Vanguard Trailer Rental Co., Ltd. (江蘇掛車幫租賃有限公司)	Domestic shares	Li Guiping	Interests in controlled corporations *(Note 4)*	10,000,000	3.85%
Shenzhen Star Train Technology Co., Ltd. (深圳市星火車聯科技有限公司)	Domestic shares	Li Guiping	Interests in controlled corporations *(Note 5)*	1,200,000	17.14%

Notes:

1. Mr. Mai Boliang, Mr. He Jin, Mr. Wang Yu and Mr. Zeng Han are non-executive Directors of the Company. As at the Latest Practicable Date, Mr. Mai Boliang and Mr. He Jin held 890,465 and 26,100 issued A shares of CIMC, respectively, and Mr. Mai Boliang, Mr. Wang Yu and Mr. Zeng Han respectively held 7,260,000 common shares, 320,000 common shares and 400,000 common shares of CIMC Enric. Both CIMC and CIMC Enric are associated corporations of the Company.

2. Based on total number of issued A shares of 2,302,682,490 shares of CIMC as at the Latest Practicable Date.

3. Based on total number of issued 2,028,277,588 ordinary shares of CIMC Enric as at the Latest Practicable Date.

4. Mr. Li Guiping is the executive Director, chief executive officer and president of the Company. Since Mr. Li owns 34% 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 disclosed that he owns 3.85% equity interest in Jiangsu Vanguard Trailer Rental Co., Ltd.

5. Mr. Li Guiping is the executive Director, chief executive officer and president of the Company. As Mr. Li owns 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)), he disclosed that he owns 17.14% equity interest in Shenzhen Star Train Technology Co., Ltd. (the Company owns 28% of its shares).

3. DISCLOSURE OF SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS AND SHAREHOLDINGS OF OTHER PARTIES IN ACCORDANCE WITH THE HONG KONG SECURITIES AND FUTURES ORDINANCE

So far as the Directors are aware, as at the Latest Practicable Date, the following persons other than the Directors, Supervisors and chief executive had interests and/or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept pursuant to Section 336 of the SFO:

Shareholder name	Nature of interest	Class of Shares	Number of Shares	Long/short position	Approximate percentage of 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%
	Interests in controlled corporations(1)	H Shares	417,190,600	long position	73.98%	20.68%
Ping An De Cheng	Interests in controlled corporations(2)	A Shares	112,061,305	long position	7.71%	5.55%
Ping An Financial	Interests in controlled corporations(2)	A Shares	228,559,093	long position	15.72%	11.33%
Ping An Life Insurance	Interests in controlled corporations(4)	A Shares	228,559,093	long position	15.72%	11.33%
Ping An Group	Interests in controlled corporations(2)	A Shares	228,559,093	long position	15.72%	11.33%
CIMC Hong Kong	Beneficial owner	H Shares	417,190,600	long position	73.98%	20.68%
Shanghai Taifu	Beneficial owner	A Shares	116,497,788	long position	8.01%	5.77%
Chi Xiao	Interests in controlled corporations(3)	A Shares	116,497,788	long position	8.01%	5.77%

Shareholder name	Nature of interest	Class of Shares	Number of Shares	Long/short position	Approximate percentage of relevant class of Shares	Approximate percentage of the total issued Share capital of the Company
Nanshan Group	Interests in controlled corporations(3)	A Shares	116,497,788	long position	8.01%	5.77%
Ping An Capital Co., Ltd.	Interests in controlled corporations(4)	A Shares	116,497,788	long position	8.01%	5.77%
Taizhou Taifu	Beneficial owner	A Shares	112,061,305	long position	7.71%	5.55%
Ping An Health Partnership	Interests in controlled corporations(4)	A Shares	112,061,305	long position	7.71%	5.55%
Shenzhen Sidao Branch Investment Co., Ltd. (深圳市思道科投資有限公司)	Interests in controlled corporations(4)	A Shares	112,061,305	long position	7.71%	5.55%
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)	Interests in controlled corporations(5)	A Shares	228,559,093	long position	15.72%	11.33%
Xiangshan Huajin	Beneficial owner	A Shares	75,877,500	long position	5.22%	3.76%
Shenzhen Longhui	Interests in controlled corporations(6)	A Shares	75,877,500	long position	5.22%	3.76%
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. (山東玲瓏輪胎股份有限公司)	Interests in controlled corporations (7)	H Shares	42,556,500	long position	7.55%	2.11%

Shareholder name	Nature of interest	Class of Shares	Number of Shares	Long/short position	Approximate percentage of relevant class of Shares	Approximate percentage of the total issued Share capital of the Company
Linglong Group Co., Ltd. (玲瓏集團有限公司)	Interests in controlled corporations (7)	H Shares	42,556,500	long position	7.55%	2.11%
Wang Xicheng	Interests in controlled corporations (7)	H Shares	42,556,500	long position	7.55%	2.11%
Citigroup Inc.	Interests in controlled corporations	H Shares	20,000	long position	0.004%	0.001%
	Approved lending agent	H Shares	20,500	short position	0.004%	0.001%
	Approved lending agent	H Shares	37,588,218	long position	6.67%	1.86%
GIC Private Limited	Investment manager	H Shares	35,588,000	long position	6.31%	1.76%

Notes:

(1) CIMC Hong Kong is a wholly-owned subsidiary of CIMC, therefore, CIMC is deemed to be interested in the H shares of the Company held by CIMC Hong Kong. As at the Latest Practicable Date, CIMC Hong Kong held 417,190,600 H Shares of the Company.

(2) Ping An Decheng is the general partner of Taizhou Taifu and is therefore deemed to be interested in the A Shares held by Taizhou Taifu in the Company. Ping An Decheng is wholly owned by Ping An Financial, which is ultimately controlled by Ping An Group. In addition, Ping An Capital Co., Ltd. is wholly-owned by 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), which is wholly-owned by Ping An Financial, and Ping An Capital Co., Ltd. is the executive partner of Shanghai Taifu. Therefore, both Ping An Financial and Ping An Group are deemed to be interested in the A Shares held by Shanghai Taifu and Taizhou Taifu.

(3) Chi Xiao is a limited partner of Shanghai Taifu (holding 59.51% of its equity interest), and is therefore deemed to be interested in the A shares held by Shanghai Taifu. Chi Xiao is wholly owned by Nanshan Group, so Nanshan Group is also considered to be interested in A shares of the Company held by Shanghai Taifu.

(4) Both Ping An Life Insurance and Ping An Health Partnership are limited partners of Taizhou Taifu (holding 47.62% and 38.33% of its equity interest, respectively), and are therefore deemed to be interested in the A shares of the Company held by Taizhou Taifu. Shenzhen Sidao Branch Investment Co., Ltd. (深圳市思道科投資有限公司) is a wholly-owned subsidiary of Shenzhen Ping An Yuanxin Investment Development Holdings Co., Ltd. (深圳市平安遠欣投資發展控股有限公司) and holds 55.12% equity in Ping An Health Partnership, so both are deemed to have interested in the A shares of the Company held by Taizhou Taifu. Ping An Life Insurance holds 40.36% equity interest in Shanghai Taifu and is therefore deemed to be interested in the A Shares of the Company held by Shanghai Taifu.

(5) Ping An Capital Co., Ltd. is wholly owned by Shenzhen Pingan Yuanxin Investment Development Holdings Co., Ltd. (深圳市平安遠欣投資發展控股有限公司) and Ping An Capital Co., Ltd. is the executive partner of Shanghai Taifu. Therefore, 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) is deemed to be interested in the A Shares held by Shanghai Taifu in the Company. In addition, Shenzhen Pingan Yuanxin Investment Development Holdings Co., Ltd. wholly owns Shenzhen Sidao Branch Investment Co., Ltd. (深圳市思道科投資有限公司). Shenzhen Sidao Branch Investment Co., Ltd. (深圳市思道科投資有限公司) owns 55.12% equity interests of Ping An Health Partnership. Ping An Health Partnership is a limited partner of Taizhou Taifu and owns 38.33% equity interests of Taizhou Taifu. Therefore, Shenzhen Pingan Yuanxin Investment Development Holdings Co., Ltd. is therefore deemed to be interested in the A Shares held by Taizhou Taifu in the Company.

(6) Shenzhen Longhui is the general partner of Xiangshan Huajin and holds 37.35% of its equity, so it is deemed to be interested in the 75,877,500 A shares of the Company held by Xiangshan Huajin.

(7) Mr. Wang Xicheng owns 51% of the shares of Linglong Group Co., Ltd (玲瓏集團有限公司). Linglong Group Co., Ltd. (玲瓏集團有限公司) holds 39.94% of the shares of Shandong Linglong Tire Co., Ltd (山東玲瓏輪胎股份有限公司). Hong Kong Tiancheng Investment & Trading Co. Limited. is a wholly-owned subsidiary of Shandong Linglong Tire Co., Ltd, and therefore, all of them are deemed to have interests in the 42,556,500 H shares of the Company held by Hong Kong Tiancheng Investment & Trading Co.Limited. In addition, since Mr. Wang Xicheng holds 51% equity interest in Elite Faith Trading Limited.

As at the Latest Practicable Date, so far as the Directors are aware, save as disclosed above, no person (other than a Director, Supervisor or senior management of the Company) had an interest or short position in the Shares according to the register of interests in shares and short positions kept by the Company pursuant to Section 336 of the SFO.

4. INTERESTS OF DIRECTORS AND SUPERVISORS IN COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors, Supervisors or their respective associates had any interest in any business which directly or indirectly competes or may compete with the business of the Group.

5. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

As at the Latest Practicable Date, none of the Directors or Supervisors had entered into or proposed to enter into any service contract with any member of the Group, which contained a provision that the Company must give more than one year's notice or payment of compensation (other than statutory compensation) for termination of the contract.

6. INTERESTS OF DIRECTORS AND SUPERVISORS IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors and Supervisors had: (i) any direct or indirect interests in any asset which had been, since December 31, 2021, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and (ii) any material interests in any contract or arrangement subsisting as at the Latest Practicable Date which had a significant impact on the business of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors and Supervisors were not aware of any material adverse changes in the financial or trading position of the Group since December 31, 2021, which was the date on which the Group's latest published audited consolidated financial statements have been made up.

8. EXPERT QUALIFICATION AND CONSENT

The following are the qualifications of the experts providing advice or advice contained in this circular:

Name	Qualifications
PricewaterhouseCoopers Zhong Tian LLP Shenzhen Branch	Certified Public Accountants in the PRC
Innovax Capital Limited	Licensed corporation carrying out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Shanghai Lixin Appraisal Co., Ltd.# (上海立信資產評估有限公司)	Independent and professional valuer
Kroll (HK) Limited	Independent and professional surveyor

Each of PricewaterhouseCoopers Zhong Tian LLP Shenzhen Branch, the Independent Financial Advisor, Property Valuer and Valuer has issued a letter of consent to the publication of this circular, agreeing to publish their respective letters or quote their names in this circular in its current form and content, and has not withdrawn the letter of consent so far.

As at the Latest Practicable Date, PricewaterhouseCoopers Zhong Tian LLP Shenzhen Branch, the Independent Financial Advisor, Property Valuer and Valuer did not hold any equity interest in any member of the Group, nor had the right (whether legally enforceable or not) to subscribe for or nominate others to subscribe for securities of any member of the Group, each of PricewaterhouseCoopers Zhong Tian LLP Shenzhen Branch, the Independent Financial Advisor, Property Valuer and Valuer has not been purchased or sold or leased to any member of the Group by, or is intended to be purchased or sold or any direct or indirect interest in any asset leased to any member of the Group.

9. DOCUMENTS ON DISPLAY

Copies of the following documents shall be displayed on the website of the Stock Exchange (http://www.hkexnews.hk) and the Company's website (https://www.cimcvehiclesgroup.com) from the date of this circular up to and including the date of the EGM:

1. Equity Transfer Agreement;

2. The letter of recommendation from the Independent Board Committee of the Company to the Independent Shareholders set out in this circular;

3. The letter issued by the Independent Financial Advisor set out in this circular;

4. the Property Valuation Report;

5. the Valuation Report;

6. the financial statements and audit report of the Target Company;

7. the consent letter issued by PricewaterhouseCoopers Zhong Tian LLP Shenzhen Branch;

8. the consent letter issued by the Independent Financial Advisor;

9. the consent letter issued by the Property Valuer; and

10. the consent letter issued by the Valuer.

For reference only

3 March 2023

CIMC Vehicles (Group) Co., Ltd.
No. 2 Gangwan Avenue, Shekou,
Nanshan District,
Shenzhen, Guangdong Province,
China

Dear Sirs,

In accordance with the instruction of CIMC Vehicles (Group) Co., Ltd. (the Company) to provide our opinion of the market value of an industrial complex located at No. 1 Jinlong Avenue, Pingshan Sub-district, Longgang District, Shenzhen City, Guangdong Province, the People's Republic of China (the "PRC") (or hereafter referred as the "Property" or the "property interests"). We confirm that we have carried out inspection of the Property, made relevant enquiries and obtained such further information as we consider necessary for providing the market value of such property interests as of 31 December 2022 (referred to as the "valuation date").

This letter which forms part of our valuation report explains the basis and methodologies of valuation, and clarifies our assumptions made, title investigation of property interests and the limiting conditions.

BASIS OF VALUATION

Our valuation is our opinion of the ***Market Value*** which is defined in accordance with the HKIS Valuation Standards of the Hong Kong Institute of Surveyors to mean "the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market Value is understood as the value of an asset and liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value.

PROPERTY APPRAISED

The Property comprises an industrial complex erected on two land parcels located in Shenzhen City of Guangdong Province in the PRC. The salient details of the Property are tabulated below:

Property Address	Uses	Site Area (sq.m.)	Gross Floor Area (sq.m.)	Land Use Term Expiry Dates
An industrial complex located at No. 1 Jinlong Avenue, Pingshan Sub-district, Longgang District, Shenzhen City, Guangdong Province, the PRC 中國廣東省深圳市龍崗區坪山街道錦龍大道1號之廠房	Industrial	203,450	102,586.01 (includes buildings with/without title documents – see Remarks below)	20 June 2054 and 15 August 2054

Remarks: *As advised, the total GFA of about 7,571.52 sq.m., have not obtained any Realty Title Certificates or Building Ownership Certificates, we assumed all the buildings and structures are legally built and transferrable in the market in the course of our valuation.*

VALUATION METHODOLOGY

We have adopted cost approach to determine the market value of the specialized industrial property. The approach details are outlined as follows:

The Cost Approach

The cost approach establishes value based on the cost of reproducing or replacing the property, less depreciation from physical deterioration, and functional and economic/external obsolescence, if present and measurable.

Replacement Cost New is defined as the estimated amount required to replace the property at one time with a modern new unit using the most current technology and materials that will duplicate the production capacity and utility of an existing unit at current market prices for materials, labor, manufactured equipment, contractors' overheads and profit, and fees, but without provision for overtime, bonuses for labor, or premiums for material or equipment.

Physical Deterioration is the loss in value resulting from wear and tear in operation and exposure to the elements.

Functional Obsolescence is the loss in value caused by conditions within the asset such as changes in design, materials, or processes that result in inadequacy, overcapacity, lack of utility, or excess operating costs.

Economic/External Obsolescence is an incurable loss in value caused by negative influences outside of the asset itself, such as general economic conditions, availability of financing, or inharmonious property uses.

The cost approach generally provides a meaningful indication of the value of land improvements, special buildings, special structures, and special machinery and equipment associated with a viable business or justified by economic demand.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the property interests located in the PRC. However, due to the current registration system of the PRC, no investigation has been made for the legal title or any liabilities attached to the Property. We have also not scrutinized the original documents to verify ownership or to verify any amendments which may not appear on the copies handed to us. We have relied to a considerable extent on the information provided by the Company.

All legal documents disclosed in this letter and valuation particulars are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the property interests set out in this letter and valuation particulars.

ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the property interests on the market in its existing state without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the property interests.

No allowance has been in our valuation for any charges, mortgages or amounts owing on the Property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, all the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have assumed that the owner(s) of the property interests have free and uninterrupted rights to use, lease or mortgage the property interests. We have also assumed that the property interests are freely disposable and transferable.

It is assumed that all applicable zoning, land use regulations and other restrictions have been complied with unless a non-conformity has been stated, defined and considered in the valuation particulars. Further, it is assumed that the utilization of the land and improvements is within the boundaries of the property interests described and that no encroachment or trespass exists unless noted in the valuation particular.

Other special assumptions of the Property, if any, have been stated in the footnotes of the valuation particulars.

LIMITING CONDITIONS

We have relied to a considerable extent on the information provided by CIMC Vehicle and have accepted advice given to us by CIMC Vehicle on such matters as statutory notices, easements, tenure, occupancy, site areas and floor areas and all other relevant matters. Dimensions and areas included in the valuation particulars are based on information contained in the documents provided to us and are only approximations.

Having examined all relevant documentation, we have had no reason to doubt the truth and accuracy of the information provided to us. We have assumed that no material factors have been omitted from the information to reach an informed view and have no reason to suspect that any material information has been withheld.

We have not carried out detailed site measurements to verify the land area or building area in respect of the property but have assumed that the areas provided to us are correct. All dimensions and areas are approximations only.

Our Mr. Tommy Wang has inspected the Property in 5-6 January 2023. He has visited and inspected the Property to identify the existence of the Property, to record the existing condition of the Property and took photographs of the Property. No structural survey has been made and we are therefore unable to report as to whether the Property is or is not free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

No site investigations have been carried out to determine the suitability of the ground conditions or the services for the sites.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed unless otherwise stated, defined, and considered in the report. It is also assumed that all required licenses, consents, or other legislative, or administrative authority from any local, provincial, or national government or private entity or organization either have been or can be obtained or renewed for any use which the report covers.

REMARKS

In valuing the property interests, we have complied with all the requirements contained in Paragraph 34(2) and (3) of Schedule 3 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32), Chapter 5 and Practice Note 12 to the Listing Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards (2020 Edition) published by the Hong Kong Institute of Surveyors and Rule 11 of the Codes on Takeovers and Mergers and Share Buy-backs. We confirm that we are an independent qualified valuer, as referred to Rule 11 of The Codes on Takeovers and Mergers and Share Buy-Backs published by the Securities and Futures Commission.

We hereby certify that we have neither present nor prospective interest in the Property or the value reported. This valuation report is issued subject to our Assumptions and Limiting Conditions.

Unless otherwise stated, all monetary amount stated in this report is in Renminbi (RMB).

Yours faithfully,
For and on behalf of
Kroll (HK) Limited

Elaine H.L. Ng
MRICS, MHKIS, RPS (GP), MCIREA
Vice President

Notes:

Ms. Elaine H.L. Ng, who is a Chartered Surveyor, has over 14 years' post qualification experience in valuation of properties in Hong Kong, the People's Republic of China and Asia.

Mr. Tommy Wang, who works in Kroll as a Vice President for about 30 years. He has over 35 years' experience in valuation of fixed assets in the People's Republic of China.

SUMMARY OF VALUE

Property held for sale

Property	**Market Value in existing state as of 31 December 2022** *(RMB)*
An industrial complex located at No. 1 Jinlong Avenue, Pingshan Sub-district, Longgang District, Shenzhen City, Guangdong Province, the PRC 中國廣東省深圳市龍崗區坪山街道錦龍大道1號之廠房	1,105,200,000
Total:	**1,105,200,000**

VALUATION PARTICULARS

Property held for sale

Property	**Description and Tenure**	**Particulars of Occupancy**	**Market Value in existing state as at 31 December 2022**
An industrial complex located at No. 1 Jinlong Avenue, Pingshan Sub-district, Longgang District, Shenzhen City, Guangdong Province, the PRC 中國廣東省深圳市龍崗區坪山街道錦龍大道1號之廠房	The property is an industrial complex erected on two land parcels with a total site area of about 203,450 sq.m. The buildings of the Property were built between 2006 and 2020. As advised, the total gross floor area of the Property is about 102,586.01 square metres, which has included the buildings granted with title documents is about 95,014.49 square metres. The land use rights of the property have been granted for terms expiring on 20 June 2054 and 15 August 2054 for industrial purposes.	As advised, the Property owner-occupied for industrial use as of the valuation date.	RMB1,105,200,000

Notes:

1. Pursuant to 14 Realty Title Certificates (不動產權證), Yue (2019) Shenzhen Shi Bu Dong Chan Di No. 0232347, 0232353 – 0232361, 0240134-0240135, 0251845 and 0245961, the land use rights and the building ownership rights of the Property are held by Shenzhen CIMC Vehicle Co.,Ltd. (深圳中集專用車有限公司) ("Shenzhen CIMC Vehicle") for terms expiring on 20 June 2054 and 15 August 2054 for industrial purposes.

2. As advised by the Company, some of the buildings within the Property with a total gross floor area of about 7,571.52 square metres have not obtained any Realty Title Certificates or Building Ownership Certificates. For reference purposes, the depreciated replacement cost of these buildings without title documents as of the valuation date is about RMB12,840,000, which has been included in the course of our valuation.

3. The property is located along Jinlong Road with 30 minutes' drive from Longgang District center. The immediately neighborhood intermingled with industrial properties, retails, residential buildings, schools and some reservoirs.

4. Shenzhen CIMC Vehicle is an indirectly wholly-owned subsidiary of the Company.

5. In the course of our valuation, we have made the following assumptions:

   (a) Shenzhen CIMC Vehicle possesses the proper title of the property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the property or dispose of the property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.

   (b) The buildings or structures of the property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.

   (c) The Property is not subject to any encumbrances, litigations or disputes.

6. Our valuation has been made on the following basis and analysis:

In the valuation of the property in its existing state, cost approach was adopted. It begins with the determination of land value, which is valued by the direct comparison method. Once land value has been determined, reproduction or replacement costs of the improvements are estimated as if the improvements were new. The estimate is then further adjusted for all elements of accrued depreciation including physical depreciation, functional and/or external obsolescence. To determine the land value, we have made reference to various recent sales prices of industrial land parcels within the vicinity.

The land sales comparable are selected as they have characteristics comparable to the subject Property. The price range of the comparables from RMB3,483 to RMB4,660 per square metre on site area. The salient details of the land comparables are tabulated below:

Property – Details	**Land Comparable 1**	**Land Comparable 2**	**Land Comparable 3**
Location (Chinese)	龍崗區園山街道	龍崗區寶龍街道 G02204-0036 宗地	龍崗區寶龍街道
Location (English)	Yuanshan Street, Longgang District	Lot No. G02204-0036, Baolong Street, Longgang District	Baolong Street, Longgang District
Current Status	Vacant Land	Vacant Land	Vacant Land
Plot Ratio	4.20	4.70	4.30
Site Area	9,678.98 m^2	16,861.65 m^2	13,683.01 m^2
Permitted Use	Industrial	Industrial	Industrial
Tenure	20 years	20 years	20 years
Transaction Type	Private Treaty Grant by Listing	Private Treaty Grant by Listing	Private Treaty Grant by Listing
Date of Transaction	20-May-2022	09-Mar-2022	06-May-2022
Transacted Price	¥45,100,000	¥74,800,000	¥47,656,870
Transaction Site Unit Price	¥4,660/m^2	¥4,436/m^2	¥3,483/m^2

The unit rate arrived by us is consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect to the difference in transaction time, location and tenure. In the course of our valuation, we have adopted average unit rate of RMB4,545 per square metre on site area, the market value of the two land parcels is RMB924,700,000.

For the buildings of the property, we have made reference to the prevailing construction costs in the vicinity to derive the replacement cost. The adopted unit replacement cost is about RMB800 to RMB3,600 per square metre depends on the type and nature of that particular building. The unit cost adopted for the buildings are tabulated below:

No.	**Building Nature**	**Market Unit Cost for Reference**	**Adjustments for professional fee, management fee and finance cost**	**Unit Cost Adopted**
a)	Office 框架結構辦公樓	¥3,600/m^2	¥269/m^2	¥3,869/m^2
b)	Main workshop 框架結構廠房	¥2,600/m^2	¥194/m^2	¥2,794/m^2
c)	Dormitory 多層宿舍	¥2,000/m^2	¥149/m^2	¥2,794/m^2
d)	Warehouse 倉庫	¥1,600/m^2	¥119/m^2	¥1,719/m^2
e)	Auxiliary Building 輔組用房	¥800/m^2	¥60/m^2	¥860/m^2

After the determination of replacement cost, we have made further adjustment depreciation of the buildings, the depreciated replacement unit cost is about RMB1,706 per square metre. The building value is about RMB174,900,000, together with the structure's value, the total market value of the buildings and structures is RMB180,500,000.

The total market value of the Property should be the land value plus the building value, i.e. RMB924,700,000 + RMB180,500,000 = RMB1,105,200,000.

SUMMARY OF APPRAISAL REPORT

Shanghai Lixin Appraisal Co., Ltd. has accepted the commission of CIMC Vehicles (Group) Co., Ltd., to conduct the appraisal on the market value of total shareholders' equity value of Shenzhen Cimc Vehicle Co., Ltd (hereinafter refer to as for 'SCVC') on December 31, 2022 for CIMC Vehicles (Group) Co., Ltd.'s purpose of equity transfer, with adherence to the principles of independence, objectivity and fairness by adopting the asset-based method and income method in accordance with necessary appraisal procedures. The appraisal is reported as follows:

Target Object: Total shareholders' equity value of 'SCVC'

Valuation Scope: Total assets and liabilities of 'SCVC'. According to the balance sheet of 'SCVC' on December 31, 2022, the book value of total assets is RMB659.5727 million, the book value of total liabilities is RMB411.7863 million, and the book value of net assets is RMB247.7864 million

Valuation Base Date: December 31, 2022

Valuation Purpose: Equity transfer

Value Type: Market value

Valuation Method: The asset-based method and the income method, and ultimately the result of asset-based method is selected.

1. Target Object and Valuation Scope

1.1 Target object and valuation scope

The target object of the appraisal is the market value of all shareholders' equity of 'SCVC'. The valuation scope covers all the assets and liabilities of 'SCVC'.

1.2 Type of off-balance sheet assets declared by the enterprise

The off-balance-sheet assets declared by the enterprise for appraisal are inventories and intangible assets, of which the off-balance-sheet inventories include scrapped fixtures and steel scrap; the off-balance sheet intangible assets are trademarks.

1.3 The conditions of main assets within the valuation scope

According to the information declared by the enterprise for appraisal, the specific details of the main assets of 'SCVC' are as follows:

1.3.1 Current assets

The current assets include cash and cash equivalents, notes receivable, trade receivables, prepayments and other receivables, inventory and other current assets.

1.3.2 Non-current assets

The non-current assets mainly include fixed assets, intangible assets, long-term prepaid expenses and deferred tax assets.

The fixed assets – buildings for appraisal include factory buildings, staff dormitories, canteen, distributing substation, stacking yard and road, etc.

The main types of fixed assets – equipment for appraisal are coating lines, cutting machines, welding machines and bridge crane, etc.

The intangible assets – land use right for Shenzhen Cimc Vehicle Co., Ltd. is located in Pingshan, Shenzhen.

2. Valuation Methods

2.1 Overview of valuation methods

According to the relevant provisions of *Assets Valuation Standards – Asset Appraisal Methods*, valuation methods refer to the ways and means to evaluate and estimate the value of assets, mainly including three basic methods: market method, income method, cost method and their derivative methods.

2.2 Selection of valuation methods

According to relevant standards, three basic methods, the income method, the market method and the cost method (the asset-based method), can be adopted to carry out enterprise value evaluation business.

This evaluation business is an overall value appraisal of an enterprise. In regard to such appraisal, there are few equity transaction cases of similar enterprises in China at present. Or from the only cases available, it is also difficult to collect relevant transaction background information and comparable factor information, or the impact of comparable factors on enterprise value is difficult to quantify. In the meanwhile, it is also difficult to find comparable company information in the capital market which is similar to the assets scale and structure, business scope and profitability of the target enterprise. The market method is not applicable in this appraisal.

The target enterprise is an enterprise with certain profitability or sustainable growth of future economic benefits. The expected income can be quantified, the expected income years can be predicted, and the risk of expected return closely related to discount can be predicted, therefore, the income method is applicable to this appraisal.

A large number of cases in the capital market have proved that under certain conditions and within a certain range, it is acceptable for the market to take the result of the sum of total assets minus total liabilities as the transaction value of the enterprise. Therefore, the asset-based method is applicable to this appraisal.

- ♦ A brief introduction of the valuation methods of the accounts related to the cost method (the asset-based method).

2.2.1 Valuation of current assets

The current assets refer to the assets realized or consumed by an enterprise in its production and operation activities within one year or within a business cycle more than one year.

According to the characteristics of different current assets, different valuation methods are selected. The current assets of the appraisal include cash and cash equivalents, notes receivable, trade receivables, prepayments, other receivables, inventory and other current assets, etc.

2.2.2 Valuation of fixed assets – buildings (structures)

The main methods for the appraisal of the market value of property include the comparison method, the income method and the cost method, and the cost method is adopted for this appraisal.

The cost method: the replacement cost of the building in a new state is estimated, then the depreciation caused by various loss factors is deducted, and finally the appraisal value of the building can be obtained.

Calculation formula: **Appraisal value = Replacement value × Newness rate**

The replacement value generally includes the comprehensive cost of the project, the preliminary engineering cost, the management cost of the construction unit, and the capital cost, etc. The calculation formula is:

Replacement value = Project cost + Preliminary (professional) cost + Management cost + Capital cost

2.2.3 Valuation of fixed assets – equipment (including electronic equipment, vehicles, etc.)

The valuation of equipment (including electronic equipment, vehicles, etc.) is based on the current market price, therefore the replacement cost method is adopted for appraisal.

The valuation formula is as follows: **Appraisal value = Total replacement price × Newness rate**

The total replacement price refers to all the expenses required to re-purchase, construct or form the assets in the same or basically similar new state as the target object under the current conditions.

The value added tax of the equipment purchased by the target enterprise can be deducted, so the corresponding value added tax shall be deducted from the total replacement price in this assessment.

2.2.4 Valuation of intangible assets – land use right

There are many cases of public land transactions, so it is appropriate to adopt the market comparison method in evaluating the target object industrial land.

The market comparison method refers to the method that, in accordance with the principle of substitution, several land transaction cases belonging to the same supply and demand circle as the target object with similar conditions or use values are selected as the comparative examples, and the transaction conditions, market conditions, location conditions, physical conditions, equity conditions and other conditions are compared with the target object, and the comparative examples are revised to determine the price of the target object. The basic calculation formula is:

The land price of the target land use right = Land price of transaction case × Modification coefficient of transaction condition × Adjustment coefficient of market condition × Adjustment coefficient of location condition × Adjustment coefficient of physical condition × Adjustment coefficient of equity condition × Volume rate modification

2.2.5 Valuation of intangible assets – other intangible assets

The replacement cost method is adopted here as it is difficult to obtain the current market price for the customized financial software obtained by outsourcing, considering the particularity of its functions.

As for the trademarks registered by the enterprise itself, the cost method is adopted for the trademark value, that is the value determined in accordance with reasonable costs, profits, etc. The reason is the trademarks of the target enterprise are mainly used to indicate the origin of the goods and distinguish from the goods of others, which have little contribution to the revenue of the enterprise.

2.2.6 Valuation of long-term prepaid expenses

The value is determined according to the remaining rights on the corresponding valuation base date.

2.2.7 Valuation of deferred tax assets

Deferred tax assets (hereinafter referred to as DTA), whether it is debited or credited on the balance sheet, shall be valued term by term according to the reasons for its occurrence. The DTA arising from the provision for impairment or rising expectation is an asset (or liability) caused by time difference, which should be restored to its origin and be revalued, and the relevant income tax matters should be handled according to the common practice of appraisal.

2.2.8 Valuation of liabilities

Liabilities are economic liabilities that can be measured in currency and shall be paid by future assets or services.

The appraisal value of liabilities shall be recognized according to the actual liability items and amounts to be undertaken by the property holder after the realization of the valuation purpose. Items in liabilities that are not actually undertaken shall be calculated at zero value.

- ♦ The brief introduction of income method

This appraisal adopts the discounted cash flow method (DCF) to value the operating assets of the enterprise. The income caliber is equity free cash flow (FCFE), and the corresponding discount rate adopts CAPM model. The basic formula is as follows:

The overall value of the enterprise = The value of operating assets + The value of surplus assets + The value of non-operating assets

Specifically, the equation of operating assets is as following:

$$P = \sum_{i=1}^{n} \frac{Fi}{(1+r)^{i}} + \frac{Fn \times (1+g)}{(r\text{-}g) \times (1+r)^{n}}$$

In the formula:

P: The value of operating assets;

r: The discount rate;

i: The forecast year;

Fi: The net cash flow of year i;

n: The last year of the forecast;

g: The sustainable growth rate.

3. Valuation Assumptions

3.1 Basic Assumptions

3.1.1 Continuous use hypothesis

That is, after the valuation purpose is realized, the assets of 'SCVC' which is entrusted for appraisal will continue to be used in accord with the original purpose and continue to produce the original products or similar products. The supply and marketing mode of the enterprise and the benefit distribution with affiliated enterprises remain unchanged.

3.1.2 Open market hypothesis

That is, it is assumed that assets can be bought and sold freely in a fully competitive market, and their price depends on the value judgment of independent buyers and sellers under the supply condition of a certain market.

An open market is a fully competitive market with many buyers and sellers. In this market, the status of buyers and sellers is equal, and each has the opportunity and time to obtain sufficient market information. The trading behavior of both buyers and sellers is carried out voluntarily and rationally, rather than under compulsory or unrestricted conditions.

3.1.3 Transaction assumption

The source of value of any asset cannot be separated from the transaction. No matter whether the target assets are involved in transaction or not in the economic activities related to the valuation purpose, we assume that the target object is in the process of transaction, and the appraisers value it according to the simulated market such as the transaction conditions of the assets.

3.2 General Assumptions

3.2.1 The industry of the enterprise maintains a stable development trend, and the current national, local laws, regulations, systems, socio-political and economic policies that it follows have not changed significantly;

3.2.2 The impact of inflation on the conclusion is not considered;

3.2.3 The interest rate and exchange rate remain at the current level without significant change;

3.2.4 There is no significant adverse impact caused by other force majeure and unforeseen factors.

3.3 Specific Assumptions

3.3.1 The assets of the target enterprise will not change their purpose in use the valuation base date, and will continue to be used;

3.3.2 After the realization of the valuation purpose, the target enterprise will continue to operate according to the existing business model and continue to operate the original products or similar products. The supply and marketing model of the enterprise and the distribution of interests with affiliated enterprises will remain unchanged;

3.3.3 There is no significant change in the relationship and mutual interests between the enterprise and domestic and foreign cooperative partnerships;

3.3.4 The current and future operators of the enterprise are responsible, and the management of the enterprise can steadily advance the development plan of the enterprise, and try its best to realize the expected operating situation;

3.3.5 The target enterprise complies with relevant national laws and regulations, and there will be no significant violations affecting the development and revenue realization of the enterprise;

3.3.6 The accounting policies adopted in the financial data provided by the target enterprise over the years are basically consistent with the accounting policies and the accounting methods used in earnings forecast in important aspects;

3.3.7 The cash flow of income and expenditure flows in and out evenly every year;

3.3.8 It is assumed that the relevant business licenses of the target enterprise can be normally renewed after expiration;

3.3.9 The enterprise was recognized as a high-tech enterprise in 2020 and it enjoys the preferential corporate income tax rate of 15% for a period of 3 years. Considering that the current situation of the enterprise has passed the recognition of high-tech enterprises and the relevant indicators of the enterprise's future earnings forecast meet the relevant requirements of high-tech enterprises, it is expected to continue to be recognized as a high-tech enterprise in the future, therefore, it is assumed that its high-tech qualification can be normally continued when it expires, and the enterprise's income tax rate in subsequent years is 15%;

3.3.10 It is assumed that the progress of the company's new R&D projects can be smoothly promoted according to the planned nodes.

According to the requirements of asset appraisal, it is determined that these assumptions are valid on the valuation base date. When the future economic environment changes significantly, we will not bear the responsibility for deriving different appraisal conclusions due to changes in the assumptions.

4. Conclusions

4.1 Valuation method

The asset-based method and the income method are adopted for this appraisal, and ultimately the result of the asset-based method is selected. The reasons are as follows:

4.1.1 The asset-based method takes the replacement cost of assets as the value standard, reflecting the social necessary labor consumed by the investment of assets (purchase and construction costs). Such purchase and construction costs usually fluctuate with the national economy. The core assets of enterprises are inventories, fixed assets and land use rights, etc. The conclusion of the asset-based method has a large correlation with the replacement cost of such physical assets and other assets and liabilities on the book balance on its valuation base date. The conclusion can relatively accurately reflect the comprehensive profitability of the assets and liabilities of the target enterprise as a whole in the future.

4.1.2 The income method valuation is based on the expected income of the asset as the value standard, reflecting the size of the operating capacity (profitability) of the asset. The industry of the enterprise is capital-intensive. The scale of physical assets is large and there is a significant increase in value, resulting in a low overall return on assets. At the same time, the global economy has been affected by the impact of the epidemic in recent years, and the industry is still in a downward cycle in 2022, resulting in greater uncertainty in the income method.

4.1.3 According to the measurement logic of the income method, the future earnings are mainly forecasted on the basis of historical data of the target enterprise, current operating conditions, macroeconomic conditions, and future development of the industry. The historical performance of Shenzhen Cimc Vehicle Co., Ltd. is highly volatile. At the same time, considering that the industry experienced a downturn in 2022 due to external factors and the uncertainty of the timing and scope of macroeconomic recovery, so there is uncertainty in the forecast by using the income method. Therefore, the income method is not suitable for this appraisal.

The asset-based method takes the cost replacement of assets as the value standard, which reflects the socially necessary labor expended on the investment of assets (purchase and construction costs). The main assets of enterprise are land use rights and fixed assets. During the appraisal of the land use right, the appraiser select several transaction cases of surrounding land as comparable indicators, which can directly reflect the market value of the land use right. During the appraisal of fixed assets, the current replacement value and newness rate are mainly adopted to reflect the actual value of fixed assets in a more reasonable manner.

Based on the above appraisal process, the final result of the asset- based method is selected as the market value of the equity of Shenzhen Cimc Vehicle Co., Ltd., which can objectively and fairly reflect its reasonable value.

4.2 Conclusion

Based on the asset-based method valuation for ‘SCVC’ on valuation base date December 31, 2022, the book value of the total assets is 659.5727 million yuan, and the appraisal value is 1,648.4392 million yuan, the value increase is 988.8665 million yuan, and the value increase rate is 149.93%. The book value of total liabilities is 411.7863 million yuan, the appraisal value is 391.9503 million yuan, the valuation decrease is 19.836 million yuan, and the valuation decrease is 4.82%. The book value of net assets is 247.7864 million yuan, the appraisal value is 1,256.4889 million yuan, the value increase is 1,008.725 million yuan, and the value increase rate is 407.09%.

Valuation results of asset-based method

Valuation base date: December 31, 2022 Unit amount/Currency: Million/RMB

Items	Book value A	Appraisal value B	Value increase C=B-A	Value increase ratio % D=C/A
Current Assets	441.3892	444.1814	2.7922	0.63
Non-current Assets	218.1835	1,204.2578	986.0743	451.95
Among: Fixed assets	179.7868	274.0252	94.2384	52.42
Intangible assets	37.2658	925.9721	888.7063	2,384.78
Long-term prepaid expenses	0.1728	0.1728	–	–
Deferred tax assets	0.9581	4.0877	3.1296	326.65
Total Assets	659.5727	1,648.4392	988.8665	149.93
Current Liabilities	392.1818	391.9503	-0.2315	-0.06
Non-Current Liabilities	19.6045	–	-19.6045	-100.00
Total Liabilities	411.7863	391.9503	-19.8360	-4.82
Net Assets	247.7864	1,256.4889	1,008.7025	407.09

The reasons for the increase of main assets and decrease of main liabilities are as follows:

The net book value of fixed assets-buildings is RMB84.9026 million, and the appraisal value is RMB178.7096 million. The value increase is RMB93.807 million. According to the analysis, the main reasons for value increase are: firstly, from the construction date of buildings to the valuation base date, due to the rise in labor costs of various materials, the cost level has increased to a certain extent, which results in valuation increase in origin value; secondly, the depreciation life of the enterprise is 5-12 years for structures and 20-30 years for buildings, while the economic durability period adopted by appraisal is 30-50 years, thus the financial depreciation period of the enterprise is less than the economic service life of the assets, which results in valuation increase in net value.

The net book value of equipment is RMB94.8841 million, the net appraisal value of equipment is RMB95.3155 million, and the value increase is RMB0.4314 million. The value increase is mainly due to the fact that the actual useful life of the enterprise's equipment is longer than the depreciation life, and some equipment adopts accelerated depreciation.

The net book value of intangible assets is RMB37.2658 million, the appraisal value is RMB925.9721 million, and the value increase is RMB888.7063 million, with a value increase rate of 2,384.78%. The main reason for value increase is that enterprise has obtained the land use rights at an early stage and its cost is low. Meanwhile, the price of industrial land in the suburbs has increased significantly in recent years.

The net book value of non-current liabilities is RMB19.6045 million and the appraisal value is RMB0 million. The value decrease is mainly because the deferred revenue related to subsidies, of which the project has been completed.

Shanghai Lixin Appraisal Co., Ltd.
Qimeng Chen: Chinese Public Valuer, NO. 31160013
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Shenzhen CIMC Vehicle Co., Ltd.

FINANCIAL STATEMENTS AND AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

[English translation for reference only. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.]

Shenzhen CIMC Vehicle Co., Ltd.

Financial statements and auditor's report
For the year ended 31 December 2022
[English translation for reference only]

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AUDITOR'S REPORT

PwC ZT Shen Shen Zi (2023) No. 0005
(Page 1 of 3)

To the Board of Directors of Shenzhen CIMC Vehicle Co., Ltd.,

Opinion

What we have audited

We have audited the accompanying financial statements of Shenzhen CIMC Vehicle Co., Ltd. (hereinafter "Shenzhen CIMC Vehicle"), which comprise:

- the consolidated and company balance sheets as at 31 December 2022;
- the consolidated and company income statements for the year then ended;
- the consolidated and company cash flow statements for the year then ended;
- the consolidated and company statements of changes in owners' equity for the year then ended; and
- notes to the financial statements.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of Shenzhen CIMC Vehicle as at 31 December 2022, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises ("CASs").

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of Shenzhen CIMC Vehicle in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code.

PwC ZT Shen Shen Zi (2023) No. 0005
(Page 2 of 3)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management of Shenzhen CIMC Vehicle is responsible for the preparation and fair presentation of these financial statements in accordance with the CASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing Shenzhen CIMC Vehicle's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Shenzhen CIMC Vehicle or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Shenzhen CIMC Vehicle's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

PwC ZT Shen Shen Zi (2023) No. 0005
(Page 3 of 3)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Shenzhen CIMC Vehicle's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Shenzhen CIMC Vehicle to cease to continue as a going concern.

- Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Shenzhen CIMC Vehicle to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Zhong Tian LLP Signing CPA ____________________
Shenzhen Branch Cao Cuili (Engagement partner)

Shenzhen, the People's Republic of China Signing CPA ____________________
02 February 2023 Zheng Beisha

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022
(All amounts in RMB unless otherwise stated)
[English translation for reference only]

ASSETS	*NOTE*	31 December 2022	31 December 2021
Current assets			
Cash at bank and on hand	*6(1)*	31,872,909.32	104,887,768.01
Notes receivables	*6(2)*	7,011,610.48	6,675,956.85
Accounts receivables	*6(3)*	106,308,410.02	300,501,877.01
Financial receivable	*6(4)*	1,716,779.16	26,921,135.48
Advances to suppliers	*6(5)*	5,850,753.78	10,191,031.36
Other receivables	*6(6)*	230,841,289.73	77,567,968.47
Inventories	*6(7)*	57,729,094.12	298,238,891.76
Other current assets	*6(8)*	58,328.09	2,885,969.89
Total current assets		441,389,174.70	827,870,598.83
Non-current assets			
Long-term equity investments	*6(9)*	–	–
Fixed assets	*6(10)*	179,786,755.52	588,681,464.32
Construction in progress	*6(11)*	–	3,493,540.09
Intangible assets	*6(12)*	37,265,796.86	114,793,414.35
Long-term prepaid expenses	*6(13)*	172,833.44	4,250,403.36
Deferred tax assets	*6(24)*	958,110.94	20,293,194.67
Other non-current assets		–	222,020.74
Total non-current assets		218,183,496.76	731,734,037.53
TOTAL ASSETS		659,572,671.46	1,559,604,636.36

CONSOLIDATED BALANCE SHEET (CONT'D)
AS AT 31 DECEMBER 2022
(All amounts in RMB unless otherwise stated)
[English translation for reference only]

LIABILITIES AND SHAREHOLDERS' EQUITY	*NOTE*	31 December 2022	31 December 2021
Current liabilities			
Short-term borrowings	*6(15)*	–	40,032,472.27
Derivative financial liabilities		–	21,100.00
Notes payables	*6(16)*	18,332,998.55	126,066,366.56
Accounts payables	*6(17)*	121,137,595.34	232,081,123.85
Contract liabilities	*6(18)*	11,702,683.36	16,652,457.92
Employee benefits payable	*6(19)*	6,436,117.29	31,718,946.41
Taxes payable	*6(20)*	12,716,226.59	6,613,207.99
Other payables	*6(21)*	220,012,025.34	247,932,742.79
Other current liabilities	*6(22)*	1,844,178.33	11,398,678.37
Total current liabilities		392,181,824.80	712,517,096.16
Non-current liabilities			
Long-term borrowings			
Lease liabilities			
Long-term payables			
Deferred income	*6(23)*	19,604,465.82	21,451,234.02
Deferred tax liabilities	*6(24)*	–	1,146,128.57
Total non-current liabilities		19,604,465.82	22,597,362.59
Total liabilities		411,786,290.62	735,114,458.75
Shareholders' equity			
Share capital	*6(25)*	150,000,000.00	450,000,000.00
Surplus reserve	*6(26)*	89,231,966.82	89,231,966.82
Undistributed profits	*6(27)*	8,554,414.02	194,480,426.26
Total equity attributable to shareholders of the Company		247,786,380.84	733,712,393.08
Non-controlling interests		–	90,777,784.53
Total shareholders' equity		247,786,380.84	824,490,177.61
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		659,572,671.46	1,559,604,636.36

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

Legal representative: Principal in charge of accounting: Head of accounting department:

BALANCE SHEET
AS AT 31 DECEMBER 2022
(All amounts in RMB unless otherwise stated)
[English translation for reference only]

ASSETS	*NOTE*	31 December 2022	31 December 2021
Current assets			
Cash at bank and on hand	*6(1)*	31,872,909.32	53,311,438.73
Notes receivables	*6(2)*	7,011,610.48	6,666,906.95
Accounts receivables	*6(3)*	106,308,410.02	144,310,325.03
Financial receivable	*6(4)*	1,716,779.16	24,118,389.02
Advances to suppliers	*6(5)*	5,850,753.78	7,479,123.75
Other receivables	*6(6)*	230,841,289.73	130,364,807.73
Inventories	*6(7)*	57,729,094.12	93,368,525.22
Other current assets	*6(8)*	58,328.09	2,768,180.21
Total current assets		441,389,174.70	462,387,696.64
Non-current assets			
Long-term equity investments	*6(9)*	–	300,000,000.00
Fixed assets	*6(10)*	179,786,755.52	196,007,787.96
Construction in progress	*6(11)*	–	–
Intangible assets	*6(12)*	37,265,796.86	38,283,396.41
Long-term prepaid expenses	*6(13)*	172,833.44	233,833.40
Deferred tax assets	*6(24)*	958,110.94	–
Other non-current assets		–	222,020.74
Total non-current assets		218,183,496.76	534,747,038.51
TOTAL ASSETS		659,572,671.46	997,134,735.15

BALANCE SHEET (CONT'D)
AS AT 31 DECEMBER 2022
(All amounts in RMB unless otherwise stated)
[English translation for reference only]

LIABILITIES AND SHAREHOLDERS' EQUITY	NOTE	31 December 2022	31 December 2021
Current liabilities			
Short-term borrowings	6(15)	–	–
Derivative financial liabilities		–	–
Notes payables	6(16)	18,332,998.55	44,718,251.48
Accounts payables	6(17)	121,137,595.34	113,122,502.60
Contract liabilities	6(18)	11,702,683.36	6,776,821.85
Employee benefits payable	6(19)	6,436,117.29	18,527,627.07
Taxes payable	6(20)	12,716,226.59	5,898,571.21
Other payables	6(21)	220,012,025.34	183,585,517.38
Other current liabilities	6(22)	1,844,178.33	4,760,501.88
Total current liabilities		392,181,824.80	377,389,793.47
Non-current liabilities			
Long-term borrowings		–	–
Lease liabilities		–	–
Long-term payables		–	–
Deferred income	6(23)	19,604,465.82	18,286,580.22
Deferred tax liabilities	6(24)	–	1,146,128.57
Total non-current liabilities		19,604,465.82	19,432,708.79
Total liabilities		411,786,290.62	396,822,502.26
Shareholders' equity			
Share capital	6(25)	150,000,000.00	450,000,000.00
Surplus reserve	6(26)	89,231,966.82	89,231,966.82
Undistributed profits	6(27)	8,554,414.02	61,080,266.07
Total equity attributable to shareholders of the Company		247,786,380.84	600,312,232.89
Non-controlling interests		–	–
Total shareholders' equity		247,786,380.84	600,312,232.89
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		659,572,671.46	997,134,735.15

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

Legal representative: Principal in charge of accounting: Head of accounting department:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022
(All amounts in RMB unless otherwise stated)
[English translation for reference only]

Item	*NOTE*	2022	2021
I. Revenue	*6(28)*	794,321,118.41	1,612,465,825.66
Less: Cost of sales	*6(28),6(31)*	(740,194,241.59)	(1,423,412,964.16)
Taxes and surcharges	*6(29)*	(6,015,912.81)	(9,472,124.98)
Selling expenses	*6(31)*	(24,488,808.31)	(85,578,617.45)
Administrative expenses	*6(31)*	(33,083,164.12)	(50,871,071.63)
Research and development expenses	*6(31)*	(34,574,482.24)	(67,528,574.42)
Financial expenses	*6(30)*	3,032,877.72	(7,491,502.60)
Including: Interest expenses		2,835,367.01	2,024,406.94
Interest income		1,236,296.58	1,255,746.74
Add: Other income	*6(36)*	9,475,789.20	8,255,063.41
Investment income	*6(34)*	40,140,625.89	1,571,761.73
Fair value (losses)/gains		21,100.00	(603,931.00)
Asset impairment losses	*6(32)*	(12,890.27)	(3,803,916.81)
Credit impairment losses	*6(33)*	(20,114,555.71)	2,388,802.45
Gains on disposals of assets	*6(35)*	15,230.68	1,188,169.33
II. Operating profit		(11,477,313.15)	(22,893,080.47)
Add: Non-operating income	*6(37)*	53,481.96	873,129.23
Less: Non-operating expenses	*6(37)*	(18,201.41)	(170,000.00)
III. Profit before income tax		(11,442,032.60)	(22,189,951.24)
Less: Income tax expenses	*6(38)*	(5,676,380.42)	12,763,536.50
IV. Profit for the year		(17,118,413.02)	(9,426,414.74)
Classified by business continuity			
Net profit from continuing operations		(17,118,413.02)	(9,426,414.74)
Net profit from discontinued operations		–	–
Classified by ownership			
Net profit attributable to shareholders of the Company		279,490.40	(10,681,657.87)
Net profit attributable to non-controlling interests		(17,397,903.42)	1,255,243.13
V. Other comprehensive income, net of tax		–	–
VI. Total comprehensive income		(17,118,413.02)	(9,426,414.74)
Attributable to shareholders of the Company		(17,397,903.42)	1,255,243.13
Attributable to non-controlling interests		279,490.40	(10,681,657.87)

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

Legal representative: Principal in charge of accounting: Head of accounting department:

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in RMB unless otherwise stated)
[English translation for reference only]

Item	NOTE	2022	2021
I. Revenue	6(28)	242,416,764.36	987,472,000.78
Less: Cost of sales	6(28),6(31)	(255,093,993.46)	(865,021,060.44)
Taxes and surcharges	6(29)	(2,771,899.42)	(4,910,195.52)
Selling expenses	6(31)	(3,012,497.95)	(15,402,722.99)
Administrative expenses	6(31)	(10,857,857.01)	(33,863,536.94)
Research and development expenses	6(31)	(11,141,480.88)	(33,997,647.98)
Financial expenses	6(30)	2,372,916.97	1,186,997.01
Including: Interest expenses		554,794.28	599,963.67
Interest income		1,122,027.49	879,760.35
Add: Other income	6(36)	5,512,395.15	6,005,995.06
Investment income	6(34)	175,756,326.56	(76,838.27)
Fair value (losses)/gains		–	–
Credit impairment losses	6(32)	–	–
Asset impairment losses	6(33)	(19,446,147.01)	1,064,387.55
Gains on disposals of assets	6(35)	–	2,116.06
II. Operating profit		123,734,527.31	42,459,494.32
Add: Non-operating income	6(37)	14,001.44	560,009.33
Less: Non-operating expenses	6(37)	(18,201.41)	(170,000.00)
III. Profit before income tax		123,730,327.34	42,849,503.65
Less: Income tax expenses	6(38)	(7,728,070.57)	(1,675,928.47)
IV. Profit for the year		116,002,256.77	41,173,575.18
Classified by business continuity			
Net profit from continuing operations		116,002,256.77	41,173,575.18
Net profit from discontinued operations		–	–
Classified by ownership			
Net profit attributable to shareholders of the Company		–	–
Net profit attributable to non-controlling interests		116,002,256.77	41,173,575.18
V. Other comprehensive income, net of tax		–	–
VI. Total comprehensive income		116,002,256.77	41,173,575.18
Attributable to shareholders of the Company		116,002,256.77	41,173,575.18
Attributable to non-controlling interests		–	–

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

Legal representative: Principal in charge of accounting: Head of accounting department:

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022
(All amounts in RMB unless otherwise stated)
[English translation for reference only]

Item	*NOTE*	2022	2021
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		715,468,836.89	1,873,855,755.09
Refund of taxes and surcharges		29,126,006.94	39,718,150.06
Cash received relating to other operating activities	*6(39)(e)*	43,388,505.47	29,455,200.28
Sub-total of cash inflows		787,983,349.30	1,943,029,105.43
Cash paid for goods and services		(612,689,909.75)	(1,596,552,248.49)
Cash paid to and on behalf of employees		(122,708,039.53)	(212,557,475.31)
Payments of taxes and surcharges		(7,302,683.61)	(36,406,746.55)
Cash paid relating to other operating activities	*6(39)(f)*	(39,672,559.49)	(93,759,993.62)
Sub-total of cash outflows		(782,373,192.38)	(1,939,276,463.97)
Net cash generated from operating activities	*6(39)(a)*	5,610,156.92	3,752,641.46
II. Cash flows from investing activities			
Cash received from disposals of investments	*6(6)*	79,357,762.87	1,698,766.67
Proceeds from disposal of subsidiaries	*6(39)(d)*	283,564,376.03	–
Proceeds from disposal of fixed assets, intangible assets and other long-term assets		–	20,815,277.82
Proceeds from disposal of associates and joint ventures		–	30,100,000.00
Sub-total of cash inflows		362,922,138.90	52,614,044.49
Payment for fixed assets, intangible assets and other long-term assets		(12,270,535.62)	(71,067,451.98)
Payment for other investing activities	*6(39)(g)*	(28,577,866.36)	(30,100,000.00)
Sub-total of cash outflows		(40,848,401.98	(101,167,451.98)
Net cash used in investing activities		322,073,736.92	(48,553,407.49)

Item	NOTE	2022	2021
III. Cash flows from financing activities			
Proceeds from borrowings		10,000,000.00	40,000,000.00
Cash received from other financing activities	*9(3)(h)*	60,000,000.00	10,000,000.00
Sub-total of cash inflows		70,000,000.00	50,000,000.00
Repayments of borrowings		(10,000,000.00)	(63,049,800.00)
Cash payments for dividends distribution and interest expenses of borrowings		(110,566,022.42)	(64,637,538.68)
Cash payments relating to other financing activities	*6(39)(h)*	(340,000,000.00)	(30,000,000.00)
Sub-total of cash outflows		(460,566,022.42)	(157,687,338.68)
Net cash generated from/(used in) financing activities		(390,566,022.42)	(107,687,338.68)
IV. Exchange loss on cash and cash equivalents		936,277.47	(2,400,101.25)
V. Net increase in cash and cash equivalents	*6(39)(b)*	(61,945,851.11)	(154,888,205.96)
Add: Cash and cash equivalents at the beginning of the year		89,256,940.43	244,145,146.39
VI. Cash and cash equivalents at the end of the year	*6(39)(c)*	27,311,089.32	89,256,940.43

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

Legal representative: Principal in charge of accounting: Head of accounting department:

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

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

Item	*NOTE*	2022	2021
VII. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		260,218,498.99	1,135,155,551.80
Refund of taxes and surcharges		4,636,893.93	–
Cash received relating to other operating activities	*6(39)(e)*	35,800,808.89	27,212,849.63
Sub-total of cash inflows		300,656,201.81	1,162,368,401.43
Cash paid for goods and services		(168,034,515.56)	(970,221,912.10)
Cash paid to and on behalf of employees		(49,117,033.52)	(99,753,164.31)
Payments of taxes and surcharges		(6,674,302.15)	(27,793,141.23)
Cash paid relating to other operating activities	*6(39)(f)*	(26,963,912.47)	(44,073,672.40)
Sub-total of cash outflows		(250,789,763.70)	(1,141,841,890.04)
Net cash generated from operating activities	*6(39)(a)*	49,866,438.11	20,526,511.39
VIII. Cash flows from investing activities			
Cash received from disposals of investments	*6(6)*	79,267,212.16	40,050,166.67
Proceeds from disposal of subsidiaries	*6(39)(d)*	300,000,000.00	–
Proceeds from disposal of fixed assets, intangible assets and other long-term assets		–	55,951.31
Proceeds from disposal of associates and joint ventures		–	30,100,000.00
Sub-total of cash inflows		379,267,212.16	70,206,117.98
Payment for fixed assets, intangible assets and other long-term assets		(4,041,657.48)	(9,728,315.56)
Payment for other investing activities	*6(39)(g)*	(27,316,256.36)	(30,100,000.00)
Sub-total of cash outflows		(31,357,913.84)	(39,828,315.56)
Net cash used in investing activities		347,909,298.32	30,377,802.42

Item	NOTE	2022	2021
IX. Cash flows from financing activities			
Proceeds from borrowings		–	–
Cash received from other financing activities	*9(3)(h)*	–	–
Sub-total of cash inflows		–	–
Repayments of borrowings		–	–
Cash payments for dividends distribution and interest expenses of borrowings		(108,285,449.69)	(63,096,567.68)
Cash payments relating to other financing activities	*6(39)(h)*	(300,000,000.00)	–
Sub-total of cash outflows		(408,285,449.69)	(63,096,567.68)
Net cash generated from/(used in) financing activities		(408,285,449.69)	(63,096,567.68)
X. Exchange loss on cash and cash equivalents		140,191.43	(207,385.28)
XI. Net increase in cash and cash equivalents	*6(39)(b)*	(10,369,521.83)	(12,399,639.15)
Add: Cash and cash equivalents at the beginning of the year		37,680,611.15	50,080,250.30
XII. Cash and cash equivalents at the end of the year	*6(39)(c)*	27,311,089.32	37,680,611.15

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

Legal representative: Principal in charge of accounting: Head of accounting department:

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

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

		Attributable to shareholders of the Company					
Item	*NOTE*	**Share capital**	**Surplus reserve**	**Other comprehensive income**	**Undistributed profits**	**Non-controlling interests**	**Total shareholders' equity**
Balance at 1 January 2021		450,000,000.00	85,114,609.30	–	211,676,985.60	101,459,442.40	848,251,037.30
Movements for the year							
Total comprehensive income							
Profit for the year		–	–	–	1,255,243.13	(10,681,657.87)	(9,426,414.74)
Appropriation to surplus reserves		–	4,117,357.52	–	(4,117,357.52)	–	–
Profit distribution to shareholders and non-controlling interests	6(27)	–	–	–	(14,334,444.95)	–	(14,334,444.95)
Balance at 31 December 2021		450,000,000.00	89,231,966.82	–	194,480,426.26	90,777,784.53	824,490,177.61

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2022
(All amounts in RMB unless otherwise stated)

		Attributable to shareholders of the Company					
Item	*NOTE*	**Share capital**	**Surplus reserve**	**Other comprehensive income**	**Undistributed profits**	**Non-controlling interests**	**Total shareholders' equity**
Balance at 1 January 2022		450,000,000.00	89,231,966.82	–	194,480,426.26	90,777,784.53	824,490,177.61
Movements for the year							
Total comprehensive income							
Profit for the year		–	–	–	(17,397,903.42)	279,490.40	(17,118,413.02)
Capital reduction by shareholders		(300,000,000.00)	–	–	–	–	(300,000,000.00)
Profit distribution to shareholders and non-controlling interests	6(27)	–	–	–	(168,528,108.82)	(15,831,300.00)	(184,359,408.82)
Disposition of subsidiaries		–	–	–	–	(75,225,974.93)	(75,225,974.93)
Balance at 31 December 2022		150,000,000.00	89,231,966.82	–	8,554,414.02	–	247,786,380.84

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

Legal representative: Principal in charge of accounting: Head of accounting department:

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in RMB unless otherwise stated)
[English translation for reference only]

Item	*NOTE*	**Share capital**	**Surplus reserve**	**Other comprehensive income**	**Undistributed profits**	**Total shareholders' equity**
Balance at 1 January 2021		450,000,000.00	85,114,609.30	–	38,358,493.36	573,473,102.66
Movements for the year						
Total comprehensive income						
Profit for the year		–	–	–	41,173,575.18	41,173,575.18
Appropriation to surplus reserves		–	4,117,357.52	–	(4,117,357.52)	–
Profit distribution to shareholders and non-controlling interests	*6(27)*	–	–	–	(14,334,444.95)	(14,334,444.95)
Balance at 31 December 2021		450,000,000.00	89,231,966.82	–	61,080,266.07	600,312,232.89

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2022
(All amounts in RMB unless otherwise stated)
[English translation for reference only]

Item	*NOTE*	Share capital	Surplus reserve	Other comprehensive income	Undistributed profits	Total shareholders' equity
Balance at 1 January 2022		450,000,000.00	89,231,966.82	–	61,080,266.07	600,312,232.89
Movements for the year						
Total comprehensive income						
Profit for the year		–	–	–	116,002,256.77	116,002,256.77
Capital reduction by shareholders		(300,000,000.00)	–	–	–	(300,000,000.00)
Profit distribution to shareholders and non-controlling interests	*6(27)*	–	–	–	(168,528,108.82)	(168,528,108.82)
Balance at 31 December 2022		150,000,000.00	89,231,966.82	–	8,554,414.02	247,786,380.84

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

Legal representative

Principal in charge of accounting:

Head of accounting department:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

1 GENERAL INFORMATION

Shenzhen CIMC Vehicle Co., Ltd. (the "Company") was approved by the Shenzhen Municipal People's Government with the Foreign Investment Enterprise Approval Certificate of the People's Republic of China (Commercial Foreign Investment Yue Shen Long Joint Venture Certificate No. [2004] 0005) and was jointly established on May 17, 2004 by CIMC Vehicles (Group) Co., Ltd (the "CIMC Vehicle Group") and CIMC Vehicle Investment Holdings Company Limited (the "CIMC Vehicle", a wholly-owned subsidiary of CIMC Vehicle Group) as a sino-foreign joint venture in Pingshan, Longgang District, Shenzhen. The original registered capital of the Company was RMB60,000,000.00, which was held as to 75% by CIMC Vehicle Group and 25% by CIMC Vehicle. 2007, the Company's registered capital was changed to RMB200,000,000.00 by increasing capital with undistributed profits of RMB140,000,000.00. 2019, the Company transferred its surplus reserves of RMB50,000.000.00 and undistributed profits of RMB200,000,000.00 into the registered capital of the Company which was changed to RMB450,000,000.00 after the capital increase. On October 15, 2019, CIMC Vehicle Group entered into an agreement with CIMC Vehicle, in which CIMC Vehicle Group acquired the Company's 25% equity interest held by CIMC Vehicle for a consideration of RMB219 million. On April 29, 2020, CIMC Vehicle Group and CIMC Vehicle entered into a termination agreement to terminate the equity transfer agreement signed on October 15, 2019, and CIMC Vehicle Group returned the 25% equity interest of the Company to CIMC Vehicle, and the Company completed the business registration on June 30, 2020, receiving updated business registration certificate with the unified social credit code of 9144030075860190XD and with operating period extending to 30 years. In December 2022, all shareholders of the Company unanimously agreed to reduce the capital by a total of RMB300,000,000.00 in proportion to their respective shareholdings. After the completion of the capital reduction, the registered capital was RMB150,000,000.00 and the shareholding ratio of each shareholder remained unchanged. The Company has completed the registration of the change of registered capital on December 22, 2022.

On October 31, 2022, the Company entered into an agreement with CIMC Vehicle Group to transfer its 78.89% equity interest in its sole subsidiary, Dongguan CIMC Special Purpose Vehicle Co., Ltd ("Dongguan Special Purpose Vehicle"), to CIMC Vehicle Group for a consideration of RMB416,538,000.00. After the completion of the transfer, the Company no longer holds any equity interest in Dongguan Special Purpose Vehicle and no longer holds any subsidiary.

The parent company of the Company is CIMC Vehicle Group, and the ultimate holding company of the Company is China International Marine Containers (Group) Co., Ltd (the "CIMC Group").

The approved scope of business of the Company and its subsidiaries (hereinafter collectively referred to as "the Group") is the development, production and sales of various high-tech, high-performance special vehicles, modified vehicles, special vehicles, semi-trailer series (the above-mentioned products can only be produced after the announcement by the competent state authorities) and their parts; new road and port machinery and equipment, containers, folding boxes, special containers, general machinery products and metal structures; technical services. In the year of 2022, the actual principal business of the Group is consistent with the approved scope of operation.

These financial statements were authorized for issue by the Company's CEO on February 2, 2023.

2 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') Commission.

The financial statements are prepared on a going concern basis.

3 STATEMENT OF COMPLIANCE WITH CORPORATE ACCOUNTING STANDARDS

The financial statements of the Company for the year ended 31 December 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 31 December 2022 and their financial performance, cash flows and other information for the year then ended.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Accounting year

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

(2) Functional and presentation currency

The functional and presentation currency of the Company is Renminbi (RMB). The financial statements are presented in RMB.

(3) Foreign currency translation

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.

(4) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand.

(5) 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:

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,etc.

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 financial receivable.

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.

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.

(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.

The Group recognizes expected credit losses by calculating the probability-weighted amount of the present value of the difference between the cash flows receivable under the contract and the cash flows expected to be received, taking into account reasonable and substantiated information about past events, current conditions and forecasts of future economic conditions that is available at the balance sheet date without unnecessary additional cost and effort, weighted by the risk of default.

For notes receivables, accounts receivables and financial receivable 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.

Except for notes receivable, accounts receivable and receivables financing mentioned above,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.

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).

When information on expected credit losses cannot be assessed at a reasonable cost for individual financial assets,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 (including financial receivables)
Group 2	Trade acceptance notes
Group 3	Accounts receivables – related parties within the CIMC vehicle group
Group 4	Accounts receivables – other Customers
Group 5	Other receivables – rental and other deposits
Group 6	Other receivables – tax refund receivables
Group 7	Other receivables – amounts due from related parties
Group 8	Other receivables – reimbursed expenses and others

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 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.

(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.

(6) 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.

(7) Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries. 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.

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.

The carrying amounts of long-term equity investments in subsidiaries, is reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note 4(13)).

(8) 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.

(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	30 years	10%	3.0%
Machinery and equipment	10 to 12 years	10%	7.5% to 9.0%
Motor vehicles	5 years	10%	18.0%
Electronic and other equipment	5 years	10%	18.0%

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 4(13)).***

(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.

(9) 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 4(13)).

(10) Intangible assets

Intangible assets include land use rights and software use rights, and are measured at cost.

(a) Land use rights

Land use rights are amortised on the straight-line basis over their approved use 50 years.

(b) Software use rights

Software use rights are amortised on the straight-line basis over 3 to 5 years.

(c) 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.

(11) 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.

Research stage expenditures are charged to current profit or loss as incurred; development stage expenditures are capitalized when both of the following conditions are met:

- it is technically feasible to complete the intangible asset so that it can be used or sold.
- management has the intent to complete the intangible asset and use or sell it.
- the ability to demonstrate how the intangible asset will generate economic benefits.
- adequate technical, financial supports and other resources to complete the development and to use or sell the intangible assets are available. and
- the expenditure attributable to 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.

(12) 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.

(13) Impairment of long-term assets

Fixed assets, construction in progress, intangible assets with finite useful lives and long-term equity investments in subsidiaries 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.

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

(14) 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.

(15) Borrowings

Borrowings are initially recognized at their fair value net of transaction costs and subsequently measured at amortized cost using the effective interest rate method. Borrowings with a maturity of less than one year (including one year) are classified as short-term borrowings, and the rest are classified as long-term borrowings.

(16) 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 and termination 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, 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.

(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.

(17) 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.

(18) 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 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.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, 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 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.

(19) 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.

– the customer simultaneously receives and consumes the benefits provided by the Group's fulfilment as the Group fulfils.

– the Group's fulfilment creates or enhances an asset that the customer controls as the asset is created or enhanced.

– 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.

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 4(17)). 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 and vehicle relate consulting, etc. 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.

(c) Contract assets and Contract liability

For those that the Group has obtained unconditional right to collect, they are recognized as accounts receivable; if the right to collect depends on factors other than the passage of time, they should be recognized as contract assets, and a provision for loss is recognized for both accounts receivable and contract assets on the basis of expected credit losses. Contract liability is an obligation to transfer goods to a customer for which the enterprise has received or is due to receive consideration from the customer. Contract assets and contract liabilities under the same contract are presented on a net basis.

(d) Contract costs

Contract costs include contract fulfilment costs and contract acquisition costs。Transportation costs incurred by the Group to deliver goods to the customer's designated location are recognized as contract performance costs and are carried forward accordingly to the cost of main operations when revenue is recognized.。Incremental costs incurred by the Group for the acquisition of contract are recognised as the contract acquisition costs, mainly includes sales commission, etc. 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.

(20) 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.

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.

(21) Lease

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 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.

(22) 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.

(23) 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. When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess is allocated against the balance of minority interests. Unrealised profits and losses resulting from the sale of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to owners of the parent. Unrealised profits and losses resulting from the sale of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to owners of the parent and net profit attributable to minority interests in accordance with the allocation proportion of the parent in the subsidiary. Unrealised profits and losses resulting from the sale of assets by one subsidiary to another are eliminated and allocated between net profit attributable to owners of the parent and net profit attributable to minority interests in accordance with the allocation proportion of the parent in the subsidiary.

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.

(24) 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.

(25) 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.

(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 takes different economic scenarios into consideration. In 2022, the economic scenario weights of "benchmark", "unfavourable" and "favourable" accounted for 68%, 16% and 16 % respectively. The Group regularly monitors and reviews assumptions and parameters related to the calculation of ECL, including the risk of economic downturn, external market environment, technological environment, changes in customer conditions, the proportion of total investment to GDP, China fiscal balance, China money supply M1 growth rate, etc. In 2022, the Group considered the uncertainty caused by COVID-19, and relevant assumptions and parameters were updated. The key macroeconomic parameters used in each scenario are China's fiscal balance and China's money supply M1 growth rate, which have a combined impact of 1.26, 2.05 and 0.77 on the three economic scenarios, respectively.

(ii) Provision for inventories

As described in Note 4(6), 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.

(iii) 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.

(iv) Income taxes and deferred income taxes

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.

As stated in Note 5, the company and its subsidiaries 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.

(26) Significant changes in accounting policies

In 2021, the Ministry of Finance issued the Circular on Issuing Interpretation No. 15 of Accounting Standards for Business Enterprises (Cai Kuai [2021] No. 15), and in 2022 the Notice on Adjusting the Application Scope of the Provisions on the Accounting Treatment Regarding COVID-19-Related Rent Concessions (Cai Kuai [2022] No. 13), and the Q&A on the Implementation of Accounting Standards for Business Enterprises. The Group has adopted the above circular, notice and Q&A to prepare the financial statements for the year ended 31 December 2022, and the impacts on the financial statements of the Group and the Company are as follows:

5 TAXATION

Category	**tax rate**	**Tax base**
Income tax	15%	Taxable income
Value-added tax	13%, 9% and 6 %	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax)
City maintenance and construction tax	7%	The payment amount of VAT
Educational surcharge	3%	The payment amount of VAT
Local educational surcharge	2%	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.

Pursuant to the Enterprise Income Tax Law of the People's Republic of China and the Measures for the Administration of High and New Technology Enterprise Recognition (2016 Revision) issued by Guo Ke [2016] No. 195, the Company passed the National High and New Technology Enterprise Re-examination on 11 December 2020 and is subject to a reduced preferential corporate income tax rate of 15% from 11 December 2020 to 10 December 2023. Dongguan CIMC Vehicle, a subsidiary of the Group, passed the national high-tech enterprise re-examination on 20 December 2021 and is subject to a reduced preferential corporate income tax rate of 15% from 20 December 2021 to 19 December 2024. On 31 October 2022, the Company disposed of its entire equity interest in Dongguan Special Purpose Vehicle.

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash at bank and on hand

The Group

	31 December 2022	31 December 2021
Cash on hand	19,551.00	22,979.50
Cash at bank	19,331,956.54	46,087,702.82
Deposits at Finance Company	7,959,581.78	43,146,258.11
Other cash balances	4,561,820.00	15,630,827.58
Including: deposits in Finance company	–	1,160,842.66
	31,872,909.32	104,887,768.01

The Company

	31 December 2022	31 December 2021
Cash on hand	19,551.00	22,808.80
Cash at bank	19,331,956.54	7,433,581.67
Deposits at Finance Company	7,959,581.78	30,224,220.68
Other cash balances	4,561,820.00	15,630,827.58
Including: deposits in Finance company	–	1,160,842.66
	31,872,909.32	53,311,438.73

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 with Finance Company include deposits and guarantees (Note 9(4)(a)) at Finance Company, and related deposits have been classified into other cash balances.

As at 31 December 2022 and 31 December 2021, other cash balances of the Group and the Company were vehicle mortgage loan guarantees.

(2) Notes receivables

The Group

	31 December 2022	31 December 2021
Bank acceptance notes	4,905,000.00	1,563,916.88
Trade acceptance notes	2,222,214.00	5,281,055.00
Less: Provision for bad debts	(115,603.52)	(169,015.03)
	7,011,610.48	6,675,956.85

The Company

	31 December 2022	31 December 2021
Bank acceptance notes	4,905,000.00	1,553,697.64
Trade acceptance notes	2,222,214.00	5,281,055.00
Less: Provision for bad debts	(115,603.52)	(167,845.69)
	7,011,610.48	6,666,906.95

(a) As at December 31, 2022, the amount of the Group and the Company's endorsed or discounted but not yet due banker's acceptance notes as shown in the notes receivable was:

	Derecognised	Not derecognised
Trade acceptance notes	—	–
Bank acceptance notes *(i)*	—	4,905,000.00
	—	4,905,000.00

(i) The Certain bank acceptance notes of the Group and the Company 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 financial receivables (Note 6(4)). Others which not satisfies the above conditions and the business modal, were reclassified to notes receivables.

As at 31 December 2022 and 31 December 2021, the Group and the Company had no pledged bank acceptance notes.

(b) Provision for bad debts

Notes receivable of the Group and the Company 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.

The Group

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

For bank acceptance notes:

As at December 31, 2022, The Group shall measure the allowance for bad debts based on lifetime ECL. The provision for bad debts is RMB14,715.00 (December 31, 2021: RMB4,691.75). 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 December 31, 2022, The Group shall measure the allowance for bad debts based on lifetime ECL. The provision for bad debts is RMB100,888.52 (December 31, 2021: RMB164,323.28).

(ii) The provisions accrued in 2022 is RMB124,946.42 (2021: RMB169,015.03). The provisions collected or reversed in 2022 is RMB169,015.03 (2021: RMB200,680.31). In 2022, the reduction in the provision for bad debts of the Group due to the disposal of its subsidiary was RMB9,342.90 (2021: Nil).

(iii) No notes receivables were written off in 2022 and 2021.

The Company

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

For bank acceptance notes:

As at December 31, 2022, The Company shall measure the allowance for bad debts based on lifetime ECL. The provision for bad debts is RMB14,715.00 (December 31, 2021: RMB4,661.09). 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 December 31, 2022, The Company shall measure the allowance for bad debts based on lifetime ECL. The provision for bad debts is RMB100,888.52 (December 31, 2021: RMB163,184.60).

(ii) The provisions accrued in 2022 is RMB115,603.52 (2021: RMB167,845.69). The provisions collected or reversed in 2022 is RMB167,845.69 (2021: RMB200,680.31).

(iii) No notes receivables were written off in 2022 and 2021.

(3) Accounts receivables

The Group

	31 December 2022	**31 December 2021**
Accounts receivables	120,886,921.21	305,780,861.00
Less: Provision for bad debts	(14,578,511.19)	(5,278,983.99)
	106,308,410.02	300,501,877.01

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

	31 December 2022	**31 December 2021**
Within 1 year	112,514,105.84	297,941,752.98
1 to 2 years	1,799,082.92	6,406,868.81
2 to 3 years	6,211,764.69	561,967.76
Over 3 years	361,967.76	870,271.45
	120,886,921.21	305,780,861.00

(b) In 2022 and 2021, the Group has no accounts receivables derecognised due to transfer of financial asset.

(c) Provision for bad debts

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

(i) As at December 31, 2022, Receivables that are assessed for impairment on an individual basis are as follows,

	31 December 2022			
	Book balance	**Provision for bad debts**		**Provision reason**
Customer Name	*Amount*	*Lifetime ECL rates*	*Amount*	
CIMC Vehicles (Bahrain) Factory WLL	4,876,621.00	100%	(4,876,621.00)	Credit impairment has occurred

In 2021, the Group had no individual provision for bad debts of accounts receivable.

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

For Related Parties of CIMC Vehicles Group

	31 December 2022		
	Book balance	**Provision for bad debts**	
	Amount	*Lifetime ECL rates*	*Amount*
Not overdue	74,488,349.32	–	–

	31 December 2021		
	Book balance	**Provision for bad debts**	
	Amount	*Lifetime ECL rates*	*Amount*
Not overdue	196,523,183.94	–	–

For other customers

	31 December 2022		
	Book balance	**Provision for bad debts**	
	Amount	*Lifetime ECL rates*	*Amount*
Not overdue	9,427,362.49	4.51%	(424,996.42)
Overdue within 1 year	23,721,773.03	5.22%	(1,238,790.21)
Overdue 1 to 2 years	1,799,082.92	81.40%	(1,464,371.11)
Overdue 2 to 3 years	6,211,764.69	100.00%	(6,211,764.69)
Overdue over 3 years	361,967.76	100.00%	(361,967.76)
	41,521,950.89		(9,701,890.19)

	31 December 2021		
	Book balance	**Provision for bad debts**	
	Amount	*Lifetime ECL rates*	*Amount*
Not overdue	85,843,281.51	2.70%	(2,319,733.07)
Overdue within 1 year	15,575,287.53	3.63%	(565,382.94)
Overdue 1 to 2 years	6,406,868.81	18.21%	(1,166,690.81)
Overdue 2 to 3 years	561,967.76	63.51%	(356,905.72)
Overdue over 3 years	870,271.45	100.00%	(870,271.45)
	109,257,677.06		(5,278,983.99)

(iii) The provisions accrued in 2022 is RMB15,046,732.96 (2021: RMB713,918.23). The provisions collected or reversed in 2022 is RMB3,194,291.66 (2021: RMB2,090,714.06). In 2022, the reduction in the provision for bad debts of the Group due to the disposal of its subsidiary was RMB2,552,914.13 (2021: Nil).

(d) No accounts receivable were written off in 2022 and 2021.

(e) As at 31 December 2022 and 31 December 2021, the Group had no pledged accounts receivable to the bank as a guarantee for short-term borrowings.

The Company

	31 December 2022	**31 December 2021**
Accounts receivables	120,886,921.21	147,689,004.18
Less: Provision for bad debts	(14,578,511.19)	(3,378,679.15)
	106,308,410.02	144,310,325.03

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

	31 December 2022	**31 December 2021**
Within 1 year	112,514,105.84	139,849,896.16
1 to 2 years	1,799,082.92	6,406,868.81
2 to 3 years	6,211,764.69	561,967.76
Over 3 years	361,967.76	870,271.45
	120,886,921.21	147,689,004.18

(b) In 2022 and 2021, the Company has no accounts receivables derecognised due to transfer of financial asset.

(c) Provision for bad debts

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

(i) As at December 31, 2022, Receivables that are assessed for impairment on an individual basis are as follows,

	31 December 2022			
	Book balance	**Provision for bad debts**		**Provision reason**
Customer Name	*Amount*	*Lifetime ECL rates*	*Amount*	
CIMC Vehicles (Bahrain) Factory WLL	4,876,621.00	100%	(4,876,621.00)	Credit impairment had occurred

In 2021, the Company had no individual provision for bad debts of accounts receivable.

(ii) Receivables that are assessed for impairment on a collective group basis are as follows,

For Related Parties of CIMC Vehicles Group

	31 December 2022		
	Book balance	**Provision for bad debts**	
	Amount	*Lifetime ECL rates*	*Amount*
Not overdue	74,488,349.32	–	–

	31 December 2021		
	Book balance	**Provision for bad debts**	
	Amount	*Lifetime ECL rates*	*Amount*
Not overdue	108,768,281.12	–	–

For other customers

	31 December 2022		
	Book balance	**Provision for bad debts**	
	Amount	*Lifetime ECL rates*	*Amount*
Not overdue	9,427,362.49	4.51%	(424,996.42)
Overdue within 1 year	23,721,773.03	5.22%	(1,238,790.21)
Overdue 1 to 2 years	1,799,082.92	81.40%	(1,464,371.11)
Overdue 2 to 3 years	6,211,764.69	100.00%	(6,211,764.69)
Overdue over 3 years	361,967.76	100.00%	(361,967.76)
	41,521,950.89		(9,701,890.19)

	31 December 2021		
	Book balance	Provision for bad debts	
	Amount	*Lifetime ECL rates*	*Amount*
Not overdue	26,203,485.01	3.08%	(807,735.05)
Overdue within 1 year	4,878,130.03	3.63%	(177,076.12)
Overdue 1 to 2 years	6,406,868.81	18.21%	(1,166,690.81)
Overdue 2 to 3 years	561,967.76	63.51%	(356,905.72)
Overdue over 3 years	870,271.45	100.00%	(870,271.45)
	38,920,723.06		(3,378,679.15)

(iii) The provisions accrued in 2022 is RMB13,553,247.81 (2021: RMB488,335.17). The provisions collected or reversed in 2022 is RMB2,353,415.77 (2021: RMB531,113.22).

(d) No accounts receivable were written off in 2022 and 2021.

(e) As at 31 December 2022 and 31 December 2021, the Group had no pledged accounts receivable to the bank as a guarantee for short-term borrowings.

(4) Financial receivables

The Group

	31 December 2022	31 December 2021
Bank acceptance notes	1,721,945.00	27,002,141.91
Less: Provision for bad debts	(5,165.84)	(81,006.43)
	1,716,779.16	26,921,135.48

The Company

	31 December 2022	31 December 2021
Bank acceptance notes	1,721,945.00	24,190,961.91
Less: Provision for bad debts	(5,165.84)	(72,572.89)
	1,716,779.16	24,118,389.02

The Certain bank acceptance notes of the Group and the Company 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 financial receivables.

As at December 31, 2022, the Group have measured provision as lifetime ECL amounted to RMB5,165.84 (December 31, 2021: RMB81,006.43). 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.

As at December 31, 2022, the Company have measured provision as lifetime ECL amounted to RMB5,165.84 (December 31, 2021: RMB72,572.89). The Company believes that its bank acceptance notes are not exposed to significant credit risk and the probability of default of these banks is very low.

As at December 31, 2022 and December 31,2021, the Group and the company had no pledged bank acceptance notes receivable disclosed in financial receivable.

As at December 31, 2022, the Group's endorsed or discounted but not yet due notes receivable listed in financial receivable are as follows (except for Note 6(2)(a)):

	Derecognised	**Not derecognised**
Bank acceptance notes	40,191,172.31	–

(5) Advances to suppliers

Ageing analysis of advances to suppliers was as follows:

The Group

	31 December 2022		**31 December 2021**	
	Amount	*% of total balance*	*Amount*	*% of total balance*
Within 1 year	5,694,858.55	97.34%	10,135,031.36	99.45%
1 to 2 years	155,895.23	2.66%	56,000.00	0.55%
	5,850,753.78	100.00%	10,191,031.36	100.00%

The Company

	31 December 2022		**31 December 2021**	
	Amount	*% of total balance*	*Amount*	*% of total balance*
Within 1 year	5,694,858.55	97.34%	7,479,123.75	100.00%
1 to 2 years	155,895.23	2.66%	–	–
	5,850,753.78	100.00%	7,479,123.75	100.00%

(6) Other receivables

The Group

	31 December 2022	**31 December 2021**
Amounts due from related parties *(Note 9(4)(c))*	167,352,634.37	54,071,984.51
Dividend receivables *(Note 9(4)(c))*	59,168,700.00	–
Reimbursed expenses	3,690,502.80	6,403,197.42
Rental and other deposits	6,033,508.88	7,535,519.72
Other receivables from individuals	162,559.28	115,000.00
Tax refund receivables	–	2,900,000.00
Others	2,799,348.59	6,542,266.82
	239,207,253.92	77,567,968.47
Less: Provision for bad debts	(8,365,964.19)	–
	230,841,289.73	77,567,968.47

The Company

	31 December 2022	31 December 2021
Amounts due from related parties *(Note 9(4)(c))*	167,352,634.37	34,087,646.33
Dividend receivables *(Note 9(4)(c))*	59,168,700.00	79,217,585.60
Reimbursed expenses	3,690,502.80	4,464,625.37
Rental and other deposits	6,033,508.88	6,847,308.92
Other receivables from individuals	162,559.28	5,000.00
Tax refund receivables	2,799,348.59	5,742,641.51
	239,207,253.92	130,364,807.73
Less: Provision for bad debts	(8,365,964.19)	–
	230,841,289.73	130,364,807.73

(i) After disposed its subsidiary – Dongguan CIMC Vehicle on October 31,2022, the company received the cash dividend generated from previous years amounted to RMB79,217,585.60 in November 2022.

(a) Ageing analysis of advances to suppliers was as follows:

The Group

	31 December 2022	31 December 2021
Within 1 year	220,648,189.43	56,426,131.47
1 to 2 years	13,969,677.09	1,475,720.00
2 to 3 years	1,475,720.00	6,919,576.00
Over 3 years	3,113,667.40	12,746,541.00
	239,207,253.92	77,567,968.47

The Company

	31 December 2022	31 December 2021
Within 1 year	220,648,189.43	125,775,092.73
1 to 2 years	13,969,677.09	1,475,720.00
2 to 3 years	1,475,720.00	500,000.00
Over 3 years	3,113,667.40	2,613,995.00
	239,207,253.92	130,364,807.73

(b) Loss provision and changes in book balance

The Group

	Stage 1					Stage 3		Total
	12-month ECL (group)		12-month ECL (individual)		Sub-total	Lifetime ECL (credit impaired)		
	Book balance	*Provision for bad debts*	*Book balance*	*Provision for bad debts*	*Provision for bad debts*	*Book balance*	*Provision for bad debts*	*Provision for bad debts*
31 December 2021	77,567,968.47	–	–	–	–	–	–	–
Increase in the current year	198,076,085.26	–	–	–	–	–	–	–
Reversal in the current year	–	–	–	–	–	–	–	–
Write-off in the current year	–	–	–	–	–	–	–	–
Including: Write-off in the current year	–	–	–	–	–	–	–	–
Derecognition	–	–	–	–	–	–	–	–
Transfer to Stage 3	(8,365,964.19)	–	–	–	–	8,365,964.19	8,365,964.19	8,365,964.19
Decrease due to disposal of subsidiary	(36,436,799.81)	–	–	–	–	–	–	–
31 December 2022	230,841,289.73	–	–	–	–	8,365,964.19	8,365,964.19	8,365,964.19

The Company

	Stage 1					Stage 3		Total
	12-month ECL (group)		12-month ECL (individual)		Sub-total	Lifetime ECL (credit impaired)		
	Book balance	*Provision for bad debts*	*Book balance*	*Provision for bad debts*	*Provision for bad debts*	*Book balance*	*Provision for bad debts*	*Provision for bad debts*
31 December 2021	130,364,807.73	–	–	–	–	–	–	–
Increase in the current year	100,476,482.00	–	–	–	–	–	–	–
Reversal in the current year	–	–	–	–	–	–	–	–
Write-off in the current year	–	–	–	–	–	–	–	–
Including: Write-off in the current year	–	–	–	–	–	–	–	–
Derecognition	–	–	–	–	–	–	–	–
Transfer to Stage 3	(8,365,964.19)	–	–	–	–	8,365,964.19	8,365,964.19	8,365,964.19
Decrease due to disposal of subsidiary	–	–	–	–	–	–	–	–
31 December 2022	222,476,325.54	–	–	–	–	8,365,964.19	8,365,964.19	8,365,964.19

(i) The Group and the Company had no other receivables transferred to Stage 1 in the current year.

(ii) Except for amounts increased and decreased in the current year and transfer of provisions for bad debts between Stage 1 and Stage 3, there were no changes in the provision for bad debts as a result of changes in parameters and data used in determining ECL.

As at 31 December 2022 and 31 December 2021, the Group and the Company did not have other receivables at Stage 2. Other receivables at Stage 1 and Stage 3 are analysed as follows:

(i) As at 31 December 2022, other receivables for which the related provision for bad debts was provided on the individual basis are analysed as follows:

Stage 3	**Book balance**	**12-month ECL rates**	**Provision for bad debts**	**Reason**
Amounts due from related parties	4,484,757.69	100.00%	(4,484,757.69)	Credit impairment had occurred
Reimbursed expenses	3,551,206.50	100.00%	(3,551,206.50)	
Rental and other deposits	330,000.00	100.00%	(330,000.00)	
	8,365,964.19		(8,365,964.19)	

In 2021, the Group and the Company had no individual provision for bad debts of other receivables.

(ii) As at 31 December 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**
Amounts due from related parties	162,867,876.68	–	–
Dividend receivables	59,168,700.00	–	–
Rental and other deposits	5,703,508.88	–	–
Other receivables from individuals	162,559.28	–	–
Reimbursed expenses	139,296.30	–	–
Others	2,799,348.59	–	–
	230,841,289.73		–

As at 31 December 2021, other receivables were in the Stage 1. The long aging other receivables mainly were rental and other deposits with very low credit risk. The Group and the Company had no provision for bad debts in 2021.

(c) The provision for bad debts this year of the Group and the Company amounted to RMB8,365,964.19 (2021:Nil). There was no provision for bad debts had collected or reversed.

(d) In 2021 and 2022, the Group and the Company had no written-off of other receivables and related provision for bad debts.

(7) Inventories

The Group

	31 December 2021				31 December 2022
cost–					
Raw materials	127,505,695.85				**21,377,718.20**
Work in progress	56,548,460.20				**628,874.09**
Finished goods	118,138,547.91				**39,521,464.56**
Spare parts	2,073,827.10				**1,392,746.46**
Contract fulfilment costs	2,493,490.71				**–**
	306,760,021.77				**62,920,803.31**
		Increase during the period	**Decrease during the period**	**Decrease due to disposal of subsidiary**	
minus: Provision for decline in the value of inventories–					
Raw materials	(8,015,150.99)	–	–	3,329,420.82	(4,685,730.17)
Finished goods	(505,979.02)	(12,890.27)	12,890.27	–	(505,979.02)
	(8,521,130.01)	(12,890.27)	12,890.27	3,329,420.82	(5,191,709.19)
	298,238,891.76				57,729,094.12

The Company

	31 December 2021			31 December 2022
cost–				
Raw materials	42,922,602.85			21,377,718.20
Work in progress	18,418,709.06			628,874.09
Finished goods	35,179,700.79			39,521,464.56
Spare parts	2,039,221.71			1,392,746.46
	98,560,234.41			62,920,803.31
		Increase during the period	**Decrease during the period**	
minus: Provision for decline in the value of inventories–				
Raw materials	(4,685,730.17)	–	–	(4,685,730.17)
Finished goods	(505,979.02)	–	–	(505,979.02)
	(5,191,709.19)	–	–	(5,191,709.19)
	93,368,525.22			57,729,094.12

(8) Other current assets

The Group

	31 December 2022	31 December 2021
Taxes to be prepaid	–	2,721,396.72
Taxes to be deducted	–	42,136.92
Others	58,328.09	122,436.25
	58,328.09	2,885,969.89

The Company

	31 December 2022	31 December 2021
Taxes to be prepaid	–	2,721,396.72
Others	58,328.09	46,783.49
	58,328.09	2,768,180.21

(9) Long-term equity investments

The Company

	31 December 2022	31 December 2021
Investments in subsidiaries *(a)*	–	300,000,000.00
Less: Provision for impairment of long-term equity investments	–	–
	–	300,000,000.00

(a) On October 31,2022, the Company signed an agreement with the CIMC Vehicle Group, agreeing to transfer 78.89% of the equity (corresponding to long-term equity investment cost of RMB300,000,000.00) of its subsidiary Dongguan CIMC Vehicle to the CIMC Vehicle Group at the transfer price of RMB416,538,000.00. Upon completion of the transfer in that month, the Company no longer holds the equity of Dongguan CIMC Vehicle and no longer holds any investment in the subsidiary.

(10) Fixed assets

The Group

	Buildings Self-use	Machinery and equipment Self-use	Motor vehicles Self-use	Office and other equipment Self-use	Total
Cost					
31 December 2021	412,236,784.61	429,121,245.11	39,730,497.92	28,625,020.96	909,713,548.60
Increase in the current year					
Purchase	75,739.88	2,235,127.68	–	99,474.14	2,410,341.70
Transfers from construction in progress *(Note 6 (11))*	–	9,533,869.05	–	–	9,533,869.05
Decrease in the current year					
Disposal and scrapping	–	–	(1,032,317.24)	–	(1,032,317.24)
Decrease due to disposal of subsidiary	(236,943,744.72)	(250,600,088.05)	(31,202,775.92)	(14,094,885.91)	(532,841,494.60)
31 December 2022	175,368,779.77	190,290,153.79	7,495,404.76	14,629,609.19	387,783,947.51
Accumulated depreciation					
31 December 2021	(108,484,643.54)	(169,095,363.18)	(25,919,322.67)	(16,546,425.83)	(320,045,755.22)
Increase in the current year					
Depreciation charge	(11,260,700.03)	(25,699,709.76)	(5,440,762.69)	(1,744,011.63)	(44,145,184.11)
Decrease in the current year					
Disposal and scrapping	–	–	711,949.57	–	711,949.57
Decrease due to disposal of subsidiary	29,676,554.60	93,786,679.40	23,547,730.90	8,470,832.87	155,481,797.77
31 December 2022	(90,068,788.97)	(101,008,393.54)	(7,100,404.89)	(9,819,604.59)	(207,997,191.99)
Provision for impairment					
31 December 2021	–	(986,329.06)	–	–	(986,329.06)
Decrease in the current year					
Decrease due to disposal of associates	–	986,329.06	–	–	986,329.06
31 December 2022	–	–	–	–	–
Carrying amount					
31 December 2022	85,299,990.80	89,281,760.25	394,999.87	4,810,004.60	179,786,755.52
31 December 2021	303,752,141.07	259,039,552.87	13,811,175.25	12,078,595.13	588,681,464.32

In 2022, depreciation expenses charged in the cost of sales, selling expenses, administrative expenses and research and development expenses were RMB28,348,587.24, RMB4,676,418.05, RMB4,677,529.75 and RMB6,442,649.07 (2021: RMB28,532,387.78, RMB5,671,215.77, RMB5,496,164.68 and RMB10,739,876.54), respectively.

As at 31 December 2022, buildings with a carrying amount of RMB9,257,355.98 (31 December 2021: RMB25,020,220.30) had not been granted the property ownership certificates, or of which, property ownership transfer procedures were not processed. The Company has eligible right to use and dominate the above-mentioned buildings.

The Company

	Buildings Self-use	Machinery and equipment Self-use	Motor vehicles Self-use	Office and other equipment Self-use	Total
Cost					
31 December 2021	175,368,779.77	190,114,650.09	7,495,404.76	14,583,320.37	387,562,154.99
Increase in the current year					
Purchase	–	175,503.70	–	46,288.82	221,792.52
31 December 2022	175,368,779.77	190,290,153.79	7,495,404.76	14,629,609.19	387,783,947.51
Accumulated depreciation					
31 December 2021	(84,733,951.83)	(91,031,779.70)	(6,257,655.93)	(9,530,979.57)	(191,554,367.03)
Increase in the current year					
Depreciation charge	(5,334,837.14)	(9,976,613.84)	(842,748.96)	(288,625.02)	(16,442,824.96)
31 December 2022	(90,068,788.97)	(101,008,393.54)	(7,100,404.89)	(9,819,604.59)	(207,997,191.99)
Provision for impairment					
31 December 2021 and 31 December 2022	–	–	–	–	–
Carrying amount					
31 December 2022	85,299,990.80	89,281,760.25	394,999.87	4,810,004.60	179,786,755.52
31 December 2021	90,634,827.94	99,082,870.39	1,237,748.83	5,052,340.80	196,007,787.96

In 2022, depreciation expenses charged in the cost of sales, selling expenses, research and development expenses and administrative expenses were RMB13,428,571.21, RMB62,521.70, RMB1,609,200.86 and RMB1,342,531.19 (2021: RMB12,176,841.70, RMB60,866.35, RMB3,440,597.27 and RMB1,445,633.01), respectively.

As at 31 December 2022, buildings with a carrying amount of RMB9,257,355.98 (31 December 2021: RMB10,260,378.82) had not been granted the property ownership certificates, or of which, property ownership transfer procedures were not processed. The Company has eligible right to use and dominate the above-mentioned buildings.

(11) Construction in progress

The Group

Project name	**31 December 2021**	**Increase in the current year**	**Transfer to fixed assets/intangible assets in the current year *(Note 6 (10))***	**31 December 2022**
Dongguan CIMC Vehicle Plant preparation project	3,493,540.09	6,040,328.96	(9,533,869.05)	–
Minus: provision for impairment of construction in progress	–	–	–	–
	3,493,540.09			–

In 2022 and 2021, the Group and the Company have no capitalised borrowing cost.

(12) Intangible assets

The Group

	Cost	31 December 2021	Increase in the current year	Amortisation in the current year	Decrease due to disposal of associates	31 December 2022	Accumulated amortisation
Land use rights	54,008,329.84	106,099,476.92	–	(2,370,041.08)	(67,916,518.05)	35,812,917.79	(18,195,412.05)
Software use rights	4,428,114.54	8,693,937.43	248,058.26	(1,055,752.43)	(6,433,364.19)	1,452,879.07	(2,975,235.47)
	58,436,444.38	114,793,414.35	248,058.26	(3,425,793.51)	(74,349,882.24)	37,265,796.86	(21,170,647.52)
Minus: Provision for impairment		–	–	–	–	–	
		114,793,414.35				37,265,796.86	

The Company

	Cost	31 December 2021	Increase in the current year	Amortisation in the current year	31 December 2022	Accumulated amortisation
Land use rights	54,008,329.84	36,895,846.27	–	(1,082,928.48)	35,812,917.79	(18,195,412.05)
Software use rights	4,428,114.54	1,387,550.14	248,058.26	(182,729.33)	1,452,879.07	(2,975,235.47)
	58,436,444.38	38,283,396.41	248,058.26	(1,265,657.81)	37,265,796.86	(21,170,647.52)
Minus: Provision for impairment		–	–	–	–	
		38,283,396.41			37,265,796.86	

In 2022, the Group's research and development expenditure was RMB34,574,482.24 (2021: RMB67,528,574.42), the Company's research and development expenditure was RMB11,141,480.88 元 (2021: RMB33,997,647.98). All were included in research and development expenses in the current year.

In 2022, The book value of the intangible assets of the Group and the Company whose ownership is restricted is RMB35,812,917.79 (December 31, 2021: RMB36,895,846.27).

(13) Long-term prepaid expenses

The Group

	31 December 2022	31 December 2021
Golf association dues	172,833.44	233,833.40
maintenance fee	–	2,138,202.06
Testing technology service fee	–	742,357.50
Others	–	1,136,010.40
	172,833.44	4,250,403.36

The Company

	31 December 2022	31 December 2021
Golf association dues	172,833.44	233,833.40

(14) Provision for asset impairment and losses

The Group

	31 December 2021	Increase in the current year	Decrease in the current year			31 December 2022
			Reversal	Write-off	Decrease due to disposal of associates	
Provision for bad debts of notes receivables	169,015.03	124,946.42	(169,015.03)	–	(9,342.90)	115,603.52
Provision for bad debts of accounts receivables	5,278,983.99	15,046,732.96	(3,194,291.63)	–	(2,552,914.13)	14,578,511.19
Provision for impairment of financial receivables	81,006.43	21,225.23	(81,006.43)	–	(16,059.39)	5,165.84
Provision for bad debts of other receivables	–	8,365,964.19	–	–	–	8,365,964.19
Sub-total	5,529,005.45	23,558,868.80	(3,444,313.09)	–	(2,578,316.42)	23,065,244.74
Provision for inventories	8,521,130.01	12,890.27	–	(12,890.27)	(3,329,420.82)	5,191,709.19
Provision for impairment of fixed assets	986,329.06	–	–	–	(986,329.06)	–
Sub-total	9,507,459.07	12,890.27	–	(12,890.27)	(4,315,749.88)	5,191,709.19
	15,036,464.52	23,571,759.07	(3,444,313.09)	(12,890.27)	(6,894,066.30)	28,256,953.93

The Company

	31 December 2021	Increase in the current year	Decrease in the current year		31 December 2022
			Reversal	Write-off	
Provision for bad debts of notes receivables	167,845.69	115,603.52	(167,845.69)	–	115,603.52
Provision for bad debts of accounts receivables	3,378,679.15	13,553,247.81	(2,353,415.77)	–	14,578,511.19
Provision for impairment of financial receivables	72,572.89	5,165.84	(72,572.89)	–	5,165.84
Provision for bad debts of other receivables	–	8,365,964.19	–	–	8,365,964.19
Sub-total	3,619,097.73	22,039,981.36	(2,593,834.35)	–	23,065,244.74
Provision for inventories	5,191,709.19	–	–	–	5,191,709.19
	8,810,806.92	22,039,981.36	(2,593,834.35)	–	28,256,953.93

(15) Short-term borrowings

The Group

	31 December 2022	31 December 2021
Unsecured RMB	–	40,032,472.27

As at 31 December 2021, the weighted average interest rate on outstanding short-term borrowings was 3.50% per annum.

(16) Notes payables

The Group

	31 December 2022	31 December 2021
Bank acceptance notes	18,332,998.55	126,066,366.56

The Company

	31 December 2022	31 December 2021
Bank acceptance notes	18,332,998.55	44,718,251.48

(17) Accounts payables

The Group

	31 December 2022	31 December 2021
Materials	121,137,595.34	232,081,123.85

The Company

	31 December 2022	31 December 2021
Materials	121,137,595.34	113,122,502.60

(18) Contract liabilities

The Group

	31 December 2022	31 December 2021
Advances for goods	11,702,683.36	16,652,457.92

The Company

	31 December 2022	31 December 2021
Advances for goods	11,702,683.36	6,776,821.85

Revenue recognized that was included in all the contract liabilities balance at the beginning of the year in 2022 and 2021.

(19) Employee benefits payable

The Group

	31 December 2022	31 December 2021
Short-term employee benefits payable *(a)*	6,436,117.29	31,718,946.41
Defined contribution plans payable *(b)*	–	–
Termination benefits payable *(c)*	–	–
	6,436,117.29	31,718,946.41

(a) Short-term employee benefits

	31 December 2021	Increase in the current year	Decrease in the current year	Decrease due to disposal of subsidiary	31 December 2022
Wages and salaries, bonus, allowances and subsidies	30,578,651.95	89,682,366.31	(102,085,918.01)	(12,662,786.98)	5,512,313.27
Staff welfare	124,023.98	2,971,089.16	(3,095,113.14)	–	–
Social security contributions	–	1,868,112.34	(1,816,851.30)	(51,261.04)	–
Including: Medical insurance	–	1,203,311.95	(1,203,311.95)	–	–
Work injury insurance	–	344,724.45	(344,724.45)	–	–
Maternity insurance	–	320,075.94	(268,814.90)	(51,261.04)	–
Housing funds	–	3,403,411.15	(3,403,411.15)	–	–
Labour union funds and employee education funds	1,016,270.48	474,790.07	(485,578.07)	(81,678.46)	923,804.02
	31,718,946.41	98,399,769.03	(110,886,871.67)	(12,795,726.48)	6,436,117.29

(b) Defined contribution plans

	2022		2021	
	Amount payable	Closing balance	Amount payable	Closing balance
Basic pensions	8,295,959.93	–	8,898,374.15	–
Unemployment insurance	176,980.35	–	229,641.17	–
	8,472,940.28	–	9,128,015.32	–

(c) Termination benefits payable

In 2022, other termination benefits paid by the Group for termination of the employment relationship were RMB1,719,204.00 (2021: RMB107,190.00).

The Company

	31 December 2022	31 December 2021
Short-term employee benefits payable *(a)*	6,436,117.29	18,527,627.07
Defined contribution plans payable *(b)*	–	–
Termination benefits payable *(c)*	–	–
	6,436,117.29	18,527,627.07

(a) Short-term employee benefits

	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022
Wages and salaries, bonus, allowances and subsidies	17,478,171.07	27,835,198.90	(39,801,056.70)	5,512,313.27
Staff welfare	124,023.98	437,526.27	(561,550.25)	–
Social security contributions	–	921,141.96	(921,141.96)	–
Including: Medical insurance	–	656,838.97	(656,838.97)	–
Work injury insurance	–	158,247.91	(158,247.91)	–
Maternity insurance	–	106,055.08	(106,055.08)	–
Housing funds	–	1,453,606.95	(1,453,606.95)	–
Labour union funds and employee education funds	925,432.02	255,950.07	(257,578.07)	923,804.02
	18,527,627.07	30,903,424.15	(42,994,933.93)	6,436,117.29

(b) Defined contribution plans

	2022		2021	
	Amount payable	Closing balance	Amount payable	Closing balance
Basic pensions	3,365,692.82	–	5,480,415.24	–
Unemployment insurance	71,935.10	–	90,043.80	–
	3,437,627.92	–	5,570,459.04	–

(c) Termination benefits payable

In 2022, other termination benefits paid by the Group for termination of the employment relationship were RMB1,719,204.00 (2021: RMB107,190.00).

(20) Taxes payable

The Group

	31 December 2022	31 December 2021
Corporate income tax payable	10,286,185.67	–
Unpaid VAT	1,928,095.59	4,341,162.51
Individual income tax payable	474,030.21	2,103,053.79
City maintenance and construction tax payable	–	67,546.03
Educational surcharge payable	–	48,247.18
Others	27,915.12	53,198.48
	12,716,226.59	6,613,207.99

The Company

	31 December 2022	31 December 2021
Corporate income tax payable	10,286,185.67	–
Unpaid VAT	1,928,095.59	4,341,162.51
Individual income tax payable	474,030.21	1,439,297.88
City maintenance and construction tax payable	–	67,546.03
Educational surcharge payable	–	48,247.18
Others	27,915.12	2,317.61
	12,716,226.59	5,898,571.21

(21) Other payables

The Group

	31 December 2022	31 December 2021
Amounts due to related parties *(Note 9(4)(f))*	51,777,073.10	124,978,758.92
Dividends due to interests *(Note 9(4)(f))*	150,000,000.00	89,202,546.59
Accrued expenses	6,839,747.71	13,694,061.38
Freight expenses payable	1,311,594.10	5,232,100.74
Deposits and temporary receipts	1,195,410.00	1,974,070.00
Deposits for quality guarantees	1,150,667.40	1,493,183.95
Payables for equipment	–	3,793,827.44
Others	7,737,533.03	7,564,193.77
	220,012,025.34	247,932,742.79

The Company

	31 December 2022	31 December 2021
Amounts due to related parties	51,777,073.10	72,519,478.63
Dividends due to interests	150,000,000.00	89,202,546.59
Accrued expenses	6,839,747.71	7,007,017.72
Freight expenses payable	1,311,594.10	2,286,197.76
Deposits and temporary receipts	1,195,410.00	1,074,070.00
Deposits for quality guarantees	1,150,667.40	1,463,633.95
Payables for equipment	–	3,793,827.44
Others	7,737,533.03	6,238,745.29
	220,012,025.34	183,585,517.38

(22) Other current liabilities

The Group

	31 December 2022	31 December 2021
Warranties *(a)*	1,313,137.69	10,289,797.07
Output VAT to be recognised	531,040.64	1,108,881.30
	1,844,178.33	11,398,678.37

The Company

	31 December 2022	31 December 2021
Warranties *(a)*	1,313,137.69	3,879,515.04
Output VAT to be recognised	531,040.64	880,986.84
	1,844,178.33	4,760,501.88

(a) Warranties

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 and the Company undertakes the warranty responsibility as per the contract. Provision for warranties is made based on the Group's estimated obligation for such quality warranties.

The Group

	31 December 2021	Current accruals	Current reversal/ payment	Decrease due to disposal of subsidiary	31 December 2022
Warranties	10,289,797.07	3,281,727.50	(3,576,862.35)	(8,681,524.53)	1,313,137.69

The Company

	31 December 2021	Current accruals	Current reversal/ payment	31 December 2022
Warranties	3,879,515.04	–	(2,566,377.35)	1,313,137.69

(23) Deferred income

The Group

	31 December 2022	31 December 2022
Government grants *(a)*	19,604,465.82	21,451,234.02

(a) Government grants

	31 December 2021	Increase in the current year	Decrease in the current year Other income	Decrease due to disposal of subsidiaries	31 December 2022	Asset related/ Income related
Subsidies for technological upgrading of fixed assets granted by Shenzhen Pingshan Finance Bureau	5,768,659.06	–	(607,227.24)	–	5,161,431.80	Asset related
Funding plan for intelligent manufacturing key projects in Dongguan	3,164,653.80	–	(390,698.00)	(2,773,955.80)	–	Asset related
Technical investment and transformation project of the Industry and Information Technology Bureau of Shenzhen Municipality	8,319,745.76	1,580,000.00	(933,001.32)	–	8,966,744.44	Asset related
Special fund for economic development of Pingshan District, Shenzhen	4,198,175.40	1,863,363.00	(585,248.82)	–	5,476,289.58	Asset related
Others Dongguan Bureau of Industry and Information Technology equipment post-incentive project	–	1,457,500.00	(172,065.97)	(1,285,434.03)		Asset related
	21,451,234.02	4,900,863.00	(2,688,241.37)	(4,059,389.83)	19,604,465.82	

The Company

	31 December 2022	31 December 2021
Government grants	19,604,465.82	21,451,234.02

	31 December 2021	Increase in the current year	Decrease in the current year Other income	Decrease due to disposal of subsidiaries	31 December 2022	Asset related/ Income related
Subsidies for technological upgrading of fixed assets granted by Shenzhen Pingshan Finance Bureau	5,768,659.06	–	(607,227.26)	–	5,161,431.80	Asset related
Technical investment and transformation project of the Industry and Information Technology Bureau of Shenzhen Municipality	8,319,745.76	1,580,000.00	(933,001.32)	–	8,966,744.44	Asset related
Special fund for economic development of Pingshan District, Shenzhen	4,198,175.40	1,863,363.00	(585,248.82)	–	5,476,289.58	Asset related
	18,286,580.22	3,443,363.00	(2,125,477.40)	–	19,604,465.82	

(24) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets before offsetting

The Group

	31 December 2022		31 December 2021	
	Deferred tax assets	**Deductible temporary differences and deductible tax losses**	**Deferred tax assets**	**Deductible temporary differences and deductible tax losses**
Provision for inventories and bad debts	4,381,471.06	29,209,807.11	2,255,469.64	15,036,464.52
Employee benefits payable	288,030.00	1,920,200.00	1,070,256.41	7,135,042.67
Provisions	196,970.65	1,313,137.69	1,543,469.56	10,289,797.07
Changes in the fair value of financial instruments at fair value through profit or loss	–	–	3,165.00	21,100.00
Deductible tax losses *(i)*	–	–	17,837,296.55	118,915,310.34
Deferred income	2,940,669.87	19,604,465.82	3,217,685.10	21,451,234.02
	7,807,141.58	52,047,610.62	25,927,342.26	172,848,948.62
Including:				
Expected to be recovered within one year (inclusive)	4,425,092.62		2,616,890.97	
Expected to be recovered after one year	3,382,048.96		23,310,451.29	
	7,807,141.58		25,927,342.26	

(i) The Company disposed of its subsidiary Dongguan CIMC Vehicle on October 31, 2021, which reduced the deductible loss by $118,915,310.34. As at 31 December 2022, the Group has no deductible losses.

The Company

	31 December 2022		31 December 2021	
	Deferred tax assets	**Deductible temporary differences and deductible tax losses**	**Deferred tax assets**	**Deductible temporary differences and deductible tax losses**
Provision for inventories and bad debts	4,381,471.06	29,209,807.11	1,321,621.03	8,810,806.92
Employee benefits payable	288,030.00	1,920,200.00	695,256.40	4,635,042.67
Provisions	196,970.65	1,313,137.69	581,927.26	3,879,515.04
Changes in the fair value of financial instruments at fair value through profit or loss	–	–		
Deductible tax losses	–	–		
Deferred income	2,940,669.87	19,604,465.82	2,742,987.03	18,286,580.22
	7,807,141.58	52,047,610.62	5,341,791.72	35,611,944.85

	31 December 2022 Deferred tax assets	31 December 2022 Deductible temporary differences and deductible tax losses	31 December 2021 Deferred tax assets	31 December 2021 Deductible temporary differences and deductible tax losses
Including:				
Expected to be recovered within one year (inclusive)	4,425,092.62		1,277,183.66	
Expected to be recovered after one year	3,382,048.96		4,064,608.06	
	7,807,141.58		5,341,791.72	

(b) ***Deferred tax liabilities***

The Group

	31 December 2022 Deferred tax liabilities	31 December 2022 Taxable temporary differences	31 December 2021 Deferred tax liabilities	31 December 2021 Taxable temporary differences
Accelerated depreciation of fixed assets	(6,849,030.64)	(45,660,204.26)	(6,780,276.16)	(45,201,841.06)
Including:				
Expected to be recovered within one year (inclusive)	(20,537.72)		(20,392.70)	
Expected to be recovered after one year	(6,828,492.92)		(6,759,883.46)	
	(6,849,030.64)		(6,780,276.16)	

The Company

	31 December 2022 Deferred tax liabilities	31 December 2022 Taxable temporary differences	31 December 2021 Deferred tax liabilities	31 December 2021 Taxable temporary differences
Accelerated depreciation of fixed assets	(6,849,030.64)	(45,660,204.26)	(6,487,920.29)	(43,252,801.93)
Including:				
Expected to be recovered within one year (inclusive)	(20,537.72)		(19,513.40)	
Expected to be recovered after one year	(6,828,492.92)		(6,468,406.89)	
	(6,849,030.64)		(6,487,920.29)	

(c) The net balances of deferred tax assets and deferred tax liabilities after offsetting are as follows:

The Group

	31 December 2022		31 December 2021	
	Offsetting amount	Balance after offsetting	Offsetting amount	Balance after offsetting
Deferred tax assets	(6,849,030.64)	958,110.94	(5,634,147.59)	20,293,194.67
Deferred tax liabilities	6,849,030.64	–	5,634,147.59	(1,146,128.57)

The Company

	31 December 2022		31 December 2021	
	Offsetting amount	Balance after offsetting	Offsetting amount	Balance after offsetting
Deferred tax assets	(6,849,030.64)	958,110.94	(5,341,791.72)	–
Deferred tax liabilities	6,849,030.64	–	5,341,791.72	(1,146,128.57)

(25) Share capital

The group and the company

	31 December 2022		31 December 2021	
	RMB	*Shareholding (%)*	*RMB*	*Shareholding (%)*
CIMC Vehicle (Group) Co., Ltd	112,500,000.00	75.00%	337,500,000.00	75.00%
CIMC Vehicle Investment Holdings Co., Ltd.	37,500,000.00	25.00%	112,500,000.00	25.00%
	150,000,000.00	100.00%	450,000,000.00	100.00%

In December 2022, all shareholders of the Company unanimously agreed to reduce the registered capital by cash in proportion to their respective shareholdings, totaling RMB300,000,000.00. After the completion of capital reduction, the share capital is RMB150,000,000.00, and the shareholding ratio of each shareholder remains unchanged.

(26) Surplus Reserve

The group and the company

	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022
Statutory surplus reserve	89,231,966.82	–	–	89,231,966.82

In accordance with the Company Law of the People's Republic of China and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulates to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the share capital after approval from the appropriate authorities. The company accumulated statutory surplus reserve has reached 50% of the registered capital, and the company has not appropriated net profit in 2022. (2021: amounting to RMB4,117,357.52)

(27) Undistributed profits

Approved by the shareholders' general meeting on 6 June 2022 and 26 December 2022, the Company distributed cash dividends to the shareholder of the Company, at RMB18,528,108.82 and RMB150,000,000.00, totaling at RMB168,528,108.82. (2021: amounting to RMB14,334,444.95)

(28) Revenue and cost of sales

The Group

	2022	**2021**
Revenue from main operations	740,963,637.29	1,509,707,503.68
Revenue from other operations	53,357,481.12	102,758,321.98
	794,321,118.41	1,612,465,825.66

	2022	**2021**
Cost of sales from main operations	701,491,695.07	1,353,252,826.63
Cost of sales from other operations	38,702,546.52	70,160,137.53
	740,194,241.59	1,423,412,964.16

(a) Revenue and cost of sales from main operations

	2022		**2021**	
	Revenue from main operations	**Cost of sales from main operations**	**Revenue from main operations**	**Cost of sales from main operations**
Sales of vehicles	740,963,637.29	701,491,695.07	1,509,707,503.68	1,353,252,826.63

(b) Revenue and cost of sales from other operations

	2022		**2021**	
	Revenue from other operations	**Cost of sales from other operations**	**Revenue from other operations**	**Cost of sales from other operations**
Sales of material	27,657,930.97	23,401,828.96	68,508,467.18	54,885,072.32
Repair and Replacement	3,698,908.44	5,194,332.72	1,481,700.46	3,773,430.31
Others	22,000,641.71	10,106,384.84	32,768,154.34	11,501,634.90
	53,357,481.12	38,702,546.52	102,758,321.98	70,160,137.53

(c) Disaggregation of revenue:

	2022	**2021**
Revenue		
Including: Recognised at a point in time	780,710,172.65	1,610,984,125.20
Recognised over time	7,399,393.40	1,481,700.46
Rental income	6,211,552.36	–
	794,321,118.41	1,612,465,825.66

The company

	2022	2021
Revenue from main operations	208,019,464.89	887,486,603.01
Revenue from other operations	34,397,299.47	99,985,397.77
	242,416,764.36	987,472,000.78

	2022	2021
Cost of sales from main operations	232,923,777.94	789,881,130.35
Cost of sales from other operations	22,170,215.52	75,139,930.09
	255,093,993.46	865,021,060.44

(a) Revenue and cost of sales from main operations

	2022		2021	
	Revenue from main operations	**Cost of sales from main operations**	**Revenue from main operations**	**Cost of sales from main operations**
Sales of vehicles	208,019,464.89	232,923,777.94	887,486,603.01	789,881,130.35

(b) Revenue and cost of sales from other operations

	2022		2021	
	Revenue from other operations	**Cost of sales from other operations**	**Revenue from other operations**	**Cost of sales from other operations**
Sales of material	13,311,313.26	11,755,511.76	59,025,336.16	49,728,375.45
Repair and Replacement	1,000,000.00	950,000.00	–	–
Others	20,085,986.21	9,464,703.76	40,960,061.61	25,411,554.64
	34,397,299.47	22,170,215.52	99,985,397.77	75,139,930.09

(c) Disaggregation of revenue:

	2022	2021
Revenue		
Including: Recognised at a point in time	223,522,153.71	968,329,579.64
Recognised over time	12,683,058.29	19,142,421.14
Rental income	6,211,552.36	–
	242,416,764.36	987,472,000.78

(29) Taxes and surcharges

The Group

	2022	2021
Property tax	3,444,197.29	3,748,474.64
City maintenance and construction tax	830,253.84	2,199,126.81
Educational surcharge	635,088.52	1,752,718.03
Stamp tax	537,367.08	1,171,538.88
Land use tax	563,165.92	594,174.04
Others	5,840.16	6,092.58
	6,015,912.81	9,472,124.98

The Company

	2022	2021
Property tax	1,030,526.18	1,030,526.18
City maintenance and construction tax	683,078.58	1,685,805.79
Educational surcharge	487,913.28	1,204,147.01
Land use tax	408,125.02	408,125.02
Stamp tax	158,588.37	577,260.68
Others	3,667.99	4,330.84
	2,771,899.42	4,910,195.52

(30) Financial (income)/expenses

The Group

	2022	2021
Interest expenses on borrowings	2,835,367.01	2,173,406.94
Less: Government grants	–	(149,000.00)
Interest expenses	2,835,367.01	2,024,406.94
Less: Interest income	(1,236,296.58)	(1,255,746.74)
Exchange (Gain)/losses	(5,314,661.42)	4,557,385.18
Others	682,713.27	2,165,457.22
	(3,032,877.72)	7,491,502.60

The Company

	2022	2021
Interest expenses on borrowings	554,794.28	599,963.67
Less: Interest income	(1,122,027.49)	(879,760.35)
Exchange gain	(1,942,758.49)	(2,042,561.66)
Others	137,074.73	1,135,361.33
	(2,372,916.97)	(1,186,997.01)

(31) 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:

The Group

	2022	2021
Changes in inventories of finished goods and work in progress	17,076,251.47	911,770.09
Raw materials and consumables used	570,055,069.38	1,203,053,430.30
Employee benefits expenses	108,591,913.31	194,175,534.74
Depreciation and amortisation expenses	50,518,994.27	57,639,049.37
Shipping and handling expenses	47,238,229.53	60,803,235.84
Sale commission	2,936,615.50	4,204,568.54
Product warranty expenses	2,862,426.20	50,432,008.47
Utility expenses	14,937,200.65	22,036,417.28
Other expenses	18,123,995.95	34,135,213.03
	832,340,696.26	1,627,391,227.66

The Company

	2022	2021
Changes in inventories of finished goods and work in progress	13,448,071.20	53,321,042.83
Raw materials and consumables used	196,165,653.85	749,786,937.75
Employee benefits expenses	36,060,256.07	96,744,069.76
Depreciation and amortisation expenses	17,769,482.73	18,574,443.89
Shipping and handling expenses	6,606,056.71	5,691,772.94
Sale commission	392,008.60	650,846.52
Product warranty expenses	(419,301.30)	1,806,696.77
Utility expenses	3,864,993.93	8,721,526.94
Other expenses	6,218,607.51	12,987,630.95
	280,105,829.30	948,284,968.35

(32) Asset impairment losses

The Group

	2022	2021
Provision for inventories	12,890.27	3,803,916.81

(33) Credit impairment losses (Reversal of)

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
(Reversal of)/Losses on bad debts of accounts receivables	11,852,441.33	(1,376,795.83)	11,199,832.04	(42,778.05)
Reversal of bad debts of notes receivables	(44,068.61)	(31,665.28)	(52,242.17)	(32,834.62)
Reversal of bad debts of financial receivables	(59,781.20)	(38,758.46)	(67,407.05)	(47,192.00)
Reversal of bad debts of long-term receivables	–	(941,582.88)	–	(941,582.88)
Losses on bad debts of other receivables	8,365,964.19	–	8,365,964.19	–
	20,114,555.71	(2,388,802.45)	19,446,147.01	(1,064,387.55)

(34) Investment income/(losses)

The Group

	2022	**2021**
Investment Income from disposal of subsidiary *(Notes 8)*	41,262,058.62	–
Investment income/(losses) from disposal of forward exchange contracts	(1,261,610.00)	1,648,600.00
Discounted losses from financial receivables which satisfies the derecognition criteria *(i)*	–	(127,004.94)
Interest income from call loans	140,177.27	50,166.67
	40,140,625.89	1,571,761.73

The Company

	2022	**2021**
Cash dividends from subsidiary	59,168,700.00	–
Investment Income from disposal of subsidiary	116,538,000.00	–
Interest income from call loans *(i)*	49,626.56	50,166.67
Discounted losses from financial receivables which satisfies the derecognition criteria *(i)*	–	(127,004.94)
	175,756,326.56	(76,838.27)

(i) A portion of notes receivables were discounted and derecognised, the loss incurred recognised in investment losses.

(35) Gains on disposals of assets

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
Gains on disposals of fixed assets	15,230.68	1,193,452.63	–	7,399.36
Losses on disposals of fixed assets	–	(5,283.30)	–	(5,283.30)
	15,230.68	1,188,169.33	–	2,116.06

(36) Other income

The Group

	2022	2021	Asset related/ Income related
Government grants			
– Special fund for the capacity expansion and efficiency improvement from Shenzhen Pingshan District Bureau of Industry and Information Technology	1,199,959.00	–	Income related
– Technological investment and renovation projects of Bureau of Industry and Information Technology of Shenzhen city	933,001.32	340,254.24	Asset related
– Special fund for foreign Trade Development in 2022	792,452.00	–	Income related
– Subsidy for technological transformation from Pingshan District Finance Bureau of Shenzhen city	607,227.26	607,227.24	Asset related
– Subsidy for cultivation of high-tech enterprises	500,000.00	–	Income related
– Special fund for economic development of Pingshan District of Shenzhen city	585,248.82	220,956.60	Asset related
– Preferential tax to further support of key groups to start businesses and employment from The Poverty Alleviation Office of The State Council	440,050.00	–	Income related
– Advance subsidy of new apprenticeship training from Wangniudun Branch of Dongguan Human Resources and Social Security Bureau	394,000.00	–	Income related
– Propel domestic demand and expand market project of Bureau of Industry and Information Technology of Dongguan city	352,100.00	–	Income related
– One-off subsidy for "stay put" employee training from Social Insurance Fund Administration of Shenzhen City	344,625.00	–	Income related
– One-off subsidy for "stay put" employee of Dongguan City	334,750.00	–	Income related
– Award for capacity expansion project of Shenzhen special vehicle industry enterprise.	–	2,999,000.00	Income related
– Market development and support project for key industrial enterprises in Dongguan of Bureau of Industry and Information Technology of Dongguan city	–	867,400.00	Income related

	2022	2021	Asset related/ Income related
– Subsidy for R&D development of enterprise from Science and Technology Innovation Commission of Shenzhen city	–	671,000.00	Income related
– Subsidy for electricity cost reduction of Shenzhen industry and commerce	–	483,218.40	Income related
– Other government grants	2,783,632.12	2,032,514.80	Asset/ Income related
Tax refunds of Withholding Individual Income Tax	208,743.68	33,492.13	–
	9,475,789.20	8,255,063.41	

The company

	2022	2021	Asset related/ Income related
Government grants			
– Special fund for the capacity expansion and efficiency improvement from Shenzhen Pingshan District Bureau of Industry and Information Technology	1,199,959.00	–	Income related
– Technological investment and renovation projects of Bureau of Industry and Information Technology of Shenzhen city	933,001.32	340,254.24	Asset related
– Subsidy for technological transformation from Pingshan District Finance Bureau of Shenzhen city	607,227.26	607,227.24	Asset related
– Subsidy for cultivation of high-tech enterprises	500,000.00	–	Income related
– Special fund for economic development of Pingshan District of Shenzhen city	585,248.82	220,956.60	Asset related
– Preferential tax to further support of key groups to start businesses and employment from The Poverty Alleviation Office of The State Council	440,050.00	–	Income related
– One-off subsidy for “stay put” employee training from Social Insurance Fund Administration of Shenzhen City	344,625.00	–	Income related
– Award for capacity expansion project of Shenzhen special vehicle industry enterprise	–	2,999,000.00	Income related
– Subsidy for electricity cost reduction of Shenzhen industry and commerce	–	483,218.40	Income related
– Subsidy for R&D development of enterprise from Science and Technology Innovation Commission of Shenzhen city	–	671,000.00	Income related
– Other government grants	763,436.00	663,677.20	Asset/ Income related
Tax refunds of Withholding Individual Income Tax	138,847.75	20,661.38	–
	5,512,395.15	6,005,995.06	

(37) Non-operating income and Non-operating expenses

(a) Non-operating income

	The group		The company	
	2022	**2021**	**2022**	**2021**
Penalty income	37,400.00	873,119.90	10,000.00	560,000.00
Others	16,081.96	9.33	4,001.44	9.33
	53,481.96	873,129.23	14,001.44	560,009.33

(b) Non-operating expenses

	The group		The company	
	2022	**2021**	**2022**	**2021**
Penalty and Compensation expenses	18,201.41	170,000.00	18,201.41	170,000.00

(38) Income tax expenses/(Credit)

The Group

	2022	**2021**
Current income tax calculated based on tax law and related regulations	9,832,310.08	3,021,497.31
Deferred income tax	(4,155,929.66)	(15,785,033.81)
	5,676,380.42	(12,763,536.50)

Reconciliation between income tax expense and profit before income tax based on the total loss in the consolidated income statement at applicable tax rates is as follows:

	2022	**2021**
Profit/(Losses) before income tax	(11,442,032.60)	(22,189,951.24)
Income tax calculated at applicable tax rates	(2,860,508.15)	(5,547,487.81)
Effect of tax preference	1,144,203.26	2,218,995.12
Expenses not deductible for tax purposes	348,828.44	382,207.21
Research and development expenses bonus deduction	(4,533,910.37)	(9,232,367.35)
Adjustment on taxation in previous year	286,376.03	(584,883.67)
Others *(i)*	11,291,391.21	–
Income tax expenses	5,676,380.42	(12,763,536.50)

(i) Due to the disposal of subsidiary, Dongguan CIMC Special Purpose Vehicle Co., Ltd., the income tax impact corresponding to the transfer of accumulated undistributed profits has been recognized at the consolidation level.

The company

	2022	2021
Current income tax calculated based on tax law and related regulations	9,832,310.08	3,130,649.83
Deferred income tax	(2,104,239.51)	(1,454,721.36)
	7,728,070.57	1,675,928.47

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

	2022	2021
Profit before income tax	123,730,327.34	42,849,503.65
Income tax calculated at applicable tax rates	30,932,581.84	10,712,375.91
Effect of tax preference	(12,373,032.73)	(4,284,950.37)
Expenses not deductible for tax purposes	18,765.40	81,734.15
Research and development expenses bonus deduction	(1,452,670.80)	(4,564,184.24)
Income not subject to tax	(8,875,305.00)	–
Adjustment on taxation in previous year	(522,268.14)	(269,046.98)
Income tax expenses	7,728,070.57	1,675,928.47

(39) Notes to the cash flow statement the Group

(a) Reconciliation from net loss to cash flows from operating activities

	2022	2021
Net Loss	(17,118,413.02)	(9,426,414.74)
Add/Less: Asset impairment losses	12,890.27	3,803,916.81
Credit impairment losses/(reversal)	20,114,555.71	(2,388,802.45)
Depreciation of fixed assets	44,145,184.11	50,439,644.77
Amortisation of intangible assets	3,425,793.51	3,977,435.40
Amortisation of long-term prepaid expenses	2,948,016.65	3,221,969.20
Amortisation of deferred income	(2,688,241.37)	(1,637,275.68)
Gains on disposals of fixed assets, intangible assets and other long-term assets	(15,230.68)	(1,188,169.33)
Losses/(Gains) arising from changes in fair value	(21,100.00)	603,931.00
Investment income	(40,140,625.89)	(1,698,766.67)
Financial expenses	2,835,367.01	2,024,406.94
Increase in deferred tax assets	(5,164,110.19)	(10,743,999.85)
Increase/(Decrease) in deferred tax liabilities	1,008,180.53	(5,041,033.96)
Decrease in inventories	37,008,096.40	242,624.31
Decrease/(Increase) in operating receivables	(193,211,569.68)	99,724,479.28
(Decrease)/Increase in operating payables	152,471,363.56	(128,161,303.57)
Net cash flows from operating activities	5,610,156.92	3,752,641.46

The significant operating activities that do not involve cash receipts and payment of the Group, were endorsed the bank or trade acceptance notes with the amount of RMB204,926,977.70 in 2022.

(b) Changes in cash and cash equivalents

	2022	2021
Cash and cash equivalents at the end of the year	27,311,089.32	89,256,940.43
Less: Cash equivalents at the beginning of the year	(89,256,940.43)	(244,145,146.39)
Net decrease in cash and cash equivalents	(61,945,851.11)	(154,888,205.96)

(c) Changes in cash and cash equivalents

	31 December 2022	31 December 2021
Cash and cash equivalents *(Note 6 (1))*	31,872,909.32	104,887,768.01
Less: Restricted cash equivalents	(4,561,820.00)	(15,630,827.58)
Cash and cash equivalents at the end of the year	27,311,089.32	89,256,940.43

(d) Net cash and cash equivalents received from disposal subsidiary

The Company had sold all of its owned shares of Dongguan CIMC Vehicle to CIMC Vehicles Group on October 31,2022. The information of the disposal date as below:

	Amount
Receives from Disposal	416,538,000.00
Cash and cash equivalents receives from disposal	300,000,000.00
Less: Cash and cash equivalents held by Dongguan CIMC Vehicle	(16,435,623.97)
Net cash and cash equivalents in flows	283,564,376.03

Net Assets of the disposed subsidiary as of disposal date

	Disposal Date Amount
Total current assets	543,980,694.97
Total non-current assets	475,421,320.88
Total current liabilities	(564,840,709.71)
Total non-current liabilities	(4,059,389.83)
	450,501,916.31

(e) Cash received relating to other operating activities

	2022	2021
Government grants	11,479,667.15	19,663,427.60
Returns of Reimbursed expenses	16,880,385.03	–
Returns of restricted cash and cash equivalents	11,069,007.58	–
Interest	1,236,296.58	1,255,746.74
Returns of individual income tax	208,743.68	33,492.13
Penalty income	37,400.00	873,119.90
Others	2,477,005.45	7,629,413.91
	43,388,505.47	29,455,200.28

(f) Cash paid relating to other operating activities

	2022	2021
Product warranty expenses	3,157,560.85	50,319,791.66
Refund the rental and deposits	17,758,794.10	15,769,063.75
Sale commission of product	2,936,615.50	4,204,568.54
Insurance expenses	1,384,333.25	1,591,297.40
Professional expenses	766,961.34	1,700,281.78
Others	13,668,294.45	20,174,990.49
	39,672,559.49	93,759,993.62

(g) Cash paid relating to other investment activities

	2022	2021
Internal loans to CIMC Vehicles Group and its subsidiaries *(Note 9(3)(i))*	27,316,256.36	30,100,000.00
Losses of disposal of forward exchange contracts *(Note 6(34))*	1,261,610.00	–
	28,577,866.36	30,100,000.00

(h) Cash paid relating to other financing activities

	2022	2021
Refund the capital reduction *(Note 6(25))*	300,000,000.00	–
Repaid internal loans from CIMC Vehicles Group	40,000,000.00	30,000,000.00
	340,000,000.00	30,000,000.00

The Company

(a) Reconciliation from net profit to cash flows from operating activities

	2022	2021
Net Profit	116,002,256.77	41,173,575.18
Add: Credit impairment losses	19,446,147.01	(1,064,387.55)
Depreciation of fixed assets	16,442,824.96	17,123,938.33
Amortisation of intangible assets	1,265,657.81	1,389,505.60
Amortisation of long-term prepaid expenses	60,999.96	60,999.96
Amortisation of deferred income	(2,125,477.40)	(1,168,438.08)
Gains on disposals of fixed assets, intangible assets and other long-term assets	–	(2,116.06)
Investment income	(175,756,326.56)	(50,166.67)
Financial expenses	554,794.28	599,963.67
Decrease/(Increase) in deferred tax assets	(2,465,349.86)	3,586,312.60
Increase/(Decrease) in deferred tax liabilities	361,110.35	(5,041,033.96)
Decrease in inventories	35,639,431.10	59,942,320.22
Decrease in operating receivables	18,145,745.52	35,848,612.22
(Decrease)/Increase in operating payables	22,294,624.17	(131,872,574.07)
Net cash flows from operating activities	49,866,438.11	20,526,511.39

The significant operating activities that do not involve cash receipts and payment of the Company, were endorsed the bank or trade acceptance notes with the amount of RMB58,481,650.52 in 2022.

(b) Changes in cash and cash equivalents

	2022	**2021**
Cash and cash equivalents at the end of the year	27,311,089.32	37,680,611.15
Less: Cash equivalents at the beginning of the year	(37,680,611.15)	(50,080,250.30)
Net decrease in cash and cash equivalents	(10,369,521.83)	(12,399,639.15)

(c) Changes in cash and cash equivalents

	31 December 2022	**31 December 2021**
Cash and cash equivalents *(Note 6 (1))*	31,872,909.32	53,311,438.73
Less: Restricted cash equivalents	(4,561,820.00)	(15,630,827.58)
Cash and cash equivalents at the end of the year	27,311,089.32	37,680,611.15

7 SEGMENT INFORMATION

(1) Operation Segment

The main businesses of the Group include the production and sales of special purpose vehicles. The Group considers all these businesses as one single Operation 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.

(2) Regions Information

The Group presents revenue from external customers and non-current assets (excluding financial assets, 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).

The non-current assets of the Group except financial assets and deferred tax assets are located in China. The Group's total revenues from external customers in China and other countries and regions are listed below:

Revenue from external customers

	Group	
	2022	**2021**
China	404,882,383.52	1,134,075,944.91
Other regions	389,438,734.89	478,389,880.75
	794,321,118.41	1,612,465,825.66

(3) Major Client

In 2022, the Group's revenue from an overseas third party customer accounted for 12.41% of the Group's total revenue (2021: the revenue derived from a single customer did not exceed 10% of the Group's revenue.).

8 CHANGES IN THE SCOPE OF CONSOLIDATION

Disposal of subsidiary

On October 31, 2022, the Company disposed of all the shares held by Dongguan CIMC Vehicles, Investment gain from disposal amounted to RMB41,262,058.62, The disposal of the Group resulted in a reduction of minority shareholders' equity of RMB75,225,974.93.

Disposal gains and losses are calculated as follows:

Disposal price	416,538,000.00
Minus: Share of net assets of Dongguan Specialized Vehicles at the consolidated financial statement level	(375,275,941.38)
Investment gain from disposal	41,262,058.62

9 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(1) The parent company and subsidiaries

On October 31, 2022, the Company disposed of all the shares held by Dongguan CIMC Vehicles and Dongguan CIMC Vehicles became a related party controlled by the parent Company with the Company. As of the date of disposal, the Company has no other subsidiaries.

(a) General information of the parent company

	Place of registration	Nature of business
CIMC Vehicle Group	Shenzhen, the PRC	Development, production, sales of a variety of special vehicles, semi-trailer series

The Company's ultimate controlling party is CIMC Group.

(b) Registered capital and changes in registered capital of the parent company

	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022
CIMC Vehicle Group	2,017,600,000.00	–	–	2,017,600,000.00

(c) The percentages of shareholding and voting rights in the Company held by the parent company

	31 December 2022		31 December 2021	
	Shareholding (%)	Voting rights (%)	Shareholding (%)	Voting rights (%)
CIMC Vehicle Group	75.00%	75.00%	75.00%	75.00%
CIMC Vehicle	25.00%	25.00%	25.00%	25.00%
	100.00%	100.00%	100.00%	100.00%

CIMC Vehicle is a wholly-owned subsidiary of the CIMC Vehicle Group, which directly and indirectly holds 100% of the company.

In December 2022, the shareholders of the Company passed a resolution to reduce the capital of the Company (Note 6 (25)). The Company has made a capital reduction payment to shareholders in the same month.

(2) The nature of a related party in which no control relationship exists

	Relationship with the Group
Zhumadian CIMC Huajun Vehicle Co., Ltd.	Controlled by the parent company of the Company
Zhumadian CIMC Huajun Casting Co., Ltd.	Controlled by the parent company of the Company
CIMC TSD Supply Chain Services Co., LTD.	Controlled by the parent company of the Company
Shenzhen Southern CIMC Container Service Co., Ltd.	Controlled by the parent company of the Company
Qingdao CIMC Reefer Trailer Co., Ltd.	Controlled by the parent company of the Company
C&C International Co., Ltd.	Controlled by the parent company of the Company
Zhenjiang Shenxing Taibao Technology Co., Ltd.	Controlled by the parent company of the Company
Benjiu Tengyue semitrailer Parts (Shenzhen) Co., Ltd. (Former Name "Shenzhen CIMC Vehicle Marketing Co., Ltd.")	Controlled by the parent company of the Company
CIMC Taizijie Vehicle Body Manufacturing (Jiangmen) Co., Ltd. (Former Name "CIMC Jiangmen Technology Transport Equipment Co., Ltd.", Jiangmen Taizijie)	Controlled by the parent company of the Company
Guangzhou CIMC Vehicle Sales Services 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
Nanning CIMC Vehicle Logistics Equipment Co., Ltd.	Controlled by the parent company of the Company
Dongguan CIMC Special Vehicle 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
China Jiangsu Vanguard Trailer Rental Co., Ltd.	Controlled by the parent company of the Company
Qingdao CIMC Special Vehicle Co., Ltd.	Controlled by the parent company of the Company
Shaanxi CIMC Vehicle Sales Service Co., Ltd.	Controlled by the parent company of the Company
CIMC Vehicles (Liaoning) Co., Ltd.	Controlled by the parent company of the Company
Dongguan Southern CIMC Logistics Equipment Manufacture Co., Ltd.	Controlled by the parent company of the Company
Qianhai Ruiji Technology Co., Ltd.	Controlled by the parent company of the Company
China International Marine Containers (Group) Co., Ltd.	Ultimate controlling party
CIMC Vehicle (Jiangmen) Co., Ltd. ("Jiangmen Vehicle")	Controlled by the parent company of the Company
CIMC Intermodal Development Co., Ltd.	Controlled by the parent company of the Company
Dongfang Post Logistics Equipment Management (Guangdong) Co., Ltd.	Controlled by the parent company of the Company
Oriental Post Logistics Technology (Jiangxi) Co. Ltd.	Controlled by the parent company of the Company
CIMC Finance Co., Ltd.	Controlled by the parent company of the Company
Shandong Linglong Tire Co., Ltd.	The company which the supervisor of the Company serves

	Relationship with the Group
CIMC Vehicles (Malaysia) SDN BHD	Controlled by the parent company of the Company
CIMC VEHICLES (HK) LTD	Controlled by the parent company of the Company
General Transport Equipment Pty Ltd	Controlled by the parent company of the Company
CIMC Vehicle Australia Pty Ltd.	Controlled by the parent company of the Company
CIMC Vehicle (Vietnam) Co., Ltd.	Controlled by the parent company of the Company
CIMC Vehicle (Thailand) Co., Ltd.	Controlled by the parent company of the Company
CIMC Trailer Poland sp. z o.o.	Controlled by the parent company of the Company
CIMC Vehicles (Bahrain) Factory WLL	Controlled by the parent company of the Company
Global Pacific Link Limited	Controlled by the parent company of the Company
CIMC Burg B.V. and its subsidiaries	Controlled by the parent company of the Company
Jiaxing Cimc Wood Co., Ltd.	Controlled by the parent company of the Company
Qingdao Lida Chemical Co., Ltd.	Controlled by the parent company of the Company
CIMC Tongchuang Zhifu Protection Technology (Zhejiang) Co., Ltd.	Controlled by the parent company of the Company
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	Associates of the parent company
Shenzhen CIMC Tongchuang Chemical Materials Technology Co., Ltd.	Controlled by the parent company of the Company
Vanguard National Trailer Corporation ("Vanguard")	Controlled by the parent company of the Company
Gansu CIMC Huajun Vehicles Co., Ltd.	Controlled by the parent company of the Company
Shanghai CIMC Special Vehicles Co., Ltd.	Controlled by the parent company of the Company
CIMC Yiketong (Shanghai) Supply Chain Management Co., Ltd.	Controlled by the parent company of the Company
COSCO South-China International Freight Co., Ltd.	Controlled by the parent company of the Company
CIMC World Lianda Yalian International Logistics Co., Ltd.	Controlled by the parent company of the Company
CIMC Taizijie Vehicle Body Manufacturing (Zhenjiang) Co., Ltd. ("Zhenjiang Taizijie")	Controlled by the parent company of the Company
CIMC-Shac (Xi'an) Special Vehicles Co., Ltd.	Controlled by the parent company of the Company
CIMC Transportation Technology Co., Ltd.	Controlled by the parent company of the Company
Dongguan CIMC Innovation Industrial Park Development Co., LTD	Associates of the parent company
CIMC Vehicles UK Limited and its subsidiaries ("CIMC UK")	Controlled by the parent company of the Company
CIMC Intermodal Equipment Co., Ltd.	Controlled by the parent company of the Company
LAG Group	Controlled by the parent company of the Company
China International Marine Containers (Hong Kong) Limited ("CIMC HK")	Controlled by the parent company of the Company
Zhumadian CIMC Wanjia Axle Co., Ltd.	Controlled by the parent company of the Company

	Relationship with the Group
Dongguan CIMC Vehicle	As of November 1, 2022, it is under the control of the parent Company with the Company and was formerly a subsidiary of the Company
Shenzhen Shengji Logistics and Transportation Co., Ltd.	Controlled by the parent company of the Company
Jiangsu Baojing Auto Parts Co., Ltd.	Controlled by the parent company of the Company
Jiangsu Wanjing Technology Co., Ltd.	Joint ventures of the parent company
Yangzhou CIMC Tonghua Special Vehicles Co., Ltd.	Controlled by the parent company of the Company
Guangzhou CIMC Vehicle Logistics Equipment Co., Ltd.	Controlled by the parent company of the Company
CIMC Yiketong Parts Co., Ltd.	Controlled by the parent company of the Company

(3) 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.

(b) Purchase of goods

	2022	2021
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	47,799,245.81	23,409,695.06
Benjiu Tengyue semitrailer Parts (Shenzhen) Co., Ltd.	21,112,371.94	13,754,955.79
CIMC Vehicle Australia Pty Ltd.	3,059,504.14	4,428,319.80
Jiangmen Vehicle	–	3,361,104.18
Zhumadian CIMC Wanjia Axle Co., Ltd.	–	15,022,353.99
Oriental Post Logistics Technology (Jiangxi) Co. Ltd.	–	9,885,823.05
Zhenjiang Shenxing Taibao Technology Co., Ltd.	–	4,277,778.76
CIMC UK	–	2,470,252.80
Dongguan CIMC Vehicle	6,994,414.49	–
Zhenjiang Taizijie	10,293,312.44	–
Others	3,727,206.58	4,369,331.67
	92,986,055.40	80,979,615.10

(c) Sales of goods

	2022	2021
CIMC Vehicle Australia Pty Ltd.	56,613,320.73	51,044,791.00
CIMC Vehicle (Thailand) Co., Ltd.	37,569,685.06	54,938,957.56
CIMC Trailer Poland sp. z o.o.	26,767,246.05	15,856,244.06
Nanning CIMC Vehicle Logistics Equipment Co., Ltd.	26,132,789.01	93,226,430.37
CIMC Vehicle (Vietnam) Co., Ltd.	24,851,072.38	41,517,967.03
CIMC Vehicles (Malaysia) SDN BHD	11,064,723.00	5,858,628.00
CIMC Intermodal Equipment Co., Ltd.	–	36,590,423.87
Shaanxi CIMC Vehicle Sales Service Co., Ltd.	7,415,840.77	6,271,230.99
Jiangmen Vehicle	3,231,291.96	2,734,324.56
Zhenjiang Taizijie	–	2,054,801.77
Vanguard	–	1,357,687.93
Jiangmen Taizijie	–	1,446,096.23
Oriental Post Logistics Technology (Jiangxi) Co. Ltd.	–	21,093,876.83
CIMC UK	–	13,850,895.77
Shenzhen Vanguard Trailer Logistics Technology Co., Ltd.	–	13,086,724.73
LAG Group	–	8,692,653.16
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	–	6,174,134.97
Shenzhen Shengji Logistics and Transportation Co., Ltd.	–	5,855,309.65
Qingdao CIMC Special Vehicle Co., Ltd.	12,424,778.75	–
CIMC Vehicle Europe Cooperatief U.A.	5,842,676.22	–
CIMC UK	19,670,277.68	–
Others	10,716,169.55	9,659,835.22
	242,299,871.16	391,311,013.70

(d) Purchase of services

	2022	2021
CIMC TSD Supply Chain Services Co., LTD.	6,857,656.40	5,783,225.73
CIMC Intermodal Development Co., Ltd.	1,346,422.65	3,978,009.52
COSCO South-China International Freight Co., Ltd.	16,056,496.65	–
Others	1,124,597.40	802,147.57
	25,385,173.10	10,563,382.82

(e) Rendering of services

	2022	2021
CIMC Vehicle Group	943.40	657,210.31
CIMC Vehicle (Thailand) Co., Ltd.	3,466,776.65	–
Jiangmen Vehicle	1,088,554.02	–
Shenzhen Southern CIMC Container Service Co., Ltd.	1,532,453.20	–
Others	427,985.84	153,176.61
	6,516,713.11	810,386.92

(f) ***Interest income of related parties and income from borrowing investment***

	2022	2021
Finance Company	272,664.77	195,395.62
CIMC Vehicle Group	140,177.27	50,166.67
	412,842.04	245,562.29

(g) ***Related party interest expense***

	2022	2021
CIMC Vehicle Group	1,274,229.51	1,152,866.45

(h) ***Borrowing and returning funds to related parties***

Borrowing funds

	2022	2021
CIMC Vehicle Group	60,000,000.00	10,000,000.00

Returning funds

	2022	2021
CIMC Vehicle Group	40,000,000.00	30,000,000.00

(i) ***Lending and receiving funds from related parties***

Lending funds

	2022	2021
CIMC Vehicle Group	27,316,256.36	30,100,000.00

Receiving funds

	2022	2021
CIMC Vehicle Group	–	30,100,000.00

(j) ***Remuneration of key management***

	2022	2021
Remuneration of key management	11,500,000.00	9,800,000.00

(k) Disposal of equity

	2022	2021
CIMC Vehicle Group *(Note 8)*	416,538,000.00	–

(l) Payment of capital reductions

	2022	2021
CIMC Vehicle Group	225,000,000.00	–
CIMC Vehicle	75,000,000.00	–
	300,000,000.00	–

(m) Distribution of dividends

	2022	2021
CIMC Vehicle Group	142,227,381.62	10,750,833.72
CIMC Vehicle	42,132,027.20	3,583,611.23
	184,359,408.82	14,334,444.95

(4) Balances with related parties

(a) Cash at bank and on hand

	31 December 2022	31 December 2021
Financial Company	7,959,581.78	44,307,100.77

The cash of the Group deposited with the finance company, including demand deposits and margin deposits, shall bear interest at the demand deposit rate.

(b) Accounts receivables

	31 December 2022	31 December 2021
Nanning CIMC Vehicle Logistics Equipment Co., Ltd.	39,416,820.38	46,011,996.12
Qingdao CIMC Special Vehicle Co., Ltd.	13,140,000.00	–
CIMC Vehicle (Thailand) Co., Ltd.	10,715,227.79	28,360,295.15
CIMC Vehicle (Vietnam) Co., Ltd.	4,470,228.51	16,998,215.19
CIMC Vehicles (Bahrain) Factory WLL *(i)*	4,876,621.00	17,261,001.53
General Transport Equipment Pty Ltd	2,220,000.00	–
CIMC Vehicles (Malaysia) SDN BHD	1,113,534.00	4,913,534.00
Jiangmen Vehicle	1,546,727.48	–
CIMC Trailer Poland sp. z o.o.	–	6,450,286.03
CIMC Intermodal Equipment Co., Ltd.	–	38,642,843.80
CIMC Vehicle Australia Pty Ltd.	–	16,064,965.16
CIMC UK	–	11,493,627.15
Shenzhen Vanguard Trailer Logistics Technology Co., Ltd.	–	7,048,000.00
Shenzhen Shengji Logistics and Transportation Co., Ltd.	–	630,000.00
Others	3,235,957.32	3,871,915.97
	80,735,116.48	197,746,680.10

(i) Provision for impairment has been made at full amount.

(c) ***Other receivables***

	31 December 2022	31 December 2021
CIMC Vehicle Group	144,022,320.24	941,040.30
CIMC Vehicle (Thailand) Co., Ltd.	14,361,024.38	30,797,025.58
Jiangmen Taizijie	1,471,355.64	3,859,283.16
Dongguan CIMC Vehicle *(i)*	64,719,572.35	–
Dongguan CIMC Innovation Industrial Park Development Co., LTD	–	16,552,122.00
Vanguard	–	373,033.60
Others	1,947,061.76	1,549,479.87
	226,521,334.37	54,071,984.51

(i) Provision for impairment has been made at 4,484,757.69 CNY.

(d) ***Advances to suppliers***

	31 December 2022	31 December 2021
Dongguan CIMC Vehicle	1,379,362.76	–
CIMC VEHICLES (HK) LTD	895,506.02	819,822.42
Zhenjiang Taizijie	–	15,000.00
	2,274,868.78	834,822.42

(e) ***Accounts payables***

	31 December 2022	31 December 2021
Dongguan CIMC Vehicle	55,113,343.93	–
CIMC Vehicle Group	13,620,524.53	55,192,224.22
Jiangmen Vehicle	1,285,804.19	2,322,091.16
CIMC Vehicle Australia Pty Ltd	1,168,742.53	2,319,869.81
Benjiu Tengyue semitrailer Parts (Shenzhen) Co., Ltd.	550,775.71	2,939,799.55
CIMC Intermodal Equipment Co, Ltd.	–	12,872,833.24
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	–	2,845,778.60
CIMC UK	–	2,400,531.68
CIMC VEHICLES (HK) LTD	–	1,432,931.03
Shandong Linglong Tire Co., Ltd.	866,798.15	1,273,863.80
Others	220,611.82	2,775,852.09
	72,826,600.86	86,375,775.18

(f) ***Other payables***

	31 December 2022	31 December 2021
CIMC Burg B.V. and its subsidiaries	21,792,443.84	21,195,881.23
CIMC Vehicle Group	132,190,252.46	91,796,792.56
Global Pacific Link Limited	3,163,098.45	–
Shenzhen Southern CIMC Container Service Co., Ltd.	1,250,000.00	–

	31 December 2022	31 December 2021
CIMC Vehicle	37,500,000.00	32,300,636.65
CIMC HK	1,978,324.72	–
Dongguan CIMC Vehicle	2,851,839.52	–
Nanning CIMC Vehicle Logistics Equipment Co., Ltd.	676,768.00	676,768.00
Jiangmen Vehicle	210,782.75	17,434,833.45
CIMC Intermodal Development Co., Ltd.	–	3,199,231.79
CIMC Intermodal Equipment Co., Ltd.	–	44,833,010.67
CIMC VEHICLES (HK) LTD	–	1,145,345.54
Guangzhou CIMC Vehicle Sales Services Co., Ltd.	–	650,167.91
Others	163,563.36	948,637.71
	201,777,073.10	214,181,305.51

(g) Contract liabilities

	31 December 2022	31 December 2021
CIMC Vehicle (Vietnam) Co., Ltd.	300,182.50	2,548,083.41
CIMC Trailer Poland sp. z o.o.	109,339.32	–
CIMC VEHICLES (HK) LTD	–	43,412.39
Others	–	143,894.18
	409,521.82	2,735,389.98

(h) Notes payables

	31 December 2022	31 December 2021
Dongguan CIMC Vehicle	10,000,000.00	–
Shandong Linglong Tire Co., Ltd.	57,384.00	13,412,496.32
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	–	10,939,232.19
Benjiu Tengyue semitrailer Parts (Shenzhen) Co., Ltd.	–	4,850,211.10
	10,057,384.00	29,201,939.61

10 CONTINGENCIES

The Company and JIANGMEN Vehicle work with Finance Company, China Industrial Bank to carry out credit business for vehicle buyers and have entered into loan guarantee contracts to provide banks with credit guarantee for the dealers and customers in respect of banking facilities granted to purchase vehicles. As at December 31, 2022, the loans of the above dealers and customers co-guaranteed by the Company and JIANGMEN Vehicle amounted to RMB25,526,810.80 (December 31, 2021: RMB101,649,308.91). According to the agreement between the Company and JIANGMEN Vehicle, the default losses caused by the guarantee are borne by JIANGMEN Vehicle, therefore, the Company did not recognize for impairment on this matter.

11 FINANCIAL INSTRUMENTS AND RISKS

The Group's activities expose it to a variety of financial risks: market risk (primarily including foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(1) Market risk

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 recognized assets and liabilities, and future transactions denominated in foreign currencies, primarily with respect to USD, EUR and JPY. The Group continuously monitors the amount of assets and liabilities, and transactions denominated in foreign currencies to minimize the foreign exchange risk.

The financial assets and financial liabilities denominated in foreign currencies, which are held by the Group, whose recording currencies are RMB, are expressed in RMB as at December 31, 2022 and December 31, 2021 as follows:

	December 31, 2022				
	USD	**JPY**	**EUR**	**Others**	**Total**
Financial assets denominated in foreign currency					
Cash at bank and on hand	3.97	0.10	2,115.02	62.83	2,181.92
Accounts receivables	18,284,130.67	–	952,853.18	–	19,236,983.85
Other receivables	3,983,713.10	–	–	–	3,983,713.10
	22,267,847.74	0.10	954,968.20	62.83	23,222,878.87
Financial liabilities denominated in foreign currency					
Accounts payables	3,990,856.19	–	–	198,987.07	4,189,843.26
Other payables	9,458,316.40	–	21,792,443.84	–	31,250,760.24
	13,449,172.59	–	21,792,443.84	198,987.07	35,440,603.50

	December 31, 2021				
	USD	JPY	EUR	Others	Total
Financial assets denominated in foreign currency					
Cash at bank and on hand	14,838,984.53	2,774,465.69	2,275,428.22	496,440.07	20,385,318.51
Accounts receivables	106,403,996.80	3,579,423.50	6,560,891.83	–	116,544,312.13
Other receivables	772,024.91	–	–	–	772,024.91
	122,015,006.24	6,353,889.19	8,836,320.05	496,440.07	137,701,655.55
Financial liabilities denominated in foreign currency					
Account payables	25,547,683.61	111,961.63	532,625.77	4,902,526.00	31,094,797.01
Other payables	58,727,472.89	–	21,195,881.23	–	79,923,354.12
	84,275,156.50	111,961.63	21,728,507.00	4,902,526.00	111,018,151.13
Derivative financial liabilities	21,100.00	–	–	–	21,100.00

As at December 31, 2022, for the Group's USD-denominated financial assets and liabilities whose carrying currency is RMB, if RMB has strengthened or weakened by 4% against USD, all other factors remaining constant, the Group would have increased or decreased its net loss by approximately RMB300,000 (December 31,2021: would have increased or decreased its net loss by approximately RMB1,066,000).

As at December 31, 2022, for the Group's EUR-denominated financial assets and liabilities whose carrying currency is RMB, if RMB has strengthened or weakened by 4% against EUR, all other factors remaining constant, the Group would have increased or decreased its net loss by approximately RMB708,000 (December 31,2021: would have increased or decreased its net loss by approximately RMB438,000).

(2) Credit risk

The Group manages credit risks by portfolio classification. 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. As at the balance sheet date, the carrying amount of the Group's financial assets represented the maximum exposure; and the maximum credit risk exposures off the balance sheet to the above financial guarantee obligations are disclosed in Note 10.

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 form 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 Company is limited to a controllable extent.

As at December 31, 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 and aggregated by the Company's finance department. The Group monitors rolling forecasts of the 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.

The financial liabilities of the Group at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flows:

	December 31, 2022				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Notes payables	18,332,998.55	–	–	–	18,332,998.55
Accounts payables	121,137,595.34	–	–	–	121,137,595.34
Other payables	213,172,277.63	–	–	–	213,172,277.63
	352,642,871.52	–	–	–	352,642,871.52

	December 31, 2021				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	41,300,273.97	–	–	–	41,300,273.97
Notes payables	126,066,366.56	–	–	–	126,066,366.56
Accounts payables	232,081,123.85	–	–	–	232,081,123.85
Other payables	234,078,264.74	–	–	–	234,078,264.74
	633,526,029.12	–	–	–	633,526,029.12

12 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 31 December 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				
Financial receivables – Notes receivables	–	–	1,716,779.16	1,716,779.16

As at 31 December 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				
Financial receivables –				
Notes receivables	–	–	26,921,135.48	26,921,135.48

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Derivative financial liabilities –				
Forward exchange contracts	–	21,100.00	–	21,100.00

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 year.

The Group did not change its estimate method of the fair value of financial instruments in 2022.

(2) Assets and liabilities not measured at fair value but for which the fair value is disclosed

Financial assets and liabilities of the Group measured at amortised cost mainly include notes receivables, accounts receivables, other receivables, short-term borrowings, notes payables and payables,etc.

The carrying amount of financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value.

13 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 31 December 2022 and 31 December 2021, the Group's gearing ratio was as follows:

	31 December 2022	31 December 2021
Gearing ratio	62.43%	47.13%

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

(a joint stock company incorporated in the People's Republic of China with limited liability)
(stock code: 1839)

Notice of the 2023 First Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that the first extraordinary general meeting for 2023 (the "**EGM**") of CIMC Vehicles (Group) Co., Ltd. (the "**Company**") will be held at Room 1803, 18th Floor, Prince Plaza, Shekou, Nanshan District, Shenzhen, Guangdong Province, the People's Republic of China (the "**PRC**") at 2:50 p.m. on Thursday, March 23, 2023 for the purpose of considering and, if thought fit, passing the following resolution. Unless otherwise defined, capitalized terms used in this notice shall have the same meanings as defined in the circular (the "**Circular**") of the Company dated March 7, 2023.

ORDINARY RESOLUTION

1. To consider and approve the resolution in relation to the transfer of equity interests of a wholly-owned subsidiary and connected/related transaction.

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

Shenzhen, China
March 7, 2023

Notes:

1. For the purpose of holding the EGM, the register of members of H Shares of the Company will be closed from Monday, March 20, 2023 to Thursday, March 23, 2023 (both days inclusive), during which period no transfer of Shares will be registered.

   In order to be qualified to attend and vote at the EGM, for H Shareholders, all transfer documents accompanied by the relevant share certificates must be lodged with the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, March 17, 2023.

   The Shareholders whose names appear on the register of members of the Company on Monday, March 20, 2023 are entitled to attend and vote at the EGM.

2. Votes on the resolution to be proposed at the EGM shall be taken by way of poll.

3. Shareholders who are entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote on their behalf. A proxy need not be a shareholder of the Company.

4. The instrument appointing a proxy must be in writing under the hand of a Shareholder or his attorney duly authorised in writing. If the Shareholder is a legal person, that the instrument shall be affixed with the seal of the legal person or signed by its legal representative or the proxy authorized by a resolution of its Board or other decision-making bodies.

5. In order to be valid, the proxy form must be deposited, for H Shareholders, to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or to the registered office of the Company in the PRC at No. 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong Province, the PRC not less than 24 hours before the time appointed for holding the EGM. If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or other authority shall be deposited at the same time to the same place as mentioned in the proxy form. Completion and return of the proxy form will not preclude shareholders from attending and voting in person at the EGM or any adjourned meetings should they so wish.

6. Shareholders shall produce their identity documents and supporting documents in respect of the Shares held when attending the EGM. If corporate shareholders appoint authorised representative to attend the EGM, the authorised representative shall produce his/her identity documents and a notarially certified copy of the relevant authorisation instrument signed by the board of directors or other authorised parties of the corporate Shareholders or other notarially certified documents allowed by the Company. Proxies shall produce their identity documents and the proxy form signed by the Shareholders or their attorney when attending the EGM.

7. The EGM is expected to take for less than half a day. Shareholders or their proxies attending the EGM shall be responsible for their own travel and accommodation expenses.

8. Contact details of the H Share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, are as follows:

   Address: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
   Phone Number: (+852) 2862 8555
   Fax number: (+852) 2865 0990

9. The contact details of the Company's registered office in China and the investor relations department are as follows:

   No. 2 Gangwan Avenue, Shekou, Nanshan District,
   Shenzhen, Guangdong Province, China
   Phone number: (86) 0755 2669 1130
   Email: ir_vehicles@cimc.com

*As at the date of this announcement, the board of directors consists of nine members, namely Mr. Mai Boliang **, Mr. Li Guiping *, Mr. Zeng Han **, Mr. Wang Yu **, Mr. He Jin **, Ms. Lin Qing **, Mr. Feng Jinhua ***, Mr. Fan Zhaoping *** and Mr. Cheng Hok Kai Frederick ***.*

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