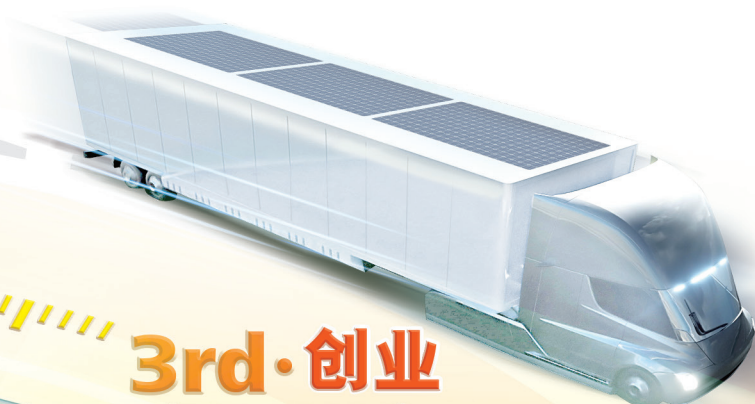


CIMC VEHICLES

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

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

Stock Code: 1839.HK / 301039.SZ



3rd·创业
(2023-2030)

2nd·创业
(2010-2022)

1st·创业
(2002-2009)

2022 ANNUAL REPORT

SECTION I IMPORTANT NOTICE, CONTENTS AND DEFINITIONS

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

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

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

The forward-looking statements in this annual report regarding future development plans do not constitute a material commitment by the Company to investors. Investors and the relevant persons are advised to be fully aware of the risks involved and understand the differences between plans, forecasts and commitments. The Company reminds investors to carefully read the full text of this annual report and pay special attention to the risk factors faced by the Company, details of which are set out in “XI. Future Development Prospect of the Company” under “Section IV Management Discussion and Analysis” in this annual report.

The proposed profit distribution plan of the Company as considered and approved by the Board Meeting is based on 2,017,600,000 Shares. A cash dividend of RMB3.00 (tax inclusive) per ten shares will be distributed to all Shareholders, no bonus shares will be issued and shares will not be converted from capital reserve into share capital.

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

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3rd·创业
(2023-2030)

2nd·创业
(2010-2022)

1st·创业
(2002-2009)

DIRECTORY OF DOCUMENTS FOR INSPECTION

- (I) Financial statements containing the signatures and seals of the legal representative of the Company, the person in charge of accounting affairs, and the head of the accounting department (chief accounting);
- (II) The original audit report affixed with the seal of the accounting firm and the signature and seal of the certified public accountants;
- (III) The originals of all of the Company's documents and announcements publicly disclosed during the Reporting Period;
- (IV) Other relevant information.

The place where the above documents for inspection are kept: The Office of the Matters Concerning the General Meetings, the Board of Directors and the Supervisory Committee of the Company.

DEFINITIONS

| Items under the definitions | Contents under the definitions |
|------------------------------------|---|
| 2022 AGM | the 2022 annual general meeting or its adjournment to be convened and held by the Company on Thursday, May 25, 2023 |
| Articles of Association | the articles of association of CIMC Vehicles (Group) Co., Ltd., as amended from time to time |
| A Shares | ordinary share(s) proposed to be issued by the Company pursuant to the A Share Offering, with a nominal value of RMB1.00 each, which will be listed on the ChiNext Market of the SZSE and traded in RMB |
| Audit Committee | the audit committee under the Board |
| Automobile makers | the enterprise manufacturing the whole automobile or entire auto assemble is generally referred to as an automobile maker in the industry |
| Board or Board of Directors | the board of Directors of the Company |
| CAE | abbreviation of Computer Aided Engineering in engineering design, which means the use of computer-aided solution to analyze the structural mechanical properties of complex engineering and products in order to optimize the structural properties |
| China VI | the National Stage VI Motor Vehicle Emission Standard, including the Limits and Measurement Methods for Emissions From Light-duty Vehicles (China VI) and the Limits and Measurement Methods for Emissions from Diesel Fuelled Heavy-duty Vehicles (China VI) |
| Chi Xiao | Chi Xiao Enterprise Co., Ltd. (赤曉企業有限公司), a limited liability company established in the PRC |
| CIMC | China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司), a joint stock company incorporated in the PRC on January 14, 1980 and listed on the Main Board of the Shenzhen Stock Exchange (stock code: 000039) and the Main Board of the Hong Kong Stock Exchange (stock code: 2039), and the Controlling Shareholder of the Company |

DEFINITIONS *(Continued)*

| Items under the definitions | Contents under the definitions |
|------------------------------------|--|
| CIMC Enric | CIMC Enric Holdings Limited (中集安瑞科控股有限公司), a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 03899), and a non-wholly owned subsidiary of CIMC |
| CIMC Financial Institution | CIMC Finance Co., Ltd. (中集集團財務有限公司), a limited liability company established in the PRC on February 9, 2010, a subsidiary of CIMC |
| CIMC Gansu | Gansu CIMC Vehicles Co., Ltd. (甘肅中集車輛有限公司), a limited liability company established in the PRC on June 6, 2006, and a subsidiary of the Company |
| CIMC Group | CIMC and its subsidiaries |
| CIMC Hong Kong or CIMC HK | China International Marine Containers (Hong Kong) Limited (中國國際海運集裝箱(香港)有限公司), a limited liability company incorporated in Hong Kong on July 30, 1992, and a wholly owned subsidiary of CIMC and the promoter and Controlling Shareholder of the Company |
| Company or CIMC Vehicles | CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)股份有限公司) (including our predecessor, CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)有限公司)), a joint stock company with limited liability established under the laws of the PRC on August 29, 1996 |
| Controlling Shareholder(s) | has the meaning ascribed to it under the SZSE Listing Rules and the Hong Kong Stock Exchange Listing Rules, unless the context requires otherwise, refers to CIMC |
| Corporate Governance Code | the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Stock Exchange Listing Rules |

DEFINITIONS *(Continued)*

| Items under the definitions | Contents under the definitions |
|------------------------------------|---|
| CRM | abbreviation for Customer Relationship Management |
| CSRC | China Securities Regulatory Commission (中國證券監督管理委員會) |
| date of this Report | March 27, 2023 |
| DE | design engineering. Since the Company is committed to promoting digital design models, DE here also refers to the design by means of digital design models |
| Director(s) | the director(s) of the Company |
| Dongguan CIMC | Dongguan CIMC Special Vehicle Co., Ltd. (東莞中集專用車有限公司), a limited liability company established in the PRC on July 21, 2014, and a subsidiary of the Company |
| ERP | abbreviation for Enterprise Resource Planning |
| Global Offering | the offer of H Shares by the Company for subscription by the public in Hong Kong, and in offshore transactions outside the United States and only to Qualified Institutional Buyers (QIBs) in the United States, the details of which are set out in the Prospectus |
| Group or we | the Company and its subsidiaries (unless the context otherwise requires) |
| HK\$ or HK dollar(s) | Hong Kong dollars, the lawful currency of Hong Kong |
| Hong Kong or HK | the Hong Kong Special Administrative Region of the PRC |
| Hong Kong Stock Exchange | The Stock Exchange of Hong Kong Limited |

DEFINITIONS *(Continued)*

| Items under the definitions | Contents under the definitions |
|--|--|
| Hong Kong Stock Exchange Listing Rules | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time |
| H Shares | overseas listed foreign ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are listed and traded on the Hong Kong Stock Exchange |
| IoT | Internet of Things |
| Jiangsu Wanjing | Jiangsu Wanjing Technology Co., Ltd. (江蘇萬京技術有限公司), a limited liability company incorporated in the PRC, 42.67% of which is held by the Company |
| KTL | a mature technical process used for applying a thin, strong and corrosion-resistant organic coating on metal surfaces |
| “Light Tower” Plants | an automatic and intelligent production plant integrating virtual simulation, big data, Internet of Things and digital technology. With highly automated equipment (such as CNC laser cutting machine, robot welding workstation, KTL and powder coating line), it can realize large-scale automatic and flexible production and solve the problems of backward production equipment, technical lag, increasing labor cost, energy conservation and emission reduction |
| Listing Date of H Shares | July 11, 2019 |
| Listing of H Shares | listing of H Shares on the Hong Kong Stock Exchange |
| LoM | abbreviation for local manufacturing plant |
| Longyuan Investment | Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd. (深圳市龍源港城投資發展有限責任公司), a limited liability company established in the PRC on December 14, 2015 |
| LoP | abbreviation for local procurement |
| LTL | abbreviation for “Light Tower” logistics |

DEFINITIONS *(Continued)*

| Items under the definitions | Contents under the definitions |
|--|---|
| LTP | abbreviation for “Light Tower” production |
| LTS | abbreviation for “Light Tower” sourcing center |
| ME | manufacturing engineering |
| MES | abbreviation for Manufacturing Execution System |
| Model Code | the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Stock Exchange Listing Rules |
| Nanshan Dacheng | Shenzhen Nan Shan Da Cheng New Material Investment Partnership (Limited Partnership) (深圳南山大成新材料投資合夥企業(有限合夥)), a limited liability partnership incorporated in the PRC on December 3, 2015, and a Shareholder of our Company |
| Nanshan Group | China Nanshan Development (Group) Co., Ltd. (中國南山開發(集團)股份有限公司), a limited liability company established in the PRC |
| New Regulations on Light Trucks with Blue License Plates | the Notice on Further Strengthening the Management of Production and Registration of Light Trucks and Small and Mini Passenger Vehicles issued by the Ministry of Industry and Information Technology and the Ministry of Public Security of the People’s Republic of China in January 2022 |
| Nomination Committee | the nomination committee under the Board |
| NR | new retails |
| OD | organization development |
| Ping An Decheng | Shenzhen Ping An Decheng Investment Limited Company (深圳市平安德成投資有限公司), a limited liability company established in the PRC on September 9, 2008 and the general partner of Shanghai Taifu and Taizhou Taifu |

DEFINITIONS *(Continued)*

| Items under the definitions | Contents under the definitions |
|------------------------------------|--|
| 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 limited liability company established in the PRC |
| PLM | abbreviation for Product Lifecycle Management |
| PRC or China | the People's Republic of China |
| Proceeds from H Shares | the proceeds received upon the completion of the Global Offering of H Shares on the Main Board of the Hong Kong Stock Exchange on July 11, 2019 |
| Prospectus | the H Shares prospectus of the Company dated June 27, 2019 in connection with the Global Offering |
| Remuneration Committee | the remuneration committee under the Board |
| Reporting Period or the Year | the year ended December 31, 2022 |
| RMB or Renminbi | Renminbi, the lawful currency of the PRC |
| RMB, RMB ten thousand | RMB, RMB ten thousand |
| SAP | abbreviation for System Application and Product |

DEFINITIONS *(Continued)*

| Items under the definitions | Contents under the definitions |
|---|--|
| Securities and Futures Ordinance or SFO | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| semi-trailer(s) | any vehicle intended to be coupled to a motor vehicle in such a way that part of it rests on the motor vehicle with a substantial part of its weight and the weight of its load being borne by the motor vehicle, and constructed and equipped for the carriage of goods |
| Shanghai Taifu | Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥)), a limited liability partnership established in the PRC on December 18, 2015, and a Shareholder of the Company |
| Shareholder(s) | holder(s) of our Share(s) |
| Share(s) | ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising A Share(s) and H Share(s) |
| Shenzhen Longhui | Shenzhen Long Hui Gang Cheng Enterprise Management Center (Limited Partnership) (深圳市龍匯港城企業管理中心(有限合夥)), a limited liability partnership incorporated in the PRC on May 11, 2017, and a Shareholder of Xiangshan Huajin |
| Shenzhen Longyuan | Shenzhen Long Yuan Gang Cheng Enterprise Management Center (Limited Partnership) (深圳市龍源港城企業管理中心(有限合夥)), a limited liability partnership incorporated in the PRC on April 29, 2016, and a Shareholder of the Company |
| Strategy and Investment Committee | the strategy and investment committee under the Board |
| Substantial Shareholder(s) | has the meaning ascribed to it under the Hong Kong Stock Exchange Listing Rules |
| Supervisor(s) | member(s) of the Supervisory Committee |

DEFINITIONS *(Continued)*

| Items under the definitions | Contents under the definitions |
|--|--|
| Supervisory Committee | the supervisory committee of the Company |
| SZSE | the Shenzhen Stock Exchange |
| SZSE Listing Rules | the Rules Governing the Listing of Securities on the ChiNext Market of the Shenzhen Stock Exchange, as amended, supplemented or otherwise modified from time to time |
| Taizhou Taifu | Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on November 28, 2017, and a Shareholder of the Company |
| Truck body for specialty vehicles/truck body | a type of vehicle body, such as a dump bed or mixer, which can be installed onto a truck chassis to form a fully-assembled specialty vehicle, such as a dump truck or mixer truck |
| Wuhu CIMC Ruijiang/ Ruijiang Tank Trailer (瑞江罐車) | Wuhu CIMC Ruijiang Automobile Co., Ltd. (蕪湖中集瑞江汽車有限公司), a limited liability company established in the PRC on March 26, 2007, and a subsidiary of the Company |
| Xi'an CIMC | CIMC-SHAC (Xi'an) Special Vehicles Co., Ltd. (中集陝汽重卡(西安)專用車有限公司), a limited liability company established in the PRC on September 20, 2006, and a subsidiary of the Company |
| Xiangshan Huajin | Xiang Shan Hua Jin Industrial Investment Partnership (Limited Partnership) (象山華金實業投資合夥企業(有限合夥)) (previously known as Xiang Shan Hua Jin Equity Investment Partnership (Limited Partnership) (象山華金股權投資合夥企業(有限合夥))), a limited liability partnership established in the PRC on November 22, 2017, and a Shareholder of the Company |
| Yangzhou Tonghua | Yangzhou CIMC Tonghua Special Vehicles Co., Ltd. (揚州中集通華專用車有限公司), a limited liability company established in the PRC on December 14, 1991, and a subsidiary of the Company |
| Zhumadian CIMC Huajun Vehicle | Zhumadian CIMC Huajun Vehicle Co., Ltd. (駐馬店中集華駿車輛有限公司), a limited liability company established in the PRC on October 30, 1997, and a subsidiary of the Company |

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

I. COMPANY INFORMATION

| | | | |
|---|---|------------|---------------------------------------|
| Stock abbreviation | CIMC Vehicles | Stock code | 301039 (A Shares) 01839 (H Shares) |
| Legal name in Chinese of the Company | 中集車輛(集團)股份有限公司 | | |
| Legal short name in Chinese of the Company | 中集車輛 | | |
| Legal name in English of the Company (if any) | CIMC Vehicles (Group) Co., Ltd. | | |
| Legal short name in English of the Company (if any) | CIMC VEHICLES | | |
| Legal representative of the Company | Li Guiping | | |
| Registered address | No. 2, Gangwan Avenue, Shekou, Nanshan District, Shenzhen, the PRC | | |
| Postal code of registered address | 518067 | | |
| Changes in the registered address of the Company | Not applicable | | |
| Office address | No. 2, Gangwan Avenue, Shekou, Nanshan District, Shenzhen, the PRC | | |
| Postal code of office address | 518067 | | |
| Company website | https://www.cimcvehiclesgroup.com/ | | |
| Email address | ir_vehicles@cimc.com | | |
| Investor relations contact telephone number | (86)0755-26802116 | | |

II. CONTACT PERSONS AND MEANS OF COMMUNICATION

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

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

III. INFORMATION DISCLOSURE AND LOCATIONS FOR DOCUMENTS FOR INSPECTION

| | |
|--|--|
| Websites of the Stock Exchanges on which the Annual Report of the Company is Disclosed | A Shares: http://www.szse.cn H Shares: http://www.hkexnews.hk |
| Media Names and Website on which the Annual Report of the Company is Disclosed | “China Securities Journal”, “Securities Times”, “Shanghai Securities News” and “Securities Daily”; Cninfo (http://www.cninfo.com.cn) |
| Places at which the Annual Report of the Company is Available | Office of the Matters Concerning the General Meetings, the Board of Directors and the Supervisory Committee of CIMC Vehicles, No. 2, Gangwan Avenue, Shekou, Nanshan District, Shenzhen, the PRC |

IV. OTHER RELEVANT INFORMATION

Accounting Firm engaged by the Company

| | |
|---------------------------------------|---|
| Name of the Accounting Firm | PricewaterhouseCoopers Zhong Tian LLP |
| Office Address of the Accounting Firm | 11/F, PricewaterhouseCoopers Center, 2 Corporate Avenue, 202 Hu Bin Road, Huangpu District, Shanghai, the PRC |

| | |
|---|-----------------------|
| Names of the Certified Public Accountants as the Signatories: | Cao Cuili, Liu Yufeng |
|---|-----------------------|

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

Applicable Not applicable

| Name of the Sponsor | Office Address of the Sponsor | Names of the Sponsor Representatives | Term of Continuous Supervision |
|------------------------------|--|--------------------------------------|----------------------------------|
| Haitong Securities Co., Ltd. | Haitong Waitan Financial Plaza, No.888 Zhongshan South Road, Huangpu District, Shanghai, China | Wu Yueyang, Yuan Xianyong | July 8, 2021 – December 31, 2024 |

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

Applicable Not applicable

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS (Continued)

V. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE LAST FIVE YEARS

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

Yes No

Unit: RMB

| Consolidated Income Statement Items | For the year ended December 31, | | | | | |
|--|---------------------------------|-------------------|---|-------------------|-------------------|-------------------|
| | 2022 | 2021 | Changes from the previous year to this year | 2020 | 2019 | 2018 |
| Revenue | 23,620,612,415.36 | 27,647,762,501.46 | -14.57% | 26,498,964,653.25 | 23,386,908,687.91 | 24,331,169,082.98 |
| Operating profit | 1,472,638,520.24 | 1,173,596,875.71 | 25.48% | 1,498,875,772.12 | 1,553,806,989.25 | 1,619,685,443.76 |
| Profit before income tax | 1,474,779,017.88 | 1,176,166,310.16 | 25.39% | 1,517,700,367.89 | 1,570,742,601.43 | 1,605,417,584.60 |
| Income tax expenses | 361,171,952.63 | 188,502,861.95 | 91.60% | 248,353,595.63 | 244,281,583.53 | 320,752,463.82 |
| Net profit | 1,113,607,065.25 | 987,663,448.21 | 12.75% | 1,269,346,772.26 | 1,326,461,017.90 | 1,284,665,120.78 |
| Net profit attributable to shareholders of the Company | 1,117,958,345.49 | 900,749,340.13 | 24.11% | 1,131,544,435.11 | 1,210,643,016.08 | 1,195,586,855.82 |
| Net profit attributable to shareholders of the Company after deducting non-recurring profit or loss | 915,504,724.28 | 635,803,868.16 | 43.99% | 850,012,330.82 | 911,838,715.45 | 1,030,622,358.26 |

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS (Continued)

Unit: RMB

| Consolidated Balance Sheet Items | As at December 31, | | | | | |
|--|-----------------------|-----------------------|---|-----------------------|-----------------------|-----------------------|
| | 2022 | 2021 | Changes from the previous year to this year | 2020 | 2019 | 2018 |
| Total current assets | 14,673,352,881.19 | 14,233,856,026.37 | 3.09% | 12,965,531,089.98 | 12,362,552,131.31 | 11,138,657,151.71 |
| Total non-current assets | 7,543,877,182.81 | 7,547,477,198.07 | -0.05% | 6,859,628,513.66 | 6,318,532,064.56 | 5,421,984,873.61 |
| Total assets | 22,217,230,064.00 | 21,781,333,224.44 | 2.00% | 19,825,159,603.64 | 18,681,084,195.87 | 16,560,642,025.32 |
| Total current liabilities | 8,128,158,784.11 | 8,623,414,465.10 | -5.74% | 8,558,977,854.63 | 7,979,217,979.76 | 7,746,332,403.13 |
| Total non-current liabilities | 728,590,380.60 | 771,344,798.96 | -5.54% | 817,482,971.02 | 481,191,934.27 | 866,600,621.65 |
| Total liabilities | 8,856,749,164.71 | 9,394,759,264.06 | -5.73% | 9,376,460,825.65 | 8,460,409,914.03 | 8,612,933,024.78 |
| Total shareholders' equity | 13,360,480,899.29 | 12,386,573,960.38 | 7.86% | 10,448,698,777.99 | 10,220,674,281.84 | 7,947,709,000.54 |
| Equity attributable to shareholders of the Company | 12,699,782,738.40 | 11,738,895,400.14 | 8.19% | 9,962,233,215.04 | 9,750,514,866.53 | 7,487,680,331.44 |
| Minority interests | <u>660,698,160.89</u> | <u>647,678,560.24</u> | <u>2.01%</u> | <u>486,465,562.95</u> | <u>470,159,415.31</u> | <u>460,028,669.10</u> |

Unit: RMB

| Consolidated Cash Flow Statement Items | For the year ended December 31, | | | | | |
|---|---------------------------------|-------------------------|---|--------------------------|-----------------------|--------------------------|
| | 2022 | 2021 | Changes from the previous year to this year | 2020 | 2019 | 2018 |
| Net cash flow from operating activities | 1,153,907,516.02 | 174,428,262.61 | 561.54% | 2,746,937,975.27 | 1,908,701,959.51 | 1,084,985,408.87 |
| Net cash flow from investing activities | -265,964,869.87 | -735,080,784.36 | -63.82% | -759,827,551.85 | -909,495,598.17 | -10,339,160.87 |
| Net cash flow from financing activities | -954,102,423.06 | <u>1,015,615,330.82</u> | <u>-193.94%</u> | <u>-1,399,200,617.05</u> | <u>133,347,679.21</u> | <u>-1,311,274,588.32</u> |

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

| Key Financial Indicators | For the year ended December 31, | | | | | |
|---|---------------------------------|--------|--|--------|--------|--------|
| | 2022 | 2021 | Changes from the previous year to this year | 2020 | 2019 | 2018 |
| Basic earnings per share (RMB/share) | 0.55 | 0.48 | 14.58% | 0.64 | 0.75 | 0.80 |
| Diluted earnings per share (RMB/share) | 0.55 | 0.48 | 14.58% | 0.64 | 0.75 | 0.80 |
| Weighted average return on net assets | 9.18% | 8.29% | 0.89% | 11.48% | 14.40% | 17.00% |
| Gross profit margin | 13.28% | 11.02% | 2.26% | 13.09% | 13.91% | 14.20% |
| Operating profit margin | 6.23% | 4.24% | 1.99% | 5.66% | 6.64% | 6.66% |
| Net profit margin | 4.71% | 3.57% | 1.14% | 4.79% | 5.67% | 5.28% |
| Current ratio <i>(note 1)</i> | 1.81 | 1.65 | 9.70% | 1.51 | 1.55 | 1.44 |
| Quick ratio <i>(note 2)</i> | 1.13 | 1.08 | 4.63% | 1.07 | 1.07 | 0.97 |
| Return on total assets <i>(note 3)</i> | 5.06% | 4.75% | 0.31% | 6.59% | 7.53% | 7.83% |

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

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

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

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

Yes No

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

Yes No

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

VI. KEY FINANCIAL INDICATORS BY QUARTER

| | Unit: RMB | | | |
|---|------------------------|-----------------------|-----------------------|-----------------------|
| | Q1 | Q2 | Q3 | Q4 |
| Revenue | 5,132,293,533.68 | 6,063,548,604.39 | 6,210,609,130.62 | 6,214,161,146.67 |
| Net profit attributable to shareholders of the Company | 124,462,498.41 | 241,295,665.30 | 295,013,611.04 | 457,186,570.74 |
| Net profit attributable to shareholders of the Company after deducting non-recurring profit or loss | 103,741,908.80 | 244,844,688.16 | 311,728,484.29 | 255,189,643.03 |
| Net cash flow from operating activities | <u>-471,024,997.03</u> | <u>677,803,402.91</u> | <u>376,142,577.06</u> | <u>570,986,533.08</u> |

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

Yes No

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

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

Applicable Not applicable

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

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

Applicable Not applicable

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

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS (Continued)

VIII. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

√ Applicable □ Not applicable

Unit: RMB

| Items | Amounts for 2022 | Amounts for 2021 | Amounts for 2020 | Note |
|---|-----------------------|-----------------------|-----------------------|--|
| Gains or losses from disposal of non-current assets | 220,986,001.61 | 175,056,325.63 | 54,386,373.66 | Disposal of fixed assets and intangible assets as a result of factory demolition |
| Government subsidies recognized in profit or loss for the current period | 81,550,034.72 | 144,395,663.75 | 238,697,779.28 | Various government grants |
| Gains and losses on changes in fair values of held for trading financial assets, other non-current financial assets, held for trading financial liabilities and derivative financial instruments, gains and losses on changes in fair values of investment properties subject to subsequent measurement in the mode of fair value, and investment gains from disposal of held for trading financial assets, held for trading financial liabilities and derivative financial instruments | -26,914,107.34 | 396,590.25 | 17,615,201.50 | Losses on changes in fair values of derivative financial instruments, investment gains and losses from disposal of derivative financial instruments, and gains on changes in fair values of investment properties. |
| Other non-operating income and expenses other than the above items | 5,336,216.43 | 4,637,291.81 | 22,384,164.06 | |
| Net gains and losses from disposal of long-term equity investment | -3,322.91 | -375,851.02 | 8,918,977.41 | |
| Less: Effect of income tax | 69,612,814.33 | 47,536,078.84 | 56,224,391.08 | |
| Effect of minority interests (after tax) | 8,888,386.97 | 11,628,469.61 | 4,246,000.54 | |
| | <u>202,453,621.21</u> | <u>264,945,471.97</u> | <u>281,532,104.29</u> | |

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

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

Applicable Not applicable

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

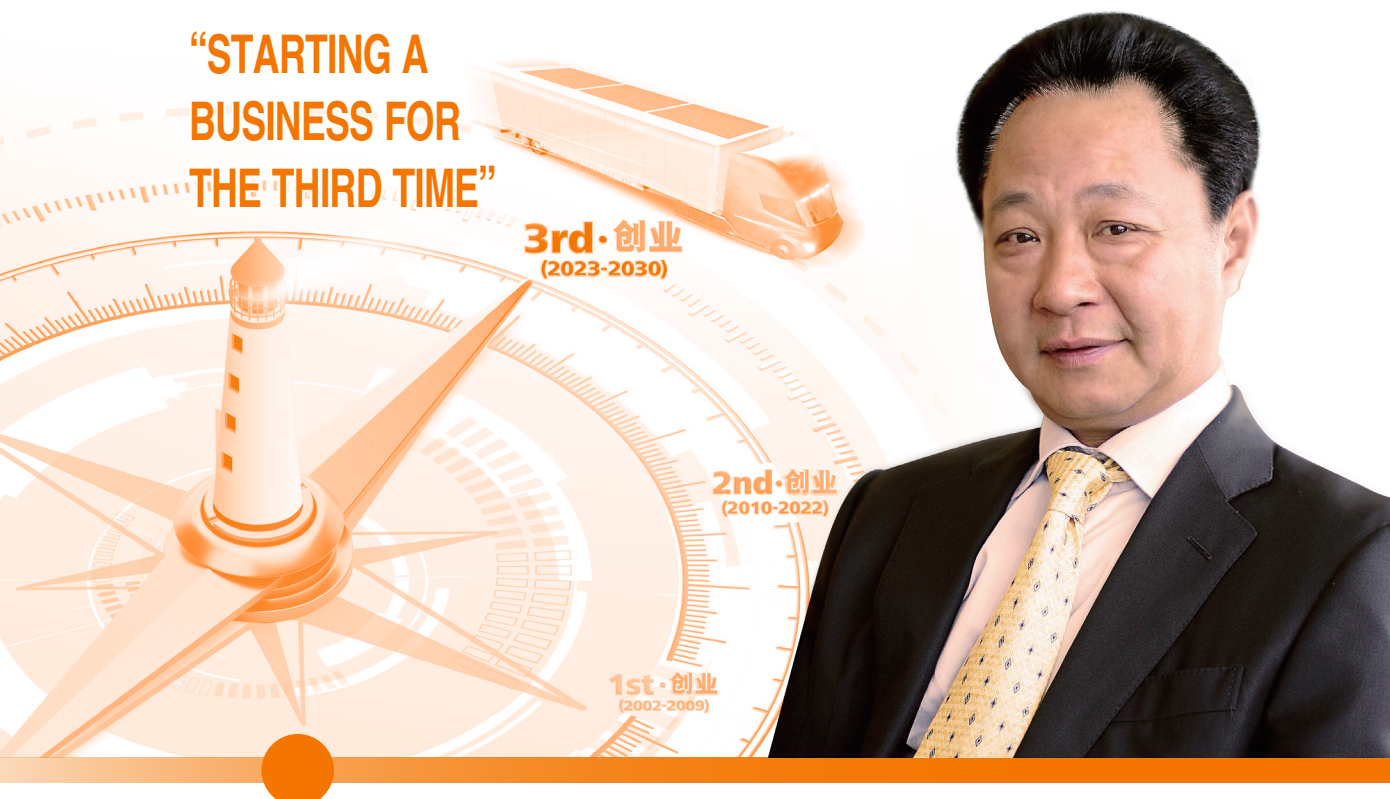
Explanations on defining the non-recurring gain or loss items set out in the Explanatory Announcement No. 1 on Information Disclosure by Companies Offering Securities to the Public – Non-Recurring Gains or Losses as recurring gain or loss items

Applicable Not applicable

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

SECTION III CHAIRMAN'S STATEMENT

“STARTING A
BUSINESS FOR
THE THIRD TIME”



Revenue of RMB

23,620.6 million

Profit for the year of RMB

1,113.6 million

Increase of

12.8%

as compared to profit for
the year of 2021

DEAR SHAREHOLDERS,

Ring in the old year out and the new year in, amidst an ever-changing world. In 2022, despite the impact of multiple unexpected factors at home and abroad including the pandemic, China's economy forged ahead under continuous pressure, showing strong resilience. In spite of the macroeconomic slowdown, flare-ups of the pandemic, and a sluggish specialty vehicle industry, CIMC maintained profit growth, with a breakthrough in its overseas business, and without a loss on its domestic business. We thank every employee for their persistence and dedication in 2022. We pay respect to all shareholders for their trust and persistence. In a year of ups and downs of the market, this persistence is precious.

SECTION III CHAIRMAN'S STATEMENT *(Continued)*

PERFORMANCE RESULT

In 2022, the revenue of CIMC Vehicles reached RMB23,621 million; the net profit attributable to shareholders of the Company was RMB1,118 million, representing a year-on-year increase of 24.11%.

In the year, we firmly grasped the opportunity from the development of a national unified market, actively promoting the structural reform of semi-trailer production organizations, and building the "LTP + LoM" Light Tower Manufacturing Network.

In the year, we successfully seized the opportunity from the rebound in overseas semi-trailer demand, upgrading the production lines of overseas "Light Tower" Plants, achieving a breakthrough in the refrigerated truck business in North America, and completing the transformation of SDC in the UK.

In the year, we gradually released our production capacity with the establishment of our Champion Tanker Business Group and the completion of the LTP production center of our TB Business Group.

In the year, we actively captured the development trend of new energy development of commercial vehicles in China, and achieved a substantial increase in sales of new energy products against the trend.

Also, in the year, we deepened the development of new retail. We launched the first "Development Center Excellent in Three Areas" in Xi'an on a pilot basis, to promote the supply-side structural reform of the commercial vehicle industry under an innovative marketing model.

The change of the times led to subversive changes in many industries. However, there were opportunities from the changes. In a market in which uncertainty became the mainstream and normal, CIMC Vehicles with its gene of self-change responded to the uncertainty of the external environment by capitalizing on strategic certainty. Based on overall planning and essentials, CIMC Vehicles strengthened strategic planning and top-level design, seized the opportunity from the national unified market development, actively promoted structural reform of production organizations, and built a "Light Tower Manufacturing Network." In addition, in terms of details, CIMC Vehicles grasped the focus of work, adjusted the arrangements for businesses and products in a timely manner, actively explored future-oriented products and innovative business models, and achieved the intensive growth of the Company through innovation.

The Group sold a total of

127,528 units
of semi-trailers worldwide

A total of

15,354 sets
of truck bodies for
specialty vehicles were
sold in China

A total of

7,696 units
of lightweight van truck
bodies were sold in China

SECTION III CHAIRMAN'S STATEMENT *(Continued)*

HIGH-QUALITY DEVELOPMENT

The overall strategic situation of the great rejuvenation of the Chinese nation and the once-in-100-years changes in the world are the base for our planning work. China is entering a “new development stage”. In the stage, new development philosophy should be adopted. Under the guidance of the new development philosophy, a new development paradigm should be constructed. Under the new development paradigm, high-quality development should be promoted.

In the past year, under the guidance of technological innovation and market demand, CIMC Vehicles built a Sophisticated Manufacturing System, kept improving quality control, continuously enhanced the competitiveness of enterprises and accelerated higher-quality development. With the business philosophy of “Intercontinental Operation, Local Manufacturing”, we explored and upgraded the Sophisticated Manufacturing System, and built 25 “Light Tower” Plants at home and abroad. We applied automatic, intelligent and digital environmental protection and emission reduction facilities to all production processes, thus building a good foundation of the Sophisticated Manufacturing System.

Up to now, four plants of CIMC, namely Dongguan CIMC, Zhumadian Huajun, Xi'an CIMC and Ruijiang Tanker, have been rated as “national-level green plants”. Meanwhile, two other plants, namely, Gansu CIMC and Yangzhou Tonghua, have been recognized as “provincial-level green plants”. In addition, Ruijiang Tanker won the title of national-level green supply chain enterprise, and Zhumadian CIMC Huajun Vehicle won the title of national-level green supply chain management enterprise.

In terms of the construction of the Light Tower Manufacturing Network, CIMC Vehicles will start from EPS and remove barriers between LTP and LoM. CIMC Vehicles will build the EPS platform as a process hub connected to all segments of the Sophisticated Manufacturing System, so as to maximize order interaction. In terms of the upgrade from products to product groups, coordination and integration between enterprises and products, the Company will explore the coordination between purchases and value-added services, comprehensively enrich the digitalization ability and connotation of the supply chain, and support the Sophisticated Manufacturing System.

SECTION III CHAIRMAN'S STATEMENT *(Continued)*

STARTING A BUSINESS FOR THE THIRD TIME

We will keep moving. The year 2023 marks the 20th anniversary of the establishment of a group by CIMC Vehicles. CIMC Vehicles will build a new growth track, start a business for the third time and promote the upgrading and transformation of the Company from a global manufacturing powerhouse to an explorer and innovator in new energy, with a more open attitude and industry-leading technologies.

In 2023, we will continue to promote the structural reform of semi-trailer production organizations, strive to promote the decoupling of semi-trailer LTP and LoM, and use the third-generation semi-trailer LTP production center and LoM manufacturing network to build the strategic commanding heights of semi-trailer business in the national unified market. We will properly carry out TB commercial vehicle body business, optimize Champion Tanker Business Group, deepen the development of new retail and increase the research and development of new energy products.

CIMC Vehicles will confirmedly implement its grand strategies and plans. We will continue to build a Sophisticated Manufacturing System with high-quality products and outstanding services. With the advantage of intercontinental operation, we will continuously build the Sophisticated Manufacturing System, maintain our leading position in the high-end manufacturing of semi-trailers and specialty vehicles in the world, and actively become a pioneer in the high-quality development of road transport equipment, and an explorer and innovator in new energy specialty vehicles in China.

CIMC Vehicles will unswervingly move towards its goals. Starting a business for the third time is another long march, which requires the dedication of all employees. CIMC Vehicles will forge ahead despite difficulties.

Finally, thank you for your long-term support, company and trust. In 2023, CIMC Vehicles will continue to strive to become a model of the integration of social and commercial value and create long-term returns for its shareholders.

Mai Boliang

Chairman

Shenzhen, the PRC

March 2023

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS

I. CONDITIONS OF THE INDUSTRY IN WHICH THE COMPANY OPERATED DURING THE REPORTING PERIOD

The Company is mainly engaged in the global production and sale of semi-trailers, truck bodies for specialty vehicles and van bodies. It is the world's leader in the sophisticated manufacturing of semi-trailers and specialty vehicles, a pioneer in the high-quality development of road transport equipment in China, and an explorer and innovator in new energy specialty vehicles in China.

In 2022, the international environment was turbulent. Global economic growth slowed down, due to the escalation of geopolitical conflicts, a 40-year high in global inflation, energy and supply chain crisis and other factors. The U.S. government actively promoted its economic stimulus measures, and the demand for logistics and transportation equipment remained strong; The energy shortage in Europe increased the inflation rate and the cost of living, and decreased the consumption demand, thus lowering the logistics and transportation efficiency in Europe.

In 2022, China was under pressure in terms of economic reform and stability. With the support of the policies to stabilize the economy, the overall economic and social development remained stable. According to the data released by the National Bureau of Statistics, China's GDP reached RMB121.0 trillion in 2022, representing a year-on-year increase of 3.0%. The suppression of logistics demand and the downward cycle of the industry in China greatly affected the semi-trailer and specialty vehicle industries in China.

China's economy entered a new stage of development. High-quality development is the theme of China's economic development in the "14th Five-Year Plan" period and even in a longer period. In the face of historic opportunities, the semi-trailers and specialty vehicles industry in China was undergoing enormous transformation and integration.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Semi-trailer Market in China

In 2022, the total value of social logistics goods in China reached RMB347.6 trillion, representing a year-on-year increase of 3.4%, showing a slowdown. Driven by policies and markets, the transportation and logistics industry underwent a further change. In 2022, according to the data of the Ministry of Transport, the road freight volume in China was 37.12 billion tons, representing a year-on-year decline of 5.5%. The weak demand for logistics and transportation, together with rising costs, suppressed the domestic demand for semi-trailers. In order to increase the transportation demand, China continuously implemented measures such as the “measures to ensure stability in the six areas” and “measures to ensure security in the six areas” at the national level and successively published stimulus policies.

In April 2022, the Opinions of the Central Committee of the Communist Party of China and the State Council on Accelerating the Construction of a National Unified Market was published. Supply-side reform became the way to remove key barriers that restricted the economic cycle, while achieving high-quality supply and building a modern circulation network represented the core. Semi-trailer was the core means of production in logistics and transportation. The long-standing market segmentation and the “small, scattered and chaotic” situation in the industry were gradually changed. Semi-trailer production enterprises with management, technology and brand advantages and nationwide operation arrangements gained scale advantages in full competition.

In this context, the Company promoted the iteration of its organizations and adopted the third-generation of “LTP + LoM” model to change the production model and adapt to the new development paradigm, so as to realize high-quality development.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Overseas Semi-trailer Market

In 2022, the downward pressure on the global economy intensified, and the International Monetary Fund announced that the world economic growth rate was approximately 3.4%. High inflation, high interest rates, high debt and slow growth became new features of the global economy.

In 2022, the GDP of the United States reached US\$25.5 trillion, with an actual growth rate of 2.2% after deducting inflation. However, semi-trailer and logistics and transportation equipment markets remained strong in North America, with robust growth in the import of the United States, the trade deficit of US\$948.1 billion, representing a year-on-year increase of 12.2%, the consumer market showing strong demand, and incomplete recovery of the logistics and transportation efficiency, and the implementation by the U.S. government of a series of economic stimulus measures. According to the data of ACT Research in the United States, in 2022, the production of semi-trailers in the United States reached 374,000 units, representing a year-on-year increase of 25.4%. Due to the forward-looking strategic arrangements and local manufacturing advantages, the Company seized the opportunities from strong demand in the semi-trailer market in North America, thus achieving rapid growth.

The European economy was affected by geopolitical conflicts, energy and supply chain crises. According to the data released by Eurostat, the growth rate of EU GDP in 2022 was 3.6%, which was better than expected, but the EU did not get rid of the risks of recession and inflation. The suppression of the consumer demand of residents affected the logistics equipment manufacturing industry in Europe to some extent. The Company achieved steady development, with its stable global supply chain system and the advantage of intercontinental operation.

Emerging markets were the most urgent demanders in global development, and there was room for high industry growth in emerging markets. The Company focused on advantageous markets, actively paid attention to market opportunities in Southeast Asia, Africa and the Middle East, and promoted the construction of the LoM manufacturing plant to build a sustainable competitive operation system in overseas emerging markets.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Specialty Vehicle Market in China

In 2022, according to the data of the National Bureau of Statistics, the national fixed asset investment reached RMB57.2 trillion, representing a year-on-year increase of 5.1%. The exhaustion of the demand due to the implementation of emission standards, the decline in the domestic freight transport demand had an impact on the specialty vehicle market, and the domestic heavy truck market entered a downward cycle. According to the data of China Association of Automobile Manufacturers, the sales volume of heavy trucks in China in 2022 was 672,000 units, representing a year-on-year decrease of 51.8%. On the contrary, great progress was made in the exploration of new energy development of the industry. In 2022, the total sales volume of new energy heavy trucks reached 25,200 units, representing a year-on-year increase of 140.7%, showing the rapid increase in the penetration rate of new energy heavy trucks in the market in China, and there were development opportunities for high-quality, new energy, lightweight and intelligent specialty vehicle products.

In terms of tank trucks and concrete mixer trucks, in March 2022, the Ministry of Emergency Management issued the “14th Five-Year” Plan for Safe Production of Hazardous Chemicals, which once again standardized the safe development of the industry. Meanwhile, the Work Plan for Regulation of Atmospheric Liquid Dangerous Goods Tank Trucks stipulates that from November 1, 2022, the use of tankers with major safety risks would be completely banned, which will benefit the compliant tank truck manufacturers. The Company actively developed new energy products, thus continuously highlighting the competitive advantages of tank trucks and concrete mixer trucks characterized by new energy, light weight, intelligentization and environmental protection.

In terms of dump trucks and cargo trucks, there was a year-on-year decrease of 10.0% in the total investment in real estate development in China in 2022. Industrial consolidation accelerated with the domestic real estate and infrastructure industries entering the adjustment period, the decline in the demand for engineering transport vehicles, the pressure from inventory digestion, and the intensified channel competition. New energy vehicles became a new point of competition in dump trucks. Environmental-friendly and intelligent urban dump trucks produced and sold by TB Business Group – Dump Truck Business of the Company had a larger market space, and it maintained its competitive advantage in the industry reform.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Lightweight Van Truck Market in China

According to the data of China Association of Automobile Manufacturers, in 2022, the sales volume of lightweight trucks in China was 1.618 million units, representing a year-on-year decrease of 23.4%, due to economic slowdown, freight volume decrease, low freight rate, and the implementation of new regulations on lightweight trucks with blue license plates. For lightweight trucks as an important means of production for urban road transport scenarios, national and local governments successively published relevant regulations and stimulus policies. Meanwhile, the implementation of new regulations on lightweight trucks with blue license plates also promoted the accelerated development of new energy light trucks.

With the diversification of consumer demand, the cold chain logistics industry had great potential. The cold chain logistics and infrastructure construction in China accelerated after the publication of the Notice on the “14th Five-Year” Plan for Development of Cold Chain Logistics and related supporting policies. As a manufacturer of the upstream infrastructure of the cold chain logistics industry chain, the Company continuously provided high-quality and compliant refrigerated van bodies to the market. In addition, TB Business Group – Urban Distribution Van Truck Bodies Business of the Company completed the production capacity arrangements, which promoted the business development of truck bodies for urban cold chain distribution and truck bodies for urban distribution of dry cargoes.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

II. MAJOR BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD

(I) Major businesses and products

The Company is the world's leader in the sophisticated manufacturing of semi-trailers and specialty vehicles, a pioneer in the high-quality development of road transport equipment in China, and an explorer and innovator in new energy specialty vehicles in China. According to the 2022 Global OEM Ranking List published by Global Trailer, the Company ranked first among semi-trailer manufacturers in the world, for the tenth year in a row.

The Company had six major businesses or groups, namely "Light Tower Pioneer Business", "North American Business" and "European Business" engaged in the global semi-trailer market, "Champion Tanker Business Group" with a focus on sophisticated manufacturing of truck bodies for specialty vehicles and van truck bodies, "TB Business Group – Dump Truck Business" and "TB Business Group – Urban Distribution Van Truck Bodies Business", covering four major markets in the world, more than 40 countries and regions, and had 25 "Light Tower" Plants at home and abroad.

Under the business model of "Intercontinental Operation, Local Manufacturing", the Company accelerated the construction of the "Light Tower Manufacturing Network"; actively made arrangements for the LTP production center and the LoM manufacturing plant; promoted the digital upgrade of the LTL "Light Tower" logistics, LTS "Light Tower" sourcing center and LoP local procurement; utilized high-end manufacturing production lines and capacity; achieved mutual complementation of superior resources and efficient synergy; enabled industrial upgrading through digitalization; reduced the production costs; realized comprehensive production automation, intelligentization and digitalization of processes; increased orders and improved the fulfillment; effectively combined the six major businesses or groups in the long run, so as to guarantee high-quality development.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In the global semi-trailer market, Light Tower Pioneer Business was deeply engaged in seven series of semi-trailer products in the semi-trailer market, and operated well-known brands including “CIMC Light Tower”, “Pioneer Series”, “Tonghua”, “Huajun”, “Liangshan Dongyue” and “Vanguard Trailer Rental.” Light Tower Pioneer Business continuously increased its share of the domestic semi-trailer market and ranked first in China for the fourth year in a row. North American Business focused on refrigerated trailer, van trailer and container chassis trailer products in the North American market, and operated well-known local brands including “Vanguard” and “CIE”. North American Business developed rapidly and won long-term recognition from major customers in North America. The refrigerated trailer market share in North America had constantly increased. European Business focused on semi-trailer products in the European market, and operated “SDC” and “LAG” brands. SDC ranked first among the market in the UK. LAG, an over-70-year-old company, ranked first in the European tank trailer market, with its high commercial value, low fuel consumption and low weight.

The Company led the development trend of road transport equipment in the market of truck bodies for specialty vehicles and van truck bodies. Champion Tanker Business Group produced and sold tank trailers and concrete mixer trucks, and operated brands including “Ruijiang Tanker”, “Tonghua Tanker”, “Lingyu Vehicles” and “Shandong Wanshida”. Champion Tanker Business Group ranked first in terms of sales volume of concrete mixer trucks in China for the sixth year in a row, and maintained a leading position in the tank trailer market. TB Business Group – Dump Truck Business produced and manufactured dump truck and cargo truck products and was a pioneer in the business of retrofitting of truck bodies for specialty vehicles in China; TB Business Group – Urban Distribution Van Truck Bodies Business produced and manufactured refrigerated van truck bodies, dry van truck bodies, and operated the “TB” brand, with an innovative spirit and leading technology research and development level. TB Business Group provided customers with high-quality products and services that led the development of urban distribution and cold chain logistics industries.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In new energy specialty vehicles, in line with the trend of electrification and intelligentization, the Company embarked on the path of exploration and innovation. The Company produced and sold innovative products including new energy lightweight urban dump trucks, pure electric mining trucks, concrete mixer trucks with battery charging and swapping, and new energy refrigerated vans. The Company developed innovative business models under new energy and self-driving scenarios. As a result, the Company got ahead in development in the new energy specialty vehicle market.

In addition, the Company cooperated with many well-known customers. In the domestic market, its main customers included well-known e-commerce logistics and transportation enterprises such as SF Express, JD Logistics, ZTO Express and Deppon Express, as well as major heavy truck and construction machinery manufacturing enterprises such as Sinotruk, Shaanxi Automobile Group and Shaanxi Tonly Heavy Industries. In overseas markets, major customers included first-class European and American transportation companies and semi-trailer rental companies such as JB Hunt, KAL, Direct ChassisLink, Walmart Transportation and TIP. With the innovative marketing model, the Company cooperated with Shaanxi Automobile Group to launch the CIMC-Shaanxi Automobile “Sanhao Development Center”, so as to implement the innovation-driven development strategy in depth, and work with customers to promote the supply-side structural reform for tractors and truck bodies in the commercial vehicle industry.

As China’s economy entered a new stage of development, the Company started a business for the third time; adopted a new development philosophy and constructed a new development paradigm. Under the background of the “national unified market” policy and the domestic smooth circulation, we seized the opportunity from industry reform; deepened the supply side structural reform; eliminated supply constraints; removed barriers in production, circulation, distribution and consumption; realized intensive growth by innovation; achieved the strategy of short-term breakthroughs in sales volume and long-term sustainable growth; and promoted high-quality development.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

(II) Major business models

Through continuous exploration and development for years, the Company has formed an operation model based on “Intercontinental Operation, Local Manufacturing” in line with current global conditions. The Company acquires customers and obtains orders by a combination of direct selling and distribution. The Company utilizes the LTL “Light Tower” logistics, the LTS “Light Tower” sourcing center and the LoP local procurement to obtain required raw materials, parts and components by a combination of centralized purchase or independent purchase. Otherwise, the Company organizes efficient production by basing production on sales through the LTP production centers and LoM manufacturing plants under the six major businesses or groups, and actively explores the “Sanhao Development Center” innovative model for sales, and finally delivers its products to customers to make a profit.

① *Direct selling model*

Direct selling is the main sales method of the Company. The six major businesses or groups of the Company serve as the main direct selling points to obtain sales orders, promote marketing organization integration, channel organization integration, brand building integration, promotion and delivery integration, implement the marketing policy integration, product development integration and service coordination integration, and directly deliver products and services. Meanwhile, the Company promotes the supply-side structural reform of the commercial vehicle industry under the innovative marketing model and directly provides integrated solutions and services of fully-assembled vehicle installed onto tractor for the customers.

② *Distribution model*

The cooperation model between the Company and its distributors is buyout sales, under which the distributors of the six major businesses or groups of the Company are responsible for marketing and sales to customers in the major territories and providing customers with product sales and after-sales service. The six major businesses or groups of the Company have established a sound distributor management system, which specifies the admission review, daily management and performance assessment of distributors, and has continuously optimized and improved the service level of distributors by conducting daily management through ERP and CRM digital platforms and providing immediate assistance and regular training to sales personnel, so as to achieve win-win outcomes for the Company and distributors.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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

Unit: RMB in millions

| Sales Model | 2022 | | 2021 | |
|----------------|------------------|----------------|------------------|----------------|
| | Amount | Percentage | Amount | Percentage |
| Direct selling | 16,833.81 | 71.27% | 16,482.80 | 59.62% |
| Distribution | 6,786.80 | 28.73% | 11,164.96 | 40.38% |
| Total | 23,620.61 | 100.00% | 27,647.76 | 100.00% |

The Company had 649 distributors as at the end of 2022, representing a decrease of 84 as compared with the end of 2021. The decrease in the number of distributors was mainly due to the consolidation of high-quality distribution channels by Champion Tanker Business Group of the Company.

(III) Analysis of operation

In 2022, the revenue of the Company for the year was RMB23,620.61 million, representing a year-on-year decrease of 14.57%, mainly due to (1) suppression of the domestic semi-trailer market demand as a result of the economic downturn in China, and weak logistics demand and efficiency; (2) a weak specialty vehicle market in China resulting from the exhaustion of the demand for specialty vehicles in China as a result of the implementation of China VI emission standards. During the Reporting Period, the Company sold 151,870 units of vehicles of various types worldwide (2021: 200,069 units), representing a year-on-year decrease of 24.09%.

The Company made a breakthrough in operation, with the coordinated development of the six major businesses or groups. The net profit attributable to shareholders of the Company was RMB1,117.96 million, representing a year-on-year increase of 24.11%, mainly due to (1) a substantial increase in the revenue from overseas markets; (2) a rise in the proportion of revenue from high-quality products as a result of optimization of the product structure; (3) stable prices of bulk raw materials; (4) compensation for relocation and resettlement of Qingdao CIMC Special Vehicles, a wholly-owned subsidiary. In addition, the net profit attributable to shareholders of the Company after deducting non-recurring profit or loss was RMB915.50 million, representing a year-on-year increase of 43.99%.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

During the Reporting Period, the Company's Light Tower Pioneer Business promoted the structural reform of semi-trailer production organizations and increased the gross profit margin. North American Business made a breakthrough, with an increase in the sales and price of main products, and profit hitting a record high. European Business was successfully transformed, and put into operation several LoM manufacturing plants, thus achieving quality growth in revenue. Champion Tanker Business Group accelerated the integration of products and production capacity and promoted the development of a unified national market of tankers. TB Business Group – Dump Truck Business actively deepened the strategy of joint development with tractor manufacturers, grasped the trend of the new energy transition; TB Business Group – Urban Distribution Van Truck Bodies Business improved its production capacity arrangements, put into operation Jiangmen LTP Production Center and vigorously developed products in new energy.

The Company launched a new round of reform, implemented the “Light Tower Manufacturing Network” strategy, implemented various strategic arrangements, integrated superior resources, and adopted measures to increase revenue and reduce expenditure, and thus the gross profit margin increased significantly by 2.26 percentage points year-on-year to 13.28%. The net cash flow from operating activities was RMB1,153.91 million, representing a significant increase of 561.54% as compared with the previous year; the weighted average return on net assets increased by 0.89 percentage point, fully demonstrating the operating resilience of the Company against the trend.

The Company actively developed and promoted innovative products which featured new energy, light weight, digitalization and intelligentization, constantly optimized the product structure, promoted quality and efficiency change, and practiced high-quality development.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

1. Operation Review of the Company for the Year by Major Businesses and Groups:

Light Tower Pioneer Business

Light Tower Pioneer Business is deeply engaged in seven major series of semi-trailer products. During the Reporting Period, due to the economic downturn in China, the domestic market demand for semi-trailers slowed down. The revenue from Light Tower Pioneer Business reached RMB4,980.93 million, representing a year-on-year decrease of 22.14%. The gross profit margin of Light Tower Pioneer Business rebounded by 1.11 percentage points, mainly due to a decrease in raw material costs, the adjustment to the product structure, the improvement in the production efficiency of the Light Tower Manufacturing Network, and the exploration of emerging markets.

Through strategic deployment, Light Tower Pioneer Business re-integrated the semi-trailer business to form a joint force, and built the “LTP + LoM” Light Tower Manufacturing Network. By capitalizing on the third-generation semi-trailer LTP production center and LoM manufacturing plant, Light Tower Pioneer Business achieved a strategic breakthrough in the national unified market and promoted the structural reform of semi-trailer production organizations in China.

During the Reporting Period, Light Tower Pioneer Business actively planned the construction of the “CIMC Light Tower” business group, promoted the “Black Land Project” and started the preparation for the establishment of the “Tonghua Pioneer” Business Group at the right time. Meanwhile, Light Tower Pioneer Business accelerated the progress in new retail changes and vigorously acquired large and end customers. In 2022, despite a decline in market sales, according to the statistics of China Association of Automobile Manufacturers, the market share of semi-trailers of the Company in China increased to 14.45%, and the Company ranked first in China for the fourth year in a row.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

North American Business

Despite the economic uncertainty in the North America, the Company actively implemented strategic measures of North American Business. During the Reporting Period, North American Business of the Company made achievements, with an increase in sales volumes and prices of its three main products, and profit hitting a record high. The revenue from North American Business was RMB10,760.03 million, representing a year-on-year increase of 122.28%, and its gross profit margin increased by 6.03 percentage points year-on-year.

The semi-trailer market in North America was in short supply due to stimulation by economic policies, the rapid growth in the multimodal transport business, and the slowdown in logistics and transportation efficiency. The Company made a forward-looking arrangement. Through the arrangement for four LTP production centers and seven LoM manufacturing plants, the Company could alleviate the supply chain shortage to the greatest extent, realize cost optimization, accelerate the release of the production capacity, give play to scale effect and improve the fulfillment of orders.

In terms of refrigerated trailers in North America, the Company made a breakthrough, with product design improvement, the commencement of new energy exploration, and profit hitting a record high. During the Reporting Period, the Company's revenue from refrigerated trailers in North America increased significantly by 164.05% to RMB4,003.38 million, and its share of the refrigerated trailer market in North America continued to increase.

Meanwhile, the Company optimized the product pricing and sales strategy of van trailers in North America, thus increasing its revenue by 60.13% to RMB3,127.02 million, and maintaining a leading position in the van trailer market in North America.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

European Business

Geopolitical conflicts and energy crises continuously affected the European economy, and the energy and supply chain shortage suppressed the production capacity of the manufacturing industry in Europe. European Business of the Company forged ahead despite difficulties, completing the construction of the LoM manufacturing plants in Southampton and Mansfield in the UK, and Pijnacker in the Netherlands, which helped fully release the production capacity. SDC optimized the manufacturing process and value stream, established the LTS production center for Light Tower parts, and carried out re-planning and re-arrangements for products and production lines, thus greatly improving production efficiency. Meanwhile, the Company promoted the improvement in corporate governance of SDC and successfully transformed SDC, with profits hitting a five-year high. LAG actively explored new energy products and controlled the risk of supply chain shortage. During the Reporting Period, the revenue from European Business reached RMB2,620.99 million, representing a year-on-year increase of 10.48%, but the gross profit margin declined.

Under the guidance of the intercontinental operation strategy, the Company gave full play to the intercontinental competitive advantage and completed the “Light Tower Manufacturing Network” arrangement of European Business, thus consolidating its market share.

Champion Tanker Business Group

Champion Tanker Business Group manufactures and sells two core products, namely tank trailers, and concrete mixer trucks. The terminal demand in the heavy truck market was sluggish, due to the emission standard transition, the early release of market demand and the intensified homogeneous competition in the industry. During the Reporting Period, Champion Tanker Business Group of the Company turned challenges into opportunities, identified opportunities in market segments, and actively explored the international market. The revenue from Champion Tanker Business Group was RMB3,635.75 million, representing a year-on-year decrease of 66.61%. Through product structure optimization and integration of upstream and downstream resources to reduce costs and expenses, the gross profit margin increased by 0.60 percentage point.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Champion Tanker Business Group developed industry-leading lightweight and green products; reduced the self-weights of concrete mixer trucks and led the market trend of concrete mixer trucks. Meanwhile, Champion Tanker Business Group actively explored new energy products, launched more than 10 types of concrete mixer trucks with battery charging and swapping, and developed integrated innovative products suitable for the market. During the Reporting Period, the sales volume of new energy concrete mixer trucks increased significantly by 500.00%. According to the data of China Association of Automobile Manufacturers, the Company ranked first in China in terms of the sales volume of concrete mixer trucks for the sixth year in a row, and had 26.32% of the market in China.

In addition, Champion Tanker Business Group paid attention to market segment research and development; launched innovative products such as “alloy-steel liquid tank trailers” and multi-purpose “alloy-steel V-shaped dry bulk tank trailers” with mixed loading; expanded channels and acquired customers; and launched a new online marketing platform “Home of Champions” to form a leading edge of tank truck products.

TB Business Group – Dump Truck Business

With China’s acceleration of the construction of a “unified national market”, the Company established TB Business Group – Dump Truck Business, to further improve the efficiency of resource allocation and give play to the effect of industrial agglomeration. In 2022, the revenue from TB Business Group – Dump Truck Business was RMB881.02 million, representing a year-on-year decrease of 53.35%, due to a slowdown in domestic heavy truck demand and insufficient infrastructure project construction.

Meanwhile, TB Business Group – Dump Truck Business carried out organizational marketing reform, deepened cooperation with tractor manufacturers, vigorously developed new energy products, expanded the wide-body mining truck market, and established overseas businesses, and occupied a leading position in the dump truck retrofitting industry, with its product research and development innovation and “Light Tower Manufacturing Network”. According to the data on compulsory insurance for motor vehicle traffic accident liabilities, the market share of the Company’s new energy dump trucks increased to 37.2%.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

TB Business Group – Urban Distribution Van Truck Bodies Business

In 2022, the domestic lightweight truck market remained sluggish, and the market demand for urban distribution logistics was weak. The revenue from TB Business Group – Urban Distribution Van Truck Bodies Business of the Company was RMB365.52 million, representing a year-on-year decrease of 21.43%.

During the Reporting Period, the Jiangmen LTP Production Center of TB Business Group – Urban Distribution Van Truck Bodies Business was put into operation. It actively adjusted its target market and product structure, seized opportunities from the increment in new energy products, and reached strategic cooperation with a number of well-known and leading new energy vehicle companies to establish various pre-LoM manufacturing plants, in the market downturn. TB Business Group – Urban Distribution Van Truck Bodies Business achieved an 18.83% growth in sales of new energy products, with the TB KG hydrogen-energy refrigerated trucks winning the honor of the “No.1 Hydrogen-energy Refrigerated Truck in 2022”.

Meanwhile, TB Business Group – Urban Distribution Van Truck Bodies Business will accelerate the development and expansion of overseas businesses, fulfill orders in Africa, Southeast Asia, the Middle East and other regions, and actively make arrangements for assembly plants to continuously improve overseas market sales and product launch capabilities.

Other Businesses

With regard to semi-trailers in other markets, the Company actively built branches of LoM manufacturing plants in overseas emerging markets, and successively built LoM manufacturing plants in key market areas such as Southeast Asia, to improve product assembly efficiency and product quality, thus realizing the long-distance delivery from LTP production centers. During the Reporting Period, the Company made achievements in overseas emerging markets, with growth in the results of operations and continuous increase in its market share.

With regard to parts and components of semi-trailers and specialty vehicles, the Company enhanced its competitive advantage in the global parts and components business through digital management of the supply chain and new retail transformation and upgrading, under the background of the increase in global commodity price and shortage in the supply chain, thus our revenue increased year-over-year.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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

Global semi-trailers

During the Reporting Period, the revenue from the Company's global semi-trailer business increased to RMB18,143.28 million (2021: RMB15,275.85 million), representing a year-on-year increase of 18.77%, and the gross profit margin increased by 2.57 percentage points year-on-year, mainly due to the strong performance of overseas markets and the increase in volume and price of the main products in the North American semi-trailer market, which drove the revenue and profitability of the global semi-trailer business.

Truck bodies for specialty vehicles

During the Reporting Period, the revenue from the Company's business of production of truck bodies for specialty vehicles and sales of fully-assembled specialty vehicles was RMB2,367.21 million (2021: RMB9,209.61 million), representing a year-on-year decrease of 74.30%, mainly due to the continued sluggish end-use demand in the heavy truck market. The gross profit margin of the Company's business of production of truck bodies for specialty vehicles and sales of fully-assembled specialty vehicles declined by 3.00 percentage points year-on-year due to intensified homogeneous competition in the industry.

Lightweight van truck bodies

During the Reporting Period, due to the slowdown in demand for light trucks and product restructuring, the revenue from the business of production and sales of lightweight van truck bodies in China was RMB227.66 million (2021: RMB311.36 million), representing a year-on-year decrease of 26.88%, with the gross profit margin decreasing by 9.18 percentage points year-on-year.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Production management of fully-assembled vehicles during the Reporting Period

Applicable Not applicable

Production and sales of main products of the Company

Unit: Unit/Set

| | Production Volume | | | Sales Volume | | |
|-------------------------------------|-------------------|----------------|---------------|----------------|----------------|---------------|
| | 2022 | 2021 | Year-on-year | 2022 | 2021 | Year-on-year |
| | | | Change | | | Change |
| By region | | | | | | |
| Domestic regions | 112,590 | 175,195 | -35.7% | 80,351 | 154,745 | -48.1% |
| Foreign regions | 47,109 | 19,053 | 147.3% | 71,519 | 45,324 | 57.8% |
| By business type | | | | | | |
| Global semi-trailers | 123,141 | 129,186 | -4.7% | 127,528 | 138,166 | -7.7% |
| Truck bodies for specialty vehicles | 26,340 | 54,419 | -51.6% | 15,354 | 52,703 | -70.9% |
| Lightweight van truck bodies | 10,218 | 10,643 | -4.0% | 7,696 | 9,115 | -15.6% |
| Total | 159,699 | 194,248 | -17.8% | 151,870 | 200,069 | -24.1% |

* Note: The production volume and sales volume of major products based on the business type do not include the production volume and sales volume of vehicles based on other businesses of the Company, such as sanitation vehicles.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

During the Reporting Period, the Company produced a total of 159,699 units/sets, representing a year-on-year decrease of 17.8%; the Company sold a total of 151,870 units/sets, representing a year-on-year decrease of 24.1%. In terms of production capacity, the Company had the capacity to produce a total of 297,750 units/sets in 2022, representing a year-on-year decrease of 7.3%. The main changes in production capacity are as follows: (1) The construction of the LTP production center of the Company in Thailand was completed, thus fully releasing the production capacity and increasing the capacity to produce container chassis trailers by 20,000 sets; (2) Due to the sharp increase in demand for refrigerated trailers in North America, the QCTC plant of North American Business of the Company increased the capacity to produce refrigerated trailers by 5,000 sets, representing a year-on-year increase of 100.0%; (3) Zhenjiang TB Plant of TB Business Group – Urban Distribution Van Truck Bodies Business of the Company optimized its production capacity and adjusted the capacity to produce dry and refrigerated van truck bodies to 11,000 sets; (4) The construction of Jiangmen LTP production center of TB Business Group – Urban Distribution Van Truck Bodies Business of the Company was completed, thus increasing the capacity to produce dry and refrigerated truck bodies by 20,000 sets; (5) The production capacities of the Zhumadian LTP production center and the Liaoning LoM manufacturing plant of the Company's Light Tower Pioneer Business were optimized, and their semi-trailer production capacities were changed to 15,700 units and 1,100 units respectively, representing a year-on-year decrease of 47.7% and 78.0%; (6) The production capacities of Shandong Wanshida Plant and Luoyang Lingyu Vehicles Plant of Champion Tanker Business Group of the Company were changed to 4,000 sets and 8,050 sets respectively, representing a year-on-year decrease of 50.0% and 32.9%.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In terms of capacity utilization rate, the comprehensive capacity utilization rate of the Company was 53.6% in 2022, representing a year-on-year decrease of 6.8 percentage points. The main changes in the capacity utilization rate are as follows: (1) Due to the significant increase in the demand for refrigerated trailers in North America, the QCTC plant of the Company increased the capacity to produce refrigerated trailer products by 5,000 sets, and its capacity utilization rate decreased from 163.2% in the same period of the previous year to 107.5% in 2022; (2) The capacity utilization rates of the Tonghua Tanker Plant and Ruijiang Tanker Plant of Champion Tanker Business Group of the Company decreased by 41.3% and 48.4% respectively as compared with the same period of the previous year, due to the slowdown in domestic heavy truck demand; (3) The capacity utilization rate of Jinan TB Plant of TB Business Group – Urban Distribution Van Truck Bodies Business of the Company decrease by 54.6% as compared with the same period of the previous year, due to the slowdown in the domestic logistics demand.

In terms of the construction of the parts and components supporting system, the Company deepened the construction of the EPS digital supply chain center as the hub of the “Light Tower Manufacturing Network”, and the EPS platform supported and promoted the core processes of LTS and LTP business models. In 2022, the Company established a unified EPS portal platform, thus achieving online management of more than 1,000 suppliers, and allowing the six major businesses or groups of the Company to share a rich pool of supplier resources, effectively optimizing resource allocation and improving cost space, and removing barriers between LTP and LoM through EPS.

Production management of auto parts and components during the Reporting Period

Applicable Not applicable

The Company carried out auto finance business

Applicable Not applicable

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

The Company carried out businesses in relation to new energy vehicles

√ Applicable □ Not applicable

Unit: Unit/Set RMB'0,000

| Product Category | Production Capacity | Production Volume | Sales Volume | Sales Revenue |
|-----------------------------------|---------------------|-------------------|--------------|---------------|
| Concrete mixer truck bodies | Sufficient | 162 | 108 | 1,082 |
| Dump truck and cargo truck bodies | | 2,235 | 2,253 | 16,735 |
| Dry van truck bodies | | 3,530 | 3,530 | 2,963 |
| Refrigerated van truck bodies | | 187 | 187 | 458 |
| Total | | 6,114 | 6,078 | 21,238 |

III. ANALYSIS OF CORE COMPETENCE

(I) Advantages of intercontinental operation

The Company is the world's leader in the sophisticated manufacturing of semi-trailers and specialty vehicles, a pioneer in the high-quality development of road transport equipment in China, and an explorer and innovator in new energy specialty vehicles in China. The Company has continuously deepened the business philosophy of "Intercontinental Operation, Local Manufacturing" and established six major businesses or groups that penetrated four major markets around the world: Light Tower Pioneer Business, North American Business, European Business, Champion Tanker Business Group, TB Business Group – Dump Truck Business and TB Business Group – Urban Distribution Van Truck Bodies Business. The Company has 25 "Light Tower" Plants and a sales network covering over 40 countries. The Company gives full play to its production capacity, assembly capacity, global supply chain management capacity and global distribution logistics management capacity, and has formed a transnational operation arrangement with core competitiveness, which has enhanced business resilience and risk resistance of various businesses and markets around the world.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

(II) Leading edge in the market

According to the 2022 Global OEM Ranking List released by Global Trailer, the Company ranked first for ten consecutive years. In terms of Light Tower Pioneer Business, according to the statistics of China Association of Automobile Manufacturers, the Company has occupied a market share of 14.45% in China's semi-trailer market, which has continued to rise, ranking first in China for four consecutive years. In terms of North American Business, the Company operated well-known brands including "Vanguard" and "CIE", and the market share of refrigerated semi-trailers in North America market continued to rise. In terms of European Business, the Company operated "SDC" and "LAG" brands. SDC ranked ahead in the market in the UK. LAG, an over-70-year-old company, ranked first in the tank truck market in Europe.

The Company led the development trend of road transport equipment in the market of truck bodies for specialty vehicles and van bodies. In terms of Champion Tanker Business Group, according to the statistics of the Special Purpose Vehicle Branch of China Association of Automobile Manufacturers, the Company ranked first in terms of the sales volume of concrete mixer trucks in China for the sixth year in a row, and had a market share of 26.32%. In terms of TB Business Group – Dump Truck Business, the Company was a pioneer in the urban dump truck retrofitting business. In terms of TB Business Group – Urban Distribution Van Truck Bodies Business the Company was an innovative and advanced technology research and development manufacturer of refrigerated and dry van truck bodies.

In new energy specialty vehicles, the Company followed the trend of electrification and intelligentization, and embarked on the path of exploration and innovation. According to the data of mandatory traffic incident insurance for motor vehicles, the Company had 37.2% of the market of new energy dump trucks.

(III) Advantages of innovation and development

The Company always adheres to the innovation-driven development strategy and promotes industrial transformation and development under the guidance of "innovation as driving force, and high-quality supply." The Company has obvious advantages in terms of research and development technology. As at the end of 2022, the Company had more than 600 research and development personnel in the world and over 1,400 registered patents, and participated in the formulation and revision of 30 national and industry standards for semi-trailers and truck bodies for specialty vehicles in China.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In implementing the digitization and informatization process of industrial production, the Company made significant technological innovation achievements. The Company used the refrigerated van truck bodies series of products with pioneering open foaming and color plate materials, to further enhance the competitiveness of the products in terms of environmental protection, energy conservation, light weight, cost reduction and efficiency enhancement. The Company carried out the development of innovative products including new energy lightweight urban dump trucks, pure electric mining trucks, concrete mixer trucks with battery charging and swapping, and new energy refrigerated vans. The Company actively developed innovative product models under new energy and self-driving scenarios. As a result, the Company got ahead in development in the new energy specialty vehicle market.

(IV) Advantages of “Light Tower Manufacturing Network”

The Company accelerated the construction of the “Light Tower Manufacturing Network”; actively made an arrangement for the LTP production center and the LoM manufacturing plant; promoted the digital upgrade of the LTL “Light Tower” logistics, LTS “Light Tower” sourcing center and LoP local procurement; utilized high-end manufacturing production lines and capacity; achieved mutual complementation of superior resources and efficient synergy; digitally enabled industrial upgrading; reduced the production costs; realized comprehensive production automation, intelligentization and process digitalization; increased orders and improved the fulfillment; effectively combined the six major businesses or groups in the long run, so as to guarantee high-quality development.

(V) Advantages of global supply chain management

As the hub of the “Light Tower Manufacturing Network”, the EPS Center of the Company can give full play to the advantages of the EPS platform in terms of region, strategy and process, realize the digital management of supply resources, and effectively support the purchase needs of various businesses or groups. Meanwhile, the EPS Center of the Company reduces the purchase cost of parts, with its bargaining power in centralized purchasing. The Company has established an EPS unified portal platform, with more than 1,000 registered suppliers. Through years of deep engagement, the Company has formed significant supply chain management advantages and scale effect of purchase.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

(VI) Advantages of the new retail model

The Company promotes “seven integrations”, namely marketing organization integration, channel organization integration, brand building integration, promotion and delivery integration, marketing policy integration, product development integration and service coordination integration, so as to create new demand and new kinetic energy for commercial vehicles. The Company launched the “Sanhao Development Center”, and adhered to the “customer-oriented” principle. The Company provided commercial vehicle products “excellent in three areas”, namely “excellent horses with excellent saddles”, “excellent tractors with excellent trailers” and “excellent trucks with excellent tanks” in the market, so as to provide customers with more professional, higher quality and more diversified solutions and services integrating tractors, bodies and vehicles, and promoted the supply-side structural reform of the commercial vehicle industry under innovative marketing models.

(VII) Advantages of organizational development

Since 2002, the Company has manufactured and sold semi-trailers. The senior management team leads the direction of strategic operation of the Company, the management team was experienced in the semi-trailer and specialty vehicle industries. In order to support the strategic implementation of the “Light Tower Manufacturing Network”, the Company further reviewed the underlying management structure and logic, and optimized management efficiency. The Company have successfully held three senior leadership training programs to build a core team consisting of DE/ME technical experts and MBA talents. With innovative thinking, aggressiveness and practical actions, the young management team constantly promotes the high-quality and sustainable development of the Company, and bravely undertakes their roles in the sophisticated manufacturing industry in China.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

IV. ANALYSIS OF CORE BUSINESSES

1. Overview

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

2. Revenue and costs

(1) *Composition of revenue*

Unit: RMB

| | 2022 | | 2021 | | Year-on-year change |
|---|--------------------------|----------------------------|--------------------------|----------------------------|---------------------|
| | Amount | As a percentage of revenue | Amount | As a percentage of revenue | |
| Total revenue | 23,620,612,415.36 | 100.00% | 27,647,762,501.46 | 100.00% | -14.57% |
| By industry | | | | | |
| Road transportation industry | 23,620,612,415.36 | 100.00% | 27,647,762,501.46 | 100.00% | -14.57% |
| By product | | | | | |
| Vehicle sales | 20,778,578,566.71 | 87.97% | 24,825,306,757.71 | 89.79% | -16.30% |
| Global semi-trailer | 18,143,280,292.25 | 76.81% | 15,275,851,992.36 | 55.25% | 18.77% |
| Semi-trailer-ordinary semi-trailer | 15,916,598,817.24 | 67.38% | 11,685,460,419.68 | 42.27% | 36.21% |
| Semi-trailer-tank trailer | 2,226,681,475.01 | 9.43% | 3,590,391,572.69 | 12.99% | -37.98% |
| Truck Bodies for specialty vehicles and chassis and tractor units | 2,367,205,778.51 | 10.02% | 9,209,614,673.77 | 33.31% | -74.30% |
| Chassis and tractor units | 1,235,757,513.06 | 5.23% | 5,452,490,694.24 | 19.72% | -77.34% |
| Truck Bodies for specialty vehicles | 1,131,448,265.45 | 4.79% | 3,757,123,979.53 | 13.59% | -69.89% |
| Lightweight van bodies | 227,657,261.72 | 0.96% | 311,356,512.72 | 1.13% | -26.88% |
| Other vehicles | 40,435,234.22 | 0.17% | 28,483,578.86 | 0.10% | 41.96% |
| Parts and components of semi-trailers and specialty vehicles | 2,221,737,967.12 | 9.41% | 2,000,011,100.91 | 7.23% | 11.09% |
| Others | 620,295,881.53 | 2.63% | 822,444,642.84 | 2.97% | -24.58% |
| By region | | | | | |
| Chinese market | 8,335,182,315.08 | 35.29% | 18,637,757,934.76 | 67.41% | -55.28% |
| North American market | 11,038,903,449.26 | 46.73% | 5,041,888,369.23 | 18.24% | 118.94% |
| European market | 2,421,040,958.94 | 10.25% | 2,455,208,525.02 | 8.88% | -1.39% |
| Other markets | 1,825,485,692.08 | 7.73% | 1,512,907,672.45 | 5.47% | 20.66% |
| By sales model | | | | | |
| Direct selling | 16,833,807,707.23 | 71.27% | 16,482,798,807.17 | 59.62% | 2.13% |
| Distribution | 6,786,804,708.13 | 28.73% | 11,164,963,694.29 | 40.38% | -39.21% |

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

√ Applicable □ Not applicable

Unit: RMB

| | Revenue | Operating costs | Gross profit margin | Change in revenue as compared with the same period of last year | Change in operating costs as compared with the same period of last year | Change in gross profit margin as compared with the same period of last year |
|---|-------------------|-------------------|---------------------|---|---|---|
| By industry | | | | | | |
| Road transportation industry | 23,620,612,415.36 | 20,483,415,549.37 | 13.28% | -14.57% | -16.74% | + 2.26pct |
| By product | | | | | | |
| Global semi-trailer | 18,143,280,292.25 | 15,638,657,634.07 | 13.80% | 18.77% | 15.33% | + 2.57pct |
| Semi-trailer-ordinary semi-trailer | 15,916,598,817.24 | 13,691,123,839.45 | 13.98% | 36.21% | 30.88% | + 3.50pct |
| Semi-trailer-tank trailer | 2,226,681,475.01 | 1,947,533,794.62 | 12.54% | -37.98% | -37.15% | -1.15pct |
| Truck Bodies for specialty vehicles and chassis and tractor units | 2,367,205,778.51 | 2,279,424,369.85 | 3.71% | -74.30% | -73.47% | -3.00pct |
| Chassis and tractor units | 1,235,757,513.06 | 1,199,194,741.00 | 2.96% | -77.34% | -77.57% | + 1.01pct |
| Truck Bodies for specialty vehicles | 1,131,448,265.45 | 1,080,229,628.85 | 4.53% | -69.89% | -66.72% | -9.08pct |
| By region | | | | | | |
| Chinese market | 8,335,182,315.08 | 7,502,468,933.46 | 9.99% | -55.28% | -54.61% | -1.33pct |
| North American market | 11,038,903,449.26 | 9,248,884,406.47 | 16.22% | 118.94% | 105.30% | + 5.57pct |
| European market | 2,421,040,958.94 | 2,215,773,357.04 | 8.48% | -1.39% | 29.71% | -0.03pct |
| By sales model | | | | | | |
| Direct selling | 16,833,807,707.23 | 14,824,004,699.97 | 11.94% | 2.13% | 2.88% | -0.64pct |
| Distribution | 6,786,804,708.13 | 5,659,410,849.40 | 16.61% | -39.21% | -44.47% | + 7.89pct |

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

The key operation data on the Company's principle business for the past year collected by using the modified statistical method which was adopted during the Reporting Period

Applicable Not applicable

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

Yes No

| Industry | Item | Unit | 2022 | 2021 | Year-on-year Change |
|------------------------|-------------------|----------|---------|---------|---------------------|
| Road transport vehicle | Sales volume | unit/set | 151,870 | 200,069 | -24.09% |
| | Production volume | unit/set | 159,699 | 194,248 | -17.79% |
| | Inventory | unit/set | 14,342 | 12,293 | 16.67% |

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

Applicable Not applicable

(4) *Performance of the significant sales contracts and significant purchase contracts signed by the Company during the Reporting Period*

Applicable Not applicable

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(5) Composition of operating costs*By industry*

Unit: RMB

| Industry | Item | 2022 | | 2021 | | Year-on-year Change |
|------------------------|------------------------------|--------------------------|------------------------------------|--------------------------|------------------------------------|---------------------|
| | | Amount | As a percentage of operating costs | Amount | As a percentage of operating costs | |
| Road transport vehicle | Raw materials | 16,975,924,939.24 | 82.88% | 21,263,545,129.94 | 86.43% | -20.16% |
| | Direct labour | 1,290,821,168.19 | 6.30% | 1,420,124,608.18 | 5.77% | -9.11% |
| | Manufacturing expenses | 1,728,335,098.68 | 8.44% | 1,602,935,571.19 | 6.52% | 7.82% |
| | Freight and handling charges | 488,334,343.26 | 2.38% | 314,172,135.49 | 1.28% | 55.44% |
| | Total | 20,483,415,549.37 | 100.00% | 24,600,777,444.80 | 100.00% | -16.74% |

(6) Whether there were changes to the consolidation scope during the Reporting Period√ Yes No

Please refer to note 5 to “Section XIII Auditor’s Report” in this report.

(7) Significant change in or adjustment of the businesses, products or services of the Company during the Reporting Period Applicable Not applicable

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

(8) Major customers and suppliers

Information on major customers of the Company

| | |
|--|------------------|
| Total sales to top 5 customers (RMB) | 3,666,030,298.15 |
| Total sales to top 5 customers as a percentage of total sales for the year | 15.52% |
| Sales to related parties in sales to top 5 customers as a percentage of total sales for the year | <u>0.00%</u> |

Information on top 5 customers of the Company

| S/N | Name of Customer | Sales (RMB) | As a percentage of total sales for the year |
|-------|-------------------------|-------------------------|---|
| 1 | Customer A | 1,012,269,753.45 | 4.29% |
| 2 | Customer B | 801,689,878.01 | 3.39% |
| 3 | Direct ChassisLink Inc. | 650,832,222.00 | 2.76% |
| 4 | Customer C | 613,931,492.64 | 2.60% |
| 5 | Customer D | <u>587,306,952.05</u> | <u>2.49%</u> |
| Total | | <u>3,666,030,298.15</u> | <u>15.52%</u> |

Other information on major customers

Applicable Not applicable

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)**Major suppliers of the Company*

| | |
|---|------------------|
| Total purchase from top 5 suppliers (RMB) | 2,316,521,557.64 |
| Total purchase from top 5 suppliers as a percentage of total purchase for the year | 13.11% |
| Purchase from related parties in purchase from top 5 suppliers as a percentage of total purchase for the year | <u>2.18%</u> |

Information on top 5 suppliers of the Company

| S/N | Name of Supplier | Purchase (RMB) | As a percentage of total purchase for the year |
|-------|--|-------------------------|--|
| 1 | Supplier A | 645,651,668.35 | 3.65% |
| 2 | Supplier B | 515,004,734.09 | 2.92% |
| 3 | Supplier C | 405,450,337.79 | 2.30% |
| 4 | CIMC TSD Supply Chain Services Co., LTD. | 385,791,778.44 | 2.18% |
| 5 | Meritor Inc. | <u>364,623,038.97</u> | <u>2.06%</u> |
| Total | | <u>2,316,521,557.64</u> | <u>13.11%</u> |

Other information on major suppliers

Applicable Not applicable

Among the top five suppliers, CIMC TSD Supply Chain Services Co., LTD. is a wholly-owned subsidiary of CIMC, the Controlling Shareholder of the Company, and a related party of the Company.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

3. Expenses

Unit: RMB

| | 2022 | 2021 | Year-on-year Change | Description of Major Changes |
|-----------------------------------|-------------------------|-----------------------|------------------------|---|
| Selling expenses | 526,427,065.63 | 729,251,979.27 | -27.81% | |
| Administrative expenses | 1,033,811,219.18 | 873,183,272.45 | 18.40% | |
| | | | | Given the appreciation of US dollar and other major foreign currencies during the year, as well as the Company's effort to strengthen the management of exchange gains and losses, the exchange gains for the year increased compared to the previous year. |
| Finance costs | -90,927,713.09 | 16,899,370.60 | -638.05% | |
| Research and development expenses | 305,577,661.69 | 397,817,429.52 | -23.19% | |

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

4. R&D investments

√ Applicable □ Not Applicable

| Name of Main R&D Projects | Project Purpose | Project Progress | Objectives to Be Achieved | Expected Impact on Future Development of the Company |
|---|--|--|--|--|
| ERP1.0 | Connect DE/NR/ME and other businesses end-to-end; consolidate the New Management Infrastructure, and integrate business, finance, taxation and finance; and update the business indicator analysis reports in real time | Trial operation stage | Reduce the production lead time by:40% Increase the order response cycle by: 30% Reduce the finished product inventory turnover cycle by: 35% Automatic generation rate of financial vouchers: >80% Automatic price verification rate of orders: >90% Visualization rate of business indicators: 100% Month settlement time: 14 days (7 days for headquarters consolidation + 7 days for enterprise) → 3 days (1 day for headquarters + 2 days for business) | Empower the construction of sophisticated manufacturing and new management infrastructure systems, achieve the business orientation of data, and integrate business and finance. Realize the business and financial integration of vehicle headquarters + enterprises, consolidate the new management infrastructure, connect and integrate the cornerstones of high-end manufacturing, and truly develop them into a "system." Reach the "sophisticated" standards in both technical and business senses. |
| Research into the modular double-trailer train standard | Improve the efficiency of highway transportation and solve problems including violations involving semi-trailers with an ultra-long container, and promote energy conservation and emission reduction; study the transportation mode and products of modular double-trailer trains, and promote the pilot and demonstration operation of double-trailer trains by the Ministry of Transport; expand the market space and provide new products and models for the future development of semi-trailers of CIMC Vehicles. | The research work has been completed, and the project is subject to acceptance inspection. | (1) Complete the matching design of modular double-trailer trains; (2) Complete the research and test on the passability, stability, braking, dynamics and other aspects of modular double-trailer trains, and collect and compare with test data of European double-trailer trains; (3) Carrying out research into the standard of modular double-trailer trains, including research into European standards and the breakthrough research into China's GB 1589 standard. | Provide new product mixes and logistics solutions for the integration and development of the semi-trailer business of CIMC Vehicles, and promote the vigorous development of van trailers, car carrier trailers and container semi-trailers. Meanwhile, provide a variety of efficient logistics solutions for logistics customers, and enhance the Company's operational ability and customer trust. |

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

| Name of Main R&D Projects | Project Purpose | Project Progress | Objectives to Be Achieved | Expected Impact on Future Development of the Company |
|--|--|---|---|---|
| Research into terms and parameters of three types of semi-trailers | <p>Solve the problem that the classification and definition of side curtain trailers are included in the van trailer, and define the side curtain trailer separately in the revision to GB/T 3730.1, so as to promote the development of the side curtain trailer in China.</p> <p>Solve the problem that the 45-foot container semi-trailer train is too long.</p> <p>Promote the development of dump semi-trailers and the application and efficiency improvement in coal transportation and other industries.</p> | <p>The research work is basically completed, and the project is subject to acceptance inspection.</p> | <p>(1) Complete the separate definition of the side curtain trailer in the revision to the national standard GB/T 3730.1 Terms and Definitions of Vehicles, Trailers and Articulated Vehicles Types and juxtapose it with the van trailer;</p> <p>(2) Research and determine the dimension parameters of the distances from the front suspension and the towing pin of the 45-foot container semi-trailer to the rearmost end, and the maximum length of the 45-foot container semi-trailer train in the GB1589 standard, and put forward reasonable suggestions for revising the GB1589 standard;</p> <p>(3) Investigate the height requirement of the side panel of a coal dump truck, research into the provisions of GB1589 standard on the height of the side panel of a semi-trailer dump truck, determine the reasonable height of the side panel of a semi-trailer dump truck, or suggest canceling the provisions of the standard on the height limit of the side panel of a dump truck.</p> | <p>Give full play to the core design technology and accessories technology of European side curtain semi-trailers mastered by the Company, and lead customers to use products such as side curtain semi-trailers and centre-axle trailers with efficient transportation.</p> <p>Standardize the size parameters of 45-foot container semi-trailers and trains, which will promote the extensive application of standard vehicles and increase the market share of the Company's container semi-trailers and the revenue of the Company.</p> <p>The revision to (increase in) the height of the side panel of the dump semi-trailer is beneficial to the marketing of the dump semi-trailer products of the Company and the improvement in customer satisfaction and helps provide efficient dump truck products for coal transport customers.</p> |

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

| Name of Main R&D Projects | Project Purpose | Project Progress | Objectives to Be Achieved | Expected Impact on Future Development of the Company |
|--|---|-------------------------------|---|--|
| Thailand Baojing durian axle ME action and test project | Plan to build a complete axle production line in the Thai-Chinese Rayong Industrial Zone in Rayong Province, Thailand, according to the plan of CIMC Vehicles for the semi-trailer travelling mechanism business. The axle products produced by the plant are mainly for use by the durian plant in Thailand and imported into the market in China. | The project has been accepted | Fully investigate the technology application by competitors in the industry, and form the technical route plan for the project, and make process layouts and ME planning and analysis reports, in consideration of input conditions of the project. | The project will provide axle products for container semi-trailer production by the semi-trailer plant of CIMC Vehicles in Thailand, and ensure the safety and price advantage of the axle supply chain. Meanwhile, it will provide competitive axle products for domestic semi-trailers and enhances the market competitiveness of domestic semi-trailers. |
| Project for high-end manufacturing ME digitalization system construction | Comprehensively promote the product data and structured process data of TB Business Group of CIMC Vehicles (TCM), implement production execution system (MES), realize the connection of PLM with SAP and MES, and sharing of data of PDM module in TB BG. | The project has been accepted | Synchronously plan the intelligent configuration system in Zhenjiang TB and Jiangmen TB based on the Ximen TC system, to realize the intelligent configuration/parametric driving/structured technology of domestic van products. Promote the go-live of MES software in Jiangmen TB, create a new benchmark for Jiangmen TB for comprehensive digitalization processes, and accumulate valuable experience for the TB team to carry out the implementation and promotion of the van truck MES system. | The Company realized the PDM+TCM+MES digital integration solution in TB Business Group, and the digital design, manufacturing and operation management of the TB business, thus improving the ability and efficiency of product design, purchase, production and product delivery, and providing a model for other business groups of the Group to carry out the construction and application of the ME digitalization system. |

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

| Name of Main R&D Projects | Project Purpose | Project Progress | Objectives to Be Achieved | Expected Impact on Future Development of the Company |
|--|---|--|--|---|
| Construction of PLM – SDM II – CAE simulation platform for chassis trailers and flatbed trailers | In the life cycle management of chassis trailer products (PLM), CAE (Computer-Aided Engineering) technology is important for identifying the weaknesses of a product structure and the feasible direction of product lightweighting. This is a means for improving the efficiency of CAE analysis, lowering the threshold for using CAE, shortening the CAE talent nurturing cycle, and reducing the cost of building the CAE capacity of related member enterprises and technical departments for chassis trailers and flatbed trailers. | Seventy percent of the project has been completed. | <p>(1) Enable designers of the chassis trailer and the flatbed trailer, together with the verification center, to independently complete the CAE analysis of chassis trailers;</p> <p>(2) Improve the efficiency of CAE analysis of chassis trailers and flatbed trailers, and shorten the time of CAE analysis of chassis trailers covered by the implementation scope of the above project to 9 hours;</p> <p>(3) Standardize the CAE analysis process management and data management of chassis trailers and flatbed trailers;</p> <p>(4) After completion of the system, the time of response to after-sales problems requiring CAE will decrease from two weeks to one week on average.</p> | Enable ordinary DE engineers to skillfully use CAE analysis software for analyzing chassis trailers and flatbed trailers, thus greatly enhancing the capabilities for design and optimization of container chassis trailers and flatbed trailers, and enhancing product competitiveness and market share. |

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

| Name of Main R&D Projects | Project Purpose | Project Progress | Objectives to Be Achieved | Expected Impact on Future Development of the Company |
|--|---|---|---|---|
| Series-based development of intelligent tailboards | The average annual growth rate of urban distribution trucks reaches approximately 10%, and the efficient loading and unloading equipment of automatic and intelligent van trucks has become the source of growth drawing the attention of major logistics enterprises. The installation rate of tailboard, as one of the important loading and unloading equipment, is expected to increase from 10% to 40% in recent years, and the market demand will be huge. The development of intelligent tailboard series products will greatly promote the expansion of the van truck business. | The project research and development work has been started. | Complete the development of various series of tailboards, the technical research and development, verification, prototype manufacturing and test of cantilever, vertical and electric tailboards. Make technical reserves for further exploration of efficient and intelligent logistics equipment, such as roller shutter doors and cage trucks. | The intelligent tailboard series of products have channel and installation advantages in the market, due to the van manufacturing by CIMC Vehicles (TB). In addition, with the tailboards, as a value-added service of CIMC Vehicles urban distribution trucks, the Company can provide customers with one-stop product services and improve the competitiveness of vans. |
| Project for upgrade of core modules of bodies of new energy mixing tanks | The penetration rate of new energy commercial vehicles increases continuously, with the increasing number of traffic safety hazards arising out of illegal mixer trucks, non-compliant emissions, frequent safety accidents, urban environmental pollution and other problems, and the promotion of the "dual carbon" strategy and the national new energy policy. The upgrade of the core modules of bodies of new energy mixing tanks will help further enhance the technical content and added value of the mixing tank products, and solve environmental pollution, safety and environmental protection problems. | The research work of the project is basically completed. | Develop new energy concrete mixer truck products, verify the advantages of replacing traditional mixing tanks with new energy concrete mixing tanks, and provide technical accumulation for mass production of products. | Master the technologies of core design and verification of electric mixing tanks, upgrade mixer truck body and core module technologies of the Company, enhance the technical added value of the Company's products, so as to provide customers with safer and more environmentally friendly mixing tank products. Provide technical support and core competitiveness for the sustainable development of mixing tank products of the Company. |

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

| Name of Main R&D Projects | Project Purpose | Project Progress | Objectives to Be Achieved | Expected Impact on Future Development of the Company |
|--|--|--|---|--|
| Construction of vehicle-to-everything integration platform V1.0 of CIMC Vehicles | Build the platform of connection between tractors and semi-trailers, and between class II chassis and vans, for the Company to carry out the digital upgrade of the intelligent refrigerated van body module, and create the intelligent interconnection module of refrigerated vans based on the vehicle-to-everything and data cloud, so as to ensure that the Company's products can create new value for customers in the era of 5G and IoT. Plan the unified construction of CIMC Vehicles vehicle-to-everything integration platform in order to form a platform sharing in the Group. | The research work of the project is basically completed. | Build the vehicle-to-everything integration platform V1.0 of CIMC Vehicles, improve the basic vehicle-to-everything data platform, realize the data collection, forwarding, analysis and supervision of vehicles, complete the data connection to national/local platforms (such as new energy and China VI emissions), and obtain corresponding platform compliance certification reports. | The project provides a basic data platform of vehicle-to-everything for the intelligent development of new energy vehicles and refrigerated vans of CIMC Vehicles, improves the level of Internet of Things, technical content, technical added value and market competitiveness of products of the Company. |

R&D Personnel of the Company

| | 2022 | 2021 | Proportion of changes |
|---------------------------------------|--------------|-------|-----------------------|
| Number of R&D personnel (person) | 620 | 795 | -22.01% |
| Proportion of R&D personnel | 5.18% | 5.98% | -0.80% |
| Education background of R&D personnel | | | |
| Bachelor's degree | 433 | 543 | -20.26% |
| Master's degree | 52 | 78 | -33.33% |
| Doctor's degree | 3 | 3 | 0% |
| Others | 132 | 171 | -22.81% |
| Age composition of R&D personnel | | | |
| Below 30 | 204 | 277 | -26.35% |
| Aged 30 – 39 | 282 | 336 | -16.07% |
| Aged 40 – 49 | 97 | 134 | -27.61% |
| Others | 37 | 48 | -22.92% |

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

| | 2022 | 2021 | 2020 |
|---|-----------------------|----------------|----------------|
| Research and development investments (RMB) | 305,577,661.69 | 397,817,429.52 | 371,412,140.90 |
| Research and development investments expressed as a percentage of revenue | 1.29% | 1.44% | 1.40% |
| Capitalized research and development expenditures (RMB) | 0.00 | 0.00 | 0.00 |
| Capitalized research and development expenditures as a percentage of research and development investments | 0.00% | 0.00% | 0.00% |
| Capitalized research and development expenditures as a percentage of net profit for the period | 0.00% | 0.00% | 0.00% |

Reasons and effects of significant changes in the composition of the research and development personnel of the Company

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

5. Cash Flow

Unit: RMB

| Item | Year-on-year | | |
|--|--------------------------|-------------------|----------|
| | 2022 | 2021 | Change |
| Sub-total of cash inflows from operating activities | 27,371,210,804.82 | 30,870,328,017.19 | -11.33% |
| Sub-total of cash outflows from operating activities | 26,217,303,288.80 | 30,695,899,754.58 | -14.59% |
| Net cash flow from operating activities | 1,153,907,516.02 | 174,428,262.61 | 561.54% |
| Sub-total of cash inflows from investing activities | 386,352,790.11 | 596,205,198.89 | -35.20% |
| Sub-total of cash outflows from investing activities | 652,317,659.98 | 1,331,285,983.25 | -51.00% |
| Net cash flow from investing activities | -265,964,869.87 | -735,080,784.36 | 63.82% |
| Sub-total of cash inflows from financing activities | 1,518,373,117.98 | 3,023,753,775.97 | -49.79% |
| Sub-total of cash outflows from financing activities | 2,472,475,541.04 | 2,008,138,445.15 | 23.12% |
| Net cash flow from financing activities | -954,102,423.06 | 1,015,615,330.82 | -193.94% |
| Net increase in cash and cash equivalents | -11,886,165.23 | 425,327,511.28 | -102.79% |

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

Applicable Not applicable

Net cash flow from operating activities increased by 561.54% as compared with last year, mainly due to the significant increase in the net cash flow generated from North American operating activities this year as compared with last year.

Net cash flows from investing activities increased by 63.82% as compared with last year, mainly due to the decrease in payment for long term assets this year as compared with last year.

Net cash flows from financing activities decreased by 193.94% as compared with last year, mainly because funds were raised through the initial public offering of A Share in 2021, while there was no such cash inflow this year.

As influenced by the above main factors, cash and cash equivalents generated in the year decreased by 102.79% as compared with last year.

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

Applicable Not applicable

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

V. NON-CORE BUSINESS

Applicable Not applicable

Unit: RMB

| | Amount | As a Percentage of the Total Profit | Method of Obtaining the Asset | Whether It is Sustainable |
|--|----------------------|--|---|---------------------------------|
| Investment income | -23,910,442.91 | -1.62% | Mainly the investment losses from the disposal of derivative financial instruments, and losses from discounted notes receivables. | No |
| Gains or losses from changes in fair value | -7,346,053.56 | -0.50% | Mainly gains or losses from changes in fair values of investment properties and derivative financial instruments. | No |
| Impairment of assets | -38,321,104.02 | -2.60% | Mainly provision for impairment of inventories. | No |
| Non-operating income | 11,946,394.12 | 0.81% | Mainly penalty income and unpayable payables. | No |
| Non-operating expenses | 9,805,896.48 | 0.66% | Mainly losses on disposals of fixed assets and penalty expenses. | No |
| Credit impairment loss | -30,571,517.45 | -2.07% | Mainly bad debt provision for receivables. | No |
| Gains from disposal of assets | 224,181,720.41 | 15.20% | Mainly gains on the disposal of fixed assets and intangible assets. | No |
| Other income | <u>76,964,384.28</u> | <u>5.22%</u> | Mainly government grants. | No |

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

VI. ANALYSIS OF ASSETS AND LIABILITIES

1. Significant Changes in Composition of Assets

Unit: RMB

| | End of 2022 | | Beginning of 2022 | | Change in the Percentage | Description of Major Changes |
|---------------------------------|------------------|---------------------------------------|-------------------|---------------------------------------|-----------------------------|---|
| | Amount | As a percentage of total assets | Amount | As a percentage of total assets | | |
| Cash at bank and on hand | 4,850,527,987.23 | 21.83% | 5,041,982,475.37 | 23.15% | -1.32% | |
| Accounts receivables | 3,121,505,473.81 | 14.05% | 2,781,330,860.48 | 12.77% | 1.28% | |
| Inventories | 5,514,764,338.69 | 24.82% | 4,939,195,443.70 | 22.68% | 2.14% | Increase in raw materials and spare parts based on the orders on hand |
| Investment properties | 405,746,795.38 | 1.83% | 393,130,062.84 | 1.80% | 0.03% | |
| Long-term equity investments | 193,282,252.60 | 0.87% | 151,084,643.75 | 0.69% | 0.18% | |
| Fixed assets | 4,933,210,366.18 | 22.20% | 4,626,675,908.82 | 21.24% | 0.96% | |
| Construction in progress | 247,577,774.52 | 1.11% | 516,572,732.14 | 2.37% | -1.26% | Several projects completed and transferred to fixed assets in this year |
| Right-of-use assets | 238,375,993.30 | 1.07% | 232,392,010.62 | 1.07% | 0.00% | |

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

| | End of 2022 | | Beginning of 2022 | | Change in the Percentage | Description of Major Changes |
|------------------------------|-------------------------|---------------------------------------|-------------------------|---------------------------------------|-----------------------------|--|
| | Amount | As a percentage of total assets | Amount | As a percentage of total assets | | |
| Receivables financing | 258,818,435.64 | 1.16% | 510,091,121.74 | 2.34% | -1.18% | Decrease in bank acceptance notes held |
| Other non-current assets | 76,389,581.39 | 0.34% | 136,313,442.51 | 0.63% | -0.29% | Decrease in prepayment for equipment |
| Notes receivables | 93,034,550.82 | 0.42% | 109,678,708.95 | 0.50% | -0.08% | |
| Advances to suppliers | 239,789,397.31 | 1.08% | 221,827,969.94 | 1.02% | 0.06% | |
| Other receivables | 232,452,952.37 | 1.05% | 272,965,193.59 | 1.25% | -0.20% | |
| Intangible assets | 844,157,433.69 | 3.80% | 892,972,786.18 | 4.10% | -0.30% | |
| Short-term borrowings | 467,995,600.44 | 2.11% | 889,554,358.43 | 4.08% | -1.97% | Decrease in unsecured bank borrowings |
| Contract liabilities | 618,541,399.99 | 2.78% | 547,132,006.91 | 2.51% | 0.27% | |
| Long-term borrowings | 331,206,865.99 | 1.49% | 374,823,099.70 | 1.72% | -0.23% | |
| Lease liabilities | 188,590,165.71 | 0.85% | 185,163,298.60 | 0.85% | 0.00% | |
| Tax payable | 331,548,587.53 | 1.49% | 186,121,358.83 | 0.85% | 0.64% | Increase in corporate income tax payable |
| Notes payables | 809,432,692.20 | 3.64% | 1,098,475,012.01 | 5.04% | -1.40% | |
| Accounts payables | 3,740,535,444.53 | 16.84% | 3,558,427,089.39 | 16.34% | 0.50% | |
| Employee benefits payable | 640,955,242.09 | 2.88% | 533,567,985.84 | 2.45% | 0.43% | |
| Other payables | <u>1,142,928,896.80</u> | <u>5.14%</u> | <u>1,411,093,894.20</u> | <u>6.48%</u> | <u>-1.34%</u> | |

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Overseas assets accounted for a large percentage

√ Applicable □ Not applicable

Unit: RMB

| Asset | Method of Obtaining the Asset | Size of the Asset | Location | Operating Model | Control Measures to Ensure the Asset Safety | Revenue | Overseas Assets as a Percentage of Net Assets of the Company | Whether There are Significant Impairment Risks |
|---------------------------------------|-------------------------------|-------------------------|---------------|--------------------------|---|-----------------------|--|--|
| VANGUARD NATIONAL TRAILER CORPORATION | Acquisition | <u>1,883,382,462.97</u> | United States | Production and operation | Internal controls were carried out continuously and effectively | <u>408,624,304.32</u> | <u>14.83%</u> | No |

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

2. Assets and Liabilities Measured at Fair Value

√ Applicable □ Not applicable

Unit: RMB

| Item | Opening Balance | Gains or Losses on Fair Value Change for the Year | Total Fair Value Change Recorded in Equity | Impairment for the Year | Amount of Purchase for the Year | Amount of Disposal for the Year | Other Changes | Ending Balance |
|--|-----------------|---|--|-------------------------|---------------------------------|---------------------------------|---------------|----------------|
| Financial assets | | | | | | | | |
| 1. Financial assets held for trading (excluding derivative financial assets) | | | | | | | | |
| | | -18,500,587.98 | | | 41,360,620.99 | | -650,625.22 | 22,209,407.79 |
| 2. Derivative financial assets | 2,039,603.00 | 4,100,480.53 | | | 101,012.75 | 101,012.75 | 21,352.47 | 6,161,436.00 |
| Sub-total of financial assets | 2,039,603.00 | -14,400,107.45 | | | 41,461,633.74 | 101,012.75 | -629,272.75 | 28,370,843.79 |
| Investment properties | 393,130,062.84 | 9,956,174.98 | 182,967.06 | | 2,515,903.43 | | -38,312.93 | 405,746,795.38 |
| Receivables financing | 510,091,121.74 | | | -775,928.14 | 3,849,423,143.04 | 4,099,919,901.00 | | 258,818,435.64 |
| Others non-current financial assets | | 2,781,084.58 | | | 8,005,300.00 | | | 10,786,384.58 |
| Total | 905,260,787.58 | -1,662,847.89 | 182,967.06 | -775,928.14 | 3,901,405,980.21 | 4,100,020,913.75 | -667,585.68 | 703,722,459.39 |
| Financial liabilities | 21,100.00 | 5,683,205.67 | | | 19,033,724.35 | 19,054,824.35 | | 5,683,205.67 |

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Other changes

It was mainly due to the translation of foreign currency financial statements.

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

Yes No

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

| Item | Closing book value (RMB) | Reason for the restriction |
|--------------------------|------------------------------|--|
| Cash at bank and on hand | 167,710,818.88 | Deposits for vehicle loans, bills, etc. |
| Intangible assets | 35,812,917.79 | The transfer is subject to the approval by the Shenzhen Municipal People's Government, and they shall not be transferred in part or leased |
| Bill receivables | 3,255,345.28 | Pledged |
| Receivables financing | <u>7,309,187.09</u> | Pledged |
| Total | <u><u>214,088,269.04</u></u> | |

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

VII. INVESTMENT ANALYSIS

1. Overall conditions

Applicable Not applicable

| <u>Amount of Investments During the Reporting Period (RMB)</u> | <u>Amount of Investment During the Same Period of Last Year (RMB)</u> | <u>Change</u> |
|--|---|---------------|
| 652,317,659.98 | 1,331,285,983.25 | -51.00% |

2. Significant equity investments acquired during the Reporting Period

Applicable Not applicable

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

Applicable Not applicable

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

4. Financial Asset Investment

(1) Security investment

Applicable Not applicable

Unit: RMB

| Type of Securities | Stock Code | Abbreviation | Stock | Initial Investment Cost | Measurement | Carrying Amount at the Beginning of the Period | Gains or Losses on Fair Value Change for the Period | Total Fair Value Change Recorded in Equity | Amount of Purchase for the Period | Translation of Amounts in Foreign Currencies in Statements | Profit or Loss for the Reporting Period | Carrying Amount at the End of the Period | Source of Fund |
|---|------------|---------------------------|-------|-------------------------|------------------------|--|---|--|-----------------------------------|--|---|--|-----------------------------------|
| Domestic and foreign shares | 02418 | Deewin Tianxia (H shares) | | 41,360,620.99 | Measured at fair value | 0.00 | -18,500,587.98 | 41,360,620.99 | 41,360,620.99 | -650,625.22 | -18,500,587.98 | 22,209,407.79 | Financial assets held for trading |
| Other securities investments held as at the end of the period | | | | 0.00 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Total | | | | 41,360,620.99 | | 0.00 | -18,500,587.98 | 41,360,620.99 | 41,360,620.99 | -650,625.22 | -18,500,587.98 | 22,209,407.79 | |

Date of disclosure of Board announcement on securities investment approval

Not applicable

Date of disclosure of announcement of the general meeting on securities investment approval (if any)

Not applicable

(2) Derivative investment

Applicable Not applicable

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

1) Derivative investment for the purpose of hedging during the Reporting Period

✓ Applicable Not applicable

Unit: RMB'0,000

| Type of Derivatives | Initial Investment Amount | Gains or Losses on Fair Value Change for the Period | Total Fair Value Change Recorded in Equity | Amount of Purchase for the Reporting Period | Amount of Disposal for the Reporting Period | Amount as at the End of the Reporting Period | Investment Amount as at the End of the Period as a Percentage of Net Assets as at the End of the Reporting Period |
|-----------------------------------|---------------------------|---|--|---|---|--|---|
| Foreign exchange forward contract | 0 | -158.3 | 0 | 1,913.47 | 1,915.58 | 33,569.37 | 2.6% |
| Total | 0 | -158.3 | 0 | 1,913.47 | 1,915.58 | 33,569.37 | 2.6% |

Description of the accounting policies and specific accounting principles for the hedging business during the Reporting Period, and whether there was a significant change as compared with the previous reporting period

The Company accounted for and disclosed the foreign exchange forward hedging business in accordance with relevant provisions and guidelines of ASBE 22 – Recognition and Measurement of Financial Instruments, ASBE 24 – Hedging, and ASBE 37 – Presentation of Financial Instruments. Consistent with the previous reporting period.

Description of actual profit or loss for the Reporting Period

The profit or loss on changes in fair value of the Group's derivative financial instruments for 2022 was RMB-1,583 million.

Description of hedging effect

The foreign exchange forward hedging carried out by the Company was closely related to the Company's business. Based on the Company's foreign exchange assets and liabilities, and foreign exchange receipts and payments, foreign exchange forward hedging can further improve the Company's ability to cope with foreign exchange fluctuations, help better avoid and prevent the risks of foreign exchange rate fluctuations to the Company, and enhance the Company's financial stability.

Sources of Derivative Investment Funds

Own funds

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

| Type of Derivatives | Initial Investment Amount | Gains or Losses on Fair Value Change for the Period | Total Fair Value Recorded in Equity | Amount of Purchase for the Reporting Period | Amount of Disposal for the Reporting Period | Investment Amount as at the End of the Reporting Period | Amount Net Assets as at the End of the Reporting Period | Investment Amount as at the End of the Reporting Period as a Percentage of Net Assets as at the End of the Reporting Period |
|---------------------|---------------------------|---|-------------------------------------|---|---|---|---|---|
| | | | | | | | | |

Description of risk analysis and control measures for derivative positions during the Reporting Period (including but not limited to market, liquidity, credit, operational and legal risks)

As at December 31, 2022, the derivative financial instruments held by the Group were foreign exchange forward contracts. The exposure to foreign currency forwards related to the exchange rate market risk and the certainty of the Group's future cash flows from foreign currency revenue. The Group's control measures for derivative financial instruments are mainly reflected in the following: The Group carried out prudent selection and determination of the types and quantities of derivative financial instruments, and only used foreign exchange forward contracts to hedge exchange rate risk; For derivative transactions, the Group developed strict and standardized internal approval systems and business operation processes, and defined approval and authorization procedures for relevant levels, so as to facilitate the control of relevant risks.

Description of the change in market price or fair value of the derivatives invested during the Reporting Period, and disclosure of the specific method, related assumptions and parameters used in the analysis of the fair value of derivatives

The profit or loss on changes in fair value of the Group's derivative financial instruments for 2022 was RMB-1.583 million. The fair value of the Group's derivative financial instruments is determined according to the market quotation of external financial institutions.

Litigation involved (if applicable)

Not applicable

Date of disclosure of Board announcement on derivative investment approval (if any)

February 23, 2022

Date of disclosure of announcement of the general meeting on derivative investment approval (if any)

None

Special opinions of independent Directors on derivative investment and risk control of the Company

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

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

2) *Derivative investment for speculation purposes during the Reporting Period*

Applicable Not applicable

The Company did not invest in derivatives for speculation purposes during the Reporting Period.

5. Use of proceeds

Applicable Not applicable

(1) *Overall use of Proceeds from A Shares*

Basic Information on Proceeds from A Shares

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

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

As at December 31, 2022, the proceeds used by the Company in 2022 were RMB162.6844 million and the total proceeds used were RMB730.0515 million, and the unutilized proceeds were RMB886.5534 million (including net interest income of proceeds of RMB32.8281 million exclusive of bank charges and account management fees).

Management of Proceeds from A Shares

In order to standardize the management and use of the proceeds, the Company has formulated the Management System for Proceeds of CIMC Vehicles (Group) Co., Ltd., based on the actual situation, pursuant to which, the proceeds were required to be deposited in a special account by the Company. On August 4, 2021, the Company and the sponsor Haitong Securities Co., Ltd. (“Haitong Securities”) respectively signed the Agreement for Tripartite Supervision of Proceeds with China Merchants Bank Co., Ltd., Shekou Branch, Shenzhen, and Industrial and Commercial Bank of China Limited, Shekou Branch; the Company and its subsidiaries CIMC Taizijie Vehicle Body Manufacturing (Jiangmen) Co., Ltd., Yangzhou CIMC Tonghua Special Vehicles Co., Ltd., Wuhu CIMC Ruijiang Automobile Co., Ltd., Jiangsu Baojing Auto Parts Co., Ltd., CIMC Vehicles (Shandong) Co., Ltd., CIMC Vehicle (Jiangmen) Co., Ltd., Guangzhou CIMC Vehicle Sales Services Co., Ltd., and Haitong Securities respectively signed the Agreement for Quadripartite Supervision of Proceeds with China Merchants Bank Co., Ltd., Shekou Branch, Shenzhen, and Industrial and Commercial Bank of China Limited, Shekou Branch. As at December 31, 2022, the actual use of A Share Proceeds of the Company was as follows:

Unit: RMB'0,000

| Year of Fund-raising | Fundraising Method | Total Proceeds | Utilized Proceeds During the Period | Total Proceeds with Changed Use | | Proportion of Total Proceeds with Changed Use | Proposed Use of Unutilized Proceeds | Proceeds Unutilized for Over Two Years |
|----------------------|-------------------------------------|----------------|-------------------------------------|---------------------------------|---------------------------------|---|-------------------------------------|--|
| | | | | Total Utilized Proceeds | Total Proceeds with Changed Use | | | |
| 2021 | Initial public offering of A Shares | 158,377.68 | 16,268.44 | 73,005.15 | - | - | 88,655.34 | - |
| Total | - | 158,377.68 | 16,268.44 | 73,005.15 | - | - | 88,655.34 | - |

Overall Use of Proceeds

As at December 31, 2022, the proceeds used by the Company in 2022 were RMB162.6844 million, and the total proceeds used were RMB730.0515 million, and the unutilized proceeds were RMB886.5534 million (including net interest income of proceeds of RMB32.8281 million after deducting bank charges and account management fees).

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(2) Committed Projects Funded by Proceeds from A Shares

√ Applicable Not applicable

Unit: RMB'0,000

| Committed Investment Project and Investment of Surplus Proceeds | Whether the Project was Changed (Including Partial Change) | Total Committed Investment of Proceeds | Adjusted Total Investment (1) | Investment for the Reporting Period | Total Investment as at the End of the Reporting Period (2) | Investment Progress at the End of the Reporting Period (3) = (2)/(1) | Date on Which the Project is Ready for its Intended Use | Benefits for the Reporting Period | Total Benefits at the End of the Reporting Period | Whether the Expected Benefits are Achieved | Whether There are Significant Changes in the Project Feasibility |
|---|--|--|-------------------------------|-------------------------------------|--|--|---|-----------------------------------|---|--|--|
| | | | | | | | | | | | |
| Committed Investment Projects | | | | | | | | | | | |
| Digital transformation, research and development project | No | 43,877.68 | 43,877.68 | 2,331.66 | 4,534.75 | 10% | July 2026 | N/A | N/A | N/A | No |
| Project for lighthouse factory upgrade and construction ^{Note 4} | No | 79,500.00 | 79,500.00 | 13,936.78 | 43,470.40 | 55% | January 2023 | N/A | N/A | N/A | No |
| New marketing and construction project ^{Note 5} | No | 10,000.00 | 10,000.00 | - | - | - | July 2024 | N/A | N/A | N/A | No |
| Repayment of bank loans and replenishment of working capital | No | 25,000.00 | 25,000.00 | - | 25,000.00 | 100% | N/A | N/A | N/A | N/A | No |
| Sub-total of committed investment projects | - | 158,377.68 | 158,377.68 | 16,268.44 | 73,005.15 | - | - | - | - | - | - |
| Investment of Surplus Proceeds | - | - | - | - | - | - | - | - | - | - | - |
| N/A | - | - | - | - | - | - | - | - | - | - | - |
| Total | - | 158,377.68 | 158,377.68 | 16,268.44 | 73,005.15 | - | - | - | - | - | - |

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

| Whether the Project was Changed (Including Partial Investment Project and Investment of Surplus Proceeds) | Total Committed Investment of Proceeds | Adjusted Total Investment | Investment for the Reporting Period | Total Investment as at the End of the Reporting Period | Investment Progress at the End of the Reporting Period | Date on Which the Project is Ready for its Intended Use | Total Benefits at the End of the Reporting Period | Whether the Expected Benefits are Achieved | Whether There are Significant Changes in the Project Feasibility |
|---|--|---------------------------|-------------------------------------|--|--|---|---|--|--|
| | | | | | | | | | |

- I. Digital transformation, research and development project
- As at December 31, 2022, the sub-project of the digital transformation, research and development project, namely the "project for digital upgrade of core modules of semi-trailers," failed to progress as scheduled. The main reasons are as follows:

With the full implementation of the External Dimensions, Axle Load and Quality Limit on Vehicles, Trailers and Trains (GB1589-2016), the domestic market demand for semi-trailers changed. Meanwhile, new energy transformation progresses rapidly in commercial vehicles. The design of semi-trailers needs to be comprehensively improved based on the matching performance of tractors, by matching the driving stability and braking efficiency of vehicles and optimizing the design of products in terms of air resistance reduction. Based on the current industrial development trend and in consideration of its development plan, the Company adjusted the product development direction. The Company will continue to orient research and development towards modularization of new-generation semi-trailer products, in consideration of the application of lightweight, Internet of Things technology, etc. The failure of the project to progress as scheduled is due to the time needed for product technology demonstration and integration, and the influence of the delay in supply from suppliers over the progress in the product development demonstration as a result of factors in the early stage
 - As at December 31, 2022, the sub-project of the digital transformation, research and development project, namely the "project for digital upgrade of core modules of specialty vehicles," failed to progress as scheduled. The main reasons are as follows: Weak macro-economy and the slowdown in investment and construction of real estate and infrastructure in China resulted in a decline in the sales volume of dump trucks, mixer trucks, urban dump trucks and other products; According to the changes in market conditions, in terms of dump trucks and urban dump trucks, the Company will further develop U-shaped and V-shaped dump truck body product modules based on light-weight requirements of new energy transformation of vehicle bodies, and further optimize the integrated design of body chassis of commercial vehicle chassis manufacturers and the vehicle performance, and in terms of mixer trucks, the Company will orient research towards electric rotary drives of tanks and vehicle body operation safety inspection, etc. In the process of further overall planning for product technology upgrade and iteration, technical demonstration, test and verification work was difficult and time-consuming, resulting in the failure of the project to progress as scheduled.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

3. As at December 31, 2022, the sub-project of the digital transformation, research and development project, namely the "project for construction of the semi-trailer test center of CIMC Vehicles Group," failed to progress as scheduled. The main reasons are as follows: Due to the impact of the economic downturn, the construction of the civil construction foundation of the project for construction of the semi-trailer test center was delayed. Meanwhile, due to the impact of objective factors, the delivery of the imported equipment was delayed. As a result, the planning for the simulation data management platform and the experimental data cloud platform, and the new planning for the parts/vehicle laboratory were delayed, resulting in the failure of the project to progress as scheduled.

The Company re-demonstrated the above digital transformation and research and development projects:

(I) Feasibility

Since May 2020, relevant national policies have been issued one after another, providing policy support for the digital transformation of enterprises. After years of development, the Company has established modular research and development and design systems for semi-trailers, bodies of light and durable cement mixer trucks, bodies of environmentally-friendly urban dump trucks, and refrigerated van bodies, and explored ways and means for a digital and technical upgrade of semi-trailer products and modules. Meanwhile, the Company's existing technical team can provide personnel support for the implementation of the projects.

(II) Necessity

The Company has a leading position due to its long-term competitive advantage in "global operation." At present, as the global supply chain is strained, the pursuit of lightweight, reliability and specialty vehicles' high performance is the technological development trend of semi-trailers and specialty vehicles. With the development of new technologies and new infrastructure, digital transformation of the Company's existing operation system is required. In order to conform to the development trend of the industry, the Company needs to enhance the competitiveness of the new-generation products through digital upgrade of its core product modules and digital transformation and research and development innovation.

(III) Conclusions of the re-demonstration

The Company believes that it is necessary and feasible to invest in the above proceeds-funded projects, which are in line with the Company's strategic plan, and the Company will continue to implement the above projects. The Company will pay close attention to relevant environmental changes and make timely arrangements for the proceeds-funded projects.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

II. Light Tower Plant upgrade and construction project and new marketing construction project

On March 27, 2023, the Company convened the fourth meeting of the second session of the Board of Directors for 2023 and the third meeting of the second session of the Supervisory Committee for 2023, which considered and approved the Resolution on Re-demonstration and Termination of A Share Proceeds-funded Projects and the Resolution on Re-demonstration and Extension of the Terms of A Share Proceeds-funded Projects, authorizing the Company to terminate the sub-projects of the Light Tower Plant upgrade and construction project, namely the "project for upgrade and technology transformation of coating lines", the "project for digital upgrade of semi-trailers of Yangzhou Tonghua" and the new marketing construction project, based on the actual situation of the A Share proceeds-funded projects; and to extend the periods of the sub-projects of the Light Tower Plant upgrade and construction project, namely "CIMC intelligent logistics equipment project (phase I)", "annual production of 50,000 sets of travelling mechanism products (axle plus suspension project)" and the "project for upgrade and technical transformation of production lines of refrigerated and intelligent distribution vehicles"; and to extend the dates of getting ready for intended use to December 31, 2023, December 31, 2024, and April 30, 2024.

The Resolution on Re-demonstration and Termination of A Share Proceeds-funded Projects remains subject to consideration at the general meeting of the Company.

Description of significant changes in the project feasibility

On March 27, 2023, the Company convened the fourth meeting of the second session of the Board of Directors for 2023 and the third meeting of the second session of the Supervisory Committee for 2023, which considered and approved the Resolution on Re-demonstration and Termination of A Share Proceeds-funded Projects and the Resolution on Re-demonstration and Extension of the Terms of A Share Proceeds-funded Projects, authorizing the Company to terminate the sub-projects of the Light Tower Plant upgrade and construction project, namely the "project for upgrade and technology transformation of coating lines", the "project for digital upgrade of semi-trailers of Yangzhou Tonghua" and the new marketing construction project; and to extend the periods of the sub-projects of the Light Tower Plant upgrade and construction project, namely "CIMC intelligent logistics equipment project (phase I)", "annual production of 50,000 sets of travelling mechanism products (axle plus suspension project)" and the "project for upgrade and technical transformation of production lines of refrigerated and intelligent distribution vehicles"; and to extend the dates of getting ready for intended use to December 31, 2023, December 31, 2024, and April 30, 2024.

The Resolution on Re-demonstration and Termination of A Share Proceeds-funded Projects remains subject to consideration at the general meeting of the Company.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

| Whether the Project was Changed (Including Partial Investment of Proceeds) | Total Committed Investment of Proceeds | Adjusted Total Investment | Investment for the Reporting Period | Total Investment as at the End of the Reporting Period (2) | Investment at the End of the Reporting Period (3) = (2)/(1) | Date on Which the Project is Ready for its Intended Use | Total Benefits as at the End of the Reporting Period | Whether the Expected Benefits are Achieved | Whether There are Significant Changes in the Project Feasibility |
|---|--|---------------------------|-------------------------------------|--|---|---|--|--|--|
| Amount, use and progress in the use of surplus proceeds | N/A | | | | | | | | |
| Change of location of the proceeds-funded project | | | | | | | | | |
| Adjustments to the implementation method of the proceeds-funded project | | | | | | | | | |
| Preliminary investment and replacement in the proceeds-funded project | | | | | | | | | |
| Use of unutilized proceeds for temporary replenishment of working capital | | | | | | | | | |
| The amount of and reasons for the balance of the proceeds after the implementation of the project | | | | | | | | | |

During the year, there is no change in the location of the proceeds-funded project.

During the year, there is no change in the implementation method of the proceeds-funded project.

On August 25, 2021, the Company held the 10th meeting of the first session of the Board for 2021 and the 4th meeting of the first session of the Supervisory Committee for 2021, which considered and approved the Resolution on Replacement by Proceeds from A Shares of Self-raised Funds Invested in the Proceeds-funded Projects and Used to Cover the Issue Expenses in Advance, authorizing the Company to replace the self-raised funds totaling RMB326.2496 million invested in the proceeds-funded projects and used to cover the issue expenses in advance, with the proceeds. The issue expenses of RMB41.4293 million (exclusive of value-added tax) were paid by the Company out of the self-raised funds in advance, while RMB284.8203 million of the self-raised funds was invested in the A Share proceeds-funded projects in advance.

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

As of December 31, 2022, the proceeds raised by the Company is still in the progress of investing, and therefore the utilisation of remaining proceeds is not available.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

Proposed use and investment of unused proceeds

As of December 31, 2022, the unutilized proceeds of the Company were deposited in the special account for proceeds in demand deposits, with a balance of RMB886.5534 million (including net interest income of proceeds exclusive of bank charges and account management fees)

On August 25, 2022, the Company held the 7th meeting of the second session of the Board for 2022 and the 5th meeting of the second session of the Supervisory Committee for 2022, and reviewed and approved the Proposal on Using Part of the Idle Proceeds from A Shares for Cash Management, it was agreed that on the premise of not affecting the construction of the investment projects of the proceeds from A shares and the use of the proceeds and effectively controlling the risks, the Company and its subsidiaries intend to use part of the unutilized proceeds from A shares not exceeding RMB950.00 million (inclusive) for cash management, which will be used to purchase products that meet the requirements of high security and good liquidity, including agreed deposits, large certificates of deposit and capital preservation bank wealth management products. The term of a single investment product shall not exceed 12 months and the use period shall be valid for 12 months from the date of consideration and approval by the board of directors of the Company. Within the above quota and period of use, the funds can be used on a rolling basis, and the board of directors authorizes the CEO and President of the Company and their authorized officers to exercise decision-making authority and sign relevant contractual documents. The independent directors expressed their consents and performed the necessary procedures. As of December 31, 2022, the balance of the Company's agreed deposit account was RMB886.4628 million, which did not exceed the deliberation limit and validity period of the board of directors and the board of supervisors of the Company regarding the use of some of the idle proceeds from A Shares for cash management.

Note 1: The basis and method of calculating "benefits achieved during the year" are the same as those for calculating the committed benefits.

Note 2: "Total proceeds invested in the year" includes "amount invested in the year" upon the receipt of the proceeds and the preliminary investment amount that has actually been replaced.

Note 3: Figures may not sum due to rounding to the nearest ten thousand.

Note 4: The Company intends to terminate the sub-projects of the Light Tower Plant upgrade and construction project, namely the "project for upgrade and relevant resolutions remain subject to consideration at the general meeting of the Company, and technology transformation of coating lines" and the "project for digital upgrade of semi-trailers of Yangzhou Tonghua" in 2023 and extend the periods of "CIMC intelligent logistics equipment project (phase I)", "annual production of 50,000 sets of travelling mechanism products (axle plus suspension project)" and the "project for upgrade and technical transformation of production lines of refrigerated and intelligent distribution vehicles" in 2023.

Note 5: The Company intends to terminate the project in 2023, and relevant resolutions remain subject to consideration at the general meeting of the Company.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

(3) *Change of use of Proceeds from A Shares*

Applicable Not applicable

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

(4) *Use of Proceeds from H Shares*

Since the Listing Date of our H Shares, H Shares of the Company have been listed and traded on the Main Board of the Hong Kong Stock Exchange. A total of 265,000,000 H Shares were issued by the Company in the Global Offering. Net proceeds from H Shares, net of underwriting fees and the expenses relating to the Global Offering were approximately HK\$1,591.3 million. The nominal value of the H Shares of the Company was RMB1.00 per H Share.

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

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

On January 1, 2022, the net proceeds from H Shares carried forward by the Company from the previous year were approximately HK\$432.8 million. The use of the net proceeds from H Shares and the utilization as of December 31, 2022, which are intended to be utilized in the next five years from the Listing Date of our H Shares, are as follows:

| Intended Use of Net Proceeds | Original Intended Amount (HK\$ in millions) | Utilized Amount as of December 31, 2022 (HK\$ in millions) | Utilized Amount during the Reporting Period (HK\$ in millions) | Unutilized Amount as of December 31, 2022 (HK\$ in millions) |
|--|---|---|---|---|
| Develop new manufacturing or assembly plants | 1,248.2 | 1,170.6 | 345.2 | 77.6 |
| - Develop a new automated production facility for chassis trailers in the coastline regions along the eastern or southern US | 38.8 | 38.8 | - | - |
| - Develop a new assembly plant for high-end refrigerated semi-trailers in the UK or Poland | 32.1 | 22.4 | 7.7 | 9.7 |
| - Develop a new automated production facility for refrigerated semi-trailers in Monon, the US | 163.0 | 159.4 | - | 3.6 |
| - Develop a new assembly plant for swap bodies and flatbed semi-trailers in the Netherlands | 105.2 | 105.2 | 2.9 | - |
| - Develop a new assembly plant for refrigerated semi-trailers in Canada | 20.2 | 20.2 | - | - |
| - Develop a new manufacturing plant in Jiangmen, China | 87.0 | 79.6 | 0.4 | 7.4 |
| - Technical reform and informatization construction for Xi'an plant in China | 32.7 | 5.1 | 5.1 | 27.6 |
| - Develop a new manufacturing plant in Baoji City, China | 70.0 | 70 | 30.9 | - |
| - Build a vehicle park in Kunming, China | 78.4 | 78.4 | 3.6 | - |
| - Expand the manufacturing plant for semi-trailers in Dongguan, China | 114.8 | 104.1 | 10.9 | 10.7 |
| - Expand the manufacturing plant for dry truck bodies and refrigerated truck bodies in Zhenjiang, China | 34.4 | 15.8 | 5.6 | 18.6 |
| - Expand the manufacturing and assembly plant for chassis trailers in Rayong, Thailand | 193.5 | 193.5 | - | - |
| - Increase the registered capital and production capacity of subsidiaries in the UK (note) | 278.1 | 278.1 | 278.1 | - |
| Research and develop new products | 66.5 | 64.8 | 8.3 | 1.7 |
| - Invest in industrial funds | 34.4 | 34.4 | - | - |
| - Develop high-end refrigerated semi-trailers | 26.3 | 24.6 | 8.3 | 1.7 |
| - Develop other trailer products | 5.8 | 5.8 | - | - |
| Repay the principal amount and interests of bank borrowings | 153.8 | 153.8 | - | - |
| Working capital and general corporate purposes | 151.5 | 151.5 | - | - |
| Total | 1,620.0 | 1,540.7 | 353.5 | 79.3 |

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

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

VIII. DISPOSAL OF SUBSTANTIAL ASSETS AND EQUITY INTERESTS

1. Disposal of Substantial Assets

Applicable Not applicable

| Counterparty | Assets Disposed of | Date of Disposal | Transaction Price (RMB 0,000) | Net Profit of the Company from Disposal of Assets | Impact of Disposal on the Company | Percentage of the Total Net Profit Assets | Pricing Principle for Disposal of Assets | Is it a Related Party Transaction | Relationship with the Counterparty (in the case of a related party transaction) | Have All Property Rights to Assets Involved Been Transferred | Have All Claims and Debts Involved Been Transferred | Is the Transaction Carried out as Scheduled; If Not, Describe the reasons and the Measures Taken by the Company | Date of Disclosure | Disclosure Index |
|---|---|-------------------|-------------------------------|---|--|---|--|-----------------------------------|---|--|---|---|--------------------|---|
| Huangdao Sub-district Office of Huangdao District of Qingdao, and Qingdao Natural Resources and Planning Bureau (Qingdao Free Trade Zone) | Three plots of state-owned land located on the south of Huaihe Road and the west of Penghu Island Street in Huangdao District, Qingdao, buildings and attachments on the land | December 14, 2022 | 33,713.56 | 17,933.97 | The disposal of assets is not expected to have a significant impact on the production and operation activities of the Group. | 16.10% | The appraised value is taken as the pricing basis, and the specific price is determined by both parties through negotiation. | No | Not applicable | Not applicable | Not applicable | Yes | September 8, 2022 | For details, please refer to the Announcement on Signature by Wholly-owned Subsidiary of the Agreement for Relocation and Resettlement Compensation disclosed on the website of Cninfo at http://www.cninfo.com.cn/ . |

2. Disposal of Substantial Equity Interests

Applicable Not applicable

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

IX. ANALYSIS OF PRINCIPAL SUBSIDIARIES AND INVESTEE COMPANIES

√ Applicable □ Not applicable

Principal subsidiaries, and investee companies that have an impact on more than 10% of the net profit of the Company

Unit: RMB

| Company Name | Company Type | Principal Activities | Registered Capital | Total Assets | Net Assets | Revenue | Operating Profits | Net Profits |
|---|--------------|---|-----------------------------|------------------|------------------|------------------|-------------------|----------------|
| Qingdao CIMC Reefer Trailer Co., Ltd. (青島中集冷藏運輸設備有限公司) | Subsidiary | Manufacturing and sales of various types of transportation equipment such as refrigerating and insulating equipment, and providing relevant technical services and maintenance | USD: 29,404,963.00 | 977,193,111.21 | 482,926,503.97 | 1,501,322,185.94 | 184,261,474.69 | 158,505,502.67 |
| Shenzhen CIMC Vehicle Co., Ltd. (深圳中集專用車有限公司) | Subsidiary | Development, manufacturing and sale of various types of specialty vehicles, retrofitted vehicles, special vehicles, semi-trailer series and their parts, and providing after-sales technical services | RMB: 150,000,000 | 659,572,671.46 | 247,786,380.84 | 242,416,764.36 | 123,734,527.31 | 116,002,256.77 |
| CIMC Vehicle (Thailand) Co., Ltd. | Subsidiary | Manufacturing of transport vehicles and providing services | Thai Baht: 1,221,220,600 | 755,969,023.01 | 466,417,848.36 | 919,333,230.92 | 173,098,337.56 | 171,672,362.70 |
| Qingdao CIMC Special Vehicle Co., Ltd. | Subsidiary | Development, manufacturing and sale of various types of specialty vehicles, semi-trailers and their parts, and provision of relevant consultation and after-sales services | RMB: 200,810,000 | 503,669,674.29 | 335,237,755.40 | 549,852,433.61 | 241,311,441.69 | 184,282,863.08 |
| Vanguard National Trailer Corporation | Subsidiary | Manufacturing and sale of dry van trucks | USD: 10 | 1,883,382,462.97 | 1,363,400,981.04 | 4,178,917,217.51 | 516,624,831.71 | 408,624,304.32 |
| CIMC Reefer Trailer Inc. | Subsidiary | Manufacturing of transport vehicles and providing services | USD: 10 | 1,298,003,938.71 | 461,576,010.42 | 2,948,941,048.43 | 218,914,105.36 | 165,062,936.40 |

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

| Company Name | Company Type | Principal Activities | Registered Capital | Total Assets | Net Assets | Revenue | Operating | |
|---|--------------|---|---------------------|------------------|------------------|------------------|----------------|----------------|
| | | | | | | | Profits | Net Profits |
| CIMC Intermodal Equipment LLC | Subsidiary | Manufacturing of transport vehicles and providing services | USD: 10,000,000 | 862,840,116.84 | 291,516,191.60 | 2,516,091,477.18 | 122,856,557.58 | 122,856,557.58 |
| Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd. | Subsidiary | Manufacturing and sale of trailers, semi-trailers and specialty vehicles | RMB: 434,300,750 | 3,095,730,695.20 | 1,183,912,356.65 | 2,719,412,040.45 | 161,942,304.93 | 141,343,848.73 |
| Zhumadian CIMC Huijun Vehicle Co., Ltd. (駐馬店中集華駿車輛有限公司) | Subsidiary | Manufacturing and sale of specialty vehicles and trailers | RMB: 205,340,000 | 1,153,623,772.79 | 583,874,363.46 | 1,148,954,424.56 | 86,629,855.98 | 81,672,892.11 |
| Wuhu CIMC Ruijiang Automobile Co., Ltd. | Subsidiary | Development, manufacturing and sale of various types of specialty vehicles, general mechanical products and metal structural parts. | RMB: 348,177,160.79 | 1,136,159,485.52 | 647,582,655.75 | 1,327,218,604.89 | 34,687,404.95 | 27,197,626.04 |
| CIMC Vehicle Investment Holding Co., Ltd. | Subsidiary | Investment holding | USD: 50,000 | 3,217,094,280.01 | 3,136,349,777.26 | 0.00 | 86,243,521.56 | 86,675,739.35 |
| CIMC Vehicles UK Limited | Subsidiary | Manufacturing and sale of semi-trailers | Pound: 100 | 1,491,121,645.21 | 748,380,414.86 | 1,830,625,334.05 | 37,897,469.52 | 30,074,977.57 |
| CIMC Vehicle Europe Coöperatief U.A. | Subsidiary | Manufacturing of transport vehicles and provision of relevant services | USD: 50,000 | 1,310,321,288.66 | 1,118,804,274.03 | 790,361,698.28 | 8,081,317.27 | 3,295,104.50 |
| CIMC Refrigerated Trailer Co., Ltd. | Subsidiary | Manufacturing of transport vehicles and provision of relevant services | CAD: 1,000 | 352,894,235.43 | 87,013,916.62 | 823,039,398.53 | 110,822,331.56 | 70,008,546.21 |

Acquisition and disposal of subsidiaries during the Reporting Period√ Applicable Not applicable

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

| Company Name | Method of Acquiring and Disposing of Subsidiaries During the Reporting Period | Impact on Overall Production, Operation and Performance |
|---|--|--|
| Qingdao CIMC Eco-Equipment Co., Ltd. | Deregistered | No significant impact |
| Qingdao CIMC Smart Logistics Equipment Co., Ltd. | Deregistered | No significant impact |
| Xiamen CIMC Vehicle Logistics Equipment Co., Ltd. | Deregistered | No significant impact |
| Liaoning CIMC Vehicle Logistics Equipment Co., Ltd. | Deregistered | No significant impact |

Description of principal subsidiaries and investee companies

During the Reporting Period, driven by the North American market demand, the net profit of subsidiaries Vanguard National Trailer Corporation, Qingdao CIMC Reefer Trailer Co., Ltd., CIMC Reefer Trailer Inc., CIMC Intermodal Equipment LLC and CIMC Refrigerated Trailer Co., Ltd. increased by 355%, 38%, 856%, 309% and 1,439% year on year respectively.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

X. STRUCTURED BODY CONTROLLED BY THE COMPANY

Applicable Not Applicable

XI. FUTURE DEVELOPMENT PROSPECT OF THE COMPANY

(I) Changes in the macro situation and industry landscape

In 2023, the global economy will be more uncertain. Economic development varies with countries and regions. The economies of the United States and Europe are under pressure and subject to a risk of “stagflation” recession, while the economies of emerging markets are flexible.

China’s economy enters a new stage of development. With the adjustment of pandemic prevention policies, the macro-environment gradually returns to normal. The Outline of Strategic Plan for Expanding Domestic Demand (2022-2035) supports the accelerated development of a complete domestic demand system, removal of barriers in the domestic economic cycle, accelerated upgrading of consumption, and guidance on focusing various high-quality resource elements on manufacturing industries. China’s economy and commercial vehicle industry are expected to recover in 2023.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Semi-trailers in the market in China

In 2023, the final year of the Three-year Action Plan for National Special Rectification on Production Safety, the regulatory implementation of the new national standard for semi-trailers in the market in China becomes stricter, and there is a need for upgrading and replacement in the industry. Therefore, van-based development and compliance have become mainstream. Driven by the “national unified market”, there is an opportunity for a change of the industry, and the effect of concentration towards leading companies is obvious.

With the expected recovery of the macro-economy, China’s logistics demand will also be released, putting new demands on efficient distribution. The promotion of multi-modal transport, the drop and pull transport model and the trailer rental model significantly stimulates quality and efficiency improvement and high-quality development of domestic semi-trailers.

Semi-trailers in overseas markets

In 2023, the shortage of raw materials and labor in North American market is alleviated, and the turnover efficiency of logistics equipment is improved and returns to normal. With the increasing retail consumption demand of residents in North America, the freight volume of the truckload transportation market will increase, and the demand for semi-trailer equipment will remain strong. Meanwhile, the trend of development of new energy semi-trailers in North America plays out.

In addition, the semi-trailer market in Europe remains subject to challenge, due to the possible continuous impact of geopolitical conflicts and energy crisis on European economic recovery, and continuous suppression of the production capacity in the European market by energy shortage, and the risk of consumption decline, and the tense supply chain situation. Semi-trailer manufacturers with stable supply chain support systems will gain competitive advantages.

Economic activities in emerging markets will gradually return to normal, and domestic and overseas demands will continue to recover, which will contribute to sustained economic growth. With the continuous promotion of the “Belt and Road Initiative”, there are incremental opportunities to be tapped in emerging markets.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Specialty vehicles in the market in China

Since 2022, the central and local governments have continuously released policy signals to stabilize the real estate market. As a pillar industry of the national economy, real estate is expected to improve. Expanding domestic demand, and promoting consumption and infrastructure construction facilitate the demand recovery of the specialty vehicle industry in China. In addition, as the impact of the emission standard transition on the heavy truck industry gradually weakens, the heavy truck industry is expected to recover, which is conducive to the engineering machinery and specialty vehicle markets.

With the deepening of the “dual carbon” strategy, the penetration rate of new energy heavy trucks will gradually increase. In February 2023, eight authorities including the Ministry of Industry and Information Technology, and the Ministry of Transport published the Notice on Organizing Pilot Work for Full Electrification of Public Vehicles in Pilot Areas, which will accelerate the improvement in the electrification level of public vehicles. Development of the new energy specialty vehicles becomes the trend.

Lightweight van trucks in China

With the expiry of the transition period for the new regulations on lightweight trucks with blue license plates, the trend of compliant development of the industry is obvious. This, together with a series of policies to promote consumption and expand domestic demand as well as active consumption in urban scenarios, will give rise to the demand for compliant lightweight van trucks. In November 2022, the Ministry of Public Security issued the Notice on Further Facilitating the Driving of Trucks on Urban Roads. The granting of the right of way for lightweight trucks in regions drives the recovery of the lightweight truck market to a certain extent. In addition, in 2023, the phase-out of China IV-compliant diesel-fuelled vehicles accelerates, and there will be opportunities for the lightweight truck market arising out of upgrading.

Policies and regulations become clear, and the popularization of new energy lightweight trucks accelerates. The Development Plan for New Energy Automobile Industry (2021-2035) issued by the General Office of the State Council specifies that efforts should be made to further strengthen the guidance on electrification in the public sector and accelerate the construction of a green and low-carbon transportation system. New energy lightweight trucks will become the main force of a new round of development.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

(II) Development strategy of the Company

New stage of development

The year 2023 is the key year for the implementation of the “14th Five-Year” Plan. China’s economy enters a new stage of transition from high-speed growth to high-quality development, and “progressive restart” will become the theme of the industry where the Company operates, in the year. In the new stage of development, the Company will start a business for the third time in line with the trend, maintain its strategic focus, seize the opportunities from the development of the national unified market, identify opportunities in crisis and open up a new prospect in a changing environment.

Adoption of a new development philosophy

In the “new development stage” of China’s economy, under the new development philosophy of innovation, coordination, environmental protection, openness and sharing, the “Sophisticated Manufacturing System” and the “new management infrastructure” constructed by the Company have begun to show results. In the future, the Company will deepen the construction of the “Light Tower Manufacturing Network”. Through the layout of six major businesses or groups, the Company will deepen the new retail and supporting after-sales and financial services, promote the construction of LTP production center, and enhance the economic benefits of scale. In the meantime, the Company will increase the research and development efforts of new energy products, accelerate the digitalization of business models, and realize intensive growth through innovation. The six major businesses or groups of the Company will achieve short-term breakthroughs in sales volume and long-term sustainable growth.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Construction of a new development paradigm

Under the new development paradigm with domestic circulation as the mainstay and domestic and international circulations reinforcing each other, the Company will consolidate the global semi-trailer business and promote the structural reform of semi-trailer production organizations. Based on the unified market of North American Business, the Company will actively expand the business scope in North America including the United States and Canada. With regard to the international semi-trailer business based on European standards, the Company will make efforts in Western Europe, Eastern Europe and other business areas.

In addition, TB Business Group of the Company actively seeks opportunities for breakthroughs, continuously optimizes Champion Tanker Business Group, accelerates innovation in new energy, and actively explores future-oriented innovative business models.

With excellent global operation capability and strong execution, the Company will identify opportunities in crisis and build its new development paradigm.

Promotion of high-quality development

High-quality development is the theme of China's economic and social development in the "14th Five-Year Plan" period and even in a longer period. It features innovation as the primary driving force, coordination as the endogenous characteristic, environmental protection as the prevailing practice, open-up as the only way, and sharing as the fundamental goal.

The Company will promote supply-side reform and remove barriers in supply to achieve high-quality development. In terms of production, the Company will give full play to the advantages of the "Light Tower Manufacturing Network" and promote the construction of intelligent and large-scale LTP production centers. In terms of circulation, the Company will continuously construct LoM manufacturing plant. In terms of distribution, the Company will focus on the new retail, which is oriented towards the "Sanhao Development Center". In terms of consumption, the Company will strengthen the planning of after-sales ability.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Firstly, deepening the construction of the “Light Tower Manufacturing Network” to support the national unified market

The Company continuously constructs the “Sophisticated Manufacturing System” and has 25 “Light Tower” Plants around the world. In the new development stage of starting a business for the third time, under the background of a national unified market, the Company will deepen the construction of the “Light Tower Manufacturing Network”, actively make arrangements for the LTP production center and the LoM manufacturing plant; promote the digital upgrade of the LTL “Light Tower” logistics, LTS “Light Tower” sourcing center and LoP local procurement; utilize high-end manufacturing production lines and capacity; achieve mutual complementation of superior resources and efficient synergy. Meanwhile, the Company will enable industrial upgrading through digitalization; reduce product production costs; comprehensively realize production automation and intelligentization to address resource segmentation and geographic restrictions; increase orders and improve fulfillment, so as to guarantee high-quality development.

Secondly, eliminating supply constraints and removing barriers in production, circulation, distribution and consumption

(1) Accelerating the iteration of specialized product modules to create high-quality products (DE)

In terms of product design on the supply side, the Company achieves mutual complementation of superior resources and efficient synergy, based on modular products and processes, driven by high-end manufacturing. The Company is committed to providing customers with higher-quality products, technologies and services.

DE core work will focus on lightweight, specialized and new energy products, etc. and actively explore the supply chain; and will be relevant to customer and market demand, and promote the iteration, optimization and development of core product modules. Meanwhile, DE actively pays attention to the research, development and exploration in terms of the new energy transition, promotes the iteration and optimization of modules, and improves product performance to create high-quality products.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

(2) *Upgrading the sophisticated manufacturing production line and creating an intelligent manufacturing model (ME)*

ME actively supports the Company's strategy, carries out the structural reform of production organizations, improves the efficiency of production management, speeds up the arrangement for the third-generation LTP + LoM production model, and improves the construction of the "Light Tower Manufacturing Network."

ME core work will create an intelligent manufacturing model and promote the construction of intelligent and large-scale LTP production centers, and LoM manufacturing plants. In particular, TB Business Group – truck bodies business for urban distribution will rely on the 8 + 2 digital management system platform to continuously improve automation and reduce management costs, thus becoming the best model for the digital transformation of manufacturing. Champion Tanker Business Group enhances its independent research and development, and promotes the project of upgrading aluminum alloy digital production lines.

In addition, the Company will vigorously promote the technical transformation of the coating production line. Through process upgrading, the Company will upgrade the original oil-based coating to environmental-friendly automatic electrostatic powder coating. The Company will install treatment facilities at the end of waste gas pipes to reduce the generation of VOCs at source. The Company will increase the utilization rate of powder raw materials above 99% and improve the utilization rate of raw materials. The Company will also carry out energy-saving transformation and install intelligent power-saving regulators for high-power equipment to reduce power consumption.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

(3) *Deepening the “Sanhao Development Center” and promoting the new retail reform (NR)*

Through the CRM platform, the Company strengthened customer relationship management and customer services, paid attention to the demand of product sales channels and end customers, and provided customers with professional solutions and life-cycle services.

The Company actively launched a new series of brands, promoted brands, and brought customers closer.

In addition, the Company will build a new retail network of “Sanhao Development Center” through in-depth joint marketing with tractor manufacturers, and will jointly launch and deliver the vehicle products under “excellent tractors with excellent trailers, excellent horses with excellent saddles, and excellent trucks with excellent tanks”, so as to provide customers with integrated solutions and promote the supply-side structural reform of the commercial vehicle industry.

The Company’s first “Sanhao Development Center” has been completed and launched in Xi’an. The Company will actively work with tractor manufacturers to build more “Sanhao Development Center”, so as to expand the new retail segment and increase the market share.



SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

(4) *Upgrading the Organizational Development Committee and enabling the development of the six major businesses or groups (OD)*

The OD Promotion Committee of the Company has successfully promoted the construction of the Sophisticated Manufacturing System and the organizational change for high-quality development. In order to adapt to the new management model upgrade, the OD Promotion Committee has been upgraded to the Organizational Development Committee, so as to further optimize the process, enhance the organizational development momentum and enable the development of the six major businesses or groups. In terms of investment review, senior management nomination, term management, KPI assessment and performance management, and core processes, the newly established Organizational Development Committee will standardize the processes of mutual adaptation between the six major businesses or groups in strategic transformation.

In addition, the first and second senior leadership training programs were successfully completed in 2022, which led to the establishment of the National Unified Market Promotion Committee, TB Business Group – Dump Truck Business, the LTP production center and other organizations. The third and fourth senior leadership training programs have been continuously promoted. In the new development stage of China, as the Company starts a business for the third time, it will actively build a new organizational development model in response to the trend of the unified national market.

(5) *Removing barriers between LTP and LoM through EPS (EPS)*

As the hub of the “Light Tower Manufacturing Network”, the EPS platform has supported the LTS “Light Tower” sourcing center and the implementation of the core process of the LTP production center, and helped remove barriers between LTP and LoM, and promoted the transformation of production organization methods of the Company.

Through the standardized process of the EPS platform, the Company conveys the value proposition of supply chain management to the six major businesses or groups, unifies differentiated purchasing behaviors, and reduces communication and management costs. Under the unified standard EPS portal management, online sharing management of more than 1,000 suppliers is achieved, thus effectively improving the efficiency of resource allocation and reducing purchase costs.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Meanwhile, the Company promotes the deployment of the EPS platform in overseas enterprises. Based on the LoP business strategy, the Company comprehensively promotes the reshaping and optimization of the global supply chain, thus providing strong support for the supply chain stability of overseas businesses, and ensuring the strong development of overseas businesses.

Thirdly, promoting the construction of the new management infrastructure and establishing a process-based and standardized financial operation system

As an important promoter of the “Light Tower Manufacturing Network” of the Company, the new management infrastructure will promote the third iteration of the MBA Promotion Committee; further enhance the Company’s professional ability in six core areas, namely budget, funds, statements, performance and incentives, through digitalization; build a financial data middle platform and a process-based and standardized financial operating system, so as to realize the opening of the data chain.

Budget 2020 is an important cornerstone of the new management infrastructure of the Company, and the Company will launch the BI system to remove barriers in the data chain between the headquarters and the six major businesses or groups. Money 2021 will help carry out fund management around the strategic and budgetary objectives, realize full coverage over the fund system, remove barriers in bank-enterprise connection for the six major businesses or groups, and improve fund concentration. Accounting 2022 will use the information-based system as a tool to improve the digitization of accounting systems of the six major businesses or groups and improve the efficiency of completion of consolidated statements. Performance 2020 will match the budget system and set KPI systems, mechanisms and guidance for the performance assessment of the six major businesses or groups. Reward 2022 helps identify special talents that are of great significance for the Company and retain core talents with long-term incentives, so as to ensure the sustainable development of the Company.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Fourthly, accelerating innovation and exploration in new energy, focusing on research and development of new energy products, and actively getting ahead in the market

The Company conforms to the general trend of electrification and intelligentization of the automobile industry, and actively promotes the development and innovation of new energy and intelligent products, and the transition of the road transportation equipment industry from high-quality development to low-emission development. In terms of innovation of new energy products, the Company deepens joint research and development which are conducted with tractor manufacturers, and has a leading edge in terms of lightweight, intelligentization and adaptability, with its products recognized by the market.

In terms of semi-trailers, the Company has made efforts in projects of development of new energy semi-trailers. The exploration in new energy for refrigerated trucks in North America is in a key stage. The built-in axle generator and battery pack are used to supply power to the refrigerator, so as to reduce the vehicle weight and achieve long endurance mileage. The Company has started the development and testing of the second-generation prototypes.

In terms of specialty vehicles, the Company launched pure electric mining trucks with long endurance mileage, and developed various new energy concrete mixer truck products with battery charging and swapping, to greatly reduce the self-weights of the vehicles and improve the economy of use by customers. In terms of urban distribution trailers and refrigerated vans, the Company actively cooperates with tractor manufacturers to develop new energy refrigerated truck products.

In terms of intelligentization, the Company has established a platform for monitoring new energy and China VI-compliant enterprises, which can monitor the vehicle status in a real-time manner, form a closed loop of data, and provide a basis for fault diagnosis and after-sales. The Company has also developed a set of intelligent monitoring systems, which allow the monitoring of the temperature, humidity and cargo status in the van body through personal computers or mobile phones, thus comprehensively meeting the needs of users in various scenarios.

In terms of industrial synergy, the Company participates in the investment in and integration of the upstream and downstream industrial chains of new energy heavy trucks, and actively improves the synergy in production, design, mass production and delivery of new energy products, so as to promote the innovation and transformation of the next-generation new energy heavy trucks.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

The Company has a deep insight into product demand and development, actively establishes close cooperative relations with end customers, and forms an industrial chain arrangement integrating technology, business and investment, as well as innovative business models. The Company becomes an explorer and innovator in new energy specialty vehicles and gets ahead in the development of the new energy commercial vehicle market.

Fifthly, driving intensive growth through innovation and actively embracing digital transformation and upgrading

In order to support the high-efficiency, low-cost and high-quality construction of the “Light Tower Manufacturing Network”, the Company conforms to the trend of integration of data and reality in the logistics equipment industry. The Company drives intensive growth through innovation, and actively embraces digital transformation and upgrading. Based on the efficiency advantages of digital platforms and the digital foundation of cloud computing, the Company improves the operation quality of organizations, builds a work platform of high-end manufacturing and new management infrastructure featuring a stable “system”, smooth “process” and accurate “data”, thus achieving end-to-end standardization and solidifying main processes of the value chain.

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

The digital work platform of the Sophisticated Manufacturing System will focus on the “Light Tower Manufacturing Network”, support product research and development, marketing management and integrated supply chain, and comprehensively digitize the research, supply, production and sales processes, to ensure that the tools of digital transformation platform adapt to organizational changes.

PLM product life cycle management is carried out to digitize the whole process from creativity to products, cooperate with LTP and LoM technology review, continuously improve the professional ability for product parameterization, configuration and personalized customization, and realize the three-dimensional digital-analog design of products and visual management of processes. Meanwhile, the Company facilitates the establishment of the product research and development system with LoM arrangements, rapidly copies and promotes the system.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

CRM customer relationship management is carried out to digitalize the whole process from sales leads to payment collection, cooperate with LTP and LoM sales operation plan and payment collection, achieve zero-distance contact with customers, establish standardized sales toolkits, comprehensively operate big data, artificial intelligence, social media and other technologies to promote the change of communication mode, accurately profile customers, improve the order conversion rate and shorten the delivery cycle of products.

EPS electronic purchase system is carried out to digitalize the whole process from purchasing demand to payment and collection, cooperate with LTP and LoM product price verification, online bidding, production, supply and purchase plan, etc., give full play to the scale advantages of centralized purchasing, provide customers with high-quality core OE parts, and expand the core competitiveness of the global supply chain in depth.

ERP enterprise resource planning is carried out to digitalize the whole process from order placement to payment collection, cooperate with LTP and LoM manufacturing operations, establish an operation management platform integrating business and finance, and comprehensively shape the enterprises' path of intelligent manufacturing upgrading. The Company copies and promote in the six major businesses or groups to accelerate the application of standardized management systems.

In the future, the Company will continuously build a digital work platform featuring “stable backbone, agile end, intelligent interconnection, safety and credibility”, and expand the integration and collaboration of LTP and LoM value chains longitudinally, and supply chain systems horizontally.

(2) Digital work platform of “new management infrastructure”

The digital work platform of “new management infrastructure” will be used to digitize internal budget and implementation, fund allocation, travel expense control, management reports, etc., so as to establish a transparent, visual and multidimensional financial management digitalization system, and improve work efficiency; optimize the allocation of resources such as funds and reduce financial expenses, and enhance the scale effect of funds. The digital work platform of “new management infrastructure” has been launched in the six major businesses or groups at home and abroad, which has realized intelligent analysis of management reports, instant and convenient travel expense control and decision support.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

(III) Business plan for 2023

1. *Light Tower Pioneer Business*

Based on the national unified market, Light Tower Pioneer Business will actively prepare for establishing business groups, start the “Star-chained Manufacturing Network”, construct a new development paradigm of domestic semi-trailers, promote the high-quality development through the structural reform of production organizations of domestic semi-trailer businesses, continuously pay attention to the trend of product upgrading and electrification, and capture the opportunities for making business breakthroughs and innovation. In addition, Light Tower Pioneer Business will implement organization development plans and reform routes, reshape organizations of LTP production centers, actively promote the business development under “excellent tractors with excellent trailers”, and enhance the semi-trailer market share and profitability in China.

2. *North American Business*

North American Business will consolidate its business performance. Through the orderly transformation and adjustment of production organizations, North American Business will develop efficient collaborative mechanisms and processes, share the core resources on the LTL “Light Tower” logistics and the LoM manufacturing plant, optimize the LoM manufacturing network, improve production efficiency and reduce manufacturing costs. Meanwhile, North American Business will actively promote business expansion in the local market, continue the trend of making breakthroughs in businesses, explore room for growth of new energy products, steadily increase the market share, and build a new development paradigm of sharing sales networks and channels.

3. *European Business*

European Business will continuously optimize the manufacturing process and value chain distribution, and improve the arrangements for LoM manufacturing plant. European Business will improve the supply of key parts and components based on the global supply chain system, consolidate the high-quality development of the business and increase the market share. Meanwhile, European Business will actively explore new products and businesses and embrace a new development paradigm with new growth opportunities.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

4. *Champion Tanker Business Group*

Champion Tanker Business Group will strengthen its competitive advantage and continuously expand its market share and profitability through innovations in terms of business model, product research and development, business operation, etc.. With a focus on customers, resources and key industries, Champion Tanker Business Group will deepen the customer value chain, actively promote business development under “excellent tractors with excellent tanks”, explore new energy businesses, expand the scope of business, form a new growth curve, and strive to become a global leader in tank logistics equipment.

Meanwhile, Champion Tanker Business Group will continuously build a “Light Tower Manufacturing Network.” Through modular products and low-cost logistics and transportation solutions, Champion Tanker Business Group will use the LTP production center and the LoM manufacturing plant to achieve low costs and fast delivery and improve profitability.

5. *TB Business Group – Dump Truck Business*

Guided by the “Royal Housekeeper” spirit, and with an aim of creating new demand under the guidance of “innovation as driving force, and high-quality supply”, TB Business Group – Dump Truck Business will create a new model of product delivery by the LTP production center + LoM manufacturing plant, realize cost reduction and efficiency increase through resource integration, enhance the capacity to fulfill customer orders, actively promote the business development under “excellent horses with excellent saddles”, and expand the market share of dump truck products.

Meanwhile, TB Business Group – Dump Truck Business will actively develop innovative new energy products and properly make plans for the iteration of new energy products in the future.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

6. *TB Business Group – Urban Distribution Van Truck Bodies Business*

In the context of the national unified market, TB Business Group – Urban Distribution Van Truck Bodies Business will unify strategic plans, optimize its LTP manufacturing center and the LoM manufacturing plant resources, unify product technology standards, supply chains and manufacturing capacities, promote the business development under “excellent horses with excellent saddles”, and increase the market share of refrigerated van truck bodies and dry van truck bodies.

Meanwhile, TB Business Group – Urban Distribution Van Truck Bodies Business will accelerate the progress in upgrading the green transformation, expand the deep linkage with new energy tractor manufacturers, achieve integrated designs with tractor manufacturers in different scenarios such as light trucks for urban distribution, and cold chain transportation, accelerate the integration of the service network, provide unified high-quality services for users before, during and after sale, and create green intelligent transportation solutions.

(IV) Risks to which the Company may be subject and responsive initiatives

1. *Macroeconomic fluctuation and industry cyclicality risks*

The market demand for specialty vehicles is closely related to the development of national economy, infrastructure investment and construction, and environmental protection policies, etc. Affected by global macroeconomic fluctuations, the degree of industry prosperity and other factors, the industry in which the Company operates is cyclical to a certain extent. Any adverse changes in macro environment, market demand and the environment of competition in the future, which will adversely affect the business growth, product sales or production cost of the Company, will lead to a decline in the results of operations of the Company and adversely affect its sustainable profitability.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Responsive Initiatives: The Company is committed to promoting the technological innovation and compliant development of products in the industry, further building and improving the arrangements for the six major businesses or groups, thus enriching the revenue structure of main businesses of the Company and maintaining the sustainable competitive advantage of the Company in the complex environment. Meanwhile, the Company has always closely monitored the regulatory trend in the places where it operates, adjusted its business strategies in a timely manner, thoroughly studied the industry standards in the places where it operates, and continuously improved its products so as to ensure that the Company meets the conditions of its business licenses, and guarantee the sustainable and healthy development of its business.

2. *Short supply of raw materials and risk of price fluctuations*

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

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

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

3. *Risks of overseas investment and intercontinental operation*

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

Responsive Initiatives: The Company actively promotes the strategic transformation of “Intercontinental Operation, Local Manufacturing” and will further increase its support for the six major businesses or groups, improve the manufacturing capability of overseas plants and the global supply chain management capability, reduce the dependence of overseas sales on domestic manufacturing, and enhance the Company’s development resilience under the new normal of the global economy.

4. *Risk of exchange rate fluctuations*

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

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

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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

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

Responsive Initiatives: In order to maintain its leading edge in the market, enhance its technical strength and core competitiveness, the Company continuously carries out innovation of new technologies and research and development of new products, continuously improves product performance and enriches product functions to meet the diversified needs of customers. The Company has always attached great importance to the role of technology research and development in driving its business development. In order to continuously improve its independent innovation capability and realize innovation-driven development, the Company has established relevant systems and policies that enable the Company to maintain its sustainable innovation capability, and has maintained a pool of core talents and trained core talents according to the needs of its strategic development.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

6. Risk from environmental protection policies

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

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

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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

√ Applicable □ Not Applicable

| Date of reception | Venue of reception | Mode of reception | Type of party received | Party received | Main contents of discussion and data provided | Brief description on research |
|--------------------------------|-----------------------|-------------------|---|--|---|---|
| January 19, 2022 | Shenzhen Headquarters | Teleconference | Institutional investors | Shenwan Hongyuan Securities and its customers | Statement of the Results for the First Three Quarters of 2021 | For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on January 21, 2022 |
| March 4, 2022 | Shanghai | On-site activity | Institutional investors | Qianhai Hon Fu Fund, U-Shine Fund, Shanghai Dragon Investment Management and Topsperity Fund | Statement of the Results for the First Three Quarters of 2021 | For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on March 8, 2022 |
| March 18, 2022 | Shenzhen Headquarters | Teleconference | Institutional investors | ICBC Credit Suisse | Statement of the Results for the First Three Quarters of 2021 | For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on March 22, 2022 |
| March 25, 2022 | Shenzhen Headquarters | Video conference | Institutional investors Small and medium investors | Investors involved in the Company's 2021 annual results | Statement of the Annual Results of 2021 | For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on March 28, 2022 |
| From March 25 to April 6, 2022 | Shenzhen Headquarters | Teleconference | Institutional investors | Central SOEs Industrial Investment Fund for Rural Area, CICC and its customer | Statement of the Annual Results of 2021 | For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on April 7, 2022 |

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

| Date of reception | Venue of reception | Mode of reception | Type of party received | Party received | Main contents of discussion and data provided | Brief description on research |
|-----------------------------|-----------------------|-------------------|-------------------------|--|--|---|
| April 28, 2022 | Shenzhen Headquarters | Teleconference | Institutional investors | SUNWAH KINGSWAY | Statement of the Results for the First Quarter of 2022 | For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on April 29, 2022 |
| May 10, 2022 | Shenzhen Headquarters | Teleconference | Institutional investors | 7 institutions, including Huatai Securities and Maxwealth Fund | Statement of the Results for the First Quarter of 2022 | For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on May 12, 2022 |
| From May 18 to May 19, 2022 | Shenzhen Headquarters | Teleconference | Institutional investors | 16 institutions, including China Asset Management and Eastmoney Securities | Statement of the Results for the First Quarter of 2022 | For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on May 20, 2022 |
| May 30, 2022 | Shenzhen Headquarters | Teleconference | Institutional investors | Sunbridge Capital | Statement of the Results for the First Quarter of 2022 | For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on June 2, 2022 |
| June 21, 2022 | Shenzhen Headquarters | Teleconference | Institutional investors | 23 institutions, including CICC and Greenwoods Asset Management | Statement of the Results for the First Quarter of 2022 | For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on June 26, 2022 |

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

| Date of reception | Venue of reception | Mode of reception | Type of party received | Party received | Main contents of discussion and data provided | Brief description on research |
|-------------------------------|-----------------------|--------------------|---|---|---|---|
| From June 28 to June 29, 2022 | Shenzhen Headquarters | Teleconference | Institutional investors | 5 institutions, including CITIC Securities and Orient Securities | Statement of the Results for the First Quarter of 2022 | For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on July 2, 2022 |
| August 26, 2022 | Shenzhen Headquarters | Online conference | Institutional investors Individual investors | Investors involved in the Company's 2022 interim results | Statement of the 2022 Interim Results | For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on August 31, 2022 |
| August 29, 2022 | Shenzhen Headquarters | Teleconference | Institutional investors | 28 institutions, including CICC, PICC Asset Management, Yong An Insurance and Shenwan Hongyuan Securities | Statement of the 2022 Interim Results | For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on August 31, 2022 |
| October 14, 2022 | Shenzhen Headquarters | Offline conference | Institutional investors | 3 institutions, including Shenzhen Qingshuiyuan Investment | Statement of the 2022 Interim Results | For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on October 18, 2022 |
| October 26, 2022 | Shenzhen Headquarters | Online conference | Institutional investors | 41 institutions, including CICC, Ping An Securities, Huisheng Fund and Caitong Securities | Statement of the Results for the First Three Quarters of 2022 | For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on October 31, 2022 |

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

| Date of reception | Venue of reception | Mode of reception | Type of party received | Party received | Main contents of discussion and data provided | Brief description on research |
|-------------------|---|-------------------|-------------------------|--|---|---|
| October 27, 2022 | Shenzhen Headquarters | Online conference | Institutional investors | 24 institutions, including CITIC Securities and Yiluo Investment | Statement of the Results for the First Three Quarters of 2022 | For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on November 1, 2022 |
| October 27, 2022 | Shenzhen Headquarters | Online conference | Institutional investors | Caitong Securities and Caitong Asset Management | Statement of the Results for the First Three Quarters of 2022 | For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on November 1, 2022 |
| November 3, 2022 | Shenzhen Headquarters | Online conference | Institutional investors | GF Securities and CCB Principal Asset Management | Statement of the Results for the First Three Quarters of 2022 | For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on November 8, 2022 |
| November 4, 2022 | Wuhu CIMC Ruijiang Automobile Co., Ltd. | Field research | Institutional investors | Yong An Insurance | Statement of the Results for the First Three Quarters of 2022 | For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on November 8, 2022 |
| November 7, 2022 | Shenzhen Headquarters | Online conference | Institutional investors | 17 institutions, including Essence International Securities and Tebon Fund | Statement of the Results for the First Three Quarters of 2022 | For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on November 9, 2022 |

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

| Date of reception | Venue of reception | Mode of reception | Type of party received | Party received | Main contents of discussion and data provided | Brief description on research |
|---------------------------------------|---|-------------------------------|-------------------------|---|---|--|
| From November 23 to November 30, 2022 | Shenzhen Headquarters | Online conference | Institutional investors | 8 institutions, including Tianfeng Securities and Eastmoney Securities | Statement of the Results for the First Three Quarters of 2022 | For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on December 6, 2022 |
| December 1, 2022 | Yangzhou Tonghua Special Vehicles Co., Ltd. | Field research | Institutional investors | 5 institutions, including Eastmoney | Statement of the Results for the First Three Quarters of 2022 | For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on December 6, 2022 |
| From December 2 to December 8, 2022 | Shenzhen Headquarters | Online and offline conference | Institutional investors | 26 institutions, including Caitong Securities and Hotland Innovation Asset Management | Statement of the Results for the First Three Quarters of 2022 | For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on December 15, 2022 |
| December 9, 2022 | Shenzhen Headquarters | on-site visit | Institutional investors | 13 institutions, including Hainan Feiheng Private Equity (海南飛恒私募) | Statement of the Results for the First Three Quarters of 2022 | For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on December 15, 2022 |
| December 13, 2022 | Shenzhen Headquarters | Online conference | Institutional investors | 17 institutions, including CITIC Securities, Sequoia Capital and Huatai Securities | Statement of the Results for the First Three Quarters of 2022 | For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on December 22, 2022 |

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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

1. Significant Investments during the Reporting Period

During the year ended December 31, 2022, the Group did not have significant investments amounting to 5% or more of the total assets of the Group.

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

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

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

On September 8, 2022, in accordance with the overall urban plan and key project construction needs of Qingdao, due to the planned construction of the second subsea tunnel in Jiaozhou Bay in Qingdao, the Huangdao Sub-district Office of Huangdao District of Qingdao and the Qingdao Natural Resources and Planning Bureau (Qingdao Free Trade Zone) expropriated the state-owned land located in the south of Huaihe Road and west of Penghudao Street in Huangdao District, Qingdao, from Qingdao CIMC Special Vehicles Co., Ltd. (“**Qingdao CIMC Special Vehicles**”), a wholly-owned subsidiary of the Company. The total registered area for the above state-owned land use right was 189,715.00 square meters, and the total gross floor area was 53,424.88 square meters. The total expropriation compensation was RMB337,135,576.00, and the expropriation and resettlement compensation obtained by Qingdao CIMC Special Vehicles amounted to RMB336,064,934.00. For relevant information, please refer to the announcement of the Company dated September 8, 2022.

During the Reporting Period, save as disclosed above, the Group did not have other material acquisitions and disposals related to subsidiaries, associates and joint ventures.

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

Save as disclosed in “5. Use of Proceeds” of “VII. Investment Analysis” of “Section IV Management Discussion and Analysis” in this report, and the “Investment Plan for 2023” set out in the “Announcement on Resolutions of the Fourth Meeting of the Second Session of the Board of Directors in 2023” issued by the Company on March 27, 2023, as of the date of this report, the Group had no other plans for significant investment or purchase of capital assets in the future approved by the Board.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

4. Liquidity and Financial Resources

As at December 31, 2022, the Group had cash and cash equivalents of RMB4,682.8 million (December 31, 2021: RMB4,694.7 million). As at December 31, 2022, the Group had borrowings of RMB881.8 million (December 31, 2021: RMB1,326.6 million).

| | As at December 31, 2022 (RMB in millions) | As at December 31, 2021 (RMB in millions) |
|--|--|--|
| Long-term borrowings | | |
| – Bank borrowings | 331.2 | 277.9 |
| – Bank borrowings, guaranteed | – | 96.9 |
| Subtotal | 331.2 | 374.8 |
| Current portion of long-term borrowings | | |
| – Bank borrowings | 82.6 | 21.8 |
| – Bank borrowings, guaranteed | – | 40.4 |
| Subtotal | 82.6 | 62.2 |
| Short-term borrowings | | |
| – Bank borrowings | 229.5 | 663.4 |
| – Bank borrowings, guaranteed | 238.4 | 226.1 |
| – Loans from third parties | – | – |
| – Discounted bills | – | – |
| Subtotal | 468 | 889.6 |
| Total borrowings | 881.8 | 1,326.6 |

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

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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

| | As at December 31, 2022 (RMB in millions) | As at December 31, 2021 (RMB in millions) |
|-------------------|--|--|
| Within one year | 550.6 | 951.8 |
| One to two years | 143.0 | 82.6 |
| Two to five years | 188.2 | 292.2 |
| Over five years | — | — |
| Total | 881.8 | 1,326.6 |

During the Reporting Period, the Group's major cash inflow items are net cash inflow generated from operating activities of RMB1,153.9 million (2021: RMB174.4 million).

There is no seasonal variation in the Group's borrowing needs. As at December 31, 2022, the interest rate range for short-term borrowings was 0.8% to 6.0% (December 31, 2021: 0.8% to 4.7%), and the interest rate range for long-term borrowings was 4.0% to 4.7% (December 31, 2021: 3.3% to 4.7%). Borrowings at fixed interest rates were approximately RMB355.1 million (December 31, 2021: RMB429.7 million). It is expected that the Group's short-term borrowings will be repaid by its own funds or bank credit facilities. During the Reporting Period, the Group has maintained sufficient cash at bank and liquidity to repay all borrowings as they fell due, and there was no material default in terms of borrowings.

As at December 31, 2022, the Group had current assets of RMB14,673.4 million (December 31, 2021: RMB14,233.9 million), and current liabilities of RMB8,128.2 million (December 31, 2021: RMB8,623.4 million). As at December 31, 2022, the Group's current ratio was approximately 1.8 times (December 31, 2021: 1.7 times). The current ratio equals to total current assets divided by total current liabilities. The current ratio was improved as compared to 2021.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

5. Capital Structure

During the Reporting Period, the Group had been adopting a prudent financial management policy and handling capital expenditures with caution. After the Reporting Period, the Group will continue to monitor its liquidity and financial resources, and manage them to maintain a good gearing ratio. As at December 31, 2022, the Group's gearing ratio (equal to total debt divided by total equity multiplied by 100%) was 7.6% (December 31, 2021: 11.0%). The decrease in gearing ratio was mainly due to the decrease of the Group's total debt as of the end of the Reporting Period.

As at December 31, 2022, the Group's cash and cash equivalents were mainly denominated in Renminbi, Hong Kong dollar and US dollar, and borrowings were mainly denominated in Renminbi, US dollar and Thailand Baht. The Group was exposed to foreign exchange risk primarily through sales and purchases, capital expenditures and other expenses that are denominated in a currency other than the functional currency of the relevant subsidiaries. The Group's foreign exchange risk exposure mainly arises from risks resulting from the conversion of Renminbi against US dollar, Great Britain Pound, Hong Kong dollar and Euro. The Group manages its foreign exchange risk by regularly reviewing its net exposure to foreign exchange risk, and minimizes these risks by entering into foreign exchange forward contracts. The period of the Group's hedging activities shall not exceed 12 months or the term of relevant borrowings. The management of the Group continuously monitors the market environment and its own foreign exchange risk profile, and considers taking appropriate hedging measures when necessary. As at December 31, 2022, the notional amount of the outstanding foreign exchange forward contracts held by the Group was RMB335.7 million.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

6. Capital Commitments

As at December 31, 2022, the Group's capital commitments were approximately RMB70.1 million (December 31, 2021: approximately RMB99.2 million), representing a year-on-year decrease of 29%, mainly due to the gradual completion of construction contracts which had been entered into but had not been performed in whole or in part in the previous year.

The Group has funded and will continue to fund a substantial portion of its capital commitments by the cash flow generated from operating and the proceeds from the public offering, and may provide required funds by borrowings if a financing gap still exists. In 2022, our outstanding capital commitments were mainly attributable to the upgrading and improvement of factories and equipment and outward investment.

7. Pledge of the Group's Assets

As at December 31, 2022, except for the guarantees for the pledge of bank deposits as disclosed in "(1) Financial guarantees" of "8. Contingent Liabilities" under this section, the Group had no other fixed assets used for the guarantees for property preservation in civil procedure (December 31, 2021: RMB0.4 million).

8. Contingent Liabilities

(1) Financial guarantees

The Group entered into financial guarantee contracts relating to customer vehicle mortgage loans mainly with CIMC Finance Company Ltd. (中集集團財務有限公司), Huishang Bank, Sinotruk Auto Finance Co., Ltd. (重汽汽車金融有限公司) and Industrial Bank, etc. to provide guarantees in respect of banking facilities granted to dealers and customers of the Group, who had drawn down loans under banking facilities granted to settle outstanding payables arising from purchasing of vehicles from the Group. As at December 31, 2022, the outstanding balance of the above guarantees provided by the Group to dealers and customers totalled RMB1,986.1 million (December 31, 2021: RMB2,849.4 million), and the bank deposits pledged for these guarantees were RMB113.02 million (December 31, 2021: RMB194.4 million).

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

(2) Outstanding performance bond and letter of credit

As at December 31, 2022, the Group had outstanding performance bond and letter of credit of a total of RMB377.8 million (December 31, 2021: RMB74.8 million).

9. Significant Contracts

During the Reporting Period, there was no significant contract entered into between the Company and CIMC under Appendix 16 of the Hong Kong Stock Exchange Listing Rules, except those set out in the section headed “XIV. Material Related Transactions” of “Section IX Significant Events” in this report.

SECTION V REPORT OF THE BOARD

This section is the Report of the Board prepared in accordance with relevant requirements of the Hong Kong Stock Exchange Listing Rules. This section should be read in conjunction with other sections of this report, as well as the Group's audited financial statements and the notes thereof prepared in accordance with the China Accounting Standards for Business Enterprises.

1. PRINCIPAL BUSINESSES

The Company is the world's leader in the sophisticated manufacturing of semi-trailers and specialty vehicles, a pioneer in the high-quality development of road transport equipment in China, and an explorer and innovator in new energy specialty vehicles in China. It has ranked first among semi-trailer production enterprises in the world in terms of production volume for ten years.

2. FINANCIAL POSITION AND PERFORMANCE

The financial position of the Group as of December 31, 2022 and the profit for the year are set out in "Section XIII Auditor's Report" in this report, respectively.

3. BUSINESS REVIEW

The business review of the Group during the year and the discussion on the future business development of the Group are set out in "Section IV Management Discussion and Analysis" in this report, respectively. The relevant discussions constitute part of the Board Report.

4. CLOSURE OF REGISTER OF MEMBERS OF H SHARES

In order to determine the entitlement to attend and vote at the 2022 AGM to be held on Thursday, May 25, 2023, the register of members of H Shares will be closed from Monday, May 22, 2023 to Thursday, May 25, 2023 (both days inclusive), during which period no transfer of H Shares will be registered. In order to determine the identity of holders of H Shares who are entitled to attend and vote at the 2022 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, May 19, 2023.

In order to ascertain the entitlement of the 2022 Final Dividend, the register of members of H Shares will be closed from Thursday, June 1, 2023 to Monday, June 5, 2023 (both days inclusive), during which no transfer of Shares will be registered. To be eligible to receive the aforesaid cash dividend, the transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for the holders of H Shares no later than 4:30 p.m. on Wednesday, May 31, 2023 (subject to the approval by the Shareholders at the 2022 AGM).

SECTION V REPORT OF THE BOARD *(Continued)*

5. FIXED ASSETS AND CONSTRUCTION IN PROGRESS

Details of the Group's fixed assets and construction in progress for the year are set out in Notes 4 (14) to 4 (15) to "Section XIII Auditor's Report" in this report.

As of December 31, 2022, the Group did not have any percentage of properties held for development and/or sale, or investment (as defined in Rule 14.04(9) of the Hong Kong Stock Exchange Listing Rules) exceeding 5%.

6. RESERVES

Details of the changes in reserves of the Group during the Reporting Period are set out in Notes 4 (34) to 4 (38) to "Section XIII Auditor's Report" and the Consolidated Statement of Changes in Shareholders' Equity in this report.

7. DISTRIBUTABLE RESERVES

As of December 31, 2022, the Company's reserves available for distribution to Shareholders (including retained surplus) were approximately RMB5,486.89 million (December 31, 2021: RMB4,834.32 million).

8. MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2022, details of the major customers and suppliers of the Group are set out in "IV. Analysis of Core Businesses" in "Section IV Management Discussion and Analysis" in this report.

During the year ended December 31, 2022, none of the Directors and their respective associates or any shareholder who, to the knowledge of the Directors, held more than 5% of the Company's issued share capital, had any interest in any of the Group's five largest suppliers and five largest customers.

SECTION V REPORT OF THE BOARD *(Continued)*

9. ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognises the importance of environmental protection and has adopted stringent measures for environmental protection in order to ensure the Group's compliance to the prevailing environmental protection laws and regulations.

As of the date of this report, the Group does not have any violation of relevant environmental regulations and rules which have a significant impact to the Group's development, performance and business.

The Environmental, Social and Governance Report as required by Appendix 27 of the Hong Kong Stock Exchange Listing Rules is published in conjunction with this annual report separately by the Company before April 30, 2023.

10. COMPLIANCE WITH LAWS AND REGULATIONS

The Company understands the importance of complying with laws and regulations. During the Reporting Period, as far as the Directors know, the Company has complied with the "Company Law of the People's Republic of China", "Securities Law of the People's Republic of China", "Securities and Futures Ordinance", "the Shenzhen Stock Exchange Listing Rules", "the Hong Kong Stock Exchange Listing Rules", and other relevant laws and regulations.

Although the Company was established in China, our business activities and investments cover many jurisdictions, including but not limited to China, the United States and Europe. During the Reporting Period, the Company has complied with all major laws and regulations affecting the Company in the aforementioned jurisdictions.

11. MAJOR RISKS AND UNCERTAINTIES

The major risks and uncertainties faced by the Group in its operations are set out in the section headed "XI. Future Development Prospect of the Company" in "Section IV Management Discussion and Analysis" in this report, which constitutes part of the Report of the Board.

SECTION V REPORT OF THE BOARD *(Continued)*

12. RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

During the Reporting Period, the relationship between the Group and employees (including but not limited to employee diversity and benefits), customers, suppliers will be set out separately in the 2022 Social Responsibility and Environmental, Social and Governance Report, which is published simultaneously with this annual report before April 30, 2023.

13. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

As of December 31, 2022, details of the Company's subsidiaries, associates and joint ventures are set out in Note 8 to "Section XIII Auditor's Report" in this report.

14. DONATIONS

The amount of charities and other donations made by the Group during the year was approximately RMB0.01 million (2021: RMB1.00 million).

15. CONNECTED TRANSACTIONS

The connected transactions of the Group for the year ended December 31, 2022 are set out in the section headed "XIV. Material Related Transactions" in "Section IX Significant Events" in this report.

16. SHARE CAPITAL

Since July 8, 2021, the Company's A Shares have been listed and traded on the ChiNext Market of the Shenzhen Stock Exchange. The offer price of A Shares was determined at RMB6.96 per share, and a total of 252,600,000 A Shares were issued. After deducting the tax exclusive expenses of RMB174.3 million for the issuance of A Shares, the net proceeds from the A Share offering are approximately RMB1,583.8 million.

As of December 31, 2022, the Company has issued 2,017,600,000 shares with a par value of RMB1.00 per share (total issued share capital of RMB2,017,600,000), including 1,453,680,000 A Shares with a nominal value of RMB1.00 each and 563,920,000 H Shares with a nominal value of RMB1.00 each.

SECTION V REPORT OF THE BOARD *(Continued)*

As at December 31, 2022, the Company's share capital is as follows:

| <u>Type of Shares</u> | <u>Number of Shares (shares)</u> | <u>Approximate percentage of the issued share capital of the Company</u> |
|-----------------------|--|--|
| A Shares | 1,453,680,000 | 72.05% |
| H Shares | <u>563,920,000</u> | <u>27.95%</u> |
| Total | <u><u>2,017,600,000</u></u> | <u><u>100.00%</u></u> |

17. ADVANCE TO AN ENTITY

For the year ended December 31, 2022, there was no advance extended by the Company to an entity which is subject to disclosure.

18. PLEDGE OF SHARES BY CONTROLLING SHAREHOLDERS

For the year ended December 31, 2022, there was no pledge of Shares by the Controlling Shareholders.

19. LOAN AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF CONTROLLING SHAREHOLDERS

For the year ended December 31, 2022, there was no loan agreement of the Company with covenants relating to specific performance of the Controlling Shareholders.

20. BREACH OF LOAN AGREEMENTS

For the year ended December 31, 2022, there was no breach of the loan agreements by the Company in which the loan involved would have a significant impact on the business operations of the Company.

21. FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

For the year ended December 31, 2022, there was no financial assistance or guarantee to affiliated companies by the Company which is subject to disclosure.

SECTION V REPORT OF THE BOARD *(Continued)*

22. DIRECTORS AND SUPERVISORS

Executive Director

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

Non-executive Directors

Mr. Mai Boliang (*Chairman*)

Mr. Chen Bo (*resigned on March 28, 2022*)

Mr. Zeng Han

Mr. He Jin (*appointed on May 31, 2022*)

Mr. Wang Yu

Mr. Huang Haicheng (*resigned on September 7, 2022*)

Ms. Lin Qing (*appointed on September 30, 2022*)

Independent non-executive Directors

Mr. Feng Jinhua

Mr. Fan Zhaoping

Mr. Cheng Hok Kai Frederick

Supervisors

Ms. Wang Jinghua (*Chairman*)

Mr. Feng Baochun

Mr. Song Yanwen

SECTION V REPORT OF THE BOARD *(Continued)*

23. CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

According to Rule 13.51B(1) of the Hong Kong Stock Exchange Listing Rules, the changes in information on Directors and Supervisors from the publication of the 2022 interim report to the date of this report are disclosed as follows:

Mr. Chen Bo, a non-executive Director, resigned on March 28, 2022 due to other work commitments, with effect from March 28, 2022. On May 31, 2022, Mr. He Jin was appointed as a non-executive Director to fill the director vacancy. For details, please refer to the announcement published by the Company on March 29, 2022 and the circular published on April 28, 2022.

Mr. Huang Haicheng, a non-executive Director, resigned on September 7, 2022 due to a change in his work commitments and ceased to serve as the chairman of the Strategy and Investment Committee, with effect from September 7, 2022. On September 30, 2022, Ms. Lin Qing was appointed as a non-executive Director to fill the director vacancy. For details, please refer to the announcement published by the Company on September 8, 2022 and the circular published on September 14, 2022.

Save as disclosed above, after the Company makes specific inquiries, the Directors and Supervisors confirm that there are no changes in the information required to be disclosed by the Directors, Supervisors and chief executive pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Hong Kong Stock Exchange Listing Rules.

24. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

All incumbent Directors and Supervisors have entered into service contracts with the Company for a term of three years commencing from their respective appointment date and shall be terminated pursuant to relevant terms of respective contracts.

As of the date of this Report, other than statutory compensation, none of the Directors and Supervisors of the Company had entered into any service contract with the Company or any of its subsidiaries which was not determinable by the Company within one year without payment of compensation.

SECTION V REPORT OF THE BOARD *(Continued)*

25. INTERESTS IN CONTRACTS OF SIGNIFICANCE OF DIRECTORS AND SUPERVISORS

During the Reporting Period, none of the Directors and Supervisors was materially interested, directly or indirectly, in any contracts of significance entered into with the Company or its controlling companies or its subsidiaries or subsidiaries of its controlling companies subsisting as at the end of the year.

26. INTERESTS OF DIRECTORS IN COMPETING BUSINESSES

During the Reporting Period, none of the Directors was interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's businesses.

27. MANAGEMENT CONTRACTS

During the Reporting Period, except for employment contracts, the Company did not enter into any contracts with respect to the management or administration of all or any substantial part of its businesses.

28. PERMITTED INDEMNITY PROVISION

During the Reporting Period, the Company has purchased liability insurance valid for the year for Directors, Supervisors and senior management of the Company.

29. MAJOR LITIGATION AND ARBITRATION

During the Reporting Period, the Group was not engaged in any material litigation, arbitration or administrative proceedings, and no litigation, arbitration or administrative proceedings of material importance were pending or threatened against the members of the Group.

30. PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association and the laws of the PRC which would require the Company to offer new Shares to existing Shareholders on a pro-rata basis.

SECTION V REPORT OF THE BOARD *(Continued)*

31. EXTERNAL AUDITOR

PricewaterhouseCoopers Zhong Tian LLP, the domestic auditor of the Company, has audited the Company's financial statements for the year ended December 31, 2022, and will retire at the 2022 AGM. Having been approved by the Board upon the Audit Committee's recommendation, a resolution for the re-appointment of PricewaterhouseCoopers Zhong Tian LLP as the auditor of the Company's financial statements under China Accounting Standards, is to be proposed at the 2022 AGM.

At the meeting of the Board of the Company on August 25, 2021 and the first extraordinary general meeting for 2021 on September 29, 2021, the Company approved relevant proposals to uniformly adopt the China Accounting Standards for Business Enterprises. Therefore, PricewaterhouseCoopers, which provides overseas audit services according to the International Financial Reporting Standards, resigned at the 2021 annual general meeting and will not be re-appointed, while PricewaterhouseCoopers Zhong Tian LLP, as the original sole auditor of the Company, is responsible for providing both domestic and overseas audit services according to the China Accounting Standards for Business Enterprises.

Save for the above, the Company has not changed the auditor in the past three years.

32. DIVIDENDS AND TAXES IN 2022

The Board recommended to distribute the 2022 final dividends ("**2022 Final Dividends**") at RMB0.3 (tax inclusive) per ordinary share, which is expected to be paid in cash on or before Monday, July 24, 2023, but shall be subject to approval from Shareholders at the 2022 AGM. For the distribution of the 2022 Final Dividend, Shareholders of A Shares and Shareholders investing in H Shares through Shenzhen Stock Exchange and Shanghai Stock Exchange (collectively referred to as "Southbound Stock Connect") will be paid in RMB, while Shareholders of H Shares will be paid in Hong Kong dollars. The exchange rate will be determined based on the middle exchange rate of Renminbi to Hong Kong dollars published by the People's Bank of China on the first business day immediately after the date of the 2022 AGM.

SECTION V REPORT OF THE BOARD *(Continued)*

Withholding and Payment of 2022 Final Dividends for A Share Shareholders

In accordance with the “Notice on Issues Regarding Differentiated Individual Income Tax Policies for Dividends and Bonuses of Listed Companies” (CS [2015] No. 101) and the “Notice on Issues Regarding the Implementation of the Differentiated Individual Income Tax Policies for Dividends and Bonuses of Listed Companies” (CS [2012] No. 85) jointly issued by the Ministry of Finance, the State Administration of Taxation and the CSRC, for individual shareholders, if the shareholding period (the holding time from the date when an individual obtains the shares of the listed company from the public offering and transfer market to the day before the date of transfer and delivery of the shares) is less than one month (including one month), the full amount of the income from dividends and bonuses shall be included in the taxable income at the effective tax rate of 20%, and the individual income tax shall be calculated and levied at a tax rate of 20%; if the shareholding period is more than 1 month to 1 year (including 1 year), the income from dividends and bonuses shall be included in the taxable income at the reduced rate of 50% temporarily, and the individual income tax shall be calculated and levied at a tax rate of 20%; if the shareholding period exceeds one year, the income from dividends and bonuses shall be temporarily exempted from individual income tax. When a listed company distributes dividends and bonuses, if the individual holds the shares for less than one year (including one year), the listed company will not withhold individual income tax for the time being. When an individual transfers shares, the Securities Depository and Clearing Corporation will calculate the tax payable based on his/her shareholding period, and the Company will withhold and pay the tax separately through the Securities Depository and Clearing Corporation.

The income from dividends and bonuses obtained by securities investment funds from listed companies shall be subject to individual income tax in accordance with the provisions of CS [2012] No. 85. For resident enterprise shareholders, the income tax on cash dividends shall be paid by themselves.

For Qualified Foreign Institutional Investors (QFII), listed companies shall withhold and pay corporate income tax at a tax rate of 10% in accordance with the provisions of the “Notice of the State Administration of Taxation on Issues Regarding Withholding and Payment of Corporate Income Tax on Dividends, Bonuses and Interest Paid by Chinese Resident Enterprises to QFIIs” (GSH [2009] No. 47). If the income from dividends and bonuses obtained by QFII shareholders needs to enjoy the treatment of tax agreement (arrangement), they can apply by themselves or by entrusting a withholding agent to the competent tax authority of the listed company for enjoying the treatment of tax agreement.

SECTION V REPORT OF THE BOARD *(Continued)*

Withholding and Payment of 2022 Final Dividends for H Share Shareholders

In accordance with the “Enterprise Income Tax Law of the People’s Republic of China”, the “Implementation Regulations of the Enterprise Income Tax Law of the People’s Republic of China”, and the “Notice of the State Administration of Taxation on Issues Regarding Withholding and Payment of Corporate Income Tax on Dividends Distributed by Chinese Resident Enterprises to Overseas H-Share Non-Resident Enterprise Shareholders (GSH [2008] No. 897), when Chinese resident enterprises distribute annual dividends for 2008 and subsequent years to overseas H-share non-resident enterprise shareholders, the corporate income tax shall be withheld and paid at the uniform rate of 10%. For all non-resident enterprise Shareholders (including HKSCC Nominees Limited, other enterprise agents or trustees such as securities companies, banks, etc. or other organizations and groups shall be regarded as non-resident enterprises shareholders), which are registered in their non-individual names and listed in the register of H-share shareholders on the date of H-share equity registration, the Company will distribute the dividends for 2022 after deducting 10% of corporate income tax.

In accordance with the provisions of the “Notice of the Ministry of Finance and the State Administration of Taxation on Several Policy Issues on Individual Income Tax” (CSZ [1994] No. 020), the income from dividends and bonuses obtained by foreign individuals from foreign-invested enterprises shall be temporarily exempted from Chinese individual income tax. As the Company is a foreign-invested enterprise, we will not withhold and pay individual income tax on dividends for 2022 for all natural person shareholders who are listed in the register of H-share Shareholders on the date of H-share equity registration.

SECTION V REPORT OF THE BOARD *(Continued)*

Withholding and Payment of 2022 Final Dividend Income Tax for Southbound Stock Connect Shareholders

For Southbound Stock Connect Shareholders (including enterprises and individuals), China Securities Depository and Clearing Corporation Limited is expected to receive the 2022 Final Dividends distributed by the Company as the nominee holder of Southbound Stock Connect investors, and distribute the 2022 Final Dividends to Southbound Stock Connect investors through its depository and clearing system. The 2022 Final Dividends for Southbound Stock Connect shareholders will be paid in RMB. In accordance with relevant provisions of the “Notice on Tax Policies for the Pilot Program of the Shenzhen-Hong Kong Stock Market Connectivity Mechanism” (CS [2016] No. 127) and the “Notice on the Tax Policies for the Pilot Program of the Shanghai-Hong Kong Stock Market Connectivity Mechanism” (CS [2014] No. 81), for dividends and bonuses obtained by individual investors of Mainland China investing in H Shares listed on the Hong Kong Stock Exchange through Southbound Stock Connect, the H-share companies shall withhold individual income tax at the rate of 20%. The income from dividends and bonuses obtained by Mainland securities investment funds by investing in stocks listed on the Hong Kong Stock Exchange through Southbound Stock Connect shall be taxed by reference to individual investors. H-share companies will not withhold income tax on dividends and bonuses from Mainland corporate investors, and the taxes payable shall be declared and paid by the enterprises themselves.

Withholding and Payment of 2022 Final Dividend Income Tax for Shenzhen Stock Connect Shareholders

In accordance with the “Notice of the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission on Tax Policies for the Pilot Program of the Shenzhen-Hong Kong Stock Market Connectivity Mechanism” (CS [2016] No. 127), for the income from dividends and bonuses obtained by Hong Kong Stock Market investors (including enterprises and individuals) by investing in the A Shares listed on the Shenzhen Stock Exchange, when the Hong Kong Securities Clearing Company Limited does not have the conditions to provide detailed data such as the investor’s identity and shareholding time to China Securities Depository and Clearing Corporation Limited, the differentiated taxation policy according to the shareholding time will not be implemented for the time being, and the listed company will withhold income tax at the tax rate of 10% and file a withholding declaration to its competent tax authority. For Hong Kong investors who are tax residents of other countries and the tax agreement signed between their country and China stipulates that the income tax rate for dividends and bonuses is less than 10%, such enterprises or individuals may apply by themselves or by entrusting a withholding agent to the competent tax authority of the listed company for enjoying the treatment of tax agreement.

SECTION V REPORT OF THE BOARD *(Continued)*

Shareholders shall pay relevant taxes and/or enjoy tax relief in accordance with the above provisions. The Company recommends the Shareholders to seek advice from their respective tax advisors regarding the tax implications of the PRC, Hong Kong and other countries (regions) involved in owning and disposing of the Company's Shares.

33. EMPLOYEES, REMUNERATION POLICY AND PENSION SCHEME

For details of employees and remuneration policies during the Reporting Period, please refer to "XI. Information on Employees of the Company" in "Section VII Corporate Governance and Corporate Governance Report" in this report.

For details of the pension scheme during the Reporting Period, please refer to Note 2 (19) to "Section XIII Auditor's Report" in this report.

34. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

Major events of the Group occurring after the Reporting Period to the date of this report are set out in Note 11 of Section XIII Auditor's Report of this report, which constitutes part of the report of the Board.

35. FUTURE DEVELOPMENT OF THE GROUP

The future development of the Group is set out in "Section IV Management Discussion and Analysis" in this report.

By order of the Board

Mai Boliang

Chairman

Shenzhen, the PRC, March 27, 2023

SECTION VI REPORT OF THE SUPERVISORY COMMITTEE

During the Reporting Period, in accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and other laws, regulations and the Articles of Association, and based on the principle of accountability to Shareholders, all Supervisors of the Supervisory Committee earnestly performed various duties and obligations and participated in the discussion of the Company's major operating decisions by convening meetings of the Supervisory Committee, and supervised the Company's financial position, compliant operation and the performance of duties by the Directors and senior management under laws, thus promoting the internal control management and standardized operation of the Company.

I. COMPOSITION OF THE SUPERVISORY COMMITTEE

As at December 31, 2022, the Supervisory Committee of the Company consists of three members, including one employee representative Supervisor and two non-employee representative Supervisors. According to the requirements of the Articles of Association of the Company, each Supervisor shall serve for a term of three years, which is renewable upon reelection and reappointment.

The composition of the Supervisory Committee is as follows:

| Name | Position | Date of Appointment |
|------------------|--|----------------------------|
| Ms. Wang Jinghua | Chairman of the Supervisory Committee and non-employee representative Supervisor | September 29, 2021 |
| Mr. Feng Baochun | Non-employee representative Supervisor | November 30, 2021 |
| Mr. Song Yanwen | Employee representative Supervisor | September 29, 2021 |

SECTION VI REPORT OF THE SUPERVISORY COMMITTEE *(Continued)*

II. HOLDING OF THE MEETINGS OF SUPERVISORY COMMITTEE IN 2022

In 2022, under the principle of accountability to all Shareholders of the Company, the members of the Supervisory Committee strengthened their coordination and cooperation with the Board and the senior management, conscientiously performed their supervisory duties, and better played the supervisory role of the Supervisory Committee, thus promoting the Company's standardized operation and healthy development and safeguarding the rights and interests of the Company and its Shareholders.

The Supervisory Committee convened its meetings and earnestly performed its duties in accordance with laws. In 2022, the Supervisory Committee held a total of 6 meetings. The attendance of Supervisors at meetings of the Supervisory Committee is as follows:

| Supervisor | Number of Meetings Expected to Attend (Note) | Number of Meetings Attended | Attendance Rate |
|-------------------|---|------------------------------------|------------------------|
| Wang Jinghua | 6 | 6 | 100% |
| Feng Baochun | 6 | 6 | 100% |
| Song Yanwen | 6 | 6 | 100% |

Note: The above number of meetings attended by Supervisors is based on the term of office of each Supervisor during the Reporting Period.

SECTION VI REPORT OF THE SUPERVISORY COMMITTEE *(Continued)*

The consideration at meetings of the Supervisory Committee during the Reporting Period is as follows:

| Session | Date of Meeting | Date of Disclosure | Resolution of Meeting |
|---|------------------------|---------------------------|---|
| The first meeting of the second session of the Supervisory Committee in 2022 | February 22, 2022 | February 23, 2022 | The Resolution on Development of Forward Exchange Rate Hedging Business in 2022 was considered and approved. |
| The second meeting of the second session of the Supervisory Committee in 2022 | March 24, 2022 | March 25, 2022 | The Work Report of the Supervisory Committee for 2021, the Final Financial Accounts for 2021, the Annual Report 2021, the Summary of the Annual Report 2021, the Announcement of Annual Results for the Year ended December 31, 2021, the Resolution on Provision of Guarantees for Subsidiaries, Their Distributors and Customers in 2022, and the Resolution on External Guarantees and Connected/Related Party Transactions, the Profit Distribution Plan for 2021, the Special Report on the Company's Forward Exchange Rate Hedging Business in 2021, the Report on Continuous Risk Assessment of CIMC Finance Co., Ltd. in 2021, the Special Report on Deposit and Actual Use of A Share Proceeds in 2021, the Report on Self-evaluation of Internal Control in 2021, the Resolution on Development of Anti-corruption and Reporting System and the Resolution on Waiver of the Preferential Subscription Right for the Capital Increase of CIMC Tongchuang and Related Party/Connected Transactions were considered and approved |

SECTION VI REPORT OF THE SUPERVISORY COMMITTEE *(Continued)*

| Session | Date of Meeting | Date of Disclosure | Resolution of Meeting |
|---|------------------------|---------------------------|---|
| The third meeting of the second session of the Supervisory Committee in 2022 | April 26, 2022 | April 27, 2022 | The 2022 First Quarter Report, the Resolution on Entering into the Loans Financial Services Framework Agreement with CIMC Finance Company Ltd. and Related Party Transaction and the Risk Treatment Plan for Development of Loan Business of CIMC Finance Co., Ltd. were considered and approved. |
| The fourth meeting of the second session of the Supervisory Committee in 2022 | June 2, 2022 | June 2, 2022 | The Resolution on Revision to the Estimated Cap on Continuing Connected Transactions/Daily Connected Transactions with CIMC and its Related Party/Connected Parties in 2022-2024 was considered and approved. |
| The fifth meeting of the second session of the Supervisory Committee in 2022 | August 25, 2022 | August 26, 2022 | The Interim Results Report for 2022, the 2022 Semi-annual Report, the Summary of the 2022 Semi-annual Report, the Interim Results Announcement for the Six Months Ended June 30, 2022, the Resolution on the Interim Profit Distribution in 2022, the 2022 Semi-annual Special Report on Deposit and Actual Use of A Share Proceeds, the Proposal on Using Part of the Idle Proceeds from A Shares for Cash Management and the Report on Continuous Risk Assessment of CIMC Finance Co., Ltd. were considered and approved. |
| The sixth meeting of the second session of the Supervisory Committee in 2022 | October 25, 2022 | Not applicable | The 2022 Third Quarterly Report was considered and approved. |

SECTION VI REPORT OF THE SUPERVISORY COMMITTEE *(Continued)*

III. MAIN REVIEW OPINIONS OF THE SUPERVISORY COMMITTEE

1. Standard operation and corporate governance of the Company

In 2022, the Supervisory Committee conscientiously performed its duties in accordance with the Company Law of the People's Republic of China, the Articles of Association and other relevant provisions. During the Reporting Period, members of the Supervisory Committee were in attendance at all meetings of the Board. In accordance with relevant laws and regulations, the Supervisory Committee supervised the procedures and the decision-making procedures of general meetings and Board meetings, the implementation by the Board of the resolutions of general meetings and the implementation of decisions of the Company. The Supervisory Committee believes that during the Reporting Period, the Company had legal decision-making procedures and sound internal control systems, and in daily work, the Directors and the senior management did not violate the Articles of Association, harm the interests of the Company, or abuse their power or damage the interests of the Shareholders and employees.

2. Financial position of the Company

In 2022, the Supervisory Committee reviewed the Annual Report 2021, the 2022 First Quarter Report, the Interim Report 2022, the 2022 Third Quarterly Report and other documents submitted by the Board. The Supervisory Committee believes that the procedures of preparation of the Company's financial reports comply with laws, administrative regulations and the relevant requirements of the China Securities Regulatory Commission, and the reports truly, accurately and completely reflect the Company's operation, management and finance and do not contain false representations, misleading statements or material omissions.

3. Information disclosure of the Company

According to the Company's Information Disclosure Management System and relevant laws, regulations, rules and guidelines, after a full inspection of the Company's information disclosure management, the Supervisory Committee believes that the Company can effectively manage and standardize information disclosure, has clear information disclosure processes, specifies the scope of information disclosure authority and confidentiality responsibilities of relevant personnel of functional departments and subsidiaries, and is able to keep risks under control, promote its legal and compliant operation and safeguard the legitimate rights and interests of its Shareholders and other stakeholders.

SECTION VI REPORT OF THE SUPERVISORY COMMITTEE *(Continued)*

4. Profit distribution of the Company

The Supervisory Committee believes that the Company's profit distribution plan for 2021 takes into account the immediate and long-term interests of shareholders of the Company, and complies with relevant laws and regulations such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and the Articles of Association, and is in line with the interests of the Company and all Shareholders.

5. The Company's use of certain unutilized A Share proceeds for cash management

The Supervisory Committee believes that without affecting the construction of A Share proceeds-funded projects and the use of the proceeds, and subject to effective control of risks, the proposed use by the Company and its subsidiaries of certain unutilized A Share proceeds for cash management can help obtain certain capital gains and will not damage the interests of the Company and all of its Shareholders, especially minority Shareholders. It agrees to the Company's use of certain unutilized A Share proceeds for cash management.

6. Provision by the Company of guarantees for its majority-owned subsidiaries and distributors in 2022

The Supervisory Committee believes that the provision by the Company of guarantees for the majority-owned subsidiaries in 2022 will help meet the needs of majority-owned subsidiaries for business development and promote their business development. The financial risks of the provision by the Company of guarantees for the subsidiaries are under control; the provision by the Company of guarantees for the subsidiaries will not adversely affect the normal operation and business development of the Company; the provision by the Company of guarantees for its distributors and customers for the purpose of selling products is in the ordinary and usual course of business based on market practices and conducive to the development of the business of the Company. The Company has taken effective risk control measures to ensure that the risks are relatively controllable. The Company provided guarantees for its majority-owned subsidiaries and distributors in 2022, without damage to the interests of the Company and Shareholders, especially the minority Shareholders.

SECTION VI REPORT OF THE SUPERVISORY COMMITTEE *(Continued)*

7. Provision of external guarantee and related party/connected transactions of the Company

The Supervisory Committee believes that the provision by the Company of financial guarantees for the non-bank financial institutions of CIMC for customers to purchase the Company's products is in the ordinary and usual course of business based on market practices and conducive to the development of the business of the Company. The related party transaction is fair and reasonable and does not damage the interests of the Company and Shareholders, especially the minority Shareholders.

8. Opinions on the development of forward exchange rate hedging business by the Company and its majority-owned subsidiaries

The Supervisory Committee believes that the foreign exchange forward hedging business of the Company and its majority-owned subsidiaries focuses on foreign exchange receipts and payments, so as to better avoid and prevent the risks of fluctuations in foreign exchange rates and interest rates. The Company has developed the Foreign Exchange Risk Management System, and corresponding internal control and risk prevention mechanisms to prevent transaction risks. Development of forward exchange rate hedging business by the Company and its majority-owned subsidiaries is in the interests of the Company and its majority-owned subsidiaries and does not damage the interests of the Company and all shareholders, especially minority shareholders. The Supervisory Committee unanimously agreed on the matter of the Company in relation to the foreign exchange forward hedging business in 2022.

9. Information on entering into the Loans Financial Services Framework Agreement with CIMC Finance Company Ltd. and related party transaction

The Supervisory Committee believes that the obtaining of loans by the Company from CIMC Finance Co., Ltd., a non-bank financial institution established with the approval of the China Banking and Insurance Regulatory Commission is based on the needs of the Company's fund management and helps the Company expand its financing channels, increase financing methods and improve the efficiency in the use of funds of the Company. The pricing policy for the related party transaction is fair and equitable and does not damage the interests of the Company and the minority Shareholders.

SECTION VI REPORT OF THE SUPERVISORY COMMITTEE *(Continued)*

10. Revision to the estimated cap on continuing connected transactions/daily connected transactions with CIMC and its related party/connected parties in 2022-2024

The Supervisory Committee believes that the Company's increase in the cap on the daily related party transactions of CIMC Group, its majority-owned subsidiaries and associates is based on the Company's daily business needs. The pricing of related party transactions with CIMC Group, its majority-owned subsidiaries and associates is based on the principles of fairness and reasonableness, and does not damage the interests of the Company and Shareholders, especially the minority Shareholders.

11. Waiver by the Company of preferential subscription right for the capital increase of Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. and related party/connected transactions

The Board of Supervisors believes that the waiver by the Company of preferential subscription right for the capital increase of Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. is in line with the actual situation and development strategy of the Company, the interests of the Company and shareholders as a whole, and does not damage the interests of the Company and Shareholders, especially minority Shareholders.

12. Opinions on the operation of the Company's internal control systems

The Company has established a relatively sound internal control system, which can be effectively implemented and has played a role in risk prevention and control in all aspects of the Company's operation and management. The Company's Report on Self-evaluation of Internal Control in 2021 comprehensively, objectively and truly reflects the construction and operation of the internal control system of the Company.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

I. BASIC INFORMATION ON CORPORATE GOVERNANCE

During the Reporting Period, the Company continuously improved its corporate governance structure, established and perfected its internal control systems, and enhanced its standard operation level, in accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Standards for the Governance of Listed Companies, the Administrative Measures for Information Disclosure of Listed Companies, the Listing Rules of the Shenzhen Stock Exchange, the Guide on Self-supervision of Companies Listed on the Shenzhen Stock Exchange No.2 – Standard Operation of Companies Listed on ChiNext Market, relevant laws, regulations and business rules of the CSRC. During the Reporting Period, the Company further revised and improved various corporate governance systems, including the Information Disclosure Management System, the Management System for Registration of Insiders, the Management System for Outward Guarantee, the Management System for External Financial Assistance and the Management System for Standardizing the Transfer of Funds to and From Related Parties.

(I) Shareholders and general meetings

The Company implements the procedures for convening and voting at general meetings, in strict compliance with the Company Law of the People's Republic of China, other laws and regulations, other normative documents, the Articles of Association and the Rules of Procedure for the General Meeting. The Company makes its best efforts to create convenient conditions for general meetings and ensures the equal status of all Shareholders, especially public Shareholders and full exercise by all Shareholders of their rights, thus safeguarding the legitimate rights and interests of the Company and its Shareholders.

During the Reporting Period, the Company held a total of 3 general meetings, which considered and approved 16 resolutions.

(II) The Company and its Controlling Shareholder

The Company has autonomy in businesses and operations. Its assets, personnel, finance, organizations and businesses are independent from those of its Controlling Shareholder. The Board, the Supervisory Committee and internal organizations operate independently.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

(III) Directors and the Board

During the Reporting Period, the Board of the Company comprises 9 Directors, including 3 independent Directors. The procedures for selecting and appointing Directors, the number of Directors and the composition of the Board comply with laws, regulations and the Articles of Association. The Directors of the Company are able to carry out their work in accordance with the Company Law of the People's Republic of China, the Articles of Association, the Rules of Procedures for the Board and the Working Rules for Independent Non-executive Directors, attend meetings of the Board, special committees of the Board and general meetings, and perform their duties and obligations diligently and responsibly. Meanwhile, they actively participate in relevant training to get familiar with relevant laws and regulations, and effectively improve their ability to perform their duties. During the Reporting Period, the Company held a total of 12 Board meetings, which considered and approved 59 resolutions.

(IV) Supervisors and the Supervisory Committee

The Supervisory Committee of the Company comprises 3 Supervisors, including 1 employee representative Supervisor and 2 non-employee representative Supervisors. The procedures for selecting and appointing Supervisors, the number of Supervisors and the composition of the Supervisory Committee comply with laws, regulations and the Articles of Association. Based on the principle of accountability to Shareholders, the Supervisors are able to earnestly perform their duties in accordance with the Company Law of the People's Republic of China, the Articles of Association and the Rules of Procedure for the Supervisory Committee, and independently supervise the Company's major issues, related transactions, financial position, and the legality and compliance of performance by the Directors and the senior management of their duties, thus safeguarding the legitimate rights and interests of the Company and its Shareholders. During the Reporting Period, the Company held a total of 6 meetings of the Supervisory Committee, which considered and approved 21 resolutions.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

(V) Information disclosure and transparency

The Company discloses relevant information in a true, accurate, complete and timely manner in strict accordance with relevant laws and regulations, the Company's Information Disclosure Management System, the Company's Management System for Investor Relations and other relevant provisions, to ensure the transparency of the Company and the information disclosure quality, and to ensure that all Shareholders of the Company have equal access to the information.

The Company attaches great importance to the management of investor relations, and maintains smooth communication with investors through various communication channels including "Hudongyi (互動易)" of the Shenzhen Stock Exchange, results presentation, roadshow, on-site visits, telephone, so as to promote investors' understanding and recognition of the Company and build a good interactive relationship between the Company and its investors.

(VI) Stakeholders

While striving for its operation and management, the Company fully respects and safeguards the legitimate rights and interests of stakeholders, achieves coordination and balance between the Company's interests and those of customers, suppliers, employees, Shareholders, regulatory agencies and relevant social matters, and jointly promotes the sustained and steady development of the Company and the industry. The Company prepares an Environmental, Social and Governance Report every year.

Is there any significant inconsistency between the actual governance of the Company on the one hand and laws, administrative regulations, and the regulations of the CSRC on the governance of listed companies on the other

Yes No

There is no significant inconsistency between the actual governance of the Company on the one hand and laws, administrative regulations, and the regulations of the CSRC on the governance of listed companies on the other.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

II. INDEPENDENCE OF THE COMPANY FROM ITS CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLERS IN TERMS OF ASSETS, PERSONNEL, FINANCE, ORGANIZATIONS AND BUSINESS

The Company is independent from its Controlling Shareholder in terms of assets, personnel, finance, organizations, business. The Company has independent and complete business and independent operation capability.

(I) Integrity of assets

The Company has clear ownership of its assets; production systems, auxiliary production systems and supporting facilities related to production and operation; legitimate ownership and rights of use of major land, plants, machinery equipment, trademarks, patents and other intellectual properties related to production and operation; and independent raw material purchase and product sales systems.

(II) Independence in terms of personnel

The President, vice presidents, financial director and secretary of the Board of the Company do not hold any positions other than directors and supervisors at or receive remuneration from the Controlling Shareholder and other enterprises controlled by the Controlling Shareholder, and the financial personnel of the Company do not work part-time for the Controlling Shareholder and other enterprises controlled by the Controlling Shareholder.

The Company's Directors, Supervisors and senior management including the President, vice presidents, the secretary of the Board and the financial director are all elected in strict accordance with the Company Law of the People's Republic of China and the Articles of Association, and the Controlling Shareholder does not interfere with the appointment and removal decisions already made by the general meeting and the Board.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

(III) Independence in terms of finance

The Company has an independent financial accounting system, the ability to make financial decisions independently, and a standard financial accounting system and a financial management system for branches and subsidiaries. The Company does not share bank accounts with the Controlling Shareholder and other enterprises controlled by it.

The Company has opened accounts with CIMC Finance Co., Ltd., a legally qualified subsidiary of the Controlling Shareholder, but the Company may deposit funds with and withdraw funds from CIMC Finance Co., Ltd. with freedom. CIMC Group does not appropriate the Company's funds through the above arrangement. The arrangement will not lead to a material defect in the Company's independence in terms of finance.

(IV) Independence in terms of organizations

The Company has established independent and sound internal operation and management organizations, which are able to independently exercise their operation and management authorities. The Company has complete organizations independent from its Controlling Shareholder, and the heads of each business department are appointed and removed by the Company in accordance with the procedures specified in the Articles of Association and internal rules and systems. The Company, its functional departments and business departments operate in accordance with its internal management systems. There is no confusion between organizations of the Company on the one hand and those of its Controlling Shareholder and other enterprises controlled by the Controlling Shareholder on the other.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

(V) Independence in terms of business

The Company is a majority-owned subsidiary of CIMC. The core businesses of the Company are independent of its Controlling Shareholder, and there is no competition between the Company on the one hand and the Controlling Shareholder and other enterprises controlled by the Controlling Shareholder on the other that will have a significant adverse impact on the Company.

The Company has a complete business system of research and development, purchase, production and sales, as well as assets, operating organizations, personnel and qualifications necessary for its business operation. With years of operation, the Company has great influence in the semi-trailer industry around the world as well as the ability to operate independently in the market.

The Company independently conducts business and has a complete business system. The business of the Company does not depend on the Controlling Shareholder or its related parties, and there are no related transactions between the Company on the one hand and the Controlling Shareholder and other enterprises controlled by the Controlling Shareholder on the other that materially affect the independence or are obviously unfair.

III. HORIZONTAL COMPETITION

Applicable Not applicable

During the Reporting Period, the core businesses of the Company are independent of its Controlling Shareholder, and there is no competition between the Company and the Controlling Shareholder and other enterprises controlled by the Controlling Shareholder that will have a significant adverse impact on the Company.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

IV. INFORMATION ON ANNUAL GENERAL MEETING AND EXTRAORDINARY GENERAL MEETINGS DURING THE REPORTING PERIOD

1. Information on the General Meetings during the Reporting Period

| Session | Type of the Meeting | Proportion of Participating Investors | Date of Meeting | Date of Disclosure | Resolution of Meeting |
|--|-------------------------------|---------------------------------------|--------------------|--------------------|---|
| 2021 annual general meeting | Annual general meeting | 83.67% | May 31, 2022 | May 31, 2022 | For details, refer to the Announcement on the Resolutions of the Annual General Meeting in 2021 disclosed on the website of Cninfo at http://www.cninfo.com.cn/ . |
| The first extraordinary general meeting in 2022 | Extraordinary general meeting | 75.88% | July 15, 2022 | July 15, 2022 | For details, refer to the Announcement on the Resolutions of the First Extraordinary General Meeting in 2022 disclosed on the website of Cninfo at http://www.cninfo.com.cn/ . |
| The second extraordinary general meeting in 2022 | Extraordinary general meeting | 72.76% | September 30, 2022 | September 30, 2022 | For details, refer to the Announcement on the Resolutions of the Second Extraordinary General Meeting in 2022 disclosed on the website of Cninfo at http://www.cninfo.com.cn/ . |

2. Request of Preferred Shareholders Whose Voting rights are Restored for Holding an Extraordinary General Meeting

Applicable Not applicable

V. ARRANGEMENTS OF THE COMPANY FOR DIFFERENCE IN VOTING RIGHTS

Applicable Not applicable

VI. GOVERNANCE OF COMPANIES WITH A RED CHIP STRUCTURE

Applicable Not applicable

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT (Continued)

VII. INFORMATION ON DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Basic Information

| Name | Title | Employment Status | Gender | Age | Start Date of Term of Office | End Date of Term of Office | Number of Shares Held at the Beginning of the Period | | | | Reasons for Changes in Shareholding | |
|-------------------------|--|-------------------|--------|-----|------------------------------|----------------------------|--|--|---|-----------------------|-------------------------------------|--|
| | | | | | | | of the Beginning Period (Share) | Increase in Shareholding During the Period (Share) | Reduction in Shareholding During the Period (Share) | Other Changes (Share) | | Number of Shares Held at the End of the Period (Share) |
| Mai Boliang | Chairman of the Board and non-executive Director | In office | Male | 64 | October 10, 2018 | September 28, 2024 | 0 | 0 | 0 | 0 | 0 | N/A |
| Li Guiping | Executive Director | In office | Male | 58 | October 10, 2018 | September 28, 2024 | 0 | 2,500 | 0 | 0 | 2,500 | Purchase H Shares of the Company on his own |
| Zeng Han | Non-executive Directors | In office | Male | 47 | September 29, 2021 | September 28, 2024 | 0 | 0 | 0 | 0 | 0 | N/A |
| Wang Yu | Non-executive Directors | In office | Male | 50 | October 10, 2018 | September 28, 2024 | 0 | 0 | 0 | 0 | 0 | N/A |
| He Jin | Non-executive Directors | In office | Male | 43 | May 31, 2022 | September 28, 2024 | 0 | 0 | 0 | 0 | 0 | N/A |
| Lin Qing | Non-executive Directors | In office | Female | 42 | September 30, 2022 | September 28, 2024 | 0 | 0 | 0 | 0 | 0 | N/A |
| Feng Jinhua | Independent non-executive Director | In office | Male | 67 | June 26, 2019 | September 28, 2024 | 0 | 0 | 0 | 0 | 0 | N/A |
| Fan Zhaoping | Independent non-executive Director | In office | Male | 68 | June 26, 2019 | September 28, 2024 | 0 | 0 | 0 | 0 | 0 | N/A |
| Cheng Hok Kai Frederick | Independent non-executive Director | In office | Male | 59 | June 26, 2019 | September 28, 2024 | 0 | 0 | 0 | 0 | 0 | N/A |
| Chen Bo | Non-executive Directors | Out of office | Male | 59 | December 7, 2018 | March 28, 2022 | 0 | 0 | 0 | 0 | 0 | N/A |
| Huang Haicheng | Non-executive Directors | Out of office | Male | 38 | May 15, 2020 | September 7, 2022 | 0 | 0 | 0 | 0 | 0 | N/A |
| Wang Jinghua | Chairman of the Supervisory Committee | In office | Female | 59 | September 29, 2021 | September 28, 2024 | 0 | 0 | 0 | 0 | 0 | N/A |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT (Continued)

| Name | Title | Employment Status | Gender | Age | Start Date of Term of Office | End Date of Term of Office | Number of Shares Held at the Beginning of the Period | | | | Number of Shares Held at the End of the Period | | | | Reasons for Changes in Shareholding |
|---------------|--|-------------------|--------|-----|------------------------------|----------------------------|--|--|---|-----------------------|--|--|---|-----------------------|-------------------------------------|
| | | | | | | | (Share) | Increase in Shareholding During the Period (Share) | Reduction in Shareholding During the Period (Share) | Other Changes (Share) | (Share) | Increase in Shareholding During the Period (Share) | Reduction in Shareholding During the Period (Share) | Other Changes (Share) | |
| Feng Baochun | Supervisor | In office | Male | 53 | November 30, 2021 | September 28, 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| Song Yanwen | Supervisor | In office | Male | 56 | September 29, 2021 | September 28, 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| Jiang Qiwen | Executive vice president | In office | Male | 59 | December 1, 2021 | December 31, 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| Wang Zhujiang | Senior vice president | In office | Male | 58 | January 21, 2022 | January 20, 2025 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| Mao Yi | Vice president | In office | Female | 48 | January 21, 2022 | January 20, 2025 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| | secretary of the Board and joint company secretary | In office | | | July 8, 2022 | July 7, 2025 | | | | | | | | | |
| Li Xiaofu | Vice president and chief technology officer | In office | Male | 38 | December 1, 2021 | November 30, 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| Zhan Rui | Financial director | In office | Male | 41 | December 1, 2021 | November 30, 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| Sun Chun'an | Executive vice president and chief operating officer of the PRC business | Out of office | Male | 53 | December 7, 2018 | January 21, 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| Li Zhimin | secretary of the Board and joint company secretary | Out of office | Female | 53 | October 10, 2018 | July 8, 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| | Vice president | Out of office | | | October 10, 2018 | December 1, 2022 | | | | | | | | | |
| Total | | | | | | | 0 | 2,500 | 0 | 0 | 0 | 0 | 0 | 2,500 | - |

Note: The above shareholding refers to the indirect holding of Shares of the Company.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

During the Reporting Period, were there Directors and Supervisors who departed their positions and the senior management who were dismissed within the term of office

Yes No

1. Mr. Chen Bo, a non-executive Director, tendered his resignation as a non-executive Director of the second session of the Board of the Company due to other work commitments, with effect from March 28, 2022.
2. Mr. Huang Haicheng, a non-executive Director, tendered his resignation as a non-executive Director of the second session of the Board of the Company due to a change in his work commitments, with effect from September 7, 2022.
3. Mr. Sun Chunan, an executive vice president and chief operating officer of business in China, vacated office on January 21, 2022 due to the expiry of his term of office.
4. Ms. Li Zhimin, the vice president, secretary of the Board and joint company secretary of the Company, resigned as the secretary of the Board and joint company secretary of the Company due to work adjustment, with effect from July 8, 2022. Subsequently, in order to help Ms. Li Zhimin devote her time and energy and better perform her other duties in the Company, Ms. Li Zhimin was removed from the position of vice president of the Company with effect from December 1, 2022, after careful consideration by the Board.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

Changes of Directors, Supervisors and senior management during the Reporting Period

√ Applicable □ Not applicable

| Name | Position | Categories | Date | Reason |
|---------------|--|---|------------------|--|
| Sun Chunan | Executive vice president and chief operating officer of the PRC business | Separated upon expiry of the term of office | January 21, 2022 | Mr. Sun Chunan vacated office upon the expiry of his term of office |
| Wang Zhujiang | Senior vice president | Appointed | January 21, 2022 | The first meeting of the second session of the Board of Directors of the Company in 2022 was held on January 21, 2022, at which the Board agreed to appoint Mr. Wang Zhujiang as the senior vice president |
| Mao Yi | Vice president | Appointed | January 21, 2022 | The first meeting of the second session of the Board of Directors of the Company in 2022 was held on January 21, 2022, at which the Board agreed to appoint Ms. Mao Yi as the vice president |
| Chen Bo | Non-executive Director | Out of office | March 28, 2022 | Mr. Chen Bo tendered his resignation as a non-executive Director of the second session of the Board of the Company due to other work commitments |
| He Jin | Non-executive Director | Elected | May 31, 2022 | Mr. He Jin was elected as a non-executive Director of the second session of the Board pursuant to the resolutions of the annual general meeting in 2021 held on May 31, 2022 |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

| Name | Position | Categories | Date | Reason |
|----------------|--|---------------|--------------------|--|
| Mao Yi | Secretary of the Board and joint company secretary | Appointed | July 8, 2022 | The sixth meeting of the second session of the Board of Directors of the Company in 2022 was held on July 8, 2022, at which the Board agreed to appoint Ms. Mao Yi as the secretary of the Board and joint company secretary |
| Li Zhimin | Secretary of the Board and joint company secretary | Out of office | July 8, 2022 | Ms. Li Zhimin resigned as a secretary of the Board and joint company secretary due to work adjustment |
| Huang Haicheng | Non-executive Director | Out of office | September 7, 2022 | Mr. Huang Haicheng tendered his resignation as a non-executive Director of the second session of the Board of the Company due to work adjustment |
| Lin Qing | Non-executive Director | Elected | September 30, 2022 | Ms. Lin Qing was elected as a non-executive Director of the second session of the Board pursuant to the resolutions of the second extraordinary general meeting in 2022 held on September 30, 2022 |
| Li Zhimin | Vice president | Removed | December 1, 2022 | In order to help Ms. Li Zhimin devote her time and energy and better perform her other duties in the Company, Ms. Li Zhimin was removed from the position of vice president of the Company, after careful consideration by the Board |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT (Continued)

2. Interests and Short Positions of Directors, Supervisors and Chief Executive and Long Positions in the Shares/Underlying Shares of Associated Corporations Disclosed in Accordance with the Securities and Futures Ordinance

As at December 31, 2022, the interests and/or short positions of the Directors, Supervisors and chief executive of the Company (the “Chief Executive”) in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they are taken or deemed to have under such provisions of the SFO, or which are required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

| Name of Director | Nature of Interest | Class of Shares | Number of Underlying Shares Held | Long Position/ Short Position | Approximate Percentage of the Relevant Class of Shares | Approximate Percentage of the Total Issued Share Capital of the Company |
|------------------|---|-----------------|----------------------------------|-------------------------------|--|---|
| Li Guiping | Interest in controlled corporation (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 | Interest in controlled corporation (Note 2) | A Shares | 75,877,500 | Long position | 5.22% | 3.76% |

Note:

- (1) Mr. Li Guiping is an executive Director, Chief Executive Officer and President of the Company. Mr. Li is the general partner of Shenzhen Longhui, a general partner of Xiangshan Huajin and is interested in 47.37% of the shares, therefore he is deemed to be interested in 75,877,500 A Shares held by Xiangshan Huajin. Mr. Li Guiping is interested in 80% of the equity interest of Longyuan Investment, a general partner of Shenzhen Longyuan, and therefore he is also deemed to be interested in 23,160,000 A Shares held by Shenzhen Longyuan.
- (2) Mr. Wang Yu is a non-executive Director of the Company. Mr. Wang is interested in 26.32% of the shares of Shenzhen Longhui, a general partner of Xiangshan Huajin, and therefore is also deemed to be interested in 75,877,500 A Shares held by Xiangshan Huajin.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT (Continued)

Long Positions in the Shares/Underlying Shares of Associated Corporations

| Associated Corporation | Class of Shares Held in the Associated Corporation | Name of Director | Capacity | Number of Shares/ underlying Shares held | Approximate Percentage |
|--|--|------------------|---|--|---------------------------------|
| | | | | | of the Relevant Class of Shares |
| CIMC | A Shares | Mai Boliang | Beneficial owner (Note 1) | 890,465 | 0.04% |
| | A Shares | He Jin | Beneficial owner (Note 1) | 26,100 | 0.00% |
| CIMC Enric | Ordinary Share | Mai Boliang | Beneficial owner (Note 1) | 7,260,000 | 0.36% |
| | | Wang Yu | Beneficial owner (Note 1) | 320,000 | 0.02% |
| | | Zeng Han | Beneficial owner (Note 1) | 400,000 | 0.02% |
| China Jiangsu Vanguard Trailer Rental Co., Ltd. (江蘇掛車幫租賃有限公司) | Domestic Shares | Li Guiping | Interest in controlled corporation (Note 4) | 10,000,000 | 3.85% |
| Shenzhen SF-Trailer.net Technology Co., Ltd. (深圳市星火車聯科技有限公司) | Domestic Shares | Li Guiping | Interest in controlled corporation (Note 5) | 1,200,000 | 17.14% |

Note:

1. Mr. Mai Boliang, Mr. He Jin, Mr. Wang Yu and Mr. Zeng Han are non-executive Directors of the Company. As at December 31, 2022, Mr. Mai Boliang and Mr. He Jin held 890,465 and 26,100 A Shares in issue of CIMC respectively, and Mr. Mai Boliang, Mr. Wang Yu and Mr. Zeng Han held 7,260,000, 320,000 and 400,000 ordinary shares of CIMC Enric respectively. CIMC and CIMC Enric are associated corporations of the Company.
2. The approximate percentage of shareholding is calculated based on the total issued A share capital of 2,302,682,490 shares of CIMC as of December 31, 2022.
3. The approximate percentage of shareholding is calculated based on the total issued ordinary share capital of 2,028,277,588 shares of CIMC Enric as at December 31, 2022.
4. Mr. Li Guiping is an executive Director, Chief Executive Officer and President of the Company. As Mr. Li Guiping has a 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 discloses his 3.85% equity interest in China Jiangsu Vanguard Trailer Rental Co., Ltd..
5. Mr. Li Guiping is an executive Director, Chief Executive Officer and President of the Company. Mr. Li Guiping has a 4.8% equity interest in Shenzhen Yuanxin Investment Partnership (Limited Partnership) (深圳源欣投資合夥企業(有限合夥)), and therefore he discloses his interest in 17.14% of the shares of Shenzhen SF-Trailer.net Technology Co., Ltd. (深圳市星火車聯科技有限公司) which is held by the Company as to 28% of its shares.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

3. Employment

The professional background, main work experience and main responsibilities of current Directors, Supervisors and senior management of the Company

Biographical Details of Directors:

Executive Director

Mr. Li Guiping (李貴平), aged 58, born in January 1965, with Chinese nationality and without the right of permanent residence abroad, is currently an executive Director, the Chief Executive Officer and the President. Prior to joining the Group, Mr. Li Guiping held various positions in CIMC from 1987 to 2009, including the head of various operation and production departments from June 1987 to October 1989, an assistant manager of airport equipment department from October 1989 to August 1991, and a deputy manager and the deputy general manager of container operation department from February 1993 to April 2009. Mr. Li Guiping joined the Group in April 2003 and has served in various management positions including directorship of certain subsidiaries, associates and/or portfolio companies of the Group. He served as the deputy general manager of the Company from April 2003 to March 2010, the general manager of the Company from March 2010 to January 2018 and has acted as the Chief Executive Officer, the President and a Director since January 2018. In addition to his positions within the Group, Mr. Li Guiping also currently serves as a director of Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd., and acts as the chairman of the board of directors at Shenzhen Xinghuo Chelian Technology Co., Ltd. and Jiangsu Wanjing Technology Co., Ltd. Mr. Li Guiping obtained a bachelor's degree in engineering with a major in industrial management engineering from the college of management of Shanghai Jiao Tong University (上海交通大學) in the PRC in July 1986 and a master's degree in science from Southern Connecticut State University in the United States in May 1993. Mr. Li Guiping obtained the qualification of senior economist from the Department of Human Resources of Guangdong Province (廣東省人事廳) in January 2000. In November 2014, Mr. Li Guiping completed the Berkeley Institute on Higher Education Program for Executives from Chinese State Enterprises in the Center for Studies in Higher Education, University of California, Berkeley, the United States. From 2012 to 2020, Mr. Li Guiping was elected as the vice president of China Association of Automobile Manufacturers and the chairman of the special vehicle branch association of the China Association of Automobile Manufacturers. In October 2016, he was appointed as an adjunct professor of Jiangsu University. From June 2017 to June 2020, he was appointed as a visiting professor of Shenzhen University. In July 2018, he was elected as a director of the Federation of Shenzhen Commerce (深圳市深商總會).

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)**Non-executive Directors*

Mr. Mai Boliang (麥伯良), aged 64, born in January 1959, with Chinese nationality and without the right of permanent residence abroad, is currently the Chairman and a non-executive Director of the Company. Mr. Mai Boliang is also a member of the Nomination Committee. Before joining the Group, Mr. Mai has held various positions and acted as a director in CIMC and its subsidiaries, associates and/or portfolio companies since 1982, including the president of CIMC since March 1994, chief executive officer and president of CIMC Group between August 2015 and August 27, 2020, an executive Director of CIMC since March 1994, and the Chairman of CIMC from August 27, 2020. Mr. Mai Boliang currently acts as the chairman, executive director and chief executive officer of CIMC. In August 1996, Mr. Mai Boliang joined the Company as a Director and currently serves as the Chairman of the Board and a non-executive Director. Mr. Mai Boliang obtained a bachelor's degree in engineering from the department of mechanical engineering of South China University of Technology(華南理工大學) in the PRC in July 1982. Mr. Mai Boliang is currently the honorary president of China Container Industry Association(中國集裝箱行業協會) and the president of Shenzhen Association for Listed Companies.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

Mr. Zeng Han (曾邗), aged 47, born in May 1975, with Chinese nationality and without the right of permanent residence abroad, is currently a non-executive Director. Mr. Zeng Han is also a member of the Strategy and Investment Committee and Remuneration Committee. Mr. Zeng Han joined CIMC in 1999, and served as manager of the accounting division of the financial management department, deputy general manager, deputy general manager and executive deputy general manager of the financial management department successively. From 2009 to 2010, he acted as manager of the financial department of CIMC Enric Holdings Limited (stock code: 3899). Since 2015, he has successively served as director of subsidiaries of CIMC Group including CIMC Container Holding Co., Ltd. (中集集團集裝箱控股有限公司), CIMC Enric Holdings Limited, Yantai CIMC Raffles Offshore Ltd. (煙台中集來福士海洋工程有限公司) and CIMC-TianDa Holdings Company Limited (中集天達控股有限公司). Meanwhile, he acts as the chairman of the board of directors at Shenzhen CIMC Investment Co., Ltd. (深圳市中集投資有限公司), CIMC Modern Logistics Development Co., Ltd. (中集現代物流發展有限公司) (currently known as CIMC Wetrans Logistics Technology (Group) Co., Ltd. (中集世聯達物流科技(集團)股份有限公司)), and CIMC Capital Holdings Co. Ltd. (中集資本控股有限公司), the general manager of Shenzhen Southern CIMC Containers Manufacture Co., Ltd. (深圳南方中集集裝箱製造有限公司), the general manager of the financial informatization project department of CIMC. Mr. Zeng Han has served as chief financial officer of CIMC since March 26, 2020, and general manager of the financial management department of CIMC since March 2017. In January 2018, he was appointed as general manager of the financial management department which has been established by consolidating the former financial management department and the former capital management department. Mr. Zeng Han graduated from Hangzhou Institute of Electronic Engineering (杭州電子工業學院) with a bachelor's degree in economics in July 1996, and later graduated from Jiangsu University of Science and Technology with a master's degree in management in June 1999. Mr. Zeng Han is a certified public accountant in China.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

Mr. Wang Yu (王宇), aged 50, born in April 1972, with Chinese nationality and without the right of permanent residence abroad, is a non-executive Director of the Company. Mr. Wang Yu is also the chairman of the Strategy and Investment Committee. Mr. Wang Yu joined the Group in November 2014 and has served as a non-executive Director of the Company since then. Prior to joining the Group, Mr. Wang Yu worked for International Data Group (China) Investment Ltd. (國際數據(中國)投資有限公司) as the legal counsel from January 2001 to December 2002. Since 2003, Mr. Wang Yu served as the general manager of legal department of CIMC. He is currently a director of certain subsidiaries, associates and/or portfolio companies of CIMC, including a director of CIMC-TianDa Holdings (Shenzhen) Company Limited (中集天達控股(深圳)有限公司), a non-executive director of CIMC Enric Holdings Limited (a company listed on the Hong Kong Stock Exchange (stock code: 3899)), the chairman and the general manager of Shenzhen Qianhai CIMC Qigu Investment Co., Ltd. (深圳前海中集麒谷投資有限公司) (currently known as CIMC Xinde Leasing (Shenzhen) Co., Ltd. (中集鑫德租賃(深圳)有限公司)), a director of Nantong CIMC Pacific Ocean Engineering Co., Ltd. (南通中集太平洋海洋工程有限公司). Mr. Wang Yu obtained a bachelor's degree in transportation management from Dalian Maritime University (大連海事大學, formerly known as Dalian Maritime College (大連海運學院)) in the PRC in July 1993 and a master's degree in law from Dalian Maritime University (大連海事大學) in the PRC in June 1996. Mr. Wang Yu obtained lawyer's qualification certificate from the Ministry of Justice of the PRC in July 1996. Mr. Wang Yu is currently an arbitrator in China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會).

Mr. He Jin (賀瑾), aged 43, born in July 1979, with Chinese nationality but without permanent residency abroad. Mr. He Jin is also a member of the Strategy and Investment Committee. Mr. He Jin graduated from Hunan University in 2002 with a bachelor's degree in law. Mr. He Jin is currently the general manager of the human resources department of CIMC. Mr. He Jin joined CIMC in October 2003. He worked for Shenzhen Southern CIMC Containers Manufacture Co., Ltd. from October 2003 to December 2007, and CIMC (Chongqing) Logistics Equipment Manufacturing Co., Ltd. from December 2007 to February 2009. He has worked at the human resources department of CIMC since February 2009.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

Ms. Lin Qing (林清), aged 42, born in November 1980, with Chinese nationality but without permanent residency abroad. Ms. Lin obtained a Master of Economics degree from Shanghai University of International Business and Economics in March 2006 and a Master of Science in Finance degree from London Business School in September 2012. Ms. Lin served as the investment manager at Riemann Investment Co., Ltd. (黎曼投資有限公司) from 2006 to 2007, the senior manager at Ashland Partners & Company LLP. from 2007 to 2011, an independent director of Shanghai Aladdin Biochemical Technology Co., Ltd. (上海阿拉丁生化科技股份有限公司) from February 2019 to October 2022. She joined the direct investment department of Ping An Trust Co., Ltd. (平安信託有限責任公司) in September 2012. She currently serves as the deputy investment director of Ping An Capital Co., Ltd.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)**Independent Non-executive Directors*

Mr. Feng Jinhua (豐金華), aged 67, born in March 1956, with Chinese nationality and without the right of permanent residence abroad, is an independent non-executive Director. Mr. Feng is also the chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee. Mr. Feng Jinhua has substantial working and management experience in the ocean transportation, shipping and logistics industry and well recognized qualifications in the transportation industry. Prior to joining the Company, Mr. Feng Jinhua served consecutively as a deputy chief (副科長), a chief (科長), a deputy director (副處長) and a director (處長) of finance branch, the deputy chief accountant and the chief accountant of Qingdao Ocean Shipping Co., Ltd. (青島遠洋運輸公司) from August 1980 to October 2001, the general manager of finance department of China Ocean Shipping (Group) Company (中國遠洋運輸(集團)總公司) from January 2006 to January 2012, the chief financial officer of COSCO SHIPPING Holdings Co., Limited (中遠海運控股股份有限公司) (previously known as China COSCO Holdings Co., Ltd. (中國遠洋控股股份有限公司)) (a company listed on the SEHK (stock code: 1919)) from January 2012 to November 2013, an executive director of COSCO Pacific Co., Ltd. (中遠太平洋有限公司) from October 2010 to October 2015, the deputy managing director of COSCO Pacific Co., Ltd. (中遠太平洋有限公司) from October 2013 to October 2015 and the chief financial officer of COSCO (Hong Kong) Group Co., Ltd. (中遠(香港)集團有限公司) from September 2015 to June 2016. He has been serving as an independent non-executive director of China Merchants Securities Co., Ltd. (招商證券股份有限公司) (a company listed on the SEHK (stock code: 6099)) since November 29, 2022. Mr. Feng Jinhua was appointed as non-executive Director on December 10, 2017 and resigned from such position on October 10, 2018, during which Mr. Feng Jinhua participated in the decision-making of the Company in his capacity as a member of the Board, but he was not involved in the daily management and operations of the Company and had no executive functions over the Company. Mr. Feng Jinhua has been serving as an independent non-executive Director since June 26, 2019. Mr. Feng Jinhua graduated from Qingdao Ocean Shipping Mariners College (青島遠洋船員學院) in the PRC in July 1986 with a major in finance and accounting and obtained an EMBA degree from the Business School of the University of International Business and Economics (對外經濟貿易大學) in the PRC in December 2006. In September 2005, Mr. Feng Jinhua obtained the qualification of senior accountant awarded by China Road and Bridge Corporation (中國路橋(集團)總公司). In April 2006, Mr. Feng Jinhua was awarded the title of the excellent accountant in transportation industry by China Communications Accounting Society (中國交通會計學會), and was awarded the title of the outstanding information application promoter by National Information Evaluation Center (國家信息化測評中心) in February 2007.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

Mr. Fan Zhaoping (范肇平), aged 68, born in April 1954, with Chinese nationality and without the right of permanent residence abroad, is currently an independent non-executive Director. Mr. Fan is also the chairman of the Remuneration Committee, a member of the Audit Committee, Nomination Committee and Strategy and Investment Committee. Mr. Fan Zhaoping has substantial working and management experience in the road transportation and logistics industry. Prior to joining the Company, Mr. Fan Zhaoping served as an assistant manager of finance department, a manager, a supervisor, a director and the chairman of Shenzhen Chiwan Petroleum Supply Base Co., Ltd. (深圳赤灣石油基地股份有限公司) consecutively from 1988 to 2016, a manager of finance department, a manager of financial investment department, an assistant general manager and the deputy general manager of China Nanshan Development (Group) Incorporation (中國南山開發(集團)股份有限公司) consecutively from 1991 to 2014, the vice chairman and the chairman of the executive committee of Shenzhen Chiwan Sembawang Engineering Co. Ltd. (深圳赤灣勝寶旺海洋工程有限公司) from 2012 to 2018, and the external supervisor of Sinotrans Limited (中國外運股份有限公司), a company listed on the SEHK (stock code: 0598) and a leading integrated logistics service provider in the PRC, since June 2018. Mr. Fan Zhaoping was appointed as our non-executive Director on December 10, 2017 and resigned from such position on October 10, 2018, during which Mr. Fan Zhaoping participated in the decision-making of the Company in his capacity as a member of the Board, but he was not involved in the daily management and operations of the Company and had no executive functions over the Company. He has been serving as an independent non-executive Director of the Company since June 26, 2019. Mr. Fan Zhaoping obtained a bachelor's degree in accounting from Central University of Finance and Economics (中央財經大學) in the PRC in July 1982 and a master's degree in financial accounting from Research Institute of Financial Science of the Ministry of Finance of the PRC (財政部財政科學研究所) in September 1986. In December 1987, Mr. Fan Zhaoping obtained the qualification of assistant researcher from the MOF.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

Mr. Cheng Hok Kai Frederick (鄭學啟), aged 59, born in January 1964, with British nationality, is an independent non-executive Director. Mr. Cheng Hok Kai Frederick is also the chairman of the Audit Committee. Prior to joining the Company, Mr. Cheng Hok Kai Frederick served as the audit assistant and senior accountant of Price Waterhouse (currently known as PricewaterhouseCoopers) consecutively from November 1985 to August 1988, primarily responsible for audit assignments for various companies; the finance director of Asia Pacific and Japan of LSI Logic Hong Kong Limited from July 1997 to August 2004, primarily responsible for finance and accounting function for the operation in Asia Pacific and Japan; the finance director of Pacific Rim of Mentor Graphics Asia Pte Ltd. from August 2004 to April 2006, primarily responsible for the finance and accounting function of the operation in the Pacific Rim; the finance director for Asia Pacific region of the Autodesk Asia Pte Ltd. from April 2006 to June 2008, primarily responsible for finance and accounting function of the operation in Asia Pacific; and the chief financial officer, company secretary, managing director of corporate finance and investment and authorized representative of PuraPharm Corporation Limited (培力控股有限公司, a company listed on the SEHK (stock code: 1498)) consecutively from April 2010 to January 2018. Mr. Cheng Hok Kai Frederick acted as an executive director in San'ai Health Industry Group Company Limited (三愛健康產業集團有限公司, a company listed on the SEHK (stock code: 1889)) from May 2019 to October 2019, and an independent non-executive director, the chairman of the audit committee and a member of the nomination and remuneration committee in Luzhou Xinglu Water (Group) Co., Ltd. (瀘州市興瀘水務(集團)股份有限公司, a company listed on the SEHK (stock code: 2281)) from March 2017 to March 2022. Mr. Cheng Hok Kai Frederick is currently an independent non-executive director, the chairman of the audit committee and a member of the remuneration committee in JiaXing Gas Group Co., Ltd. (嘉興市燃氣集團股份有限公司, a company listed on the SEHK (stock code: 9908)). He was appointed as the independent non-executive director and the chairman of the audit committee in China Shun Ke Long Holdings Limited (中國順客隆控股有限公司, a company listed on the SEHK (stock code: 0974)) on July 27, 2020. He was appointed as chief financial officer of Advanced Assembly Materials International Limited (先進封裝材料國際有限公司) on January 1, 2021. Mr. Cheng Hok Kai Frederick obtained his bachelor's degree in finance and accounting from the University of Salford in the UK in July 1985, and his master's degree in accounting from the University of New South Wales in Australia in May 1992. Mr. Cheng Hok Kai Frederick was admitted as a certified practicing accountant of CPA Australia (formerly known as the Australian Society of Certified Practicing Accountants) and an associate member of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) in February 1992 and April 1992, respectively. Mr. Cheng Hok Kai Frederick became a fellow member of the Hong Kong Institute of Certified Public Accountants and CPA Australia in March 2003 and January 2004, respectively. Mr. Cheng Hok Kai Frederick was admitted as an associate member by the Chartered Governance Institute.U.K. (formerly known as the Institute of Chartered Secretaries and Administrators.U.K.) in April 1995 and a member of the Governance Institute of Australia (formerly known as Chartered Secretaries Australia) in December 1996. Mr. Cheng Hok Kai Frederick became a fellow member of both the Institute of Chartered Secretaries and Administrators U.K. and the Governance Institute of Australia in June 2012 and November 2013, respectively.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

In conclusion, in consideration of the professional background and main work experience of the current Directors, the Board achieves diversity in terms of gender, professionalism, skills, experience, etc. In the future, the Company will continuously and regularly review and disclose in the corporate governance report of the Company, the current situation and policies in relation to diversity.

Biographical Details of Supervisors:

Ms. Wang Jinghua (王靜華), aged 59, born in November 1963, with Chinese nationality and without the right of permanent residence abroad, is currently the Chairman of the Supervisory Committee. Ms. Wang Jinghua joined CIMC in 1990. From 1990 to 2003, she successively served as director of the planning and audit department and general manager of the enterprise management department of CIMC. From 2003 to 2007, she acted as deputy general manager of Southern CIMC Container Co., Ltd. (南方中集集裝箱公司). From 2008 to 2015, she served as segment vice president of CIMC Offshore Engineering Co., Ltd. From 2016 to 2017, she acted as executive vice president of CIMC Offshore Engineering Co., Ltd. Since 2016, she has successively served as supervisor of subsidiaries of CIMC Group, including CIMC Container Holding Co., Ltd., Shenzhen CIMC Haigong Investment Co., Ltd., CIMC Qianhai Financial Leasing (Shenzhen) Co., Ltd., CIMC Finance Co., Ltd., CIMC Marine Engineering Academe Co., Ltd., CIMC Capital Holdings Co. Ltd., CIMC Transportation Technology Co., Ltd., CIMC Financing and Leasing Co., Ltd., Shenzhen CIMC Sharing Logistics Service Co., Ltd., CIMC Security Technology Co., Ltd., Shenzhen CIMC Architectural Design Institute Co., Ltd., Shenzhen CIMC Investment Co., Ltd., C&C Trucks Co., Ltd. and CIMC Offshore Engineering Co., Ltd. Since 2018, Ms. Wang Jinghua has served as secretary to the discipline inspection commission and general manager of the audit and supervision department of CIMC. Ms. Wang Jinghua acts as deputy director of the audit committee of Guangdong Internal Control Association (廣東省內部控制協會), professional mentor of China Enterprise Anti-fraud Alliance, and part-time supervisor of master's degree candidates at Southwest University of Political Science & Law. Ms. Wang Jinghua graduated from Taiyuan University of Technology in Shanxi (山西太原工業大學) in July 1985 and the postgraduate course in enterprise management in China University of Technology in July 1987. Thereafter, she obtained an international MBA degree from Peking University and an EMBA degree from China Europe International Business School.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

Mr. Feng Baochun (馮寶春), aged 53, born in May 1969, holds a college degree, with Chinese nationality and without the right of permanent residence abroad, and is currently a non-employee representative Supervisor. Mr. Feng Baochun joined Zhaoyuan Tire Factory (招遠縣輪胎廠) in 1988. From November 1991 to July 1993, he acted as the deputy section chief of general affairs section and equipment section at Yantai Tire Factory (煙台輪胎廠). From August 1993 to October 2003, he worked as deputy head of technical transformation division and head of development division of Zhaoyuan Rubber Group Company (招遠橡膠集團公司). From November 2003 to June 2009, he served as deputy manager and manager of the sales company of Shandong Linglong Rubber Group Co., Ltd. (山東玲瓏橡膠集團有限公司). From July 2009 to July 2019, he served as assistant general manager and head of domestic supporting department, and deputy general manager of Shandong Linglong Tire Co., Ltd. (山東玲瓏輪胎股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 601966)). From July 2019 to June 2022, he served as the vice president of Shandong Linglong Tire Co., Ltd.. Since July 2022, he has served as the director and vice president of Shandong Linglong Tire Co., Ltd. Mr. Feng Baochun is also the supervisor of Linglong Group Co., Ltd. (玲瓏集團有限公司).

Mr. Song Yanwen (宋延文), aged 56, born in October 1966, with Chinese nationality and without the right of permanent residence abroad, is currently an employee representative Supervisor. Mr. Song Yanwen joined CIMC in 1999, and successively served as an engineer and chief engineer of technical development department in CIMC from 1999 to 2002. He served as the chief engineer of Semitrailer Research Institute of the Company from 2002 to 2010 and has been serving as the technology and project management team leader of the chief technology officer and senior engineer of the Company since 2011. Since 2016, he has been serving as the chairman of the labor union of the Company. From July 2016 to June 2022, he served as the secretary of the Party branch of the Company. Since 2021, he has been serving as the director of the training center of the chief technology officer of the Company. Mr. Song Yanwen has been serving as a member of the Standing Committee of the Working Committee of China Merchants Shekou Industrial Zone Holdings Co., Ltd. and a representative of the Seventh Congress of Shenzhen Federation of Trade Unions since 2019. He has been serving as a member of the Trailer Subtechnical Committee of the National Technical Committee of Auto Standardization since 2021. Mr. Song Yanwen graduated from Northeast Forestry University (東北林業大學) in July 1990. From June to September 2005, he participated in the first international cadre training class of CIMC, and studied on a full-time basis. From March to June 2006, he worked and studied at the factory of Vanguard National Trailer, a subsidiary of the Company, in the United States. From May to July 2008, he worked at the factory of LAG Trailers N.V., a subsidiary of the Company, in Belgium.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

Biographical Details of Senior Management:

Mr. Li Guiping: For the biographical details of Mr. Li Guiping, please refer to “Biographical Details of Directors”.

Mr. Jiang Qiwen (蔣啟文), aged 59, born in June 1963, with Chinese nationality and without the right of permanent residence abroad. Mr. Jiang Qiwen graduated from Zhengzhou University (鄭州大學) with a major in Commercial and Business Management. Mr. Jiang Qiwen is currently an executive vice president of the Company. From April 1984 to January 1996, Mr. Jiang Qiwen successively served as a worker, monitor, dispatcher and manager assistant in the production department of Shenzhen Southern CIMC Containers Manufacture Co., Ltd. (深圳南方中集集裝箱製造有限公司); from January 1996 to December 2000, he served as the manager of the production department of Shenzhen CIMC-TianDa Airport Support Co., Ltd. (深圳中集天達空港設備有限公司); from April 2000 to January 2004, he served as the manager of the production department of Shenzhen Southern CIMC Containers Manufacture Co., Ltd.; from April 2004 to January 2017, he successively served as assistant to the general manager, deputy general manager, executive deputy general manager and general manager of Shenzhen CIMC Special Vehicle Co., Ltd. (深圳中集專用車有限公司); from January 2017 to December 2021, he served as the president of Shenzhen CIMC Special Vehicle Consortium; and since August 2018, he has been serving as the chairman of Zhumadian CIMC Huajun Casting Co., Ltd. (駐馬店中集華駿鑄造有限公司). Mr. Jiang Qiwen served as the senior vice president of the Company from December 16, 2019 to December 1, 2021 and acted as the president of Tonghua Consortium from December 2021 to December 2022. Since December 2021, he has been serving as an executive vice president of CIMC Vehicles.

Mr. Wang Zhujiang (王柱江), aged 58, born in October 1964, with Chinese nationality and without the right of permanent residence abroad. Mr. Wang Zhujiang held a master’s degree in business administration. He is currently a senior vice president of the Company. Mr. Wang Zhujiang acted as the general manager of Wuhu CIMC Ruijiang Automobile Co., Ltd. (蕪湖中集瑞江汽車有限公司), a subsidiary of the Company from March 2007 to May 2021. He served as a senior vice president of the core strategic development project of the Company from June 2021 to November 2021. Since December 2021, he has acted as the head of the team of the Group for the preparation of the establishment of the “Qiangguan (強冠)” business group. Since January 2022, he has served as the chief executive officer and president of the Qiangguan business group. Mr. Wang Zhujiang is currently an executive director of Wuhu Ruijiang Investment Co., Ltd. (蕪湖瑞江投資有限公司).

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

Mr. Li Xiaofu (李曉甫), aged 38, born in October 1984, with Chinese nationality and without the right of permanent residence abroad, is currently a vice president and chief technology officer of the Company. He obtained a bachelor's degree in engineering with a major in ground weapon motor engineering from Beijing Institute of Technology (北京理工大學) and a doctor's degree in engineering with a major in vehicle engineering from South China University of Technology (華南理工大學). Prior to joining the Group, Mr. Li Xiaofu served as an engineer of electrical control branch of high-tech department in Automotive Engineering Institute of Guangzhou Automobile Group Co., Ltd. (GAEI) (廣州汽車集團股份有限公司汽車工程研究院 (廣汽研究院)). Mr. Li Xiaofu joined the Group in October 2013 and served as a senior research and development engineer at research and development center of the Company up to March 2015. Mr. Li Xiaofu subsequently served as a senior research and development engineer and project leader of the Light Tower project from March 2015 to September 2017, primarily responsible for "Light Tower" plant planning, application research on auto-manufacturing technology in semi-trailer manufacturing, leading the team, coordinating several cross-departmental and cross-enterprise upgrading projects of "Manufacturing Light-towerlization" in the Group. Mr. Li Xiaofu subsequently served as an office director of our technology office from September 2017 to July 2018, primarily responsible for assisting the chief technology officer in managing the chief technology officer and structuring three-core working system, relevant designing and manufacturing for various product platforms, incubating and managing digital projects. Mr. Li Xiaofu has made outstanding contributions to the Group over the years and has been serving as the chief technology officer of the Group since July 2018, primarily responsible for the overall technology of the Group. Mr. Li Xiaofu has served as the non-employee representative Supervisor from December 7, 2018 to November 30, 2021. Mr. Li Xiaofu has served as the chief executive officer of the Terabyte Truck Bodies Business Strategy Division (太字節箱體業務戰略事業部) from June 2021 to May, 2025, and the chief executive officer and president of the Terabyte Truck Bodies Business Group (太字節箱體業務集團) since June 2022. Mr. Li Xiaofu acted as a director of Shenzhen Shuxiang Technology Co., Ltd. (深圳數翔科技有限公司), an investee company of the Company, from June 2018 to June 2020. Mr. Li serves as a director of Shenzhen SF-TrailerNet Technology Co., Ltd. (深圳市星火車聯科技有限公司), an investee company of the Company and a supervisor of Jiangsu Wanjing Technology Co., Ltd. (江蘇萬京技術有限公司).

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

Ms. Mao Yi (毛弋), aged 48, born in January 1975, with Chinese nationality and without the right of permanent residence abroad, is currently the vice president and the secretary of the Board of the Company. Ms. Mao Yi graduated from the University of Hong Kong with a master's degree in business administration (MBA), and holds a degree of doctor of business administration from Business School Netherlands. Prior to joining the Group, Ms. Mao Yi served as a secretary to the general manager of Shenzhen Qianhai Co., Ltd. (深圳前海股份有限公司) from July 1996 to June 1997; a business assistant in the strategic development department and the container operation department at China International Marine Containers (Group) Co., Ltd. from July 1997 to January 2002. Ms. Mao Yi formally joined the Group in January 2002 and has held various positions in the Group. Ms. Mao Yi served as a sales assistant and an administrative assistant to the general manager of the Company from January 2002 to September 2010; she worked as the manager of the human resources department and the director of human resources at the Company from September 2010 to April 2018; she served as director of human resources of the Company from April 2018 to February 2022; she served as the assistant president of the Company from September 2019 to January 2022; she has acted as the vice president of the Company since January 2022; she has served as the secretary of the Board and joint company secretary of the Company since July 2022. Ms. Mao Yi currently works as the chairman of Shenzhen CIMC Vehicles Park Investment and Management Co., Ltd., Shaanxi CIMC Vehicle Industrial Park Investment and Development Co., Ltd., Shaanxi CIMC Vehicle Industrial Park Property Management Co., Ltd., Chengdu CIMC Traffic Equipment Manufacturing Co., Ltd., Shenyang CIMC Industrial Park Investment and Development Co., Ltd., Chengdu CIMC Industrial Park Investment and Development Co., Ltd., and Chengdu CIMC Industrial Park Management Co., Ltd., which are subsidiaries of CIMC; she currently serves as a supervisor of Shenzhen Qiyuan Enterprise Management Center Co., Ltd. (深圳市啟源企業管理中心有限責任公司) and 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); she served as the chairman and general manager of Shenzhen Shuxiang Technology Co., Ltd. (深圳數翔科技有限公司), an investee company of the Company, from June 2020 to October 2022; she acted as a supervisor of Shenzhen Chuangyuan Enterprise Management Co., Ltd. (深圳市創源企業管理有限責任公司) from April 2019 to October 2022.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

Mr. Zhan Rui (占銳), aged 41, born in 1981, with Chinese nationality and without the right of permanent residence abroad, is currently a financial director of the Company. He obtained a bachelor's degree in Global Economy and Trade from the Zhongnan University of Economics and Law (中南財經政法大學) and a master's degree in Business Administration from the Cardiff University, United Kingdom (英國卡迪夫大學). Prior to joining the Group, Mr. Zhan Rui served as the tax consultant of PricewaterhouseCoopers Zhong Tian LLP Shenzhen Branch from 2007 to 2009 and the research executive of Shenzhen Minghua Xinde Asset Management Ltd. (深圳市明華信德私募證券基金管理有限公司) from 2010 to 2011. Mr. Zhan Rui joined the Group in January 2011 as the financial executive in the finance department of the Company. From 2012 to 2013, he served as the financial director of subsidiaries of the Company in Australia and was responsible for the financial management matters of those subsidiaries. From 2013 to 2015, Mr. Zhan Rui acted as the financial director of CIMC Silvergreen GmbH in Europe and was responsible for the financial management matters of CIMC Silvergreen GmbH and its subsidiaries. In 2015, Mr. Zhan Rui served as the deputy manager of the global financial management department of the Company, as well as the head of financing and funding plan managers. From 2015 to 2017, Mr. Zhan Rui completed the construction of the fund management function and the overseas corporate financial management system of the Company. In June 2017, Mr. Zhan Rui served as the business manager for the southern hemisphere region of the global business expansion department of the Company. From 2018 to 2019, he acted as the managing director of the subsidiaries of the Company in Australia, fully managing the businesses of 3 factories and 2 subsidiaries of the Company in Australia. From June 2020 to July 2022, Mr. Zhan Rui served as the executive director and general manager of Shenzhen Xinnan Ruichi Investment Co., Ltd. Mr. Zhan Rui served as the financial controller and head of the fund management department of the Company from March 2020 to December 2021 and has acted as the financial director of the Group from December 1, 2022.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT (Continued)

Positions Held in Shareholders' Companies

√ Applicable □ Not applicable

| Name of Employee | Name of Shareholder | Position at Shareholders' Companies | Start Date of Term of Office | End Date of Term of Office | Is any Remuneration or Allowance Received from the Employer |
|--|---|---|------------------------------|--|---|
| Mai Boliang | China International Marine Containers (Group) Co., Ltd. | Chairman and Executive Director | June 28, 2022 | Conclusion of the 2024 AGM of CIMC Group | Yes |
| | China International Marine Containers (Group) Co., Ltd. | Chief executive officer | March 28, 2022 | Conclusion of the 2025 AGM of CIMC Group | Yes |
| Zeng Han | China International Marine Containers (Group) Co., Ltd. | Financial controller | March 26, 2020 | Conclusion of the 2023 AGM of CIMC Group | Yes |
| | China International Marine Containers (Hong Kong) Limited | Director | February 10, 2021 | – | Yes |
| Wang Yu | China International Marine Containers (Group) Co., Ltd. | General manager of the legal department | January 23, 2003 | – | Yes |
| He Jin | China International Marine Containers (Group) Co., Ltd. | General manager of the human resources department | January 1, 2020 | – | Yes |
| Wang Jinghua | China International Marine Containers (Group) Co., Ltd. | Secretary to the discipline inspection commission and general manager of the audit and supervision department | January 4, 2018 | – | Yes |
| Description of employment with the employers | Nil | | | | |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

Position held in other companies

√ Applicable □ Not applicable

| Name of Employee | Name of Employer | Position at Employer | Start Date of Term of Office | End Date of Term of Office | Is any Remuneration or Allowance Received from the Employer |
|------------------|---|------------------------------|---|----------------------------|---|
| Mai Boliang | Shenzhen CIMC Chancheng Development Group Co., Ltd. | Chairman | November 16, 2010 | – | No |
| | CIMC Offshore Engineering Co., Ltd. | Chairman | July 21, 2016 | – | No |
| | Yantai CIMC Raffles Marine Technology Group Co., Ltd. (煙台中集來福士海洋科技集團有限公司) | Chairman | May 24, 2022 | – | No |
| Li Guiping | Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd. | Executive Director | December 14, 2015 | – | No |
| | Shenzhen SF-Trailer.net Technology Co., Ltd. | Chairman | December 7, 2018 | – | No |
| | Jiangsu Wanjing Technology Co., Ltd. | Chairman | May 15, 2018 | – | No |
| Zeng Han | Shenzhen CIMC Investment Co., Ltd. | Chairman | June 22, 2018 | – | No |
| | Shenzhen Southern CIMC Containers Manufacture Co., Ltd. | Director and general manager | Director: January 19, 2018 General manager: May 26, 2020 | – | No |
| | Shenzhen Qianhai CIMC Investment Development Co., Ltd. | Director and general manager | September 8, 2020 | – | No |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

| Name of Employee | Name of Employer | Position at Employer | Start Date of Term of Office | End Date of Term of Office | Is any Remuneration or Allowance Received from the Employer |
|------------------|---|----------------------|------------------------------|----------------------------|---|
| | CIMC Fortune Holdings Limited | Director | January 15, 2018 | – | Yes |
| | Guangdong Jilve Investment Consulting Co., Ltd. (廣東集略投資諮詢有限公司) | Vice chairman | August 26, 2014 | – | No |
| | CIMC Wetrans Logistics Technology (Group) Co., Ltd. (中集世聯達物流科技(集團)股份有限公司) | Chairman | March 12, 2014 | – | No |
| | CIMC Enric Holdings Limited | Director | May 18, 2018 | May 17, 2024 | Yes |
| | Enric Integration (HK) Company Limited | Director | May 18, 2018 | – | No |
| | CIMC Enric Hong Kong Limited | Director | May 18, 2018 | – | No |
| | Enric Investment Group Limited | Director | May 18, 2018 | – | No |
| | Enric Langfang Investment Limited | Director | May 18, 2018 | – | No |
| | Enric Anhui Investment Limited | Director | May 18, 2018 | – | No |
| | Enric Shijiazhuang Investment Limited | Director | May 18, 2018 | – | No |
| | Sound Winner Holdings Limited | Director | May 18, 2018 | – | No |
| | Perfect Vision International Limited | Director | May 18, 2018 | – | No |
| | Win Score Investments Limited | Director | May 18, 2018 | – | No |
| | Charm Ray Holdings Limited | Director | May 18, 2018 | – | No |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

| Name of Employee | Name of Employer | Position at Employer | Start Date of Term of Office | End Date of Term of Office | Is any Remuneration or Allowance Received from the Employer |
|------------------|--|----------------------|------------------------------|----------------------------|---|
| | CIMC-TianDa Holdings Company Limited | Director | December 30, 2019 | – | No |
| | CIMC Capital Holdings Co. Ltd. | Chairman | April 6, 2021 | – | No |
| | CIMC Capital Management Co., Ltd. (中集資本管理有限公司) | Chairman | April 6, 2021 | – | No |
| | CIMC Financial Leasing Co., Ltd. | Director | March 31, 2017 | – | No |
| | CIMC Qianhai Financial Leasing (Shenzhen) Co., Ltd. | Director | April 27, 2018 | – | No |
| | CIMC Finance Co., Ltd. | Director | May 25, 2018 | – | No |
| | CIMC Container Holding Co., Ltd. | Director | December 11, 2012 | – | No |
| | Shenzhen CIMC Haigong Investment Co., Ltd. | Director | October 24, 2019 | – | No |
| | CIMC Transportation Equipment (International) Holdings Limited | Director | November 1, 2019 | – | No |
| | CIMC Offshore Engineering Co., Ltd. | Director | December 27, 2019 | – | No |
| | CIMC Raffles Marine Engineering (Singapore) Pte Ltd. | Director | August 1, 2019 | – | No |
| | Yantai CIMC Raffles Offshore Ltd. | Director | October 30, 2019 | – | No |
| | Yantai CIMC Raffles Shipyard Ltd. | Director | April 24, 2020 | – | No |
| | CIMC Marine Engineering Academe Co., Ltd. | Director | March 24, 2020 | – | No |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

| Name of Employee | Name of Employer | Position at Employer | Start Date of Term of Office | End Date of Term of Office | Is any Remuneration or Allowance Received from the Employer |
|------------------|--|------------------------------|---|----------------------------|---|
| | CIMC OFFSHORE HOLDING LIMITED | Director | September 1, 2020 | – | No |
| | Haiyang CIMC Raffles Offshore Ltd. | Supervisor | April 28, 2014 | – | No |
| | Longkou CIMC Raffles Offshore Engineering Co., Ltd. | Supervisor | August 9, 2007 | – | No |
| | CIMC Shenfa Development Co., Ltd. | Director and general manager | Director: November 19, 2020 General manager: December 27, 2021 | – | No |
| | Shenzhen CIMC Industry & City Development Group Co.,Ltd. | Director | July 3, 2017 | – | No |
| | CIMC-TianDa Holdings (Shenzhen) Company Limited | Chairman | May 28, 2021 | – | No |
| | Shenzhen CIMC Fresh Business Management Co., Ltd. (深圳市中集集鮮生商業管理有限公司) | Director | January 25, 2022 | – | No |
| | Effective Time Investments Limited | Director | November 1, 2019 | – | No |
| | Sharp Vision Holdings Limited | Director | August 16, 2021 | – | No |
| | Mangrove Capital Limited | Director | March 13, 2017 | – | No |
| | Mangrove Fund Management (Shenzhen) Co., Ltd. | Director | December 13, 2016 | – | No |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

| Name of Employee | Name of Employer | Position at Employer | Start Date of Term of Office | End Date of Term of Office | Is any Remuneration or Allowance Received from the Employer |
|------------------|--|------------------------------|------------------------------------|----------------------------|---|
| Wang Yu | Shenzhen Qianhai CIMC Qigu Investment Co., Ltd. | Chairman and general manager | Chairman: December 24, 2019 | – | No |
| | Shenzhen CIMC Investment Co., Ltd. | Director | General manager: April 19, 2017 | – | No |
| | CIMC-TianDa Holdings (Shenzhen) Company Limited | Director | September 20, 2019 | – | No |
| | Nantong CIMC Pacific Ocean Engineering Co., Ltd. | Director | November 29, 2016 | – | No |
| | CIMC Enric Holdings Limited | Non-executive Director | November 17, 2006 | – | No |
| | CIMC Financial Leasing Co., Ltd. | Director | September 5, 2016 | – | No |
| | CIMC Qianhai Financial Leasing (Shenzhen) Co., Ltd. (currently known as CIMC Xinde Leasing (Shenzhen) Co., Ltd.) | Chairman | September 21, 2020 | May 27, 2022 | No |
| | CIMC Container Holding Co., Ltd. | Director | July 14, 2021 | – | No |
| | CIMC Capital Holdings Co. Ltd. | Director | March 5, 2021 | – | No |
| | CIMC Capital Management Co., Ltd. (中集資本管理有限公司) | Director | April 6, 2021 | – | No |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT (Continued)

| Name of Employee | Name of Employer | Position at Employer | Start Date of Term of Office | End Date of Term of Office | Is any Remuneration or Allowance Received from the Employer |
|-------------------------|---|------------------------------------|------------------------------|----------------------------|---|
| | Shenzhen CIMC Marine Cold Chain Technology (Group) Co., Ltd. (深圳中集海運冷鏈科技(集團)有限公司) | Director | October 21, 2021 | – | No |
| Cheng Hok Kai Frederick | Advanced Assembly Materials International Limited (先進封裝材料國際有限公司) | Chief finance officer | January 1, 2021 | – | Yes |
| | Luzhou Xinglu Water (Group) Co., Ltd. (瀘州市興瀘水務(集團)股份有限公司) | Independent non-executive | March 31, 2017 | March 4, 2022 | Yes |
| | Jiaxing Gas Group Co., Ltd. | Independent non-executive | September 23, 2019 | – | Yes |
| | China Shun Ke Long Holdings Limited | Independent non-executive | July 27, 2020 | – | Yes |
| He Jin | Dongguan CIMC Enterprise Management Service Co., Ltd. (東莞中集企業管理服務有限公司) | General manager | December 27, 2019 | – | No |
| Lin Qing | Shanghai Aladdin Biochemical Co., Ltd. (上海阿拉丁生化股份有限公司) | Independent non-executive Director | November 26, 2020 | October 10, 2022 | Yes |
| Feng Jinhua | China Merchants Securities Co., Ltd. | Independent non-executive Director | November 29, 2022 | – | Yes |
| Fan Zhaoping | Sinotrans Limited | Supervisor | June 1, 2018 | – | Yes |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

| Name of Employee | Name of Employer | Position at Employer | Start Date of Term of Office | End Date of Term of Office | Is any Remuneration or Allowance Received from the Employer |
|------------------|---|---------------------------------------|------------------------------|----------------------------|---|
| Wang Jinghua | CIMC Container Holding Co., Ltd. | Supervisor | October 11, 2012 | – | No |
| | CIMC Offshore Engineering Co., Ltd. | Supervisor | December 27, 2019 | – | No |
| | Shenzhen CIMC Haigong Investment Co., Ltd. | Supervisor | December 24, 2019 | – | No |
| | C&C Trucks Co., Ltd. | Supervisor | February 26, 2018 | – | No |
| | CIMC Wetrans Logistics Technology (Group) Co., Ltd. (中集世聯達物流科技(集團)股份有限公司) | Chairman of the Supervisory Committee | March 12, 2014 | – | No |
| | CIMC Finance Co., Ltd. | Chairman of the Supervisory Committee | December 27, 2019 | – | No |
| | Shenzhen CIMC Industry & City Development Group Co., Ltd. | Chairman of the Supervisory Committee | October 26, 2020 | – | No |
| | CIMC Modular Building Investment Company Limited | Supervisor | April 9, 2013 | – | No |
| | Shenzhen CIMC Investment Co., Ltd. | Supervisor | June 22, 2018 | – | No |
| | CIMC Security Technology Co., Ltd. | Supervisor | July 19, 2019 | – | No |
| | Shenzhen CIMC Architectural Design Institute Co., Ltd. | Supervisor | January 14, 2021 | – | No |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT (Continued)

| Name of Employee | Name of Employer | Position at Employer | Start Date of Term of Office | End Date of Term of Office | Is any Remuneration or Allowance Received from the Employer |
|------------------|---|--|------------------------------|----------------------------|---|
| Feng Baochun | Shandong Linglong Tire Co., Ltd. | Vice president | July 8, 2019 | – | Yes |
| | | Director | July 6, 2022 | – | |
| | Linglong Group Co., Ltd. (玲瓏集團有限公司) | Supervisor | January 1 2013 | – | No |
| Song Yanwen | Shenzhen Beiwo Agricultural Products Trading Co., Ltd. (深圳市北沃農產品貿易有限公司) | Supervisor | August 14, 2020 | – | No |
| Li Xiaofu | Shenzhen Yuanxin Investment Partnership (Limited Partnership) | Executive partner | February 27, 2017 | – | No |
| | Shenzhen Zhongan Jizhi Technology LLP | Manager | December 7, 2018 | – | No |
| | Shenzhen SF-Trailer.net Technology Co., Ltd. | Director | May 15, 2018 | – | No |
| | Jiangsu Wanjing Technology Co., Ltd. | Supervisor | May 15, 2018 | – | No |
| Zhan Rui | Shenzhen Xinnan Ruichi Investment Co., Ltd. (深圳市新南瑞馳投資有限公司) | Executive Director and general manager | June 4, 2020 | July 29, 2022 | No |
| Mao Yi | Shenzhen Shuxiang Technology Co., Ltd. | Chairman and general manager | June 29, 2020 | October 12, 2022 | No |
| | Shenzhen CIMC Vehicles Park Investment and Management Co., Ltd. | Chairman | July 5, 2018 | – | No |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

| Name of Employee | Name of Employer | Position at Employer | Start Date of Term of Office | End Date of Term of Office | Is any Remuneration or Allowance Received from the Employer |
|------------------|---|----------------------|------------------------------|----------------------------|---|
| | Shaanxi CIMC Vehicle Industrial Park Investment and Development Co., Ltd. | Chairman | August 10, 2018 | – | No |
| | Shaanxi CIMC Vehicle Industrial Park Property Management Co., Ltd. | Chairman | August 4, 2020 | – | No |
| | Chengdu CIMC Traffic Equipment Manufacturing Co., Ltd. | Chairman | September 26, 2012 | – | No |
| | Shenyang CIMC Industrial Park Investment and Development Co., Ltd. | Chairman | July 23, 2018 | – | No |
| | Chengdu CIMC Industrial Park Investment and Development Co., Ltd. | Chairman | February 10, 2010 | – | No |
| | Chengdu CIMC Industrial Park Management Co., Ltd. | Chairman | August 23, 2010 | – | No |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

| Name of Employee | Name of Employer | Position at Employer | Start Date of Term of Office | End Date of Term of Office | Is any Remuneration or Allowance Received from the Employer |
|--|--|----------------------|------------------------------|----------------------------|---|
| | Shenzhen Chuangyuan Enterprise Management Co., Ltd. | Supervisor | April 9, 2019 | October 12, 2022 | No |
| | Shenzhen Qiyuan Enterprise Management Center Co., Ltd. | Supervisor | May 14, 2019 | – | No |
| | Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd. | Supervisor | December 14, 2015 | – | No |
| Wang Zhujiang | Wuhu Ruijiang Investment Co., Ltd. | Executive Director | April 30, 2009 | – | No |
| | Chuzhou Guoyuan Small Loan Co., Ltd. | Director | March 31, 2011 | – | No |
| Description of employment with the employers | Nil | | | | |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

Penalties imposed by the securities regulatory authority in the past three years on the current Directors, Supervisors and senior management of the Company and those who resigned during the Reporting Period

Applicable Not applicable

4. Remuneration of Directors, Supervisors and Senior Management

Decision-making procedures, basis for determination and actual payment of remuneration of Directors, Supervisors and senior management

1. Decision-making procedures for the remuneration of Directors, Supervisors and senior management: The remuneration of all Directors shall be considered at the general meeting after consideration by the Remuneration Committee and the Board; the remuneration of Supervisors shall be considered at the general meeting after consideration and approval by the Supervisory Committee; the remuneration of senior management shall be considered by the Board after review by the Remuneration Committee.
2. Basis for determining the remuneration of Directors, Supervisors and senior management: The Company has a formal and transparent policy on the remuneration of Directors, Supervisors, senior management and other remuneration-related matters. The remuneration of the Company's senior management is determined based on their specific posts or positions at the Company, the industry and market benchmarks, and is closely linked with the results of operations of the Company and the performance of individuals. None of the Directors, Supervisors and senior management shall participate in determining their remuneration. During the Reporting Period, executive Directors, non-executive Directors and Supervisors, other than independent non-executive Directors, were not remunerated by the Company for their services as such; Directors and Supervisors who concurrently hold the position of senior management or other positions at the Company were remunerated according to the remuneration system for such positions.
3. Actual payment of remuneration to Directors, Supervisors and senior management: As at the end of the Reporting Period, all remunerations payable to Directors, Supervisors and senior management in 2022 were paid.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT (Continued)

Remuneration of Directors, Supervisors and senior management of the Company during the Reporting Period

Unit: RMB'0,000

| Name | Title | Gender | Age | Employment status (in office, out of office, removed) | Total pre-tax remuneration received from the Company | Is any remuneration received from related parties of the Company |
|-------------------------|--|--------|-----|---|--|--|
| Mai Boliang | Chairman of the Board and non-executive Director | Male | 64 | In office | 0 | Yes |
| Li Guiping | Executive Director, Chief Executive Officer and President | Male | 58 | In office | 538.04 | No |
| Zeng Han | Non-executive Director | Male | 47 | In office | 0 | Yes |
| Wang Yu | Non-executive Director | Male | 50 | In office | 0 | Yes |
| He Jin | Non-executive Director | Male | 43 | In office | 0 | Yes |
| Lin Qing | Non-executive Director | Female | 42 | In office | 0 | Yes |
| Feng Jinhua | Independent non-executive Director | Male | 67 | In office | 20.00 | No |
| Fan Zhaoping | Independent non-executive Director | Male | 68 | In office | 20.00 | No |
| Cheng Hok Kai Frederick | Independent non-executive Director | Male | 59 | In office | 20.00 | No |
| Chen Bo | Non-executive Director | Male | 59 | Out of office | 0 | Yes |
| Huang Haicheng | Non-executive Director | Male | 38 | Out of office | 0 | Yes |
| Wang Jinghua | Chairman of the Supervisory Committee | Female | 59 | In office | 0 | Yes |
| Feng Baochun | Supervisor | Male | 53 | In office | 0 | Yes |
| Song Yanwen | Supervisor | Male | 56 | In office | 28.08 | No |
| Jiang Qiwen | Executive vice president | Male | 59 | In office | 361.74 | No |
| Wang Zhujiang | Senior vice president | Male | 58 | In office | 140.07 | No |
| Mao Yi | Vice president, secretary of the Board and joint company secretary | Female | 48 | In office | 139.28 | No |
| Li Xiaofu | Vice president and chief technology officer | Male | 38 | In office | 186.96 | No |
| Zhan Rui | Financial director | Male | 41 | In office | 111.71 | No |
| Sun Chunan | Executive vice president and chief operating officer of the PRC business | Male | 53 | Out of office | 5.99 | No |
| Li Zhimin | Vice president, secretary of the Board and joint company secretary | Female | 53 | Out of office | 115.31 | No |
| Total | — | — | — | — | <u>1,687.18</u> | — |

Note: The above remunerations for 2022 are based on the terms of office of Directors, Supervisors and senior management.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

VIII. PERFORMANCE OF DUTIES BY DIRECTORS DURING THE REPORTING PERIOD

1. Meetings of the Board During the Reporting Period

| Session | Date of Meeting | Date of Disclosure | Resolution of Meeting |
|---|-------------------|--------------------|--|
| The first meeting of the second session of the Board in 2022 | January 21, 2022 | January 24, 2022 | The following were considered and approved: <ol style="list-style-type: none"> 1. Resolution on Appointment of Mr. Wang Zhujiang as Senior Vice President of the Company 2. Resolution on Appointment of Ms. Mao Yi as Vice President of the Company |
| The second meeting of the second session of the Board in 2022 | February 22, 2022 | February 23, 2022 | The following were considered and approved: <ol style="list-style-type: none"> 1. Resolution on Development of the Foreign Exchange Risk Management System of CIMC Vehicles (Group) Co., Ltd. 2. Resolution on Development of Forward Exchange Rate Hedging Business in 2022 |
| The third meeting of the second session of the Board in 2022 | March 24, 2022 | March 25, 2022 | The following were considered and approved: <ol style="list-style-type: none"> 1. Final Financial Accounts for 2021, the Annual Report 2021, the Summary of the Annual Report 2021, and the Announcement of Annual Results for the Year ended December 31, 2021 2. Investment Plan for 2022 3. Fund Plan for 2022 <ol style="list-style-type: none"> 3.1 Resolution on Total Financing Credit Line in 2022 3.2 Resolution on Provision of Guarantees for Subsidiaries, Their Distributors and Customers in 2022 3.3 Resolution on External Guarantees and Connected/Related Party Transactions 4. Special Report on the Company's Forward Exchange Rate Hedging Business in 2021 5. Profit Distribution Plan for 2021 6. Resolution on Appointment of Auditors in 2022 7. Report on Continuous Risk Assessment of CIMC Finance Co., Ltd. in 2021 8. Special Report on Deposit and Actual Use of A Share Proceeds in 2021 |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

| Session | Date of Meeting | Date of Disclosure | Resolution of Meeting |
|---------|-----------------|--------------------|--|
| | | | 9. Report on Self-evaluation of Internal Control in 2021 |
| | | | 10. Resolution on Amendment to the Working Rules for the Audit Committee of the Board |
| | | | 11. Resolution on Amendment to the Management System for External Financial Assistance |
| | | | 12. Resolution on Amendment to the Management System for Outward Guarantee |
| | | | 13. Resolution on Amendment to the Management System for Standardizing the Transfer of Funds to and From Related Parties |
| | | | 14. Resolution on Development of Anti-corruption and Reporting System |
| | | | 15. Resolution on Waiver of the Preferential Subscription Right for the Capital Increase of CIMC Tongchuang and Related Party/Connected Transactions |
| | | | 16. Resolution on 2022 Senior Management Remuneration Plan |
| | | | 17. Resolution on Purchase of Liability Insurances for Directors, Senior Management and Supervisors |
| | | | 18. Resolution on Amendment to the Working Rules for the Remuneration Committee of the Board |
| | | | 19. Resolution on Amendment to the Working Rules for the Nomination Committee of the Board |
| | | | 20. Resolution on Amendment to the Working Rules for the Strategy and Investment Committee of the Board |
| | | | 21. Resolution on Transfer of Certain Equity Interests in Vanguard Trailer |
| | | | 22. Resolution on Amendment to the Articles of Association |
| | | | 23. Work Report of the Board for 2021 |
| | | | 24. Resolution on Amendment to the Rules of Procedure for the General Meeting |
| | | | 25. Resolution on Amendment to the Working Rules for Independent Non-executive Directors |
| | | | 26. Resolution on Amendment to the Information Disclosure Management System |
| | | | 27. Resolution on Development of the Management System of Information Disclosure Suspension and Exemption |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

| Session | Date of Meeting | Date of Disclosure | Resolution of Meeting |
|---|-----------------|--------------------|--|
| | | | 28. Resolution on Amendment to the Management System for Registration of Insiders 29. Resolution on Amendment to the Management System for Shares of the Company Held by Directors, Supervisors and Senior Management and Changes thereof 30. Resolution on Amendment to the Management System for Investor Relations 31. Resolution on Limit on Charity and Social Responsibility Funds in 2022 32. Resolution on Proposed Grant of General Mandate to Issue New Shares 33. Resolution on Request for 2021 Annual General Meeting |
| The fourth meeting of the second session of the Board in 2022 | April 26, 2022 | April 27, 2022 | The following were considered and approved: <ol style="list-style-type: none"> 2022 First Quarter Report Resolution on Entering into the Loans Financial Services Framework Agreement with CIMC Finance Company Ltd. and Related Party Transaction Risk Treatment Plan for Development of Loan Business of CIMC Finance Co., Ltd. Resolution on 2021 Social Responsibility and Environmental, Social and Governance Report Resolution on Election and Remuneration of Non-executive Directors for the Second Session of the Board |
| The fifth meeting of the second session of the Board in 2022 | June 2, 2022 | June 2, 2022 | The following were considered and approved: <ol style="list-style-type: none"> Resolution on Revision to the Estimated Cap on Continuing Connected Transactions/Daily Connected Transactions with CIMC and its Related Party/Connected Parties in 2022-2024 Resolution on Request for the First Extraordinary General Meeting in 2022 |
| The sixth meeting of the second session of the Board in 2022 | July 8, 2022 | July 11, 2022 | The following were considered and approved: Resolution on Change of the Secretary of the Board and Joint Company Secretary |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

| Session | Date of Meeting | Date of Disclosure | Resolution of Meeting |
|--|--------------------|--------------------|---|
| The seventh meeting of the second session of the Board in 2022 | August 25, 2022 | August 26, 2022 | <p>The following were considered and approved:</p> <ol style="list-style-type: none"> 1. The Interim Results Report for 2022, the 2022 Semi-annual Report, the Summary of the 2022 Semi-annual Report, the Interim Results Announcement for the Six Months Ended June 30, 2022, and the 2022 Semi-annual Special Report on Fund Utilization by Controlling Shareholders and Other Related Parties 2. Investment Progress in the First Half of 2022 and Investment Plans for the Second Half of 2022 3. Assessment Results in 2021 4. Cash Incentive Plan of CIMC Vehicles 2022-2023 5. Resolution on Mid-term Profit Distribution in 2022 6. Resolution on the 2022 Semi-annual Special Report on Deposit and Actual Use of A Share Proceeds 7. Proposal on Using Part of the Idle Proceeds from A Shares for Cash Management 8. Report on Continuous Risk Assessment of CIMC Finance Co., Ltd. |
| The eighth meeting of the second session of the Board in 2022 | September 8, 2022 | September 8, 2022 | <p>The following were considered and approved:</p> <ol style="list-style-type: none"> 1. Resolution on Election and Remuneration of Non-executive Directors for the Second Session of the Board 2. Resolution on the Project Scheme of Land Reserve for Tunnel Construction of Qingdao CIMC Special Vehicle Co., Ltd. 3. Resolution on Request for the Second Extraordinary General Meeting in 2022 |
| The ninth meeting of the second session of the Board in 2022 | September 16, 2022 | September 16, 2022 | <p>The following were considered and approved:</p> <p>Resolution on Nomination of Chairman Candidates and New Members of the Strategy and Investment Committee of the Second Session of the Board</p> |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

| Session | Date of Meeting | Date of Disclosure | Resolution of Meeting |
|---|------------------------|---------------------------|---|
| The tenth meeting of the second session of the Board in 2022 | September 19, 2022 | Not applicable | The Resolution on Adjusting the Development Plan for Certain Tank Container Businesses was considered |
| The Eleventh meeting of the second session of the Board in 2022 | October 25, 2022 | Not applicable | The following were considered and approved: 2022 Third Quarter Report |
| The twelfth meeting of the second session of the Board in 2022 | November 30, 2022 | December 1, 2022 | The following were considered and approved: Resolution on Removal Ms. Li Zhimin from the Position of Vice President of CIMC Vehicles |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

2. Attendance of Directors at Board Meetings and General Meetings

| Attendance of Directors at Board Meetings and General Meetings | | | | | | | |
|--|---------------|-------------|-----------|----------|------------|---------------|------------|
| Name of Director | Number | Number | Number | Number | Number of | Are there Two | Number |
| | of Board | | of Board | | | Consecutive | |
| | Meetings | of Board | Meetings | of Board | Absences | Attend Board | of General |
| | Expected to | Meetings | Attended | Meetings | from Board | Meetings in | Meetings |
| | Attend During | Attended in | by Remote | Attended | Meetings | Person | Attended |
| | the Reporting | Person | Means | by Proxy | Meetings | | |
| | Period | | | | | | |
| Mai Boliang | 12 | 3 | 9 | 0 | 0 | No | 3 |
| Li Guiping | 12 | 3 | 9 | 0 | 0 | No | 3 |
| Zeng Han | 12 | 3 | 9 | 0 | 0 | No | 3 |
| Wang Yu | 12 | 2 | 9 | 0 | 1 | No | 3 |
| Chen Bo | 3 | 1 | 2 | 0 | 0 | No | 0 |
| He Jin | 8 | 2 | 6 | 0 | 0 | No | 2 |
| Huang Haicheng | 7 | 2 | 5 | 0 | 0 | No | 2 |
| Lin Qing | 2 | 0 | 2 | 0 | 0 | No | 1 |
| Feng Jinhua | 12 | 3 | 9 | 0 | 0 | No | 3 |
| Fan Zhaoping | 12 | 3 | 9 | 0 | 0 | No | 3 |
| Cheng Hok Kai Frederick | 12 | 2 | 9 | 1 | 0 | No | 3 |

Description of the two consecutive failures to attend Board meetings in person

N/A

3. Objections of Directors to Relevant Matters of the Company

Did Directors have objections to relevant matters of the Company

Yes No

During the Reporting Period, Directors had no objection to relevant matters of the Company.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

4. Other Descriptions of Performance of Duties by Directors

Were the recommendations of Directors to the Company accepted

Yes No

Description of adoption of or failure to adopt the recommendations of Directors to the Company

All Directors of the Company diligently performed their duties, carefully reviewed the resolutions submitted to the Board, and fully considered the interests and demands of minority Shareholders in making decisions, and effectively enhanced the rationality of the decisions of the Board, thus promoting the sustained, stable and healthy development of the Company.

IX. INFORMATION ON SPECIAL COMMITTEES OF THE BOARD DURING THE REPORTING PERIOD

| Name of Committee | Member | Number of Meetings | Date of Meeting | Content of Meeting | Important Opinions and Suggestions | Other Information on Performance of Duties | Matters of Objection (If Any) |
|-------------------|---|--------------------|---------------------|---|---|--|-------------------------------|
| Audit Committee | Cheng Hok Kai Frederick, Feng Jinhua and Fan Zhaoping | 10 | February 8, 2022 | The Resolution on Formulation of the System of CIMC Vehicles (Group) Co., Ltd. for Foreign Exchange Risk Management and the Resolution on Development of Forward Exchange Rate Hedging Business in 2022 were considered | Further suggestions were made on the development of the Company's foreign exchange business | | |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

| Name of Committee | Member | Number of Meetings | Date of Meeting | Content of Meeting | Important Opinions and Suggestions | Other Information on Performance of Duties | Matters of Objection (If Any) |
|-------------------|--------|--------------------|-----------------|--|--|--|-------------------------------|
| | | | March 21, 2022 | The Final Financial Accounts for 2021, the Budget Plan for 2022, the Fund Plan for 2022, the Profit Distribution Plan for 2021, the Resolution on Amendment to the Working Rules for the Audit Committee of the Board, the Resolution on Amendment to the Management System for External Financial Assistance, the Resolution on Amendment to the Management System for Outward Guarantee, the Resolution on Amendment to the Management System for Standardizing the Transfer of Funds to and From Related Parties, the Resolution on Appointment of Auditors in 2022, the Report on Continuous Risk Assessment of CIMC Finance Co., Ltd. in 2021, the Resolution on Development of Anti-corruption and Reporting System, the Report on Daily Connected Transactions/Continuing Connected Transactions in 2021, the Special Report on Deposit and Actual Use of A Share Proceeds in 2021, the Special Report on Financial Businesses Including Deposits and Loans Involved Connected Transactions of CIMC Finance Co., Ltd. in 2021, the Report on Self-evaluation of Internal Control in 2021, the Special Report on the Company's Forward Exchange Rate Hedging Business in 2021, the Resolution on Waiver of the Preferential Subscription Right for the Capital Increase of CIMC Tongchuang and Related Party/ Connected Transactions, and the Special Report on Fund Utilization by Controlling Shareholders and Other Related Parties were considered | Further suggestions were made on the Company's annual budget report and internal control of related party transactions, etc. | | |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

| Name of Committee | Member | Number of Meetings | Date of Meeting | Content of Meeting | Important Opinions and Suggestions | Other Information on Performance of Duties | Matters of Objection (If Any) |
|-------------------|--------|--------------------|-----------------|--|--|--|-------------------------------|
| | | | April 23, 2022 | The 2021 ESG Report, the 2022 First Quarter Report and the Resolution on Signature of Loan Service Agreement with CIMC Finance Co., Ltd. and Related Party Transaction were considered | Further suggestions were made on the internal management of the Company | | |
| | | | May 28, 2022 | The Resolution on Revision to the Estimated Cap on Continuing Connected Transactions/Daily Connected Transactions with CIMC and its Related Party/ Connected Parties in 2022-2024 was considered | Further suggestions were made on the management and internal control of related party transactions of the Company. | | |
| | | | June 25, 2022 | Work Report on Reconstruction of Internal Audit Team in 2022, Internal Control Evaluation in 2021, Internal Audit Work Plan in 2022 and Progress in the First Quarter | Further suggestions were made on the work of the internal audit department of the Company. | | |
| | | | July 2, 2022 | Communication on whether the 2022 semi-annual report was required to be audited by auditors – there was a lack of summary text and meeting notices | Further suggestions were made on the review of the Company's 2022 semi-annual report | | |
| | | | August 22, 2022 | The Interim Results Report for 2022, the Budget B2 for 2022, the Resolution on the Interim Profit Distribution in 2022, the 2022 Semi-annual Special Report on Deposit and Actual Use of Funds Raised, the Proposal on Using Part of the Idle Proceeds from A Shares for Cash Management, the Report on Continuous Risk Assessment of CIMC Finance Co., Ltd., and the Special Report on Internal Audit Work in the First Half of 2022. | Further suggestions were made on the Company's B2 budget. | | |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

| Name of Committee | Member | Number of Meetings | Date of Meeting | Content of Meeting | Important Opinions and Suggestions | Other Information on Performance of Duties | Matters of Objection (If Any) |
|-----------------------------------|---|--------------------|-------------------|---|--|--|-------------------------------|
| | | | October 21, 2022 | The 2022 Third Quarter Report was considered | | | |
| | | | November 15, 2022 | Internal audit for the third quarter of 2022 was reported | | | |
| | | | December 22, 2022 | The audit strategy for 2022 was reported. | Further suggestions were made on the audit of related matters of the Company in 2022 | | |
| Strategy and Investment Committee | Huang Haicheng, Wang Yu, Zeng Han and Fan Zhaoping (Mr. Huang Haicheng vacated office on September 7, 2022, and Mr. He Jin was appointed on September 16, 2022) | 3 | March 21, 2022 | The Resolution on Amendment to the Working Rules for the Strategy and Investment Committee of the Board, the Investment Plan for 2022, the Resolution on Waiver of the Preferential Subscription Right for the Capital Increase of CIMC Tongchuang and the Resolution on Transfer of Certain Equity Interests in Vanguard Trailer were considered | | | |
| | | | August 22, 2022 | The Resolution on the Investment Progress of CIMC Vehicles in the First Half of 2022 and its Investment Plans for the Second Half of 2022 was considered. | | | |
| | | | August 31, 2022 | The Resolution on the Resolution on the Project Scheme of Land Reserve for Tunnel Construction of Qingdao CIMC Special Vehicle Co., Ltd. was considered. | | | |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

| Name of Committee | Member | Number of Meetings | Date of Meeting | Content of Meeting | Important Opinions and Suggestions | Other Information on Performance of Duties | Matters of Objection (If Any) |
|------------------------|--|--------------------|-------------------|--|--|--|-------------------------------|
| Remuneration Committee | Fan Zhaoping, Zeng Han and Feng Jinhua | 6 | March 16, 2022 | The Resolution on Purchase of Liability Insurances for Directors, Senior Management and Supervisors, the Resolution on Amendment to the Working Rules for the Remuneration Committee of the Board, and the Senior Management Remuneration Plan were considered | Further suggestions were made on liability insurances for Directors, senior management and Supervisors of the Company, and bonuses for the president | | |
| | | | April 21, 2022 | The Resolution on Election and Remuneration of Non-executive Directors for the Second Session of the Board was considered | | | |
| | | | August 19, 2022 | The Resolution on the Assessment Results of CIMC Vehicles in 2021 was considered | | | |
| | | | August 23, 2022 | The Resolution on the Cash Incentive Plan and Long-term Incentive Framework of CIMC Vehicles 2022-2023 was considered | Suggestions were made on the indicator parameters of the performance contract framework of the Company, etc. | | |
| | | | September 1, 2022 | The Resolution on the Cash Incentive Plan of CIMC Vehicles 2022 was considered | | | |
| | | | September 2, 2022 | The Resolution on Election and Remuneration of Non-executive Directors for the Second Session of the Board was considered | | | |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

| Name of Committee | Member | Number of Meetings | Date of Meeting | Content of Meeting | Important Opinions and Suggestions | Other Information on Performance of Duties | Matters of Objection (If Any) |
|----------------------|--|--------------------|-------------------|---|------------------------------------|--|-------------------------------|
| Nomination Committee | Feng Jinhua, Mai Boliang and Fan Zhaoping | 6 | January 14, 2022 | The Resolution on Appointment and Dismissal of Senior Management of the Headquarters of CIMC Vehicles was considered | | | |
| | | | March 19, 2022 | The Resolution on Amendment to the Working Rules for the Nomination Committee was considered | | | |
| | | | April 21, 2022 | The Resolution on Election and Remuneration of Non-executive Directors for the Second Session of the Board was considered | | | |
| | | | July 1, 2022 | The Resolution on Change of the Secretary of the Board and Joint Company Secretary was considered | | | |
| | | | September 2, 2022 | The Resolution on Election and Remuneration of Non-executive Directors for the Second Session of the Board was considered | | | |
| | | | November 22, 2022 | The Resolution on Removal of Li Zhimin, Senior Management Member of CIMC Vehicles was considered | | | |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

| Name of Director | Attendance of Directors at Meeting of Special Committees | | | | | | | |
|--------------------------------|--|--------------------|------------------------|--------------------|----------------------|--------------------|-----------------------------------|--------------------|
| | Audit Committee | | Remuneration Committee | | Nomination Committee | | Strategy and Investment Committee | |
| | Number of Meetings | Number of Meetings | Number of Meetings | Number of Meetings | Number of Meetings | Number of Meetings | Number of Meetings | Number of Meetings |
| | Expected to Attend | Attended | Expected to Attend | Attended | Expected to Attend | Attended | Expected to Attend | Attended |
| Mai Boliang | - | - | - | - | 6 | 6 | - | - |
| Li Guiping | - | - | - | - | - | - | - | - |
| Zeng Han | - | - | 6 | 6 | - | - | 3 | 3 |
| Wang Yu | - | - | - | - | - | - | 3 | 3 |
| Chen Bo <i>(Note 1)</i> | - | - | - | - | - | - | - | - |
| Huang Haicheng <i>(Note 2)</i> | - | - | - | - | - | - | 1 | 1 |
| Lin Qing <i>(Note 3)</i> | - | - | - | - | - | - | - | - |
| He Jin <i>(Note 4)</i> | - | - | - | - | - | - | - | - |
| Feng Jinhua | 10 | 10 | 6 | 6 | 6 | 6 | - | - |
| Fan Zhaoping | 10 | 10 | 6 | 6 | 6 | 6 | - | - |
| Cheng Hok Kai Frederick | 10 | 10 | - | - | - | - | - | - |

Notes:

- (1) *Mr. Chen Bo (resigned as a non-executive Director and did not serve as a member of special committees on March 28, 2022)*
- (2) *Mr. Huang Haicheng (resigned as a non-executive Director and chairman of the Strategy and Investment Committee on September 7, 2022)*
- (3) *Ms. Lin Qing (appointed as a non-executive Director and did not serve as a member of special committees on September 30, 2022)*
- (4) *Mr. He Jin (appointed as a non-executive Director on May 31, 2022 and member of the Strategy and Investment Committee on September 16, 2022)*

X. INFORMATION ON WORK OF THE SUPERVISORY COMMITTEE

Are there risks to the Company identified by the Supervisory Committee in supervision during the Reporting Period

Yes No

The Supervisory Committee has no objections to the matters subject to supervision during the Reporting Period.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)***XI. INFORMATION ON EMPLOYEES OF THE COMPANY****1. Number of Employees, Composition of Employees by Categories and Their Educational Attainment**

| | |
|---|--------|
| Number of in-service employees at the parent company as at the end of the Reporting Period (person) | 195 |
| Number of in-service employees at major subsidiaries as at the end of the Reporting Period (person) | 11,780 |
| Total number of in-service employees as at the end of the Reporting Period (person) | 11,975 |
| Total number of salaried employees during the period (person) | 11,975 |
| Number of retired employees with expenses borne by the parent company and major subsidiaries (person) | 19 |

Composition of Employees by Categories

| Category | Number of Employees (Person) |
|--------------------------|-------------------------------------|
| Production personnel | 7,461 |
| Sales personnel | 1,143 |
| Technician | 620 |
| Financial personnel | 261 |
| Administrative personnel | 1,995 |
| Manager | 495 |
| Total | 11,975 |

Educational Attainment

| Level | Number (Person) |
|-----------------------------|------------------------|
| Doctoral degree or above | 7 |
| Master's degree | 221 |
| Bachelor's degree | 1,932 |
| College degree | 2,221 |
| High school degree or below | 7,594 |
| Total | 11,975 |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

2. Remuneration Policy

The Group adheres to the talent philosophy and strategy of “putting the strugglers first, and creating, building and sharing together”, and strictly complies with labor laws and relevant laws and regulations in the place where the Company is located. Under the “position value, individual ability and individual contribution” salary philosophy and orientation, the Group implements a performance appraisal mechanism for fair work, and continuously improves its employee remuneration and benefit systems. Meanwhile, the Group actively ponders over the challenges in its development, continuously innovates its thinking, establishes and improves a diversified incentive system, and actively explores long-term incentives. It continuously improves the competence and performance of its employees and stimulates the vitality of the organization and its employees by using differentiated incentives and motivation tools, so as to help the Group and its employees develop steadily in the long term. In 2022, the remuneration of employees of the Group amounted to RMB2,018.4 million (2021: RMB2,373.3 million).

3. Training Plans

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

4. Labor Outsourcing

Applicable Not applicable

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

XII. PROFIT DISTRIBUTION AND CONVERSION OF CAPITAL RESERVE INTO SHARE CAPITAL

Formulation, implementation or adjustment of policies of profit distribution, especially cash dividend policies, during the Reporting Period

Applicable Not applicable

The Company has implemented a continuous and stable profit distribution policy, subject to relevant laws and regulations and the Articles of Association. Pursuant to applicable laws, the declaration and payment of any dividends require the approval of the Board at its discretion, and depend on our actual and expected results of operations, cash flows, financial position, general business conditions, business strategies, expected working capital requirements, future expansion plans, legal, regulatory and other contractual restrictions, and other factors that the Board considers appropriate. Any dividend of the Company for each fiscal year shall be subject to approval by the general meeting. The Company's stable and active dividend policy is welcomed by the Shareholders and fully safeguards the interests of minority Shareholders. The Company makes dividend distribution decisions in strict accordance with the Articles of Association and relevant regulatory requirements. The Company strives to achieve good results so as to create good returns for its Shareholders.

The Company's plans for profit distribution and conversion of capital reserve into share capital for the Reporting Period comply with the Articles of Association and other requirements.

Specific Explanation on Cash Dividend Policy

| | |
|---|-----|
| Was it in compliance with the requirements of the Company's Articles of Association and the resolution of the general meeting: | Yes |
| Were the dividend distribution criteria and proportion well-defined and clear: | Yes |
| Were related decision-making processes and mechanisms complete: | Yes |
| Did independent Directors fulfil their duties and play their roles: | Yes |
| Were the minority Shareholders given opportunities to sufficiently voice their opinions and make requests and were their legal interests fully protected: | Yes |
| Were conditions and procedures legal and transparent in the case of adjustments or changes to the cash dividend policy: | N/A |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

The Company's plans for profit distribution and conversion of capital reserve into share capital for the Reporting Period are consistent with the Articles of Association and the dividend distribution management measures

Yes No Not applicable

The Company's plans for profit distribution and conversion of capital reserve into share capital for the Reporting Period comply with the Articles of Association and other requirements.

Profit distribution and conversion of capital reserve into share capital for the year

| | |
|--|------------------|
| Number of bonus shares for every 10 shares (share) | 0 |
| Amount of dividend for every 10 shares (RMB) (inclusive of tax) | 3.00 |
| Number of shares converted for every 10 shares (share) | 0 |
| Equity base of distribution plan (share) | 2,017,600,000.00 |
| Cash dividends (RMB) (inclusive tax) | 605,280,000.00 |
| Cash dividends distributed by other methods (such as repurchase of shares) (RMB) | 0 |
| Total cash dividends (including those distributed by other methods) (RMB) | 605,280,000.00 |
| Distributable profit (RMB) | 703,743,099.51 |
| Total cash dividends (including those distributed by other methods) as a percentage of the total profit distribution | <u>100%</u> |

Information on the Cash Distribution

If the Company is at the mature stage of development without significant capital expenditure arrangements, the cash dividend shall account for at least 80% in the profit distribution.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

Detailed Description of the Plans for Profit Distribution or Conversion of Capital Reserve into Share Capital

In order to actively repay the Shareholders and share the results of operations of the Company with the Shareholders, and subject to the profit distribution principle and the normal operation and long-term development of the Company, the proposed profit distribution plan of the Company for 2022 is as follows: As at March 27, 2023, the total share capital of the Company was 2,017,600,000 Shares. The Company intends to distribute to all Shareholders, a cash dividend of RMB3.00 (inclusive of tax) for every 10 Shares (i.e. a cash dividend of RMB0.30 (inclusive of tax) per Share), amounting to RMB605,280,000.00 (inclusive of tax), without bonus shares and conversion of capital reserve into share capital. The remaining distributable profits of the Company will be carried forward for future use.

Cash dividend will be denominated and declared in RMB and paid to holders of A Shares and southbound Shareholders of the Company in RMB and holders of H Shares of the Company in Hong Kong dollars. The actual amounts declared in Hong Kong dollars are determined, based on the central parity of the relevant exchange rate as announced by the People's Bank of China on the first business day after the date of the 2022 AGM of the Company. The Company will complete the distribution of cash dividends within 2 months after consideration and approval by the general meeting, and the cash dividends are expected to be paid in cash on or before Monday, July 24, 2023.

The profit distribution is based on the total share capital registered on the date of record on which the equity is distributed. If there is a change in the total share capital of the Company between the date of the Board meeting approving the Profit Distribution Plan 2022 and the record date on which the equity is distributed, the Company intends to maintain the distribution per Share unchanged and adjust the total distribution accordingly, and will separately announce specific adjustments.

The plan is subject to consideration and approval at the general meeting of the Company.

No cash dividend distribution plans were proposed while the Company was profitable and there were profits of the parent company distributable to Shareholders during the Reporting Period

Applicable Not applicable

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

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

Applicable Not applicable

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

XIV. CONSTRUCTION AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEMS DURING THE REPORTING PERIOD

1. Construction and Implementation of Internal Control

According to the relevant requirements of the China Securities Regulatory Commission and Shenzhen Stock Exchange, and the basic principles of internal control, the Company improved and updated its internal control system in a timely manner, in consideration of its actual situation. Based on adjusting the internal organizational structure and duties, the Company comprehensively reviewed its current rules and systems, and optimized and improved them in a timely manner. Meanwhile, the Company strengthened the supervision of its key businesses and continuously carried out various special inspections and evaluations. The Company could identify and correct the deviations in its operation and management in a timely manner, reasonably protect the safety and integrity of its assets, and reasonably ensure the truthfulness, accuracy and completeness of accounting information.

The Company's management organization system for internal control of risks comprising the Audit Committee of the Board and the internal audit department supervises and evaluates the Company's internal control management. The Report on Self-evaluation of Internal Control for 2022 comprehensively, truly and accurately reflects the actual situation of the Company's internal control. There were no critical or major deficiencies in the internal control of the Company during the Reporting Period.

Through the operation, analysis and evaluation of its internal control system, the Company effectively prevents risks in its operation and management and promotes the realization of internal control objectives. In the future, the Company will continue to improve its internal control system, standardize the implementation of its internal control system, strengthen internal control supervision and inspection, and promote its healthy and sustainable development.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

2. Details of Critical Deficiencies in Internal Control Identified during the Reporting Period

Yes No

XV. MANAGEMENT AND CONTROL OF SUBSIDIARIES BY THE COMPANY DURING THE REPORTING PERIOD

During the Reporting Period, the Company managed its subsidiaries according to the System for Management of Majority-owned Subsidiaries of the Company, and there were no new subsidiaries acquired during the Reporting Period.

XVI. REPORT ON SELF-EVALUATION OF INTERNAL CONTROL OR INTERNAL CONTROL AUDIT REPORT

1. Report on Self-evaluation of Internal Control

| | |
|---|--|
| Date of disclosure of the internal control evaluation report | March 28, 2023 |
| Index for disclosure of the report on the evaluation of internal control | Website of Cninfo at http://www.cninfo.com.cn/ |
| Total assets of companies covered by the evaluation as a percentage of the total consolidated assets of the Company | 88% |
| Revenue of companies covered by the evaluation as a percentage of the consolidated revenue of the Company | 91% |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

| Types | Deficiency Identification Criteria | |
|----------------------|--|---|
| | Financial Reporting | Non-financial Reporting |
| Qualitative criteria | <p>Critical deficiencies: (1) Any degree of fraud by the Directors, Supervisors and management is identified;</p> <p>(2) The published financial statements are rectified to reflect the correction of material misstatements arising out of errors or fraud;</p> <p>(3) The auditors identify material misstatements affecting the financial reports for the period, which are not initially identified by the internal control system of the Company;</p> <p>(4) Critical deficiencies reported to the management are not corrected within a reasonable period; or the enterprise rectifies its internal control with critical deficiencies before the base date, but fails to implement the new control for a sufficient period of time;</p> <p>(5) The incompetence, omission or nonperformance of the management in internal control leads to the failure of the enterprise;</p> <p>(6) The internal control supervision by the Audit Committee and internal auditors is ineffective;</p> <p>(7) Deficiencies leading to the total amount of related transactions exceeding the related transaction limit approved by the general meeting.</p> <p>Major deficiencies: (1) Internal control deficiencies in the following aspect, which, after comprehensive analysis, are deemed to cause the failure to reasonably ensure the truthfulness, accuracy and reliability of the information in financial statements shall be identified as major deficiencies:</p> | <p>Critical deficiencies: (1) Serious deficiencies in rules and systems that set the management above internal control;</p> <p>(2) The business activities of the enterprise seriously violate the laws and regulations of China;</p> <p>(3) The decision-making procedures for major decisions, major issues, major appointment and removal, and large payment business are not compliant;</p> <p>(4) Abnormal and significant loss of management or technical backbones;</p> <p>(5) Frequent occurrence of negative news in the media, or negative impact on periodic reports officially published by the Company;</p> <p>(6) The infringement or leakage of patented or proprietary technology leads to a loss of market competitiveness of one or more products of the Company.</p> |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

| Types | Deficiency Identification Criteria | |
|-------|---|---|
| | Financial Reporting | Non-financial Reporting |
| | <ul style="list-style-type: none"> • Internal control over the selection and application of accounting policies in accordance with generally accepted accounting standards; • Anti-fraud procedures and controls; • Internal control over unusual or non-systematic transactions; • Internal control over processes of financial reporting as at the end of the period; • Internal control over information systems in relation to financial reporting; • Failure of compliance supervision functions that have a significant impact on the reliability of financial reports; • Negative impact arising out of the failure to periodically report or disclose to the Company, any punishment by national government authorities; • Internal audit functions or risk assessment functions are ineffective in enterprises that require such functions for effective monitoring; | <p>Major deficiencies: (1) Major deficiencies are reported to the management but were not corrected within a reasonable period;</p> <p>(2) The infringement or leakage of patented or proprietary technology weakens the market competitiveness of one or more products of the Company but does not affect the market position of the products.</p> <p>General deficiencies: The infringement or leakage of patented or proprietary technology weakens the market competitiveness of one or more products of the Company, without a significant impact.</p> |
| | | (2) Major deficiencies are reported to the management but are not corrected within a reasonable period; |
| | | (3) The infringement or leakage of patented or proprietary technology weakens the market competitiveness of one or more products of the Company but does not affect the market position of the products. |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

| Types | Deficiency Identification Criteria | |
|-----------------------|---|--|
| | Financial Reporting | Non-financial Reporting |
| | <p>General deficiencies: (1) Negative impact arising out of the failure to periodically report or disclose to the Company, any punishment by government authorities at the provincial level or below;</p> <p>(2) The infringement or leakage of patented or proprietary technology weakens the market competitiveness of one or more products of the Company, without a significant impact.</p> | |
| Quantitative criteria | <p>Critical deficiencies: The misstated amount in a financial statement falls in the following range:</p> <p>(1) $X \geq 1\%$ of the total sales revenue;</p> <p>(2) $X \geq 5\%$ of the total profit;</p> <p>(3) $X \geq 1\%$ of the total assets;</p> <p>(4) $X \geq 1\%$ of the total ownership interest.</p> <p>Major deficiencies: The misstated amount in a financial statement falls in the following range:</p> <p>(1) 0.2% of the total sales revenue $\leq X < 1\%$ of the total sales revenue;</p> <p>(2) 1% of the total profit $\leq X < 5\%$ of the total profit;</p> <p>(3) 0.2% of the total assets $\leq X < 1\%$ of the total assets;</p> <p>(4) 0.2% of the total ownership interest $\leq X < 1\%$ of the total ownership interest.</p> | <p>Critical deficiencies: (1) Internal control system documents have not been maintained or updated and complete working papers for internal control sampling have not been formed, for 3 consecutive years or more;</p> <p>(2) Interruption of the Company's communication system (including network, mail and telephone), ERP system, financial information system, PDM system, OA system and other important public IT systems or platforms lasts for over 48 consecutive hours.</p> <p>Major deficiencies: (1) Internal control system documents have not been maintained or updated for 2 consecutive years, and working papers for internal control sampling have not been formed;</p> |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

| Types | Deficiency Identification Criteria | |
|-------|---|--|
| | Financial Reporting | Non-financial Reporting |
| | <p>General deficiencies: The misstated amount in a financial statement falls in the following range:</p> <p>(1) X < 0.2% of the total sales revenue;</p> <p>(2) X < 1% of the total profit;</p> <p>(3) X < 0.2% of the total assets;</p> <p>(4) X < 0.2% of the total ownership interest.</p> | <p>(2) Interruption of the Company's communication system (including network, mail and telephone), ERP system, financial information system, PDM system, OA system and other important public IT systems or platforms lasts for over 24 consecutive hours but less than 48 consecutive hours.</p> <p>General deficiencies: (1) Internal control system documents have not been maintained or updated, and complete working papers for internal control sampling have not been formed, on an annual basis;</p> <p>(2) The Company's communication system (including network, mail and telephone), ERP system, financial information system, PDM system, OA system and other important public IT systems or platforms are unstable, and sporadically interrupted, but can be restored to normal operation within 24 hours.</p> |
| | Number of critical deficiencies in financial reporting (deficiency) | 0 |
| | Number of critical deficiencies in non-financial reporting (deficiency) | 0 |
| | Number of major deficiencies in financial reporting (deficiency) | 0 |
| | Number of major deficiencies in non-financial reporting (deficiency) | 0 |

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)***2. Internal Control Audit Report or Assurance Report**

Internal control assurance report

Opinions in the Internal Control Assurance Report

We believe that CIMC Vehicles has maintained effective internal control over financial reporting in all material respects in accordance with the Basic Standards for Internal Control of Enterprises as at December 31, 2022.

Disclosure of the internal control assurance report Disclosed

Date of disclosure of the internal control assurance report March 28, 2023

Index for disclosure of the internal control assurance report The Internal Control Audit Report of CIMC Vehicles (Group) Co., Ltd. disclosed on <http://www.cninfo.com.cn/>

Type of the opinion in the internal control assurance report Standard unqualified opinion

Are there critical deficiencies in non-financial reporting No

Did the auditors issue a modified internal control assurance report

Yes No

Was the internal control assurance report issued by the auditors consistent with the opinions in the report on self-evaluation issued by the Board

Yes No

XVII. RECTIFICATION OF PROBLEMS IDENTIFIED IN SELF-INSPECTION IN SPECIAL ACTIONS FOR GOVERNANCE OF THE COMPANY

Not applicable

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

XVIII. CORPORATE GOVERNANCE REPORT PREPARED IN ACCORDANCE WITH THE LISTING RULES OF THE HONG KONG STOCK EXCHANGE

The Company understands that Shareholders' confidence and faith in the Company comes with good corporate governance, which is fundamental to enhancing Shareholders' value and interests. The principles applied to the Company's corporate governance practices emphasize an effective Board, prudent risk management and internal control system, corporate transparency and quality disclosure.

The Company has been constantly striving to review and improve the quality of corporate governance practices with reference to local and international standards. Since the Listing Date of H Shares, the Company has adopted the Corporate Governance Code as its principal guideline on corporate governance practices.

Meanwhile, in accordance with relevant regulatory requirements from the Hong Kong Stock Exchange, the CSRC and the Shenzhen Stock Exchange, the Company has formulated the following policies and systems in relation to corporate governance as the major components of its corporate governance structure. The main policies and systems are as follows:

- Rules of Procedure for the General Meeting;
- Rules of Procedure for the Board of Directors;
- Rules of Procedure for the Supervisory Committee;
- Working Rules for the Audit Committee of the Board;
- Working Rules for the Remuneration Committee of the Board;
- Working Rules for the Nomination Committee of the Board;
- Working Rules for the Strategy and Investment Committee of the Board;
- Working Rules for Independent Non-executive Directors;
- Working Rules for the President;
- Working Rules for the Secretary of the Board;
- Management System for Outward Investment;
- Management System for Outward Guarantee;

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

- Management System for Raised Funds;
- Management System for Entrusted Wealth;
- Management System for External Financial Assistance;
- Management System for Securities Investment;
- Management System for Foreign Exchange Risk;
- Connected Transaction Management System;
- Information Disclosure Management System;
- Management System for Information Disclosure Suspension and Exemption;
- Management System for Investor Relations;
- Management System for Inside Information;
- Management System for Registration of Insiders;
- Management System for Shares of the Company Held by Directors, Supervisors and Senior Management and Changes thereof;
- Internal Audit System;
- Management System for Majority-owned Subsidiaries;
- Management System for Standardizing the Transfer of Funds to and From Related Parties;
- Management System for Seal;
- Procedures for Shareholders to Nominate Director Candidates;
- Shareholders' Communication Policy;
- Nomination Policy of Directors;
- Board Diversity Policy;
- Dividend Policy.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

The Company has complied with all the code provisions of the Corporate Governance Code during the Reporting Period.

1. BOARD OF DIRECTORS

(1) Corporate Governance Functions

The Board is responsible for performing the functions set out in code provision A.2.1 of the Corporate Governance Code, including (1) to develop and review the Company's policies and practices on corporate governance and make recommendations on the General Meeting (if necessary); (2) to review and monitor the training and continuous professional development of Directors and senior management; (3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (4) to develop, review and monitor the code of conduct and compliance manual (if any) for employees of the Company and Directors; and (5) to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report of the Company.

(2) Duties and assignments

The Board represents the interests of all Shareholders and is accountable to the general meeting. The Board is principally responsible for: (1) convening general meetings and making proposals or proposing resolutions at the general meetings, proposing relevant matters at the general meetings for approval and reporting its work to the general meetings; (2) implementing the resolutions passed at general meetings; (3) determining the Company's specific business operation plans and investment schemes; (4) formulating the Company's annual financial budget and final accounts; (5) formulating the Company's profit distribution plans and plans for recovery of losses; (6) formulating proposals for increase or reduction of the Company's registered capital and for the issuance of corporate bonds; (7) drafting plans for the Company's acquisition and disposal of material assets, repurchase of Shares of the Company, or merger, division, dissolution and transformation of the Company, which are subject to the approval at the general meetings; (8) determining the establishment of the Company's internal management structure, the details of which have been included in the Articles of Association of the Company. For the purpose of supervising the specific affairs of the Company, the Company has established four special committees of the Board, namely Audit Committee, Remuneration Committee, Nomination Committee and Strategy and Investment Committee. The Board has delegated several duties to each special committee of the Board, which are set out in their respective working rules. Moreover, the management of the Company provides adequate consultancies for the Board and the special committees of the Board when appropriate to facilitate the Directors in making informed decisions.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

For all proposals details reviewed by the Board during the Reporting Period, please refer to “VIII. Performance of Duties by Directors during the Reporting Period” in “Section VII Corporate Governance and Corporate Governance Report” in this Report.

Meetings of the Board shall be convened by the chairman at least four times a year at an interval of approximately once a quarter. A written notice of the meeting of the Board shall be delivered to all Directors and Supervisors at least 14 days prior to the meeting. Before issuing a notice to convene regular meetings of the Board, the office of the secretary to the Board shall solicit the views of all Directors adequately to form an initial meeting proposal to be submitted to the chairman for preparation. In preparing proposals, the chairman shall, if necessary, seek the views of the president and other senior management members. All the agendas and relevant documents of the regular meetings of the Board shall be submitted to all Directors timely, and shall be sent out at least three days (or other time as agreed) before the date of the scheduled meeting of the Board or its special committees. All other meetings of the Board shall also adopt the above arrangements where feasible.

The person in charge of the proposals of the Board will report the content of each proposal to the Board, and the Board will raise questions or comments accordingly. Where necessary, professional advisers will be invited to attend the Board meetings to give expert advice and explanations to the Directors on proposals.

Where a Director is unable to attend a meeting, he/she is advised of the matters to be discussed and can appoint another Director in writing to attend the meeting on his/her behalf.

The Chairman and the senior management will ensure all Directors (including the non-executive Directors and independent non-executive Directors) have access to adequate, complete and accurate information so that they can make informed decisions and discharge their duties and responsibilities as Directors. Directors may request further description or explanation on any aspects of the Group’s operations or business and seek advice from the Company Secretary or external compliance intermediary on compliance matters, including but not limited to Board procedures and corporate governance practices. Where appropriate, Directors can also seek independent professional advice at the Company’s expenses.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

The secretary of the Board is responsible for taking minutes of Board and Board Committee meetings. The Directors shall sign on the Board resolutions and be liable for the resolutions passed at the Board meetings. Draft minutes and written resolutions will be circulated to all Directors or Board Committee members for review and comment for a reasonable period. Final version of the minutes and written resolutions will be provided to all Directors or Board Committee members for record within a reasonable time and the signed copies are kept in the Company's minutes book maintained by the secretary of the Board for Directors' inspection.

With a view to facilitating Directors' attendance at Board meetings and committee meetings as well as corporate events, the secretary of the Board will seek advice from the Board and prepare an annual plan for the Board.

(3) Chairman and Chief Executive Officer

The management of the Board and the day-to-day management of the Group's business are clearly divided and separately undertaken by the Chairman and the Chief Executive Officer to ensure a balance of power and authority.

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

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

(4) Board Composition

The Board consists of nine members, of which there are three independent non-executive Directors who constitute one-third of the Board, bringing in a sufficient independent voice. The other members are one executive Director and five non-executive Directors.

The members of the Chairman, executive Directors, non-executive Directors and independent non-executive Directors are all disclosed in the list of Directors of the Company and their roles and functions have been published on the websites of the Shenzhen Stock Exchange, the Hong Kong Stock Exchange and the Company.

The Board members come from a wide range of professional qualifications and educational backgrounds, including legal, accounting, investment, economics, management and industry expertise. That brings a diverse and balance set of skills and experience to the Board, contributing to the effective direction for the Group's operations. Latest biographical details of all Directors are given in the section headed "VII. Information on Directors, Supervisors and Senior Management" in the "Section VII Corporate Governance and Corporate Governance Report" in this Report and on the Company's website.

The Company has received from each independent non-executive Director a written confirmation of his independence pursuant to the requirement of the Listing Rules. With reference to such confirmations, the Company, to its best knowledge, considers all the independent non-executive Directors fulfill the guidelines on independence as set out in Rule 3.13 of the Hong Kong Stock Exchange Listing Rules and all to be independent.

No relationship (neither financial, business nor family) exists among members of the Board as at the date of this Report.

(5) Responsibilities of Directors

The Directors shall take decisions objectively in the best interests of the Group as a whole. They hold meetings regularly to keep abreast of the Group's conduct, business activities, operational performance and latest development. Details of Director's attendance at Board and Board Committee meetings and general meetings held during the Reporting Period are set out in the "VIII. Performance of Duties by Directors during the Reporting Period" in the "Section VII Corporate Governance and Corporate Governance Report". The Board did not have any issues subject to discussion during the Reporting Period. The Company will fully comply with the code provision C.5.1 of the Corporate Governance Code by holding at least four Board meetings per year on an approximately quarterly basis.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

The independent non-executive Directors are particularly responsible for bringing an independent judgement to the Board. The independent non-executive Directors take the lead where potential conflicts of interests arise and monitor the Company's performance in achieving agreed corporate goals and objectives and the relevant reporting.

Directors are provided with relevant information required to make an informed decision. The Board of Directors and all Directors can independently obtain information and make inquiries from the senior management of the Company if necessary. If a Director believes that it is necessary to seek independent professional advice in performing his duties as such, the Director may hold or request the company secretary of the Company to hold a Board meeting to approve the seeking of advice from independent legal or other professional advisers at the cost of the Company. The Board regularly reviews relevant policies and believes that their implementation is feasible and effective.

In relation to each connected transaction or other transaction of the Company that requires independent Shareholders' approval, an independent board committee comprising independent non-executive Directors who have no interests therein will be formed by the Company to give independent opinion on the transaction.

The Directors ensure that they can give sufficient time and attention to the affairs of the Company. All Directors have disclosed to the Company, upon their appointment, and in a timely manner for any changes in their positions held in other listed companies or organisations and other significant commitments (if any). Information of Directors' position in other companies which is of significant nature is set out in the "VII. Information on Directors, Supervisors and Senior Management" in the "Section VII Corporate Governance and Corporate Governance Report" in this Report and on the Company's website.

(6) Director's Attendance

During the Reporting Period, the attendance at the meetings of the Board and the Board committees and the general meetings is set out in the "VIII. Performance of Duties by Directors during the Reporting Period" and "IX. Information on Special Committees of the Board during the Reporting Period" in the "Section VII Corporate Governance and Corporate Governance Report" of this Report.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

(7) Directors' Time Commitments

In addition to attending formal meetings to understand the Company's business, the Directors also attach their attention to the Company's affairs by listening to reports from the Company's management, reviewing operating information and management accounts regularly provided by the Company, so as to gain a comprehensive understanding of the Company's business and effectively perform their duties as Directors. The Board, upon serious review, is of the view that the Directors of the Company have devoted sufficient time and effort to discharging their duties as Directors during the year.

(8) Directors' Training and Professional Development

All Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Company is responsible for arranging and funding suitable training for the Directors.

A newly-appointed Director will be briefed by the Company's legal advisor on Directors' responsibilities under the relevant laws and regulatory requirements (including but not limited to the Companies Ordinance, Hong Kong Stock Exchange Listing Rules, the SFO and SZSE Listing Rules). He/she will also be provided with a memorandum on Directors' duties and obligations which assists them in understanding the responsibilities as Directors. The Company will from time to time provide relevant operation information, to ensure he/she timely understands the business and governance policies of the Company.

To refresh their knowledge and skills as Directors, the Company provides the Board with relevant regulation updates and organizes the members of Board to participate in compliance training provided by external legal firms or regulatory authorities.

Due to their own professional capacities, Directors also participated in other trainings relating to the roles, functions and duties as a Director of a listed company or further enhancement of their professional development. All the Directors (including Mr. Li Guiping, Mr. Mai Boliang, Mr. Zeng Han, Mr. Wang Yu, Mr. He Jin, Ms. Lin Qing, Mr. Feng Jinhua, Mr. Fan Zhaoping and Mr. Cheng Hok Kai Frederick) had provided their training records for the year ended December 31, 2022 to the Company.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

(9) Appointment and Resignation of Directors

In accordance with the Articles of Association, Directors (including non-executive Directors and independent non-executive Directors) shall be elected at the general meeting for a term of three years from the approval date of relevant resolutions at the general meeting until the expiry of the term of such session of the Board, and are eligible for re-election upon expiry of their term of office.

The Chairman and Vice Chairman shall be a Director of the Company and shall be elected and removed by a majority of all the Directors, with a term of three years, and may be re-elected.

Each of the incumbent Directors (including the independent non-executive Directors) has entered into a service contract with the Company for a term of three years with effect from the appointment date and subject to termination in accordance with their respective contract terms.

Save as stated above, none of Directors or Supervisors has entered into or proposed to enter into any other service contracts with any member of the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

(10) Nomination of Directors

In accordance with the Articles of Association and the Company's Nomination Policy of Directors, Director candidates shall be nominated to the general meeting in the form of written proposal by the incumbent Directors or the Shareholders separately or jointly holding over 3% of the voting Shares of the Company. Proposals put forward by Shareholders to the Company shall be delivered to the Company at least 7 days before the date of the general meeting. The Board shall examine the qualifications and requirements of the Director candidates, and submit them to the general meeting for consideration in the form of written proposal after the Director candidates is determined by resolutions. The Board shall disclose the detailed information of the Director candidates before the general meeting (including their biographies and basic profiles), to ensure the Shareholders shall have sufficient understanding of the Director candidates at the time of voting.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

The Nomination Committee identifies and recommends suitable candidates to the Board, taken into account various factors, including their education background, qualifications and experience, to determine whether their attributes is relevant to the business of the Group, and can complement to the capabilities of the incumbent Directors, having due regard for the benefits of diversity on the Board, and their independence (in the case of candidates as independent non-executive Directors). After the final written resolution is formed, it shall be submitted to the Board for consideration and recommending Director candidates to shareholders at the general meeting. The Nomination Committee also makes recommendations to the Board on matters relating to the re-appointment of and succession planning of Directors.

(11) Board Diversity Policy

According to the requirements of the Hong Kong Stock Exchange Listing Rules, the Company has formulated and adopted a “Board Diversity Policy” which sets out the approach to achieve diversity of the Board. The Company considers that having a diverse Board is of vital importance to the Company’s business development, and the Board has one female, namely Ms. Lin Qing. A summary of the Board Diversity Policy is set out below:

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board’s composition and selecting the Board members, Board diversity has been considered from a number of aspects, including but not limited to gender, age, educational background, professional qualifications and work experience. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Board will consider from time to time whether it should set any measurable objectives to facilitate the implementation of the policy. The Board and Nomination Committee have regularly reviewed the Board composition with reference to the abovementioned policy in accordance with the requirements of the Hong Kong Stock Exchange Listing Rules, and considers that the Board members in term of age, educational background, industry experience, region, terms of services (excluding gender), etc. comply with the requirements of the Hong Kong Stock Exchange Listing Rules for the board diversity, and the implementation of the Company’s diversification policy is feasible and effective.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

With reference to the biographical details of Directors in “VII. Information on Directors, Supervisors and Senior Management” in Section VII “Corporate Governance and Corporate Governance Report” of this report, and in consideration of the professional background and main work experience of the current Directors, the Board achieves diversity in terms of gender, professionalism, skills, experience, etc. In the future, the Company will continuously and regularly review and disclose in the corporate governance report of the Company, the current situation and policies in relation to diversity.

(12) Mechanisms to Ensure Independent Views

The Company ensures independent views and input are available to the Board via the below mechanisms:

1. The Board composition and the independence of the independent non-executive Directors should be reviewed by the Nomination Committee on an annual basis, in particular the portion of the independent non-executive Directors and the independence of the independent non-executive director who has served for more than nine years.
2. A written confirmation was received by the Company under Rule 3.13 of the Hong Kong Stock Exchange Listing Rules from each of the independent non-executive Directors in relation to his/her independence to the Company. The Company considers all its independent non-executive directors to be independent.
3. In view of good corporate governance practices and to avoid conflict of interests, the Directors who are also directors and/or senior management of the Company’s controlling shareholders and/or certain subsidiaries of the controlling shareholders, would abstain from voting in the relevant Board resolutions in relation to the transactions with the controlling shareholders and/or its associates.
4. The chairman of the Board shall meet with independent non-executive Directors at least once annually.
5. All members of the Board can seek independent professional advice when necessary to perform their responsibilities in accordance with the company policy.

The Board reviews the mechanisms for ensuring independent views and input are available to the Board on an annual basis, whether in terms of proportion, recruitment and independence of independent non-executive directors, and their contribution and access to external independent professional advice.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

2. SUPERVISORY COMMITTEE

The Supervisory Committee is the supervisory body of the Company, and shall be accountable to the general meeting. Supervisory Committee shall exercise its supervisory rights independently in accordance with the laws to protect the legitimate interests of Shareholders and the Company. The Supervisory Committee is composed of three Supervisors, with Ms. Wang Jinghua serving as the chairman of the committee. The Supervisory Committee shall hold at least one meeting every six months. Notice of the meeting shall be served in writing to all Supervisors ten days before such meeting is held. Supervisors can propose an interim meeting of the Supervisory Committee. Notice of the interim meeting of the Supervisory Committee shall be given in writing to all Supervisors three days before the date of the meeting. The terms of office of a Supervisor shall be three years, and Supervisors are eligible for re-election upon term expiration.

The Supervisory Committee performs its duties earnestly in accordance with relevant provisions of the Company Law of the People's Republic of China, the Articles of Association and the Guide on Self-supervision of Companies Listed on the Shenzhen Stock Exchange No.2 – Standard Operation of Companies Listed on Chinext Market, including but not limited to examining the Company's finance, and supervising the performance of duties to the Company by Directors and senior management to prevent the violation of laws, administrative regulations and the Articles of Association, and checking the financial information that the Board intends to submit at the general meetings, such as financial report, business report and profit distribution plan.

3. DECISION-MAKING PROCEDURES AND BASIS FOR REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The remuneration of all Directors shall be considered by the general meeting after consideration by the Remuneration Committee and the Board; the remuneration of Supervisors shall be considered by the general meeting after consideration and approval by the Supervisory Committee; the remuneration of senior management shall be considered by the Board after review by the Remuneration Committee. The Company does not remunerate Directors or Supervisors, other than independent non-executive Directors; Directors and Supervisors who concurrently hold the position of senior management or other positions at the Company are remunerated according to the remuneration system for such positions.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

The Company has a formal and transparent policy on the remuneration of Directors, Supervisors, senior management and other remuneration-related matters. The remuneration of the Company's senior management is determined based on their specific posts or positions at the Company, the industry and market benchmarks, and is closely linked with the results of operations of the Company and the performance outputs of individuals. None of the Directors, Supervisors and senior management shall participate in determining their remuneration.

Details of Directors' remuneration for the year ended December 31, 2022 are set out in Note VIII (7) to the financial statements.

As at December 31, 2022, the remuneration payable to the members of senior management of the Company fell within the following bands for 2022:

| | Number of individuals |
|------------------------------|--------------------------|
| RMB0 to RMB1,000,000 | 1 |
| RMB1,000,001 to RMB2,000,000 | 5 |
| RMB2,000,001 to RMB3,000,000 | 0 |
| RMB3,000,001 to RMB4,000,000 | 1 |
| RMB4,000,001 to RMB5,000,000 | 0 |
| RMB5,000,001 to RMB6,000,000 | 1 |

4. DELEGATION BY THE BOARD AND MANAGEMENT FUNCTIONS

The Board gives clear directions as to the power delegated to the management for the administrative and management functions of the Company.

Division of functions reserved to the Board and those delegated to management are set out clearly in writing and will be reviewed by the Board on a periodic basis and appropriate adjustments may, from time to time, be made to ensure the effective discharge of the Board's decision.

The senior management, led by the President, is responsible for executing strategies and plans drawn up by the Board and reporting to the Board periodically to ensure proper execution. Functions and responsibilities of the Board are set out in "Board of Directors" in this section.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

5. BOARD COMMITTEES

To streamline its duties and uphold good corporate governance, the Board allocates certain of its executive and monitoring functions to four committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategy and Investment Committee.

Each of the committees has adopted clear written terms of reference, which sets out details of its authorities, duties and obligations and is on terms no less exacting than the provisions of the Corporate Governance Code, to report its findings, decisions and recommendations to the Board. Full terms of reference of each of the committees have been published on the websites of the Hong Kong Stock Exchange and the Company.

In common with the Board, senior management will give adequate resources to the committees. The committees can also seek independent professional advice where necessary at the Company's expense and can be supported by the Company Secretary.

(1) Audit Committee

As of the date of this annual report, the Audit Committee is chaired by Mr. Cheng Hok Kai Frederick, who possesses professional financial qualifications. The other members of the Audit Committee are Mr. Feng Jinhua and Mr. Fan Zhaoping. All the above three Directors are independent non-executive Directors and none of them is a former partner of the external auditor of the Group. The major responsibilities of the Audit Committee are:

- to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, to approve the remuneration and terms of engagement of the external auditor, and addressing any matters in relation to the resignation or dismissal of the external auditor;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of its audit process in accordance with applicable standards. The Audit Committee shall discuss with the external auditor on the nature, scope and method of its audit and reporting obligations before the audit commences;
- to develop and implement policy on engaging the external auditor to supply non-audit services;

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

- to oversight the Company's financial controls, internal control and risk management systems;
- to monitor the Company's internal audit systems and ensuring the implementation of such systems;
- to facilitate communications between the internal audit department and the external auditor;
- to review the Company's financial and accounting policies and practices;
- to monitor the Company's financial reporting system, risk management and internal control systems; and
- to assess and determine the environmental, social and governance risks of the Company, and to ensure the establishment of an appropriate and effective control system for environmental, social and governance risks and internal control system.

The Audit Committee meets the external auditor and senior management of the Company regularly. During the Reporting Period, the Audit Committee held 10 meetings in total, which mainly involved topics are set out in "IX. Information on Special Committees of the Board during the Reporting Period" in the "Section VII Corporate Governance and Corporate Governance Report" of this Report. During the Reporting Period, the Board of Directors had no disagreement with the Audit Committee on the selection, appointment, resignation or dismissal of external auditors.

The Audit Committee also organised the preparation and review of the 2021 Annual Report and 2022 Interim Report according to relevant disclosure requirements on the annual financial report. During the Reporting Period, the Audit Committee had several meetings and communications with the external auditor in the absence of the Directors. On March 27, 2023, the Audit Committee reviewed the audited consolidated financial statements for the year ended December 31, 2022. It also reviewed the internal control system and the effectiveness of the Company's internal audit function by periodically listening to the internal audit work report of the Internal Audit and Compliance Department. The statement made by PricewaterhouseCoopers Zhong Tian LLP, the Company's external auditor, on its reporting responsibilities for financial statements is set out in the section "Section XIII Auditor's Report" of this Report.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

(2) Remuneration Committee

As of the date of this annual report, the Remuneration Committee is chaired by Mr. Fan Zhaoping, an independent non-executive Director. Its other members are Mr. Zeng Han, a non-executive Director (appointed on September 29, 2022), and Mr. Feng Jinhua, an independent non-executive Director. The major responsibilities of the Remuneration Committee are:

- to make recommendations to the Board on the Company's remuneration policy and structure for all Directors, Supervisors and senior management, and on the establishment of a formal and transparent procedure for developing the remuneration policy;
- to review and approve the remuneration proposals of senior management with reference to the Board's corporate goals and objectives;
- to make recommendations to the Board on the remuneration packages of executive Directors and senior management. The remuneration packages shall include benefits in kind, pension rights and compensation payments (including compensation for loss or termination of their office or appointment);
- to make recommendations to the Board on the remuneration of non-executive Directors;
- to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- to review and approve the compensation payable to executive Directors and senior management for their loss or termination of office or appointment to ensure that such compensation is consistent with the contractual terms and is otherwise fair and not excessive;
- to review and approve the compensation arrangements relating to dismissal or removal of the Directors for misconduct to ensure that such compensation is consistent with the contractual terms and is otherwise fair;
- to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration; and
- To review and/or approve the matters in relation to the share schemes specified in Chapter 17 of the Hong Kong Stock Exchange Listing Rules.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

During the Reporting Period, the Remuneration Committee held 6 meetings in total. The main topics involved are set out in “IX. Information on Special Committees of the Board during the Reporting Period” in the “Section VII Corporate Governance and Corporate Governance Report” of this Report.

(3) Nomination Committee

As of the date of this Report, the Nomination Committee is chaired by Mr. Feng Jinhua, an independent non-executive Director. Its other members are Mr. Mai Boliang, the Chairman and a non-executive Director, and Mr. Fan Zhaoping, an independent non-executive Director. The major responsibilities of the Nomination Committee are:

- to review the structure, size and composition of the Board (including the skills, knowledge and experience) at least annually and make recommendations on any proposed changes to the Board to complement the Company’s Board Diversity Policy;
- to identify individuals suitably qualified to become board members and make recommendations to the Board on the selection of individuals nominated for directorships in accordance with the nomination policy of the Company;
- to assess the independence of independent non-executive Directors;
- To develop and maintain policies on Board diversity, and regularly review and disclose in the corporate governance report of the Company, policies on Board diversity or summaries of the policies; and
- to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors (in particular the Chairman and the Chief Executive Officer).

During the Reporting Period, the Nomination Committee held 6 meetings in total. The main topics involved are set out in “IX. Information on Special Committees of the Board during the Reporting Period” in the “Section VII Corporate Governance and Corporate Governance Report”.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

(4) Strategy and Investment Committee

As of the date of this Report, the Strategy and Investment Committee is chaired by Mr. Wang Yu, a non-executive Director. Its other members are Mr. Zeng Han (appointed on September 29, 2021), Mr. He Jin (appointed on September 16, 2022), being non-executive Directors and Mr. Fan Zhaoping, an independent non-executive Director. The major responsibilities of the Strategy and Investment Committee are:

- to study and make recommendations on the Company's long-term strategic development plan;
- to study and make recommendations on the major investment programme that is subject to the approval by the Board;
- to study and make recommendations on the major capital operations and asset management projects that is subject to the approval by the Board;
- to review the Company's annual investment proposal;
- to study and make recommendations on the major investment projects that is subject to the approval by the Board; and
- other matters authorized by the Board.

During the Reporting Period, the Strategy and Investment Committee held 3 meetings in total. The main topics involved are set out in "IX. Information on Special Committees of the Board during the Reporting Period" in the "Section VII Corporate Governance and Corporate Governance Report" of this Report.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

6. SECURITIES TRANSACTIONS BY THE DIRECTORS AND SUPERVISORS

The Company has adopted a set of code of conduct on terms no less exacting than the required standards set out in the Model Code in connection with securities transactions by the Directors and Supervisors. Upon the specific enquiries made to all Directors and Supervisors of the Company, save as disclosed below, they confirmed that they have complied with the standards for securities transactions by the directors and supervisors as set out in the Model Code and the code of conduct during the Reporting Period.

According to Code Provision A.3(a)(ii) of the Model Code, a director shall not deal in any securities of the Company on any day on which its financial results are published and during the period of 30 days immediately preceding the publication date of the quarterly results or, if shorter, the period from the end of the relevant quarterly period up to the publication date of the results. The period was from October 1, 2022 to October 25, 2022 (both days inclusive) (“Lock-up Period”). In addition, pursuant to Code Provision B.8 of the Model Code, a director must not deal in any securities of the Company without first notifying in writing the chairman or a director (otherwise than himself) designated by the Board for the specific purpose and receiving a dated written acknowledgment.

Due to inadvertent oversight, Mr. Li Guiping, an executive Director, chief executive officer and president of the Company, purchased a total of 2,500 H Shares at an average price of HK\$4.93 per share in the market on October 11, 2022 (falling within the Lock-up Period), without notifying the Board. Therefore, he violated Code Provision A.3(a)(ii) and B.8 of the Model Code.

The Board also adopted the Model Code to regulate all dealings in securities of the Company by relevant employees who were likely to be in possession of unpublished inside information of the Company, as specified in Code Provision A.6.4 of the Corporate Governance Code. After making reasonable enquiry, no relevant employees of the Company were found to violate the Model Code during the Reporting Period.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

7. JOINT COMPANY SECRETARIES

The joint company secretaries of the Company are Ms. Mao Yi and Ms. Au Wai Ching. Ms. Mao Yi (replacing Ms. Li Zhimin as the joint company secretary of the Company on July 11, 2022) is the vice president and the secretary of the Board of the Company, who is responsible for the reporting to the Chairman and/or the President of the Company on corporate governance matters, and ensures that the Board procedures are followed, facilitating communications among Directors as well as with Shareholders and management of the Company. In addition, Ms. Au Wai Ching, a senior manager of SWCS Corporate Services Group (Hong Kong) Limited, an external service provider, has been engaged by the Company as its joint company secretary to act jointly with Ms. Mao Yi. The primary contact person with Ms. Au Wai Ching at the Company is Ms. Mao Yi. Both Ms. Mao Yi and Ms. Au Wai Ching have informed the Company that they have taken no less than 15 hours of relevant professional training during the year ended December 31, 2022. Their trainings satisfied the requirements under Rule 3.29 of the Hong Kong Stock Exchange Listing Rules.

8. ACCOUNTABILITY AND AUDIT

(1) Financial reporting

The Board, the Supervisory Committee and the senior management shall ensure the truthfulness, accuracy and completeness of the annual, interim and quarterly reports of the Company and other financial information required to be made in accordance with statutory requirements, ensure that there are no false information, misleading statements or material omissions, and accept joint and several liabilities. The Board has been aware of its responsibility to prepare the financial statements for the fiscal year 2022 to give a true and fair view of the financial position, results and cash flows of the Group and facilitate investors' understanding and assessment.

In order to enable the Board to make an informed assessment of the financial and other information put before its approval, executive Directors are provided with financial and other operational information and analytical review reports of the Group on a monthly basis. Management would also meet with the Directors regularly to present the quarterly operating reports and discuss any variance between the budget and the actual results for monitoring purpose. Moreover, all the Directors were provided with monthly update from the management, to enable them to assess the Company's operational performance and financial position in a timely manner.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

The finance department of the Company, headed by the financial officer of the Company, is specifically responsible for the accounting and financial reporting functions of the Group and for coordinating and supervising the finance departments of all the operating subsidiaries of the Company. A majority of the staff of such departments possess academic qualifications and extensive working experience in accounting and financial reporting. The Group provides continuous training seminars and on-the-job training and offers allowance for external training programmes by professional bodies to motivate the staff to enhance and refresh their knowledge on an ongoing basis.

The annual and interim results announcements of the Group are announced in a timely manner within three months and two months respectively after the end of the respective financial periods. The integrity of the financial statements is monitored by the Audit Committee. A statement of the reporting responsibility of the external auditor is set out in the “Section XIII Auditor’s Report” of this Report.

(2) Risk management and internal control

During the Reporting Period, the Company has established an Internal Audit and Compliance Department, which is accountable to the Board and the Audit Committee and undertakes the functions such as compliance audit, special audit, risk management, internal control and project risk assessment of the Group.

The Board is responsible to ensure a sound and effective risk management and internal control systems of the Group and would review the effectiveness of such systems from time to time, so as to safeguard investments of Shareholders and assets of the Group. The Supervisory Committee supervises the establishment and implementation of internal control by the Board, and the management take charges of organizing the day-to-day operations in respect of the Group’s risk management and internal control. However, the Group’s risk management and internal control systems are created to manage but not to eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board has delegated its responsibilities (with relevant authorities) of risk management and internal control to the Audit Committee, which oversees the risk management and internal control systems of the Company in the design, implementation and monitoring. The Internal Audit and Compliance Department and the management of the Company regularly review the effectiveness of risk management and internal control, and report to the Board after consideration by the Audit Committee.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

The procedures used by the Company to identify, evaluate and manage major risks include: identifying, analyzing, and responding to external market businesses, environmental safety, policy changes, etc; identifying, analyzing, and responding to internal financial risks, fraud risks, operational risks, etc. The Company has attached great importance to risk control, has integrated risk management, internal control and process management, and has established a sound and comprehensive risk management and internal control system. The management and the Internal Audit and Compliance Department have jointly made assessment on the possibility of risks, provided dealing plan and monitored the risk management procedures, and report all results and efficiency of the system to the Audit Committee and the Board at least once annually.

During the Reporting Period, the Internal Audit and Compliance Department of the Group continued to strengthen the risk control capability, implement internal control defect rectification plans and form closed-loop management, systematically improve anti-risk capability, improve rules and regulations, and implement internal control informatization, and confirmed the effectiveness and adequacy of these systems with the Audit Committee and the Board for the year ended December 31, 2022.

During the Reporting Period, the Company did not identify major monitoring deficiencies and important concerns. The Board believes that the Group's existing risk management and internal monitoring system are adequate and effective, and the Company will regularly review it in the future to ensure its continuous effectiveness.

The Company treats and releases insider information strictly in accordance with relevant requirements of the SZSE Listing Rules, the Hong Kong Stock Exchange Listing Rules, SFO and Management System for Inside Information, and prohibits any unauthorized use or release of confidential or inside information. Company Secretary works closely with the senior management in identifying potential inside information and assessing the materiality thereof, and where appropriate, reporting such information to the Board to carry out further actions necessary to comply with the applicable laws and regulations. The Directors, Supervisors and senior management of the Company have adopted all reasonable measures (including but not limited to restricting the scope of insiders, registering relevant insiders, signing confidentiality agreements with third-party organizations (if necessary), and regularly reminding insiders of the requirements to be complied with when dealing the Shares of Company) to ensure proper precautionary measures are in place to prevent from violating the disclosure requirements of the Company.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

9. AUDITOR AND ITS REMUNERATION

The Company engaged PricewaterhouseCoopers Zhong Tian LLP as its auditors for 2022 until the conclusion of the 2022 AGM.

For the year ended December 31, 2022, the remunerations for the professional services provided by PricewaterhouseCoopers Zhong Tian LLP engaged by the Group are as follows:

| Services provided by the external auditor | Amount (RMB) |
|--|----------------------------|
| – Audit services | 8,093,394.71 |
| – Non-audit service Tax consulting | <u>22,331.75</u> |
| Total | <u><u>8,115,726.46</u></u> |

10. COMMUNICATION WITH SHAREHOLDERS

(1) Effective communication

The Board believes that effective communication of full and clear information of the Company is the key to enhance corporate governance standards and Shareholders' and investors' confidence. The Company is committed to promoting the work for the relationship with shareholders and investors, strengthening communication with shareholders and investors, and increasing their understanding of the Company.

The Company holds conferences with analysts and the press to announce its annual results. In order to facilitate communication between the Company, Shareholders and investors, the Directors and designated employees will maintain on-going dialogue with investors and analysts through roadshows and marketing activities for investors.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

The Company will keep the Shareholders and investors informed of its latest development via various publications such as announcements, circulars, annual and interim reports and press releases, which are available on the Company's website in both English and Chinese. The Company enables investors to fully express their opinions, through an investor hotline, e-mail, an interactive platform of Shenzhen Stock Exchange for investor relations, and solicitation of problems from investors before results presentations. Meanwhile, in order to promote communication between the Company and investors, the Company reports its operating conditions and financial data, and answers questions from investors and analysts through its results presentations.

The annual general meeting provides a constructive communication platform for the Company to maintain regular two-way effective communication with shareholders and regularly review the effectiveness of communication channels. The Company will arrange the Chairman and the respective chairman or member(s) of each of the Board committees (including the Independent Board Committee, where applicable), or if failing so due to unexpected and/or uncontrollable reasons, his/their duly appointed delegate(s), to attend the general meetings to exchange views with Shareholders and answer their questions. All Directors are encouraged to attend general meetings and develop a balance understanding of the view of Shareholders.

The external auditor will also be invited to attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

Separate resolutions are proposed on each substantially separate issue, including the election or re-election of each Director nominated.

To ensure the votes cast are properly counted and recorded, it is the practice of the Company to appoint representatives of its share registrar in Hong Kong as scrutineer of the voting procedures in general meetings.

The Company reviewed the policy of communication with shareholders and investors for 2022. After considering the existing various communication channels and participation channels, the Company believed that the policy of communication with shareholders was properly implemented and effective.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

(2) Shareholders' rights

Any Shareholder is encouraged and entitled to attend all general meetings of the Company, provided that their Shares have been recorded in the register of members of the Company. Where an annual general meeting is convened by the Company, it shall issue a written notice at least 21 days prior to the meeting, and in the case of an extraordinary general meeting, it shall issue a written notice at least 15 days prior to the meeting, to notify all the registered shareholders of the matters proposed to be considered at the meeting as well as the date and place of the meeting.

At the general meeting, all resolutions will be voted by way of poll in accordance with the SZSE Listing Rules, the Hong Kong Stock Exchange Listing Rules, the Articles of Association and other relevant provisions. The chairman of the general meeting will explain the detailed procedures for voting by way of poll at the beginning of the meeting and answer the Shareholders' questions during the meeting.

The Board, the Supervisory Committee and Shareholders severally or jointly holding more than 3% of the Company's Shares, shall be entitled to put forward proposals to the Company. In addition, Shareholders may convene an extraordinary general meeting in accordance with Article 66 of the Articles of Association. According to the Articles of Association, Shareholder(s) severally or jointly holding more than 10% of the Company's Shares may, by submitting a written request to the Board, require an extraordinary general meeting. The Board shall, pursuant to laws, administrative regulations and the provisions of the Articles of Association, give a written reply on whether or not to convene the extraordinary general meeting within 10 days after receipt of the proposal. If the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after the resolution is made by the Board. In the event of any change to the original proposal set forth in the notice, the consent of relevant Shareholder(s) shall be obtained. If the Board does not agree to convene the extraordinary general meeting or fails to give a reply within 10 days after receipt of the proposal, Shareholder(s) severally or jointly holding more than 10% of the Company's Shares shall be entitled to propose to the Supervisory Committee to convene an extraordinary general meeting, and shall put forward such proposal to the Supervisory Committee in writing. If the Supervisory Committee agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after receipt of the said proposal. In the event of any change to the original proposal set forth in the notice, the consent of relevant Shareholder(s) shall be obtained. In the case of failure to issue the notice for the general meeting within the term stipulated, the Supervisory Committee shall be deemed

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

as failing to convene and preside over the general meeting. The Shareholder(s) severally or jointly holding more than 10% of the Company's Shares for more than 90 consecutive days may convene and preside over such meeting by itself/themselves.

A Shareholder may propose a person other than a Director of the Company for election as a Director at a general meeting. The "Procedures for Shareholders to Nominate Director Candidates" has been published on the Company's website.

Shareholders should direct their questions about their shareholdings to the Company's share registrar in Hong Kong.

Shareholders may make enquiries with the Board at the general meetings. Alternatively, Shareholders may at any time send their enquiries and concerns to the Board by addressing to the Company Secretary whose contact information are set out in "Investor relations contacts" hereafter in this section.

Shareholders and investors may at any time make a request for the Company's information to the extent such information is publicly available.

Details on the general meeting and investor reception activities of the Group during the Reporting Period are set out in "IV. Information on Annual General Meeting and Extraordinary General Meeting During the Reporting Period" in "Section VII Corporate Governance and Corporate Governance Report" and "XIII. Register of Reception of Research, Communications and Interviews During the Reporting Period" in "Section IV Management Discussion and Analysis" in this report.

11. DIVIDEND POLICY

The Board of the Company has approved and updated the "Dividend Policy" on August 26, 2019. According to the dividend policy, dividends to be distributed by the Company each year shall be range from 40% to 60% of the net profit attributable to owners of the Company for the previous fiscal year, subject to the relevant laws and regulations of the PRC and Hong Kong and the Articles of Association. Pursuant to applicable laws, the declaration and payment of any dividends would require the approval of the Board at its discretion, and depend on our actual and expected results of operations, cash flows, financial position, general business conditions, business strategies, expected working capital requirements, future expansion plans, legal, regulatory and other contractual restrictions, and other factors that the Board considers appropriate.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

The Company may declare and pay dividends in cash or by other ways that the Company considers appropriate. Any dividends for every fiscal year will be subject to Shareholders' approval. Any dividends to be distributed by the Company will be decided by the Board at its discretion. In addition, the dividend policy of the Company will also be subject to the Articles of Association, the Company Law of the People's Republic of China, and any other applicable PRC laws and regulations. In any event, the Company will pay dividends out of the profit after tax only after the Company has made the following allocations: (i) recovery of accumulated losses, if any; (ii) allocation to the statutory common reserve fund of an amount of not less than 10% of the Company's profit after tax, as determined under the Company Law of the People's Republic of China; and (iii) allocation, if any, to a discretionary common reserve fund of an amount approved by the Shareholders at a general meeting.

The minimum allocation to the statutory common reserve fund is 10% of the Company's profit after tax, as determined under the Company Law of the People's Republic of China. When the statutory common reserve fund reaches and is maintained at or above 50% of the registered capital of the Company, no further allocation to this statutory common reserve fund will be required. Pursuant to the Articles of Association, after the completion of the global offering, the dividend can only be paid out of the distributable profit calculated according to the PRC generally accepted accounting principles or the international financial reporting standards whichever is lower.

Any distributable profits that are not distributed in any given year will be retained and become available for distribution in subsequent years.

In order to fully consider the interests of Shareholders with rights, the Company has made a plan in respect of the policy for dividend distribution to be made upon the completion of the A Share Offering. On June 22, 2020, the Company held the 2019 annual general meeting, the first domestic Shareholders' class meeting in 2020, and the first H Shareholders' class meeting in 2020, at which the Proposal on the Profit Distribution Policy and Shareholder Return Plan for the Next Three Years Following the A Share Offering and Listing on the ChiNext Market ("Return Plan") was considered and approved. According to the Return Plan, subject to the conditions for cash dividends and in accordance with Article 8 of the Administrative Measures for the Issuance of Securities by Listed Companies, the total profit distributed in cash over the next three years after the listing of A Share of the Company (namely July 8, 2021) shall not be less than 30% of the average annual distributable profit over the three years. The Company may distribute dividends in shares while distributing cash dividends. For details, please refer to the Prospectus for the Initial Public Offering and Listing of Shares of CIMC Vehicles (Group) Co., Ltd. on the ChiNext Market published by the Company on July 5, 2021.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*

12. INVESTOR RELATIONS CONTACTS

The Company values feedbacks from Shareholders, the investors and the public. Enquiries and proposals are welcome and can be put to the Company via the following means:

By phone: 86-755-26802116

By email: ir_vehicles@cimc.com

The latest investor relations information is available at the Company's website at www.cimcvehiclesgroup.com.

13. ARTICLES OF ASSOCIATION

On March 24, 2022, the Board proposed the amendments to certain provisions of the Articles of Association. The amendments to the Articles of Association were approved by the Shareholders by way of a special resolution at the annual general meeting in 2022 held on May 31, 2022. For details, see the announcement of the Company dated March 24, 2022, and the circular of the Company dated April 27, 2022.

14. CORPORATE CULTURE

The Company has built a multi-level cultural system with core values, business principles and behavior orientation to create a harmonious, trusting, practical and progressive corporate atmosphere, enhance employees' sense of belonging and responsibility, and enable them to give full play to their abilities and potentials, thus realizing long-term sustainable development. Details about the corporate culture of the Company are set out in the "Group Profile" section of the official website of the Company. The Board of the Group has been adhering to good corporate culture, constantly deepened and improved the Company's operation and ensured that the correct corporate culture is followed. In order to ensure the consistency of the ethical conduct and integrity standards of employees with the corporate culture of integrity, the Company carries out anti-corruption training for all employees, punish employees who violate the corporate culture of integrity, and reward employees who make special contributions to maintaining the corporate culture of integrity.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

I. MAJOR ENVIRONMENTAL PROTECTION ISSUES

1. Environmental protection-related policies and industry standards

In strict compliance with laws, regulations and industry standards including the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste, the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on Prevention and Control of Water Pollution, the Integrated Emission Standard of Air Pollutants, the Standard for Control of Fugitive Emission of Volatile Organic Compounds, the Integrated Wastewater Discharge Standard, the Standard for Pollution Control on Hazardous Waste Storage, etc., the subsidiaries of the Group actively adopts efficient treatment technologies to reduce the impact of waste gas and wastewater discharge on the environment, while ensuring the effective operation of various environmental protection treatment systems and compliant discharge of waste gas and wastewater. In addition, we regularly engage a qualified third party to carry out environmental monitoring to test the effectiveness of waste gas and wastewater management of enterprises, and continuously reduce pollutant discharge on the basis of ensuring compliant discharge.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

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

√ Yes □ No

| Name of company or subsidiary | Type of major and specific pollutants | Name of major and specific pollutants | Emission method | Number of emission outlets | Distribution of emission outlets | Emission concentration | Pollutant emission standards in effect | Total emission (tonnes/year) | Approved total emission (tonnes/year) | Excessive emission | | | | | | | | | |
|--|---------------------------------------|---------------------------------------|--------------------|--|--|---|---|------------------------------|---------------------------------------|--------------------|--------------------|--------------------|--|--|------------------------|--|----------------------------|----------------------------|--------------|
| Yangzhou CIMC Tonghua Special Vehicles Co., Ltd. | Atmospheric pollution | Methylbenzene | Organised emission | 2 | Semi-trailer coating workshop, tanker coating workshop | 0.401mg/m ³ | Emission Standard of Volatile Organic Compounds | 0.0105 | Not approved by regulators | Not exceeded | | | | | | | | | |
| | | | | | | | | | | | Xylene | Organised emission | 2 | Semi-trailer coating workshop, tanker coating workshop | 9.520mg/m ³ | for Surface Coating (Vehicle Manufacturing Industry) | 0.2427 | Not approved by regulators | Not exceeded |
| | | | | | | | | | | | | | | | | | | | |
| | Particulate matter | Organised emission | 5 | Semi-trailer KTL workshop and shower room; tanker coating workshop and shower room | 12.500mg/m ³ | Boiler Air Pollutant Discharge Standard GB13271-2014 | 0.0497 | Not approved by regulators | Not exceeded | | | | | | | | | | |
| | | | | | | | | | | Sulfur dioxide | Organised emission | 5 | Semi-trailer KTL workshop and shower room; tanker coating workshop and shower room | ND (not detected) | | 0 | Not approved by regulators | Not exceeded | |
| | Nitric oxide | Organised emission | 5 | Semi-trailer KTL workshop and shower room; tanker coating workshop and shower room | 48.000mg/m ³ | | 0.3684 | Not approved by regulators | Not exceeded | | | | | | | | | | |
| | | | | | | | | | | Blackness of fume | Organised emission | 5 | Semi-trailer KTL workshop and shower room; tanker coating workshop and shower room | < Level 1 | | - | Not approved by regulators | Not exceeded | |
| | Particulate matter | Organised emission | 6 | Semi-trailer KTL workshop and coating workshop; tanker coating workshop | 18.300mg/m ³ | Integrated Emission Standard of Air Pollutants GB16297-1996 | 4.6570 | Not approved by regulators | Not exceeded | | | | | | | | | | |
| | | | | | | | | | | Particulate matter | Organised emission | 2 | Tanker coating workshop, paint repair workshop | 6.900mg/m ³ | | 0.4286 | Not approved by regulators | Not exceeded | |
| | Phosphoric acid fume | Organised emission | 1 | Semi-trailer KTL workshop | ND (not detected) | | 0 | Not approved by regulators | Not exceeded | | | | | | | | | | |

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

| Name of company or subsidiary | Type of major and specific pollutants | Name of major and specific pollutants | Emission method | Number of emission outlets | Distribution of emission outlets | Emission concentration | Pollutant emission standards in effect | Total emission (tonnes/year) | Approved total emission (tonnes/year) | Excessive emission |
|-------------------------------|---------------------------------------|---------------------------------------|--------------------|----------------------------|---|--------------------------|---|------------------------------|---------------------------------------|--------------------|
| | | Nitric oxide | Organised emission | 1 | Tanker coating workshop | 3.120mg/m ³ | | 0.0398 | Not approved by regulators | Not exceeded |
| | | Fluoride | Organised emission | 1 | Tanker coating workshop | 2.980mg/m ³ | | 0.0427 | Not approved by regulators | Not exceeded |
| | | Blackness of fume | Organised emission | 10 | Semi-trailer KTL workshop and coating workshop; tanker coating workshop and paint repair workshop | < Level 1 | Emission Standard of Air Pollutants for Industrial Furnaces and Kilns in Jiangsu Province | - | Not approved by regulators | Not exceeded |
| | | Particulate matter | Organised emission | 13 | Semi-trailer KTL workshop and coating workshop; tanker coating workshop and paint repair workshop | 15.600mg/m ³ | DB32/3728-2020 | 0.1217 | Not approved by regulators | Not exceeded |
| | | Sulfur dioxide | Organised emission | 11 | Semi-trailer KTL workshop and coating workshop; tanker coating workshop and paint repair workshop | 11.000mg/m ³ | | 0.1290 | Not approved by regulators | Not exceeded |
| | | Nitric oxide | Organised emission | 11 | Semi-trailer KTL workshop and coating workshop; tanker coating workshop and paint repair workshop | 135.000mg/m ³ | | 1.3839 | Not approved by regulators | Not exceeded |
| | Water pollution | pH | Indirect emission | 2 | Semi-trailer coating workshop, tanker coating workshop | 8.914 | Wastewater Quality Standards for Discharge to Municipal Sewers GB/T31962-2015 (Grade B), Integrated Wastewater Discharge Standard GB8978-1996 (Level III) | - | Not approved by regulators | Not exceeded |
| | | SS | Indirect emission | 2 | Main outlet of semi-trailer plant, main outlet of tanker plant | 65.000mg/L | | 7.7233 | Not approved by regulators | Not exceeded |
| | | Five-day biochemical oxygen demand | Indirect emission | 2 | Main outlet of semi-trailer plant, main outlet of tanker plant | 85.600mg/L | | 7.9718 | Not approved by regulators | Not exceeded |

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

| Name of company or subsidiary | Type of major and specific pollutants | Name of major and specific pollutants | Emission method | Number of emission outlets | Distribution of emission outlets | Emission concentration | Pollutant emission standards in effect | Total emission (tonnes/year) | Approved total emission (tonnes/year) | Excessive emission |
|---|---------------------------------------|---------------------------------------|-------------------|----------------------------|--|-------------------------|---|------------------------------|---------------------------------------|--------------------|
| | | Anionic surfactant | Indirect emission | 2 | Main outlet of semi-trailer plant, main outlet of tanker plant | 3.220mg/L | | 0.2591 | Not approved by regulators | Not exceeded |
| | | Total nickel | Indirect emission | 2 | Main outlet of semi-trailer plant, main outlet of tanker plant | 0.877mg/L | | 0.0068 | 0.0080 | Not exceeded |
| | | Total phosphorus | Indirect emission | 2 | Main outlet of semi-trailer plant, main outlet of tanker plant | 7.980mg/L | | 0.6821 | 1.0060 | Not exceeded |
| | | COD | Indirect emission | 2 | Main outlet of semi-trailer plant, main outlet of tanker plant | 496.500mg/L | | 52.8700 | 103.8420 | Not exceeded |
| | | Total nitrogen | Indirect emission | 2 | Main outlet of semi-trailer plant, main outlet of tanker plant | 63.200mg/L | | 3.9470 | 9.9740 | Not exceeded |
| | | Petroleum | Indirect emission | 2 | Main outlet of semi-trailer plant, main outlet of tanker plant | 2.760mg/L | | 0.1469 | Not approved by regulators | Not exceeded |
| | | Total chromium | Indirect emission | 1 | Main outlet of tanker plant | ND (not detected) | | 0 | 0.00003 | Not exceeded |
| | | Fluoride | Indirect emission | 1 | Main outlet of tanker plant | 16.800mg/L | | 0.6384 | Not approved by regulators | Not exceeded |
| | | Ammonia nitrogen | Indirect emission | 2 | Main outlet of semi-trailer plant, Main outlet of tanker plant | 42.150mg/L | | 4.1532 | 5.7810 | Not exceeded |
| | | Total zinc | Indirect emission | 1 | Main outlet of semi-trailer plant | 0.120mg/L | | 0.0110 | Not approved by regulators | Not exceeded |
| | | Total manganese | Indirect emission | 1 | Main outlet of semi-trailer plant | 0.420mg/L | | 0.0311 | Not approved by regulators | Not exceeded |
| Zhumadian CIMC Huajun Vehicle Co., Ltd. | Atmospheric pollution | Methylbenzene | Organised | 13 | The outer edge of coating workshop | 0.198mg/m ³ | Emission Standard of Volatile Organic Compounds for Industrial Surface Coating DB41/1951-2020 | 0.2066 | Not approved by regulators | Not exceeded |
| | | Xylene | Organised | 13 | The outer edge of coating workshop | 4.495mg/m ³ | | 3.3040 | Not approved by regulators | Not exceeded |
| | | Non-methane total hydrocarbons | Organised | 15 | The outer edge of coating workshop | 13.300mg/m ³ | | 11.1710 | 58.8350 | Not exceeded |

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

| Name of company or subsidiary | Type of major and specific pollutants | Name of major and specific pollutants | Emission method | Number of emission outlets | Distribution of emission outlets | Emission concentration | Pollutant emission standards in effect | Total emission (tonnes/year) | Approved total emission (tonnes/year) | Excessive emission |
|-------------------------------|---------------------------------------|---------------------------------------|-------------------|----------------------------|------------------------------------|-------------------------|---|------------------------------|---------------------------------------|--------------------|
| | | Particulate matter | Organised | 11 | The outer edge of sanding Workshop | 28.510mg/m ³ | Integrated Emission Standard of Air Pollutants GB16297-1996 | 3.5510 | Not approved by regulators | Not exceeded |
| | | Particulate matter | Organised | 13 | The outer edge of coating workshop | 5.600mg/m ³ | | 5.0840 | Not approved by regulators | Not exceeded |
| | Water pollution | COD | Indirect emission | 1 | The main outlet of the plant | 23.000mg/L | Integrated Wastewater Discharge Standard GB8978-1996 | 0.3500 | 13.7760 | Not exceeded |
| | | Ammonia nitrogen | Indirect emission | 1 | The main outlet of the plant | 3.260mg/L | | 0.0335 | 1.9000 | Not exceeded |
| | | Five-day biochemical oxygen demand | Indirect emission | 1 | The main outlet of the plant | 5.400mg/L | | 0.0841 | Not approved by regulators | Not exceeded |
| | | pH | Indirect emission | 1 | The main outlet of the plant | 7.6 | | - | Not approved by regulators | Not exceeded |
| | | Total phosphorus | Indirect emission | 1 | The main outlet of the plant | 0.790mg/L | | 0.0110 | Not approved by regulators | Not exceeded |
| | | Fluoride | Indirect emission | 1 | The main outlet of the plant | 0.765mg/L | | 0.0103 | Not approved by regulators | Not exceeded |
| | | Anionic surfactant | Indirect emission | 1 | The main outlet of the plant | 0.194mg/L | | 0.0061 | Not approved by regulators | Not exceeded |
| | | Petroleum | Indirect emission | 1 | The main outlet of the plant | 0.205mg/L | | 0.0034 | Not approved by regulators | Not exceeded |
| | | Phosphate | Indirect emission | 1 | The main outlet of the plant | 0.535mg/L | | 0.0067 | 0.2316 | Not exceeded |
| | | SS | Indirect emission | 1 | The main outlet of the plant | 11.000mg/L | | 0.1490 | Not approved by regulators | Not exceeded |
| | | Total nickel | Indirect emission | 1 | The main outlet of the plant | ND (not detected) | | 0 | 0 | Not exceeded |

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

| Name of company or subsidiary | Type of major and specific pollutants | Name of major and specific pollutants | Emission method | Number of emission outlets | Distribution of emission outlets | Emission concentration | Pollutant emission standards in effect | Total emission (tonnes/year) | Approved total emission (tonnes/year) | Excessive emission |
|--|---------------------------------------|---------------------------------------|--------------------|----------------------------|---|-------------------------|---|------------------------------|---------------------------------------|--------------------|
| Liangshan CIMC Dongyue Vehicle Co., Ltd. | Atmospheric pollution | VOCs | Organised | 1 | Painting room | 3.010mg/m ³ | Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing DB37/2801.1-2016 | 0.2230 | 149.7300 | Not exceeded |
| | | Methylbenzene | Organised | 1 | Painting room | 0.191mg/m ³ | | 0.0115 | Not approved by regulators | Not exceeded |
| | | Xylene | Organised | 1 | Painting room | 0.268mg/m ³ | | 0.0171 | Not approved by regulators | Not exceeded |
| | | Particulate matter | Organised | 3 | 1 in Painting room and 2 in shot blasting room | 3.200mg/m ³ | Shandong Provincial Standard – Regional and Integrated Emission Standard of Air Pollutants DB37/2376-2019 | 0.2306 | Not approved by regulators | Not exceeded |
| CIMC Vehicles (Liaoning) Co., Ltd. | Atmospheric pollution | NO _x 2 | Organised emission | 2 | 2 outlets (DA007-008) in boiler room for winter heat supply | 42.000mg/m ³ | Boiler Air Pollutant Discharge Standard GB13271-2014 | 0.1000 | Not approved by regulators | Not exceeded |
| | | Sulfur dioxide 2 | Organised emission | 2 | 2 outlets (DA007-008) in boiler room for winter heat supply | 6.000mg/m ³ | | 0.0200 | Not approved by regulators | Not exceeded |
| | | Blackness of fume 2 | Organised emission | 2 | 2 outlets (DA007-008) in boiler room for winter heat supply | < Level 1 | | – | Not approved by regulators | Not exceeded |
| | | Blackness of fume 1 | Organised emission | 1 | 1 outlet DA006 at north side of the drying room of phase I workshop | < Level 1 | Emission Standard of Air Pollutants for Industrial Kilns and Furnaces GB9078-1996 | – | Not approved by regulators | Not exceeded |
| | | Sulfur dioxide 1 | Organised emission | 1 | 1 outlet DA006 at north side of the drying room of phase I workshop | 11.000mg/m ³ | | 0.0033 | 0.0410 | Not exceeded |

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

| Name of company or subsidiary | Type of major and specific pollutants | Name of major and specific pollutants | Emission method | Number of emission outlets | Distribution of emission outlets | Emission concentration | Pollutant emission standards in effect | Total emission (tonnes/year) | Approved total emission (tonnes/year) | Excessive emission |
|-------------------------------|---------------------------------------|---------------------------------------|--------------------|----------------------------|--|-------------------------|---|------------------------------|---------------------------------------|--------------------|
| | | NO _x 1 | Organised emission | 1 | 1 outlet DA006 at north side of the drying room of phase I workshop | 77.700mg/m ³ | | 0.0130 | 0.1240 | Not exceeded |
| | | Particulate matter 1 | Organised emission | 1 | Outlet DA006 at north side of the drying room of phase I workshop | 4.900mg/m ³ | | 0.0014 | 0.0080 | Not exceeded |
| | | Particulate matter 2 | Organised emission | 7 | Outlets (DA001-005) in paint room and sand room at north side of phase I workshop, 2 outlets (DA007-008) in boiler room for winter heat supply | 13.600mg/m ³ | Integrated Emission Standard of Air Pollutants 16297-1996 | 0.0340 | Not approved by regulators | Not exceeded |
| | | VOCs | Organised emission | 2 | 2 outlets (DA001-002) at north side of phase I workshop | 12.500mg/m ³ | | 0.1260 | Not approved by regulators | Not exceeded |
| Water pollution | pH | | Indirect emission | 1 | Main outlet of wastewater | 7.6 | Integrated Wastewater Discharge Standard DB21/1627-2008 | / | Not approved by regulators | Not exceeded |
| | | COD | Indirect emission | 1 | Main outlet of wastewater | 140.000mg/L | | 0.3500 | Not approved by regulators | Not exceeded |
| | | Total nitrogen | Indirect emission | 1 | Main outlet of wastewater | 41.000mg/L | | 0.1800 | Not approved by regulators | Not exceeded |
| | | Five-day biochemical oxygen demand | Indirect emission | 1 | Main outlet of wastewater | 39.000mg/L | | 0.0900 | Not approved by regulators | Not exceeded |
| | | SS | Indirect emission | 1 | Main outlet of wastewater | 220.000mg/L | | 0.5000 | Not approved by regulators | Not exceeded |
| | | Total phosphorus | Indirect emission | 1 | Main outlet of wastewater | 0.160 mg/L | | 0.0009 | Not approved by regulators | Not exceeded |
| | | Ammonia nitrogen NH ₃ -N | Indirect emission | 1 | Main outlet of wastewater | 5.500mg/L | | 0.0170 | Not approved by regulators | Not exceeded |

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

| Name of company or subsidiary | Type of major and specific pollutants | Name of major and specific pollutants | Emission method | Number of emission outlets | Distribution of emission outlets | Emission concentration | Pollutant emission standards in effect | Total emission (tonnes/year) | Approved total emission (tonnes/year) | Excessive emission | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---------------------------------------|---------------------------------------|---|----------------------------|--|-------------------------|---|------------------------------|---------------------------------------|--------------------|----------------|--------------------|---|---|-------------------|---|----------------------------|--------------|--------------|--------------------|---|---|-------------------|---|----------------------------|--------------|---------------|--------------------|---|---|------------------------|---|--------|----------------------------|--------------|
| CIMC-SHAC (Xi'An) Special Vehicle Co., Ltd. | Atmospheric pollution | Particulate matter | Organised emission | 8 | 1 outside the underwater spraying room, 2 outside the surface spraying room, 1 outside the small parts spraying room, 2 outside the sanding room, 1 outside the east gate of small parts room and 1 outside the painting passage | 17.400mg/m ³ | Integrated Emission Standard of Air Pollutants (GB16297-1996) | 5.4380 | Not approved by regulators | Not exceeded | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | Sulfur dioxide | Organised emission | 3 | 1 outside the underwater spraying room, 1 outside the surface spraying room and 1 outside the small parts spraying room | ND (not detected) | 0 | Not approved by regulators | Not exceeded | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | Nitric oxide | Organised emission | 3 | 1 outside the underwater spraying room, 1 outside the surface spraying room and 1 outside the small parts spraying room | ND (not detected) | 0 | Not approved by regulators | Not exceeded | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | Methylbenzene | Organised emission | 4 | 1 outside the underwater spraying room, 2 outside the surface spraying room and 1 outside the small parts spraying room | 0.398mg/m ³ | Shaanxi Provincial Emission Control Standard of Volatile Organic Compounds(DB61/T1061-2017) | 0.0226 | Not approved by regulators | Not exceeded |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-methane hydrocarbon | Organised total emission | 4 | 1 outside the underwater spraying room, 2 outside the surface spraying room and 1 outside the small parts spraying room | 2.920mg/m ³ | 0.7040 | 45.5000 | Not exceeded | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

| Name of company or subsidiary | Type of major and specific pollutants | Name of major and specific pollutants | Emission method | Number of emission outlets | Distribution of emission outlets | Emission concentration | Pollutant emission standards in effect | Total emission (tonnes/year) | Approved total emission (tonnes/year) | Excessive emission | | | | | | | | | | | | | | | | |
|---|---------------------------------------|---------------------------------------|----------------------------|----------------------------|---|---|--|------------------------------|---------------------------------------|--------------------|-------------------------------|--------------------|---------------------------|--|-------------------------|----------------------------|----------------------------|--------------|-----------------|--------------------|-------------------|--|---|-------------------------|----------------------------|----------------------------|
| Wuhu CIMC Ruijiang Automobile Co., Ltd. | Atmospheric pollution | Particulate matter 1 | Organised emission | 9 | 1 in sandblasting room of phase I, 5 in mix powder spraying line of phase I and 3 in liquid tank powder spraying line of phase II | 7.700mg/m ³ | Integrated Emission Standard of Air Pollutants in Shanghai (DB31-933-2015) | 2.7850 | Not approved by regulators | Not exceeded | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | Non-methane total hydrocarbon | Organised emission | 5 | 1 in powder tank solidification of phase I, 3 in mix powder spraying line of phase I and 1 in liquid tank powder spraying line of Phase II | 4.020mg/m ³ | 0.9117 | 6.8190 | Not exceeded | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | Sulfur dioxide | Organised emission | 7 | 1 in powder tank solidification of phase I, 3 in mix powder spraying line of phase I and 3 in liquid tank powder spraying line of Phase II | 3.000mg/m ³ | 0.2148 | Not approved by regulators | Not exceeded |
| | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | Xylene | Organised emission | 3 | 2 original powder cans sprayed in Phase I and 1 liquid can spray line repainted in Phase II | 1.020mg/m ³ | 0.1203 | Not approved by regulators | Not exceeded | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | Water pollution | SS | Indirect emission | 1 | 1 in liquid tank truck pickling of Phase II | 0.220 mg/m ³ | 0.0053 | Not approved by regulators |
| | | | | | | | | | | | sulphur acid mist | Organised emission | 1 | 1 in pre-treatment liquid tank truck of Phase II | 2.200 mg/m ³ | 0.0265 | Not approved by regulators | Not exceeded | | | | | | | | |
| | Petroleum | Indirect emission | 1 | Main outlet of wastewater | 67.000mg/L | Integrated Wastewater Discharge Standard (GB8978-1996) Class 3 Standard | 2.7507 | Not approved by regulators | Not exceeded | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | pH | Indirect emission | 1 | Main outlet of wastewater | 8.660mg/L | 0.3555 | Not approved by regulators | Not exceeded | | | | | | | | | |
| | 7.4 | - | Not approved by regulators | Not exceeded | | | | | | | | | | | | | | | | | | | | | | |

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

| Name of company or subsidiary | Type of major and specific pollutants | Name of major and specific pollutants | Emission method | Number of emission outlets | Distribution of emission outlets | Emission concentration | Pollutant emission standards in effect | Total emission (tonnes/year) | Approved total emission (tonnes/year) | Excessive emission |
|------------------------------------|---------------------------------------|---------------------------------------|--------------------|----------------------------|--|------------------------|--|------------------------------|---------------------------------------|--------------------|
| | | COD | Indirect emission | 1 | Main outlet of wastewater | 30.860mg/L | | 1.2660 | 4.3431 | Not exceeded |
| | | Ammonia nitrogen | Indirect emission | 1 | Main outlet of wastewater | 2.872/L | | 0.1179 | 0.1441 | Not exceeded |
| | | Animal and vegetable oil | Indirect emission | 1 | Main outlet of wastewater | 2.150mg/L | | 0.0882 | Not approved by regulators | Not exceeded |
| | | Fluoride | Indirect emission | 1 | Main outlet of wastewater | 1.300mg/L | | 0.0533 | Not approved by regulators | Not exceeded |
| | | Anionic surfactant | Indirect emission | 1 | Main outlet of wastewater | 0.260mg/L | | 0.1016 | Not approved by regulators | Not exceeded |
| | | Five-day biochemical oxygen demand | Indirect emission | 1 | Main outlet of wastewater | 21.800mg/L | | 0.8950 | Not approved by regulators | Not exceeded |
| CIMC Vehicles (Shandong) Co., Ltd. | Atmospheric pollution | Nitric oxide | Organised emission | 2 | The boiler room of refrigeration and cold | 39.000mg/L | Boiler Air Pollutant Discharge Standard of Shandong (DB37/2374-2018) | 0.2396 | Not approved by regulators | Not exceeded |
| | | Sulfur dioxide | Organised emission | 2 | The boiler room of refrigeration and cold | 1.000mg/m ³ | | 0.0015 | Not approved by regulators | Not exceeded |
| | | Particulate matter | Organised emission | 2 | The boiler room of refrigeration and cold | 2.800mg/m ³ | | 0.0194 | Not approved by regulators | Not exceeded |
| | | Methylbenzene | Organised emission | 4 | Painting workshop – painting line (small parts, colour separation), drying line (small parts, colour separation) | 0.903mg/m ³ | Shandong Province Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing (DB37/2801.1-2016) | 0.0173 | Not approved by regulators | Not exceeded |
| | | Xylene | Organised emission | 4 | Painting workshop – painting line (small parts, colour separation), drying line (small parts, colour separation) | 3.420mg/m ³ | | 0.1024 | Not approved by regulators | Not exceeded |

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

| Name of company or subsidiary | Type of major and specific pollutants | Name of major and specific pollutants | Emission method | Number of emission outlets | Distribution of emission outlets | Emission concentration | Pollutant emission standards in effect | Total emission (tonnes/year) | Approved total emission (tonnes/year) | Excessive emission |
|-------------------------------|---------------------------------------|---------------------------------------|--------------------|----------------------------|---|-------------------------|---|------------------------------|---------------------------------------|--------------------|
| | | Non-methane total hydrocarbon | Organised emission | 6 | Painting workshop – painting line (small parts, colour separation), drying line (small parts, colour separation), plate making process, cold foaming process | 8.380mg/m ³ | | 0.8779 | 20.6500 | Not exceeded |
| | | Benzene | Organised emission | 4 | Painting workshop – painting line (small parts, colour separation), drying line (small parts, colour separation) | 0.034mg/m ³ | | 0.0065 | Not approved by regulators | Not exceeded |
| | | Sulfur dioxide | Organised emission | 2 | Painting workshop – painting colour separation line, small parts drying line | 2.000mg/m ³ | Shandong Provincial Standard – Regional and Integrated Emission Standard of Air Pollutants (DB37/2376-2019) | 0.0017 | Not approved by regulators | Not exceeded |
| | | Nitric oxide | Organised emission | 2 | Painting workshop – painting colour separation line, small parts drying line | 81.000mg/m ³ | | 0.2396 | Not approved by regulators | Not exceeded |
| | | Particulate matter | Organised emission | 7 | Painting workshop – painting line (small parts, colour separation), drying line (small parts, colour separation), carving and trimming, plasma cutting, woodworking cutting | 3.600mg/m ³ | | 0.5681 | Not approved by regulators | Not exceeded |
| | Water pollution | pH | Indirect emission | 1 | Domestic sewage outlet | 7.9 | Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015) | – | Not approved by regulators | Not exceeded |
| | | COD | Indirect emission | 1 | Domestic sewage outlet | 33.000mg/L | | 0.3245 | Not approved by regulators | Not exceeded |
| | | Total phosphorus | Indirect emission | 1 | Domestic sewage outlet | 3.820mg/L | | 0.0305 | Not approved by regulators | Not exceeded |

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

| Name of company or subsidiary | Type of major and specific pollutants | Name of major and specific pollutants | Emission method | Number of emission outlets | Distribution of emission outlets | Emission concentration | Pollutant emission standards in effect | Total emission (tonnes/year) | Approved total emission (tonnes/year) | Excessive emission |
|---|---------------------------------------|---------------------------------------|--------------------|----------------------------|----------------------------------|--------------------------|--|------------------------------|---------------------------------------|--------------------|
| | | Five-day biochemical oxygen demand | Indirect emission | 1 | Domestic sewage outlet | 10.100mg/L | | 0.1001 | Not approved by regulators | Not exceeded |
| | | SS | Indirect emission | 1 | Domestic sewage outlet | 21.000mg/L | | 0.1894 | Not approved by regulators | Not exceeded |
| | | Ammonia nitrogen | Indirect emission | 1 | Domestic sewage outlet | 10.400mg/L | | 0.0983 | Not approved by regulators | Not exceeded |
| Shenzhen CIMC Special Vehicle Co., Ltd. | Atmospheric pollution | Particulate matter 1 | Organised emission | 3 | Welding workshop | 1.600mg/m ³ | Emission Limits of Air Pollutants DB44/27-2001 | 0.3650 | 1.8300 | Not exceeded |
| | | Particulate matter 2 | Organised emission | 6 | Coating workshop | 7.000mg/m ³ | Boiler Air Pollutant Discharge Standard B13271-2014 | 0.0300 | | Not exceeded |
| | | Nitric oxide | Organised emission | 6 | Coating workshop | 124.000mg/m ³ | | 0.4700 | 0.8400 | Not exceeded |
| | | Sulfur dioxide | Organised emission | 6 | Coating workshop | 20.000mg/m ³ | | 0.0500 | 0.1800 | Not exceeded |
| | | Ringelmann Blackness | Organised emission | 6 | Coating workshop | Level 0 | | - | Not approved by regulators | Not exceeded |
| | | Methylbenzene + Xylene | Organised emission | 1 | Coating workshop | 0.326mg/m ³ | Emission Standard of Volatile Organic Compounds for Surface Coating (Vehicle Manufacturing Industry) DB44/816-2010 | 0.0030 | Not approved by regulators | Not exceeded |
| | | Volatile Organic Compounds (VOCs) | Organised emission | 2 | Coating workshop | 5.120mg/m ³ | | 0.0150 | 0.1340 | Not exceeded |

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

| Name of company or subsidiary | Type of major and specific pollutants | Name of major and specific pollutants | Emission method | Number of emission outlets | Distribution of emission outlets | Emission concentration | Pollutant emission standards in effect | Total emission (tonnes/year) | Approved total emission (tonnes/year) | Excessive emission | | | | | |
|---|---------------------------------------|---------------------------------------|-----------------|----------------------------|---|-------------------------|--|------------------------------|---------------------------------------|--------------------|----------------------------|------------------------|--------|----------------------------|--------------|
| Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd. | Atmospheric pollution | Particulate matter | Organised | 3 | Shot blasting room, centralized welding fume collection | 3.700mg/m ³ | Shandong Provincial Standard – Regional and Integrated Emission Standard of Air Pollutants (DB37/2376-2019) | 0.5230 | Not approved by regulators | Not exceeded | | | | | |
| | | | | | | | | Nitric oxide | Organised | 2 | Drying room | <3mg/m ³ | 0.0724 | Not approved by regulators | Not exceeded |
| | | | | | | | | Sulfur dioxide | Organised | 2 | Drying room | <3mg/m ³ | 0.0064 | Not approved by regulators | Not exceeded |
| | | VOCs | Organised | 1 | Painting room, drying room | 3.730mg/m ³ | Shandong Province Volatile Organic Compounds Emission Standard Part I:Automotive Manufacturing (DB37/2801.1-2016) | 0.4705 | 78.6450 | Not exceeded | | | | | |
| | | | | | | | | Methylbenzene | Organised | 1 | Painting room, drying room | 0.093mg/m ³ | 0.0185 | Not approved by regulators | Not exceeded |
| | | | | | | | | | | | | | Xylene | Organised | 1 |
| CIMC Vehicles (Jiangmen) Co., Ltd. | Atmospheric pollution | Methylbenzene + Xylene | Organised | 3 | 3 for the painting line | 5.072mg/m ³ | DB44/816-2010 Emission Standard of Volatile Organic Compounds for Surface Coating (Vehicle Manufacturing Industry) | 1.1248 | Not approved by regulators | Not exceeded | | | | | |
| | | | | | | | | VOCS | Organised | 3 | 3 for the painting line | 8.984mg/m ³ | 1.6118 | 2.0950 | Not exceeded |
| | | Particulate matter | Organised | 4 | 1 in the sanding room, 3 in the paint grinding room | <20 mg/m ³ | DB44/27-2001 Emission Limits of Air Pollutants | 1.6659 | Not approved by regulators | Not exceeded | | | | | |
| | | SO ₂ | Organised | 1 | 1 in the drying room | 9.670 mg/m ³ | GB9078-1996 Emission Standard of Air Pollutants for Industrial Kilns and Furnaces | 0.0139 | 0.0800 | Not exceeded | | | | | |

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

| Name of company or subsidiary | Type of major and specific pollutants | Name of major and specific pollutants | Emission method | Number of emission outlets | Distribution of emission outlets | Emission concentration | Pollutant emission standards in effect | Total emission (tonnes/year) | Approved total emission (tonnes/year) | Excessive emission |
|---|---------------------------------------|---------------------------------------|--------------------|----------------------------|--------------------------------------|--------------------------|---|------------------------------|---------------------------------------|--------------------|
| | | NO _x | Organised | 1 | 1 in the drying room | 58.670 mg/m ³ | | 0.0897 | 0.4400 | Not exceeded |
| Dongguan CIMC Special Vehicle Co., Ltd. | Atmospheric pollution | Particulate matter | Organised emission | 15 | Structure workshop, coating workshop | 12.825mg/m ³ | Air Pollutant Emission Limits DB44/27-2001 Period II Class 2 standard | 0.8164 | Not approved by regulators | Not exceeded |
| | | Manganese and its compounds | Organised emission | 6 | Structure workshop | ND (not detected) | | 0 | Not approved by regulators | Not exceeded |
| | | SO ₂ | Organised emission | 8 | Coating workshop | 12.125mg/m ³ | | 0.2946 | Not approved by regulators | Not exceeded |
| | | NO _x | Organised emission | 8 | Coating workshop | 38.000mg/m ³ | | 0.7540 | Not approved by regulators | Not exceeded |
| | | VOCs | Organised emission | 2 | Coating workshop | 2.110mg/m ³ | Emission Standard of Volatile Organic Compounds for Surface Coating (Vehicle Manufacturing Industry) DB44/816-2010, 50mg/m ³ | 0.0673 | Not approved by regulators | Not exceeded |
| | Water pollution | COD | Direct emission | 1 | Industrial wastewater outlet | 14.000mg/l | Environmental Quality Standard for Surface Water GB3838-2002 | 0.1693 | Not approved by regulators | Not exceeded |
| | | BOD5 | Direct emission | 1 | Industrial wastewater outlet | 3.700mg/l | | 0.0447 | Not approved by regulators | Not exceeded |
| | | Total phosphorus | Direct emission | 1 | Industrial wastewater outlet | 0.100mg/l | | 0.0012 | Not approved by regulators | Not exceeded |
| | | Petroleum | Direct emission | 1 | Industrial wastewater outlet | 0.260mg/l | | 0.0031 | Not approved by regulators | Not exceeded |
| | | Total zinc | Direct emission | 1 | Industrial wastewater outlet | 0.040mg/l | | 0.0005 | Not approved by regulators | Not exceeded |
| | | Total nickel | Direct emission | 1 | Industrial wastewater outlet | 0.025mg/l | | 0.0003 | Not approved by regulators | Not exceeded |
| | | Total manganese | Direct emission | 1 | Industrial wastewater outlet | 0.070mg/l | | 0.0008 | Not approved by regulators | Not exceeded |

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

| Name of company or subsidiary | Type of major and specific pollutants | Name of major and specific pollutants | Emission method | Number of emission outlets | Distribution of emission outlets | Emission concentration | Pollutant emission standards in effect | Total emission (tonnes/year) | Approved total emission (tonnes/year) | Excessive emission |
|--------------------------------------|---------------------------------------|---------------------------------------|--------------------|----------------------------|-----------------------------------|-------------------------|--|------------------------------|---------------------------------------|--------------------|
| | | Fluoride | Direct emission | 1 | Industrial wastewater outlet | 1.110mg/l | | 0.0134 | Not approved by regulators | Not exceeded |
| | | Total nitrogen | Direct emission | 1 | Industrial wastewater outlet | 1.300mg/l | | 0.0157 | Not approved by regulators | Not exceeded |
| | | SS | Direct emission | 1 | Industrial wastewater outlet | 17.000mg/l | Discharge Standard of Water Pollutants for Electroplating DB44/1597-2015 | 0.2055 | Not approved by regulators | Not exceeded |
| | | COD | Indirect emission | 1 | Domestic sewage outlet | 90.000mg/l | Discharge Limits of Water Pollutants DB44/26-2001 | 5.0718 | Not approved by regulators | Not exceeded |
| | | SS | Indirect emission | 1 | Domestic sewage outlet | 66.000mg/l | | 3.7193 | Not approved by regulators | Not exceeded |
| | | BOD | Indirect emission | 1 | Domestic sewage outlet | 24.700mg/l | | 1.3919 | Not approved by regulators | Not exceeded |
| | | Ammonia nitrogen | Indirect emission | 1 | Domestic sewage outlet | 40.000mg/l | | 2.2541 | Not approved by regulators | Not exceeded |
| | | Total phosphorus | Indirect emission | 1 | Domestic sewage outlet | 5.780mg/l | | 0.3257 | Not approved by regulators | Not exceeded |
| Gansu CIMC Huajun Vehicles Co., Ltd. | Atmospheric pollution | Xylene | Organised emission | 1 | Coating workshop | 0.810mg/m ³ | Integrated Emission Standard of Air Pollutants (GB16297-1996) | 0.1749 | Not approved by regulators | Not exceeded |
| | | Methylbenzene | Organised emission | 1 | Coating workshop | 0.870mg/m ³ | | 0.1879 | Not approved by regulators | Not exceeded |
| | | Particulate matter | Organised emission | 4 | Coating workshop and sanding room | 6.700mg/m ³ | | 1.4428 | Not approved by regulators | Not exceeded |
| | | Nitric oxide | Organised emission | 1 | Coating workshop | 27.000mg/m ³ | | 0.0081 | Not approved by regulators | Not exceeded |
| | | Volatile Organic Compounds | Organised emission | 1 | Coating workshop | 3.170mg/m ³ | | 2.2600 | 66.5000 | Not exceeded |
| | Water pollution | SS | Indirect emission | 1 | The main outlet of the plant | 34.000mg/L | Integrated Wastewater Discharge Standard GB8978-1996 | 0.7531 | Not approved by regulators | Not exceeded |

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

| Name of company or subsidiary | Type of major and specific pollutants | Name of major and specific pollutants | Emission method | Number of emission outlets | Distribution of emission outlets | Emission concentration | Pollutant emission standards in effect | Total | | |
|--|---------------------------------------|---------------------------------------|--------------------|----------------------------|--|--------------------------|--|------------------------|---------------------------------------|--------------------|
| | | | | | | | | emission (tonnes/year) | Approved total emission (tonnes/year) | Excessive emission |
| | | Five-day biochemical oxygen demand | Indirect emission | 1 | The main outlet of the plant | 62.200mg/L | | 1.3778 | Not approved by regulators | Not exceeded |
| | | CODcr | Indirect emission | 1 | The main outlet of the plant | 149.000mg/L | | 3.3000 | Not approved by regulators | Not exceeded |
| | | Ammonia nitrogen | Indirect emission | 1 | The main outlet of the plant | 36.800mg/L | | 0.8152 | Not approved by regulators | Not exceeded |
| | | Total phosphorus | Indirect emission | 1 | The main outlet of the plant | 4.120mg/L | | 0.0916 | Not approved by regulators | Not exceeded |
| | | pH (dimensionless) | Indirect emission | 1 | The main outlet of the plant | 8.6 | | / | Not approved by regulators | Not exceeded |
| Luoyang CIMC Lingyu Automobile Co., Ltd. | Atmospheric pollution | Particulate matter 4 | Organised emission | 22 | Cutting and welding fume treatment facilities | 3.700mg/m ³ | Special Plan for Industrial Pollution Control in Luoyang City in 2020 (Luo Huan Gong Jian Ban [2020] No.14) | 1.2011 | Not approved by regulators | Not exceeded |
| | | Particulate matter 1 | Organised emission | 11 | Drying room of the painting workshop, drying room of the powder spraying line, powder curing room and hot cleaning furnace | 4.200mg/m ³ | Standards in Table 1 in the Standards of Atmospheric Pollution Emissions from Industrial Furnaces (DB41/1066-2020) | 0.0670 | Not approved by regulators | Not exceeded |
| | | Sulfur dioxide | Organised emission | 11 | Drying room of the painting workshop, drying room of the powder spraying line, powder curing room and hot cleaning furnace | 29.000mg/m ³ | | 0.0529 | 1.3800 | Not exceeded |
| | | Nitric oxide | Organised emission | 11 | Drying room of the painting workshop, drying room of the powder spraying line, powder curing room and hot cleaning furnace | 100.000mg/m ³ | | 0.6551 | 5.1300 | Not exceeded |

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

| Name of company or subsidiary | Type of major and specific pollutants | Name of major and specific pollutants | Emission method | Number of emission outlets | Distribution of emission outlets | Emission concentration | Pollutant emission standards in effect | Total emission (tonnes/year) | Approved total emission (tonnes/year) | Excessive emission |
|-------------------------------|---------------------------------------|---------------------------------------|--------------------|-------------------------------------|---|-------------------------|--|------------------------------|---------------------------------------|--------------------|
| | | Nitric oxide 2 | Organised emission | 1 | Gas-fired boiler of the powder spraying line | 27.000mg/m ³ | Boiler Air Pollutant Discharge Standard (DB41/2089-2021) | 0.0004 | 5.1300 | Not exceeded |
| | | Particulate matter 2 | Organised emission | 1 | Gas-fired boiler of the powder spraying line | 1.700mg/m ³ | | 0.00003 | Not approved by regulators | Not exceeded |
| | | Sulfur dioxide 2 | Organised emission | 1 | Gas-fired boiler of the powder spraying line | ND (not detected) | | 0 | 1.3800 | Not exceeded |
| | | Particulate matter 3 | Organised emission | 8 | The painting room, polishing room and sandblasting room of the painting workshop, the shot blasting room and the powder spraying room of the powder spraying line | 8.300mg/m ³ | Class 2 standards in Table 2 of the Integrated Emission Standard of Air Pollutants (GB16297-1996) | 3.4978 | Not approved by regulators | Not exceeded |
| | | Non-methane total hydrocarbon | Organised emission | 3 | Exhaust gas treatment facilities for painting and drying in the painting workshop, the powder curing room and hot cleaning furnace of the powder spraying line | 22.356mg/m ³ | Standards in Table 1 in the Standards of Volatile Organic Compounds Emissions from Industrial Coating Processes (DB41/1951-2020) | 2.2172 | 18.5100 | Not exceeded |
| Water pollution | COD | Indirect emission | 1 | The main sewage outlet of the plant | | 236.959mg/L | Class 3 standard in Table 4 in the Integrated Wastewater Discharge Standard (GB8978-1996) | 1.6454 | 8.9060 | Not exceeded |
| | SS | Indirect emission | 1 | The main sewage outlet of the plant | | 18.000mg/L | | 0.4640 | Not approved by regulators | Not exceeded |
| | Fluoride | Indirect emission | 1 | The main sewage outlet of the plant | | 2.210mg/L | | 0.0522 | Not approved by regulators | Not exceeded |
| | pH | Indirect emission | 1 | The main sewage outlet of the plant | | 8.226 | | - | Not approved by regulators | Not exceeded |
| | Anionic surfactant | Indirect emission | 1 | The main sewage outlet of the plant | | 0.138mg/L | | 0.0042 | Not approved by regulators | Not exceeded |
| | COD | Indirect emission | 1 | The main sewage outlet of the plant | | 26.300mg/L | | 0.3522 | Not approved by regulators | Not exceeded |

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

| Name of company or subsidiary | Type of major and specific pollutants | Name of major and specific pollutants | Emission method | Number of emission outlets | Distribution of emission outlets | Emission concentration | Pollutant emission standards in effect | Total emission (tonnes/year) | Approved total emission (tonnes/year) | Excessive emission |
|-------------------------------|---------------------------------------|---------------------------------------|-------------------|----------------------------|-------------------------------------|------------------------|--|------------------------------|---------------------------------------|--------------------|
| | | Ammonia nitrogen | Indirect emission | 1 | The main sewage outlet of the plant | 23.715mg/L | Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T 31962-2015) | 0.1902 | 1.2140 | Not exceeded |
| | | Phosphate | Indirect emission | 1 | The main sewage outlet of the plant | 3.924mg/L | Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T 31962-2015) | 0.0241 | Not approved by regulators | Not exceeded |
| | | Petroleum | Indirect emission | 1 | The main sewage outlet of the plant | 0.060mg/L | | 0.0020 | Not approved by regulators | Not exceeded |

3. Construction and operation of pollution prevention and control facilities

Yangzhou Industrial sewage:

- CIMC Tong Hua Special Vehicles Co., Ltd.
- (1) 3 sets of sewage treatment systems, including 1 set of semi-trailer electrophoresis wastewater treatment system: the maximum capacity of treating wastewater with phosphorus and heavy metal is 4.5 m³/h and the maximum capacity of treating wastewater without phosphorus and heavy metal is 8 m³/h. Wastewater with phosphorus and heavy metal is pre-treated by secondary coagulation-sedimentation; wastewater without phosphorus and heavy metal is pre-treated by coagulation-sedimentation + flotation. Pre-treated industrial wastewater and domestic sewage are discharged to the municipal network after the anaerobic process + aerobic process + membrane bioreactor (MBR) treatment in compliance with pipe incorporation standards;
 - (2) 1 set of semi-trailer plant coating wastewater treatment system, with a designed capacity of 2 m³/h. Wastewater is recycled to the painting room after treated with solvent and discharged regularly after the treatment in compliance with standards;
 - (3) 1 set of tanker plant coating wastewater treatment system: Wastewater with heavy metals after flocculation and sedimentation, and wastewater without heavy metals after pH adjustment + sedimentation are subjected to air flotation + hydrolysis acidification + contact oxidation + sedimentation. Such treated wastewater is discharged via pipes after reaching the standard. The designed treatment capacity is 40t/d;

Currently, all the above facilities are in normal operation.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Industrial exhaust:

- (1) 6 sets of sanding waste gas dust removal facilities, with cyclone dust removal + filter barrel dust removal process; the air speed at the inlet of cyclone dust collector is 18-22 m/s; the air speed of filter barrel dust collector is 0.85 m/min; the filtration precision is 5-10 μ m;
- (2) 3 sets of paint spray and touch-up waste gas activated carbon adsorption + catalytic combustion facilities, adopting the activated carbon adsorption + catalytic combustion process, with a designed air treatment volume of 120,000 m³/h each;
- (3) 32 sets of dust removal devices for welding waste gas treatment, adopting the mobile welding dust removal device to treat welding and polishing;
- (4) 2 sets of activated carbon adsorption devices for the hazardous waste warehouse;
- (5) 2 sets of canteen fume purification devices, adopting the fume purification device to treat the canteen fume;
- (6) Low-nitrogen burners are installed for 2 sets of natural gas boilers in the shower room;
- (7) 1 set of phosphorus waste gas purification device, adopting the waste gas washing tower, with an air treatment volume of 25,000 m³/h, filtration speed of 1.8-2 m/s and efficiency of 95%;
- (8) 1 set of electro-coating waste gas purification device, emitting the waste gas collected by the suction hood after the treatment of waste gas washing tower, with an air treatment volume of 25,000 m³/h, filtration speed of 1.8-2 m/s and efficiency of 90%;
- (9) 1 set of electro-drying waste gas catalytic combustion device, adopting the catalytic combustion process, with a designed air treatment volume of 4,000 Nm³/h;
- (10) 1 set of powder solidification waste gas filter cotton + activated carbon adsorption device, adopting the filter cotton + activated carbon adsorption process, with the filtration area of the filter cotton filtration system being 4.4 m² and the thickness of 50 mm, the filtration area of activated carbon adsorption being 204.4 m² and the filter layer of 200 mm;
- (11) 1 set of acid pickling waste gas purification device, adopting waste gas purification tower to treat waste gas, with an air treatment volume of 25,000 m³/h and efficiency of 90%;
- (12) Low-nitrogen burners are installed for 1 set of natural gas hot water boiler for degreasing and heating of zirconization tank;
- (13) 1 set of powder solidification waste gas catalytic combustion device, adopting the catalytic combustion process, with a designed waste gas treatment volume of 1,500 Nm³/h;
- (14) 1 set of putty polishing waste gas filter device, adopting secondary filtration (filter cotton + filter bag) method, with the filtration efficiency of about 90%;

Currently, all the above facilities are in normal operation.

Hazardous waste:

- (1) The Company has built 8 hazardous waste temporary storage rooms in accordance with relevant requirements, with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels.

Currently, all the above facilities are in normal operation.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

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

Industrial exhaust:

- (1) 3 sets of plasma gas cutting dust collection and treatment facilities, each with a treatment capacity of 6,000 m³/h; 10 sets of robotic welding fume collection and treatment facilities, each with a treatment capacity of 5,000 m³/h; 1 set of frame line welding fume collection and treatment facilities, with a treatment capacity of 8,000 m³/h; 1 set of lifting welding robot welding fume collection and treatment facilities, with capacity of 8,000 m³/h; 2 sets of carving and trimming line robot welding fume collection and treatment facilities, each with a treatment capacity of 10,000 m³/h, adopting the filter cartridge dust removal process;
- (2) 8 sets of sanding dust collection and treatment facilities, each with a treatment capacity of 80,000 m³/h, adopting the bag dust collecting process;
- (3) 1 set of electrophoresis tank organic waste gas collection and treatment facilities, with a treatment capacity of 35,000 m³/h, adopting the activated carbon adsorption process; 1 set of electro-drying organic waste gas catalytic combustion treatment facilities, with a treatment capacity of 10,000 m³/h, adopting the catalytic combustion process;
- (4) 1 set of powder coating waste gas collection and treatment facilities, with a treatment capacity of 30,000 m³/h, adopting the UV photo-oxidation + activated carbon adsorption process;
- (5) 7 sets of manual painting waste gas catalytic combustion facilities, each with a treatment capacity of 170,000 m³/h, adopting the activated carbon adsorption + catalytic combustion desorption process;
- (6) 4 set of manual painting washing + activated carbon adsorption treatment facilities, each with a treatment capacity of 150,000 m³/h, adopting the washing + activated carbon adsorption process.

Currently, all the above facilities are in normal operation.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Hazardous waste:

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

All the above facilities are in normal operation.

Liangshan

Industrial sewage:

CIMC

- (1) 1 set of spraying wastewater treatment facility, with the capacity of 9.6 m³/d; the spraying wastewater adopts the flotation + Fenton reagent flocculation reaction + sedimentation + filtration process, and is recycled and replenished on a regular basis, with no external emission;

Dongyue

Vehicle Co.,

Ltd.

- (2) 1 set of domestic sewage treatment facilities, with the capacity of 2.6 m³/d; domestic wastewater adopts the hydrolytic acidification + SBR + oxidization removal + sand filtration + disinfection process, and is used in greening work, with no external emission;

The coating line is currently out of service, facility (1) has been reported and decommissioned, and facility (2) is operating normally.

Industrial exhaust:

- (1) 1 set of catalytic combustion facilities, with a designed capacity of 200,000 m³/h, adopting the "water rotation + filter cotton filtration + activated carbon adsorption + catalytic combustion" process. The waste gas is emitted at an altitude of more than 15 meters in accordance with national standards;
- (2) Centralized welding fume system for the longitudinal beam section and frame section, and mobile welding fume purifier for the other sections;

The coating line is currently out of service, facility (1) has been reported and decommissioned, and facility (2) is operating normally.

Hazardous waste:

- (1) The Company has built the hazardous waste temporary storage room in accordance with requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2023), with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels.

Currently, all the above facilities are in normal operation.

CIMC Vehicles

Industrial sewage:

(Liaoning)

- (1) Production wastewater: Spraying wastewater was recycled and replenished regularly, with no external discharge;

Co., Ltd.

- (2) Domestic sewage: After sedimentation in a septic tank, it was discharged into the municipal pipe network and then flowed into Yingkou Municipal Western Sewage Treatment Plant for treatment;

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

The coating line is currently out of service, the above facility (1) has been reported and decommissioned, and facility (2) is operating normally;

Industrial exhaust:

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

The coating line is currently out of service, the above facility (1), (2) and (3) has been reported and decommissioned.

Hazardous waste:

- (1) The Company has built a hazardous waste temporary storage room in accordance with requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2023), with the floor hardened and treated to prevent any infiltration. Hazardous wastes in warehouses were packed in bags with labels on site.

Currently, all the above facilities are in normal operation.

CIMC-SHAC
(Xi'An)
Special
Vehicle Co.,
Ltd.

Industrial sewage:

- (1) 1 set of industrial sewage treatment facility, adopting the microelectrolysis + flotation + precipitation reverse osmosis + adsorption filtration process. The maximum treatment capacity is 60 T/d; the wastewater adsorbed by painted items of the spray line will be reused after the treatment, with no external emission;
- (2) 1 set of domestic sewage treatment facility, domestic wastewater is discharged to the municipal wastewater treatment plant after initial treatment.

Currently, all the above facilities are in normal operation.

Industrial exhaust:

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

Currently, all the above facilities are in normal operation.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Hazardous waste:

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

Currently, all the above facilities are in normal operation.

Wuhu CIMC
Ruijiang
Automobile
Co., Ltd.

Industrial sewage:

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

Currently, all the above facilities are in normal operation.

Domestic sewage:

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

Currently, all the above facilities are in normal operation.

Industrial exhaust:

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

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

- (5) 1 set of sandblasting waste gas treatment facilities, with the capacity of 1,638 m³/h, adopting the “filter cartridge dust removal” process;
- (6) 1 set of organic waste gas treatment facilities, adopting the “pre-treatment + activated carbon adsorption and desorption + catalytic combustion” process, with the air treatment volume of 3,000 Nm³/h;
- (7) 1 set of acid mist purification tower, adopting the “alkali liquor spray + packed tower + demister” process, with the air treatment volume of 10 m³/h.

Currently, all the above facilities are in normal operation.

Hazardous waste:

- (1) The Company has built 1 hazardous waste temporary storage room in accordance with requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2023), with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels.

Currently, all the above facilities are in normal operation.

CIMC Vehicles
(Shandong)
Co., Ltd.

Industrial sewage:

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

Currently, all the above facilities are in normal operation.

Industrial exhaust:

- (1) 2 sets of catalytic combustion facilities, with a designed capacity of 60,000 m³/h and 80,000 m³/h respectively, adopting the activated carbon adsorption and desorption + catalytic combustion process;
- (2) A set of four-stage filtration + zeolite wheel adsorption and desorption + RTO equipment is provided, with the designed air treatment capacity of 70,000m³/h and the four-stage filtration+ zeolite wheel adsorption and desorption + RTO process;
- (3) 1 set of UV photocatalytic purification + activated carbon adsorption facilities, with a designed capacity of 20,000 m³/h, adopting the UV photocatalytic purification process;
- (4) 2 sets of filter cartridge dust removal facilities, with a designed capacity of 10,000 m³/h and 1,500 m³/h, adopting the filter cartridge filtration process;

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

- (5) 2 sets of low-nitrogen combustion facilities, with the rated power of 0.7 MW and 1.4 MW, adopting the low-nitrogen combustion process;
- (6) 2 sets of drying waste gas treatment facilities, each with the rated power of 0.75 MW, adopting the direct combustion process;
- (7) 1 set of blanking dust treatment facilities, with rated power of 22kW and air volume of 20,000 m³/h, adopting the bag central treatment process.

Currently, all the above facilities are in normal operation.

Hazardous waste:

- (1) Hazardous waste management facilities: The Company has built 1 hazardous waste temporary storage room in accordance with requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB 18597-2023), with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels.

Currently, all the above facilities are in normal operation.

Shenzhen Industrial sewage:

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

Currently, all the above facilities are in normal operation.

Industrial exhaust:

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

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

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Hazardous waste:

- (1) The Company has built 1 hazardous waste temporary storage room in accordance with requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB 18597-2023), with the floor hardened and treated to prevent any infiltration, collection ditches and waste liquid collection tank established around and outside the warehouse to avoid any leakage. The warehouse adopts different storage measures for different categories of hazardous waste and sets classification labels.

Currently, all the above facilities are in normal operation.

Shandong

Industrial sewage:

Wanshida
Special
Purpose
Vehicle
Manufacturing
Co., Ltd.

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

Currently, all the above facilities are in normal operation.

Industrial exhaust:

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

Currently, all the above facilities are in normal operation.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Hazardous waste:

- (1) The company has built 1 hazardous waste temporary storage room in accordance with requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB 18597-2023), with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels.

Currently, all the above facilities are in normal operation.

CIMC Vehicles
(Jiangmen)
Co., Ltd.

Industrial sewage:

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

Currently, all the above facilities are in normal operation.

Industrial exhaust:

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

Currently, all the above facilities are in normal operation.

Hazardous waste:

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

Dongguan

Industrial sewage:

CIMC Special
Vehicle Co.,
Ltd.

- (1) Production wastewater: The coating workshop is equipped with a wastewater treatment station, with the total treatment capacity of 237t/d. The phosphating wastewater treatment system and the non-phosphorus wastewater treatment system are separately set for different characteristics of the coating workshop wastewater: 1. Phosphating wastewater treatment system adopts physical and chemical precipitation + ultrafiltration + RO reverse osmosis + DTRO + evaporation concentration process. After the treatment reaches the reuse water standard, the reclaimed water is reused to the phosphating process, while the concentrated wastewater is entrusted to external agencies for environmentally friendly and harmless treatment, thus realizing zero discharge of heavy metals; 2. Non-phosphorus wastewater treatment system adopts physical and chemical precipitation + biochemical process + ultrafiltration + RO reverse osmosis + sand filtration process. The treated reclaimed water which reaches the reuse standard is reused to the processes of pure water preparation, degreasing and washing. The concentrated water produced is further treated and discharged after reaching the level 4 standard of surface water.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

- (2) Domestic sewage: The oily wastewater from the canteen is treated by oil and residue removal process; the toilet wastewater is treated by Level III septic tank; other domestic sewage is treated by residue removal process. After such treatment, other domestic sewage is discharged to the municipal network after residue removal treatment when meeting the Time Slot II Level III Standard set out in the Discharge Limits of Water Pollutants DB44/26-2001.

Currently, all the above facilities are in normal operation.

Industrial exhaust:

- (1) 3 sets of laser cutting flue gas collection and treatment facilities, with a total treatment capacity of 18,000 m³/h;
- (2) 5 sets of robotic welding fume collection and treatment facilities, with a total treatment capacity of 147,000 m³/h;
- (3) 1 set of sanding dust removal system, with a total treatment capacity of 73,000 m³/h;
- (4) 1 set of electrophoresis tank organic waste gas filtering device, with a total treatment capacity of 36,500 m³/h;
- (5) 1 set of electrophoresis drying room exhaust gas catalytic combustion treatment device, with a total treatment capacity of 3,000 m³/h.

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

Hazardous waste:

- (1) The Company has built 1 hazardous waste temporary warehouse, with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels. Sludge and waste engine oil have been stored on the leak-proof board, and diversion trenches and slow slopes are installed for the dangerous waste warehouse. Online monitoring equipment has been installed in the hazardous waste warehouse to realize real-time monitoring.

Currently, all the above facilities are in normal operation.

Gansu CIMC Industrial sewage:

- Vehicles Co., Ltd. (甘肅中集車輛有限公司)
- (1) The domestic sewage of the Company is discharged into the municipal pipe network after passing through the septic tank
 - (2) A hydraulic cyclone system is used in the Company's painting room to discharge wastewater to the circulating pool, for recycling in a closed loop, without externally discharging industrial wastewater.

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

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Industrial exhaust:

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

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

Hazardous waste:

- (1) One hazardous waste warehouse which is enclosed, wind, rain and sun-proof, with floor hardened and treated to prevent any infiltration, and cofferdams to avoid any leakage, and waste liquid collection measures; hazardous waste is stored properly in intact packaging and by category.

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

Luoyang CIMC
Lingyu
Automobile
Co., Ltd.

Industrial sewage:

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

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

Industrial exhaust:

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

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

- (5) Four sets of welding fume and dust removal facilities of the semi-trailer workshop, 1 set with a designed air treatment capacity of 6,290 m³/h, 3 sets with a designed air treatment capacity of 15,000 m³/h and the filter cartridge dust removal process;
- (6) Eight sets of welding fume and dust removal facilities of the tank workshop, with a designed air treatment capacity of 15,000 m³/h and the filter cartridge dust removal process;
- (7) Four sets of welding fume and dust removal facilities of the mixing workshop, 2 sets with a designed air treatment capacity of 30,000 m³/h, 2 sets with a designed air treatment capacity of 24,000 m³/h and the filter cartridge dust removal process;
- (8) One set of shot blasting dust removal facilities for the powder spraying lines, with a designed air treatment capacity of 90,000 m³/h and the cyclone + filter cartridge dust removal process;
- (9) Three sets of powder spraying dust treatment facilities for the powder spraying lines, with a designed air treatment capacity of 32,000 m³/h, 32,000 m³/h and 24,000 m³/h, respectively and the cyclone + filter cartridge dust removal process;
- (10) One set of powder curing waste gas treatment facilities for the powder spraying lines, with a designed air treatment capacity of 3,000 m³/h and the catalytic combustion process;
- (11) Four sets of laser cutting fume and dust removal facilities, of which 2 sets have a designed air treatment capacity of 2,500 m³/h, and the remaining 2 sets have a designed air treatment capacity of 3,500 m³/h, with the filter cartridge dust removal process;
- (12) Two sets of welding fume and dust removal facilities for the automatic welding production line for mixer truck frames, with the designed air flow rate of 30,000m³/h and 56,000m³/h, respectively, and the filter cartridge dust removal process;

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

Hazardous waste:

- (1) The Company has built 1 hazardous waste temporary storage room with the floor hardened and treated to prevent infiltration, difference areas for different types of hazardous waste, and classification labels;

At present, the above facilities are in normal operation.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

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

| | |
|---|---|
| Environmental impact assessment | Fifteen major subsidiaries that discharge pollutants have submitted an environmental impact assessment application, which has been approved. |
| Pollutant discharge permits | Fifteen major subsidiaries that discharged pollutants obtained national pollutant discharge permits during their operation. Qingdao CIMC Special Vehicle Co., Ltd. and Qingdao CIMC Eco-Equipment Co., Ltd. have been shut down or deregistered, while Shenzhen CIMC Vehicle Co., Ltd. has been subject to pollutant discharge registration, and the corresponding pollutant discharge permit has been cancelled. |
| Other environmental protection administrative licensing | N/A |

The existing pollutant discharge permits are as follows:

| S/N | Company Name | Pollutant Discharge Permit Number/Pollutant Discharge Registration Number | Validity Period of Current Certificate |
|-----|---|--|--|
| 1 | Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd. | 91321091608706482E002V (Semi-Trailer Plant) 91321091608706482E003V (Tank Truck Plant) | From December 23, 2022 to December 22, 2027 From January 21, 2021 to January 26, 2024 |
| 2 | Zhumadian CIMC Huajun Vehicle Co., Ltd. (駐馬店中集華駿車輛有限公司) | 91411700175914226P001R | From October 20, 2021 to October 19, 2026 |
| 3 | Liangshan CIMC Dongyue Vehicles Co., Ltd. | 913708326680699993001C | From September 16, 2019 to September 15, 2024 |
| 4 | CIMC Vehicles (Liaoning) Co., Ltd. | 91210800781624755W001Q | From November 15, 2022 to November 14, 2027 |
| 5 | CIMC-SHAC (Xi'an) Special Vehicles Co., Ltd. | 91610132791659126A001U | From October 29, 2022 to October 28, 2027 |
| 6 | Wuhu CIMC Ruijiang Automobile Co., Ltd. | 913402007998259347001V | From January 27, 2022 to January 26, 2027 |

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

| S/N | Company Name | Pollutant Discharge Permit Number/Pollutant Discharge Registration Number | Validity Period of Current Certificate |
|-----|--|---|---|
| 7 | CIMC Vehicles (Shandong) Co., Ltd. (中集車輛(山東)有限公司) | 9137010061320142XH001C | From January 4, 2023 to January 3, 2028 |
| 8 | Shandong Wanshida Special Automotive Manufacturing Co., Ltd. | 913708327986915837001Q | From October 21, 2019 to October 20, 2024 |
| 9 | CIMC Vehicle (Jiangmen) Co., Ltd. (中集車輛(江門市)有限公司) | 91440705769334958U001C | From September 30, 2022 to September 29, 2027 |
| 10 | From Dongguan CIMC Special Vehicle Co., Ltd. (東莞中集專用車有限公司) | 91441900398195118U001Q | From September 29, 2022 to September 28, 2027 |
| 11 | Gansu CIMC Vehicles Co., Ltd. (甘肅中集車輛有限公司) | 9162000784046137M001V | From December 24, 2022 to December 23, 2027 |
| 12 | Luoyang CIMC Lingyu Automobile Co., Ltd. | 91410300799163918F001R | From January 7, 2022 to January 6, 2027 |
| 13 | Shenzhen CIMC Vehicle Co., Ltd. (深圳中集專用車有限公司) | Pollutant Discharge License 9144030075860190XD001Q Pollutant discharge registration of stationary pollution sources 9144030075860190XD002X | Date of cancellation of the pollutant discharge permit September 9, 2022 Registration date September 21, 2022 Valid from September 21, 2022 to September 20, 2027 |

Note: Shenzhen CIMC Special Vehicle Co., Ltd. has greatly reduced the emission of exhaust gas pollutants due to the optimization and upgrade for more environmentally friendly powder spraying processes; as a result, it obtained the guidance and approval from the local environmental protection supervision authority, such that since September 9, 2022, it has been subject to registration in steady of pollutant discharge permit.

As at the end of the Reporting Period, there were 13 major enterprises of the Group that discharged pollutants, excluding Qingdao CIMC Special Vehicle Co., Ltd. and Qingdao CIMC Eco-Equipment Co., Ltd., two major enterprises of the Group that discharged pollutants and were shut down or deregistered during the Reporting Period (their pollutant discharge permits were cancelled in the year).

5. Contingency plans for unexpected environment-related events

In 2022, all the major subsidiaries of the Group that discharged pollutants prepared contingency plans for unexpected environment-related events and filed them with relevant competent authorities. They developed relevant management methods and procedures for unexpected environment-related events, had relevant contingency facilities and maintained them properly, and organized contingency drills for unexpected environment-related events during the year.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

6. Environmental self-monitoring program

All major subsidiaries of the Group that discharged pollutants carried out environmental monitoring, and engaged qualified third-party agencies to regularly monitor wastewater, waste gas and noise.

7. Administrative punishment for environmental issues during the Reporting Period

| Company or Subsidiary Name | Reasons for Punishment | Violations | Punishment | Impact on the Production and Operation of the Listed Company | Rectification Measures of the Company |
|---|---|---|---------------------|---|--|
| Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd. | On January 18, 2022, Jining Ecological Environment Bureau issued a written decision on administrative punishment: JHFZ [2022] No. 12. The Company failed to present the quarterly report on the implementation of pollutant discharge permit in the first three quarters of 2021. | Violation of Article 22 of the "Regulations on the Administration of Pollutant Discharge Permits" | A fine of RMB11,375 | None | <ol style="list-style-type: none"> 1. The Company has immediately arranged special personnel to follow up and complete the supplementary report on the implementation of the pollutant discharge permit in the first three quarters of 2021. 2. Sort out and refine the system and procedure for filling out environmental protection reports, form a long-term mechanism for presenting quarterly and annual reports, and implement them in strict accordance with relevant requirements. |

8. Other discloseable environmental information

None.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

9. Continuous improvement

Is the ISO14001 environmental management system certification attained

16 enterprises of the Group attained the ISO14001 environmental management system certification. Thirteen of 15 major subsidiaries of the Group that discharged pollutants (including 2 subsidiaries that were deregistered or shut down during the Reporting Period) attained the certification.

Environmental protection investment amount

The Group's annual investment in environmental protection was RMB26,983,000, including RMB20,326,000 from major subsidiaries that discharged pollutants.

Environmental protection tax

In 2022, the environmental protection tax on major enterprises of the Group that discharged pollutants was RMB23,246,000

Performance of the Company in terms of reduction in discharge of "waste gas, waste water and waste residue"

Improvement in terms of waste gas: All enterprises of the Group fully implemented the emission standards such as the Integrated Emission Standard of Air Pollutants and the Standard for Control of Fugitive Emission of Volatile Organic Compounds, actively adopted efficient treatment technology, and gradually transformed the coating production line from manual coating to automatic powder spraying, thus reducing the waste gas emission at source.

Improvement in terms of waste water: All enterprises of the Group actively used various sewage treatment facilities, continuously optimized the sewage treatment process, and made efforts to carry out tests and experiments for recycling waste liquid arising out of cleaning, thus achieving certain results and effectively reducing the generation of waste water.

Improvement in terms of solid waste: All enterprises in the Group stored hazardous waste in strict accordance with the Standard for Pollution Control on Hazardous Waste Storage. In consideration of their production characteristics, they implemented waste control measures that met their actual production needs, carrying out waste reduction and recycling in terms of waste generation, use of materials and systematic recycling of materials, so as to reduce the pressure from waste treatment and improve the resource utilization efficiency.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

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

Applicable Not applicable

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

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

In terms of manufacturing, with 25 automated and intelligent "light tower" plants for semi-trailers and specialty vehicles all over the world, the Group achieved green manufacturing, and comprehensively built a Sophisticated Manufacturing System by deepening the business philosophy of "intercontinental operation, local manufacturing", and actively implemented the strategy of "carbon peaking and carbon neutrality";

In terms of energy use, the subsidiaries of the Group made full use of roof resources to install photovoltaic panels. As of December 31, 2022, five rooftop photovoltaic projects of 6 enterprises, namely Wuhu CIMC Ruijiang Automobile Co., Ltd., Qingdao CIMC Reefer Trailer Co., Ltd., Dongguan CIMC Special Vehicle Co., Ltd., CIMC Vehicle (Jiangmen) Co., Ltd., Yangzhou CIMC Tonghua Special Vehicles Co., Ltd. and Jiangsu Baojing Auto Parts Co., Ltd. were put into use. In 2022, the total photovoltaic power generation exceeded 7.8 million kWh, reducing carbon emissions by a total of over 5,000 tons. The Group will continuously cause its subsidiaries to carry out rooftop photovoltaic power generation projects, so as to further optimize the energy use structure and reduce greenhouse gas emissions;

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

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

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

II. SOCIAL RESPONSIBILITY

Was the social responsibility report published

Yes No

During the Reporting Period, the Company actively practiced the corporate social responsibility, and published the 2021 Social Responsibility and Environmental, Social and Governance Report on the website of the Hong Kong Stock Exchange (<https://www.hkexnews.hk>) and the website of Cninfo (<http://www.cninfo.com.cn/>) on April 26, 2022.

The Company's 2022 Social Responsibility and Environmental, Social and Governance Report is published together with this annual report before April 30, 2023.

III. CONSOLIDATING AND EXPANDING THE RESULTS OF POVERTY ALLEVIATION AND RURAL REVITALIZATION

The Company's 2022 Social Responsibility and Environmental, Social and Governance Report is published together with this annual report before April 30, 2023.

IV. ENVIRONMENTAL POLICY AND PERFORMANCE

The Group is deeply aware of the importance of environmental protection and has adopted strict environmental protection measures to ensure that the Group complies with existing environmental laws and regulations. For specific environmental protection measures and relevant laws and regulations to be complied with, please refer to the Group's 2022 Social Responsibility and Environmental, Social and Governance Report (which is published together with this annual report before April 30, 2023). As of the date of this report, save for the above, the Group has not violated any relevant environmental laws and regulations that have a material impact on the Group's development, performance and business.

SECTION IX SIGNIFICANT EVENTS

I. PERFORMANCE OF COMMITMENT

1. Commitment Completed during the Reporting Period and Not Yet Completed as at the End of the Reporting Period by the Company's De Facto Controllers, Shareholders, Related Parties, Acquirers, the Company and other Parties to the Commitment

Applicable Not applicable

| Commitment | Party Making the Commitment | Type of Commitment | Description of Commitment | Effective Date of Commitment | Term of Commitment | Fulfillment |
|---|-----------------------------|--------------------------|--|------------------------------|---|-------------|
| Commitment made in the acquisition report or the equity change report | N/A | | | | | |
| Commitment made in asset restructuring | N/A | | | | | |
| Commitment made in IPO or refinancing | CIMC and CIMC Hong Kong | Share lock-up commitment | 1. Within 36 months following the date of listing of A Shares of the Company on the Shenzhen Stock Exchange, the commitment maker will not transfer or engage other persons to manage shares directly or indirectly held by the commitment maker prior to the offering and listing of A Shares of the Company, and such shares will not be repurchased by the Company. | July 8, 2021 | 36 months from the date of listing of the shares of the Company | In progress |

SECTION IX SIGNIFICANT EVENTS *(Continued)*

| Commitment | Party Making the Commitment | Type of Commitment | Description of Commitment | Effective Date of Commitment | Term of Commitment | Fulfillment |
|------------|---|--------------------------|---|------------------------------|---|--------------------------------|
| | | | <p>2. If the closing price of A Shares of the Company is lower than the Offer Price for the offering and listing of A Shares for 20 consecutive trading days within 6 months following the listing of A Shares of the Company or at the end of 6 months after the listing of A Shares (or the first trading day after the date if the date is not a trading day), the lock-up period for A Shares held by the commitment maker will be automatically extended by 6 months. Offer Price means the offer price for the offering and listing of A Shares of the Company. If the Offer Price goes ex-rights and ex-dividend due to profit distribution, conversion of capital reserve into share capital, follow-on offering and placing after the offering and listing of A Shares of the Company, the Offer Price shall go ex-rights and ex-dividend in accordance with relevant provisions of the Shenzhen Stock Exchange.</p> <p>3. If the CSRC and the Shenzhen Stock Exchange have other special provisions on the above share lock-up period, such provisions shall apply.</p> | | | |
| | Li Guiping, Wang Yu, Zeng Beihua, Li Zhimin, Ye Jianfeng, Jiang Qiwen and Sun Chun'an | Share lock-up commitment | 1. Within 12 months following the date of listing of A Shares of the Company on the Shenzhen Stock Exchange, I will not transfer or engage other persons to manage Domestic Shares directly or indirectly held by me prior to the offering and listing of A Shares of the Company, and such shares will not be repurchased by the Company. | July 8, 2021 | 12 months from the date of listing of the shares of the Company | In progress except for point 1 |

SECTION IX SIGNIFICANT EVENTS *(Continued)*

| Commitment | Party Making the Commitment | Type of Commitment | Description of Commitment | Effective Date of Commitment | Term of Commitment | Fulfillment |
|------------|--------------------------------|-----------------------|---|------------------------------------|-----------------------|-------------|
| | | | <p>2. If the closing price of A Shares of the Company is lower than the Offer Price for the offering and listing of A Shares for 20 consecutive trading days within 6 months following the listing of A Shares of the Company or at the end of 6 months after the listing of A Shares (or the first trading day after the date if the date is not a trading day), the lock-up period for A Shares held by me will be automatically extended by 6 months. Offer Price means the offer price for the offering and listing of A Shares of the Company. If the Offer Price goes ex-rights and ex-dividend due to profit distribution, conversion of capital reserve into share capital, follow-on offering and placing after the offering and listing of A Shares of the Company, the Offer Price shall go ex-rights and ex-dividend in accordance with relevant provisions of the Shenzhen Stock Exchange.</p> | | | |
| | | | <p>3. After the expiry of the lock-up period and during my term of office as a Director/senior management of the Company, I will report to the Company the shares of the Company held by me and the changes in the shareholding, and the number of shares transferred by me each year shall not exceed 25% of the total number of shares of the Company held by me; I will not transfer the shares of the Company held by me within six months after my resignation; if I resign before the expiry of my term of office, I shall continue to comply with the above restrictions and other provisions of the Company Law in relation to the transfer of shares by directors/senior management within my term of office determined at the time of employment, and within six months after the expiry of my term of office. In case of any change in shares of the Company held by me as a result of equity distribution by the Company and otherwise, I shall continue to comply with the above provisions.</p> | | | |

SECTION IX SIGNIFICANT EVENTS *(Continued)*

| Commitment | Party Making the Commitment | Type of Commitment | Description of Commitment | Effective Date of Commitment | Term of Commitment | Fulfillment |
|------------|--------------------------------|-----------------------|---|------------------------------------|-----------------------|-------------|
| | | | <p>4. If I reduce my holding of A Shares of the Company within 2 years following the expiry of the lock-up period, the price for the disposal of the shares shall not be lower than the Offer Price for the offering and listing of A Shares. If A Shares goes ex-rights and ex-dividend due to the distribution of cash dividends, bonus issue, conversion of capital reserve into share capital, issuance of new shares, etc. from the date when A Shares of the Company are listed on the Shenzhen Stock Exchange to the date of such reduction in the number of A Shares held, the Offer Price shall be adjusted accordingly in accordance with relevant regulations of the CSRC and the Shenzhen Stock Exchange.</p> <p>5. During the term of the commitment above, the validity of the commitment will not be affected by the change of my position, my resignation and other reasons. During the term, I shall continue to fulfill the above commitment.</p> <p>6. If the CSRC and the Shenzhen Stock Exchange have other special provisions on the above share lock-up period, such provisions shall apply.</p> <p>7. In respect of the reduction in my shareholding, I will perform the information disclosure obligation in strict compliance with the rules of the China Securities Regulatory Commission and the Shenzhen Stock Exchange, and the statutory restrictions specified by the China Securities Regulatory Commission and the Shenzhen Stock Exchange on shareholding reduction, and the period and proportion of shareholding reduction. I will not reduce my shareholding if so required by law.</p> | | | |

SECTION IX SIGNIFICANT EVENTS *(Continued)*

| Commitment | Party Making the Commitment | Type of Commitment | Description of Commitment | Effective Date of Commitment | Term of Commitment | Fulfillment |
|------------|-----------------------------|--------------------------|---|------------------------------|---|--------------------------------|
| | Liu Hongqing and Li Xiaofu | Share lock-up commitment | <p>1. Within 12 months following the date of listing of A Shares of the Company on the Shenzhen Stock Exchange, I will not transfer or engage other persons to manage Domestic Shares directly or indirectly held by me prior to the offering and listing of A Shares of the Company, and such shares will not be repurchased by the Company.</p> <p>2. After the expiry of the lock-up period and during my term of office as a Supervisor of the Company, I will report to the Company the shares of the Company held by me and the changes in the shareholding, and the number of shares transferred by me each year shall not exceed 25% of the total number of shares of the Company held by me; I will not transfer the shares of the Company held by me within six months after my resignation; if I resign before the expiry of my term of office, I shall continue to comply with the above restrictions and other provisions of the Company Law in relation to the transfer of shares by supervisors within my term of office determined at the time of employment, and within six months after the expiry of my term of office. In case of any change in shares of the Company held by me as a result of equity distribution by the Company and otherwise, I shall continue to comply with the above provisions.</p> <p>3. During the term of the commitment above, the validity of the commitment will not be affected by the change of my position, my resignation and other reasons. During the term, I shall continue to fulfill the above commitment.</p> <p>4. If the CSRC and the Shenzhen Stock Exchange have other special provisions on the above share lock-up period, such provisions shall apply.</p> | July 8, 2021 | 12 months from the date of listing of the shares of the Company | In progress except for point 1 |

SECTION IX SIGNIFICANT EVENTS *(Continued)*

| Commitment | Party Making the Commitment | Type of Commitment | Description of Commitment | Effective Date of Commitment | Term of Commitment | Fulfillment |
|------------|--|--------------------------|--|------------------------------|---|-------------|
| | | | <p>5. In respect of the reduction in my shareholding, I will perform the information disclosure obligation in strict compliance with the rules of the China Securities Regulatory Commission and the Shenzhen Stock Exchange, and the statutory restrictions specified by the China Securities Regulatory Commission and the Shenzhen Stock Exchange on shareholding reduction, and the period and proportion of shareholding reduction. I will not reduce my shareholding if so required by law.</p> | | | |
| | Shanghai Taifu, Taizhou Taifu, Xiangshan Huajin, Shenzhen Longyuan and Nanshan Dacheng | Share lock-up commitment | <p>1. Within 12 months following the date of listing of A Shares of the Company on the Shenzhen Stock Exchange, the commitment maker will not transfer or engage other persons to manage Domestic Shares directly or indirectly held by the commitment maker prior to the offering and listing of A Shares of the Company, and such shares will not be repurchased by the Company.</p> <p>2. The commitment maker will be legally liable for its violation of the commitment.</p> <p>3. If there are other requirements of relevant laws, regulations and normative documents, or securities regulatory authorities including the China Securities Regulatory Commission and the Shenzhen Stock Exchange in relation to the A share lock-up period, the commitment maker agrees to adjust the lock-up period for A Shares of the Company held by the commitment maker accordingly.</p> | July 8, 2021 | 12 months from the date of listing of the shares of the Company | Fulfilled |

SECTION IX SIGNIFICANT EVENTS *(Continued)*

| Commitment | Party Making the Commitment | Type of Commitment | Description of Commitment | Effective Date of Commitment | Term of Commitment | Fulfillment |
|------------|-----------------------------|-----------------------------------|--|------------------------------|--|-------------|
| | CIMC | Shareholding reduction commitment | <p>1. The commitment maker may reduce its holding of A Shares of the Company, in accordance with the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, the Provisions on Reduction in Shareholding by Shareholders, Directors, Supervisors and Senior Management of Listed Companies (CSRC Announcement [2017] No.9), the Implementation Rules on Reduction in Shareholdings of the Shareholders, Directors, Supervisors and Senior Management of Company Listed on the Shenzhen Stock Exchange (SZS [2017] No.820) and other relevant laws, regulations and normative documents, and subject to the above provision. If the Provisions on Reduction in Shareholding by Shareholders, Directors, Supervisors and Senior Management of Listed Companies (CSRC Announcement [2017] No.9) and the Implementation Rules on Reduction in Shareholdings of the Shareholders, Directors, Supervisors and Senior Management of Company Listed on the Shenzhen Stock Exchange (SZS [2017] No.820) are amended or abolished, the commitment maker will reduce its shareholding, in accordance with the laws, regulations and normative documents amended from time to time, as well as relevant requirements of securities regulatory authorities.</p> <p>2. If the commitment maker reduces its holding of A Shares of the Company within 2 years following the expiry of the lock-up period, the price for the disposal of the shares shall not be lower than the Offer Price for the offering and listing of A Shares (excluding A Shares of the Company purchased by the commitment maker from an open market after the offering and listing of A Shares of the Company). Offer Price means the offer price for the offering and listing of A Shares of the Company. If the Offer Price goes ex-rights and ex-dividend due to profit distribution, conversion of capital reserve into share capital, follow-on offering and placing after the offering and listing of A Shares of the Company, the Offer Price shall go ex-rights and ex-dividend in accordance with relevant provisions of the Shenzhen Stock Exchange.</p> | July 8, 2021 | 2 years following the expiry of the lock-up period | In progress |

SECTION IX SIGNIFICANT EVENTS *(Continued)*

| Commitment | Party Making the Commitment | Type of Commitment | Description of Commitment | Effective Date of Commitment | Term of Commitment | Fulfillment |
|------------|--|-----------------------------------|---|------------------------------|-----------------------|-------------|
| | | | 3. The commitment maker will be legally liable for the reduction in its holding of A Shares of the Company in violation of the commitment or mandatory provisions of laws. | | | |
| | Shanghai Taifu, Taizhou Taifu and Xiangshan Huajin | Shareholding reduction commitment | 1. The commitment maker may reduce its holding of A Shares of the Company, in accordance with the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, the Provisions on Reduction in Shareholding by Shareholders, Directors, Supervisors and Senior Management of Listed Companies (CSRC Announcement [2017] No.9), the Implementation Rules on Reduction in Shareholdings of the Shareholders, Directors, Supervisors and Senior Management of Company Listed on the Shenzhen Stock Exchange (SZS [2017] No.820) and other relevant laws, regulations and normative documents, and subject to the above provision. If the Provisions on Reduction in Shareholding by Shareholders, Directors, Supervisors and Senior Management of Listed Companies (CSRC Announcement [2017] No.9) and the Implementation Rules on Reduction in Shareholdings of the Shareholders, Directors, Supervisors and Senior Management of Company Listed on the Shenzhen Stock Exchange (SZS [2017] No.820) are amended or abolished, the commitment maker will reduce its shareholding, in accordance with the laws, regulations and normative documents amended from time to time, as well as relevant requirements of securities regulatory authorities. 2. The commitment maker will be legally liable for the reduction in its holding of A Shares of the Company in violation of the commitment or mandatory provisions of laws. | July 8, 2021 | Long-term performance | In progress |

SECTION IX SIGNIFICANT EVENTS *(Continued)*

| Commitment | Party Making the Commitment | Type of Commitment | Description of Commitment | Effective Date of Commitment | Term of Commitment | Fulfillment |
|------------|--|--|--|------------------------------|--|-------------|
| | CIMC Vehicles, CIMC and in-service Directors (other than independent non-executive Directors) and senior management of the Company | IPO share price stabilization commitment | <p>The A Share price stabilization measures will be taken if the closing price of A Shares of the Company for 20 consecutive trading days (the 20th trading day is the "trigger date") is less than the latest audited net assets per share of the Company (the net assets per share will be adjusted accordingly if there is any change in the net assets or the total number of shares of the Company after the latest audit reference date due to profit distribution, conversion of capital reserve into share capital, follow-on offering, placement and other ex-right and ex-dividend matters) within three years following the date of listing of A Shares of the Company, other than due to force majeure and third-party malicious speculation. If the conditions for taking the A share price stabilization measures are met, the Company and relevant responsibly entities will take the A share price stabilization measures in the following order of priority, depending on the actual situation of the Company and stock market conditions:</p> <ol style="list-style-type: none"> 1. Repurchase of A Shares by the Company; 2. Increase by the Controlling Shareholder in its holding of shares of the Company; 3. Increase by in-service Directors (other than independent non-executive Directors) and senior management in their holding of A Shares of the Company | July 8, 2021 | Within 36 months from the date of listing of the shares of the Company | In progress |

SECTION IX SIGNIFICANT EVENTS *(Continued)*

| Commitment | Party Making the Commitment | Type of Commitment | Description of Commitment | Effective Date of Commitment | Term of Commitment | Fulfillment |
|------------|-----------------------------|----------------------------------|--|------------------------------|-----------------------|-------------|
| | CIMC Vehicles | Dividend distribution commitment | <p>1. Dividend distribution method</p> <p>The Company may distribute dividends to investors in cash, shares or a combination thereof. Subject to ensuring the normal operation of the Company, cash dividends are preferred.</p> <p>2. Conditions for cash dividends</p> <p>The Company shall distribute cash dividends if:</p> <p>(1) the distributable profit (i.e. the after-tax profit after deducting losses and reserves) of the Company for the year is positive;</p> <p>(2) an auditor issues a standard unqualified opinion report on the Company's financial reports for the year;</p> <p>(3) there are no significant capital expenditures and other events of the Company (except for the proceeds-funded projects). Significant capital expenditure means: the total expenditures of the Company in the next 12 months for proposed external investment, acquisition of assets or purchase of equipment reaching or exceeding 10% of the latest audited net assets of the Company attributable to the parent company.</p> | July 8, 2021 | Long-term performance | In progress |

SECTION IX SIGNIFICANT EVENTS *(Continued)*

| Commitment | Party Making the Commitment | Type of Commitment | Description of Commitment | Effective | Date of | Term of | Fulfillment |
|------------|-----------------------------|--------------------|--|-----------|---------|---------|-------------|
| | | | <p>3. Profit distribution and cash dividend payout ratio</p> <p>As the Company attaches great importance to reasonable returns to investors, the dividend policy was approved by the Board of the Company on August 26, 2019 in order to reward Shareholders and in consideration of the financial and business conditions of the Company. According to the dividend policy, dividends to be distributed by the Company each year shall be between 40% and 60% of the net profit attributable to the parent company for the previous fiscal year, subject to the relevant laws and regulations of the PRC and Hong Kong and the Articles of Association. Pursuant to applicable laws, the declaration and payment of any dividends require the approval of the Board at its discretion, and depend on our actual and expected results of operations, cash flows, financial position, general business conditions, business strategies, expected working capital requirements, future expansion plans, legal, regulatory and other contractual restrictions, and other factors that the Board considers appropriate. In addition, any dividend of the Company for each fiscal year shall be subject to approval by the general meeting.</p> <p>Subject to the conditions for cash dividends and in accordance with Article 8 of the Administrative Measures for the Issuance of Securities by Listed Companies, the total profit distributed in cash over the next three years after the listing of A Share of the Company shall not be less than 30% of the average annual distributable profit over the three years. The Company may distribute stock dividends while distributing cash dividends.</p> <p>The Board shall distinguish the following conditions in comprehensive consideration of features of the industry in which the Company operates, the development stage, its own business model, profitability, whether there is any significant expenditure arrangements and otherwise, and propose differentiated cash dividend policies according to the procedures specified in the Articles of Association:</p> | | | | |

SECTION IX SIGNIFICANT EVENTS *(Continued)*

| Commitment | Party Making the Commitment | Type of Commitment | Description of Commitment | Effective Date of Commitment | Term of Commitment | Fulfillment |
|------------|-----------------------------|--|---|------------------------------|-----------------------|-------------|
| | | | <p>(1) If the Company is at the mature stage of development without significant capital expenditure arrangements, the cash dividend shall account for at least 80% in the profit distribution;</p> <p>(2) If the Company is at the mature stage of development with significant capital expenditure arrangements, the cash dividend shall account for at least 40% in the profit distribution;</p> <p>(3) If the Company is at the growth stage of development with significant capital expenditure arrangements, the cash dividend shall account for at least 20% in the profit distribution;</p> <p>If it is difficult to distinguish the Company's stage of development but there are significant capital expenditure arrangements, Item (3) shall apply.</p> <p>4. Frequency of profit distribution</p> <p>Subject to the profit distribution conditions and ensuring the normal operation and long-term development of the Company, the Company will, in principle, distribute profits annually, after consideration and approval at the annual general meeting. The Board of the Company may advise the Company to carry out interim profit distribution according to the Company's profitability and capital needs, and submit the proposal at the general meeting for consideration and approval.</p> | | | |
| | CIMC | Commitment as to avoidance of horizontal competition | 1. As of the date of issue of the letter, the commitment maker and the enterprises controlled by it (excluding the Company and the enterprises controlled by the Company, similarly hereinafter) are not in horizontal competition, directly or indirectly, with the core businesses of the Company and the enterprises controlled by the Company. | July 26, 2020 | Long-term performance | In progress |

SECTION IX SIGNIFICANT EVENTS *(Continued)*

| Commitment | Party Making the Commitment | Type of Commitment | Description of Commitment | Effective Date of Commitment | Term of Commitment | Fulfillment |
|------------|-----------------------------|---|---|------------------------------|-----------------------|-------------|
| | | | <ol style="list-style-type: none"> 2. The commitment maker and the enterprises controlled by it will not, in any way, directly or indirectly engage in or participate in any business or activity that is or may be in competition with the core business of the Company and the enterprises controlled by the Company. 3. If the commitment maker and the enterprises controlled by it violate the above commitments, causing losses to the Company or other Shareholders of the Company, the commitment maker will be liable for corresponding compensation by laws. 4. The commitment letter comes into force on the date of signature by the commitment maker and will terminate if: (1) the commitment maker ceases to be a Controlling Shareholder of the Company; or (2) A Shares of the Company are delisted. 5. The commitment letter is governed by and construed in accordance with the laws of China. 6. The commitment letter is irrevocable. | | | |
| | CIMC | Commitment as to the regulation of related transactions | <ol style="list-style-type: none"> 1. The commitment maker and the enterprises controlled by the commitment maker (excluding the Company and the enterprises controlled by the Company, similarly hereinafter) will exercise the rights of Shareholders, perform the obligations of Shareholders and maintain the independence of the Company in terms of assets, finance, personnel, business and organizations in strict accordance with laws, regulations and other normative documents. 2. The commitment maker and the enterprises controlled by it will not exploit their status as Shareholders to cause the general meeting or the Board of the Company to make resolutions that infringe the legitimate rights and interests of minority Shareholders through related transactions. | July 26, 2020 | Long-term performance | In progress |

SECTION IX SIGNIFICANT EVENTS *(Continued)*

| Commitment | Party Making the Commitment | Type of Commitment | Description of Commitment | Effective Date of Commitment | Term of Commitment | Fulfillment |
|------------|-----------------------------|--|---|------------------------------|-----------------------|-------------|
| | | | <p>3. With regard to related transactions of the commitment maker and the enterprises controlled by it that are related to the business activities of the Company and unavoidable, the commitment maker and the enterprises controlled by it will strictly comply with laws, regulations and normative documents in relation to related transactions and relevant requirements in the internal system of the Company as to related transactions, and will implement decision-making procedures for related transactions, ensure fair pricing, and perform the obligation of information disclosure in a timely manner in accordance with laws.</p> <p>4. If the rights and interests of CIMC Vehicles or its Shareholders are damaged due to the violation of the above commitment and guarantees by the commitment maker and the enterprise controlled by it, the commitment maker will be liable for corresponding compensation by laws.</p> <p>5. The commitment comes into force on the date of signature by the commitment maker and remains valid as long as the commitment maker is a related party of the Company.</p> <p>6. The commitment letter is governed by and construed in accordance with the laws of China.</p> <p>7. The commitment letter is irrevocable.</p> | | | |
| | CIMC | Commitment as to avoidance of appropriation of funds | 1. As of the date of issue of the commitment letter, the commitment maker and other enterprises controlled by it (excluding the Company and the enterprises controlled by the Company, similarly hereinafter) have not misappropriated the funds of the Company and the enterprises controlled by the Company. | July 26, 2020 | Long-term performance | In progress |

SECTION IX SIGNIFICANT EVENTS *(Continued)*

| Commitment | Party Making the Commitment | Type of Commitment | Description of Commitment | Effective | Term of | Fulfillment |
|------------|-----------------------------|---|---|--------------------|-----------------------|-------------|
| | | | | Date of Commitment | Commitment | |
| | | | <ol style="list-style-type: none"> 2. The commitment maker and other enterprises controlled by it undertake that they will not exploit the status and influence of the commitment maker in the Company to appropriate or transfer the funds, assets and other resources of the Company and the enterprises controlled by the Company, in violation of regulations, or require the Company and the enterprises controlled by the Company to provide guarantees in violation of regulations. 3. If the commitment maker and the enterprises controlled by it violate the above commitments, causing losses to the Company or other Shareholders of the Company, the commitment maker will be liable for corresponding compensation by laws. 4. The commitment letter comes into force on the date of signature by the commitment maker and remains valid as long as the commitment maker is a Controlling Shareholder of the Company. 5. The commitment letter is governed by and construed in accordance with the laws of China. 6. The commitment letter is irrevocable. | | | |
| | CIMC Vehicles | Measures and commitment as to making up for the dilution of current returns | In order to further comply with the Opinions of the General Office of the State Council on Further Strengthening the Work of Protection of the Legitimate Rights and Interests of Minority Investors in the Capital Markets (GBF [2013] No.110) and to protect the rights of minority investors to know and their interests in accordance with the Guiding Opinions on Matters Concerning the Dilution of Current Return as a Result of the Initial Public Offering, Refinancing and Material Asset Restructuring, considering that the offering and listing may reduce the current return, the Company will comply with and adopt the following principles and measures to speed up the development of core businesses and improve its profitability, thus achieving an improvement in its asset quality and an increase in its revenue and future profits, as well as its sustainable development, and fully protect the interests of its Shareholders, especially minority Shareholders, and pay attention to the medium and long-term return to Shareholders. | July 8, 2021 | Long-term performance | In progress |

SECTION IX SIGNIFICANT EVENTS *(Continued)*

| Commitment | Party Making the Commitment | Type of Commitment | Description of Commitment | Effective Date of Commitment | Term of Commitment | Fulfillment |
|------------|--|---|---|------------------------------|-----------------------|-------------|
| | | | <ol style="list-style-type: none"> 1. Consolidation and development of the Company's core businesses, improvement in the Company's comprehensive competitiveness and sustained profitability; 2. Enhancement of proceeds management and efficiency in the use of proceeds; 3. Enhancement of the Company's operation management, internal control, and risk prevention awareness; 4. Strict implementation of cash dividend policy of the Company for ensuring the returns to Shareholders of the Company. | | | |
| | Directors and senior management of the Company | Measures and commitment as to making up for the dilution of current returns | <ol style="list-style-type: none"> 1. I will not transfer any gains and benefits to other entities or individuals without consideration or under unfair conditions, or otherwise damage the interests of the Company; 2. I will restrict position-related consumption of Directors and senior management; 3. I will not use the Company's assets to carry out any investment or consumption activity irrelevant to my performance of duties; 4. I will actively promote the improvement in the Company's remuneration system to make it more in line with the requirements of making up for the dilution of current returns; support the linkage between the remuneration system formulated by the Board or the Nomination Committee and the Remuneration Committee and the implementation of the Company's measures for making up for the dilution of returns, and strictly comply with the systems; | July 8, 2021 | Long-term performance | In progress |

SECTION IX SIGNIFICANT EVENTS *(Continued)*

| Commitment | Party Making the Commitment | Type of Commitment | Description of Commitment | Effective | Term of | Fulfillment |
|--|-----------------------------|--------------------|--|--------------------|------------|-------------|
| | | | | Date of Commitment | Commitment | |
| | | | <p>5. I will actively support the linkage between the vesting conditions for share incentives and the implementation of the Company's measures for making up for the dilution of returns, if the Company has a share incentive plan (if any). I will strictly comply with the measures for making up for the dilution of returns formulated by the Company, and will actively take all necessary and reasonable measures to supervise and urge the implementation of the measures of the Company for making up for the dilution of returns within the scope of my authority, in accordance with relevant regulations published by CSRC, the stock exchange and other regulatory authorities in the future.</p> <p>If the CSRC or the stock exchange publishes other new regulatory requirements on measures for making up for the dilution of returns and my undertakings after the date of the undertakings, and the above undertakings fail to meet such requirements, I undertake to make supplemental undertakings according to the requirements of the CSRC or the stock exchange then.</p> | | | |
| Share incentive commitment | N/A | | | | | |
| Other commitments to minority Shareholders of the Company | N/A | | | | | |
| Other commitments | N/A | | | | | |
| Is the commitment fulfilled on schedule | Yes | | | | | |
| In case of failure to complete the commitment on schedule, the reasons for the failure and the work plan for the next step should be described in detail | N/A | | | | | |

SECTION IX SIGNIFICANT EVENTS *(Continued)*

2. If the Company has Profit Forecasts for its Assets or Projects, and the Reporting Period is Covered by the Profit Forecast Period, the Company Should Provide Descriptions as to the Profit from the Assets or Projects Reaching the Original Profit Forecasts and the Reasons

Applicable Not applicable

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

Applicable Not applicable

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

III. EXTERNAL GUARANTEE IN VIOLATION OF REGULATIONS

Applicable Not applicable

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

IV. DESCRIPTION OF INFORMATION IN THE LATEST “MODIFIED AUDIT REPORT” OF THE BOARD

Applicable Not applicable

V. DESCRIPTION PROVIDED BY THE BOARD, THE SUPERVISORY COMMITTEE AND THE INDEPENDENT DIRECTORS (IF ANY) AS TO THE “MODIFIED AUDIT REPORT” OF THE AUDITORS FOR THE REPORTING PERIOD

Applicable Not applicable

VI. DESCRIPTION PROVIDED BY THE BOARD AS TO CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES OR CORRECTION OF MATERIAL ACCOUNTING ERRORS DURING THE REPORTING PERIOD

Applicable Not applicable

SECTION IX SIGNIFICANT EVENTS *(Continued)*

VII. DESCRIPTION OF CHANGES IN THE SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS AS COMPARED WITH THE FINANCIAL REPORT FOR THE PREVIOUS YEAR

Applicable Not applicable

Please refer to Note 8 to “Section XIII Auditor’s Report” in this report

VIII. ENGAGEMENT AND REMOVAL OF ACCOUNTING FIRMS

Current accounting firms

| | |
|---|-----------------------|
| Remuneration of the PRC accounting firm (RMB’0,000) | 543 |
| Audit tenure of the PRC accounting firm | 11 years |
| Name of certified public accountant of the PRC accounting firm | Cao Cuili, Liu Yufeng |
| Continuing service year of certified public accountant of the PRC accounting firm | 4 years; 1 year |

Did the appointment of accounting firms changed

Yes No

Engagement of internal control audit accounting firms, financial advisers or sponsors

Applicable Not applicable

During the year, the Company engaged PricewaterhouseCoopers Zhong Tian LLP to issue an assurance report on the effectiveness of internal control over financial reporting at a cost of RMB0.45 million.

During the year, due to related transactions, the Company engaged Innovax Capital Limited as its independent financial adviser, with the total financial adviser fee of HK\$0.1 million paid during the period.

IX. DELISTING AFTER DISCLOSURE OF THE ANNUAL REPORT

Applicable Not applicable

SECTION IX SIGNIFICANT EVENTS *(Continued)*

X. MATTERS IN RELATION TO BANKRUPTCY REORGANIZATION

Applicable Not applicable

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

XI. MATERIAL LITIGATION AND ARBITRATION

Applicable Not applicable

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

XII. PUNISHMENT AND RECTIFICATION

Applicable Not applicable

During the Reporting Period, the Company has not been subject to any material punishment or rectification.

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

Applicable Not applicable

SECTION IX SIGNIFICANT EVENTS (Continued)

XIV. MATERIAL RELATED TRANSACTIONS

1. Related Transaction in Relation to Ordinary Operation

✓ Applicable Not applicable

| Party to Related Transaction | Relationship | Type of Related Transaction | Contents of Related Transaction | Pricing Principle of Related Transaction | Price for Related Transaction | Amount of Related Transaction (RMB 0,000) | Percentage of Amount of Similar Transactions | Approved Transaction Limit (RMB 0,000) | Is the Approved Limit Exceeded | Settlement Method for Related Transaction | Available Market Price for Similar Transactions | Date of Disclosure | Disclosure Index |
|---|---|---|---------------------------------|--|-------------------------------|---|--|--|--------------------------------|---|---|--------------------|--|
| CIMC Group, its holding subsidiaries and associates | Controlling Shareholder and its fellow subsidiaries | Purchase of goods from related parties | Purchase of goods | Market price/markup on cost | — | 88,317.54 | 4.31% | 115,000 | No | Cash settlement | — | June 2, 2022 | For details, refer to the Announcement on Revision to the Estimated Cap on Daily Related Party Transactions in 2022-2024 disclosed on the website of Cninfo at http://www.cninfo.com.cn/ |
| CIMC Group, its holding subsidiaries and associates | Controlling Shareholder and its fellow subsidiaries | Purchase of services from related parties | Purchase of services | Market price/markup on cost | — | 43,235.66 | 2.11% | 45,000 | No | Cash settlement | — | August 26, 2021 | For details, refer to the Announcement on Estimations of Ordinary Related Transactions for 2022-2024 disclosed on the Cninfo |
| CIMC Group, its holding subsidiaries and associates | Controlling Shareholder and its fellow subsidiaries | Sale of goods to related parties | Sale of goods | Market price/markup on cost | — | 23,581.64 | 1.00% | 46,000 | No | Cash settlement | — | August 26, 2021 | For details, refer to the Announcement on Estimations of Ordinary Related Transactions for 2022-2024 disclosed on the Cninfo |

SECTION IX SIGNIFICANT EVENTS (Continued)

| Party to Related Transaction | Relationship | Type of Related Transaction | Contents of Related Transaction | Pricing Principle of Related Transaction | Price for Related Transaction | Amount of Related Transaction (RMB'1,000) | Percentage of Amount of Similar Transactions | Approved Transaction Limit (RMB'0,000) | Is the Approved Limit Exceeded | Settlement Method for Related Transaction | Available Market Price for Similar Transactions | Date of Disclosure | Disclosure Index |
|--|---|--|---------------------------------|--|-------------------------------|---|--|--|--------------------------------|---|---|--------------------|------------------|
| CIMC Group, its holding subsidiaries and associates | Controlling Shareholder and its fellow subsidiaries | Provision of services to related parties | Sale of services | Market price/markup on cost | — | 1,008.24 | 0.04% | 5,000 | No | Cash settlement | — | — | — |
| Total | | | | | — | 156,143.08 | — | 211,000 | — | — | — | — | — |
| Details of large sales return | | | | | | | | | | | | | |
| If the total amount of ordinary related transactions to be carried out during the period In 2022, the total amount of connected transactions between the Group on the one hand and CIMC Group and its fellow subsidiaries on the other did not exceed the estimated annual amount, the actual performance (if any) during the Reporting Period is estimated by type, the actual performance (if any) during the Reporting Period is mainly due to the actual number of products sold to the above related parties failing to meet expectations as a result of the impact of the domestic economic downturn in the year on the overall market demand for domestic semi-trailers and specialty vehicles. | | | | | | | | | | | | | |
| Reasons for significant differences between the transaction price and the market reference price (if applicable) | | | | | | | | | | | | | |
| N/A | | | | | | | | | | | | | |

SECTION IX SIGNIFICANT EVENTS *(Continued)*

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

Applicable Not applicable

During the Reporting Period, the Company did not carry out any related party transactions in relation to the acquisition or disposal of assets or equity interests.

3. **Related Transaction Involving Joint External Investment**

Applicable Not applicable

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

4. **Related Claims and Debts**

Applicable Not applicable

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

SECTION IX SIGNIFICANT EVENTS *(Continued)*

5. Dealings with Financial Companies with Related Relationships

√ Applicable □ Not applicable

Deposit business

| Related Party | Relationship | Maximum Daily Deposit Limit (RMB'0,000) | Deposit Interest Rate Range | Amount Incurred During the Period | | | Ending Balance (RMB'0,000) |
|---------------------------------|--------------------------------------|---|--|--------------------------------------|---|--|----------------------------------|
| | | | | Beginning Balance (RMB'0,000) | Total Deposit During the Period (RMB'0,000) | Total Withdrawal During the Period (RMB'0,000) | |
| CIMC Finance Company Ltd. | Common controlling shareholder | 70,000 | The interest rate is determined by reference to: (1) the interest rate published by the People's Bank of China for similar deposits and for the same period; (2) the interest rate charged by CIMC Finance Company Ltd. to other subsidiaries of CIMC Group (excluding the Company) for similar deposits and for the same period; (3) the interest rate offered by independent third- party commercial banks to the Company and its subsidiaries for similar deposits and for the same period. | 62,441 | 1,670,465 | 1,664,092 | 68,814 |

Loan business

| Related Party | Relationship | Loan Amount (RMB'0,000) | Range of Lending Rate | Amount Incurred During the Period | | | Ending Balance (RMB'0,000) |
|---------------------------|-------------------------|----------------------------|---|--------------------------------------|---|---|----------------------------------|
| | | | | Beginning Balance (RMB'0,000) | Total Amount of Loans for the Period (RMB'0,000) | Total Amount of Repayment for the Period (RMB'0,000) | |
| CIMC Finance Co., Ltd. | Under common control | 35,000 | Interest rate reference: (1) Interest rates of similar loans for the same period announced by the People's Bank of China; (2) Interest rates of similar loans provided by independent commercial banks and/or other non- bank financial institutions to CIMC Vehicles for the same period. (3) Interest rates of loans from Party A to Party B shall not be higher than the interest rate of similar loans from other financial institutions to Party B. | 0 | 15,612 | 1,561 | 14,051 |

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Other financial businesses

The Company and its holding subsidiaries are jointly and severally liable for guaranteeing the repayment of the financing obtained by customers and distributors from CIMC Finance Company Ltd. and CIMC Financial Leasing Co., Ltd., which are related parties, for purchasing the Company's products. During the Reporting Period, the amount of guarantee incurred for the above business was RMB0.7 million. As at the end of the Reporting Period, the balance of guarantee for the above business was RMB640.66 million.

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

Applicable Not applicable

7. Other Material Related Transactions

Applicable Not applicable

On March 24, 2022, the Company convened the third meeting of the second session of the Board for 2022, which considered and approved the Resolution on Waiver of the Preferential Subscription Right for the Capital Increase of CIMC Tongchuang and Related Party/Connected Transactions, agreeing to waive the preferential subscription right for the capital increase of Shenzhen CIMC Tongchuang Supply Chain Co., Ltd., an investee company, and related party/connected transactions.

Information on websites for disclosure of holding announcements on material connected transactions

| Name of Holding Announcement | Date of Disclosure of Holding Announcement | Name of Website for Disclosure of Holding Announcement |
|--|---|---|
| Announcement on Waiver of the Preferential Subscription Right for the Capital Increase of Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. and Related party/Connected Transactions | March 25, 2022 | Cninfo (www.cninfo.com.cn) |

SECTION IX SIGNIFICANT EVENTS *(Continued)*

8. Connected Transactions Prepared in Accordance with the Hong Kong Stock Exchange Listing Rules

CIMC holds more than 30% of the issued share capital of the Company, and is therefore a Controlling Shareholder of the Company as defined in the Hong Kong Stock Exchange Listing Rules. Accordingly, CIMC is a connected person of the Company pursuant to Chapter 14A of the Hong Kong Stock Exchange Listing Rules. Therefore, CIMC Group and associates of CIMC (“CIMC Connected Persons,” and, for the avoidance of doubt, excluding the Group) are the connected persons of the Company by virtue of Rule 14A.07(4) of the Hong Kong Stock Exchange Listing Rules and for the purposes of connected transactions under Chapter 14A of the Hong Kong Stock Exchange Listing Rules.

The following is a summary of continuing connected transactions during the Reporting Period:

(1) Deposit Service Framework Agreement

Parties: CIMC Financial Institution; and
the Company.

Reasons for the transaction: Since January 1, 2022, the Group has deposited cash into its bank accounts maintained with CIMC Financial Institution, a non-wholly owned subsidiary of CIMC and a non-bank financial institution, and CIMC Financial Institution has provided deposit services to the Group. In return, the Group receives interest income from CIMC Financial Institution on such deposits. Such deposit service is within the ordinary and usual course of business of CIMC Financial Institution and CIMC Financial Institution is restricted from providing such deposit service to independent parties from the public in accordance with applicable PRC laws. As of December 31, 2022, CIMC Financial Institution had a registered capital of RMB920 million.

Principal terms: The Company entered into a deposit service framework agreement (the “Deposit Service Framework Agreement”) with CIMC Financial Institution on September 29, 2021, pursuant to which CIMC Financial Institution will provide deposit services to the Group. For the deposit services provided, the Company deposits cash into the bank accounts of the Company maintained with CIMC Financial Institution, including cash generated from the Company’s daily business operations and proceeds generated from the Company’s financing activities. In return, CIMC Financial Institution pays deposit interests to the Company. The term of the Deposit Service Framework Agreement shall commence on January 1, 2022 and be effective for three years.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Pricing policy: Interest rates for the deposits placed by the Group with CIMC Financial Institution shall be determined with reference to: (i) the interest rates published by the PBOC for deposits of a similar type for the same period; (ii) the interest rate for deposits of a similar type for the same period placed by CIMC Group's subsidiaries (excluding the Group) with CIMC Financial Institution; and (iii) the interest rate for deposits of a similar type for the same period offered by independent commercial banks and/or other non-bank financial institutions to the Company.

Proposed annual caps: The maximum daily balance of deposit and the aggregate annual amount of interest income in respect of the Deposit Service Framework Agreement for the three years ending December 31, 2022, 2023 and 2024 shall not exceed the caps set out below:

| Items | Proposed annual cap for the year ended December 31 (RMB'000) | | |
|--|--|---------------|---------------|
| | 2022 | 2023 | 2024 |
| Maximum daily balance of deposit placed by the Group with CIMC Financial Institution | 700,000 | 700,000 | 700,000 |
| Interest income derived from the cash deposit | <u>14,000</u> | <u>14,000</u> | <u>14,000</u> |

During the Reporting Period, the maximum daily balance of deposit placed by the Group with CIMC Financial Institution was RMB694.1 million, and the interest income from deposit recognised by the Group for the year ended December 31, 2022 was RMB10.48 million.

Basis of annual caps: The above annual caps for maximum daily balance of deposit are determined with reference to (i) historical balance of deposits placed by the Group with CIMC Financial Institution; and (ii) the Company's efforts to reduce its balance of deposits in order to further enhance the Company's financial independence from CIMC Group in the future.

In respect of the deposit services to be provided by CIMC Connected Persons to the Group, the above proposed annual caps for the interest income to be received by the Company from CIMC Financial Institution are determined based on the expected interest rates of approximately 2.0% of its maximum outstanding deposit amount, which is generally in line with prevailing market rates.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

(2) Procurement and Service Framework Agreement

Parties: CIMC (on behalf of CIMC Connected Persons, as the supplier); and the Company (on behalf of the Group, as the purchaser).

Reasons for the transaction: The Company has purchased products and services from CIMC Connected Persons. The Company will continue to procure such products and services from CIMC Connected Persons as CIMC Connected Persons have been providing the Company with such products and services with standard and quality commensurate with the requisite safety and quality standard of the Company. Therefore, the Company believes that CIMC Connected Persons are familiar with the Company's safety and quality standards, have a better understanding of their respective operations from previous cooperation, are able to meet the Company's requirements efficiently and reliably, and are faster and more efficient than other independent third parties.

Principal terms: On September 29, 2021, the Company entered into a procurement and services framework agreement (the "**Procurement and Services Framework Agreement**") with CIMC (on behalf of CIMC Connected Persons), pursuant to which CIMC Connected Persons will supply raw materials, containers, truck chassis and vehicle parts and components and logistics services to the Group. The Procurement and Services Framework Agreement came into force on January 1, 2022 and is valid for three years. A supplemental agreement to the Procurement and Services Framework Agreement was entered into by and between the Company and CIMC to amend the annual cap and was considered and approved at the first extraordinary general meeting in 2022 held on July 15, 2022, and the annual cap was changed to the one specified in the paragraph headed "Annual cap" below.

Pricing policy: In order to ensure that the terms of transactions in respect of the procurement of products and general services by the Group from CIMC Connected Persons are fair and reasonable and in line with market practices, and that the terms of transactions will be no less favorable to the Group than the terms for transactions between the Group and independent third parties, the Group has adopted the following measures:

- (a) to have regular contact with the suppliers of the Group (including CIMC Connected Persons) to keep abreast of market developments and the price trend of products and general services;
- (b) After considering various factors such as quality, payment, flexibility and after-sales service, the Company will evaluate, review and compare the quotations or proposals obtained, in consideration of other factors, such as continuity of business cooperation, product quality and suitability, payment period, end-customer selection and provision of after-sales service, so as to ensure that the transaction is in the best interests of the Group and all its shareholders.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Raw materials, containers, truck chassis and vehicle parts and components

In the case of purchase of raw materials, containers, truck chassis and vehicle parts and components: if market prices of similar raw materials, containers, truck chassis and vehicle parts and components are available, market prices and quotations from CIMC will be taken into consideration; If no relevant market prices of similar products are available, raw material, labor and other production-related costs arising from procurement or production of relevant raw materials, parts and components will be taken into consideration, and the procurement costs will be calculated, based on expected reasonable profit margin plus cost.

Services

The fees of logistics services will be charged on the basis of the volume, size and weight of the semi-trailers, truck bodies or components and parts to be shipped, custodial requirements, and delivery and handling requirements. When determining the prices, the procurement department of the Group will also make reference to market prices charged by logistics service providers to other enterprises engaging in the same industry. When the Group procures relevant products and services in its ordinary and usual course of business, it selects suppliers and determines the relevant procurement terms through negotiations based on the categories and scale of the procurement. The Group implements various internal approval and monitoring procedures, including obtaining quotations from other independent suppliers of similar products and services and considers assessment criteria (including price, quality, suitability, payment terms, and time required for the provision and delivery of the products and services) before entering into any new procurement arrangement with CIMC, and reviews such quotes, together with the offer from CIMC.

Annual caps: The maximum aggregate annual amounts in respect of the Procurement Framework Agreement for the three years ending December 31, 2022, 2023 and 2024 shall not exceed the caps set out below:

| Items | Proposed annual cap for the year ended December 31 (RMB'000) | | |
|-------------------|--|-------------------------|-------------------------|
| | 2022 | 2023 | 2024 |
| Goods procurement | 1,150,000 | 1,350,000 | 1,450,000 |
| Services received | <u>450,000</u> | <u>550,000</u> | <u>550,000</u> |
| Total | <u><u>1,600,000</u></u> | <u><u>1,900,000</u></u> | <u><u>2,000,000</u></u> |

During the Reporting Period, the Group purchased goods amounting to RMB883.2 million and received services amounting to RMB432.4 million, totaling RMB1,315.5 million.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Basis for determining caps: In determining the annual caps on the above procurement amount, the Company takes into consideration: (i) the historical amount of procurement and services from CIMC Connected Persons; (ii) the macroeconomic situation, market demand and industry standards, and the future development strategy and business plan of the Group; (iii) the quantity and market price fluctuation of products and services expected to be purchased from CIMC; and (iv) the proposed annual caps on the amount of procurement and services from CIMC Connected Persons for the next three years, which will exclude the caps on the amount of procurement and services from Jiangsu Wanjing, while the proposed annual caps on the amount of procurement from Jiangsu Wanjing will be determined separately.

(3) *Provision of Products and Services Framework Agreement*

Parties: CIMC (on behalf of CIMC Connected Persons, as the purchaser); and the Company (on behalf of the Group, as the supplier).

Reasons for the transaction: The Company has been providing CIMC Connected Persons semi-trailers, truck bodies and components as well as container repairing and supply chain services etc. In the ordinary and usual course of our business, the Group provides various products and general services to CIMC Connected Persons. Our Directors, including independent non-executive Directors, consider that the provision of products and general services to CIMC Connected Persons would benefit the Group for the following reasons:

- (a) The Group has established long-term cooperation relationships with CIMC Connected Persons and understands the business plans, quality control and other special requirements of both parties; in addition, as the Group and CIMC Connected Persons are subsidiaries of CIMC Group, the Group can obtain relatively comprehensive information in terms of customer credit assessment of CIMC Connected Persons before sales, and more efficiently carry out financial work including reconciliation of accounts receivable from sales, and collection of payments;
- (b) The prices and terms of products and services provided by the Group to CIMC Connected Persons are no less favorable to the Group than those provided by the Group to independent third parties;
- (c) Entering into the Provision of Products and Services Framework Agreement enables the Group to sell products to CIMC Connected Persons for their manufacturing and business operations, so that the Group can additionally maintain a stable source of revenue; and

SECTION IX SIGNIFICANT EVENTS *(Continued)*

- (d) Based on relevant annual caps, none of the connected transactions under the Provision of Products and Services Framework Agreement will exceed 5% of the revenue of the Group. Therefore, the Board believes that the relevant connected transactions will not lead to the dependency of the Group on CIMC Connected Persons.

Principal terms: On September 29, 2021, the Company entered into a provision of products and services framework agreement (the “Provision of Products and Services Framework Agreement”) with CIMC (on behalf of CIMC Connected Persons), pursuant to which CIMC Connected Persons will purchase semi-trailers, truck bodies, components, container repairing and supply chain services from the Group. The Provision of Products and Services Framework Agreement came into force on January 1, 2022 and is valid for three years.

Pricing policy: In order to ensure that the provision by the Group of products and services to CIMC Connected Persons complies with the consensus and arm’s length principles, and that the transaction terms under the agreement are on normal commercial terms.

Semi-trailers and truck bodies

In determining the prices of semi-trailers, truck bodies, parts and components, the Group will take into consideration the profit margin of similar products sold by the Group to independent third parties and relevant costs of selling the products. Costs include but are not limited to raw materials, auxiliary materials, depreciation, labor, energy, taxes and other costs and expenses. The Group ensures that the pricing basis is no less favorable than the price offered to an independent third party under the same circumstances and is in the interests of the Group and all its Shareholders.

Other services fees

The fees for the provision of vehicle and equipment lease services, supply chain services and container maintenance are determined through arm’s length negotiation between the parties. The Group will consider the previously applicable prices of relevant services, in consideration of comparable market prices; if no reference prices are available in the market, the price will be based on cost plus a reasonable profit margin. The Group ensures that the terms of the services provided to CIMC Connected Persons are fair and reasonable to the Group.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Annual cap: The maximum aggregate annual amounts in respect of the Provision of Products and Services Framework Agreement for the three years ended December 31, 2022, 2023 and 2024 shall not exceed the following:

| Items | Proposed Annual Cap for the Year Ended December 31 (RMB'000) | | |
|-----------------------------|--|---------|---------|
| | 2022 | 2023 | 2024 |
| Amount of goods sold | 460,000 | 510,000 | 560,000 |
| Amount of services provided | 50,000 | 55,000 | 60,000 |
| Total | 510,000 | 565,000 | 620,000 |

During the Reporting Period, the Group sold goods amounting to RMB235.8 million and provided services amounting to RMB10.1 million, totaling RMB245.9 million.

Basis of caps: The annual caps are determined with reference to (i) the historical sales to CIMC Connected Persons; and (ii) the steady increase in the sales of products and the volume of related supporting services to be provided by the Group to CIMC Connected Persons, after taking into account, among other things, the macroeconomic situation, market demand, market price fluctuations, industry standards and the development strategies and business expansion plans of CIMC Group and the Group; and (iii) the fact that the exclusion of the cap on the amount of goods sold and services provided in transactions with Jiangsu Wanjing does not have a significant impact in considering the annual cap on the amount of goods sold and services provided in transactions with CIMC Connected Persons in the next three years.

(4) **Financial Guarantees Framework Agreement**

Parties: CIMC (on behalf of CIMC Connected Persons); and
The Company (on behalf of the Group).

Reasons for the transaction: Certain customers of the Group may obtain financing from commercial banks in the PRC or other non-bank financial institutions (including non-bank financial institution(s) of CIMC Group (“**CIMC Financial Group**”)) for the purchase of products from the Group. Following such financing arrangement, the Group has, based on our credit assessment of the relevant customers, entered into financial guarantee contracts with the lenders which are the commercial banks or other non-bank financial institutions in the PRC (including CIMC Financial Group) to provide financial guarantees for the benefit of, and to facilitate financing to, such customers. The provision of financial guarantees to facilitate a customer’s purchase of products from the Group is a service offered by the Group to its customers and is a common practice in the semi-trailer and truck body industry and in line with market practice.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Principal terms: The Company entered into a financial guarantees framework agreement on September 29, 2021 (the “**Financial Guarantees Framework Agreement**”) with CIMC (on behalf of CIMC Connected Persons), pursuant to which the Group agrees to provide financial guarantees and performance bond to CIMC financial institutions, so that CIMC financial institutions can provide financing to customers of the Group. The term of the Financial Guarantees Framework Agreement shall commence on January 1, 2022 and be effective for three years.

Pricing policy: The financial guarantees provided by the Group to the CIMC Financial Group are on normal commercial terms or better to the Group compared to those of the financial guarantees provided by the Group to independent commercial banks in the PRC and/or other non-bank financial institutions.

Annual caps: The maximum daily balance in respect of the Financial Guarantees Framework Agreement for the three years ending December 31, 2022, 2023 and 2024 shall not exceed the caps set out below:

| Items | Proposed annual cap for the year ended December 31 (RMB'000) | | |
|---|--|----------------|----------------|
| | 2022 | 2023 | 2024 |
| Maximum daily balance of financial guarantees provided by the Group to CIMC Financial Group | <u>820,000</u> | <u>820,000</u> | <u>820,000</u> |

During the Reporting Period, the maximum daily balance of financial guarantees provided by the Group to CIMC Financial Group amounted to RMB697.6 million.

Basis of caps: The above annual caps are determined with reference to: (i) historical balance of financial guarantees provided by the Group to CIMC Financial Group; (ii) the expected increase in demand for financing of customers taking into account estimated increase in the demand for certain types of semi-trailers and truck bodies; and (iii) the development strategies and business expansion plan of the Group.

The above continuing connected transactions and the Supplementary Agreement were considered and approved by the Board on August 25, 2021 and June 2, 2022 and approved by the independent Shareholders on September 29, 2021 and July 15, 2022, respectively. For relevant information, please refer to the announcements of the Company dated August 25, 2021 and June 2, 2022 and the circulars of the Company dated September 13, 2021 and June 24, 2022.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Save as disclosed above, the Company did not have any connected transactions during the Reporting Period which are required to be disclosed under Chapter 14A of the Hong Kong Stock Exchange Listing Rules.

(5) *Annual Review Conducted by Independent Non-executive Directors and the External Auditor*

The Company's independent non-executive Directors have reviewed the aforementioned continuing connected transactions and confirmed that these transactions have been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or better; and
- (3) in accordance with the terms of the relevant agreements governing the transactions and on terms that are fair and reasonable and in interests of the Company and the Shareholders as a whole.

The Company's external auditor reported on the above transactions of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The external auditor has issued a letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group above in accordance with Rule 14A.56 of the Hong Kong Stock Exchange Listing Rules. The external auditor has the following conclusions in the letter on continuing connected transactions disclosed by the Group:

- a. nothing has come to the auditor's attention that causes him to believe that the disclosed continuing connected transactions have not been approved by the Company's Board of Directors;
- b. for transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes him to believe that the transactions were not, in all material respects, conducted in accordance with the pricing policies of the Group;
- c. nothing has come to the auditor's attention that causes him to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

SECTION IX SIGNIFICANT EVENTS *(Continued)*

- d. with respect to the aggregate amount of each of the above continuing connected transactions, nothing has come to the auditor's attention that causes him to believe that the disclosed continuing connected transactions have exceeded the maximum aggregate annual value in respect of each of the disclosed continuing connected transactions of the Company.

Save as disclosed above, during the Reporting Period, the Related Party Transactions set out in note 12 (5) to "Section XIII Auditor's Report" did not constitute connected transactions or continuing connected transactions of the Company which shall be disclosed pursuant to the provisions in respect of connected transaction disclosure requirements under Chapter 14A of the Hong Kong Stock Exchange Listing Rules.

XV. MATERIAL CONTRACTS AND THEIR PERFORMANCE

1. Custody, Contracting and Lease

(1) Custody

Applicable Not applicable

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

(2) Contracting

Applicable Not applicable

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

(3) Lease

Applicable Not applicable

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Information on lease

1. As a Lessee

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

2. As a Lessor

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

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

Applicable Not applicable

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

SECTION IX SIGNIFICANT EVENTS (Continued)

2. Material Guarantee

√ Applicable □ Not applicable

Unit: RMB'0,000

| Name of Principal | Date of Disclosure of Announcement on Guarantee Limit | External guarantees of the Company and its subsidiaries (excluding guarantees to subsidiaries) | | | | | | | Is the Guarantee Fulfilled | Are Guarantees provided for Related Parties | |
|---|---|--|--------------------|---|-----------------------------|-------------------|--------------------------------|-------------------|----------------------------|---|--|
| | | Guarantee Limit | Date of Incurrence | Actual Guarantee Amount | Type of Guarantee | Security (If Any) | Counter Guarantee (If Any) | Term of Guarantee | | | |
| Vehicle customers and distributors of Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd. | March 25, 2022 | 360,000 | January 1, 2022 | 20,601.15 | Joint and several guarantee | Nil | Counter guarantee was provided | 1-3 years | No | No | |
| Vehicle customers and distributors of Wuhu CIMC Ruijiang Automobile Co., Ltd. | | | January 1, 2022 | 80,621.87 | Joint and several guarantee | Nil | Counter guarantee was provided | 1-3 years | No | No | |
| Vehicle customers and distributors of Zhumadian CIMC Huajun Vehicle Co., Ltd. | | | January 1, 2022 | 330.53 | Joint and several guarantee | Nil | Counter guarantee was provided | 1-3 years | No | No | |
| Vehicle customers and distributors of Shenzhen CIMC Special Vehicle Co., Ltd. and CIMC Vehicle (Jiangmen) Co., Ltd. | | | January 1, 2022 | 42,514.85 | Joint and several guarantee | Nil | Counter guarantee was provided | 1-3 years | No | No | |
| Vehicle customers and distributors of Luoyang CIMC Lingyu Automobile Co., Ltd. | | | January 1, 2022 | 53,815.80 | Joint and several guarantee | Nil | Counter guarantee was provided | 1-3 years | No | No | |
| Vehicle customers and distributors of Chongqing CIMC Vehicle Sales Service Co., Ltd. | | | January 1, 2022 | 670.11 | Joint and several guarantee | Nil | Counter guarantee was provided | 1-3 years | No | No | |
| Vehicle customers of Shanghai CIMC Vehicle Sales Services Co., Ltd. | | | January 1, 2022 | 52.29 | Joint and several guarantee | Nil | Counter guarantee was provided | 1-3 years | No | No | |
| Kunming CIMC Vehicle Industrial Park Development Co., Ltd. | March 25, 2022 | 4,000 | / | / / | | / / | | / | / | / | |
| Total external guarantee limit approved during the Reporting Period (A1) | | | 364,000 | Total amount of external guarantee incurred during the Reporting Period (A2) | | | | | | 42,992.30 | |
| Total external guarantee limit approved as at the end of the Reporting Period (A3) | | | 364,000 | Total balance of external guarantee provided as at end of the Reporting Period (A4) | | | | | | 198,606.60 | |

SECTION IX SIGNIFICANT EVENTS (Continued)

| Name of Principal | Date of Disclosure of Announcement on Guarantee Limit | Guarantee Limit | Date of Incurrence | Guarantee from the Company to Subsidiaries | | | | Term of Guarantee | Is the Guarantee Fulfilled | Are Guarantees provided for Related Parties |
|--|---|-----------------|--------------------|--|-----------------------------|-------------------|--------------------------------|-------------------|----------------------------|---|
| | | | | Actual Guarantee Amount | Type of Guarantee | Security (If Any) | Counter Guarantee (If Any) | | | |
| Qingdao CIMC Special Vehicle Co., Ltd. | March 25, 2022 | 200,000 | June 15, 2020 | 12.16 | Joint and several guarantee | Nil | Nil | 3 years | No | No |
| Liangshan CIMC Dongyue Vehicles Co., Ltd. | | | July 21, 2022 | 2,252.00 | Joint and several guarantee | Nil | Counter guarantee was provided | 1 year | No | No |
| Liangshan CIMC Dongyue Vehicles Co., Ltd. | | | June 21, 2022 | 2,160.72 | Joint and several guarantee | Nil | Counter guarantee was provided | 1 year | No | No |
| Zhumadian CIMC Huajun Casting Co., Ltd. | | | June 14, 2022 | 2,080.00 | Joint and several guarantee | Nil | Nil | 1 year | No | No |
| Zhumadian CIMC Huajun Casting Co., Ltd. | | | October 21, 2022 | 1,374.91 | Joint and several guarantee | Nil | Nil | 1 year | No | No |
| Gansu CIMC Vehicles Co., Ltd. | | | January 26, 2022 | 799.82 | Joint and several guarantee | Nil | Nil | 1 year | No | No |
| CIMC Taizijie Vehicle Body Manufacturing (Zhenjiang) Co., Ltd. | | | September 21, 2022 | 3,600.35 | Joint and several guarantee | Nil | Nil | 1 year | No | No |
| CIMC Taizijie Vehicle Body Manufacturing (Jiangmen) Co., Ltd. | | | August 4, 2022 | 4,094.75 | Joint and several guarantee | Nil | Nil | 1 year | No | No |
| SDC Trailers Ltd | | | June 23, 2022 | 3,273.70 | Joint and several guarantee | Nil | Nil | 1 year | No | No |
| CIMC Vehicle (Thailand) Co., Ltd | | | October 18, 2021 | 11,385.89 | Joint and several guarantee | Nil | Nil | 1 year | No | No |
| China Jiangsu Vanguard Trailer Rental Co., Ltd. (江蘇掛車租賃有限公司) | | | June 29, 2021 | 2,000.00 | Joint and several guarantee | Nil | Counter guarantee was provided | 4 years | Yes | No |

SECTION IX SIGNIFICANT EVENTS *(Continued)*

| Guarantee from the Company to Subsidiaries | | | | | | | | | | |
|---|---|-----------------|--------------------|-------------------------|-----------------------------|-------------------|--------------------------------|-------------------|----------------------------|-----------------------------|
| Name of Principal | Date of Disclosure of Announcement on Guarantee Limit | Guarantee Limit | Date of Incurrence | Actual Guarantee Amount | Type of Guarantee | Security (If Any) | Counter Guarantee (If Any) | Term of Guarantee | Is the Guarantee Fulfilled | Are Guarantees provided for |
| | | | | | | | | | | Related Parties |
| China Jiangsu Vanguard Trailer Rental Co., Ltd. (江蘇掛車幫租賃有限公司) | | | August 13, 2020 | 4,250.00 | Joint and several guarantee | Nil | Counter guarantee was provided | 4 years | Yes | No |
| China Jiangsu Vanguard Trailer Rental Co., Ltd. (江蘇掛車幫租賃有限公司) | | | August 21, 2020 | 3,484.55 | Joint and several guarantee | Nil | Counter guarantee was provided | 4 years | Yes | No |
| China Jiangsu Vanguard Trailer Rental Co., Ltd. (江蘇掛車幫租賃有限公司) | | | December 30, 2020 | 5998.74 | Joint and several guarantee | Nil | Counter guarantee was provided | 4 years | Yes | No |
| China Jiangsu Vanguard Trailer Rental Co., Ltd. (江蘇掛車幫租賃有限公司) | | | December 30, 2020 | 2263.08 | Joint and several guarantee | Nil | Counter guarantee was provided | 4 years | Yes | No |

SECTION IX SIGNIFICANT EVENTS (Continued)

Unit: RMB'0,000

| Guarantee from the Company to Subsidiaries | | | | | | | | | | |
|--|---|-----------------|--------------------|---|-----------------------------|-------------------|----------------------------|-------------------|----------------------------|---|
| Name of Principal | Date of Disclosure of Announcement on Guarantee Limit | Guarantee Limit | Date of Incurrence | Actual Guarantee Amount | Type of Guarantee | Security (If Any) | Counter Guarantee (If Any) | Term of Guarantee | Is the Guarantee Fulfilled | Are Guarantees provided for Related Parties |
| | | | 200,000 | Total amount of guarantee to subsidiaries incurred during the Reporting Period (B2) | | | | | | 45,101.34 |
| | | | 200,000 | Total balance of guarantee to subsidiaries incurred as at the end of the Reporting Period (B4) | | | | | | 31,034.30 |
| Guarantee from Subsidiaries to Other Subsidiaries | | | | | | | | | | |
| Name of Principal | Date of Disclosure of Announcement on Guarantee Limit | Guarantee Limit | Date of Incurrence | Actual Guarantee Amount | Type of Guarantee | Security (If Any) | Counter Guarantee (If Any) | Term of Guarantee | Is the Guarantee Fulfilled | Are Guarantees provided for Related Parties |
| CIMC Intermodal Equipment, LLC | March 25, 2022 | 200,000 | April 1, 2020 | 6,375.70 | Joint and several guarantee | Nil | Nil | 1 year | Yes | No |
| Vanguard National Trailer Corporation | | | October 15, 2021 | 12,751.40 | Joint and several guarantee | Nil | Nil | 1 year | Yes | No |
| | | | 200,000 | Total amount of guarantee to subsidiaries incurred during the Reporting Period (C2) | | | | | | 0 |
| | | | 200,000 | Total balance of guarantee to subsidiaries incurred as at the end of the Reporting Period (C4) | | | | | | 0 |
| Total amount of guarantee of the Company (i.e. the sum of the above three major items) | | | | | | | | | | |
| Name of Principal | Date of Disclosure of Announcement on Guarantee Limit | Guarantee Limit | Date of Incurrence | Actual Guarantee Amount | Type of Guarantee | Security (If Any) | Counter Guarantee (If Any) | Term of Guarantee | Is the Guarantee Fulfilled | Are Guarantees provided for Related Parties |
| | | | 564,000.00 | Total amount of guarantee incurred during the Reporting Period (A2+B2+C2) | | | | | | 88,093.64 |
| | | | 564,000.00 | Total balance of guarantee provided as at end of the Reporting Period (A4+B4+C4) | | | | | | 229,640.90 |
| | | | | Total amount of guarantee provided (i.e. A4+B4+C4) as a percentage of net assets of the Company | | | | | | 18.08% |

SECTION IX SIGNIFICANT EVENTS *(Continued)*

| Name of Principal | Date of Disclosure of Announcement on Guarantee Limit | Guarantee from Subsidiaries to Other Subsidiaries | | | | | | | Are Guarantees provided for Related Parties | |
|--|---|---|--------------------|-------------------------|-------------------|-------------------|----------------------------|-------------------|---|--|
| | | Guarantee Limit | Date of Incurrence | Actual Guarantee Amount | Type of Guarantee | Security (If Any) | Counter Guarantee (If Any) | Term of Guarantee | | Is the Guarantee Fulfilled |
| Specifically: | | | | | | | | | | |
| | | | | | | | | | | - |
| | | | | | | | | | | 3,600.35 |
| | | | | | | | | | | - |
| | | | | | | | | | | 3,600.35 |
| Description of the guarantee liability incurred or the evidence indicating the possibility of joint and several liabilities (if any) during the Reporting Period, with regard to outstanding guarantee contracts | | | | | | | | | | The Company provides guarantees for repayment of financing obtained by eligible customers from financial institutions, for purchase of vehicles. As at December 31, 2022, the balance of subrogation liability incurred by the Company due to late payment of customers was RMB25.1852 million |
| Description of the provision of external guarantee in violation of specified procedures (if any) | | | | | | | | | | Nil |

Note: The total approved limit of guarantee from the Company and its subsidiaries to subsidiaries during the Reporting Period was RMB2,000 million.

3. Engagement of Other Persons for Management of Cash Assets

(1) Engagement for Wealth Management

Applicable Not applicable

During the Reporting Period, the Company had no Engagement for Wealth Management

(2) Entrusted Loans

Applicable Not applicable

During the Reporting Period, the Company had no entrusted loans.

4. Other Material Contracts

Applicable Not applicable

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

SECTION IX SIGNIFICANT EVENTS *(Continued)*

XVI. OTHER MATERIAL MATTERS

Applicable Not applicable

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

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

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

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

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

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

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

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

SECTION IX SIGNIFICANT EVENTS *(Continued)*

5. Listing and Circulation of Certain Issued Shares and Strategic Placement Shares Before IPO of A Shares

For details, refer to the Indicative Announcement on Listing and Circulation of Certain Issued Shares and Strategic Placement Shares Before IPO of A Shares (Announcement No.2022-046) disclosed on the website of Cninfo at <http://www.cninfo.com.cn/> on July 6, 2022, and the announcements published on the website of the Hong Kong Stock Exchange at <https://www.hkexnews.hk/>.

6. Equity Distribution for 2021

For details, refer to the Announcement on the Profit Distribution Plan for 2021 (Announcement No.: 2021-017) disclosed on March 25, 2022 and the Announcement on Distribution of Equity for A Shares in 2021 (Announcement No.: 2022-051) disclosed on July 21, 2022 on the website of Cninfo at <http://www.cninfo.com.cn/>, and the announcements published on the website of the Hong Kong Stock Exchange at <https://www.hkexnews.hk/>.

7. Completion of Registration of Industry and Commerce Changes of the Legal Representative and Renewal of Business License

For details, refer to the Announcement on Completion of Registration of Industry and Commerce Changes of the Legal Representative and Renewal of Business License (Announcement No.: 2022-052) disclosed on July 22, 2022 on the website of Cninfo at <http://www.cninfo.com.cn/>, and the announcements published on the website of the Hong Kong Stock Exchange at <https://www.hkexnews.hk/>.

8. Use of Certain Unutilized A Share Proceeds for Cash Management

For details, refer to the Announcement on Use of Certain Unutilized A Share Proceeds for Cash Management (Announcement No.2022-060) disclosed on the website of Cninfo at <http://www.cninfo.com.cn/> on August 26, 2022, and the announcements published on the website of the Hong Kong Stock Exchange at <https://www.hkexnews.hk/>.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

9. Change in Shareholdings of Shareholders with over 5% of the Shares

For details, please see the Announcement on Pre-disclosure of Reduction in Holdings of A Shares by Shareholders with More Than 5% of Shares (Announcement No.: 2022-049) disclosed on July 13, 2022, the Announcement on Change of over 1% in Holdings of Shareholders with More than 5% of Shares (Announcement No.: 2022-069) disclosed on September 16, 2022, the Announcement on Passage of Half of the Period for Reduction in Holdings of A Shares by Shareholders with More than 5% of Shares and Change of over 1% in Shareholdings (Announcement No.: 2022-076) disclosed on November 13, 2022, the Announcement on Change of Over 1% in Holdings of A Shares by Shareholders with More than 5% of Shares (Announcement No.: 2022-079) disclosed on December 8, 2022, the Announcement on Expiry of the Period for Reduction in Holdings of A Shares by Shareholders with More than 5% and Results of the Reduction (Announcement No.: 2023-007) disclosed on February 6, 2023 on the website of Cninfo at <http://www.cninfo.com.cn/> and the announcements published on the website of the Hong Kong Stock Exchange at <https://www.hkexnews.hk/>.

10. Funds Established with Investment from the Company and Professional Investment Organizations

Shenzhen Bay Angel Phase III Venture Capital Limited Partnership (深圳灣天使三期創業投資合夥企業(有限合夥)) was established by the Company, Shenzhen Angel FOF Co., Ltd. (深圳市天使投資引導基金有限公司), Zhenjiang Tuanshan Capital Management Company Limited (鎮江團山資本管理有限公司) and Shenzhen City Shen Fu Bao (Group) Limited (深圳市深福保(集團)有限公司) on June 3, 2021, with the registered capital of RMB165 million, of which the subscribed capital contributions were RMB75.00 million from the Company with a shareholding percentage of 45.46%, RMB58.35 million from Shenzhen Angel FOF Co., Ltd. with a shareholding percentage of 35.36%, RMB20.00 million from Zhenjiang Tuanshan Capital Management Company Limited with a shareholding percentage of 12.12%, and RMB10.00 million from Shenzhen City Shen Fu Bao (Group) Limited with a shareholding percentage of 6.06%. The capital contribution to Shenzhen Bay Angel Phase III Venture Capital Limited Partnership was paid in three instalments, with the first, second and third instalments being 40%, 30% and 30% of the capital contribution respectively.

In 2021, Shenzhen Bay Angel Phase III Venture Capital Limited Partnership obtained the filing certificate for a private investment fund from the Asset Management Association of China, and had the first instalment paid by all partners.

During the Reporting Period, Shenzhen Bay Angel Phase III Venture Capital Limited Partnership had the first instalment paid.

XVII. OTHER SIGNIFICANT MATTERS OF SUBSIDIARIES OF THE COMPANY

Applicable Not applicable

1. Announcement on Signature by Wholly-owned Subsidiary of the Agreement for Relocation and Resettlement Compensation

For details, refer to the Announcement on Signature by Wholly-owned Subsidiary of the Agreement for Relocation and Resettlement Compensation (Announcement No.: 2022-064) disclosed on the website of Cninfo at <http://www.cninfo.com.cn/> on September 8, 2022, and the announcements published on the website of the Hong Kong Stock Exchange at <https://www.hkexnews.hk/>.

SECTION X CHANGES IN SHARES AND SHAREHOLDERS

I. CHANGES IN SHARES

1. Changes in Shares

Unit: Share

| | Prior to Change | | Issuance of New Shares | Increase/Decrease (+/-) | | | Sub-total | Upon Change | |
|---|----------------------|----------------|------------------------------|-------------------------|--|--------------|--------------|----------------------|----------------|
| | Number | Percentage | | Bonus Issue | Conversion of Capital Reserve into Share Capital | Others | | Number | Percentage |
| I. Shares subject to selling restrictions | 1,565,371,955 | 77.59% | | | | -551,943,480 | -551,943,480 | 1,013,428,475 | 50.23% |
| 1 State-owned shares | | | | | | | | | |
| 2. Shares held by state-owned legal persons | 42,338,165 | 2.10% | | | | -42,338,165 | -42,338,165 | 0 | 0.00% |
| 3. Shares held by other domestic investors | 1,238,027,386 | 61.36% | | | | -509,583,911 | -509,583,911 | 728,443,475 | 36.10% |
| of which: Shares held by domestic legal persons | 1,238,015,895 | 61.36% | | | | -509,572,420 | -509,572,420 | 728,443,475 | 36.10% |
| Shares held by domestic natural persons | 11,491 | 0.00% | | | | -11,491 | -11,491 | 0 | 0.00% |
| 4. Shares held by foreign investors | 285,006,404 | 14.13% | | | | -21,404 | -21,404 | 284,985,000 | 14.12% |
| of which: Shares held by foreign legal persons | 285,005,704 | 14.13% | | | | -20,704 | -20,704 | 284,985,000 | 14.12% |
| Shares held by foreign natural persons | 700 | 0.00% | | | | -700 | -700 | 0 | 0.00% |
| II. Shares not subject to selling restrictions | 452,228,045 | 22.41% | | | | 551,943,480 | 551,943,480 | 1,004,171,525 | 49.77% |
| 1. RMB ordinary shares | 173,293,045 | 8.59% | | | | 551,943,480 | 551,943,480 | 725,236,525 | 35.95% |
| 2. Domestic listed foreign shares | | | | | | | | | |
| 3. Overseas listed foreign shares | 278,935,000 | 13.83% | | | | | | 278,935,000 | 13.83% |
| 4. Others | | | | | | | | | |
| III. Total shares | <u>2,017,600,000</u> | <u>100.00%</u> | | | | | | <u>2,017,600,000</u> | <u>100.00%</u> |

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

Reasons for changes in shares

Applicable Not applicable

Approval for changes in shares

Applicable Not applicable

Transfer for changes in shares

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

The change in the number of Shares subject to selling restrictions is because 551,943,480 Pre-IPO shares subject to selling restrictions were released from the restrictions during the Reporting Period.

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

2. Changes in Shares Subject to Selling Restrictions

√ Applicable □ Not applicable

Unit: Share

| Name of Shareholder | Number of Shares Subject to Selling Restrictions at the Beginning of the Period | Increase in Number of Shares Subject to Selling Restrictions During the Period | Number of Shares Released from Selling Restrictions During the Period | Number of Shares Subject to Selling Restrictions at the end of the Period | Reasons for Selling Restrictions | Proposed Date of Release from Selling Restrictions |
|---|---|--|---|---|--|--|
| CIMC | 728,443,475 | | | 728,443,475 | Pre-IPO shares subject to selling restrictions | July 8, 2024 |
| CIMC Hong Kong | 284,985,000 | | | 284,985,000 | Pre-IPO shares subject to selling restrictions | July 8, 2024 |
| Ping An Capital Co., Ltd. - Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) | 161,602,500 | | 161,602,500 | 0 | | |
| Ping An Capital Co., Ltd. - Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) | 167,836,525 | | 167,836,525 | 0 | | |
| Xiang Shan Hua Jin | 96,877,500 | | 96,877,500 | 0 | | |
| Shenzhen Long Yuan | 23,160,000 | | 23,160,000 | 0 | | |
| Shenzhen Nanshan Dacheng Fund Management Limited Company – Shenzhen Nan Shan Da Cheng New Material Investment Partnership (Limited Partnership) | 23,160,000 | | 23,160,000 | 0 | | |
| Guangzhou Gongkong Capital Management Co., Ltd. | 14,367,816 | | 14,367,816 | 0 | | |

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

| Name of Shareholder | Number of Shares Subject to Selling Restrictions at the Beginning of the Period | Increase in Number of Shares Subject to Selling Restrictions During the Period | Number of Shares Released from Selling Restrictions During the Period | Number of Shares Subject to Selling Restrictions at the end of the Period | Reasons for Selling Restrictions | Proposed Date of Release from Selling Restrictions |
|--|---|--|---|---|----------------------------------|--|
| Central Enterprises Poor Regions Industry Investment Fund Co., Ltd. (Note 1) | 27,920,632 | | 27,920,632 | 0 | | |
| China Insurance Investment Co., Ltd. - China Insurance Investment Fund (Limited Partnership) | 25,862,068 | | 25,862,068 | 0 | | |
| Shareholders who subscribe for shares other than through the online trading system of the stock exchange | 11,156,439 | | 11,156,439 | 0 | | |
| Total | <u>1,565,371,955</u> | <u>0</u> | <u>551,943,480</u> | <u>1,013,428,475</u> | - | - |

II. ISSUANCE AND LISTING OF SECURITIES

1. Issuance of Securities (Excluding Preference Shares) during the Reporting Period

Applicable Not applicable

2. Changes in the Total Number of Shares, the Shareholder Structure and the Asset and Liability Structure of the Company

Applicable Not applicable

3. Existing Employee Shares

Applicable Not applicable

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

III. INFORMATION ON SHAREHOLDERS AND DE FACTO CONTROLLERS

1. Number of Shareholders and the Shareholding

| | | | | | | | Unit: Share |
|---|---|---|---|--|---|--|-------------|
| Total number of ordinary Shareholders as at the end of the Reporting Period | Total number of Shareholders: of which, holders of A Shares: 44,424 (of which, holders of H Shares: 47) | Total number of ordinary Shareholders as at the end of the month prior to the date of A Share annual report | Total number of Shareholders: of which, holders of A Shares: 39,070, and holders of H Shares: 45) | Total number of preferred Shareholders whose voting rights were restored as at the end of the Reporting Period (if any) (see Note 9) | 0 | Total number of preferred Shareholders whose voting rights were restored as at the end of the month prior to the publication date of A Share annual report (if any) (see Note 9) | 0 |
| | | | | | | Total number of Shareholders holding shares with special voting rights | 0 |

Shareholdings of the Shareholders with a shareholding percentage of more than 5% or the top 10 Shareholders

| Name of Shareholder | Category of Shareholder | Shareholding Percentage | Number of Shares Held as at the End of the Reporting Period | Changes during the Reporting Period | Number of Shares Held Subject to Selling Restrictions | Number of Shares Held not Subject to Selling Restrictions | Pledge, Charge or Freezing Share Status | |
|---------------------------------|---------------------------------------|-------------------------|---|-------------------------------------|---|---|---|--------|
| | | | | | | | Number | Number |
| CIMC | Domestic non-state-owned legal person | 36.10% | 728,443,475 | 0 | 728,443,475 | 0 | | |
| CIMC Hong Kong (Note 1) | Overseas legal person | 19.99% | 403,255,600 | 12,304,100 | 284,985,000 | 118,270,600 | | |
| HKSCC Nominees Limited (Note 2) | Overseas legal person | 7.96% | 160,601,932 | -12,321,600 | 0 | 160,601,932 | | |

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

| Name of Shareholder | Category of Shareholder | Shareholding Percentage | Number of Shares Held as at the End of the Reporting Period | Changes during the Reporting Period | Number of Shares Held Subject to Selling Restrictions | Number of Shares Held not Subject to Selling Restrictions | Pledge, Charge or Freezing Share | |
|--|---------------------------------------|-------------------------|---|-------------------------------------|---|---|----------------------------------|--------|
| | | | | | | | Status | Number |
| Ping An Capital Co., Ltd. - Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) | Others | 6.26% | 126,229,588 | -41,606,937 | 0 | 126,229,588 | | |
| Ping An Capital Co., Ltd. - Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) | Others | 6.03% | 121,685,505 | -39,916,995 | 0 | 121,685,505 | | |
| Xiang Shan Hua Jin | Domestic non-state-owned legal person | 3.76% | 75,877,500 | -21,000,000 | 0 | 75,877,500 | | |
| Central Enterprises Poor Regions Industry Investment Fund Co., Ltd. | State-owned legal person | 1.42% | 28,735,632 | 815,000 | 0 | 28,735,632 | | |
| Shenzhen Long Yuan | Domestic non-state-owned legal person | 1.15% | 23,160,000 | 0 | 0 | 23,160,000 | | |
| Guangzhou Gongkong Capital Management Co., Ltd. | State-owned legal person | 0.71% | 14,367,816 | 0 | 0 | 14,367,816 | | |
| China Insurance Investment Co., Ltd. - China Insurance Investment Fund (Limited Partnership) | Others | 0.55% | 11,083,868 | -14,778,200 | 0 | 11,083,868 | | |

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

| Name of Shareholder | Category of Shareholder | Shareholding Percentage | Number of Shares Held as at the End of the Reporting Period | Changes during the Reporting Period | Number of Shares Held Subject to Selling Restrictions | Number of Shares Held not Subject to Selling Restrictions | Pledge, Charge or Freezing Share Status | Number |
|--|---|-------------------------|---|-------------------------------------|---|---|---|--------|
| | | | | | | | | |
| Information on strategic investors or ordinary legal persons who became among top 10 Shareholders due to placing of new shares (if any) (see Note 4) | Central Enterprises Poor Regions Industry Investment Fund Co., Ltd. and China Insurance Investment Co., Ltd. - China Insurance Investment Fund (Limited Partnership) became among the top 10 Shareholders due to placing of new shares. The lock-up period of its share held has ended since July 8, 2022 to July 7, 2022, neither the start date nor the end date of the shareholding period has been agreed with these Shareholders. | | | | | | | |
| Description of connected relationships or concerted actions of the above Shareholders | <p>1. CIMC Hong Kong is a wholly-owned subsidiary of CIMC;</p> <p>2. Ping An Capital Co., Ltd. – Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) and Ping An Capital Co., Ltd. – Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) are privately-offered partnership investment funds. The executive partner of Ping An Capital Co., Ltd. – Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) is Ping An Capital Co., Ltd., and the executive partner of Ping An Capital Co., Ltd. – Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) is Ping An Decheng. Both Ping An Decheng and Ping An Capital Co., Ltd. are enterprises whose equity interests are indirectly owned as to 100% by Ping An Group (a listed company, 601318.SH/02318.HK).</p> <p>Ping An Capital Co., Ltd. - Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) and Ping An Capital Co., Ltd. - Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) are under common control and are persons acting in concert.</p> <p>Saved as disclosed above, the Company is not aware of any other connected relationship between the above Shareholders, or whether they are persons acting in concert.</p> | | | | | | | |
| Description of voting rights delegated by/to or waived by the above Shareholders | N/A | | | | | | | |
| Special description of the special repurchase accounts of the top 10 Shareholders (if any) (see Note 10) | N/A | | | | | | | |

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

Shareholding of the Top 10 Shareholders not Subject to Selling Restrictions

| Name of Shareholder | Number of Shares Held not Subject to Selling Restrictions as at the End of Reporting Period | Class of Shares | Number |
|--|---|--------------------------------|-------------|
| HKSCC NOMINEES LIMITED <i>(Note 2)</i> | 160,601,932 | Overseas listed foreign shares | 160,601,932 |
| Ping An Capital Co., Ltd. - Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) | 126,229,588 | RMB ordinary shares | 126,229,588 |
| Ping An Capital Co., Ltd. - Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) | 121,685,505 | RMB ordinary shares | 121,685,505 |
| CIMC Hong Kong <i>(Note 1)</i> | 118,270,600 | Overseas listed foreign shares | 118,270,600 |
| Xiang Shan Hua Jin Industrial Investment Partnership (Limited Partnership) | 75,877,500 | RMB ordinary shares | 75,877,500 |
| Central Enterprises Poor Regions Industry Investment Fund Co., Ltd. | 28,735,632 | RMB ordinary shares | 28,735,632 |
| Shenzhen Long Yuan Gang Cheng Enterprise Management Center (Limited Partnership) | 23,160,000 | RMB ordinary shares | 23,160,000 |
| Guangzhou Gongkong Capital Management Co., Ltd. | 14,367,816 | RMB ordinary shares | 14,367,816 |
| China Insurance Investment Co., Ltd. - China Insurance Investment Fund (Limited Partnership) | 11,083,868 | RMB ordinary shares | 11,083,868 |
| JPMORGAN CHASE BANK, NATIONAL ASSOCIATION | 3,727,292 | RMB ordinary shares | 3,727,292 |

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

| Name of Shareholder | Number of Shares Held not Subject to Selling Restrictions as at the End of Reporting Period | Class of Shares Class of Shares | Number |
|---|--|------------------------------------|--------|
| Description of the connected relationship or concerted actions between the top 10 Shareholders of tradable shares not subject to selling restrictions, and between the top 10 Shareholders of tradable shares not subject to selling restrictions and the top 10 Shareholders | <p>1. CIMC Hong Kong is a wholly-owned subsidiary of CIMC.</p> <p>2. Ping An Capital Co., Ltd. – Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) and Ping An Capital Co., Ltd. – Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) are privately-offered partnership investment funds. The executive partner of Ping An Capital Co., Ltd. – Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) is Ping An Capital Co., Ltd., and the executive partner of Ping An Capital Co., Ltd. – Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) is Ping An Decheng. Both Ping An Decheng and Ping An Capital Co., Ltd. are enterprises whose equity interests are indirectly owned as to 100% by Ping An Group (a listed company, 601318.SH/02318.HK).</p> <p>Ping An Capital Co., Ltd. - Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) and Ping An Capital Co., Ltd. - Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) are under common control and are persons acting in concert.</p> <p>Saved as disclosed above, the Company is not aware of any other connected relationship between the above Shareholders, and between the above Shareholders and the top 10 Shareholders or whether they are persons acting in concert.</p> | | |
| Information on Shareholders participating in the margin trading and securities lending business (if any) (see Note 5) | N/A | | |

Note 1: 118,270,600 H Shares of the Company held by CIMC Hong Kong were registered with HKSCC Nominees Limited, as at the end of the Reporting Period, and included in the number and percentage of shares held by CIMC Hong Kong in the above table.

Note 2: HKSCC Nominees Limited is the nominee holder of shares held by non-registered H Shareholders. 278,872,532 H Shares were registered with HKSCC Nominees Limited as at the end of the Reporting Period, and the number and percentage of shares held by HKSCC Nominees Limited in the above table exclude 118,270,600 H Shares registered with it and held by CIMC Hong Kong.

Whether the Company had voting rights difference arrangement

Applicable Not applicable

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

Yes No

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

2. Information on the Controlling Shareholder of the Company

Nature of Controlling Shareholders: Unclear

Type of Controlling Shareholders: Legal person

| Name of Controlling Shareholder | Legal Representative/ Person in Charge of Company | Date of Establishment | Organization Code | Core Business |
|---|---|-----------------------|--------------------|---|
| China International Marine Containers (Group) Co., Ltd. | Mai Boliang | January 14, 1980 | 91440300618869509J | The general business items include container manufacture and repair and related businesses, processing and manufacture of various parts, structural components and relevant equipment by using existing equipment of the Company, as well as provision of the following processing services: cutting, press forming, riveting, surface treatment (including sandblast painting, welding and assembly; container leasing). |

| Shareholdings of Controlling Shareholders who have control or hold shares in other domestic or overseas listed companies during the Reporting Period | The equity interest held by the Controlling Shareholder in other listed companies as at December 31, 2022 is as follows: |
|--|---|
| | <ol style="list-style-type: none"> 67.59% equity interest in CIMC Enric, a company listed on the Hong Kong Stock Exchange (stock code: 03899); 5.72% equity interest in CMIC Ocean En-Tech Holding Co., Ltd., a company listed on the Hong Kong Stock Exchange (stock code: 00206); 0.36% equity interest in Otto Energy Limited, a company listed on the Australian Securities Exchange (stock code: OEL); 2.87% equity interest in Shoucheng Holdings Limited, a company listed on the Hong Kong Stock Exchange (stock code: 00697); 0.35% equity interest in Beijing Nuohu Zhiyuan Technology Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 688315); 0.90% equity interest in China Railway Special Cargo Services Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 001213); 10,335,757 shares in CSG Holding Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 000012); 49,979,175 shares in Jade Bird Fire Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 002960); 3,263,403 shares in Shandong Linglong Tire Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 601966), with a shareholding percentage of 0.221%; 25,899,000 shares in Deewin Tianxia Co., Ltd, a company listed on the Hong Kong Stock Exchange (stock code: 02418). |

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

Changes in Controlling Shareholders during the Reporting Period

Applicable Not applicable

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

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

Nature of the de facto controller: Nil

Type of the de facto controller: Nil

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

As at the end of the Reporting Period, CIMC directly held 36.10% of the Company's shares, and held 19.99% of the Company's shares through CIMC Hong Kong, a wholly-owned subsidiary of CIMC. CIMC held a total of 56.09% of the Company's shares and was the Controlling Shareholder of the Company. CIMC had a relatively scattered shareholding with no de facto controller. Therefore, the Company had no de facto controller.

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

Yes No

Legal person Natural person

Shareholding at the ultimate controlling level

| Name of Shareholders at the ultimate controlling level | Legal representative/ Company leader | Date of establishment | Organization code | Main business |
|--|---|-----------------------|-------------------|------------------------|
| Shenzhen Capital (Hong Kong) Container Investment Co., Ltd. | Shi Lan (Designated Representative) | September 22, 2020 | - | Investment |
| China Merchants (CIMC) Investment Limited | Hu Xianfu | January 17, 1995 | - | Investment and control |
| Shareholdings of Controlling Shareholders at the ultimate controlling level who have control or hold shares in other domestic or overseas listed companies during the Reporting Period | None | | | |

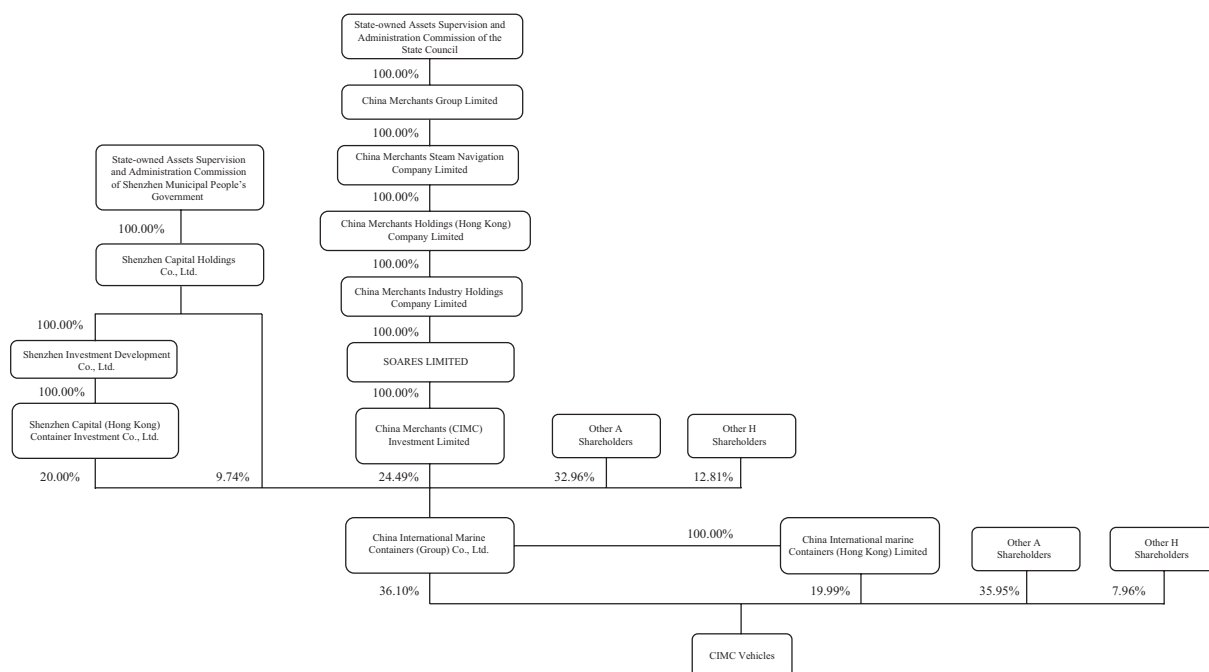
SECTION X CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

Changes in de facto controller during the Reporting Period

Applicable Not applicable

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

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



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

Applicable Not applicable

4. Shares Pledged by Controlling Shareholder or the Largest Shareholder of the Company and Persons acting in Concert with it Account for 80% of Shares Held by Them in the Company

Applicable Not applicable

5. Corporate Shareholders Holding over 10% of the Shares

Applicable Not applicable

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

6. Restrictions on Reduction in the Shareholdings of Controlling Shareholder, De Facto Controllers, Reorganizers and Other Commitment Makers

Applicable Not applicable

IV. REPURCHASE OF SHARES DURING THE REPORTING PERIOD

Progress in the repurchase of shares

Applicable Not applicable

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

Applicable Not applicable

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

As of December 31, 2022, to the knowledge of Directors, the following persons other than the Directors, Supervisors and Chief Executive of the Company had interests and/or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept pursuant to Section 336 of the SFO:

| Name of Shareholder | Nature of Interest | Class of Shares | Number of Shares | Long Position/ Short Position | Approximate Percentage of the Relevant Class of Shares | Approximate Percentage of the Total Issued Share Capital of the Company |
|---------------------|---|-----------------|------------------|----------------------------------|--|---|
| CIMC | Beneficial owner | A Shares | 728,443,475 | Long position | 50.11% | 36.10% |
| | Interest in controlled corporation (Note 1) | H Shares | 403,255,600 | Long position | 71.51% | 19.99% |
| Ping An Decheng | Interest in controlled corporation (Note 2) | A Shares | 247,915,093 | Long position | 17.05% | 12.29% |
| Ping An Financial | Interest in controlled corporation (Note 2) | A Shares | 247,915,093 | Long position | 17.05% | 12.29% |

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

| Name of Shareholder | Nature of Interest | Class of Shares | Number of Shares | Long Position/ Short Position | Approximate Percentage of the Relevant Class of Shares | Approximate Percentage of the Total Issued Share Capital of the Company |
|--|---|-----------------|------------------|----------------------------------|--|---|
| Ping An Life Insurance | Interest in controlled corporation (Note 4) | A Shares | 247,915,093 | Long position | 17.05% | 12.29% |
| Ping An Group | Interest in controlled corporation (Note 2) | A Shares | 247,915,093 | Long position | 17.05% | 12.29% |
| CIMC Hong Kong | Beneficial owner | H Shares | 403,255,600 | Long position | 71.51% | 19.99% |
| Shanghai Taifu | Beneficial owner | A Shares | 126,229,588 | Long position | 8.68% | 6.26% |
| Chi Xiao | Interest in controlled corporation (Note 3) | A Shares | 126,229,588 | Long position | 8.68% | 6.26% |
| Nanshan Group | Interest in controlled corporation (Note 3) | A Shares | 126,229,588 | Long position | 8.68% | 6.26% |
| Taizhou Taifu | Beneficial owner | A Shares | 121,685,505 | Long position | 8.37% | 6.03% |
| Ping An Health Partnership | Interest in controlled corporation (Note 4) | A Shares | 121,685,505 | Long position | 8.37% | 6.03% |
| Shenzhen Sidao Branch Investment Co., Ltd. (深圳市思道科投資有限公司) | Interest in controlled corporation (Note 4) | A Shares | 121,685,505 | Long position | 8.37% | 6.03% |
| 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) | Interest in controlled corporation (Note 4) | A Shares | 121,685,505 | Long position | 8.37% | 6.03% |
| Xiangshan Huajin | Beneficial owner | A Shares | 75,877,500 | Long position | 5.22% | 3.76% |
| Shenzhen Longhui | Interest in controlled corporation (Note 5) | A Shares | 75,877,500 | Long position | 5.22% | 3.76% |

SECTION X CHANGES IN SHARES AND SHAREHOLDERS (Continued)

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

Notes:

- (1) CIMC Hong Kong is a wholly owned subsidiary of CIMC and therefore CIMC is deemed to be interested in H Shares held by CIMC Hong Kong. As at December 31, 2022, CIMC Hong Kong held 403,255,600 H Shares.
- (2) Ping An Decheng is the general partner of Shanghai Taifu and Taizhou Taifu and therefore is deemed to be interested in A Shares held by Shanghai Taifu and Taizhou Taifu. Ping An Decheng is wholly owned by Ping An Financial which is ultimately controlled by Ping An Group and therefore both Ping An Financial and Ping An Group are deemed to be interested in A Shares held by Shanghai Taifu and Taizhou Taifu.
- (3) Chi Xiao is a limited partner of Shanghai Taifu which holds a 59.51% equity interest in it and therefore is deemed to be interested in the A Shares held by Shanghai Taifu. Chi Xiao is wholly owned by Nanshan Group and therefore Nanshan Group is also deemed to be interested in A Shares held by Shanghai Taifu in the Company.

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

- (4) *Both Ping An Life Insurance and Ping An Health Partnership are limited partners of Taizhou Taifu, respectively holding 47.62% and 38.33% of their equity interests, and therefore both of them are deemed to be interested in A Shares held by Taizhou Taifu. Shenzhen Sidao Branch Investment Co., Ltd. (深圳市思道科投資有限公司), a wholly owned subsidiary of Shenzhen 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), holds a 55.12% equity interest in Ping An Health Partnership, and therefore is deemed to be interested in A Shares of the Company held by Taizhou Taifu. Ping An Life Insurance holds a 40.36% equity interest in Shanghai Taifu, and therefore is deemed to be interested in A Shares held by Shanghai Taifu in the Company.*
- (5) *Shenzhen Longhui is the general partner of Xiangshan Huajin and holds 37.35% of the equity interest of Xiangshan Huajin, and therefore it is deemed to be interested in 75,877,500 A Shares held by Xiangshan Huajin.*
- (6) *Mr. Wang Xicheng is interested in 51% of the shares of Linglong Group Co., Ltd. (玲瓏集團有限公司) which in turn holds 39.94% of the equity interest of Shandong Linglong Tire Co., Ltd.. Hong Kong Tiancheng Investment & Trading Co. Limited is also a wholly owned subsidiary of Shandong Linglong Tire Co., Ltd., and therefore all of them are deemed to be interested in the H Shares held by Hong Kong Tiancheng Investment & Trading Co. Limited. In addition, Mr. Wang Xicheng holds 51% of the equity interest of Elite Faith Trading Limited.*

VI. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

VII. PUBLIC FLOAT

As at the date of this Report, according to the information available to the Company and to the knowledge of the Directors, the public float of the Company is not less than 15.80%, complying with the relevant regulations of Rules 8.08 and 13.32 of the Hong Kong Stock Exchange Listing Rules.

SECTION XI INFORMATION ON PREFERENCE SHARES

Applicable Not applicable

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

SECTION XII INFORMATION ON BONDS

Applicable Not applicable

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

SECTION XIII AUDITOR'S REPORT

[English Translation for Reference Only]

PwC ZT Shen Zi (2023) No. 10077

(Page 1 of 6)

To the shareholders of CIMC Vehicles (Group) Co., Ltd.,

OPINION

What we have audited

We have audited the accompanying financial statements of CIMC Vehicles (Group) Co., Ltd. (“**CIMC Vehicles**”), 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 shareholders' 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 CIMC Vehicles 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 CIMC Vehicles 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.

SECTION XIII AUDITOR'S REPORT

[English Translation for Reference Only]

PwC ZT Shen Zi (2023) No. 10077

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KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Impairment assessment of accounts receivables
- Impairment assessment of goodwill

Key Audit Matter

Impairment assessment of accounts receivables

Refer to Note 2(9) of accounting policy of financial instruments, Note 2(28)(a)(i) "Critical accounting estimates and judgements – Impairment of accounts receivables" and Note 4(5) "Accounts receivables" to the financial statements.

As at 31 December 2022, accounts receivables in the consolidated balance sheet amounted to approximately RMB3,295 million before provision for bad debts of approximately RMB173 million.

Management measures the provision for bad debts based on the lifetime expected credit losses ("ECL") of accounts receivables. In determining ECL, based on grouping of credit risk characteristics, management prepare the cross-reference between the overdue days of accounts receivables and the lifetime ECL rates to calculate the ECL, by considering historical credit loss rates, past collection information and aging profiles of accounts receivables, and with reference to current conditions and forward-looking factors (e.g. China fiscal balance, China money supply growth rate, U.S. nominal retail growth rate, U.S. merchandise imports, percentage of nominal GDP, etc.).

How our audit addressed the Key Audit Matter

We have performed the following procedures to address this key audit matter:

1. Understood, evaluated and validated internal controls over the impairment assessment of accounts receivables, including the review and approval for assessing and making provision for bad debts of accounts receivables;
2. Obtained management's working papers of ECL calculations and tested the mathematical accuracy of the calculations;
3. Evaluated the reliability of key data inputs (including historical credit loss rates, past collection information and aging profiles of accounts receivables) used by management in the ECL calculations by comparing them, on a sample basis, with the underlying financial records and supporting documents;
4. Understood and evaluated management's process in identifying the relevant forward-looking factors and evaluated the reasonableness of management's estimation on the expected changes in these forward-looking factors by comparing them to the information as obtained from our independent research.

SECTION XIII AUDITOR'S REPORT

[English Translation for Reference Only]

PwC ZT Shen Zi (2023) No. 10077

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KEY AUDIT MATTERS *(Continued)*

Key Audit Matter

We identified this as a key audit matter due to the significance of accounts receivables and the involvement of management's accounting estimates and judgements involved in determining the impairment of the accounts receivables.

Impairment assessment of goodwill

Refer to Note 2(18) of accounting policy of impairment of long-term assets, Note 2(28)(a)(ii) "Critical accounting estimates and judgements – Impairment of goodwill" and Note 4(18) "Goodwill" to the financial statements.

As at 31 December 2022, the cost of goodwill in the consolidated balance sheet amounted to approximately RMB440 million, with a provision for impairment of approximately RMB38 million.

At the balance sheet date, management has performed the impairment assessment to determine the recoverable amount of the asset group (including goodwill) at the higher of the fair value less costs of disposals and the present value of the expected future cash flows. Management determines the recoverable amount using the discounted cash flow model, and key assumptions used in preparing the estimated future cash flows of the asset group include revenue growth rates in the forecast period, terminal revenue growth rates, gross margins and pre-tax discount rates.

We identified this as a key audit matter due to the significant accounting estimates and judgements in key assumptions used in the impairment assessment of goodwill.

How our audit addressed the Key Audit Matter

Based on the procedures performed, we considered that management's significant estimates and judgements used in the impairment assessment of accounts receivables were supported by available evidence.

We have performed the following procedures to address this key audit matter:

1. Understood, evaluated and validated internal controls over the impairment assessment of goodwill, including the review and approval of adoption of valuation models, key assumptions and impairment charge;
2. Obtained management's worksheets for goodwill impairment assessment and tested the mathematical accuracy of the calculations;
3. Compared the data used in cash flow forecasts with relevant approved budgets;
4. Compared the asset group's historical actual results to prior year budgets and forecasts, to assess the reliability of management's forecasts of cash flows;
5. For key assumptions used in the goodwill impairment assessment:
 - Evaluated the reasonableness of revenue growth rates in the forecast period, gross margins, and terminal revenue growth rates with reference to industry historical data, market developments and long-term expected inflation rate based on the information obtained from our independent research;

SECTION XIII AUDITOR'S REPORT

[English Translation for Reference Only]

PwC ZT Shen Zi (2023) No. 10077

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KEY AUDIT MATTERS *(Continued)*

Key Audit Matter

How our audit addressed the Key Audit Matter

- Engaged our in-house valuation experts in comparing the pre-tax discount rates with the cost of capital of CIMC Vehicles and comparable entities, to evaluate the reasonableness of the pre-tax discount rates adopted by management.

6. Reviewed the sensitivity analysis prepared by management on the key assumptions, and assessed the potential impacts on test results.

Based on the procedures performed, we considered that management's significant estimates and judgements used in the impairment assessment of goodwill were supported by available evidence.

OTHER INFORMATION

Management of CIMC Vehicles is responsible for the other information. The other information comprises all of the information included in 2022 annual report of CIMC Vehicles other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND AUDIT COMMITTEE FOR THE FINANCIAL STATEMENTS

Management of CIMC Vehicles 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 CIMC Vehicles'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 CIMC Vehicles or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing CIMC Vehicles' financial reporting process.

SECTION XIII AUDITOR'S REPORT

[English Translation for Reference Only]

PwC ZT Shen Zi (2023) No. 10077

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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:

- (1) 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.
- (2) 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.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) 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 CIMC Vehicles' 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 CIMC Vehicles to cease to continue as a going concern.
- (5) 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.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the CIMC Vehicles to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

SECTION XIII AUDITOR'S REPORT

[English Translation for Reference Only]

PwC ZT Shen Zi (2023) No. 10077

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AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS *(Continued)*

We communicate with the Audit Committee 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.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Zhong Tian LLP

Signing CPA

Cao Cuili (Engagement partner)

Shanghai, the People's Republic of China
27 March 2023

Signing CPA

Liu Yufeng

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2022

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

| | Note | 31 December 2022 | 31 December 2021 |
|---------------------------------------|-------|--------------------------|--------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash at bank and on hand | 4(1) | 4,850,527,987.23 | 5,041,982,475.37 |
| Financial assets held for trading | 4(2) | 22,209,407.79 | – |
| Derivative financial assets | 4(3) | 6,161,436.00 | 2,039,603.00 |
| Notes receivables | 4(4) | 93,034,550.82 | 109,678,708.95 |
| Accounts receivables | 4(5) | 3,121,505,473.81 | 2,781,330,860.48 |
| Receivables financing | 4(6) | 258,818,435.64 | 510,091,121.74 |
| Advances to suppliers | 4(7) | 239,789,397.31 | 221,827,969.94 |
| Other receivables | 4(8) | 232,452,952.37 | 272,965,193.59 |
| Inventories | 4(9) | 5,514,764,338.69 | 4,939,195,443.70 |
| Current portion of non-current assets | | 88,906,160.21 | 41,518,285.14 |
| Other current assets | 4(10) | 245,182,741.32 | 313,226,364.46 |
| Total current assets | | 14,673,352,881.19 | 14,233,856,026.37 |
| Non-current assets | | | |
| Long-term receivables | | 13,964,818.87 | 26,581,838.37 |
| Other non-current financial assets | 4(11) | 10,786,384.58 | – |
| Long-term equity investments | 4(12) | 193,282,252.60 | 151,084,643.75 |
| Investment properties | 4(13) | 405,746,795.38 | 393,130,062.84 |
| Fixed assets | 4(14) | 4,933,210,366.18 | 4,626,675,908.82 |
| Construction in progress | 4(15) | 247,577,774.52 | 516,572,732.14 |
| Right-of-use assets | 4(16) | 238,375,993.30 | 232,392,010.62 |
| Intangible assets | 4(17) | 844,157,433.69 | 892,972,786.18 |
| Goodwill | 4(18) | 402,268,655.29 | 408,521,522.38 |
| Long-term prepaid expenses | | 34,258,397.20 | 25,765,480.68 |
| Deferred tax assets | 4(19) | 143,858,729.81 | 137,466,769.78 |
| Other non-current assets | 4(20) | 76,389,581.39 | 136,313,442.51 |
| Total non-current assets | | 7,543,877,182.81 | 7,547,477,198.07 |
| TOTAL ASSETS | | 22,217,230,064.00 | 21,781,333,224.44 |

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2022

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

| | Note | 31 December 2022 | 31 December 2021 |
|---|-------|--------------------------|--------------------------|
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current liabilities | | | |
| Short-term borrowings | 4(22) | 467,995,600.44 | 889,554,358.43 |
| Derivative financial liabilities | 4(3) | 5,683,205.67 | 21,100.00 |
| Notes payables | 4(23) | 809,432,692.20 | 1,098,475,012.01 |
| Accounts payables | 4(24) | 3,740,535,444.53 | 3,558,427,089.39 |
| Advances from customers | | 11,619,033.61 | 8,642,080.45 |
| Contract liabilities | 4(25) | 618,541,399.99 | 547,132,006.91 |
| Employee benefits payable | 4(26) | 640,955,242.09 | 533,567,985.84 |
| Taxes payable | 4(27) | 331,548,587.53 | 186,121,358.83 |
| Other payables | 4(28) | 1,142,928,896.80 | 1,411,093,894.20 |
| Current portion of non-current liabilities | 4(29) | 126,750,345.95 | 104,017,726.41 |
| Other current liabilities | 4(30) | 232,168,335.30 | 286,361,852.63 |
| Total current liabilities | | 8,128,158,784.11 | 8,623,414,465.10 |
| Non-current liabilities | | | |
| Long-term borrowings | 4(31) | 331,206,865.99 | 374,823,099.70 |
| Lease liabilities | 4(32) | 188,590,165.71 | 185,163,298.60 |
| Long-term payables | | – | 15,464,866.01 |
| Deferred income | 4(33) | 71,970,975.17 | 60,752,790.97 |
| Deferred tax liabilities | 4(19) | 120,722,396.58 | 134,675,106.28 |
| Other non-current liabilities | | 16,099,977.15 | 465,637.40 |
| Total non-current liabilities | | 728,590,380.60 | 771,344,798.96 |
| Total liabilities | | 8,856,749,164.71 | 9,394,759,264.06 |
| Shareholders' equity | | | |
| Share capital | 4(34) | 2,017,600,000.00 | 2,017,600,000.00 |
| Capital reserve | 4(35) | 4,800,309,693.04 | 4,754,868,324.01 |
| Other comprehensive income | 4(36) | 72,001,695.05 | (129,005,928.69) |
| Surplus reserve | 4(37) | 322,977,011.06 | 261,108,219.97 |
| Undistributed profits | 4(38) | 5,486,894,339.25 | 4,834,324,784.85 |
| Total equity attributable to shareholders of the Company | | 12,699,782,738.40 | 11,738,895,400.14 |
| Non-controlling interests | | 660,698,160.89 | 647,678,560.24 |
| Total shareholders' equity | | 13,360,480,899.29 | 12,386,573,960.38 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 22,217,230,064.00 | 21,781,333,224.44 |

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

Legal representative:
Li Guiping

Principal in charge of accounting:
Zhan Rui

Head of accounting department:
Zhan Rui

BALANCE SHEET

AS AT 31 DECEMBER 2022

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

| | <i>Note</i> | 31 December 2022 | 31 December 2021 |
|------------------------------------|--------------|--------------------------------|-------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash at bank and on hand | | 2,507,272,276.81 | 2,129,112,624.05 |
| Receivables financing | | 289,100.00 | – |
| Accounts receivables | <i>16(1)</i> | 279,253,005.24 | 241,858,248.97 |
| Other receivables | <i>16(2)</i> | 1,044,980,628.00 | 884,335,492.30 |
| Other current assets | | 5,818,797.75 | 16,060,979.94 |
| Total current assets | | <u>3,837,613,807.80</u> | <u>3,271,367,345.26</u> |
| Non-current assets | | | |
| Other non-current financial assets | | 10,786,384.58 | – |
| Long-term equity investments | <i>16(3)</i> | 5,568,418,761.89 | 5,137,876,328.24 |
| Investment properties | | 2,292,131.60 | 2,259,993.11 |
| Fixed assets | | 27,868,641.57 | 28,550,148.81 |
| Construction in progress | | 17,752,377.88 | 8,730,589.30 |
| Right-of-use assets | | 11,775,617.49 | 3,669,493.48 |
| Intangible assets | | 18,632,997.26 | 16,655,064.68 |
| Long-term prepaid expenses | | 2,074,887.36 | 3,348,749.65 |
| Other non-current assets | | 4,719,632.00 | 1,915,376.00 |
| Total non-current assets | | <u>5,664,321,431.63</u> | <u>5,203,005,743.27</u> |
| TOTAL ASSETS | | <u>9,501,935,239.43</u> | <u>8,474,373,088.53</u> |

BALANCE SHEET

AS AT 31 DECEMBER 2022

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

| | <i>Note</i> | 31 December 2022 | 31 December 2021 |
|---|--------------|--------------------------------|-------------------------|
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current liabilities | | | |
| Accounts payables | | 694,753.25 | 2,006,121.46 |
| Contract liabilities | | 302,352.29 | 293,538.20 |
| Employee benefits payable | | 138,316,748.67 | 123,386,680.53 |
| Taxes payable | | 1,693,006.24 | 3,279,762.61 |
| Other payables | | 1,664,424,174.78 | 872,873,083.72 |
| Current portion of non-current liabilities | | 6,767,201.72 | 2,267,411.02 |
| Other current liabilities | | 1,391,369.41 | 416,284.69 |
| Total current liabilities | | <u>1,813,589,606.36</u> | <u>1,004,522,882.23</u> |
| Non-current liabilities | | | |
| Lease liabilities | | 5,437,061.90 | 1,778,298.78 |
| Total non-current liabilities | | <u>5,437,061.90</u> | <u>1,778,298.78</u> |
| Total liabilities | | <u>1,819,026,668.26</u> | <u>1,006,301,181.01</u> |
| Shareholders' equity | | | |
| Share capital | | 2,017,600,000.00 | 2,017,600,000.00 |
| Capital reserve | <i>16(4)</i> | 4,620,152,172.67 | 4,620,483,419.93 |
| Other comprehensive income | | 18,436,287.93 | 18,436,287.93 |
| Surplus reserve | | 322,977,011.06 | 261,108,219.97 |
| Undistributed profits | | 703,743,099.51 | 550,443,979.69 |
| TOTAL SHAREHOLDERS' EQUITY | | <u>7,682,908,571.17</u> | <u>7,468,071,907.52</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | <u>9,501,935,239.43</u> | <u>8,474,373,088.53</u> |

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

Legal representative:
Li Guiping

Principal in charge of accounting:
Zhan Rui

Head of accounting department:
Zhan Rui

CONSOLIDATED 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 | 4(39) | 23,620,612,415.36 | 27,647,762,501.46 |
| Less: Cost of sales | 4(39) | (20,483,415,549.37) | (24,600,777,444.80) |
| Taxes and surcharges | 4(40) | (90,667,099.09) | (98,183,291.53) |
| Selling expenses | 4(41) | (526,427,065.63) | (729,251,979.27) |
| Administrative expenses | 4(42) | (1,033,811,219.18) | (873,183,272.45) |
| Research and development expenses | 4(43) | (305,577,661.69) | (397,817,429.52) |
| Financial income/(expense) | 4(44) | 90,927,713.09 | (16,899,370.60) |
| Including: Interest expenses | | 50,325,067.19 | 45,887,270.24 |
| Interest income | | 73,299,541.36 | 62,039,396.02 |
| Add: Other income | 4(48) | 76,964,384.28 | 137,063,977.39 |
| Investment (losses)/income | 4(49) | (23,910,442.91) | 15,539,933.70 |
| Including: Share of profit of associates and joint ventures | | 827,837.27 | 5,182,610.73 |
| Fair value losses | 4(50) | (7,346,053.56) | (20,232,463.28) |
| Credit impairment losses | 4(47) | (30,571,517.45) | (24,983,892.84) |
| Asset impairment losses | 4(46) | (38,321,104.02) | (42,564,575.54) |
| Gains on disposals of assets | 4(51) | 224,181,720.41 | 177,124,182.99 |
| II. Operating profit | | 1,472,638,520.24 | 1,173,596,875.71 |
| Add: Non-operating income | 4(52) | 11,946,394.12 | 12,202,521.37 |
| Less: Non-operating expenses | 4(53) | (9,805,896.48) | (9,633,086.92) |
| III. Profit before income tax | | 1,474,779,017.88 | 1,176,166,310.16 |
| Less: Income tax expenses | 4(54) | (361,171,952.63) | (188,502,861.95) |
| IV. Profit for the year | | 1,113,607,065.25 | 987,663,448.21 |
| Classified by business continuity | | | |
| Net profit from continuing operations | | 1,113,607,065.25 | 987,663,448.21 |
| Net profit from discontinued operations | | – | – |
| Classified by ownership | | | |
| Net profit attributable to shareholders of the Company | | 1,117,958,345.49 | 900,749,340.13 |
| Net profit attributable to non-controlling interests | | (4,351,280.24) | 86,914,108.08 |

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 |
|---|------|--------------------------------|-----------------------|
| V. Other comprehensive income, net of tax | | 200,901,441.01 | (121,401,828.56) |
| Attributable to shareholders of the Company | | 201,007,623.74 | (121,239,417.73) |
| Items that may be reclassified subsequently to profit or loss | | 201,007,623.74 | (121,239,417.73) |
| Currency translation differences | | 200,824,656.68 | (121,239,417.73) |
| Fair value changes on conversion date over the book value for investment property | | 182,967.06 | — |
| Attributable to non-controlling interests | | (106,182.73) | (162,410.83) |
| VI. Total comprehensive income | | <u>1,314,508,506.26</u> | <u>866,261,619.65</u> |
| Attributable to shareholders of the Company | | <u>1,318,965,969.23</u> | 779,509,922.40 |
| Attributable to non-controlling interests | | <u>(4,457,462.97)</u> | 86,751,697.25 |
| VII. Earnings per share | | 4(55) | |
| Basic earnings per share (RMB) | | 0.55 | 0.48 |
| Diluted earnings per share (RMB) | | 0.55 | 0.48 |

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

Legal representative:
Li Guiping

Principal in charge of accounting:
Zhan Rui

Head of accounting department:
Zhan Rui

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

| Item | Note | 2022 | 2021 |
|--|-------|-------------------------|------------------|
| I. Revenue | 16(5) | 71,738,713.30 | 54,382,096.12 |
| Less: Cost of sales | 16(5) | (363,117.78) | (525,786.18) |
| Taxes and surcharges | | (352,394.92) | (296,722.00) |
| Selling expenses | | (8,997,305.10) | (11,679,860.71) |
| Administrative expenses | | (137,425,144.18) | (143,956,510.92) |
| Research and development expenses | | (15,622,551.40) | (15,889,743.17) |
| Financial income | | 26,882,350.12 | 18,574,952.31 |
| Including: Interest expenses | | 20,450,779.64 | 18,064,982.29 |
| Interest income | | 44,904,541.68 | 38,474,717.32 |
| Add: Other income | | 824,129.10 | 631,837.38 |
| Investment income | 16(6) | 680,614,482.03 | 597,939,288.48 |
| Including: Share of profit of associates and joint ventures | | 3,094,630.52 | 5,291,341.64 |
| Fair value gains | | 2,813,223.07 | – |
| Credit impairment losses | | (1,551,707.42) | (2,419,459.09) |
| Gains on disposal of assets | | 1,093.49 | 94,228.53 |
| II. Operating profit | | 618,561,770.31 | 496,854,320.75 |
| Add: Non-operating income | | 126,711.46 | 5,001.74 |
| Less: Non-operating expenses | | (570.86) | (23,425.07) |
| III. Profit before income tax | | 618,687,910.91 | 496,835,897.42 |
| Less: Income tax expenses | | – | – |
| IV. Profit for the year | | 618,687,910.91 | 496,835,897.42 |
| Classified by business continuity | | | |
| Net profit from continuing operations | | 618,687,910.91 | 496,835,897.42 |
| Net profit from discontinued operations | | – | – |
| V. Other comprehensive income, net of tax | | – | – |
| VI. Total comprehensive income | | 618,687,910.91 | 496,835,897.42 |

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

Legal representative:
Li Guiping

Principal in charge of accounting:
Zhan Rui

Head of accounting department:
Zhan Rui

CONSOLIDATED CASH FLOW STATEMENT

FOR THE 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 sales of goods or rendering of services | | 26,726,930,256.55 | 30,433,142,348.96 |
| Refund of taxes and surcharges | | 286,841,120.73 | 171,010,720.25 |
| Cash received relating to other operating activities | 4(56)(a) | 357,439,427.54 | 266,174,947.98 |
| Sub-total of cash inflows from operating activities | | 27,371,210,804.82 | 30,870,328,017.19 |
| Cash paid for goods and services | | (22,320,524,950.56) | (26,316,117,287.32) |
| Cash paid to and on behalf of employees | | (1,906,226,834.10) | (2,534,014,868.77) |
| Payments of taxes and surcharges | | (1,080,982,275.09) | (908,529,457.51) |
| Cash paid relating to other operating activities | 4(56)(b) | (909,569,229.05) | (937,238,140.98) |
| Sub-total of cash outflows from operating activities | | (26,217,303,288.80) | (30,695,899,754.58) |
| Net cash generated from operating activities | | 1,153,907,516.02 | 174,428,262.61 |
| II. Cash flows from investing activities | | | |
| Cash received from disposals of investments | | 15,375,458.78 | 354,254,944.35 |
| Cash received from returns on investments | | 1,041,792.00 | 10,163,531.14 |
| Proceeds from disposal of fixed assets, intangible assets and other long-term assets | | 369,935,539.33 | 217,186,723.40 |
| Proceeds from disposal of associates and joint ventures | | – | 14,600,000.00 |
| Sub-total of cash inflows from investing activities | | 386,352,790.11 | 596,205,198.89 |
| Payment for fixed assets, intangible assets and other long-term assets | | (537,739,078.21) | (1,064,625,169.53) |
| Cash paid for investments | | (95,422,744.67) | (266,000,000.00) |
| Payments for acquisition of a subsidiary | 4(57)(b) | – | (660,813.72) |
| Cash paid relating to other investing activities | | (19,155,837.10) | – |
| Sub-total of cash outflows from investing activities | | (652,317,659.98) | (1,331,285,983.25) |
| Net cash used in investing activities | | (265,964,869.87) | (735,080,784.36) |

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 |
|---|----------|---------------------------|---------------------------|
| III. Cash flows from financing activities | | | |
| Cash received from capital injections | | 100,000,000.00 | 1,721,102,075.77 |
| Including: Cash injection from non-controlling interests | | 50,000,000.00 | 95,500,000.00 |
| Proceeds from borrowings | | 1,418,373,117.98 | 1,302,651,700.20 |
| Sub-total of cash inflows from financing activities | | 1,518,373,117.98 | 3,023,753,775.97 |
| Repayments of borrowings | | (1,891,636,361.89) | (1,201,521,007.15) |
| Cash payments for dividends distribution and interest expenses of borrowings | | (508,519,135.53) | (704,218,002.94) |
| Including: dividends paid to non-controlling interests of subsidiaries | | (59,847,285.41) | (54,134,438.83) |
| Cash payments relating to other financing activities | 4(56)(c) | (72,320,043.62) | (102,399,435.06) |
| Sub-total of cash outflows from financing activities | | (2,472,475,541.04) | (2,008,138,445.15) |
| Net cash (used in)/generated from financing activities | | (954,102,423.06) | 1,015,615,330.82 |
| IV. Effect of foreign exchange rate changes on cash and cash equivalents | | 54,273,611.68 | (29,635,297.79) |
| V. Net (decrease)/increase in cash and cash equivalents | 4(57)(a) | (11,886,165.23) | 425,327,511.28 |
| Add: Cash and cash equivalents at the beginning of the year | 4(57)(a) | 4,694,703,333.58 | 4,269,375,822.30 |
| VI. Cash and cash equivalents at the end of the year | | 4,682,817,168.35 | 4,694,703,333.58 |

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

Legal representative:
Li Guiping

Principal in charge of accounting:
Zhan Rui

Head of accounting department:
Zhan Rui

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 sales of goods or rendering of services | | 37,258,052.03 | 59,152,110.81 |
| Refund of taxes and surcharges | | 13,200,830.31 | 7,998,054.15 |
| Cash received relating to other operating activities | | 54,765,873.91 | 47,162,002.78 |
| Sub-total of cash inflows from operating activities | | 105,224,756.25 | 114,312,167.74 |
| Cash paid to and on behalf of employees | | (101,732,238.10) | (107,373,213.98) |
| Payments of taxes and surcharges | | (3,298,845.63) | (5,929,591.20) |
| Cash paid relating to other operating activities | | (60,521,172.29) | (74,010,100.31) |
| Sub-total of cash outflows from operating activities | | (165,552,256.02) | (187,312,905.49) |
| Net cash used in operating activities | | (60,327,499.77) | (73,000,737.75) |
| II. Cash flows from investing activities | | | |
| Cash received from disposals of investments | | 290,397,914.39 | – |
| Cash received from return on investments | | 599,488,110.16 | 615,412,662.02 |
| Proceeds from disposal of fixed assets, intangible assets and other long-term assets | | 17,118.14 | 325,553.67 |
| Proceeds from disposal of associates and joint ventures | | – | 14,600,000.00 |
| Cash received from other investing activities | | 364,734,539.08 | 208,796,796.09 |
| Sub-total of cash inflows from investing activities | | 1,254,637,681.77 | 839,135,011.78 |
| Payment for fixed assets, intangible assets and other long-term assets | | (29,001,127.32) | (35,882,097.87) |
| Cash paid for investments | | (572,255,300.00) | (884,178,728.70) |
| Cash paid relating to other investing activities | | (431,500,000.00) | (88,020,000.00) |
| Sub-total of cash outflows from investing activities | | (1,032,756,427.32) | (1,008,080,826.57) |
| Net cash generated from/(used in) investing activities | | 221,881,254.45 | (168,945,814.79) |

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 |
|---|------|--------------------------------|-------------------------|
| III. Cash flows from financing activities | | | |
| Cash received from capital injections | | – | 1,625,602,075.77 |
| Cash received relating to other financing activities | | <u>954,941,580.52</u> | <u>72,890,574.04</u> |
| Sub-total of cash inflows from financing activities | | <u>954,941,580.52</u> | <u>1,698,492,649.81</u> |
| Cash payments for dividends distribution and interest expenses of borrowings | | <u>(403,520,000.00)</u> | (605,280,000.00) |
| Cash payments relating to other financing activities | | <u>(333,425,749.70)</u> | <u>(114,497,707.59)</u> |
| Sub-total of cash outflows from financing activities | | <u>(736,945,749.70)</u> | <u>(719,777,707.59)</u> |
| Net cash generated in financing activities | | <u>217,995,830.82</u> | <u>978,714,942.22</u> |
| IV. Effect of foreign exchange rate changes on cash and cash equivalents | | <u>(1,389,932.74)</u> | <u>(626,447.39)</u> |
| V. Net increase in cash and cash equivalents | | 378,159,652.76 | 736,141,942.29 |
| Add: Cash and cash equivalents at the beginning of the year | | <u>2,129,112,624.05</u> | <u>1,392,970,681.76</u> |
| VI. Cash and cash equivalents at the end of the year | | <u>2,507,272,276.81</u> | <u>2,129,112,624.05</u> |

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

Legal representative:
Li Guiping

Principal in charge of accounting:
Zhan Rui

Head of accounting department:
Zhan Rui

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

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

| | Attributable to shareholders of the Company | | | | | | Total shareholders' equity | |
|---|---|------------------|----------------------------|-----------------|-----------------------|-------------------|----------------------------|---------------------------|
| | Share capital | Capital surplus | Other comprehensive income | Surplus reserve | Undistributed profits | Sub-total | | Non-controlling interests |
| Balance at January 1, 2021 | 1,765,000,000.00 | 3,405,036,061.31 | (7,766,510.96) | 211,424,630.23 | 4,588,539,034.46 | 9,962,233,215.04 | 486,465,562.95 | 10,448,698,777.99 |
| Movements for the year ended 31 December 2021 | | | | | | | | |
| Total comprehensive income | | | | | | | | |
| Profit for the year | - | - | - | - | 900,749,340.13 | 900,749,340.13 | 86,914,108.08 | 987,663,448.21 |
| Other comprehensive income | - | - | (121,239,417.73) | - | - | (121,239,417.73) | (162,410.83) | (121,401,828.56) |
| Sub-total | - | - | (121,239,417.73) | - | 900,749,340.13 | 779,509,922.40 | 86,751,697.25 | 866,261,619.65 |
| Capital injections by shareholder | | | | | | | | |
| Capital injections from A share IPO | 252,600,000.00 | 1,331,176,753.31 | - | - | - | 1,583,776,753.31 | - | 1,583,776,753.31 |
| Profit distribution | | | | | | | | |
| Appropriation to surplus reserves | - | - | - | 49,683,589.74 | (49,683,589.74) | - | - | - |
| Profit distribution to shareholders and non controlling interests | - | - | - | - | (605,280,000.00) | (605,280,000.00) | (57,799,355.61) | (663,079,355.61) |
| Capital injections from non controlling interests | - | 21,019,591.39 | - | - | - | 21,019,591.39 | 144,871,474.08 | 165,891,065.47 |
| Transactions with non controlling interests | - | (2,364,082.00) | - | - | - | (2,364,082.00) | (16,446,562.31) | (18,810,644.31) |
| Others | - | - | - | - | - | - | 3,895,743.88 | 3,895,743.88 |
| Balance at December 31, 2022 | 2,017,600,000.00 | 4,754,868,324.01 | (129,005,928.69) | 261,108,219.97 | 4,894,324,784.85 | 11,738,895,400.14 | 647,678,560.24 | 12,386,573,960.38 |

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

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

| | Attributable to shareholders of the Company | | | | | | Total shareholders' equity | |
|---|---|------------------|----------------------------|-----------------|-----------------------|-------------------|----------------------------|---------------------------|
| | Share capital | Capital surplus | Other comprehensive income | Surplus reserve | Undistributed profits | Sub-total | | Non-controlling interests |
| Balance at January 1, 2022 | 2,017,600,000.00 | 4,754,868,324.01 | (129,005,928.69) | 261,108,219.97 | 4,834,324,784.85 | 11,738,895,400.14 | 647,678,560.24 | 12,386,573,960.38 |
| Movements for the year ended 31 December 2022 | | | | | | | | |
| Total comprehensive income | | | | | | | | |
| Profit for the year | - | - | - | - | 1,117,958,345.49 | 1,117,958,345.49 | (4,351,280.24) | 1,113,607,065.25 |
| Other comprehensive income | - | - | 201,007,623.74 | - | - | 201,007,623.74 | (106,182.73) | 200,901,441.01 |
| Sub-total | - | - | 201,007,623.74 | - | 1,117,958,345.49 | 1,318,965,969.23 | (4,457,462.97) | 1,314,508,506.26 |
| Capital injections by shareholders | | | | | | | | |
| Others | - | 20,894,688.06 | - | - | - | 20,894,688.06 | - | 20,894,688.06 |
| Profit distribution | | | | | | | | |
| Appropriation to surplus reserves | - | - | - | 61,868,791.09 | (61,868,791.09) | - | - | - |
| Profit distribution to shareholders and non controlling interests | - | - | - | - | (403,520,000.00) | (403,520,000.00) | (63,456,908.14) | (466,976,908.14) |
| Capital injections from non controlling | - | 7,240,367.41 | - | - | - | 7,240,367.41 | 41,363,510.99 | 48,603,878.40 |
| Transactions with non controlling interests | - | 16,644,560.82 | - | - | - | 16,644,560.82 | 39,570,460.77 | 56,215,021.59 |
| Others | - | 661,752.74 | - | - | - | 661,752.74 | - | 661,752.74 |
| Balance at December 31, 2022 | 2,017,600,000.00 | 4,800,309,693.04 | 72,001,695.05 | 322,977,011.06 | 5,485,894,339.25 | 12,699,782,738.40 | 660,698,160.89 | 13,360,480,899.29 |

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

Legal representative:
Li Guiping

Principal in charge of accounting:
Zhan Rui

Head of accounting department:
Zhan Rui

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

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

| Item | Note | Share capital | Capital surplus | Other comprehensive income | Surplus reserve | Undistributed profits | Total shareholders' equity |
|--|--------------|--------------------------------|--------------------------------|-----------------------------|------------------------------|------------------------------|--------------------------------|
| Balance at January 1, 2021 | | <u>1,765,000,000.00</u> | <u>3,289,306,666.62</u> | <u>18,436,287.93</u> | <u>211,424,630.23</u> | <u>708,571,672.01</u> | <u>5,992,739,256.79</u> |
| Movements for the year ended 31 December 2021 | | | | | | | |
| Total comprehensive income | | | | | | | |
| Profit for the year | | - | - | - | - | 496,835,897.42 | 496,835,897.42 |
| Other comprehensive income | | - | - | - | - | - | - |
| Sub-total | | - | - | - | - | <u>496,835,897.42</u> | <u>496,835,897.42</u> |
| Capital injections by shareholder | | | | | | | |
| Capital injections from | | | | | | | |
| A share IPO | 4(34), 4(35) | 252,600,000.00 | 1,331,176,753.31 | - | - | - | 1,583,776,753.31 |
| Profit distribution | | | | | | | |
| Appropriation to surplus reserves | 4(37) | - | - | - | 49,683,589.74 | (49,683,589.74) | - |
| Profit distribution to shareholders | 4(38) | - | - | - | - | (605,280,000.00) | (605,280,000.00) |
| Balance at December 31, 2021 | | <u><u>2,017,600,000.00</u></u> | <u><u>4,620,483,419.93</u></u> | <u><u>18,436,287.93</u></u> | <u><u>261,108,219.97</u></u> | <u><u>550,443,979.69</u></u> | <u><u>7,468,071,907.52</u></u> |

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

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

| Item | Notes | Share capital | Capital surplus | Other comprehensive income | Surplus reserve | Undistributed profits | Total shareholders' equity |
|--|-------|-------------------------|-------------------------|----------------------------|-----------------------|-----------------------|----------------------------|
| Balance at January 1, 2022 | | <u>2,017,600,000.00</u> | <u>4,620,483,419.93</u> | <u>18,436,287.93</u> | <u>261,108,219.97</u> | <u>550,443,979.69</u> | <u>7,468,071,907.52</u> |
| Movements for the year ended 31 December 2022 | | | | | | | |
| Total comprehensive income | | | | | | | |
| Profit for the year | | - | - | - | - | 618,687,910.91 | 618,687,910.91 |
| Other comprehensive income | | - | - | - | - | - | - |
| Sub-total | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>618,687,910.91</u> | <u>618,687,910.91</u> |
| Profit distribution | | | | | | | |
| Appropriation to surplus reserves | 4(37) | - | - | - | 61,868,791.09 | (61,868,791.09) | - |
| Profit distribution to shareholders | 4(38) | - | - | - | - | (403,520,000.00) | (403,520,000.00) |
| Others | 16(4) | - | (331,247.26) | - | - | - | (331,247.26) |
| Balance at December 31, 2022 | | <u>2,017,600,000.00</u> | <u>4,620,152,172.67</u> | <u>18,436,287.93</u> | <u>322,977,011.06</u> | <u>703,743,099.51</u> | <u>7,682,908,571.17</u> |

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

Legal representative:
Li Guiping

Principal in charge of accounting:
Zhan Rui

Head of accounting department:
Zhan Rui

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

CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)股份有限公司) (the “Company”) was formerly known as CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)有限公司) (the “Predecessor”). The Predecessor, formerly named as Shenzhen Tianda Heavy Machinery Ltd., is a sino-foreign joint venture approved for incorporation by Wai Jing Mao Shen He Zi Zheng Zi (1996) No. 0861 issued by the People’s Government of Shenzhen on 29 August 1996, with a registered capital of USD1,000,000. On 21 November 1997, as approved by the Shenzhen Administration for Industry and Commerce, the Predecessor was renamed as “Shenzhen CIMC Heavy Machinery Ltd.” And on 22 June 2004, as approved by the Shenzhen Administration for Industry and Commerce, the Predecessor was renamed as “CIMC Vehicles (Group) Co., Ltd.” (中集車輛(集團)有限公司). The registered capital was USD60,000,000, of which USD42,000,000 and USD18,000,000 were contributed by China International Marine Containers (Group) Co., Ltd. (“CIMC Group”) and China International Marine Containers (Hong Kong) Limited (“CIMC HK”) respectively. The address of the Company’s registered office and headquarter is No. 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen.

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

In 2011, investors increased the Predecessor’s registered capital by USD93,000,000 in proportion to their contributions to the registered capital.

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

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 *(Continued)*

In 2016, Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd. transferred its 1.544% equity interests in the Predecessor to Shenzhen Long Yuan Gang Cheng Enterprise Management Centre (Limited Partnership) (“Shenzhen Longyuan”). In 2017, CR Trust transferred its 10.7735% and 5.0585% equity interests in the Predecessor to Taizhou Tai Fu Xiang Yun Equity Investment. The equity interests held by the rest of the shareholders remained unchanged.

In 2018, the Predecessor completed the business registration of the overall change to a joint-stock limited company, with a total of 1,500,000,000.00 shares at the par value of RMB1 per share. The Predecessor was renamed as “CIMC Vehicles (Group) Co., Ltd.” (中集車輛(集團)股份有限公司).

The parent company and the ultimate holding company of the Company is CIMC Group. The Company’s shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 11 July 2019, and listed on the ChiNext of the Shenzhen Stock Exchange on 8 July 2021. As at 31 December 2022, the Company’s total share capital was RMB2,017,600,000.00, with a par value of RMB1 per share.

The Company and its subsidiaries (collectively referred to as “the Group”) are mainly engaged in design, manufacture and sales of various high-tech and high-performance specialty vehicles and semi-trailers series and their spare parts (excluding restricted items), process and manufacture of general mechanical products and metal structures and related businesses, as well as provision of relevant consulting services. In 2022, the main business of the Group is consistent with the approved scope of business operations.

Please refer to Note 6 for details of subsidiaries included in the consolidation scope.

These financial statements were authorised for issue by the Board of Directors on 27 March 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

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

(1) Basis of preparation

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

The financial statements are prepared on a going concern basis.

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

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

The financial statements of the Company for 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.

(3) Accounting year

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(4) Functional and presentation currency

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

(5) Business combinations

(a) Business combinations under common control

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

(b) Business combinations not under common control

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(6) Preparation of consolidated financial statements

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

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

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

All significant intra-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of subsidiaries' shareholders' equity and the portion of subsidiaries' net profits and losses and comprehensive incomes for the period not attributable to the Company are recognised as minority interests, net profit or loss attributable to minority interests and total comprehensive income attributable to minority interests, and presented separately in the consolidated financial statements under shareholders' equity, net profit and total comprehensive income respectively. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(7) Cash and cash equivalents

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

(8) Foreign currency translation

(a) Foreign currency transactions

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

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

(b) Translation of foreign currency financial statements

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(9) Financial instruments

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, long-term receivables, etc. Long-term receivables that are due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(9) Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

(i) Classification and measurement *(Continued)*

Debt instruments *(Continued)*

Measured at fair value through other comprehensive income:

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

Measured at fair value through profit or loss:

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(9) Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

(ii) Impairment

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.

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

Apart from notes receivables, accounts receivables, receivables financing, contract assets and lease receivables 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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(9) Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

(ii) Impairment *(Continued)*

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(9) Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(9) Financial instruments *(Continued)*

(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.

(10) Inventories

(a) *Classification*

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

(b) *Costing of inventories*

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

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

Provision for decline in the value of inventories is determined at the excess amount of the carrying amount of the inventories over their net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated contract fulfilment 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(11) Long-term equity investments

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

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

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

(a) Determination of investment cost

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

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

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

(b) Subsequent measurement and recognition of profit or loss

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

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

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

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

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

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

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

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

(d) Impairment of long-term equity investments

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

(12) Investment properties

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

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(12) Investment properties *(Continued)*

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

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

(13) Fixed assets

(a) Recognition and initial measurement of fixed assets

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

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

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(13) Fixed assets *(Continued)*

(b) Depreciation of fixed assets

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

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

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

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

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

(d) Disposals of fixed assets

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(14) Construction in progress

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

(15) Borrowing costs

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

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

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(16) Intangible assets

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

(a) *Land use rights*

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

(b) *Technological know-how and trademarks*

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

(c) *Software use rights*

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

(d) *Customer relationships*

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

(e) *Customer contracts*

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

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

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(16) Intangible assets *(Continued)*

(g) Research and development

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

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

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

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

(h) Impairment of intangible assets

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(17) Long-term prepaid expenses

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

(18) Impairment of long-term assets

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

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

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(19) Employee benefits

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

(a) *Short-term employee benefits*

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

(b) *Post-employment benefits*

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

Basic pensions

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(19) Employee benefits *(Continued)*

(c) Termination benefits

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

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

(20) Profit distribution

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

(21) Provisions

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

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

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

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

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(22) Revenue

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

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

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

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

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

(a) Sale of goods

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

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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(22) Revenue *(Continued)*

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

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

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

(b) **Rendering of services**

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

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

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(23) Government grants

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

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

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

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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(24) Deferred tax assets and deferred tax liabilities

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

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

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

Deferred tax assets and liabilities are offset when:

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(25) 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 lessee

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

Right-of-use assets of the Group comprise leased buildings, machinery and equipment, motor vehicles, etc. Right-of-use assets are measured initially at cost which comprises the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date and any initial direct costs, less any lease incentives received. If there is reasonable certainty that the Group will obtain ownership of the underlying asset by the end of the lease term, the asset is depreciated over its remaining useful life; otherwise, the asset is depreciated over the shorter of the lease term and its remaining useful life. The carrying amount of the right-of-use asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(18)).

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

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(25) Lease *(Continued)*

The Group as the lessee (Continued)

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

For the eligible rent reductions agreed upon for existing leases, the Group applies the practical expedient and records the undiscounted concessions in profit or loss when the agreement is reached to discharge the original payment obligation with corresponding adjustment of lease liabilities.

The Group as the lessor

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

(a) Operating leases

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(26) Held for sale and discontinued operations

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

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

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

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

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

(27) Segment information

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

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

NOTES TO THE FINANCIAL STATEMENTS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(28) Critical accounting estimates and judgements

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

(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, China fiscal balance, China money supply M1 growth rate, U.S. nominal retail growth rate, U.S. merchandise imports, percentage of nominal GDP, etc. In 2022, the Group considered combined factors, including future domestic economic recovery and fluctuation, and updated relevant assumptions and parameters were updated. The key macroeconomic parameters are China fiscal balance and China money supply M1 Growth rate, whose effects on the three different economic scenarios are 1.26, 2.05, 0.77 respectively.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

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

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

(ii) *Impairment of goodwill*

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

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

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

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

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

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

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

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

(iii) *Provision for inventories*

As described in Note 2(10), the net realisable value of inventories is under the Group's regular review, and as a result, provision for inventories is recognised for the excess of inventories' carrying amounts over their net realisable values. When making estimates of net realisable 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.

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

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

(v) *Income taxes and deferred income taxes*

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

NOTES TO THE FINANCIAL STATEMENTS

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

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

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

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

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 3(2), some subsidiaries of the Group are high-tech enterprises. The "High-Tech Enterprise Certificate" is effective for three years. Upon expiration, application for high-tech enterprise should be submitted again to the relevant government authorities. Based on the past experience of reassessment for high-tech enterprise upon expiration and the actual condition of the subsidiaries, the Group considers that the subsidiaries are able to obtain the qualification for high-tech enterprises in future years, and therefore a preferential tax rate of 15% is used to calculate the corresponding deferred income tax. If some subsidiaries cannot obtain the qualification for high-tech enterprise upon expiration, then the subsidiaries are subject to a statutory tax rate of 25% for the calculation of the income tax, which further influences the recognised deferred tax assets, deferred tax liabilities and income tax expenses.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

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

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

(vi) *Warranties*

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

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

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

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

(29) Significant changes in accounting policies

In 2021, the Ministry of Finance issued the Circular on Issuing Interpretation No.15 of Accounting Standards for Business Enterprises (the "Interpretation No.15"), and issued the Circular on Issuing Interpretation No.16 of Accounting Standards for Business Enterprises (the "Interpretation No. 16") and the Q&A on the Implementation of Accounting Standards for Business Enterprises in 2022 and 2023. The Group and the Company has adopted the above circular, notice and Q&A to prepare the financial statements for the year ended 31 December 2022, and the revisions above have no significant impacts on the financial statements of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

3 TAXATION

(1) The income tax rates applicable to the Company and its main subsidiaries are as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

3 TAXATION (Continued)

(1) (Continued)

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

| Name of entity | Local statutory tax rate | Favourable tax rates | | Reason |
|--|--------------------------|----------------------|------|--|
| | | 2022 | 2021 | |
| CIMC Vehicles (Liaoning) Co., Ltd | 25% | 15% | 15% | High-tech enterprises |
| Wuhu CIMC Ruijiang Automobile Co., Ltd. | 25% | 15% | 15% | High-tech enterprises |
| Shenzhen CIMC Vehicle Co., Ltd. | 25% | 15% | 15% | High-tech enterprises |
| Zhumadian CIMC Huajun Vehicle Co., Ltd. ("Zhumadian CIMC Huajun Vehicle") | 25% | 15% | 15% | High-tech enterprises |
| Gansu CIMC Vehicles Co., Ltd. | 25% | 15% | 15% | High-tech enterprises |
| Yangzhou CIMC Tonghua Special Vehicles Co., Ltd. ("Yangzhou Tonghua") | 25% | 15% | 15% | High-tech enterprises |
| Dongguan CIMC Special Vehicle Co., Ltd. | 25% | 15% | 15% | High-tech enterprises |
| Zhumadian CIMC Huajun Casting Co., Ltd. | 25% | 15% | 15% | High-tech enterprises |
| Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd. | 25% | 15% | 15% | High-tech enterprises |
| CIMC Vehicles (Shandong) Co., Ltd. | 25% | 15% | 15% | High-tech enterprises |
| Luoyang CIMC Lingyu Automobile Co., Ltd. | 25% | 15% | 15% | High-tech enterprises |
| CIMC Vehicle (Jiangmen) Co., Ltd. | 25% | 15% | 15% | High-tech enterprises |
| Jiangsu Baojing Auto Parts Co., Ltd. | 25% | 15% | 15% | High-tech enterprises |
| Qingdao CIMC Reefer Trailer Co., Ltd. | 25% | 15% | 25% | High-tech enterprises |
| CIMC-Shac (Xi'an) Special Vehicles Co., Ltd. | 25% | 15% | 15% | The western region development enterprises |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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3 TAXATION (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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3 TAXATION (Continued)

(2) (Continued)

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

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

Pursuant to the Announcement on Relevant Policies for Deepening the Value-added Tax Reform (Cai Shui Haiguan [2019] No. 39) jointly issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs, and the Announcement on VAT Policies Related to the Promotion of Relief and Development of Difficult Industries in the Service Sector issued by the Ministry of Finance and the State Taxation Administration (Cai Shui [2022] No. 11). Subsidiaries that consistent with the policies, qualifies for additional 10% deduction of input VAT from output VAT from 1 April 2019 to 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash at bank and on hand

| | 31 December 2022 | 31 December 2021 |
|--------------------------------|-------------------------|-------------------------|
| Cash on hand | 394,404.68 | 397,471.87 |
| Cash at bank | 4,034,154,922.68 | 4,164,518,425.92 |
| Deposits at Finance Company | 648,267,840.99 | 529,787,435.79 |
| Other cash balances | 167,710,818.88 | 347,279,141.79 |
| – Deposited at Finance Company | <u>39,869,392.69</u> | <u>94,624,179.73</u> |
| | <u>4,850,527,987.23</u> | <u>5,041,982,475.37</u> |
| Including: Overseas deposits | <u>1,124,059,583.82</u> | <u>729,828,970.82</u> |

CIMC Finance Company Ltd. (“Finance Company”) is a financial institution established with the approval of the People’s Bank of China. The ultimate controlling party of Finance Company is CIMC Group. As at 31 December 2022 and 31 December 2021, balances with Finance Company include deposits and guarantees (Note 8(6)(j)) 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 mainly included vehicle mortgage loan guarantees, notes guarantees and other guarantees.

(2) Financial assets held for trading

| | 31 December 2022 | 31 December 2021 |
|---|----------------------|------------------|
| Financial assets held for trading Investment in listed entity (a) | <u>22,209,407.79</u> | <u>–</u> |

(a) In July 2022, the Group entered into an investment agreement to invest equity interest in a company located in PRC, listed in Hong Kong, with total consideration of USD6,000,000.00. This investment has been classified as an investment in equity instruments at fair value through profit or loss.

During the year ended 31 December 2022, fair value loss related to the investment amounted to RMB18,500,587.98 (Note 4(50)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(3) Derivative financial assets and derivative financial liabilities

| | 31 December 2022 | 31 December 2021 |
|------------------------------------|---------------------|---------------------|
| Derivative financial assets – | | |
| Forward exchange contracts | <u>6,161,436.00</u> | <u>2,039,603.00</u> |
| Derivative financial liabilities – | | |
| Forward exchange contracts | <u>5,683,205.67</u> | <u>21,100.00</u> |

Forward exchange contracts held by the Group as at 31 December 2022 were unsettled forward contracts denominated in USD of domestic subsidiaries with a nominal amount of USD48,200,000.00, and the Group would buy or sell RMB with corresponding amount of USD at contracted exercise exchange rate and nominal amount at the settlement date. The Group's forward exchange contracts are settled at the difference between the market exchange rate and the contracted exercise exchange rate at the settlement date, and will be expired from 5 January 2023 to 28 November 2023.

Forward exchange contracts held by the Group as at 31 December 2021 were unsettled forward contracts denominated in USD of domestic subsidiaries with a nominal amount of USD14,000,000.00, and the Group would buy or sell RMB with corresponding amount of USD at contracted exercise exchange rate and nominal amount at the settlement date. The Group's forward exchange contracts are settled at the difference between the market exchange rate and the contracted exercise exchange rate at the settlement date, and will be expired from 12 January 2022 to 10 August 2022.

(4) Notes receivables

| | 31 December 2022 | 31 December 2021 |
|-------------------------------|----------------------|-----------------------|
| Trade acceptance notes | 36,400,973.57 | 39,291,608.35 |
| Bank acceptance notes | 57,586,756.68 | 71,353,941.25 |
| Less: Provision for bad debts | <u>(953,179.43)</u> | <u>(966,840.65)</u> |
| | <u>93,034,550.82</u> | <u>109,678,708.95</u> |

(a) For the purpose of issuing bank acceptance notes, the Group pledges part of the notes receivable. As at December 31, 2022, the amount of pledged bank acceptance notes listed on notes receivable is RMB3,255,345.28 (December 31, 2021: RMB4,170,000.00)

There are no pledged trade acceptance notes at December 31, 2022 and December 31, 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

(4) Notes receivables *(Continued)*

(b) As at December 31, 2022, the amount of the Group's endorsed or discounted but not yet due banker acceptance notes as shown in the notes receivable was RMB49,369,267.55 (December 31, 2021: RMB30,589,998.40).

As at December 31, 2022, the amount of the Group's endorsed or discounted but not yet due trade acceptance notes as shown in the notes receivable was RMB13,000,000.00 (December 31, 2021: Nil).

In 2022 and 2021, certain bank acceptance notes of certain subsidiaries of the Group were discounted and endorsed for the purpose of daily treasury management. The objective of the business model was to manage such notes receivables to both collect their contractual cash flows, and sell financial assets which satisfies the derecognition criteria. Therefore, these bank acceptance notes were reclassified to financial assets at fair value through other comprehensive income under receivables financing (Note 4(6)). The remaining bank acceptances and trade acceptances that do not meet the above conditions and business models are listed as notes receivables.

(c) *Provision for bad debts*

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

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

For bank acceptance notes: :

As at December 31, 2022, The Group shall measure the allowance for bad debts based on lifetime ECL. The provision for bad debts is RMB172,760.27(December 31, 2021: RMB214,061.82). The Group believes that its bank acceptance notes are not exposed to significant credit risk and the probability of default of these banks is very low.

For trade acceptance notes:

As at December 31, 2022, The Group shall measure the allowance for bad debts based on lifetime ECL. The provision for bad debts is RMB780,419.16 (December 31, 2021: RMB752,778.93).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(4) Notes receivables (Continued)

(c) Provision for bad debts (Continued)

(ii) The provisions accrued in 2022 is RMB953,179.43(2021: RMB966,840.65),
The provisions collected or reversed in 2022 is RMB966,840.65(2021:
RMB2,655,387.27).

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

(5) Accounts receivables

| | 31 December 2022 | 31 December 2021 |
|--|--------------------------------|--------------------------------|
| Accounts receivables | 3,294,607,520.44 | 2,928,963,909.69 |
| Provision for bad debts Less: Provision for bad debts | (173,102,046.63) | (147,633,049.21) |
| | <u>3,121,505,473.81</u> | <u>2,781,330,860.48</u> |

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

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

| | 31 December 2022 | 31 December 2021 |
|---------------------------|--------------------------------|--------------------------------|
| Within 1 year (inclusive) | 3,083,345,472.07 | 2,763,792,253.13 |
| 1 to 2 years (inclusive) | 145,766,591.22 | 104,228,253.45 |
| 2 to 3 years (inclusive) | 16,981,204.75 | 19,694,665.51 |
| Over 3 years (inclusive) | 48,514,252.40 | 41,248,737.60 |
| | <u>3,294,607,520.44</u> | <u>2,928,963,909.69</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Accounts receivables (Continued)

- (b) As at 31 December 2022, the five largest accounts receivables aggregated by debtors are summarised and analysed as follows:

| | Balance | Provision for bad debts | % of total balance |
|---|----------------|----------------------------|-----------------------|
| Total balance of the five largest accounts receivables | 494,566,046.94 | 14,527,310.51 | 15.01% |

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

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

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

| | 31 December 2022 | | |
|-----------------------|-------------------------|-------------------------|-----------------------|
| | Book balance | Provision for bad debts | |
| | Amount | Lifetime ECL rates | Amount |
| Not overdue | 2,314,106,991.08 | 2.11% | 48,891,105.80 |
| Overdue within 1 year | 817,078,983.64 | 4.78% | 39,091,986.01 |
| Overdue 1 to 2 years | 108,661,396.91 | 29.84% | 32,422,846.36 |
| Overdue 2 to 3 years | 13,035,538.25 | 84.17% | 10,971,497.90 |
| Overdue over 3 years | 41,724,610.56 | 100.00% | 41,724,610.56 |
| | <u>3,294,607,520.44</u> | | <u>173,102,046.63</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Accounts receivables (Continued)

(d) Provision for bad debts (Continued)

(i) (Continued)

| | 31 December 2021 | | |
|-----------------------|-------------------------|-------------------------|-----------------------|
| | Book balance | Provision for bad debts | |
| | Amount | Lifetime ECL rates | Amount |
| Not overdue | 1,937,307,816.25 | 2.16% | 41,847,645.08 |
| Overdue within 1 year | 867,047,212.85 | 3.84% | 33,274,675.77 |
| Overdue 1 to 2 years | 63,292,788.53 | 24.42% | 15,458,749.56 |
| Overdue 2 to 3 years | 21,489,818.10 | 81.68% | 17,553,006.23 |
| Overdue over 3 years | 39,826,273.96 | 99.18% | 39,498,972.57 |
| | <u>2,928,963,909.69</u> | | <u>147,633,049.21</u> |

(ii) The provision for bad debts this year amounted to RMB50,093,473.90 (2021: RMB35,036,379.62). A provision for bad debts amounted to RMB17,678,619.18 has been collected or reversed (2021: RMB16,885,294.67). The Group has no significant collection or reversal of accounts receivable.

(e) The accounts receivables amounted to RMB7,495,847.35 was written off in current year (2021: RMB23,264,595.35), the provision for bad debts amounted to RMB7,495,847.35 (2021: RMB23,264,595.35). The Group has no significant written-off of accounts receivable.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(6) Receivables financing

| | 31 December 2022 | 31 December 2021 |
|-------------------------------|------------------------------|-----------------------|
| Bank acceptance notes | 259,594,363.78 | 511,678,375.48 |
| Less: Provision for bad debts | (775,928.14) | (1,587,253.74) |
| | <u>258,818,435.64</u> | <u>510,091,121.74</u> |

Certain bank acceptance notes of certain subsidiaries of the Group were discounted or endorsed for the purpose of daily treasury management. The objective of the business model was to manage such notes receivables to both collect their contractual cash flows, and sell financial assets which satisfies the derecognition criteria. Therefore, these bank acceptance notes were reclassified to financial assets at fair value through other comprehensive income and were listed as Receivables financing.

The Group had no bank acceptance notes for which the provision for impairment was made individually. As at December 31, 2022, the Group have measured provision as lifetime ECL amounted to RMB775,928.14 (December 31, 2021: RMB1,587,253.74). The Group believes that its bank acceptance notes are not exposed to significant credit risk and the probability of default of these banks is very low.

The Group pledged some bank acceptance notes for the purpose of issuing bank acceptance notes. As at December 31, 2022, the amount of pledged bank acceptance notes receivable disclosed in receivables financing financial receivable was RMB7,309,187.91 (December 31, 2021: RMB58,622,779.91).

As at December 31, 2022, the Group's endorsed or discounted but not yet due notes receivable listed in receivables financing are as follows:

| | Derecognised | Not derecognised |
|-----------------------|-------------------------|------------------|
| Bank acceptance notes | <u>1,775,161,874.67</u> | <u>—</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(7) Advances to suppliers

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

| | 31 December 2022 | | 31 December 2021 | |
|-------------------------------|-----------------------|--------------------|-----------------------|--------------------|
| | Amount | % of total balance | Amount | % of total balance |
| Within 1 year (inclusive) | 232,132,615.64 | 94.62% | 218,056,947.61 | 95.76% |
| 1 to 2 years (inclusive) | 7,456,222.32 | 3.04% | 3,064,761.83 | 1.35% |
| 2 to 3 years (inclusive) | 106,643.20 | 0.04% | 293,984.42 | 0.13% |
| Over 3 years | 5,639,500.32 | 2.30% | 6,288,399.47 | 2.76% |
| | <u>245,334,981.48</u> | <u>100.00%</u> | <u>227,704,093.33</u> | <u>100.00%</u> |
| Less: provision for bad debts | <u>(5,545,584.17)</u> | | <u>(5,876,123.39)</u> | |
| | <u>239,789,397.31</u> | | <u>221,827,969.94</u> | |

As at December 31, 2022, the prepayments aged over one year amounted to RMB13,202,365.84 (December 31, 2021: RMB9,647,145.72), which were mainly prepayments for raw materials. Since the raw materials have not been delivered, the payment has not been settled.

(b) As at 31 December 2022, the five largest advances to suppliers aggregated by debtors are analysed as follows:

| | Amount | % of total balance |
|---|----------------------|--------------------|
| Total balance of the five largest advances to suppliers | <u>97,369,578.97</u> | <u>39.69%</u> |

As at 31 December 2021, the five largest advances to suppliers aggregated by debtors amounted to RMB85,656,768.73, accounting for 37.62% of the total balance of advances to suppliers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) Other Receivables

| | 31 December 2022 | 31 December 2021 |
|--|------------------------|------------------|
| Amounts due from related parties (Note 8(6)(d)) | 29,484,444.99 | 26,392,773.52 |
| Other receivables from staffs | 6,133,672.18 | 8,161,479.68 |
| Tax refund receivables | 5,473,976.92 | 3,507,757.06 |
| Rental and other deposits | 90,975,981.36 | 110,267,785.76 |
| Disbursement of vehicle mortgage loans | 25,253,825.91 | 24,416,510.27 |
| Receivables from equity/asset transfer | 10,902,601.47 | 24,814,225.55 |
| Reimbursed expenses | 60,552,852.44 | 49,643,318.90 |
| Vendor rebates | 18,181,653.37 | 31,586,136.43 |
| Others | 8,373,996.12 | 14,771,382.82 |
| | 255,333,004.76 | 293,561,369.99 |
| Less: Provision for bad debts | (22,880,052.39) | (20,596,176.40) |
| | 232,452,952.37 | 272,965,193.59 |

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

| | 31 December 2022 | 31 December 2021 |
|---------------------------|-----------------------|------------------|
| Within 1 year (inclusive) | 156,751,395.39 | 259,737,404.68 |
| 1 to 2 years (inclusive) | 67,856,634.49 | 2,146,186.35 |
| 2 to 3 years (inclusive) | 1,875,538.66 | 6,413,163.04 |
| Over 3 years | 28,849,436.22 | 25,264,615.92 |
| | 255,333,004.76 | 293,561,369.99 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) Other Receivables (Continued)

(b) Loss provision and changes in book balance

| | Stage 1 | | | | Stage 3 | | | | Total |
|---|-----------------------|----------------------------|---------------------------|----------------------------|--------------------------------|----------------------------|----------------------|----------------------------|-------|
| | 12-month ECL (group) | | 12-month ECL (individual) | | Lifetime ECL (credit impaired) | | Total | | |
| | Book balance | Provision for bad debts | Book balance | Provision for bad debts | Book balance | Provision for bad debts | Book balance | Provision for bad debts | |
| 31 December 2021 | 289,144,859.72 | 4,453,422.52 | - | - | 24,416,510.27 | 16,142,753.88 | 20,596,176.40 | | |
| Increase in the current year | 56,449,864.48 | 2,315,816.96 | - | - | 21,972,360.88 | 6,023,008.95 | 8,338,825.91 | | |
| Reversal in the current year | (95,515,545.35) | (2,845,976.74) | - | - | (13,521,436.40) | (3,961,328.53) | (6,807,305.27) | | |
| Write-off in the current year | - | - | - | - | (7,613,608.84) | (7,613,608.84) | (7,613,608.84) | | |
| Including: Write-off in the current year | - | - | - | - | (7,613,608.84) | (7,613,608.84) | (7,613,608.84) | | |
| Derecognition | - | - | - | - | - | - | - | | |
| Transfer to Stage 3 | (8,365,964.19) | - | - | - | 8,365,964.19 | 8,365,964.19 | 8,365,964.19 | | |
| 31 December 2022 | 221,713,214.66 | 3,923,262.74 | - | - | 33,619,790.10 | 18,956,789.65 | 22,880,052.39 | | |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) Other Receivables (Continued)

(b) Loss provision and changes in book balance (Continued)

- (i) The Group had no other receivables transferred to Stage 1 in the current year.
- (ii) Except for amounts increased and decreased in the current year and changes in provision for bad debts due to transfer 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 did not have other receivables at Stage 2. Other receivables at Stage 1 and Stage 3 are analysed as follows:

As at 31 December 2022 and 31 December 2021, there was no provision for bad debts made individually.

- (iii) 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 | Reason |
|----------------------------------|-----------------------|-----------------------|----------------------------|---|
| Amounts due from related parties | 29,484,444.99 | - | - | Loss provision was made based on the following 12-month ECL |
| Tax refund receivables | 5,473,976.92 | - | - | |
| Rental and other deposits | 90,975,981.36 | - | - | |
| Other receivables from staffs | 6,133,672.18 | - | - | |
| Others | <u>89,645,139.21</u> | 4.38% | <u>3,923,262.74</u> | |
| | <u>221,713,214.66</u> | | <u>3,923,262.74</u> | |

| Stage 3 | Book balance | Lifetime ECL rates | Provision for bad debts | Reason |
|--|----------------------|-----------------------|----------------------------|---|
| Disbursement of vehicle mortgage loans | 25,253,825.91 | 41.94% | 10,590,825.46 | Loss provision was made based on the lifetime ECL |
| Others | <u>8,365,964.19</u> | 100.00% | <u>8,365,964.19</u> | |
| | <u>33,619,790.10</u> | | <u>18,956,789.65</u> | |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) Other Receivables (Continued)

(b) Loss provision and changes in book balance (Continued)

- (iv) As at 31 December 2021, other receivables for which the related provision for bad debts was provided on the collective basis are analysed as follows:

| Stage 1 | Book balance | 12-month ECL rates | Provision for bad debts | Reason |
|----------------------------------|-----------------------|-----------------------|----------------------------|---|
| Amounts due from related parties | 26,392,773.52 | - | - | Loss provision was made based on the following 12-month ECL |
| Tax refund receivables | 3,507,757.06 | - | - | |
| Rental and other deposits | 110,267,785.76 | - | - | |
| Other receivables from staffs | 8,161,479.68 | - | - | |
| Others | <u>120,815,063.70</u> | 3.69% | <u>4,453,422.52</u> | |
| | <u>269,144,859.72</u> | | <u>4,453,422.52</u> | |

| Stage 3 | Book balance | Lifetime ECL rates | Provision for bad debts | Reason |
|--|----------------------|-----------------------|----------------------------|---|
| Disbursement of vehicle mortgage loans | <u>24,416,510.27</u> | 66.11% | <u>16,142,753.88</u> | Loss provision was made based on the lifetime ECL |

- (c) The provision for bad debts this year amounted to RMB16,704,790.10 (2021: RMB10,126,672.87). A provision for bad debts amounted to RMB6,807,305.27 has been collected or reversed (2021: RMB10,688,481.97).

- (d) The other receivables amounted to RMB7,613,608.84 was written off in current year (2021: RMB2,423,673.95), the provision for bad debts amounted to RMB7,613,608.84 (2021: RMB2,423,673.95).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) Other Receivables (Continued)

- (e) As at 31 December 2022, the five largest other receivables aggregated by debtor are analysed as follows:

| Name of entity | Nature | Balance | Ageing | % of total balance | Provision for bad debts |
|---|---|----------------------|---------------|--------------------|-------------------------|
| Dongguan CIMC Innovation Industrial Park Development Co., LTD | Construction funds of disbursement for employee dormitory | 16,552,122.00 | Over 3 years | 6.48% | - |
| Xxentria Technology Materials Co., Ltd | Receivables from asset transfer | 10,902,601.47 | 1 to 2 years | 4.27% | - |
| Guangdong Huajin Automobile Parts Manufacturing Co., Ltd. | Supplier rebates | 6,204,859.00 | Within 1 year | 2.43% | - |
| Wuxi Weifu Precision Machinery Manufacturing Co., Ltd. | Supplier rebates | 4,880,170.00 | Within 1 year | 1.91% | - |
| Qingdao CIMC Reefer Trailer Co., Ltd. | Deposits and guarantees | 3,191,006.44 | Within 1 year | 1.25% | - |
| | | <u>41,730,758.91</u> | | <u>16.34%</u> | <u>-</u> |

As at 31 December 2021, the five largest other receivables aggregated by debtors amounted to RMB55,039,547.55, accounting for 18.74% of the total balance of other receivables.

- (f) As at 31 December 2022 and 31 December 2021, the Group did not recognise government grants at amounts receivable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(9) Inventories

(a) Inventories are summarised by category as follows:

| | 31 December 2022 | | |
|--|-------------------------|---|-------------------------|
| | Book balance | Provision for decline in the value of inventories and impairment of contract fulfilment costs | Carrying amount |
| Raw materials | 2,051,386,588.92 | (63,972,025.54) | 1,987,414,563.38 |
| Work in progress | 1,376,915,919.31 | (6,417,457.04) | 1,370,498,462.27 |
| Finished goods | 1,791,872,311.82 | (37,163,925.87) | 1,754,708,385.95 |
| Materials processed on commission | 21,385,613.84 | – | 21,385,613.84 |
| Spare parts | 362,520,949.18 | – | 362,520,949.18 |
| Low value consumables | 17,223,754.38 | – | 17,223,754.38 |
| Contract fulfilment costs ⁽ⁱ⁾ | 1,012,609.69 | – | 1,012,609.69 |
| | <u>5,622,317,747.14</u> | <u>(107,553,408.45)</u> | <u>5,514,764,338.69</u> |
| | 31 December 2021 | | |
| | Book balance | Provision for decline in the value of inventories and impairment of contract fulfilment costs | Carrying amount |
| Raw materials | 1,922,628,792.44 | (64,258,191.72) | 1,858,370,600.72 |
| Work in progress | 1,158,106,458.54 | (6,605,701.83) | 1,151,500,756.71 |
| Finished goods | 1,815,252,150.47 | (65,734,721.63) | 1,749,517,428.84 |
| Materials processed on commission | 26,511,195.15 | – | 26,511,195.15 |
| Spare parts | 134,459,311.04 | – | 134,459,311.04 |
| Low value consumables | 12,883,308.68 | – | 12,883,308.68 |
| Contract fulfilment costs ⁽ⁱ⁾ | 5,952,842.56 | – | 5,952,842.56 |
| | <u>5,075,794,058.88</u> | <u>(136,598,615.18)</u> | <u>4,939,195,443.70</u> |

(i) The book balance of contract fulfilment costs mainly refers to transportation costs incurred to fulfil sale contracts prior to the transferring of control over goods to customers. In 2021, the amount of contract fulfilment costs recognised in cost of sale was RMB13,266,964.41 (2021: RMB11,722,793.17).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(9) Inventories (Continued)

- (b) Provision for decline in the value of inventories and impairment of contract fulfilment costs is analysed as follows:

| | 31 December 2021 | Movements in the current year | | | Currency translation differences | 31 December 2022 |
|------------------|-------------------------|-------------------------------|---------------------|----------------------|--|--------------------------------|
| | | Provision | Reversal | Write-off | | |
| Raw materials | (64,258,191.72) | (27,527,635.80) | 7,355,668.53 | 20,928,590.03 | (470,456.58) | (63,972,025.54) |
| Work in progress | (6,605,701.83) | (2,294,496.94) | 512,598.79 | 2,024,698.07 | (54,555.13) | (6,417,457.04) |
| Finished goods | (65,734,721.63) | (17,221,628.28) | 762,616.07 | 44,877,176.06 | 152,631.91 | (37,163,925.87) |
| | <u>(136,598,615.18)</u> | <u>(47,043,761.02)</u> | <u>8,630,883.39</u> | <u>67,830,464.16</u> | <u>(372,379.80)</u> | <u>(107,553,408.45)</u> |

- (c) Provision for decline in the value of inventories is as follows:

| | Specific basis for determining net realisable value | Reasons for reversal or write-off of provision for decline in the value of inventories in the current year |
|-----------------------------------|--|--|
| Raw materials | Market price | Inventories have been used or sold, and the realisable value picks up |
| Work in progress | The estimated selling price of finished goods, less the estimated costs to completion and estimated selling expenses and related taxes | Inventories have been used or sold, and the realisable value picks up |
| Finished goods | Market price | Inventories have been used or sold, and the realisable value picks up |
| Materials processed on commission | The estimated selling price of finished goods, less the estimated costs to completion and estimated selling expenses and related taxes | Inventories have been used or sold, and the realisable value picks up |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(10) Other current assets

| | 31 December 2022 | 31 December 2021 |
|------------------------------|------------------------------|-----------------------|
| Taxes to be deducted/prepaid | 237,139,757.50 | 307,129,252.18 |
| Others | <u>8,042,983.82</u> | <u>6,097,112.28</u> |
| | <u>245,182,741.32</u> | <u>313,226,364.46</u> |

(11) Other non-current financial assets

| | 31 December 2022 | 31 December 2021 |
|-------------------------------|----------------------|------------------|
| Investment in unlisted entity | <u>10,786,384.58</u> | <u>—</u> |

In June 2022, the company acquired 0.2512% equity interests of a unlisted company through transfer and capital increase. This investment has been classified as an investment in equity instruments at fair value through profit or loss.

The fair value gains of the above investment is RMB2,781,084.58 (Note 4(50)).

(12) Long-term equity investments

| | 31 December 2022 | 31 December 2021 |
|--|------------------------------|-----------------------|
| Joint ventures (a) | 51,188,276.33 | 15,420,370.81 |
| Associates (b) | <u>142,093,976.27</u> | <u>135,664,272.94</u> |
| | 193,282,252.60 | 151,084,643.75 |
| Less: Provision for impairment of long-term equity investments | <u>—</u> | <u>—</u> |
| | <u>193,282,252.60</u> | <u>151,084,643.75</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12) Long-term equity investments (Continued)

(a) Joint ventures

| | Movements in the current year | | | | | | | Ending balance of provision for 31 December 2022 |
|---|-------------------------------|-------------------------|---------------------------------------|-------------------------------------|----------------------------------|--------------------------------|--------------------------|--|
| | Increase in investments | Decrease in investments | Share of net loss under equity method | Share of other comprehensive income | Share of other changes in equity | Cash dividends/profit declared | Provision for impairment | |
| 31 December 2021 | | | | | | | | |
| Shenzhen Xinghuo Cheilan Technology Co., Ltd.* | - | - | (2,997,821.56) | - | - | - | - | 867,944.20 |
| Shenzhen Zhongnan Jizhi Technology LLP ⁽ⁱ⁾ | - | - | - | - | - | - | - | - |
| Jiangsu Wanjiang Technology Co., Ltd.* | - | - | (3,031,419.03) | - | - | - | - | 8,523,166.02 |
| GoldSuwan Autoparts Manufacture Co., Ltd. ⁽ⁱⁱ⁾ | 45,644,607.00 | - | (2,412,822.34) | - | - | - | (1,434,638.55) | 41,797,146.11 |
| | 45,644,607.00 | - | (8,442,062.93) | - | - | - | (1,434,638.55) | 51,188,276.33 |

* Joint ventures directly held by the Company.

Equity related information in joint ventures is set forth in Note 6(2).

- (i) Joint ventures that the Group participated in the establishment but did not make actual contributions.
- (ii) In October 2022, the Group invested in GoldSuwan Autoparts Manufacture Co., Ltd. together with Senju Technology & Materials Co. and Linglong International Tire (Thailand) Co. The Group holds 24% of the shares and assigns 2 directors. The joint venture agreement stipulates that the operating and financial decisions of the investee company shall be approved by the unanimous consent of all directors. Therefore, the Group accounts for this investment as an investment in the joint venture.

NOTES TO THE FINANCIAL STATEMENTS

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12) Long-term equity investments (Continued)

(b) Associates

| | 31 December 2021 | Movements in the current year | | | | | | | 31 December 2022 | Ending balance of provision for impairment | |
|--|---------------------|---|----------------------------|---|---|---|--|-----------------------------|---------------------|---|--------|
| | | Addition/ Increase in investments | Decrease in investments | Share of net profit/(loss) under equity method | Share of other comprehensive income | Share of other changes in equity | Cash dividends/ profit declared | Provision for impairment | | | Others |
| Senju (Shanghai) International Trade Co., Ltd. | 435,233.40 | - | - | 191,119.24 | - | - | - | - | - | 626,352.64 | - |
| Ningbo Huaxiang Automotive New Material Technology Co., Ltd. | 1,464,257.07 | - | (1,467,157.61) | 2,900.54 | - | - | - | - | - | - | - |
| Shenzhen Shuixiang Technology Co., Ltd. | - | - | - | - | - | - | - | - | - | - | - |
| Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. | 22,271,226.18 | - | - | 3,674,910.36 | - | (331,247.26) | (1,041,792.00) | - | - | 24,573,087.28 | - |
| Chengdu CIMC Industrial Park Investment and Development Co., Ltd. | 81,733,478.26 | - | - | 5,841,163.71 | - | - | - | - | - | 87,574,641.97 | - |
| CIMC Commercial Tires Inc. (H) Shenzhen Bay Angel Phase III Venture Capital Partnership (Limited Partnership) | 29,760,078.03 | - | - | (440,193.65) | - | - | - | - | - | 29,319,884.38 | - |
| | 135,664,272.94 | - | (1,467,157.61) | 9,269,900.20 | - | (331,247.26) | (1,041,792.00) | - | - | 142,093,976.27 | - |

Equity related information in associates is set forth in Note 6(2).

- (iii) The carrying amount of the Group's investment in these associates under the equity method was reduced to zero, and the excess loss was recognised for future audit, relevant information for which was disclosed in Note 6(2).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(13) Investment properties

| | Buildings and relevant land use rights |
|----------------------------------|---|
| 31 December 2021 | 393,130,062.84 |
| Changes in fair value | 9,956,174.98 |
| Transfer from fixed assets | 2,698,870.49 |
| Currency translation differences | (38,312.93) |
| 31 December 2022 | <u>405,746,795.38</u> |

In 2022 and 2021, no capitalised borrowing cost was recognised in investment properties.

In 2022, the impact on the Group's profit or loss resulting from the changes in fair value of investment properties was RMB9,957,174.98 (2021: RMB5,248,735.41) (Note 4(50)).

As at 31 December 2022, buildings and land use rights with a carrying amount of approximately RMB108,747,443.32 (31 December, 2021: RMB98,704,644.50) didn't obtain the property ownership certificate due to unfinished procedures.

(14) Fixed assets

| | 31 December 2022 | 31 December 2021 |
|-----------------------------------|--------------------------------|-------------------------|
| Fixed assets | 4,933,210,366.18 | 4,626,675,908.82 |
| Fixed assets pending for disposal | — | — |
| | <u>4,933,210,366.18</u> | <u>4,626,675,908.82</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) Fixed assets (Continued)

| | Buildings | | Machinery and equipment | | Motor vehicles | | Electronic and other equipment | | Total |
|--|-------------------------|---------------------|-------------------------|-----------------------|-----------------------|-----------------------|--------------------------------|-----------------------|-------------------------|
| | Self-use | Lease | Self-use | Lease | Self-use | Lease | Self-use | Lease | |
| Cost | | | | | | | | | |
| 31 December 2021 | 3,071,990,748.97 | 5,446,423.00 | 3,310,348,322.79 | 88,001,814.74 | 166,998,285.50 | 350,310,923.06 | 226,438,522.97 | 103,719,008.67 | 7,323,254,049.70 |
| Increase in the current year | | | | | | | | | |
| Purchase | 33,969,533.54 | - | 50,173,376.00 | 29,002,858.80 | 10,177,160.65 | 53,170,983.72 | 19,120,299.78 | - | 195,614,212.49 |
| Transfer from construction in progress | 364,638,341.52 | - | 235,227,773.21 | - | 10,618,692.22 | - | - | - | 610,484,806.95 |
| Decrease in the current year | | | | | | | | | |
| Transfer to investment properties | (1,207,365.08) | (3,171,787.60) | - | - | - | - | - | - | (4,379,152.68) |
| Disposal and scrapping | (157,291,351.06) | - | (153,416,039.78) | - | (11,383,836.09) | (14,100,707.83) | (3,277,846.34) | (1,263,269.40) | (340,733,050.50) |
| Currency translation differences | 43,512,740.59 | - | 31,496,305.38 | - | 8,598,383.63 | - | (3,910,103.12) | - | 79,697,326.48 |
| 31 December 2022 | 3,355,612,648.48 | 2,274,635.40 | 3,473,829,737.60 | 117,004,673.54 | 185,008,685.91 | 389,381,198.95 | 238,370,873.29 | 102,455,739.27 | 7,863,938,192.44 |
| Accumulated depreciation | | | | | | | | | |
| 31 December 2021 | 779,182,555.64 | 1,737,446.96 | 1,471,971,518.83 | 8,097,364.10 | 104,879,687.78 | 113,965,307.67 | 152,101,657.66 | 41,461,388.76 | 2,673,396,927.40 |
| Increase in the current year | | | | | | | | | |
| Depreciation charge | 109,526,428.68 | 76,009.90 | 204,632,672.79 | 11,267,488.22 | 22,884,839.17 | 83,042,944.50 | 181,890.54 | 4,825,371.65 | 436,437,644.45 |
| Decrease in the current year | | | | | | | | | |
| Transfer to investment properties | (531,098.28) | (1,332,150.97) | - | - | - | - | - | - | (1,863,249.25) |
| Disposal and scrapping | (63,274,730.21) | - | (143,518,218.19) | - | (7,756,506.30) | (6,247,458.99) | (2,389,894.61) | (1,228,297.60) | (224,415,105.90) |
| Currency translation differences | 6,160,826.91 | - | 14,776,620.25 | - | 2,468,522.52 | - | 547,303.54 | - | 23,953,273.22 |
| 31 December 2022 | 831,063,982.74 | 481,304.89 | 1,547,862,593.68 | 19,364,852.32 | 122,476,543.17 | 190,760,793.18 | 150,440,957.13 | 45,058,462.81 | 2,907,509,489.92 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) Fixed assets (Continued)

| | Buildings | | Machinery and equipment | | Motor vehicles | | Electronic and other equipment | | Total |
|----------------------------------|-------------------------|---------------------|-------------------------|----------------------|----------------------|-----------------------|--------------------------------|----------------------|-------------------------|
| | Self-use | Lease | Self-use | Lease | Self-use | Lease | Self-use | Lease | |
| Provision for impairment | | | | | | | | | |
| 31 December 2021 | 150,736.69 | - | 18,526,954.02 | - | 30,435.32 | - | 4,473,087.45 | - | 23,181,213.48 |
| Increase in the current year | - | - | - | - | - | - | - | - | - |
| Depreciation charge | - | - | - | - | - | - | - | - | - |
| Decrease in the current year | - | - | (41,722.12) | - | - | - | - | - | (41,722.12) |
| Write-off on disposal | - | - | 78,844.98 | - | - | - | - | - | 78,844.98 |
| Currency translation differences | - | - | - | - | - | - | - | - | - |
| 31 December 2022 | 150,736.69 | - | 18,564,076.88 | - | 30,435.32 | - | 4,473,087.45 | - | 23,218,336.34 |
| Carrying amount | | | | | | | | | |
| 31 December 2022 | 2,524,397,929.05 | 1,793,330.51 | 1,907,403,067.04 | 97,639,821.22 | 62,501,707.42 | 198,620,405.77 | 83,456,828.71 | 57,397,276.46 | 4,933,210,366.18 |
| 31 December 2021 | 2,292,657,456.64 | 3,708,976.04 | 1,819,849,849.94 | 79,904,450.64 | 62,088,162.40 | 236,345,615.39 | 69,863,777.86 | 62,257,619.91 | 4,626,675,908.82 |

As at 31 December 2022 and 31 December 2021, the Group had no fixed assets as collateral.

In 2022, depreciation charged to fixed assets amounted to RMB436,437,644.45 (2021: 417,146,991.76), of which the depreciation expenses charged in the cost of sales, selling expenses, administrative expenses and research and development expenses were RMB342,092,507.78, RMB8,370,868.16, RMB58,648,493.90 and RMB27,325,774.61 (2021: RMB325,811,229.65, RMB5,775,274.67, RMB56,199,260.01 and RMB29,361,227.43), respectively.

In 2022, the cost of fixed assets transferred from construction in progress amounted to RMB610,484,806.95 (2021: RMB1,003,264,097.60).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) Fixed assets (Continued)

(i) Temporarily idle fixed assets

As at 31 December 2022, buildings, machinery and equipment and electronic and other equipment with a carrying amount of RMB24,718,698.15 (a cost of RMB46,971,248.76) (31 December 2021: a carrying amount of RMB25,988,798.23 and a cost of RMB46,971,248.76) were temporarily idle. The analysis is as follows:

| | Cost | Accumulated depreciation | Provision for impairment | Carrying amount |
|--------------------------------|----------------------|-----------------------------|-----------------------------|----------------------|
| Buildings | 30,403,742.20 | 7,293,866.40 | – | 23,109,875.80 |
| Machinery and equipment | 15,619,724.96 | 13,894,783.17 | 157,414.32 | 1,567,527.47 |
| Electronic and other equipment | 947,781.60 | 852,884.41 | 53,602.31 | 41,294.88 |
| | <u>46,971,248.76</u> | <u>22,041,533.98</u> | <u>211,016.63</u> | <u>24,718,698.15</u> |

(ii) Fixed assets which property ownership certificates has not obtained:

As at 31 December 2022, buildings with a carrying amount of RMB512,399,551.36 (31 December 2021: RMB413,069,337.55) had not been granted the property ownership certificates, or of which, property ownership transfer procedures were not processed. The Group has eligible right to use and dominate the above-mentioned buildings.

(iii) No provision on residual value guarantees was specified in the lease contract for machinery and equipment, motor vehicles and electronic equipment and other equipment signed by the Group as the lessor.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(15) Construction in progress

| | 31 December 2022 | | | 31 December 2021 | | |
|---|-----------------------|--------------------------|-----------------------|-----------------------|--------------------------|-----------------------|
| | Book balance | Provision for impairment | Carrying amount | Book balance | Provision for impairment | Carrying amount |
| CJMC smart logistics equipment project | 111,964,539.31 | - | 111,964,539.31 | 241,810,188.65 | - | 241,810,188.65 |
| Vanguard Trenton & Monon GA Plant | 39,821,453.80 | - | 39,821,453.80 | 23,655,976.24 | - | 23,655,976.24 |
| Baoji manufacturing plant project | 19,033,580.37 | - | 19,033,580.37 | 7,744,247.76 | - | 7,744,247.76 |
| Kunming vehicle park project | 6,024,518.95 | - | 6,024,518.95 | 22,746,117.30 | - | 22,746,117.30 |
| Production line upgrade project of LOM-CRTC-ON | 5,967,914.80 | - | 5,967,914.80 | - | - | - |
| Huajun production maintenance investment project | 4,606,570.50 | - | 4,606,570.50 | 5,910,475.03 | - | 5,910,475.03 |
| Huajun plant construction project | 4,017,252.68 | - | 4,017,252.68 | 3,739,841.04 | - | 3,739,841.04 |
| Lingyu production line upgrade project | - | - | - | 5,745,462.45 | - | 5,745,462.45 |
| Tonghua plant construction project | - | - | - | 95,577,192.56 | - | 95,577,192.56 |
| Polar Bear project construction in the U.S. (opening of a new refrigerated semi-trailer automated production plant in Moken, USA) | - | - | - | 1,961,884.56 | - | 1,961,884.56 |
| Growth Fortune steel structure plant building project | - | - | - | 28,981,639.50 | - | 28,981,639.50 |
| Mixer drum line upgrade project | - | - | - | 11,953,356.79 | - | 11,953,356.79 |
| Dongguan Light Tower Magellan II production line investment project | - | - | - | 3,365,310.00 | - | 3,365,310.00 |
| Others | 56,141,944.11 | - | 56,141,944.11 | 63,381,040.26 | - | 63,381,040.26 |
| | 247,577,774.52 | - | 247,577,774.52 | 516,572,732.14 | - | 516,572,732.14 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(15) Construction in progress (Continued)

(i) Movements of major construction in progress

| Project name | Budgeted amount | 31 December 2021 | Increase in the current year | Transfer to fixed assets/intangible assets in the current year | Other decreases | Currency translation differences | 31 December 2022 | % of project investment to the budget | Work progress | Source of funds |
|---|-----------------|------------------|------------------------------|--|-----------------|----------------------------------|------------------|---------------------------------------|---------------|--------------------------|
| | | | | | | | | | | |
| CIMC smart logistics equipment project | 456,000,000.00 | 241,810,188.65 | 148,655,066.11 | (276,982,699.91) | (1,518,015.54) | - | 111,964,539.31 | 89.81% | 90.00% | Raised funds |
| Vanguard Trenton & Monon GA Plant | 94,067,957.11 | 23,655,976.24 | 29,427,278.20 | (15,921,958.50) | - | 2,660,157.86 | 39,821,453.80 | 82.08% | 82.00% | Self-owned |
| Baoji manufacturing plant project | 45,000,000.00 | 7,744,247.76 | 23,013,762.54 | (11,724,429.93) | - | - | 19,033,580.37 | 68.35% | 70.00% | Raised funds |
| Kunming vehicle park project | 119,460,000.00 | 22,746,117.30 | 68,245,419.22 | (84,967,017.57) | - | - | 6,024,518.95 | 62.69% | 63.00% | Raised funds |
| Production line upgrade project of LOM-CRTC-ON | 6,300,000.00 | - | 5,999,853.62 | - | - | (31,938.82) | 5,967,914.80 | 94.73% | 98.00% | Self-owned |
| Huajun production maintenance investment project | 59,336,200.00 | 5,910,475.03 | 4,658,909.84 | (5,962,814.37) | - | - | 4,606,570.50 | 99.00% | 99.00% | Self-owned |
| Huajun plant construction project | 179,795,900.00 | 3,739,841.04 | 1,613,853.08 | (1,336,441.44) | - | - | 4,017,252.68 | 94.14% | 94.00% | Self-owned |
| Lingyu production line upgrade project | 62,042,042.94 | 5,745,462.45 | 18,424,579.66 | (24,015,343.98) | (154,698.13) | - | - | 100.00% | 100.00% | Self-owned |
| Tonghua plant construction project | 916,080,000.00 | 95,577,192.56 | 5,207,166.06 | (100,784,358.62) | - | - | - | 100.00% | 100.00% | Self-owned |
| Polar Bear project construction in the U.S. (opening of a new refrigerated semi-trailer automated production plant in Momen, USA) | 182,937,450.00 | 1,961,884.56 | - | (1,971,543.18) | - | 9,658.62 | - | 100.00% | 100.00% | Raised funds/ Self-owned |
| Growth Fortune steel structure plant building project | 37,449,612.00 | 28,981,639.50 | 2,136,881.96 | (32,719,496.01) | - | 1,600,974.55 | - | 100.00% | 100.00% | Self-owned |
| Mixer drum line upgrade project | 66,520,000.00 | 11,953,356.79 | - | (6,840,882.57) | (5,112,474.22) | - | - | 100.00% | 100.00% | Raised funds |
| Dongguan Light Tower Magellan II production line investment project | 33,300,000.00 | 3,365,310.00 | 5,712,895.35 | (9,078,205.35) | - | - | - | 100.00% | 100.00% | Self-owned |
| Others | | 63,381,040.26 | 60,532,150.70 | (59,805,930.36) | (8,129,018.44) | 163,701.95 | 56,141,944.11 | | | Raised funds/ Self-owned |
| | | 516,572,732.14 | 373,627,816.34 | (632,111,121.79) | (14,914,206.33) | 4,402,554.16 | 247,577,774.52 | | | |
| Including: Capitalised borrowing costs | | - | - | - | - | - | - | | | |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(16) Right-of-use assets

| | Buildings | Office equipment and others | Total |
|----------------------------------|-----------------------|-----------------------------------|-----------------------|
| Cost | | | |
| 31 December 2021 | 293,032,500.86 | 14,571,227.12 | 307,603,727.98 |
| Increase in the current year | | | |
| New lease contracts | 47,638,282.80 | 4,777,713.77 | 52,415,996.57 |
| Decrease in the current year | | | |
| Other decreases | (23,384,379.03) | (420,130.85) | (23,804,509.88) |
| Currency translation differences | 8,042,848.99 | 392,832.82 | 8,435,681.81 |
| 31 December 2022 | 325,329,253.62 | 19,321,642.86 | 344,650,896.48 |
| Accumulated depreciation | | | |
| 31 December 2021 | 69,741,366.93 | 5,470,350.43 | 75,211,717.36 |
| Increase in the current year | | | |
| Depreciation charge | 46,127,235.09 | 4,063,856.71 | 50,191,091.80 |
| Decrease in the current year | | | |
| Other decreases | (22,968,232.25) | (420,130.85) | (23,388,363.10) |
| Currency translation differences | 4,081,306.92 | 179,150.20 | 4,260,457.12 |
| 31 December 2022 | 96,981,676.69 | 9,293,226.49 | 106,274,903.18 |
| Provision for impairment | | | |
| 31 December 2021 | – | – | – |
| 31 December 2022 | – | – | – |
| Carrying amount | | | |
| 31 December 2022 | 228,347,576.93 | 10,028,416.37 | 238,375,993.30 |
| 31 December 2021 | 223,291,133.93 | 9,100,876.69 | 232,392,010.62 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(17) Intangible assets

| | Land use rights | Technological know-how and trademarks | Software use rights | Customer contracts | Customer relationships | Total |
|---|-----------------------|---------------------------------------|----------------------|----------------------|------------------------|-------------------------|
| Cost | | | | | | |
| 31 December 2021 | 974,977,187.13 | 167,699,672.15 | 66,798,382.57 | 17,126,736.00 | 97,730,691.10 | 1,324,332,668.95 |
| Increase in the current year | | | | | | |
| Purchase | – | 566,688.44 | 8,036,912.45 | – | – | 8,603,600.89 |
| Transfers from construction in progress | 16,103,787.05 | – | 5,522,527.79 | – | – | 21,626,314.84 |
| Decrease in the current year | | | | | | |
| Disposal | (42,908,608.29) | (23,084,790.34) | – | – | – | (65,993,398.63) |
| Currency translation differences | 1,182,624.00 | (1,418,450.79) | (324,910.79) | (422,477.00) | (1,846,328.93) | (2,829,543.51) |
| 31 December 2022 | 949,354,989.89 | 143,763,119.46 | 80,032,912.02 | 16,704,259.00 | 95,884,362.17 | 1,285,739,642.54 |
| Accumulated amortisation | | | | | | |
| 31 December 2021 | 182,575,186.20 | 106,031,859.63 | 32,302,093.26 | 17,126,736.00 | 53,317,653.42 | 391,353,528.51 |
| Increase in the current year | | | | | | |
| Amortization charge | 19,408,479.11 | 12,729,986.11 | 10,442,457.16 | – | 5,419,374.72 | 48,000,297.10 |
| Decrease in the current year | | | | | | |
| Disposal | (13,134,673.40) | (21,922,325.68) | – | – | – | (35,056,999.08) |
| Currency translation differences | 396,903.21 | (885,658.65) | (178,066.30) | (422,477.00) | (1,021,913.93) | (2,111,212.67) |
| 31 December 2022 | 189,245,895.12 | 95,953,861.41 | 42,566,484.12 | 16,704,259.00 | 57,715,114.21 | 402,185,613.86 |
| Provision for impairment | | | | | | |
| 31 December 2021 | – | 4,327,885.40 | – | – | 35,678,468.86 | 40,006,354.26 |
| Currency translation differences | – | 155,723.24 | – | – | (765,482.51) | (609,759.27) |
| 31 December 2022 | – | 4,483,608.64 | – | – | 34,912,986.35 | 39,396,594.99 |
| Carrying amount | | | | | | |
| 31 December 2022 | 760,109,094.77 | 43,325,649.41 | 37,466,427.90 | – | 3,256,261.61 | 844,157,433.69 |
| 31 December 2021 | 792,402,000.93 | 57,339,927.12 | 34,496,289.31 | – | 8,734,568.82 | 892,972,786.18 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(17) Intangible assets (Continued)

In 2022, the amortisation of intangible assets amounted to RMB48,000,297.10 (2021: RMB45,665,952.35).

As at 31 December 2022, the Group had no land use rights without certificates of ownership (31 December 2021: nil).

The carrying amount of the group's intangible assets under restricted ownership is RMB35,812,917.79(2021: RMB36,895,846.27)

Expenditures on research and development incurred in 2022 amounted to RMB305,577,661.69 (2021: RMB397,817,429.52), all of which were recognised in profit or loss for the current period. As at 31 December 2022, the Group had no intangible assets arising from internal research and development.

(18) Goodwill

| | 31 December 2021 | Increase in the current year | Currency translation differences | 31 December 2022 |
|--|-----------------------|---------------------------------|--|-----------------------|
| Goodwill - | | | | |
| CIMC Vehicles UK Limited ("Vehicles UK") | 333,670,128.00 | - | (8,230,871.00) | 325,439,257.00 |
| Zhumadian CIMC Huajun Vehicle | 35,740,080.73 | - | - | 35,740,080.73 |
| Others | 76,282,597.89 | - | 2,375,228.55 | 78,657,826.44 |
| | <u>445,692,806.62</u> | <u>-</u> | <u>(5,855,642.45)</u> | <u>439,837,164.17</u> |
| Less: Provision for impairment - | | | | |
| Others | (37,171,284.24) | - | (397,224.64) | (37,568,508.88) |
| | <u>408,521,522.38</u> | <u>-</u> | <u>(6,252,867.09)</u> | <u>402,268,655.29</u> |

Other goodwill mainly refers to the difference between the cost for acquiring equity in CIMC Vehicles (Shandong) Co., Ltd., Yangzhou Tonghua, Shanghai CIMC Vehicle Logistics Equipment Co., Ltd., Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd., CIMC Intermodal Equipment Co., Ltd. and CIMC Vehicles South Africa (Pty) Ltd., Jiangsu Baojing Auto Parts Co., Ltd. and Zhenjiang Shenxing Taibao Technology Co., Ltd., Xxentria and the Group's share of the fair value of the subsidiaries' identifiable net assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

(18) Goodwill *(Continued)*

All the goodwill of the Group has been allocated to the relevant asset groups or groups of asset groups on the acquisition date, details of which were summarised as follows: Vehicles UK, Zhumadian CIMC Huajun Vehicle, Jiangsu Baojing Auto Parts Co., Ltd., CIMC Vehicles (Shandong) Co., Ltd., Yangzhou Tonghua, Shanghai CIMC Vehicle Logistics Equipment Co., Ltd., Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd., CIMC Intermodal Equipment Co., Ltd. and CIMC Vehicles South Africa (Pty) Ltd., Zhenjiang Shenxing Taibao Technology Co., Ltd. and Xxentria. The Group's allocation of goodwill was not changed in the current year.

When testing the goodwill for impairment, the Group compared the carrying amount of relevant asset groups or groups of asset groups (including goodwill) and the recoverable amount, an impairment loss is recognised for the amount by which the assets' carrying amount exceeds their recoverable amount.

The Group determines the growth rates and the gross margins based on its past experience and forecast on future market development. The forecast period growth rates are built on the five-year budget approved by the management, and the terminal growth rates are the weighted average growth rates applied by management to extrapolate cash flows beyond the forecast period, which are consistent with those estimated in the industry reports, and do not exceed the long-term average growth rates of each product. The discount rates used by the management are the pre-tax interest rates that are able to reflect the risks specific to the related asset groups or groups of asset groups.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

(18) Goodwill *(Continued)*

The main assumptions applied in calculating discounted future cash flows for the Group's significant asset groups in 2022 are as follows:

| | Vehicles UK(a) |
|---|----------------|
| Revenue growth rates in the forecast period | 2%-7% |
| Terminal revenue growth rates | 2% |
| Gross margins | 7.4%-7.9% |
| Pre-tax discount rates | 16% |

The main assumptions applied in calculating discounted future cash flows for the Group's significant asset groups in 2021 are as follows:

| | Vehicles UK |
|---|-------------|
| Revenue growth rates in the forecast period | -3.8%-23.1% |
| Terminal revenue growth rates | 2% |
| Gross margins | 7.1%-7.8% |
| Pre-tax discount rates | 14% |

- (a) If the revenue growth rates in the forecast period of Vehicles UK had decreased to 2.06% from current estimates while other conditions had been held constant, goodwill would have been impaired; if the pre-tax discount rates used by Vehicles UK had increased to 13.39% from current estimates while other conditions had been held constant, goodwill would have been impaired; and if the gross margins used by Vehicles UK had decreased to 7.10%-7.63% from current estimates while other conditions had been held constant, goodwill would have been impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(19) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets before offsetting

| | 31 December 2022 | | 31 December 2021 | |
|--|--|-----------------------|--|-----------------------|
| | Deductible temporary differences and deductible tax losses | Deferred tax assets | Deductible temporary differences and deductible tax losses | Deferred tax assets |
| Provision for inventories | 73,089,545.49 | 12,177,042.16 | 115,960,623.43 | 18,005,083.43 |
| Provisions | 136,965,938.94 | 25,221,942.94 | 181,670,367.20 | 31,892,804.30 |
| Employee benefits payable | 149,484,393.22 | 24,019,780.91 | 109,683,537.77 | 18,568,238.04 |
| Provision for bad debts | 135,156,070.85 | 22,004,220.81 | 107,720,283.37 | 18,608,363.87 |
| Intra-group unrealised profits | 172,050,845.64 | 43,569,779.48 | 70,672,556.68 | 17,668,139.17 |
| Deferred income | 61,410,597.32 | 9,489,936.93 | 52,915,170.26 | 8,079,665.22 |
| Accrued expenses | 252,102,070.22 | 42,930,955.68 | 247,411,541.09 | 43,967,650.91 |
| Deductible tax losses | 264,118,011.49 | 41,200,844.22 | 172,700,951.79 | 27,735,560.88 |
| Others | 39,778,700.97 | 9,944,308.69 | 25,030,371.51 | 4,167,147.00 |
| | 1,284,156,174.14 | 230,558,811.82 | 1,083,765,403.10 | 188,692,652.82 |
| Including | | | | |
| Expected to be recovered within one year (inclusive) | | 145,232,395.94 | | 120,176,497.65 |
| Expected to be recovered after one year | | 85,326,415.88 | | 68,516,155.17 |
| | | 230,558,811.82 | | 188,692,652.82 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(19) Deferred tax assets and deferred tax liabilities (Continued)

(b) Deferred tax liabilities before offsetting

| | 31 December 2022 | | 31 December 2021 | |
|---|-------------------------------|--------------------------|-------------------------------|--------------------------|
| | Taxable temporary differences | Deferred tax liabilities | Taxable temporary differences | Deferred tax liabilities |
| Accelerated depreciation of long-term assets | (533,143,641.49) | (96,197,808.40) | (406,811,943.95) | (79,192,900.38) |
| Business combinations not under common control | (94,336,465.43) | (20,407,544.16) | (116,293,692.51) | (24,510,852.50) |
| Changes in fair value of financial assets held for trading and derivative financial instruments | (4,946,259.33) | (765,774.28) | (2,018,503.00) | (509,900.75) |
| Adjustments in fair value of investment properties | (326,369,567.70) | (80,096,636.53) | (316,413,392.72) | (77,870,317.96) |
| Others | (39,818,860.88) | (9,954,715.22) | (15,268,070.88) | (3,817,017.73) |
| | <u>(998,614,794.83)</u> | <u>(207,422,478.59)</u> | <u>(856,805,603.06)</u> | <u>(185,900,989.32)</u> |
| Including | | | | |
| Expected to be recovered within one year (inclusive) | | (80,862,410.81) | | (78,380,218.71) |
| Expected to be recovered after one year | | (126,560,067.78) | | (107,520,770.61) |
| | | <u>(207,422,478.59)</u> | | <u>(185,900,989.32)</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(19) Deferred tax assets and deferred tax liabilities (Continued)

- (c) Deductible temporary differences and deductible losses that are not recognised as deferred tax assets are analysed as follows:

| | 31 December 2022 | 31 December 2021 |
|----------------------------------|--------------------------------|--------------------------------|
| Deductible temporary differences | 192,843,584.22 | 179,959,933.13 |
| Deductible tax losses | 986,006,667.66 | 946,543,413.17 |
| | <u>1,178,850,251.88</u> | <u>1,126,503,346.30</u> |

- (d) Deductible tax losses that are not recognised as deferred tax assets will be expired in following years:

| | 31 December 2022 | 31 December 2021 |
|---------------------------|------------------------------|------------------------------|
| 2022 | – | 74,383,089.00 |
| 2023 | 51,435,355.84 | 56,110,138.57 |
| 2024 | 41,492,400.07 | 48,210,476.14 |
| 2025 | 56,412,620.47 | 94,955,597.71 |
| 2026 | 295,280,391.64 | 314,160,928.17 |
| 2027 and subsequent years | 541,385,899.64 | 358,723,183.58 |
| | <u>986,006,667.66</u> | <u>946,543,413.17</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(19) Deferred tax assets and deferred tax liabilities (Continued)

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

| | 31 December 2022 | | 31 December 2021 | |
|--------------------------|-------------------|--------------------------|-------------------|--------------------------|
| | Offsetting amount | Balance after offsetting | Offsetting amount | Balance after offsetting |
| Deferred tax assets | (86,700,082.01) | 143,858,729.81 | (51,225,883.04) | 137,466,769.78 |
| Deferred tax liabilities | 86,700,082.01 | (120,722,396.58) | 51,225,883.04 | (134,675,106.28) |

For the possible taxation effect from the cumulative undistributed profits of foreign subsidiaries, no deferred tax liabilities were recognised for the taxable temporary differences of RMB2,269,200,140.90 (31 December 2021: RMB1,455,837,429.41), as the Group has full discretion in determining the policy for dividend distribution and has neither such plan in foreseeable future nor the intent to dispose of these subsidiaries.

In addition, the Group had no significant unrecognised deferred tax liabilities in the current year.

(20) Other non-current assets

| | 31 December 2022 | 31 December 2021 |
|---------------------------|------------------|------------------|
| Prepayment for equipments | 76,389,581.39 | 136,313,442.51 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(21) Provision for asset impairment and losses

| | 31 December 2021 | Increase in the current year | Decrease in the current year | | Currency translation differences | 31 December 2022 |
|---|-----------------------|---------------------------------|------------------------------|------------------------|--|-----------------------|
| | | | Reversal | Write-off | | |
| Provision for bad debts of notes receivables | 966,840.65 | 953,179.43 | (966,840.65) | - | - | 953,179.43 |
| Including: Provision for bad debts on an individual basis | - | - | - | - | - | - |
| Provision for bad debts on a collective basis | 966,840.65 | 953,179.43 | (966,840.65) | - | - | 953,179.43 |
| Provision for bad debts of accounts receivables | 147,633,049.21 | 50,093,473.90 | (17,678,619.18) | (7,495,847.35) | 549,990.05 | 173,102,046.63 |
| Including: Provision for bad debts on an individual basis | - | - | - | - | - | - |
| Provision for bad debts on a collective basis | 147,633,049.21 | 50,093,473.90 | (17,678,619.18) | (7,495,847.35) | 549,990.05 | 173,102,046.63 |
| Provision for impairment of receivables financing | 1,587,253.74 | 775,928.14 | (1,587,253.74) | - | - | 775,928.14 |
| Provision for bad debts of other receivables | 20,596,176.40 | 16,704,790.10 | (6,807,305.27) | (7,613,608.84) | - | 22,880,052.39 |
| Provision for impairment of long-term receivables | 833,025.70 | 1,216,701.60 | (544,389.95) | - | - | 1,505,337.35 |
| Current portion of non-current assets | 952,300.28 | 3,438,667.43 | (904,772.85) | - | - | 3,486,194.86 |
| Provision for financial guarantees | 48,564,611.81 | 60,303,891.34 | (74,425,932.85) | - | - | 34,442,570.30 |
| Sub-total | <u>221,133,257.79</u> | <u>133,486,631.94</u> | <u>(102,915,114.49)</u> | <u>(15,109,456.19)</u> | <u>549,990.05</u> | <u>237,145,309.10</u> |
| Provision for bad debts of advances to suppliers | 5,876,123.39 | 634,316.41 | (726,090.02) | (238,765.61) | - | 5,545,584.17 |
| Provision for inventories and impairment of contract fulfilment costs | 136,598,615.18 | 47,043,761.02 | (8,630,883.39) | (67,830,464.16) | 372,379.80 | 107,553,408.45 |
| Provision for impairment of fixed assets | 23,181,213.48 | - | - | (41,722.12) | 78,844.98 | 23,218,336.34 |
| Provision for impairment of intangible assets | 40,006,354.26 | - | - | - | (609,759.27) | 39,396,594.99 |
| Provision for impairment of goodwill | 37,171,284.24 | - | - | - | 397,224.64 | 37,568,508.88 |
| Sub-total | <u>242,833,590.55</u> | <u>47,678,077.43</u> | <u>(9,356,973.41)</u> | <u>(68,110,951.89)</u> | <u>238,690.15</u> | <u>213,282,432.83</u> |
| | <u>463,966,848.34</u> | <u>181,164,709.37</u> | <u>(112,272,087.90)</u> | <u>(83,220,408.08)</u> | <u>788,680.20</u> | <u>450,427,741.93</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(22) Short-term borrowings

| | 31 December 2022 | 31 December 2021 |
|---------------------------|-----------------------|-----------------------|
| Guaranteed ^(a) | | |
| RMB | 92,595,662.64 | 108,045,208.20 |
| USD | – | 60,569,150.00 |
| GBP | 32,796,571.32 | – |
| THB | 113,055,174.92 | 57,523,101.36 |
| | <u>238,447,408.88</u> | <u>226,137,459.56</u> |
| Unsecured | | |
| RMB | 30,025,361.07 | 120,180,605.60 |
| USD | 119,414,625.49 | 205,667,288.27 |
| EUR | 19,670,685.00 | 19,132,205.00 |
| GBP | 60,437,520.00 | 318,436,800.00 |
| | <u>229,548,191.56</u> | <u>663,416,898.87</u> |
| | <u>467,995,600.44</u> | <u>889,554,358.43</u> |

(a) The Group's short-term guaranteed borrowings include the guaranteed borrowings of CIMC Taizijie Vehicle Body Manufacturing (Zhenjiang) Co., Ltd., CIMC Taizijie Vehicle Body Manufacturing (Jiangmen) Co., Ltd., Liangshan CIMC Dongyue Vehicles Co., Ltd. and Zhumadian CIMC Huajun Casting Co., Ltd (all of which are subsidiaries of the Group) amounted to RMB92,595,662.64, guaranteed borrowings of CIMC Vehicle (Thailand) Co., Ltd amounted to THB561,285,026.93 (equivalent to RMB113,055,174.92), and guaranteed borrowings of CIMC Vehicles UK Limited of GBP3,907,098.00 (equivalent to RMB32,796,571.32), all of which are guaranteed by the Company.

(b) As of December 31, 2022, the interest rate of short-term borrowing ranged from 0.80% to 5.98% (December 31 2021: 0.80% to 4.65%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(23) Notes payable

| | 31 December 2022 | 31 December 2021 |
|------------------------|-----------------------|-------------------------|
| Trade acceptance notes | 101,965,578.70 | 95,680,000.00 |
| Bank acceptance notes | 707,467,113.50 | 1,002,795,012.01 |
| | <u>809,432,692.20</u> | <u>1,098,475,012.01</u> |

(24) Accounts payable

| | 31 December 2022 | 31 December 2021 |
|--------------------------------|-------------------------|-------------------------|
| Related parties (Note 8(6)(g)) | 221,415,018.33 | 181,212,628.67 |
| Third parties | 3,519,120,426.20 | 3,377,214,460.72 |
| | <u>3,740,535,444.53</u> | <u>3,558,427,089.39</u> |

(i) As at December 31, 2022, accounts payables with aging over one year amounted to RMB78,645,390.80 (December 31, 2021: RMB23,993,213.37), which were mainly material costs payable, and have not yet been settled.

(ii) The ageing of accounts payables based on their recording dates is as follows:

| | 31 December 2022 | 31 December 2021 |
|----------------|-------------------------|-------------------------|
| Within 30 days | 2,207,910,273.84 | 1,895,707,492.45 |
| 31 to 60 days | 935,903,109.43 | 439,390,266.47 |
| 61 to 90 days | 136,928,659.54 | 647,939,676.52 |
| Over 90 days | 459,793,401.72 | 575,389,653.95 |
| | <u>3,740,535,444.53</u> | <u>3,558,427,089.39</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(25) Contract liabilities

| | 31 December 2022 | 31 December 2021 |
|--------------------|-----------------------|------------------|
| Advances for goods | 618,541,399.99 | 547,132,006.91 |

In 2022, revenue of RMB531,925,097.04 (2021: RMB767,576,931.31) was recognized for those which was included in the contract liabilities balance at the beginning of the year.

(26) Employee benefits payable

| | 31 December 2022 | 31 December 2021 |
|---|-----------------------|------------------|
| Short-term employee benefits payable ^(a) | 608,083,560.84 | 515,435,825.28 |
| Defined contribution plans payable ^(b) | 23,435,380.25 | 17,975,413.56 |
| Termination benefits payable ^(c) | 9,436,301.00 | 156,747.00 |
| | 640,955,242.09 | 533,567,985.84 |

(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 | 496,330,398.59 | 1,661,785,168.51 | (1,581,376,150.11) | 576,739,416.99 |
| Staff welfare | 3,791,908.49 | 49,377,905.74 | (47,755,667.52) | 5,414,146.71 |
| Social security contributions | 3,645,578.45 | 60,725,672.35 | (57,309,387.85) | 7,061,862.95 |
| Including: Medical insurance | 3,223,394.78 | 55,316,586.15 | (52,565,740.32) | 5,974,240.61 |
| Work injury insurance | 152,786.85 | 4,640,012.48 | (4,167,403.21) | 625,396.12 |
| Maternity insurance | 269,396.82 | 769,073.72 | (576,244.32) | 462,226.22 |
| Housing funds | 4,546.93 | 56,411,297.49 | (54,593,033.71) | 1,822,810.71 |
| Labour union funds and employee education funds | 7,310,442.19 | 11,002,171.52 | (11,048,484.82) | 7,264,128.89 |
| Other short-term employee benefits | 4,352,950.63 | 29,135,205.51 | (23,706,961.55) | 9,781,194.59 |
| | <u>515,435,825.28</u> | <u>1,868,437,421.12</u> | <u>(1,775,789,685.56)</u> | <u>608,083,560.84</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(26) Employee benefits payable (Continued)

(b) Defined contribution plans

| | 31 December 2021 | Increase in the current year | Decrease in the current year | 31 December 2022 |
|------------------------|----------------------|---------------------------------|---------------------------------|-----------------------------|
| Basic pensions | 17,694,073.25 | 132,154,267.09 | (126,520,974.08) | 23,327,366.26 |
| Unemployment insurance | 281,340.31 | 4,774,691.59 | (4,948,017.91) | 108,013.99 |
| | <u>17,975,413.56</u> | <u>136,928,958.68</u> | <u>(131,468,991.99)</u> | <u>23,435,380.25</u> |

Monthly payments of premiums on the basic pensions and unemployment insurance are calculated according to the bases and percentage prescribed by local authorities of Ministry of Human Resource and Social Security, and such payments cannot be used to offset the amounts that the Group should pay for employees in future periods.

(c) Termination benefits payable

| | 31 December 2022 | 31 December 2021 |
|---|---------------------|------------------|
| Other termination benefits ⁽ⁱ⁾ | 9,436,301.00 | 156,747.00 |

(i) In 2022, other termination benefits paid by the Group for termination of the employment relationship were RMB13,073,169.37 (2021: RMB3,081,527.38).

(27) Tax payable

| | 31 December 2022 | 31 December 2021 |
|---|------------------------------|-----------------------|
| Unpaid VAT | 67,389,222.19 | 45,027,781.97 |
| Corporate income tax payable | 189,015,798.31 | 84,764,394.95 |
| Land use tax payable | 4,530,306.83 | 6,848,967.34 |
| Individual income tax payable | 18,322,821.78 | 14,490,362.96 |
| City maintenance and construction tax payable | 2,180,690.69 | 2,854,667.01 |
| Educational surcharge payable | 1,643,876.62 | 2,128,362.79 |
| Others | 48,465,871.11 | 30,006,821.81 |
| | <u>331,548,587.53</u> | <u>186,121,358.83</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(28) Other payables

| | 31 December 2022 | 31 December 2021 |
|--|--------------------------------|--------------------------------|
| Amounts due to related parties (<i>Note 8(6)(h)</i>) | 96,122,124.09 | 116,784,864.38 |
| Dividends due to non-controlling interests | 3,791,956.19 | 182,333.46 |
| Accrued expenses | 296,076,966.01 | 494,762,966.22 |
| Deposits for quality guarantees and temporary receipts | 412,161,288.86 | 488,712,798.14 |
| Freight expenses payable | 37,389,419.25 | 13,104,200.99 |
| Payables for equipment | 159,932,835.76 | 169,504,298.03 |
| Payables and advance for land use rights | 23,934,472.69 | 23,934,472.69 |
| Advance for equity transactions | – | 4,818,900.00 |
| Payable of acquisitions | 10,932,782.29 | 10,932,782.29 |
| Others | 102,587,051.66 | 88,356,278.00 |
| | <u>1,142,928,896.80</u> | <u>1,411,093,894.20</u> |

(a) As at 31 December 2021, other payables with aging over one year amounted to RMB41,289,610.39 (31 December 2021: RMB34,464,397.21), mainly representing advances/payables for government lands, which had not been settled due to unfinished government procedures and other reasons.

(29) Current portion of non-current liabilities

| | 31 December 2022 | 31 December 2021 |
|---|------------------------------|------------------------------|
| Current portion of long-term borrowings (<i>Note 4(31)</i>) | 82,598,864.99 | 62,209,815.36 |
| Current portion of lease liabilities (<i>Note 4(32)</i>) | 44,151,480.96 | 34,641,948.48 |
| Current portion of long-term payables | – | 7,165,962.57 |
| | <u>126,750,345.95</u> | <u>104,017,726.41</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(30) Other current liabilities

| | 31 December 2022 | 31 December 2021 |
|---|------------------------------|------------------------------|
| Warranties ^(a) | 139,192,610.32 | 163,302,420.47 |
| Financial guarantee for vehicle mortgage loans ^(b) | 34,442,570.30 | 48,564,611.81 |
| Accrued litigation and compensation loss | 1,645,386.81 | 4,752,870.38 |
| Output VAT to be recognised | 44,022,067.12 | 58,582,377.13 |
| Others | 12,865,700.75 | 11,159,572.84 |
| | <u>232,168,335.30</u> | <u>286,361,852.63</u> |

(a) The Group provides after-sale quality maintenance commitments to consumers who purchase transportation vehicles. In case of failures and quality problems that are not caused by accidents during the warranty period for transportation vehicles sold, the Group undertakes the warranty responsibility as per the contract. Provision for warranties is made based on the Group's estimated obligation for such quality warranties.

(b) In accordance with the provisions of financial guarantee contracts related to auto financial guarantees provided for consumers by the Group and its subsidiaries, the Group and its subsidiaries, as vehicle financing guarantors for consumers of transportation vehicles sold, shall perform obligations or assume liabilities in accordance with the contracts when the debtors fail to perform obligations, and the financial contract liabilities are subsequently measured at the higher of the amount initially recognised net of accumulated amortisation and the provisions determined according to the contingency principle. The amount of warranties is provided based on the risk assessment on the Group's loss arising from compensation for the guarantee contracts.

(c) Changes in warranties and financial guarantee for vehicle mortgage loans

| | 31 December 2021 | Increase in the current year | Decrease in the current year | Currency translation differences | 31 December 2022 |
|---|-----------------------|---------------------------------|---------------------------------|-------------------------------------|------------------------------|
| Warranties | 163,302,420.47 | 30,754,567.51 | (59,170,372.48) | 4,305,994.82 | 139,192,610.32 |
| Financial guarantee for vehicle mortgage loans | <u>48,564,611.81</u> | <u>60,303,891.34</u> | <u>(74,425,932.85)</u> | - | <u>34,442,570.30</u> |
| | <u>211,867,032.28</u> | <u>91,058,458.85</u> | <u>(133,596,305.33)</u> | <u>4,305,994.82</u> | <u>173,635,180.62</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(31) Long-term borrowings

| | 31 December 2022 | 31 December 2021 |
|---|------------------------------|------------------------------|
| Guaranteed ^(a) | – | 137,332,915.06 |
| Unsecured | <u>413,805,730.98</u> | <u>299,700,000.00</u> |
| | <u>413,805,730.98</u> | <u>437,032,915.06</u> |
| Less: Current portion of long-term borrowings <i>(Note 4(29))</i> | | |
| Guaranteed | – | (40,409,815.36) |
| Unsecured | <u>(82,598,864.99)</u> | <u>(21,800,000.00)</u> |
| | <u>(82,598,864.99)</u> | <u>(62,209,815.36)</u> |
| | <u><u>331,206,865.99</u></u> | <u><u>374,823,099.70</u></u> |

(a) As at 31 December 2022, The Group has no long-term guaranteed borrowings (31 December 2021: Long-term guaranteed borrowings of RMB137,332,915.06 of China Jiangsu Vanguard Trailer Rental Co., Ltd., a subsidiary of the Group, is guaranteed by the Company).

(b) As at 31 December 2022, the interest rate for long-term borrowings ranged from 4.00% to 4.65% (31 December 2021: 3.25% to 4.65%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(32) Lease liabilities

| | 31 December 2022 | 31 December 2021 |
|---|------------------------------|------------------------|
| Lease liabilities | 232,741,646.67 | 219,805,247.08 |
| Less: Current portion of non-current liabilities (Note 4(29)) | <u>(44,151,480.96)</u> | <u>(34,641,948.48)</u> |
| | <u>188,590,165.71</u> | <u>185,163,298.60</u> |

- (a) As at 31 December 2022, the Group's events that are not included in lease liabilities but will result in potential future cash outflows are short-term leases and leases of low-value assets that are subject to simplified treatment under the new lease standard, and the corresponding future minimum lease payments payable are 4,978,479.09 (31 December 2021: RMB22,613,113.88), which should be paid within one year. In addition, there were no other potential future cash outflows resulted from other lease liabilities.

(33) Deferred income

| | 31 December 2021 | Increase in the current year | Decrease in the current year | 31 December 2022 |
|-------------------|----------------------|---------------------------------|---------------------------------|-----------------------------|
| Government grants | <u>60,752,790.97</u> | <u>31,531,982.48</u> | <u>(20,313,798.28)</u> | <u>71,970,975.17</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(33) Deferred income (Continued)

(a) Government grants

| | 31 December 2021 | Increase in the current year | Decrease in the current year | | Currency translation differences | 31 December 2022 | Asset related/ Income related |
|--|------------------|---------------------------------|------------------------------|--------------------------------------|--|------------------|----------------------------------|
| | | | Other income | Offset against financial expenses | | | |
| Land supporting funds and technology research and development funds of Shandong Vehicles | 3,146,352.45 | - | (224,739.36) | - | - | 2,921,613.09 | Asset related |
| Land contract tax refund of Wuhu Automobile | 2,704,140.00 | - | (141,990.00) | - | - | 2,562,150.00 | Asset related |
| Technological transformation project of Jiangmen Vehicles | 10,362,694.08 | - | (1,243,558.20) | - | - | 9,119,135.88 | Asset related |
| Stereoscopic warehouse project of CIMC Huajun | 1,416,666.77 | - | (250,000.00) | - | - | 1,166,666.77 | Asset related |
| Elevator programme of CIMC MLI | 1,904,049.26 | - | (652,575.38) | - | 43,104.86 | 1,294,578.74 | Income related |
| Subsidies for technological upgrading of fixed assets granted by Shenzhen Pingshan Finance Bureau | 5,768,659.06 | - | (607,227.24) | - | - | 5,161,431.82 | Asset related |
| Provincial special funds for the transformation and upgrading granted by Yangzhou Economic Development Bureau | 3,200,000.00 | - | (3,200,000.00) | - | - | - | Income related |
| Investment in renovation projects by Yangzhou Bureau of Industry and Information Technology | - | 4,159,100.00 | (415,910.04) | - | - | 3,743,189.96 | Asset related |
| Discounted loan interest for Yangzhou Tonghua plant construction project | 7,108,333.33 | - | - | (7,108,333.33) | - | - | Income related |
| Special subsidy project for Qingdao CIMC on air pollution prevention and control | 1,194,744.48 | - | (1,194,744.48) | - | - | - | Asset related |
| Funding plan for intelligent manufacturing key projects in Dongguan | 3,164,653.80 | - | (478,958.91) | - | - | 2,685,694.89 | Asset related |
| Technical investment and transformation project of the Industry and Information Technology Bureau of Shenzhen Municipality | 8,319,745.76 | - | (875,762.76) | - | - | 7,443,983.00 | Asset related |
| Special fund for economic development of Pingshan District, Shenzhen | 4,198,175.40 | 1,863,363.00 | (585,248.81) | - | - | 5,476,289.59 | Asset related |
| Transformation in intelligent manufacturing technology for special vehicles | 1,001,492.60 | - | (98,507.52) | - | - | 902,985.08 | Asset related |
| Central air pollution prevention and control fund – coating VOC control project | 1,888,888.88 | - | (166,666.68) | - | - | 1,722,222.20 | Asset related |
| Major emerging industrial project for manufacturing of high-end storage and transportation equipment for fluid materials in Wuhu | 4,778,370.00 | - | (530,930.04) | - | - | 4,247,439.96 | Asset related |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(33) Deferred income (Continued)

(a) Government grants

| | 31 December 2021 | Increase in the current year | Decrease in the current year | | Currency translation differences | 31 December 2022 | Asset related/ Income related |
|---|----------------------|---------------------------------|------------------------------|--------------------------------------|--|-----------------------------|----------------------------------|
| | | | Other income | Offset against financial expenses | | | |
| 2022 provincial special funds of technological upgrading to promote high-quality economic development | - | 1,457,500.00 | (182,187.54) | - | - | 1,275,312.46 | Income related |
| 2022 special funds for science and technology plans in Jiangsu | - | 1,200,000.00 | (100,000.00) | - | - | 1,100,000.00 | Income related |
| Zhumadian CIMC Huajun coating waste gas VOCs deep treatment project | - | 4,555,240.98 | (389,400.69) | - | - | 4,165,840.29 | Asset related |
| Promoting new industrialization projects in Wuhu | - | 5,773,900.00 | (175,608.92) | - | - | 5,598,291.08 | Income related |
| Provincial special funds for Luoyang Lingyu to raise the development quality of manufacturing industries. | - | 3,830,000.00 | (797,917.33) | - | - | 3,032,082.67 | Income related |
| Funds for fixed assets of Gaoxin District, Zhenjiang | - | 3,000,000.00 | (216,526.70) | - | - | 2,783,473.30 | Asset related |
| Central air pollution prevention and control funds of Jinan | - | 1,579,500.00 | - | - | - | 1,579,500.00 | Asset related |
| Others | <u>595,825.10</u> | <u>4,113,378.50</u> | <u>(720,109.21)</u> | <u>-</u> | <u>-</u> | <u>3,989,094.39</u> | Income related |
| | <u>60,752,790.97</u> | <u>31,531,982.48</u> | <u>(13,248,569.81)</u> | <u>(7,108,333.33)</u> | <u>43,104.86</u> | <u>71,970,975.17</u> | |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(34) Share capital

| | 31 December 2021 | Movements in the current year (a) | 31 December 2022 |
|---|-------------------------|--------------------------------------|--------------------------------|
| Shares with limited sales conditions | | | |
| Ordinary shares denominated in RMB | 1,280,386,955.00 | (551,943,480.00) | 728,443,475.00 |
| H shares | <u>284,985,000.00</u> | <u>—</u> | <u>284,985,000.00</u> |
| Shares without limited sales conditions | | | |
| Ordinary shares denominated in RMB | 173,293,045.00 | 551,943,480.00 | 725,236,525.00 |
| H shares | <u>278,935,000.00</u> | <u>—</u> | <u>278,935,000.00</u> |
| | <u>2,017,600,000.00</u> | <u>—</u> | <u>2,017,600,000.00</u> |

On January 10, 2022, 11,156,439 shares of the Company's A share initial public offering off-net placement restricted shares were listed for circulation, reducing the number of shares with limited sales conditions by 11,156,439 shares. on July 8, 2022, the Company released 68,150,516 shares of strategic investors' restricted shares and 472,636,525 shares of pre-IPO restricted shares, reducing the number of shares with limited sales conditions by 540,787,041 shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(35) Capital reserve

| | 31 December 2021 | Increase in the current year ^(a) | Decrease in the current year ^(b) | 31 December 2022 |
|-----------------------------------|--------------------------------|--|--|---------------------------------------|
| Share premium | 4,744,910,598.42 | 25,281,049.83 | (1,727,368.86) | 4,768,464,279.39 |
| Other capital reserve - Others | <u>9,957,725.59</u> | <u>21,887,688.06</u> | <u>-</u> | <u>31,845,413.65</u> |
| | <u><u>4,754,868,324.01</u></u> | <u><u>47,168,737.89</u></u> | <u><u>(1,727,368.86)</u></u> | <u><u>4,800,309,693.04</u></u> |
| | 31 December 2020 | Increase in the current year ^(a) | Decrease in the current year ^(b) | 31 December 2021 |
| Share premium | 3,395,078,335.72 | 1,352,196,344.70 | (2,364,082.00) | 4,744,910,598.42 |
| Other capital reserve- Others | <u>9,957,725.59</u> | <u>-</u> | <u>-</u> | <u>9,957,725.59</u> |
| | <u><u>3,405,036,061.31</u></u> | <u><u>1,352,196,344.70</u></u> | <u><u>(2,364,082.00)</u></u> | <u><u>4,754,868,324.01</u></u> |

In March 2022, the Company reached an agreement with Central Enterprise Rural Industry Investment Fund Co., Ltd. to transfer 10.64% equity interest in China Jiangsu Vanguard Trailer Rental Co., Ltd., a subsidiary of the Group, at a consideration of RMB50,000,000.00, with an impact on capital reserve of RMB16,644,560.82. Meanwhile, Central Enterprise Rural Industry Investment Fund Co., Ltd. increased its capital by RMB50,000,000.00 to China Jiangsu Vanguard Trailer Rental Co., Ltd. After the completion of this capital increase, the Group held 51.92% equity interest in China Jiangsu Vanguard Trailer Rental Co., Ltd, with an impact on capital reserve of RMB8,636,489.01.

In November 2022, the non-controlling shareholder of the Company's subsidiary, CIMC Vehicle (Jiangmen) Co., Ltd. ("Jiangmen Vehicle"), increased its capital and paid a consideration of RMB4,818,900. Upon completion of the capital increase, the equity interest of the Company in Jiangmen Vehicles was diluted from 76.59% to 75%, and it was still able to exercise control. The difference in equity share held by the Company before and after the capital increase was offset by capital surplus of RMB1,396,121.60.

In December 2022, CIMC BURG B.V. and its subsidiaries implemented a debt waiver for the amount of EUR2,957,116.30 (equivalent to approximately RMB20,894,688.06) for the current accounts payable of the Company's subsidiaries due to its internal structure adjustment. As CIMC BURG B.V. and its subsidiaries and the Company are under the same control of CIMC Group, the Group increased the capital surplus by RMB20,894,688.06 by treating this debt waiver as an equity transaction.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(36) Other comprehensive income

| | Other comprehensive income in the balance sheet | | Other comprehensive income in the income statement for the year ended 31 December 2022 | | | |
|---|---|------------------|--|---------------------------|--|---|
| | 31 December 2021 | 31 December 2022 | Amount before tax | Less: income tax expenses | Attributable to the parent company, net of tax | Attributable to non-controlling interests, net of tax |
| Other comprehensive income that will not be reclassified to profit or loss | | | | | | |
| Currency translation differences | - | - | (106,182.73) | - | - | (106,182.73) |
| Other comprehensive income that will be reclassified to profit or loss | | | | | | |
| Excess of fair value over carrying amount when owner-occupied properties transfer to investment properties measured at fair value at the date of change | 487,785.76 | - | 182,967.06 | - | 182,967.06 | - |
| Currency translation differences | (129,493,714.45) | 71,330,942.23 | 200,824,656.68 | - | 200,824,656.68 | - |
| | (129,005,928.69) | 72,001,695.05 | 200,901,441.01 | - | 201,007,623.74 | (106,182.73) |

Other comprehensive income in the income statement for the year ended 31 December 2022

Other comprehensive income in the balance sheet

Other comprehensive income transferred to retained earnings December 2022

Less: Transfer-out of other comprehensive income in the current year

Attributable to the parent company, net of tax

31 December 2021

31 December 2022

Amount before tax

Attributable to the parent company, net of tax

Less: Income tax expenses

Attributable to non-controlling interests, net of tax

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(36) Other comprehensive income (Continued)

| | Other comprehensive income in the balance sheet | | Other comprehensive income in the income statement for the year ended 31 December 2021 | |
|---|---|-------------------------|--|--|
| | 31 December 2020 | 31 December 2021 | Amount before tax | Attributable to the parent company, net of tax |
| Other comprehensive income that will not be reclassified to profit or loss | | | | |
| Currency translation differences | - | - | (162,410.83) | - |
| Other comprehensive income that will be reclassified to profit or loss | | | | |
| Excess of fair value over carrying amount when owner-occupied properties transfer to investment properties measured at fair value at the date of change | 487,785.76 | 487,785.76 | - | - |
| Currency translation differences | (8,254,296.72) | (129,493,714.45) | (121,239,417.73) | (121,239,417.73) |
| | <u>(7,766,510.96)</u> | <u>(129,005,928.69)</u> | <u>(121,401,828.56)</u> | <u>(121,239,417.73)</u> |
| | | | | <u>(162,410.83)</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(37) Surplus reserve

| | 31 December 2021 | Increase in the current year | Decrease in the current year | 31 December 2022 |
|------------------------------|-----------------------|---------------------------------|---------------------------------|-----------------------|
| Statutory surplus reserve | <u>261,108,219.97</u> | <u>61,868,791.09</u> | <u>–</u> | <u>322,977,011.06</u> |

| | 31 December 2020 | Increase in the current year | Decrease in the current year | 31 December 2021 |
|------------------------------|-----------------------|---------------------------------|---------------------------------|-----------------------|
| Statutory surplus reserve | <u>211,424,630.23</u> | <u>49,683,589.74</u> | <u>–</u> | <u>261,108,219.97</u> |

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. According to the resolution of the Board of Directors, the Company appropriated 10% of the net profit to the statutory surplus reserve in 2022, amounting to RMB61,868,791.09 (2021: 10% of the net profit, amounting to RMB49,683,589.74).

(38) Undistributed profits

| | 2022 | 2021 |
|--|--------------------------------|-------------------------|
| Undistributed profits at the beginning of the year | 4,834,324,784.85 | 4,588,539,034.46 |
| Add: Net profit attributable to the shareholder of the Company | 1,117,958,345.49 | 900,749,340.13 |
| Less: Appropriation for surplus reserve | (61,868,791.09) | (49,683,589.74) |
| Dividends paid ^(a) | (403,520,000.00) | (605,280,000.00) |
| Undistributed profits at the end of the year | <u>5,486,894,339.25</u> | <u>4,834,324,784.85</u> |

(a) Approved by the shareholders' general meeting on 31 May 2022, the Company distributed cash dividends to the shareholder of the Company, at RMB0.2 per share (tax inclusive). Calculated according to 2,017,600,000 shares issued, totaling at RMB403,520,000.00.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(39) Revenue and cost of sales

| | 2022 | 2021 |
|-------------------------------------|---------------------------------|--------------------------|
| Revenue from main operations | 23,397,710,446.29 | 27,240,577,222.62 |
| Revenue from other operations | 222,901,969.07 | 407,185,278.84 |
| | <u>23,620,612,415.36</u> | <u>27,647,762,501.46</u> |
| | 2022 | 2021 |
| Cost of sales from main operations | 20,401,996,431.49 | 24,401,773,407.85 |
| Cost of sales from other operations | 81,419,117.88 | 199,004,036.95 |
| | <u>20,483,415,549.37</u> | <u>24,600,777,444.80</u> |

(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 | 20,778,578,566.71 | 18,189,406,702.53 | 24,825,306,757.71 | 22,458,287,346.69 |
| Sales of parts and components | 2,221,737,967.12 | 1,981,475,724.43 | 2,000,011,100.91 | 1,700,725,117.32 |
| Others | 397,393,912.46 | 231,114,004.53 | 415,259,364.00 | 242,760,943.84 |
| | <u>23,397,710,446.29</u> | <u>20,401,996,431.49</u> | <u>27,240,577,222.62</u> | <u>24,401,773,407.85</u> |

(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 scrap | 108,590,393.43 | 8,529,709.19 | 198,405,416.45 | 17,490,713.48 |
| Others | 114,311,575.64 | 72,889,408.69 | 208,779,862.39 | 181,513,323.47 |
| | <u>222,901,969.07</u> | <u>81,419,117.88</u> | <u>407,185,278.84</u> | <u>199,004,036.95</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(39) Revenue and cost of sales (Continued)

(c) Disaggregation of revenue:

| | 2022 | 2021 |
|---|--------------------------|-------------------|
| Revenue | | |
| Including: Recognised at a point in time | 23,264,407,681.07 | 27,332,004,316.38 |
| Recognised over time | 190,609,948.39 | 150,500,543.45 |
| Rental income ⁽ⁱ⁾ | 165,594,785.90 | 165,257,641.63 |
| | 23,620,612,415.36 | 27,647,762,501.46 |

(i) The rental income from the rental of our own buildings, machinery and equipment, motor vehicles, electronic and other equipment. No significant lease changes occur in 2022 (2021: Nil).

(40) Tax and surcharges

| | 2022 | 2021 | Taxation base |
|--|----------------------|---------------|--|
| City maintenance and construction tax | 15,814,624.23 | 21,645,438.62 | 7% of the payment amount of VAT |
| Educational surcharge | 11,367,489.21 | 16,124,245.00 | 5% of the payment amount of VAT |
| Property tax | 24,372,489.22 | 18,720,122.66 | The residual value and rental income of properties and the prescribed tax rate |
| Land use tax | 25,834,650.41 | 30,580,041.24 | The area of land actually used and the prescribed unit tax |
| Stamp tax | 6,687,250.99 | 10,328,580.37 | The amount included in the taxable vouchers or the number of vouchers and the prescribed tax rate or unit tax |
| Others | 6,590,595.03 | 784,863.64 | |
| | 90,667,099.09 | 98,183,291.53 | |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(41) Selling expenses

| | 2022 | 2021 |
|--|-----------------------|-----------------------|
| Employee benefits expenses | 242,264,791.66 | 306,943,709.24 |
| Depreciation and amortisation expenses | 8,455,601.76 | 5,782,752.93 |
| Travelling, entertainment and selling expenses | 124,969,692.23 | 147,422,544.64 |
| Product warranty expenses | 30,754,567.51 | 150,050,264.88 |
| External sale commission of products | 36,393,458.40 | 26,506,014.82 |
| Advertising and exhibition fees | 10,690,540.30 | 19,882,535.27 |
| Maintenance fees | 18,785,558.18 | 24,835,391.17 |
| Intermediary fees | 2,344,429.84 | 7,483,818.05 |
| Storage fees | 5,995,429.51 | 4,621,705.17 |
| Insurance premiums | 14,584,589.29 | 10,160,611.44 |
| Others | 31,188,406.95 | 25,562,631.66 |
| | 526,427,065.63 | 729,251,979.27 |

(42) Administrative expenses

| | 2022 | 2021 |
|---|-------------------------|-----------------------|
| Employee benefits expenses | 588,576,045.65 | 442,741,498.50 |
| Depreciation and amortisation expenses | 105,249,886.60 | 104,745,575.36 |
| Depreciation of right-of-use assets | 24,093,685.14 | 21,149,160.90 |
| Rentals | 15,109,660.14 | 10,600,586.35 |
| Entertainment expenses | 15,909,534.32 | 19,349,374.94 |
| Travelling expenses | 14,092,051.05 | 12,280,291.36 |
| Transportation expenses | 3,540,451.93 | 7,534,471.81 |
| Intermediary fees | 97,132,593.34 | 94,594,723.84 |
| Material consumption and low value products | 17,451,070.85 | 25,381,360.63 |
| Charges and local fees | 8,685,164.01 | 13,640,068.49 |
| Insurance premiums | 22,295,979.05 | 16,485,456.55 |
| External maintenance charges | 10,592,369.73 | 15,078,271.42 |
| Utilities | 12,842,523.44 | 12,617,799.57 |
| Funding for establishment | 7,327,032.90 | 6,082,760.84 |
| Human resource related expenses | 3,422,251.20 | 4,388,774.88 |
| Others | 87,490,919.83 | 66,513,097.01 |
| | 1,033,811,219.18 | 873,183,272.45 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(43) Research and development expense

| | 2022 | 2021 |
|-------------------------------|------------------------------|-----------------------|
| Employee benefits expenses | 109,014,533.43 | 120,481,589.77 |
| Direct material consumption | 117,068,105.39 | 179,895,787.40 |
| Depreciation and amortisation | 29,911,601.59 | 32,037,201.84 |
| Design fee | 10,620,621.54 | 22,934,830.93 |
| Test fee | 24,886,404.64 | 25,660,413.67 |
| Others | 14,076,395.10 | 16,807,605.91 |
| | <u>305,577,661.69</u> | <u>397,817,429.52</u> |

(44) Financial (income)/expenses

| | 2022 | 2021 |
|---|-------------------------------|------------------------|
| Interest expenses on borrowings | 46,807,635.68 | 44,803,564.11 |
| Add: Interest expenses on lease liabilities | 10,625,764.84 | 11,118,122.80 |
| Government grants (Note 4(33)) | <u>(7,108,333.33)</u> | <u>(10,034,416.67)</u> |
| Interest expenses | 50,325,067.19 | 45,887,270.24 |
| Less: Interest income | (73,299,541.36) | (62,039,396.02) |
| Exchange losses | (76,212,516.26) | 23,828,658.82 |
| Others | 8,259,277.34 | 9,222,837.56 |
| | <u>(90,927,713.09)</u> | <u>16,899,370.60</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(45) 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:

| | 2022 | 2021 |
|---|---------------------------------|---------------------------------|
| Changes in inventories of finished goods and work in progress | (195,429,622.12) | (544,150,273.09) |
| Raw materials and consumables used | 18,559,034,781.56 | 22,715,855,590.44 |
| Employee benefits expenses | 2,018,439,549.17 | 2,373,291,128.12 |
| Depreciation of right-of-use assets | 50,191,091.80 | 41,289,666.40 |
| Depreciation and amortisation expenses | 499,368,163.01 | 475,066,755.30 |
| Rentals ⁽ⁱ⁾ | 21,924,077.37 | 22,613,113.88 |
| Design fee and test fee | 35,507,026.18 | 65,402,850.51 |
| Shipping and handling expenses | 420,775,653.58 | 314,172,135.49 |
| Charges and local fees | 8,685,164.01 | 13,640,068.49 |
| Intermediary fees | 99,477,023.17 | 102,078,541.89 |
| Including: Auditor's remuneration | 8,115,726.46 | 9,656,303.28 |
| – Audit services | 8,093,394.71 | 9,275,165.31 |
| – Non-audit services | 22,331.75 | 381,137.97 |
| Utility expenses | 203,256,095.33 | 180,618,735.90 |
| Processing and repair expenses | 175,961,689.72 | 252,144,674.54 |
| Travelling, entertainment and selling expenses | 164,989,262.81 | 179,052,210.94 |
| Insurance premiums | 37,325,650.78 | 26,646,067.99 |
| Product warranty expenses | 30,754,567.51 | 150,050,264.88 |
| Other expenses – other administrative expenses | 101,780,655.86 | 84,519,104.54 |
| Other expenses – other selling expenses | 84,267,835.16 | 76,572,886.92 |
| Other expenses – other manufacturing expenses | 32,922,830.97 | 72,166,602.90 |
| | <u>22,349,231,495.87</u> | <u>26,601,030,126.04</u> |

(i) As disclosed in Note 2(25), the Group directly recognises the lease payments of short-term leases and low value leases in profit or loss. In 2022, the amount was RMB21,924,077.37 (2021: RMB22,613,113.88).

(ii) For the daily maintenance and repair expenses of fixed assets that do not meet the criteria of capitalisation, the Group included the costs related to the production and processing of inventories in the costs of inventories and recognised as cost of sale accordingly, and included the costs related to the research and development department, the administrative department and the sale department in research and development expenses, administrative expenses and selling expenses, respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(46) Asset impairment losses

| | 2022 | 2021 |
|---|-----------------------------|-----------------------------|
| Provision for inventories and costs incurred to fulfil a contract | 38,412,877.63 | 29,630,017.58 |
| Losses on impairment of goodwill | – | 12,730,802.81 |
| (Reversal of)/losses on impairment of advances to suppliers | (91,773.61) | 203,755.15 |
| | <u>38,321,104.02</u> | <u>42,564,575.54</u> |

(47) Credit impairment losses

| | 2022 | 2021 |
|---|-----------------------------|-----------------------------|
| Reversal of provision for notes receivables | (13,661.22) | (1,688,546.62) |
| Provision for accounts receivables | 32,414,854.72 | 18,151,084.95 |
| Reversal of provision for receivables financing | (811,325.60) | (989,139.07) |
| Provision/(reversal of provision) for other receivables | 9,897,484.83 | (561,809.10) |
| Provision for long-term receivables (including current portion of non-current assets) | 3,206,206.23 | 474,092.54 |
| (Reversal of provision)/provision for financial guarantee contracts | (14,122,041.51) | 9,598,210.14 |
| | <u>30,571,517.45</u> | <u>24,983,892.84</u> |

(48) Other income

| | 2022 | 2021 |
|----------------------------------|-----------------------------|------------------------------|
| Government grants ^(a) | 74,441,701.39 | 134,361,247.08 |
| Extra deductible VAT | 1,164,853.37 | 2,034,923.42 |
| Tax refunds | 1,357,829.52 | 667,806.89 |
| | <u>76,964,384.28</u> | <u>137,063,977.39</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(48) Other income (Continued)

(a) Government grants

| | 2022 | 2021 | Asset related/ Income related |
|--|---------------|---------------|----------------------------------|
| Major new industry special funds of Anhui Provincial transformation and upgrading special funds of Yangzhou Economic Development Board | 16,109,800.00 | – | Income related |
| Tax Rebate from Wuhu Bureau of Finance | 8,000,000.00 | – | Income related |
| Subsidy for revitalization of idle funds in Gaoxin District, Zhenjiang | 4,927,000.00 | – | Income related |
| Major science and technology project establishment subsidy fund of Wuhu | 3,186,859.00 | – | Income related |
| Subsidy from Anhui Provincial Department of Economy and Information Technology for the assessment of smart factory | 3,000,000.00 | – | Income related |
| Flood prevention and anti-creation money from the Bureau of Finance and State Administration of Gaoxin District, Zhenjiang | 2,000,000.00 | – | Income related |
| Technological transformation project of Jiangmen Vehicles | 1,800,000.00 | – | Income related |
| Award for the capacity expansion of industrial enterprises received by Shenzhen CIMC Vehicle | 1,243,558.20 | 1,243,558.20 | Asset related |
| Qingdao CIMC Air Pollution Prevention and Control Special Fund Subsidy Project | 1,199,959.00 | 2,999,000.00 | Income related |
| 2022 special funds for the development of municipal industry (small and medium-sized enterprises) from Xi'an Municipal Bureau of Finance | 1,194,744.48 | – | Asset related |
| CIMC MLI Elevator programme | 1,000,000.00 | – | Income related |
| Wuhu Key R&D Innovation Platform | 652,575.38 | 1,996,573.50 | Income related |
| Demolition compensation project of Yangzhou Tonghua | – | 18,783,400.00 | Income related |
| Subsidy for emergency employment stabilisation of CIMC Huajun | – | 46,440,843.79 | Income related |
| Government subsidy for Z148 brake disc production line with an annual output of 300,000 sets | – | 6,777,000.00 | Income related |
| | – | 6,690,000.00 | Income related |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(48) Other income (Continued)

(a) Government grants (Continued)

| | 2022 | 2021 | Asset related/ Income related |
|--|----------------------|-----------------------|----------------------------------|
| Industrial support fund from Yijiang District of Wuhu City | – | 5,107,000.00 | Income related |
| Fund for the development and guidance of advanced manufacturing industry in Yangzhou City | – | 4,282,700.00 | Income related |
| Support for industrial development in Wuhu City | – | 4,216,780.00 | Income related |
| Refund of financial subsidy of Polish Development Fund (PFR) | – | 3,397,813.77 | Income related |
| Subsidy for emergency employment stabilisation – Employment Promotion Centre of Yicheng District of Zhumadian City | – | 2,097,400.00 | Income related |
| Fund for the promotion of new industrialisation of Wuhu City | – | 2,009,980.00 | Income related |
| Special fund for promoting the development of new energy vehicles for Qingdao environmental protection | – | 1,600,000.00 | Income related |
| Supporting fund for the capacity expansion of industrial enterprises in Luolong District of Luoyang City | – | 1,500,000.00 | Income related |
| Tax refund of the R&D project of CIMC Vehicles UK Limited | – | 1,271,215.87 | Income related |
| Subsidy from the Economic and Information Development Bureau of Wuhu City | – | 1,200,000.00 | Income related |
| Subsidy for employment stabilisation supported by work-based training of Yangzhou City | – | 1,185,500.00 | Income related |
| Others | 30,127,205.33 | 21,562,481.95 | Asset related/ Income related |
| | 74,441,701.39 | 134,361,247.08 | |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(49) Investment (losses)/income

| | 2022 | 2021 |
|--|-------------------------------|-----------------------------|
| Share of net profit of associates and joint ventures | 827,837.27 | 5,182,610.73 |
| (Losses) from disposal of associates and joint ventures | (3,322.91) | (375,851.02) |
| (losses)/income from disposals of derivative financial instruments | (19,155,837.10) | 8,269,825.30 |
| Income from disposals of financial assets held for trading | – | 12,359,228.23 |
| (Losses) from holding financial assets held for trading | (412,216.68) | – |
| Losses from discounted notes receivables ^(a) | (5,166,903.49) | (9,895,879.54) |
| | <u>(23,910,442.91)</u> | <u>15,539,933.70</u> |

(a) A portion of notes receivables were discounted and derecognised, with loss incurred of RMB5,166,903.49 included in investment income for the current period.(31 December 2021:RMB9,895,879.54)

(50) Fair value losses

| | 2022 | 2021 |
|--|------------------------------|-------------------------------|
| Fair value gains on investment properties | 9,956,174.98 | 5,248,735.41 |
| Fair value change on financial assets held for trading | (18,500,587.98) | (26,989,494.68) |
| Fair value change on derivative financial assets | 4,100,480.53 | 1,420,829.64 |
| Fair value change on derivative financial liabilities | (5,683,205.67) | 87,466.35 |
| Fair value gains on investment properties | <u>2,781,084.58</u> | – |
| | <u>(7,346,053.56)</u> | <u>(20,232,463.28)</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(51) Gains on disposals of assets

| | 2022 | 2021 | Amount recognised in non-recurring profit or loss in 2022 |
|---|------------------------------|------------------------------|---|
| Gains on disposals of fixed assets | 203,128,131.67 | 110,822,183.36 | 203,128,131.67 |
| Losses on disposals of fixed assets | (13,015,215.40) | (7,287,257.68) | (13,015,215.40) |
| Gains on disposals of intangible assets | 34,068,804.14 | 73,490,918.46 | 34,068,804.14 |
| Gains on disposal of other assets | — | 98,338.85 | — |
| | <u>224,181,720.41</u> | <u>177,124,182.99</u> | <u>224,181,720.41</u> |

(52) Non-operating income

| | 2022 | 2021 | Amount recognised in non-recurring profit or loss in 2022 |
|---------------------|-----------------------------|-----------------------------|---|
| Unpayable payables | 2,635,859.82 | 5,284,748.00 | 2,635,859.82 |
| Penalty income | 7,580,525.19 | 3,827,897.00 | 7,580,525.19 |
| Compensation income | 336,962.36 | 1,654,156.16 | 336,962.36 |
| Donations | — | 240,965.09 | — |
| Others | 1,393,046.75 | 1,194,755.12 | 1,393,046.75 |
| | <u>11,946,394.12</u> | <u>12,202,521.37</u> | <u>11,946,394.12</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(53) Non-operating expenses

| | 2022 | 2021 | Amount recognised in non-recurring profit or loss in 2022 |
|-------------------------------------|---------------------|--------------|---|
| Losses on disposals of fixed assets | 3,195,718.80 | 2,067,857.36 | 3,195,718.80 |
| Compensation expenses | 3,293,507.70 | 990,397.18 | 3,293,507.70 |
| Penalty expenses | 2,543,711.43 | 939,456.85 | 2,543,711.43 |
| Donations | 9,220.00 | 1,000,000.00 | 9,220.00 |
| Others | 763,738.55 | 4,635,375.53 | 763,738.55 |
| | 9,805,896.48 | 9,633,086.92 | 9,805,896.48 |

(54) Income tax expenses

| | 2022 | 2021 |
|--|------------------------|----------------|
| Current income tax calculated based on tax law and related regulations | 381,516,622.36 | 178,446,497.17 |
| Deferred income tax | (20,344,669.73) | 10,056,364.78 |
| | 361,171,952.63 | 188,502,861.95 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(54) Income tax expenses (Continued)

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

| | 2022 | 2021 |
|--|------------------------------|-----------------------|
| Profit before income tax | 1,474,779,017.88 | 1,176,166,310.16 |
| Income tax calculated at applicable tax rates | 368,694,754.47 | 294,041,577.54 |
| Effect of different tax rates | (51,282,750.82) | (98,385,642.34) |
| Effect of tax rate changes | (301,367.50) | – |
| Income not subject to tax | (2,019,966.80) | (14,852,371.44) |
| Expenses not deductible for tax purposes | 19,440,819.46 | 13,923,257.85 |
| Utilisation of previously unrecognised deductible tax losses and temporary differences | (3,664,824.59) | (10,080,373.13) |
| Adjustment on taxation in previous year | (7,998,970.30) | (16,884,782.70) |
| Temporary differences for which no deferred tax asset was recognised | 1,987,334.24 | 2,131,152.75 |
| Tax losses for which no deferred tax asset was recognised | 60,495,230.57 | 64,543,017.00 |
| Research and development expenses bonus deduction | (24,178,306.10) | (45,932,973.58) |
| Income tax expenses | <u>361,171,952.63</u> | <u>188,502,861.95</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(55) Earnings per share

(a) Basic earnings per share

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

| | 2022 | 2021 |
|--|------------------|------------------|
| Consolidated net profit attributable to ordinary shareholders of the Company | 1,117,958,345.49 | 900,749,340.13 |
| Weighted average number of ordinary shares outstanding | 2,017,600,000.00 | 1,870,250,000.00 |
| Basic earnings per share (RMB/share) | 0.55 | 0.48 |
| Including: | | |
| Basic earnings per share from continuing operations: | <u>0.55</u> | <u>0.48</u> |

(b) Diluted earnings per share

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

There were no dilutive potential ordinary shares for the year ended December 31, 2022 and 2021, and therefore, diluted earnings per share are the same as the basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(56) Notes to the cash flow statement

(a) Cash received relating to other operating activities

| | 2022 | 2021 |
|-------------------|------------------------------|-----------------------|
| Interest | 73,299,541.36 | 62,039,396.02 |
| Government grants | 92,725,114.06 | 100,358,818.43 |
| Forfeiture income | 7,580,525.19 | 3,827,897.00 |
| Others | <u>183,834,246.93</u> | <u>99,948,836.53</u> |
| | <u>357,439,427.54</u> | <u>266,174,947.98</u> |

(b) Cash paid relating to other operating activities

| | 2022 | 2021 |
|---|------------------------------|-----------------------|
| Shipping and handling expenses | 396,490,435.32 | 311,775,953.89 |
| Travelling, entertainment and selling expenses | 164,989,262.81 | 179,052,210.94 |
| Rental, insurance and miscellaneous charges related to sale | 88,182,573.62 | 89,172,844.46 |
| Product warranty expenses | 59,170,372.48 | 142,622,375.62 |
| Intermediary fees | 99,881,963.55 | 99,256,420.42 |
| Advertising and exhibition fees | 10,690,540.30 | 19,882,535.27 |
| External sale commission of products | 36,393,458.40 | 26,506,014.82 |
| Others | <u>53,770,622.57</u> | <u>68,969,785.56</u> |
| | <u>909,569,229.05</u> | <u>937,238,140.98</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

(56) Notes to the cash flow statement *(Continued)*

(c) Cash received from other financing activities

| | 2022 | 2021 |
|--|-----------------------------|-----------------------|
| Repayments of lease liabilities | 49,689,215.04 | 54,564,692.39 |
| Repayments of financing leaseback | 22,630,828.58 | 6,869,171.42 |
| Cash paid for acquisition of non-controlling interests | – | 18,810,644.31 |
| Cash paid for issue of ordinary shares | – | 22,154,926.94 |
| | <u>72,320,043.62</u> | <u>102,399,435.06</u> |

In 2022, total cash outflows for leases paid by the Group amounted to RMB71,613,292.41 (2021: RMB77,177,806.27), except for the repayments of lease liabilities classified as cash paid relating to financing activities, the remaining was classified as cash paid relating to operating activities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(57) Supplementary information to the cash flow statement

(a) Supplementary information to the cash flow statement

Reconciliation from net profit to cash flows from operating activities

| | 2022 | 2021 |
|--|--------------------------------|-----------------------|
| Net profit | 1,113,607,065.25 | 987,663,448.21 |
| Add/Less: Asset impairment losses | 38,321,104.02 | 42,564,575.54 |
| Credit impairment losses | 30,571,517.45 | 24,983,892.84 |
| Depreciation of right-of-use assets | 50,191,091.80 | 41,289,666.40 |
| Depreciation of fixed assets | 436,437,644.45 | 417,146,991.76 |
| Amortisation of intangible assets | 48,000,297.10 | 45,665,952.35 |
| Amortisation of long-term prepaid expenses | 14,930,221.46 | 12,253,811.19 |
| Gains on disposals of fixed assets, intangible assets and other long-term assets | (220,986,001.61) | (175,056,325.63) |
| Losses/(Gains) arising from changes in fair value | 7,346,053.56 | 20,232,463.28 |
| Financial expenses | 57,433,400.52 | 46,036,270.24 |
| Investment (losses)/income | 18,743,539.42 | (25,435,813.24) |
| (Increase)/Decrease in deferred tax assets | (6,391,960.03) | 6,697,914.85 |
| (Decrease)/Increase in deferred tax liabilities | (13,952,709.70) | 3,358,449.93 |
| Increase in inventories | (613,981,772.62) | (1,174,999,248.18) |
| (Increase)/Decrease in operating receivables | (129,221,208.79) | 200,569,683.46 |
| Increase/(Decrease) in operating payables | 322,859,233.74 | (298,543,470.39) |
| Net cash flows from operating activities | <u>1,153,907,516.02</u> | <u>174,428,262.61</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(57) Supplementary information to the cash flow statement (Continued)

(a) Supplementary information to the cash flow statement (Continued)

Significant operating, investing and financing activities that do not involve cash receipts and payments

| | 2022 | 2021 |
|---|---------------------------|--------------------|
| Right-of-use assets increased in the current year | 52,415,996.57 | 78,891,910.70 |
| Dividends transferred to paid-in capital from non-controlling interests | – | 38,391,065.47 |
| Capital injections by physical assets from non-controlling interests | – | 32,000,000.00 |
| Changes in cash and cash equivalents | | |
| | 2022 | 2021 |
| Cash and cash equivalents at the end of the year | 4,682,817,168.35 | 4,694,703,333.58 |
| Less: Cash equivalents at the beginning of the year | (4,694,703,333.58) | (4,269,375,822.30) |
| Net (decrease)/increase in cash and cash equivalents | (11,886,165.23) | 425,327,511.28 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(57) Supplementary information to the cash flow statement (Continued)

(b) Acquisition of a subsidiary

| | 2022 | 2021 |
|---|------|-----------------|
| Cash and cash equivalents paid in the current year for business combinations incurred in the current year | – | 49,251,184.00 |
| Less: Cash and cash equivalents held by the subsidiary at the acquisition date | – | (48,590,370.28) |
| Net cash paid to acquire the subsidiary | – | 660,813.72 |

(c) Cash and cash equivalents

| | 31 December 2022 | 31 December 2021 |
|--|------------------|------------------|
| Cash | | |
| Including: Cash on hand | 394,404.68 | 397,471.87 |
| Cash at bank and Finance Company that can be readily drawn on demand | 4,682,422,763.67 | 4,694,305,861.71 |
| Cash and cash equivalents at the end of the year | 4,682,817,168.35 | 4,694,703,333.58 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(58) Monetary items dominated in foreign currencies

| | 31 December 2022 | | |
|----------------------------|------------------------|------------------|-------------------------|
| | Functional currency | Exchange rate | Amount in RMB |
| Cash at bank and on hand – | | | |
| USD | 123,198,281.67 | 6.9646 | 858,026,752.52 |
| EUR | 7,740,470.92 | 7.4229 | 57,456,741.57 |
| HKD | 16,640,081.72 | 0.8933 | 14,864,585.00 |
| AUD | 3,921,594.27 | 4.7138 | 18,485,611.08 |
| JPY | 260,001.91 | 0.0524 | 13,613.18 |
| GBP | 21,426,360.93 | 8.3941 | 179,855,016.29 |
| THB | 54,921,152.09 | 0.2014 | 11,061,120.03 |
| Others | | | <u>29,723,175.37</u> |
| | | | <u>1,169,486,615.04</u> |
| Accounts receivables – | | | |
| USD | 208,426,048.66 | 6.9646 | 1,451,604,058.52 |
| EUR | 3,772,451.02 | 7.4229 | 28,002,526.68 |
| HKD | 335,188.74 | 0.8933 | 299,424.10 |
| AUD | 3,078,487.45 | 4.7138 | 14,511,374.15 |
| JPY | 13,360,800.07 | 0.0524 | 699,544.77 |
| GBP | 35,287,817.21 | 8.3941 | 296,209,466.48 |
| THB | 3,364,233.17 | 0.2014 | 677,556.56 |
| Others | | | <u>53,014,807.29</u> |
| | | | <u>1,845,018,758.55</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(58) Monetary items dominated in foreign currencies (Continued)

| | 31 December 2022 | | Amount in RMB |
|-------------------------|---------------------|---------------|-------------------------|
| | Functional currency | Exchange rate | |
| Other receivables – | | | |
| USD | 2,131,977.94 | 6.9646 | 14,848,373.57 |
| EUR | 1,228,428.83 | 7.4229 | 9,118,504.38 |
| HKD | 3,825,696.55 | 0.8933 | 3,417,494.73 |
| AUD | 378,421.58 | 4.7138 | 1,783,803.65 |
| THB | 225,357,889.28 | 0.2014 | 45,387,078.90 |
| Others | | | 2,495,188.70 |
| | | | <u>77,050,443.93</u> |
| Long-term receivables – | | | |
| AUD | 97,388.00 | 4.7138 | <u>459,067.55</u> |
| Short-term borrowings – | | | |
| USD | 17,145,941.69 | 6.9646 | 119,414,625.49 |
| EUR | 2,650,000.00 | 7.4229 | 19,670,685.00 |
| GBP | 11,107,098.00 | 8.3941 | 93,234,091.32 |
| THB | 561,346,449.45 | 0.2014 | <u>113,055,174.92</u> |
| | | | <u>345,374,576.73</u> |
| Accounts payables – | | | |
| USD | 115,871,062.29 | 6.9646 | 806,995,600.43 |
| EUR | 9,669,249.98 | 7.4229 | 71,773,875.66 |
| HKD | 446,522.13 | 0.8933 | 398,878.22 |
| AUD | 2,840,912.28 | 4.7138 | 13,391,492.31 |
| GBP | 51,071,122.24 | 8.3941 | 428,696,107.19 |
| THB | 292,178,660.63 | 0.2014 | 58,844,782.25 |
| Others | | | <u>22,751,546.32</u> |
| | | | <u>1,402,852,282.38</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(58) Monetary items dominated in foreign currencies (Continued)

| | 31 December 2022 | | |
|------------------|------------------------|------------------|-----------------------|
| | Functional currency | Exchange rate | Amount in RMB |
| Other payables – | | | |
| USD | 18,021,791.35 | 6.9646 | 125,514,568.07 |
| EUR | 3,430,176.89 | 7.4229 | 25,461,860.04 |
| HKD | 34,336,563.08 | 0.8933 | 30,672,851.80 |
| AUD | 767,019.25 | 4.7138 | 3,615,575.33 |
| GBP | 3,265,486.80 | 8.3941 | 27,410,822.74 |
| THB | 35,469,281.53 | 0.2014 | 7,143,513.30 |
| Others | | | 12,845,732.65 |
| | | | <u>232,664,923.93</u> |

| | 31 December 2022 | | |
|---|----------------------------------|------------------|-----------------------|
| | Amount in foreign currency | Exchange rate | Amount in RMB |
| Current portion of non-current liabilities - | | | |
| USD | 795,028.10 | 6.9646 | 5,537,052.68 |
| CAD | 1,027,978.69 | 5.1385 | 5,282,268.50 |
| AUD | 1,561,567.89 | 4.7138 | 7,360,918.73 |
| GBP | 855,330.21 | 8.3941 | 7,179,727.29 |
| | | | <u>25,359,967.20</u> |
| Lease liabilities | | | |
| USD | 1,388,408.84 | 6.9646 | 9,669,712.18 |
| CAD | 7,665,389.81 | 5.1385 | 39,388,605.54 |
| AUD | 11,559,345.87 | 4.7138 | 54,488,444.54 |
| GBP | 8,536,430.80 | 8.3941 | 71,655,653.81 |
| | | | <u>175,202,416.07</u> |

Foreign currencies in which the above monetary items are denominated refer to all currencies other than RMB (the scope of which is different from the foreign currency items in Note 13(1)(a)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

5 CHANGES IN THE CONSOLIDATION SCOPE

- (a) New subsidiaries, Ordors Shengji Logistics Technology Ltd. and Zhumadian Vanguard Logistics Ltd. were established in July 2022.
- (b) In July 2022, the Group completed an intra-group merger by absorption of subsidiaries. Liaoning CIMC Vehicle Logistics Equipment Co., Ltd., a wholly-owned subsidiary of the Company, was absorbed and merged by Guangzhou CIMC Vehicle Sales Services Co., Ltd., another wholly-owned subsidiary of the Company. All the assets, debts and other rights and obligations of Liaoning CIMC Vehicle Logistics Equipment Co., Ltd. were inherited by Guangzhou CIMC Vehicle Sales Services Co., Ltd. in accordance with the law.
- (c) In May 2022, the Group completed an intra-group merger by absorption of subsidiaries. Qingdao CIMC Eco-Equipment Co., Ltd. and Qingdao CIMC Smart Logistics Equipment Co., Ltd., wholly-owned subsidiaries of the Company, were absorbed and merged by Qingdao CIMC Special Vehicle Co., Ltd., another wholly-owned subsidiary of the Company. All the assets, debts and other rights and obligations of the two aforesaid absorbed subsidiaries were inherited by Qingdao CIMC Special Vehicle Co., Ltd.
- (d) In March 2022, Xiamen CIMC Vehicle Logistics Equipment Co., Ltd., a wholly-owned subsidiary of the Group, completed the cancellation of registration.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

6 INTERESTS IN OTHER ENTITIES

(1) Interests in subsidiaries

(a) Constitution of the Group

| Subsidiaries | Type of entity | Place of registration | Major business location | Nature of business | Registered capital | Shareholding (%) | | Acquisition method |
|--|----------------|-----------------------|-------------------------|---|--------------------|------------------|----------|--------------------|
| | | | | | | Direct | Indirect | |
| Shenzhen CIMC Vehicle Marketing Co., Ltd. (renamed as "Benjiu Tengyue semitrailer Parts (Shenzhen) Co., Ltd.") | Legal entity | Guangdong, the PRC | Guangdong, the PRC | Sales of semitrailers, vans and other specialty vehicles and modified vehicles built by CIMC Group and its subsidiaries; sales of chassis, tractors and related spare parts | RMB16.5 million | 100% | - | By establishment |
| Shenzhen CIMC Vehicle Co., Ltd. | Legal entity | Guangdong, the PRC | Guangdong, the PRC | Development, manufacturing and sales of specialty vehicles, modified vehicles, semitrailers and parts, and after-sales services | RMB150 million | 75% | 25% | By establishment |
| Gansu CIMC Huajun Vehicles Co., Ltd. (Renamed Gansu CIMC Vehicles Co., Ltd.) | Legal entity | Gansu, the PRC | Gansu, the PRC | Refitting of specialty vehicle, trailer and fittings, production of auto parts; sales of raw materials relating to car, motorcycle and metals and chemicals | RMB25 million | - | 100% | By establishment |
| Qingdao CIMC Special Vehicle Co., Ltd. | Legal entity | Shandong, the PRC | Shandong, PRC | Development, production and sales of kinds of specialty vehicles, semitrailer and relevant parts; relevant consultation and after-sales services | RMB20.081 million | 59.18% | 40.82% | By establishment |
| CIMC Vehicles (Liaoning) Co., Ltd. | Legal entity | Liaoning, the PRC | Liaoning, the PRC | Development and production of kinds of semitrailer, specialty vehicles and relevant parts, and providing relevant technical services | RMB30 million | 75% | 25% | By establishment |
| CIMC-Shac (Xi'an) Special Vehicles Co., Ltd. | Legal entity | Shaanxi, the PRC | Shaanxi, the PRC | Development and production of kinds of semitrailer, specialty vehicles and relevant parts, and providing relevant technical services | RMB88 million | 60.80% | 14.20% | By establishment |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

| Subsidiaries | Type of entity | Place of registration | Major business location | Nature of business | Registered capital | Shareholding (%) | | Acquisition method |
|--|----------------|-----------------------|-------------------------|---|--------------------|------------------|----------|--------------------|
| | | | | | | Direct | Indirect | |
| Guangzhou CIMC Vehicle Logistics Equipment Co., Ltd. | Legal entity | Guangdong, the PRC | Guangdong, the PRC | Wholesale and retail of vehicles, auto parts, metal materials, hardware and electrical equipment, and electromechanical equipment; maintenance of mechanical equipment | RMB15 million | 100% | - | By establishment |
| Shanghai CIMC Vehicle Logistics Equipment Co., Ltd. | Legal entity | Shanghai, the PRC | Shanghai, the PRC | Development; construction operation, leasing, sales, property management and relevant services of storage and supporting facilities | RMB90,204,082 | 40% | 60% | By acquisition |
| Shanghai CIMC Baojian Vehicle Comprehensive Inspection Co., Ltd. | Legal entity | Shanghai, the PRC | Shanghai, the PRC | Inspection of integrated performance for motor vehicles; storage of vehicles | RMB3.3 million | - | 79.23% | By establishment |
| CIMC Vehicle (Jiangmen) Co., Ltd. | Legal entity | Guangdong, the PRC | Guangdong, the PRC | Development; production and sales of auto parts (excluding engines), containers, folding boxes, tank containers, products of composite materials, tank trucks and automotive trailers, and provision of related after-sales services; sales of automobile (excluding those subject to management of automobile brand marketing) | RMB144,215,315 | 75% | - | By establishment |
| Hubei CIMC Vehicle Sales Service Co., Ltd. | Legal entity | Hubei, the PRC | Hubei, the PRC | Sales of cars and relevant services; sales of auto parts, metal materials, hardware and electronic equipment, mechanical equipment and chemical products; storage services | RMB0.5 million | 100% | - | By establishment |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

| Subsidiaries | Type of entity | Place of registration | Major business location | Nature of business | Registered capital | Shareholding (%) | | Acquisition method |
|---|----------------|-----------------------|-------------------------|--|--------------------|------------------|----------|--------------------|
| | | | | | | Direct | Indirect | |
| Xinjiang CIMC Vehicle Logistics Equipment Co., Ltd. | Legal entity | Xinjiang, the PRC | Xinjiang, the PRC | Sales of hardware and electrical equipment; electromechanical equipment and chemical products; maintenance of mechanical equipment; storage of logistic equipment; leasing and retreading of tires | RMB0.5 million | 100% | - | By establishment |
| CIMC Vehicle (Group) Xinjiang Co., Ltd. | Legal entity | Xinjiang, the PRC | Xinjiang, the PRC | Production and sales of mechanical equipment and development of relevant technology | RMB80 million | 100% | - | By establishment |
| Sichuan CIMC Vehicle Logistics Equipment Co., Ltd. | Legal entity | Sichuan, the PRC | Sichuan, the PRC | Sales of vehicles, wholesale and retail of goods, leasing and storage | RMB5 million | 100% | - | By establishment |
| Chongqing CIMC Vehicle Sales Service Co., Ltd. | Legal entity | Chongqing, the PRC | Chongqing, the PRC | Sales of vehicles, auto parts, metal materials, hardware and electrical equipment, and electromechanical equipment; maintenance of mechanical equipment; storage services; import and export of goods | RMB0.5 million | - | 71.47% | By establishment |
| Nanning CIMC Vehicle Logistics Equipment Co., Ltd. | Legal entity | Guangxi, the PRC | Guangxi, the PRC | Sales of specialty vehicles and semitrailers; purchasing and selling agency of auto parts, metal materials, hardware and electrical equipment and electromechanical equipment; maintenance of mechanical equipment | RMB0.5 million | 100% | - | By establishment |
| Qingdao CIMC Reefer Trailer Co., Ltd. | Legal entity | Shandong, the PRC | Shandong, the PRC | Manufacturing and sales of kinds of transportation equipment such as refrigerating and insulating equipment, and providing relevant technical services and maintenance | USD29,404,963 | 62.25% | 37.75% | By establishment |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

| Subsidiaries | Type of entity | Place of registration | Major business location | Nature of business | Registered capital | Shareholding (%) | | Acquisition method |
|---|----------------|-----------------------|-------------------------|---|--------------------|------------------|----------|--------------------|
| | | | | | | Direct | Indirect | |
| Yangzhou CIMC Tonghua Special Vehicles Co., Ltd. | Legal entity | Jiangsu, the PRC | Jiangsu, the PRC | Development, manufacturing and sales of specialty vehicles, modified vehicles, semitrailers and parts, and after-sales services | RMB434,300,750 | 100% | - | By acquisition |
| CIMC Vehicles (Shandong) Co., Ltd. | Legal entity | Shandong, the PRC | Shandong, the PRC | Development and manufacturing of refrigerator trucks, tank trucks, semitrailers, van vehicles, specialty vehicles and other kinds of serials products, and rendering of technical services | USD18,930,100 | 44% | 43.01% | By acquisition |
| Zhumadian CIMC Huajun Vehicle Co., Ltd. | Legal entity | Henan, the PRC | Henan, the PRC | Refitting of specialty vehicle, trailer and fittings, production of auto parts, sales of various automotive related products and logistics | RMB205.34 million | 74.50% | 25.50% | By acquisition |
| Shanghai CIMC Vehicle Sales Services Co., Ltd. | Legal entity | Shanghai, the PRC | Shanghai, the PRC | Wholesale and retail of auto parts; sales of vehicles (sedan car excluded); processing, assembly and maintenance of vans, etc. | RMB5 million | - | 100% | By establishment |
| Shanghai CIMC Automobile Examination and Repair Co., Ltd. | Legal entity | Shanghai, the PRC | Shanghai, the PRC | Test and repair of vehicles; commission on buying and selling of auto parts, decoration materials, marine parts, hardware and electrical equipment, rubber and plastic products, electric wire and cables | RMB1.13 million | - | 100% | By establishment |
| Luoyang CIMC Lingyu Automobile Co., Ltd. | Legal entity | Henan, the PRC | Henan, the PRC | Production and sales of passenger transport vehicles, tank transport vehicles; processing of machines; import and export business | RMB122,745,705.94 | 71.47% | - | By establishment |
| Wuhu CIMC Ruijiang Automobile Co., Ltd. | Legal entity | Anhui, the PRC | Anhui, the PRC | Development, production and sales of various specialty vehicles, ordinary mechanical products and metal structure parts, and relevant consulting and after-sales services | RMB348,177,160.79 | 72.26% | - | By establishment |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

| Subsidiaries | Type of entity | Place of registration | Major business location | Nature of business | Registered capital | Shareholding (%) | | Acquisition method |
|---|----------------|-----------------------|-------------------------|--|--------------------|------------------|----------|--------------------|
| | | | | | | Direct | Indirect | |
| Liangshan CIMC Dongyue Vehicles Co., Ltd. | Legal entity | Shandong, the PRC | Shandong, the PRC | Production and sales of trailers, specialty vehicles and relevant parts | RMB90 million | 70.10% | - | By establishment |
| Shenzhen CIMC Vehicle Marketing Service Co., Ltd. | Legal entity | Guangdong, the PRC | Guangdong, the PRC | Sales of kinds of specialty vehicles, engineering machinery and automotive chassis parts | RMB15 million | 100% | - | By establishment |
| Shanghai CIMC Special Vehicles Co., Ltd. | Legal entity | Shanghai, the PRC | Shanghai, the PRC | Development and production of van semitrailers and van vehicles | RMB10 million | 75% | 25% | By establishment |
| Shaanxi CIMC Vehicle Sales Service Co., Ltd. | Legal entity | Shaanxi, the PRC | Shaanxi, the PRC | Sales of vehicles and auto parts | RMB5 million | 100% | - | By establishment |
| CIMC Jidong (Qinhuangdao) Vehicle Manufacture Co., Ltd. | Legal entity | Hebei, the PRC | Hebei, the PRC | Sales of vehicles and auto parts | RMB70 million | 50% | 25% | By establishment |
| Zhumadian CIMC Huajun Automobile Trading Co., Ltd. | Legal entity | Henan, the PRC | Henan, the PRC | Sales of brand vehicles (operating with letter of authorization); sales of trailers, farm vehicles and relevant parts; automobile decoration; operation of FAW car; repair of vehicles | RMB10 million | 100% | - | By acquisition |
| Zhumadian CIMC Huajun Casting Co., Ltd. | Legal entity | Henan, the PRC | Henan, the PRC | Production, processing, sales and R&D of casting parts; R&D, manufacturing and sales of auto parts and mechanical parts | RMB297,762,000 | 68.30% | 31.70% | By establishment |
| Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd. | Legal entity | Shandong, the PRC | Shandong, the PRC | Production and sales of trailers, specialty vehicles and relevant parts | RMB66 million | - | 73.78% | By acquisition |

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FOR THE YEAR ENDED DECEMBER 31, 2022

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

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

| Subsidiaries | Type of entity | Place of registration | Major business location | Nature of business | Registered capital | Shareholding (%) | | Acquisition method |
|---|----------------|-----------------------|-------------------------|---|--------------------|------------------|----------|--------------------|
| | | | | | | Direct | Indirect | |
| Dongguan CIMC Special Vehicle Co., Ltd. | Legal entity | Guangdong, the PRC | Guangdong, the PRC | Development, production and sales of all kinds of high-tech and high-performance specialty vehicles, refitted vehicles, special semitrailer series (the production of above products is subject to the announcement of relevant national authorities) and their spare parts, new mechanical equipment for road and port, containers, folding boxes, special containers, general mechanical products and metal structures; technical after-sales services; import and export of goods and technologies | RMB380,268,600 | 100.00% | - | By establishment |
| Jiangsu Baojing Auto Parts Co., Ltd. | Legal entity | Jiangsu, the PRC | Jiangsu, the PRC | Design and production of automotive axle tubes and other components, technical services; self-operation and agency of import and export of various goods and technologies (excluding the goods and technologies of which the operation is restricted or the import and export is forbidden by government) (The business that is subject to the approval of relevant authorities are only allowed to be carried out after the approval has been obtained.) | RMB50 million | 72.00% | 28.00% | By acquisition |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

| Subsidiaries | Type of entity | Place of registration | Major business location | Nature of business | Registered capital | Shareholding (%) | | Acquisition method |
|---|----------------|-----------------------|-------------------------|--|--------------------|------------------|----------|--------------------|
| | | | | | | Direct | Indirect | |
| China Jiangsu Vanguard Trailer Rental Co., Ltd. | Legal entity | Jiangsu, the PRC | Jiangsu, the PRC | Leasing of vehicles, machinery equipment; repair and maintenance of leased equipment and facilities, etc. | RMB260 million | 32.69% | 19.23% | By establishment |
| Shenzhen Shengji Logistics and Transportation Co., Ltd. | Legal entity | Guangdong, the PRC | Guangdong, the PRC | International and domestic freight forwarding agency, leasing of vehicles | RMB20 million | - | 51.92% | By establishment |
| Wuhan Shengji Logistics and Transportation Co., Ltd. | Legal entity | Hubei, the PRC | Hubei, the PRC | General freight; leasing of containers and automobiles | RMB6 million | - | 51.92% | By establishment |
| Shanghai Rongji Logistics Co., Ltd. | Legal entity | Shanghai, the PRC | Shanghai, the PRC | Land transport of freights; vehicle leasing and storage services | RMB6 million | - | 51.92% | By establishment |
| Guangzhou CIMC Vehicle Sales Services Co., Ltd. | Legal entity | Guangdong, the PRC | Guangdong, the PRC | Sales of vehicles, auto parts and components, wholesale and retail of products; information and trade consulting services; import and export of technologies and trade agency | RMB30,010,000 | 100.00% | - | By establishment |
| Guangzhou CIMC Vehicle Drop and Pull Leasing Co., Ltd. | Legal entity | Guangdong, the PRC | Guangdong, the PRC | Operation of roads and parking lots; leasing of vehicles, containers and machinery equipment; wholesale and retail of auto parts; commodity information technology consulting service, freight transport, etc. | RMB5 million | - | 51.92% | By establishment |
| Zhumadian CIMC Wanjia Axle Co., Ltd. | Legal entity | Henan, the PRC | Henan, the PRC | Design, production, sales and technical service of vehicle axles and other auto parts | RMB20 million | 100.00% | - | By establishment |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

| Subsidiaries | Type of entity | Place of registration | Major business location | Nature of business | Registered capital | Shareholding (%) | | Acquisition method |
|--|----------------|-----------------------|-------------------------|---|--------------------|------------------|----------|--------------------|
| | | | | | | Direct | Indirect | |
| CIMC Taizijie Vehicle Body Manufacturing (Jiangmen) Co., Ltd. | Legal entity | Guangdong, the PRC | Guangdong, the PRC | Production, R&D, sales of new intelligent logistics machinery and equipment, specialty vehicles, semitrailers, modified vehicles, auto parts, special machinery and equipment for roads and ports, mechanical products and metal structures; after-sales service, and technical consulting services | RMB559.88 million | 100.00% | - | By establishment |
| CIMC Zhenjiang Technology Transport Equipment Co., Ltd. (renamed "CIMC Taizijie Vehicle Body Manufacturing (Zhenjiang) Co., Ltd.") | Legal entity | Jiangsu, the PRC | Jiangsu, the PRC | Development, production and sales of kinds of specialty vehicles, semitrailer and relevant parts; relevant consultation and after-sales services | RMB130 million | 76.92% | 23.08% | By establishment |
| Wuhu CIMC Ruijiang Automobile Marketing Service Co., Ltd. | Legal entity | Anhui, the PRC | Anhui, the PRC | Sales, sales agency and after-sales services of a variety of heavy trucks, specialty vehicles, engineering equipment, automobile chassis, engines and components; sales of second-hand car; R&D, transfer, services and consulting of technology | RMB5 million | - | 72.26% | By establishment |
| Zhenjiang Shenxing Taobao Technology Co., Ltd. | Legal entity | Jiangsu, the PRC | Jiangsu, the PRC | Production, processing and sales of security products, electronic products, and semitrailer parts | RMB10 million | 31.00% | 20.00% | By acquisition |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

| Subsidiaries | Type of entity | Place of registration | Major business location | Nature of business | Registered capital | Shareholding (%) | | Acquisition method |
|--|----------------|-----------------------|-------------------------|--|--------------------|------------------|----------|--------------------|
| | | | | | | Direct | Indirect | |
| Zhenjiang Vanguard Trailer Logistics Technology Co., Ltd. | Legal entity | Jiangsu, the PRC | Jiangsu, the PRC | Mechanical equipment leasing; vehicle leasing; repair and maintenance of motor vehicles; technical services, technology development, technical consultation, technical exchange, technology transfer, technology promotion; information system integration services. | RMB20 million | - | 51.92% | By establishment |
| Kunming CIMC Vehicle Industrial Park Development Co., Ltd. | Legal entity | Yunnan, the PRC | Yunnan, the PRC | Project investment and management by using enterprise's own funds; warehousing services; property management; sales of automobiles, auto parts, metal materials, hardware and electrical equipment, mechanical and electrical equipment and chemical products; maintenance of machinery and equipment; leasing of sites, houses and tires; import and export of goods and technologies; leasing of billboards. | RMB70 million | 100.00% | - | By establishment |
| Yingkou Xinsheng vehicles Manufacturing Co., Ltd. | Legal entity | Liaoning, the PRC | Liaoning, the PRC | Development and production of various semi-trailers, specialty vehicles and their parts, and relevant technical services | RMB30 million | 75.00% | 25.00% | By establishment |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

| Subsidiaries | Type of entity | Place of registration | Major business location | Nature of business | Registered capital | Shareholding (%) | | Acquisition method |
|--|----------------|-----------------------|-------------------------|---|--------------------|------------------|----------|--------------------|
| | | | | | | Direct | Indirect | |
| CIMC Vehicles (Shanxi) Automobile Co., Ltd. | Legal entity | Shaanxi, the PRC | Shaanxi, the PRC | Manufacturing of auto parts and accessories, R&D of auto parts, sales of new vehicles, repair and maintenance of motor vehicles, modification services of motor vehicles, information consulting services, sales of metal material, leasing of land use rights, leasing of houses, production of road motor vehicle, import and export of goods | RMB120 million | 60.00% | - | By establishment |
| Xentria | Legal entity | Guangdong, the PRC | Guangdong, the PRC | R&D, manufacture and sales of environmentally-friendly composite materials, metal matrix composite materials, metal layered composite materials, surface-treated aluminium (steel) coils, building materials and solar energy materials and other composite materials and relevant products, and technical services and maintenance of the above products; manufacture and sales of vehicle body parts. | RMB66,977,737.77 | 20.00% | 75.00% | By acquisition |
| Yangzhou Vanguard Trailer Logistics Technology Co., Ltd. | Legal entity | Jiangsu, the PRC | Jiangsu, the PRC | Land freight transportation; leasing of machinery equipment and vehicles; domestic freight agency; technical services; warehousing services, etc. | RMB6 million | - | 51.92% | By establishment |
| Shenzhen Vanguard Trailer Logistics Technology Co., Ltd. | Legal entity | Guangdong, the PRC | Guangdong, the PRC | Leasing of machinery equipment, vehicles and containers; wholesale and retail of auto parts; technology consulting services, etc. | RMB6 million | - | 51.92% | By establishment |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

| Subsidiaries | Type of entity | Place of registration | Major business location | Nature of business | Registered capital | Shareholding (%) | | Acquisition method |
|--|----------------|-----------------------|-------------------------|--|---------------------|------------------|----------|--------------------|
| | | | | | | Direct | Indirect | |
| CIMC Australia Road Transport Equipment Pty Ltd. | Legal entity | Australia | Australia | Investment holding | AUD 8.3 million | - | 100% | By establishment |
| General Transport Equipment Pty Ltd. | Legal entity | Australia | Australia | Manufacturing and services of land transport vehicles | AUD 24 | - | 100% | By establishment |
| Charm Beat Enterprises Limited | Legal entity | BVI | BVI | Holdings investment | USD1 | - | 100% | By establishment |
| CIMC Vehicle Europe GmbH | Legal entity | Germany | Germany | Manufacturing and services of land transport vehicles | EUR 1 million | - | 100% | By establishment |
| Growth Fortune (Pty) Ltd. | Legal entity | South Africa | South Africa | Manufacturing and services of land transport vehicles | ZAR 5,175 | - | 100% | By establishment |
| CIMC Vehicle (Thailand) Co., Ltd. | Legal entity | Thailand | Thailand | Manufacturing and services of land transport vehicles | THB 1221.22 million | - | 100% | By establishment |
| CIMC Trailer RUS LLC | Legal entity | Russia | Russia | Sales and services of land transport vehicles | RUB 60 million | - | 100% | By establishment |
| CIMC Vehicles UK Limited | Legal entity | UK | UK | Investment holding | GBP 100 | - | 100% | By establishment |
| SDC Trailers Limited | Legal entity | UK | UK | Manufacturing, sales and services of land transport vehicles | GBP 146,292 | - | 100% | By acquisition |
| Retlan Manufacturing Limited | Legal entity | UK | UK | Manufacturing, sales and services of land transport vehicles | GBP 692,041 | - | 100% | By acquisition |
| MDF Engineering Ltd. | Legal entity | UK | UK | Manufacturing, sales and services of land transport vehicles | GBP 1 | - | 100% | By acquisition |
| CIMC USA INC | Legal entity | USA | USA | Investment holding | USD10 | - | 100% | By establishment |
| Vanguard National Trailer Corporation | Legal entity | USA | USA | Manufacturing and services of land transport vehicles | USD10 | - | 100% | By acquisition |
| RRE Company LLC | Legal entity | USA | USA | Manufacturing and services of land transport vehicles | USD1 | - | 100% | By establishment |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

| Subsidiaries | Type of entity | Place of registration | Major business location | Nature of business | Registered capital | Shareholding (%) | | Acquisition method |
|---|----------------|-----------------------|-------------------------|---|--------------------|------------------|----------|--------------------|
| | | | | | | Direct | Indirect | |
| CIMC Reefer Trailer Inc. | Legal entity | USA | USA | Manufacturing and services of land transport vehicles | USD10 | - | 100% | By establishment |
| CIMC Intermodal Equipment Co., Ltd. (former name "Direct Chassis, LLC") | Legal entity | USA | USA | Manufacturing and services of land transport vehicles | USD10 million | - | 100% | By acquisition |
| CIMC Vehicle Australia Pty Ltd. | Legal entity | Australia | Australia | Manufacturing and services of land transport vehicles | AUD 0.1 million | - | 100% | By establishment |
| Marshall Lethlean Industries Pty Ltd. | Legal entity | Australia | Australia | Manufacturing and services of land transport vehicles | AUD 3.1 million | - | 100% | By establishment |
| CIMC Holdings Australia Pty Ltd. | Legal entity | Australia | Australia | Investment holding | AUD 14,714,000 | - | 100% | By establishment |
| CIMC Vehicle Europe Coöperatief U.A. | Legal entity | Netherlands | Netherlands | Investment holding | USD50,000 | - | 100% | By establishment |
| Burg Carrosserie B.V. | Legal entity | Netherlands | Netherlands | Investment holding | NLG 0.2 million | - | 100% | By acquisition |
| Exploitiemaatschappij Intraproges B.V. | Legal entity | Netherlands | Netherlands | Investment holding | NLG 175,000 | - | 100% | By acquisition |
| Lag Trailers NV Bree | Legal entity | Belgium | Belgium | Manufacturing and services of land transport vehicles | EUR 3,245,000 | - | 100% | By acquisition |
| Immoburg NV Bree | Legal entity | Belgium | Belgium | Manufacturing and services of land transport vehicles | EUR 247,752 | - | 100% | By acquisition |
| LAG Service Polska Sp.z.o.o. | Legal entity | Poland | Poland | Manufacturing and services of land transport vehicles | PLN 50,000 | - | 100% | By acquisition |
| LAG Polska Sp.z.o.o. | Legal entity | Poland | Poland | Manufacturing and services of land transport vehicles | PLN 51,800 | - | 100% | By acquisition |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

| Subsidiaries | Type of entity | Place of registration | Major business location | Nature of business | Registered capital | Shareholding (%) | | Acquisition method |
|---------------------------------------|----------------|-----------------------|-------------------------|--|--------------------|------------------|----------|--------------------|
| | | | | | | Direct | Indirect | |
| LAG Immopolaska Sp.z.o.o. | Legal entity | Poland | Poland | Manufacturing and services of land transport vehicles | PLN 5,000 | – | 100% | By acquisition |
| Burg trailer Service BV | Legal entity | Netherlands | Netherlands | Manufacturing and services of land transport vehicles | EUR 18,000 | – | 100% | By acquisition |
| CIMC Vehicles (Malaysia) SDN BHD | Legal entity | Malaysia | Malaysia | Sales and services of land transport vehicles | MYR 3,575,692 | – | 100% | By establishment |
| CIMC Trailer Poland sp. z o.o. | Legal entity | Poland | Poland | Manufacturing and services of land transport vehicles | EUR 8.8 million | – | 100% | By establishment |
| CIMC Vehicles South Africa (Pty) Ltd. | Legal entity | South Africa | South Africa | Manufacturing, sales and services of land transport vehicles | ZAR 100 | – | 100% | By acquisition |
| CIMC Vehicle (Vietnam) Co., Ltd. | Legal entity | Vietnam | Vietnam | Sales and services of land transport vehicles | USD1 million | – | 100% | By establishment |
| Growth Fortune FZE | Legal entity | Djibouti | Djibouti | Manufacturing and services of land transport vehicles | USD8.69 million | – | 100% | By establishment |
| DJIBOUTI CIMC HUAJUN VEHICLE FZE | Legal entity | Djibouti | Djibouti | Assembly, manufacturing, accessories and services | USD9.25 million | – | 100% | By establishment |
| CIMC Intermodal Equipment UK Limited | Legal entity | UK | UK | Manufacturing and services of land transport vehicles | GBP 10,000 | – | 100% | By establishment |
| CIMC Refrigerated Trailer Co., Ltd. | Legal entity | Canada | Canada | Manufacturing and services of land transport vehicles | CAD 1,000 | – | 100% | By establishment |
| CIMC Intermodal Equipment NL B.V. | Legal entity | Netherlands | Netherlands | Manufacturing and services of land transport vehicles | EUR 1 | – | 100% | By establishment |

As at 31 December 2022, no subsidiaries of the Group issued debt securities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(b) Subsidiaries with significant non-controlling interests

| | Shareholding of minority shareholders | Total profit or loss attributable to minority shareholders for the year ended 31 December 2022 | Dividends distributed to minority shareholders for the year ended 31 December 2022 | Non-controlling interests as at 31 December 2022 ⁽ⁱ⁾ |
|---|---|---|---|---|
| Wuhu CIMC Ruijiang Automobile Co., Ltd. | 27.74% | 7,544,621.46 | 24,719,923.84 | 179,546,830.93 |
| Luoyang CIMC Lingyu Automobile Co., Ltd. | 28.53% | (2,085,689.54) | 14,347,801.40 | 75,727,739.27 |
| CIMC Vehicle (Jiangmen) Co., Ltd. ⁽ⁱ⁾ | 25.00% | 2,094,901.01 | 16,210,016.06 | 79,004,731.85 |

- (i) In November 2022, the minority shareholder of CIMC Vehicle (Jiangmen) Co., Ltd. increased its capital for a cash consideration of RMB4,818,900.00 and obtained a share of net assets attributable to the minority shareholder of RMB6,215,021.60 (Note 4(35)).

Major financial information of material non-wholly-owned subsidiaries of the Group is listed below:

| | 31 December 2022 | | | | | |
|--|------------------|--------------------|------------------|---------------------|-------------------------|-------------------|
| | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities |
| Wuhu CIMC Ruijiang Automobile Co., Ltd. | 755,225,522.13 | 380,933,963.39 | 1,136,159,485.52 | 476,502,754.69 | 12,407,881.04 | 488,910,635.73 |
| Luoyang CIMC Lingyu Automobile Co., Ltd. | 660,208,983.19 | 222,682,816.93 | 882,891,800.12 | 597,979,266.55 | 19,480,569.76 | 617,459,836.31 |
| CIMC Vehicle (Jiangmen) Co., Ltd. ⁽ⁱ⁾ | 410,026,160.92 | 194,903,834.42 | 604,929,995.34 | 271,486,290.22 | 17,424,777.73 | 288,911,067.95 |

| | 31 December 2021 | | | | | |
|--|------------------|--------------------|------------------|---------------------|-------------------------|-------------------|
| | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities |
| Wuhu CIMC Ruijiang Automobile Co., Ltd. | 1,007,313,016.73 | 420,389,193.41 | 1,427,702,210.14 | 649,956,673.58 | 68,581,393.41 | 718,538,066.99 |
| Luoyang CIMC Lingyu Automobile Co., Ltd. | 684,798,823.04 | 224,716,149.96 | 909,514,973.00 | 567,100,496.46 | 19,381,773.39 | 586,482,269.85 |
| CIMC Vehicle (Jiangmen) Co., Ltd. ⁽ⁱ⁾ | 541,728,343.65 | 196,574,906.14 | 738,303,249.79 | 336,084,085.56 | 30,989,667.00 | 367,073,752.56 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(b) Subsidiaries with significant non-controlling interests (Continued)

Major financial information of material non-wholly-owned subsidiaries of the Group is listed below (Continued):

| | 2022 | | | | 2021 | | | |
|--|------------------|----------------|----------------------------|--------------------------------------|------------------|----------------|----------------------------|--------------------------------------|
| | Revenue | Net profit | Total comprehensive income | Cash flows from operating activities | Revenue | Net profit | Total comprehensive income | Cash flows from operating activities |
| Wuhu CIMC Ruijiang Automobile Co., Ltd. | 1,327,218,604.89 | 27,197,626.04 | 27,197,626.04 | 60,916,389.29 | 2,973,542,614.42 | 129,460,669.14 | 129,460,669.14 | 125,522,662.16 |
| Luoyang CIMC Lingyu Automobile Co., Ltd. | 1,032,362,081.55 | (7,310,513.63) | (7,310,513.63) | 20,206,869.84 | 3,130,979,919.65 | 53,606,454.95 | 53,606,454.95 | 87,362,592.15 |
| CIMC Vehicle (Jiangmen) Co., Ltd.(i) | 300,419,916.84 | 8,379,604.04 | 8,379,604.04 | (46,879,995.66) | 1,104,459,898.19 | 84,155,714.95 | 84,155,714.95 | 83,633,972.85 |

(2) Investments in joint ventures and associates

As at 31 December 2022 and 31 December 2021, the Group had no significant joint ventures and associates.

(a) Summarised financial information for immaterial joint ventures and associates

| | 2022 | 2021 |
|--|-----------------------|----------------|
| Joint ventures: | | |
| Aggregated carrying amount of investments | 51,188,276.33 | 15,420,370.81 |
| Aggregate of the following items in proportion | | |
| Net losses(i) | (8,442,062.93) | (1,351,119.46) |
| Other comprehensive income (i) | (1,434,638.55) | — |
| Total comprehensive income | (9,876,701.48) | (1,351,119.46) |
| Associates: | | |
| Aggregated carrying amount of investments | 142,093,976.27 | 135,664,272.94 |
| Aggregate of the following items in proportion | | |
| Net profit (i) | 9,269,900.20 | 6,533,730.19 |
| Other comprehensive income (i) | — | — |
| Total comprehensive income | 9,269,900.20 | 6,533,730.19 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(2) Investments in joint ventures and associates *(Continued)*

(a) Summarised financial information for immaterial joint ventures and associates *(Continued)*

- (i) The net profit and other comprehensive income have taken into account the impacts of both the fair value of the identifiable assets and liabilities upon acquisition of investments in joint ventures and associates and the unification of accounting policies adopted by the joint ventures and the associates to those adopted by the Group.

(b) Excess loss incurred in joint ventures

| | Accumulated unrecognised losses at the beginning of the year | Unrecognised losses in the current year | Accumulated unrecognised losses at the end of the year |
|---|--|---|---|
| Excess loss incurred in joint ventures and associates | <u>(10,106,305.33)</u> | <u>(991,349.86)</u> | <u>(11,097,655.19)</u> |

7 SEGMENT INFORMATION

The main businesses of the Group include the production and sales of special purpose vehicles. The Group considers all these businesses as one single operating segment as they have the similar economic characteristics and are similar in respect of the nature of products, the types of customers, the methods for distributing the products or providing the services, as well as the influence by laws and administrative regulations. Therefore, the segment information was not presented in the financial statements.

The Group presents revenue from external customers and non-current assets (excluding financial assets, long-term equity investments, and deferred tax assets, similarly hereinafter) by regions: The revenue from external customers is categorised by locations of rendering of services and sales of goods. Non-current assets are categorised by locations of real objects (for fixed assets) or location of related business assigned (for intangible assets and goodwill).

| Revenue from external customers | 2022 | 2021 |
|---------------------------------|---------------------------------|---------------------------------|
| China | 8,335,182,315.08 | 18,637,757,934.76 |
| North America | 11,038,903,449.26 | 5,041,888,369.23 |
| Europe | 2,421,040,958.94 | 2,455,208,525.02 |
| Other regions | 1,825,485,692.08 | 1,512,907,672.45 |
| | <u>23,620,612,415.36</u> | <u>27,647,762,501.46</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

7 SEGMENT INFORMATION (Continued)

| Total non-current assets | 31 December 2022 | 31 December 2021 |
|--------------------------|-------------------------|-------------------------|
| China | 5,337,664,834.77 | 5,412,933,126.37 |
| North America | 657,052,243.40 | 603,104,866.53 |
| Europe | 823,394,663.03 | 869,231,941.19 |
| Other regions | 363,873,255.75 | 347,074,012.08 |
| | 7,181,984,996.95 | 7,232,343,946.17 |

During 2022 and 2021, the revenue derived from a single customer did not exceed 10% of the Group's revenue.

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(1) The parent company

(a) General information of the parent company

| | Place of registration | Nature of business |
|------------|-----------------------|--------------------|
| CIMC Group | Shenzhen, the PRC | Investment holding |

The Company's ultimate controlling party is CIMC Group, incorporated in Shenzhen, the PRC.

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

| | 31 December 2021 | Increase in the current year | Decrease in the current year | 31 December 2022 |
|------------|------------------|------------------------------|------------------------------|-------------------------|
| CIMC Group | 3,595,013,590.00 | 1,797,506,795.00 | – | 5,392,520,385.00 |

(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 Group | 56.09% | 56.09% | 55.48% | 55.48% |

(2) Subsidiaries

The general information and other related information of subsidiaries are set out in Note 6.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(3) Joint ventures and associates

The information of joint ventures and associates that have related party transactions with the Group are as follows:

| Name of the entity | Relationship with the Group |
|--|-----------------------------|
| Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. | Associates |
| Chengdu CIMC Industrial Park Investment and Development Co., Ltd. and its subsidiaries | Associates |
| CIMC Commercial Tires Inc. | Associates |
| Shenzhen Xinghuo Chelian Technology Co., Ltd. | Joint ventures |
| Jiangsu Wanjing Technology Co., Ltd. | Joint ventures |

(4) Other related parties

| Name of the entity | Relationship with the Group |
|--|---|
| CIMC HK | Controlled by the parent company of the Company |
| Yangzhou TongLee Reefer Container Co., Ltd. | Controlled by the parent company of the Company |
| CIMC Yiketong Parts Co., Ltd. | Controlled by the parent company of the Company |
| Taicang CIMC Reefer Logistics Equipment Co., Ltd. | Controlled by the parent company of the Company |
| Shenzhen CIMC Tongchuang Chemical Materials Technology Co., Ltd. (Former name “Shenzhen Zhongji Huijie Supply Chain Co., Ltd”) | Controlled by the parent company of the Company |
| Shenzhen CIMC Production City Development Group Co., Ltd. and its subsidiaries | Associate of the parent company |
| CIMC Capital Ltd. and its subsidiaries | It was controlled by the parent company of the Company, and has become an associate of the parent company since May 2022. |
| Shanghai CIMC Baowell Industries Co., Ltd. | Controlled by the parent company of the Company |
| Qingdao CIMC Chuangying Composite Material Technology Co., Ltd. | Controlled by the parent company of the Company |
| Qingdao Lida Chemical Co., Ltd. | Controlled by the parent company of the Company |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(4) Other related parties *(Continued)*

| Name of the entity | Relationship with the Group |
|--|---|
| Qianhai Ruiji Technology Co., Ltd. | Controlled by the parent company of the Company |
| NYK Zhenhua logistics (Tianjin) Co. Ltd. | Joint venture of the Company's parent company |
| CIMC Tongchuang Zhifu Protection Technology (Zhejiang) Co., Ltd. | Controlled by the parent company of the Company |
| Jiaxing CIMC New Material Technology Development Ltd.(Former name "Jiaxing CIMC Wood Co., Ltd.") | Controlled by the parent company of the Company |
| Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd. | Controlled by the parent company of the Company |
| Dalian CIMC Logistics Equipment Co., Ltd. | Controlled by the parent company of the Company |
| CIMC Finance Co., Ltd. | Controlled by the parent company of the Company |
| CIMC Enric Holdings Limited and its subsidiaries | Controlled by the parent company of the Company |
| CIMC Burg B.V. and its subsidiaries | Controlled by the parent company of the Company |
| C&C Trucks Co., Limited and its subsidiaries | Controlled by the parent company of the Company |
| CIMC Transportation Equipment (International) Holdings Limited | Controlled by the parent company of the Company |
| Shenzhen Jiamei Apartment Management Co., Ltd. | Controlled by the parent company of the Company |
| CIMC Transportation Technology Co., Ltd. | Controlled by the parent company of the Company |
| CIMC Cold Chain Development Institution Co., Ltd. | Controlled by the parent company of the Company |
| CIMC TSD Supply Chain Services Co., LTD. | Controlled by the parent company of the Company |
| CIMC-TianDa Holdings Company Limited and its subsidiaries | Controlled by the parent company of the Company |
| Guangdong CIMC building construction Co. Ltd. | Controlled by the parent company of the Company |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(4) Other related parties *(Continued)*

| Name of the entity | Relationship with the Group |
|---|---|
| Yangzhou Taili Special Equipment Co. Ltd. | Controlled by the parent company of the Company |
| Taicang Cimc Special Logistics Equipment Co.,Ltd. | Controlled by the parent company of the Company |
| Qingdao CIMC Container Manufacture Co. Ltd. | Controlled by the parent company of the Company |
| CIMC Cold Chain Development Co., Ltd. | Controlled by the parent company of the Company |
| CIMC Intermodal Equilink (Shanghai) Supply Chain Co., Ltd | Controlled by the parent company of the Company |
| Longyuan Port City | Minority shareholders of the Company |
| Shanghai Taifu | Minority shareholders of the Company |
| Oriental Post Logistics Technology (Jiangxi) Co. Ltd. | The company which the director of the Company serves |
| Shenzhen Chiwan Oriental Logistics Co., Ltd. | The company which the director of the Company serves |
| Hubei Chiwan Oriental Logistics Co., Ltd. | The company which the director of the Company serves |
| Shandong Linglong Tire Co., Ltd. | The company which the supervisor of the Company serves |
| Supercool (Shanghai) Refrigeration Equipment Co., Ltd. | The company which the vice president of the parent company serves |

(5) Related party transactions

(a) Pricing policy

The price of the related party transactions of the Group in the ordinary course of business is determined according to the terms negotiated between the Group and related parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(b) Purchase of goods

| | 2022 | 2021 |
|---|-------------------------|-----------------------|
| Shanghai CIMC Baowell Industries Co., Ltd. | 159,422,719.11 | 174,151,113.20 |
| C&C Trucks Co., Limited and its subsidiaries | 263,274.34 | 52,806,522.21 |
| Taicang CIMC Reefer Logistics Equipment Co., Ltd. | 9,772,876.53 | 3,254,867.26 |
| Jiangsu Wanjing Technology Co., Ltd. | 11,658,412.02 | 59,497,343.92 |
| Qingdao Lida Chemical Co., Ltd. | 17,651,690.35 | 21,418,016.17 |
| CIMC Enric Holdings Limited and its subsidiaries | 21,321,915.77 | 27,232,219.19 |
| Jiaxing CIMC New Material Technology Development Ltd. | 549,704.62 | 3,484,683.67 |
| Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd. | 11,420,812.30 | 5,909,858.76 |
| Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. | 247,367,766.37 | 146,473,428.24 |
| Oriental Post Logistics Technology (Jiangxi) Co. Ltd. | - | 14,696,442.52 |
| Dalian CIMC Logistics Equipment Co., Ltd. | 13,106,548.67 | 14,940,969.91 |
| CIMC Tongchuang Zhifu Protection Technology (Zhejiang) Co., Ltd. | 1,651,656.32 | 2,697,428.31 |
| Shenzhen Xinghuo Chelian Technology Co., Ltd. | - | 413,610.88 |
| Shenzhen CIMC Tongchuang Chemical Materials Technology Co., Ltd. | 1,155,146.00 | 10,251,562.76 |
| Qingdao CIMC Chuangying Composite Material Technology Co., Ltd. | 6,072,914.04 | 5,877,579.86 |
| CIMC Group | 63,499,304.80 | 42,338,810.64 |
| CIMC Cold Chain Development Institution Co., Ltd. | - | 57,394,159.29 |
| Shandong Linglong Tire Co., Ltd. | 197,969,839.33 | 8,980,208.66 |
| Supercool (Shanghai) Refrigeration Equipment Co., Ltd. | - | 1,955,840.71 |
| Taicang Cimc Special Logistics Equipment Co.,Ltd. | 169,293,644.34 | - |
| Qingdao CIMC Container Manufacture Co. Ltd. | 127,296,541.24 | - |
| Others | 33,462,258.95 | 52,018,256.42 |
| | 1,092,937,025.10 | 705,792,922.58 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(c) Purchase of services

| | 2022 | 2021 |
|--|-----------------------|-----------------------|
| Shenzhen Xinghuo Chelian Technology Co., Ltd. | 590,021.01 | 384,976.99 |
| CIMC Group | 6,746,724.57 | 2,493,014.46 |
| CIMC Enric Holdings Limited and its subsidiaries | 133,662.82 | 46,714.88 |
| CIMC TSD Supply Chain Services Co., LTD. | 385,791,778.44 | 79,430,737.89 |
| CIMC Transportation Technology Co., Ltd. | - | 14,748,135.50 |
| Qingdao CIMC Lengfang Technology Co., Ltd. | 2,929,902.75 | - |
| Others | 35,793,820.41 | 17,437,458.63 |
| | <u>431,985,910.00</u> | <u>114,541,038.35</u> |

(d) Sales of goods

| | 2022 | 2021 |
|--|-----------------------|-----------------------|
| CIMC Enric Holdings Limited and its subsidiaries | 164,135,362.57 | 255,451,277.03 |
| Jiangsu Wanjing Technology Co., Ltd. | - | 13,729,974.27 |
| CIMC Capital Ltd. and its subsidiaries | 1,588,495.64 | 6,204,389.12 |
| C&C Trucks Co., Limited and its subsidiaries | 5,752.21 | 14,031,114.29 |
| CIMC-TianDa Holdings Company Limited and its subsidiaries | - | 479,734.52 |
| Chengdu CIMC Industrial Park Investment and Development Co., Ltd. and its subsidiaries | - | 3,580,884.90 |
| CIMC Yiketong Parts Co., Ltd. | 3,660,796.46 | 4,824,690.26 |
| Oriental Post Logistics Technology (Jiangxi) Co. Ltd. | 3,138,884.98 | 33,145,045.18 |
| Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. | 2,772,869.84 | 17,644,292.89 |
| Yangzhou Taili Special Equipment Co. Ltd. | 172,566.37 | 2,109,090.27 |
| Guangdong CIMC building construction Co. Ltd. | 35,132,503.27 | 7,433,881.60 |
| Dalian CIMC Logistics Equipment Co., Ltd. | 18,053,097.30 | 20,995,486.73 |
| Yangzhou Tonglee Reefer Container Co.,Ltd. | 2,481,694.69 | - |
| CIMC Intermodal Equilink (Shanghai) Supply Chain Co., Ltd | 4,482,234.51 | - |
| Other | 3,511,680.99 | 795,205.89 |
| | <u>239,135,938.83</u> | <u>380,425,066.95</u> |

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(e) Rendering of services

| | 2022 | 2021 |
|--|----------------------|----------------------|
| Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd. | 3,423,234.91 | 4,035,463.71 |
| CIMC Enric Holdings Limited and its subsidiaries | 2,282,408.35 | 588,939.87 |
| Shandong Linglong Tire Co., Ltd. | 3,206,862.73 | 6,578,786.73 |
| CIMC Transportation Technology Co., Ltd. | 44,193.62 | 21,082,221.24 |
| CIMC TSD Supply Chain Services Co., LTD. | 1,008,364.26 | 5,997,863.58 |
| Others | 242,573.43 | 559,908.48 |
| | <u>10,207,637.30</u> | <u>38,843,183.61</u> |

(f) Interest income

| | 2022 | 2021 |
|-----------------|----------------------|---------------------|
| Finance Company | <u>10,480,009.84</u> | <u>9,490,437.24</u> |

(g) Interest expenses and service charges

| | 2022 | 2021 |
|-----------------|---------------------|-----------------|
| Finance Company | <u>3,673,516.36</u> | <u>9,200.00</u> |

(h) Borrowings from the related party

| | 2022 | 2021 |
|-----------------|-----------------------|----------|
| Finance Company | <u>156,117,589.79</u> | <u>—</u> |

(i) Repayment to the related party

| | 2022 | 2021 |
|-----------------|----------------------|----------|
| Finance Company | <u>15,611,759.02</u> | <u>—</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5) Related party transactions *(Continued)*

(j) Leases

Interest costs on lease liabilities in the current year with the Group as the lessee:

| | 2022 | 2021 |
|--|-----------------|-----------------|
| Shenzhen Jiamei Apartment Management Co., Ltd. | <u>1,397.63</u> | <u>4,879.46</u> |

The rental for short-term leases and low-value leases and related property management expenditures paid by the Group as the lessee in the current year:

| | 2022 | 2021 |
|--|---------------------|---------------------|
| Shenzhen Jiamei Apartment Management Co., Ltd. | <u>1,613,269.34</u> | 1,701,283.59 |
| Shenzhen Xinghuo Chelian Technology Co., Ltd. | <u>590,021.01</u> | 852,119.25 |
| Others | <u>376,125.44</u> | <u>497,213.59</u> |
| | <u>2,579,415.79</u> | <u>3,050,616.43</u> |

Rental income obtained by the Group as the lessor in the current year:

| | 2022 | 2021 |
|--|---------------------|---------------------|
| NYK Zhenhua logistics (Tianjin) Co. Ltd. | <u>1,302,599.49</u> | 2,712,642.02 |
| Others | <u>1,810,862.86</u> | <u>313,406.14</u> |
| | <u>3,113,462.35</u> | <u>3,026,048.16</u> |

(k) Disposal of equity

| | 2022 | 2021 |
|---|----------|---------------------|
| CIMC Cold Chain Development Institution Co., Ltd. | <u>—</u> | <u>7,600,000.00</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5) Related party transactions *(Continued)*

(l) Debts waived by the related party

| | 2022 | 2021 |
|-------------------------------------|----------------------|----------|
| CIMC Burg B.V. and its subsidiaries | <u>20,894,688.06</u> | <u>—</u> |

(m) Remuneration of key management

| | 2022 | 2021 |
|--------------------------------|----------------------|----------------------|
| Remuneration of key management | <u>16,871,813.17</u> | <u>22,626,052.31</u> |

(6) Balances with related parties

(a) Notes receivables

| | 31 December 2022 | 31 December 2021 |
|--|---------------------|---------------------|
| CIMC Enric Holdings Limited and its subsidiaries | <u>500,000.00</u> | <u>6,892,640.00</u> |

(b) Receivables financing

| | 31 December 2022 | 31 December 2021 |
|--|----------------------|----------------------|
| Jiangsu Wanjing Technology Co., Ltd. | — | 2,000,000.00 |
| CIMC Enric Holdings Limited and its subsidiaries | <u>16,377,252.42</u> | 41,819,816.48 |
| CIMC Capital Ltd. and its subsidiaries | <u>2,187,000.00</u> | <u>—</u> |
| | <u>18,564,252.42</u> | <u>43,819,816.48</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(6) Balances with related parties *(Continued)*

(c) *Accounts receivables*

| | 31 December 2022 | 31 December 2021 |
|--|----------------------|-----------------------|
| CIMC Enric Holdings Limited and its subsidiaries | 56,074,063.71 | 82,422,652.73 |
| Jiangsu Wanjing Technology Co., Ltd. | – | 9,522,425.44 |
| C&C Trucks Co., Limited and its subsidiaries | 33,342.55 | 632,492.55 |
| Yangzhou Taili Special Equipment Co. Ltd. | 238,327.20 | 1,610,472.00 |
| Shandong Linglong Tire Co., Ltd. | 3,185,870.76 | 6,578,786.73 |
| Oriental Post Logistics Technology (Jiangxi) Co. Ltd. | 2,446,555.61 | 2,291,202.16 |
| CIMC Commercial Tires Inc. | – | 8,099,960.37 |
| Guangdong CIMC building construction Co. Ltd. | 11,885,774.57 | 3,774,360.01 |
| Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd. | 1,888,422.52 | 369,930.87 |
| CIMC Yiketong Parts Co., Ltd. | 1,244,880.00 | – |
| Others | 2,922,519.37 | 668,562.50 |
| | <u>79,919,756.29</u> | <u>115,970,845.36</u> |

(d) *Other receivables*

| | 31 December 2022 | 31 December 2021 |
|--|----------------------|----------------------|
| Shenzhen CIMC Production City Development Group Co., Ltd. and its subsidiaries | 16,552,122.00 | 16,552,122.00 |
| C&C Trucks Co., Limited and its subsidiaries | 5,016,000.00 | 4,516,000.00 |
| CIMC Capital Ltd. and its subsidiaries | 800,000.00 | 800,000.00 |
| Chengdu CIMC Industrial Park Investment and Development Co., Ltd. and its subsidiaries | 431,018.18 | 10,000.00 |
| Jiangsu Wanjing Technology Co., Ltd. | 526,914.90 | 370,332.06 |
| Oriental Post Logistics Technology (Jiangxi) Co. Ltd. | 20,000.00 | 540,000.00 |
| Qingdao CIMC Container Manufacture Co. Ltd. | 3,191,006.44 | – |
| Others | 2,947,383.47 | 3,604,319.46 |
| | <u>29,484,444.99</u> | <u>26,392,773.52</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Balances with related parties (Continued)

(e) Advances to suppliers

| | 31 December 2022 | 31 December 2021 |
|---|----------------------|---------------------|
| CIMC Group | – | 24,907,947.19 |
| C&C Trucks Co., Limited and its subsidiaries | 1,984,824.84 | 562,817.12 |
| Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd. | 3,986,901.66 | 6,630,728.00 |
| CIMC Enric Holdings Limited and its subsidiaries | 1,296,692.80 | 1,779,749.06 |
| Shandong Linglong Tire Co., Ltd. | 424,257.99 | 669,652.96 |
| Oriental Post Logistics Technology (Jiangxi) Co. Ltd. | – | 500,000.00 |
| Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. | 3,332,298.48 | 409,744.20 |
| CIMC TSD Supply Chain Services Co., LTD. | – | 16,767,737.28 |
| Qingdao CIMC Container Manufacture Co. Ltd. | 4,396,751.98 | – |
| Others | 290,960.20 | 8,465,330.05 |
| | 15,712,687.95 | 60,693,705.86 |

(f) Notes payables

| | 31 December 2022 | 31 December 2021 |
|---|----------------------|---------------------|
| C&C Trucks Co., Limited and its subsidiaries | – | 17,856,000.00 |
| Shandong Linglong Tire Co., Ltd. | 41,550,599.00 | 30,817,806.10 |
| Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. | 21,796,001.83 | 10,939,232.19 |
| CIMC Enric Holdings Limited and its subsidiaries | 1,301,225.00 | – |
| Jiangsu Wanjing Technology Co., Ltd. | 750,000.00 | – |
| Others | 1,900,000.00 | 745,560.42 |
| | 67,297,825.83 | 60,358,598.71 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(6) Balances with related parties *(Continued)*

(g) Accounts payables

| | 31 December 2022 | 31 December 2021 |
|---|-----------------------|-----------------------|
| CIMC Burg B.V. and its subsidiaries | 761,617.01 | 961,880.63 |
| Jiangsu Wanjing Technology Co., Ltd. | 2,190,489.37 | 3,505,179.13 |
| C&C Trucks Co., Limited and its subsidiaries | 49,613.86 | 139,590.51 |
| Shanghai CIMC Baowell Industries Co., Ltd. | 81,597,820.54 | 105,556,926.99 |
| Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd. | 14,799.78 | 1,225,084.29 |
| CIMC Enric Holdings Limited and its subsidiaries | 11,631,811.29 | 9,175,810.64 |
| Qingdao Lida Chemical Co., Ltd. | 3,417,273.33 | 10,207,939.29 |
| Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. | 11,634,767.19 | 11,559,604.43 |
| CIMC Cold Chain Development Institution Co., Ltd. | – | 268,101.98 |
| CIMC TSD Supply Chain Services Co., LTD. | 38,392,185.82 | 5,446,246.63 |
| Shandong Linglong Tire Co., Ltd. | 19,383,502.85 | 19,843,716.83 |
| CIMC Group | 47,202,855.08 | – |
| Others | 5,138,282.21 | 13,322,547.32 |
| | 221,415,018.33 | 181,212,628.67 |

(h) Other payables

| | 31 December 2022 | 31 December 2021 |
|---|----------------------|-----------------------|
| CIMC HK | 47,786,353.44 | 42,841,462.42 |
| CIMC Burg B.V. and its subsidiaries | 21,792,443.84 | 49,524,901.87 |
| CIMC Group | 22,755.00 | 505,967.61 |
| CIMC Transportation Equipment (International) Holdings Limited | 16,234,511.98 | 14,861,783.59 |
| C&C Trucks Co., Limited and its subsidiaries | 1,500,000.00 | 1,500,000.00 |
| NYK Zhenhua logistics (Tianjin) Co. Ltd. | – | 1,515,840.00 |
| Qianhai Ruiji Technology Co., Ltd. | 1,130,840.05 | 10,623.55 |
| Chengdu CIMC Industrial Park Investment and Development Co., Ltd. and its subsidiaries | 1,296,442.62 | 1,086,272.61 |
| CIMC-TianDa Holdings Company Limited and its subsidiaries | 953,803.60 | – |
| Others | 5,404,973.56 | 4,938,012.73 |
| | 96,122,124.09 | 116,784,864.38 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(6) Balances with related parties *(Continued)*

(i) *Contract liabilities*

| | 31 December 2022 | 31 December 2021 |
|--|---------------------|---------------------|
| CIMC Enric Holdings Limited and its subsidiaries | 1,043,601.48 | – |
| Dalian CIMC Logistics Equipment Co., Ltd. | 1,145,714.00 | 2,359,214.00 |
| Others | <u>338,339.18</u> | <u>1,877,289.00</u> |
| | <u>2,527,654.66</u> | <u>4,236,503.00</u> |

(j) *Cash at bank and on hand*

| | 31 December 2022 | 31 December 2021 |
|-----------------|-----------------------|-----------------------|
| Finance Company | <u>688,137,233.68</u> | <u>624,411,615.52</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(7) Benefits and interests of directors

(a) Remuneration of directors, supervisors and senior management

Remuneration of directors, supervisors and senior management for the year ended 31 December 2021 are as follows:

| Name | Fees | Salary and allowance | Pension plan contribution | Bonus | Other allowances and benefits | Remuneration for other services in connection with the management of the Company or subsidiaries | Total |
|-------------------|-------------------|----------------------|---------------------------|---------------------|-------------------------------|--|---------------------|
| Directors - | | | | | | | |
| Mai Boliang | - | - | - | - | - | - | - |
| Li Guiping* | - | 1,562,900.00 | 44,874.00 | 3,734,800.00 | 37,800.96 | - | 5,380,374.96 |
| Wang Yu | - | - | - | - | - | - | - |
| Zeng Han | - | - | - | - | - | - | - |
| Huang Haicheng(i) | - | - | - | - | - | - | - |
| Chen Bo(i) | - | - | - | - | - | - | - |
| Cheng Hok Kai | 200,000.00 | - | - | - | - | - | 200,000.00 |
| Feng Jinhua | 200,000.00 | - | - | - | - | - | 200,000.00 |
| Fan Zhaoping | 200,000.00 | - | - | - | - | - | 200,000.00 |
| He Jin | - | - | - | - | - | - | - |
| Lin Qing(ii) | - | - | - | - | - | - | - |
| | <u>600,000.00</u> | <u>1,562,900.00</u> | <u>44,874.00</u> | <u>3,734,800.00</u> | <u>37,800.96</u> | <u>-</u> | <u>5,980,374.96</u> |

(i) Mr. Chen Bo served as the director of the Company from 1 January 2022 to 28 March 2022. Mr. Huang Haicheng served as the director of the Company from 1 January 2022 to 7 September 2022.

(ii) Mr. He Jin has been appointed as the director of the Company since 31 May 2022. Ms. Lin Qing has been appointed as the director of the Company since 30 September 2022.

In 2022, no director of the Group waived his/her remuneration.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(7) Benefits and interests of directors *(Continued)*

(a) Remuneration of directors, supervisors and senior management *(Continued)*

Remuneration of directors, supervisors and senior management for the year ended 31 December 2022 are as follows:

| Name | Fees | Salary and allowance | Pension plan contribution | Bonus | Other allowances and benefits | Remuneration for other services in connection with the management of the Company or subsidiaries | Total |
|---------------|------|----------------------|---------------------------|-----------|-------------------------------|--|------------|
| Supervisors - | | | | | | | |
| Wang Jinghua | - | - | - | - | - | - | - |
| Feng Baochun | - | - | - | - | - | - | - |
| Song Yanwen | - | 179,156.00 | 27,000.00 | 58,800.00 | 15,840.00 | - | 280,796.00 |
| | - | 179,156.00 | 27,000.00 | 58,800.00 | 15,840.00 | - | 280,796.00 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(7) Benefits and interests of directors (Continued)

(a) Remuneration of directors, supervisors and senior management (Continued)

Remuneration of directors, supervisors and senior management for the year ended 31 December 2022 are as follows: (Continued)

| Name | Fees | Salary and allowance | Pension plan contribution | Bonus | Other allowances and benefits | Remuneration for other services in connection with the management of the Company or subsidiaries | Total |
|---------------------|------|----------------------|---------------------------|--------------|-------------------------------|--|---------------|
| Senior management - | | | | | | | |
| Li Zhimin(iii) | - | 704,018.33 | 41,134.50 | 373,120.00 | 34,850.88 | - | 1,153,123.71 |
| Sun Chun'an(iii) | - | 43,939.72 | 2,493.00 | 11,305.56 | 2,166.72 | - | 59,905.00 |
| Li Xiaofu | - | 824,900.00 | 44,874.00 | 962,000.00 | 37,800.96 | - | 1,869,574.96 |
| Jiang Qiwen | - | 1,202,700.00 | 44,874.00 | 2,332,000.00 | 37,800.96 | - | 3,617,374.96 |
| Wang Zhujiang(iv) | - | 850,283.33 | 42,381.00 | 472,222.22 | 35,834.24 | - | 1,400,720.79 |
| Zhan Rui | - | 653,790.00 | 44,874.00 | 380,640.00 | 37,800.96 | - | 1,117,104.96 |
| Mao Yi(iv) | - | 774,778.15 | 42,381.00 | 539,844.44 | 35,834.24 | - | 1,392,837.83 |
| | - | 5,054,409.53 | 263,011.50 | 5,071,132.22 | 222,088.96 | - | 10,610,642.21 |

(iii) Ms. Li Zhimin served as the senior management of the Company from 1 January 2022 to 1 December 2022. Mr. Sun Chun'an served as the senior management of the Company from 1 January 2022 to 21 January 2022.

(iv) Ms. Mao Yi has been appointed as the senior management of the Company since 21 January 2022. Mr. Wang Zhujiang has been appointed as the senior management of the Company since 21 January 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(7) Benefits and interests of directors (Continued)

(a) Remuneration of directors, supervisors and senior management (Continued)

Remuneration of directors, supervisors and senior management for the year ended 31 December 2021 are as follows:

| Name | Fees | Salary and allowance | Pension plan contribution | Bonus | Other allowances and benefits | Remuneration for other services in connection with the management of the Company or subsidiaries | Total |
|------------------|-------------------|----------------------|---------------------------|---------------------|-------------------------------|--|---------------------|
| Directors - | | | | | | | |
| Mai Boliang | - | - | - | - | - | - | - |
| Li Guiping* | - | 1,909,288.67 | 49,948.92 | 5,782,180.00 | 34,463.04 | - | 7,775,880.63 |
| Wang Yu | - | - | - | 200,000.00 | - | - | 200,000.00 |
| Zeng Han (i) | - | - | - | - | - | - | - |
| Huang Haicheng | - | - | - | - | - | - | - |
| Chen Bo | - | - | - | - | - | - | - |
| Cheng Hok Kai | 200,000.00 | - | - | - | - | - | 200,000.00 |
| Feng Jinhua | 200,000.00 | - | - | - | - | - | 200,000.00 |
| Fan Zhaoping | 200,000.00 | - | - | - | - | - | 200,000.00 |
| Zeng Beihua (ii) | - | - | - | - | - | - | - |
| | <u>600,000.00</u> | <u>1,909,288.67</u> | <u>49,948.92</u> | <u>5,982,180.00</u> | <u>34,463.04</u> | <u>-</u> | <u>8,575,880.63</u> |

(i) Mr. Zeng Han has been appointed as the director of the Company since 29 September 2021.

(ii) Ms. Zeng Beihua served as the director of the Company from 1 January 2021 to 29 September 2021.

In 2021, no director of the Group waived his/her remuneration.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(7) Benefits and interests of directors *(Continued)*

(a) Remuneration of directors, supervisors and senior management *(Continued)*

Remuneration of directors, supervisors and senior management for the year ended 31 December 2021 are as follows: *(Continued)*

| Name | Fees | Salary and allowance | Pension plan contribution | Bonus | Other allowances and benefits | Remuneration for other services in connection with the management of the Company or subsidiaries | Total |
|--------------------|------|----------------------|---------------------------|--------------|-------------------------------|--|--------------|
| Supervisors - | | | | | | | |
| Wang Jinghua (iii) | - | - | - | - | - | - | - |
| Feng Baochun (iii) | - | - | - | - | - | - | - |
| Song Yanwen (iii) | - | 40,289.00 | 6,825.00 | 79,000.00 | 6,300.00 | - | 132,414.00 |
| Liu Hongqing (iv) | - | 159,600.00 | 24,349.50 | 1,140,000.00 | 13,914.00 | - | 1,337,863.50 |
| Liu Zhenhuan (iv) | - | - | - | - | - | - | - |
| | - | 199,889.00 | 31,174.50 | 1,219,000.00 | 20,214.00 | - | 1,470,277.50 |

(iii) They have been appointed as the supervisors of the Company since 29 September 2021.

(iv) They served as the supervisors of the Company from 1 January 2021 to 29 September 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(7) Benefits and interests of directors (Continued)

(a) Remuneration of directors, supervisors and senior management (Continued)

Remuneration of directors, supervisors and senior management for the year ended 31 December 2021 are as follows: (Continued)

| Name | Fees | Salary and allowance | Pension plan contribution | Bonus | Other allowances and benefits | Remuneration for other services in connection with the management of the Company or subsidiaries | Total |
|---------------------|------|----------------------|---------------------------|--------------|-------------------------------|--|---------------|
| Senior management - | | | | | | | |
| Li Zhimin | - | 604,864.62 | 49,948.92 | 996,040.00 | 30,942.24 | - | 1,681,795.78 |
| Sun Chun'an | - | 899,001.41 | 49,948.92 | 892,000.00 | 30,942.24 | - | 1,871,892.57 |
| Li Xiaofu | - | 452,899.76 | 49,541.94 | 1,017,600.00 | 30,709.68 | - | 1,550,751.38 |
| Jiang Qiwen | - | 552,000.00 | 49,948.92 | 1,908,000.00 | 30,942.24 | - | 2,540,891.16 |
| Zhan Rui (v) | - | 53,500.00 | 4,104.98 | - | 2,788.80 | - | 60,393.78 |
| Ye Jianfeng (vi) | - | 990,000.00 | 36,246.42 | 1,011,000.00 | 23,112.24 | - | 2,060,358.66 |
| Ji Haifeng (vi) | - | 1,113,771.50 | 43,508.85 | 1,654,130.50 | 2,400.00 | - | 2,813,810.85 |
| | - | 4,666,037.29 | 283,248.95 | 7,478,770.50 | 151,837.44 | - | 12,579,894.18 |

(v) Mr. Zhan Rui has been appointed as the senior management of the Company since 1 December 2021.

(vi) They served as the senior management of the Company from 1 January 2021 to 1 December 2021.

Other allowances and benefits mainly include housing funds, pensions and medical insurance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(7) Benefits and interests of directors *(Continued)*

(b) Directors' retirement benefits

In 2022, the Company had no retirement benefits (2021: Nil).

(c) Directors' termination benefits

In 2022, the Group did not terminate the appointment of any directors in advance, therefore, there was no compensation for early termination (2021: Nil).

(d) Consideration paid to third parties in return for director services

In 2022, the Company paid no consideration to any third parties in return for director services (2021: Nil).

(e) Loans, quasi-loans and other transactions provided to the directors, the legal persons controlled by the directors, and associated persons of the directors

As at 31 December 2022, the Company provided no loans, quasi-loans and guarantees to the directors, the legal persons controlled by the directors, and associated persons of the directors (31 December 2021: Nil).

(f) Substantial interests of directors in transactions, arrangements or contracts

In 2022, the Company did not sign any important transactions, arrangements or contracts related to the Company's business within which the directors of the Company directly or indirectly had substantial interests (2021: Nil).

(8) The five individuals whose remunerations are the highest

The five individuals whose remunerations were the highest in the Group for 2022 included one director (2021: one) whose remunerations are reflected in the Note 8(7). The total remunerations of the remaining four individuals (2021: four) are as follows:

| | 2022 | 2021 |
|---|----------------------|----------------------|
| Basic salary, housing subsidy and other subsidies | 7,908,033.67 | 6,855,373.83 |
| Bonus | 14,790,896.04 | 7,995,671.52 |
| Pension plan contribution | 157,864.32 | 245,399.93 |
| Sign-on bonus | — | — |
| Severance package | — | — |
| | <u>22,856,794.03</u> | <u>15,096,445.28</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(8) The five individuals whose remunerations are the highest *(Continued)*

| | Number of individuals | |
|---------------------------|-----------------------|------|
| | 2022 | 2021 |
| Remuneration range: | | |
| HKD3,500,001-HKD4,000,000 | – | 1 |
| HKD4,000,001-HKD4,500,000 | 1 | 2 |
| HKD5,000,001-HKD5,500,000 | 1 | – |
| HKD5,500,001-HKD6,000,000 | – | 1 |
| HKD7,500,001-HKD8,000,000 | 1 | – |
| HKD9,000,001-HKD9,500,000 | 1 | – |

9 CONTINGENCIES

(1) External guarantees provided

The Group works with Finance Company, Hui Shang Bank, Sinotruk Auto Finance Co. Ltd., and Industrial Bank, etc to carry out credit business for vehicle buyers and has entered into loan guarantee contracts to provide banks with credit guarantee for the dealers and customers of the Group and its controlled subsidiaries in respect of banking facilities granted to purchase vehicles. As at 31 December 2022, the loans of the above dealers and customers guaranteed by the Group amounted to RMB1,986,065,970.23.

The bank borrowings of the subsidiaries of the Company are guaranteed by the Company. As at 31 December 2022, the balance of the guarantees amounted to RMB238,033,332.18, and the interest amounted to RMB414,076.70.

The bank acceptance notes and performance guarantees of the subsidiaries of the Company are guaranteed by the Company. As at 31 December 2022, the balance of the guarantees amounted to RMB72,309,706.25.

(2) Performance guarantees and letters of credit issued but undue

As at 31 December 2022, performance guarantees and letters of credit issued by the Group but undue amounted to RMB132,913,652.24 and RMB244,859,205.00 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

10 COMMITMENTS

(1) Capital commitments

(a) *Capital expenditures contracted for but are not yet necessary to be recognised on the balance sheet*

| | 31 December 2022 | 31 December 2021 |
|---|----------------------|---------------------|
| Investment contracts that have been signed but not fulfilled or not absolutely fulfilled (i) | 45,350,000.00 | 45,350,000.00 |
| Purchase and construction contracts that have been signed but not fulfilled or not absolutely fulfilled | 24,731,186.70 | 53,852,623.16 |
| | 70,081,186.70 | 99,202,623.16 |

- (i) The Company participated in the establishment of Shenzhen Bay Angel Phase III Venture Capital Partnership (Limited Partnership), with a subscribed capital contribution of RMB75,000,000.00. The Company had paid the first investment of RMB30,000,000.00, and the remaining subscription would be fully paid within 36 months after the date of establishment of the partnership.

The Company participated in the establishment of Shenzhen Zhong'an Jizhi Technology LLP, with a subscribed capital contribution of RMB350,000.00. As at 31 December 2022, the Company did not pay above consideration.

11 EVENTS AFTER THE BALANCE SHEET DATE

(1) Profit distribution

On March 27, 2023, the Board of the Company proposed to distribute dividends to all shareholders of the Company, with a cash dividend of RMB0.30 (tax inclusive) per share, and the total amount calculated based on the number of shares as of December 31, 2021 is approximately RMB605,280,000.00 (tax inclusive), no bonus shares will be issued and shares will not be converted from capital reserve into share capital. This proposal is yet to be reviewed and approved at the Company's general meeting, and dividends reviewed and approved after the balance sheet date are not recognized as liabilities in the financial statements (Note 4(38)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

11 EVENTS AFTER THE BALANCE SHEET DATE *(Continued)*

(2) Description of related party transactions

On 6 February 2023, the Board of Director approved the entering into of the Equity Transfer Agreement among the Company, CIMC Vehicle Investment Holdings Co. ("CIMC Vehicle") and CIMC Group.

The Company and CIMC Vehicle intend to sell their 75% and 25% equity interests in Shenzhen CIMC Vehicle Company Limited respectively, and CIMC Group will acquire 100% of the equity interest in Shenzhen CIMC Vehicle and all of its rights and obligations pursuant to the Equity Transfer Agreement.

The total consideration of RMB1,355,618,000.00 is expected to be paid in cash. After the Settlement Date, the Company and CIMC Vehicle will cease to hold any interest in Shenzhen CIMC Vehicle, and Shenzhen CIMC Vehicle will cease to be a subsidiary of the Company and will no longer be included in the scope of the consolidated financial statements of the Company.

12 OPERATING LEASE PROCEEDS AFTER THE BALANCE SHEET DATE

As the lessor, the Group's undiscounted lease proceeds receivable after the balance sheet date are as follows:

| | 31 December 2022 |
|---------------|-------------------------|
| Within 1 year | 191,780,239.10 |
| 1 to 2 years | 191,965,549.58 |
| 2 to 3 years | 198,452,000.30 |
| 3 to 4 years | 9,754,431.78 |
| 4 to 5 years | 6,872,207.21 |
| Over 5 years | 23,412,654.42 |
| | 622,237,082.39 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

13 FINANCIAL INSTRUMENTS AND RISKS

The Group's activities expose it to a variety of financial risks: market risk (primarily including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group has made risk management policies to identify and analyse the risks it is exposed to and set appropriate risk resistant level and design relevant internal control procedures to monitor the Group's risk level. The Group reviews regularly these risk management policies and relevant internal control to adapt to changes in market condition or its operating activities (Note 4(3)).

(1) Market risk

(a) Foreign exchange risk

The Group's operational activities are carried out in Mainland China and overseas. A majority of the transactions are denominated in RMB and USD. The Group is exposed to foreign exchange risk arising from the recognised assets and liabilities, and future transactions denominated in foreign currencies, primarily with respect to USD, EUR and HKD. The Group's continuously monitors the amount of assets and liabilities, and transactions denominated in foreign currencies to minimise the foreign exchange risk. Therefore, the Group considers entering into forward exchange contracts or currency swap contracts to mitigate the foreign exchange risk (Note 4(3)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

13 FINANCIAL INSTRUMENTS AND RISKS (Continued)

(1) Market risk (Continued)

(a) Foreign exchange risk (Continued)

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

| | 31 December 2022 | | | | | Total |
|---|-----------------------|----------------------|-------------------|-------------------|---------------------|-----------------------|
| | USD | EUR | HKD | JPY | Others | |
| Financial assets denominated in foreign currency | | | | | | |
| Cash at bank and on hand | 45,393,525.86 | 782,546.38 | 11,693.89 | 13,613.18 | 872,367.89 | 47,073,747.20 |
| Accounts receivables | 419,078,902.82 | 8,484,496.09 | 58,955.82 | 699,544.77 | 4,495,964.79 | 432,817,864.29 |
| Other receivables | 4,196,753.81 | - | 26,172.54 | - | - | 4,222,926.35 |
| Derivative financial assets | 5,684,728.43 | - | - | - | - | 5,684,728.43 |
| | <u>474,353,910.92</u> | <u>9,267,042.47</u> | <u>96,822.25</u> | <u>713,157.95</u> | <u>5,368,332.68</u> | <u>489,799,266.27</u> |
| Financial liabilities denominated in foreign currency | | | | | | |
| Short-term borrowings | 119,414,625.50 | - | - | - | - | 119,414,625.50 |
| Accounts payables | 29,061,759.52 | 2,230,383.95 | 200,648.21 | 39,719.55 | 1,412,528.89 | 32,945,040.12 |
| Other payables | 46,908,370.97 | 22,205,471.89 | - | - | 48,116.11 | 69,161,958.97 |
| Derivative financial liabilities | 5,683,205.67 | - | - | - | - | 5,683,205.67 |
| | <u>201,067,961.66</u> | <u>24,435,855.84</u> | <u>200,648.21</u> | <u>39,719.55</u> | <u>1,460,645.00</u> | <u>227,204,830.26</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

13 FINANCIAL INSTRUMENTS AND RISKS (Continued)

(1) Market risk (Continued)

(a) Foreign exchange risk (Continued)

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

| | 31 December 2021 | | | | | Total |
|---|-----------------------|----------------------|-------------------|---------------------|----------------------|-----------------------|
| | USD | EUR | HKD | JPY | Others | |
| Financial assets denominated in foreign currency | | | | | | |
| Cash at bank and on hand | 43,109,946.70 | 4,078,078.52 | 21,115.61 | 2,774,215.35 | 496,349.07 | 50,479,705.25 |
| Accounts receivables | 292,678,213.13 | 23,426,235.86 | 246,265.21 | 3,579,423.50 | 18,203,404.60 | 338,133,542.30 |
| Other receivables | 1,873,472.28 | - | - | - | - | 1,873,472.28 |
| Derivative financial assets | 2,039,603.00 | - | - | - | - | 2,039,603.00 |
| | <u>339,701,235.11</u> | <u>27,504,314.38</u> | <u>267,380.82</u> | <u>6,353,638.85</u> | <u>18,699,753.67</u> | <u>392,526,322.83</u> |
| Financial liabilities denominated in foreign currency | | | | | | |
| Short-term borrowings | 160,573,061.34 | - | - | - | - | 160,573,061.34 |
| Accounts payables | 55,872,202.31 | 1,573,423.14 | 183,644.89 | 139,566.89 | 5,855,542.36 | 63,624,379.59 |
| Other payables | 71,831,529.81 | 20,889,841.69 | - | - | 44,057.87 | 92,765,429.37 |
| Derivative financial liabilities | 21,100.00 | - | - | - | - | 21,100.00 |
| | <u>288,297,893.46</u> | <u>22,463,264.83</u> | <u>183,644.89</u> | <u>139,566.89</u> | <u>5,899,600.23</u> | <u>316,983,970.30</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

13 FINANCIAL INSTRUMENTS AND RISKS (Continued)

(1) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Sensitivity analysis

As at 31 December 2022 and 31 December 2021, if the RMB had strengthened/weakened against the USD and JPY due to the change in exchange rate while all other variables other than exchange rate had been held constant, the shareholders' equity and net profit of the Group would have increased/(decreased) and if the RMB had weakened/strengthened against the EUR and HKD due to the change in exchange rate while all other variables other than exchange rate had been held constant, the shareholders' equity and net profit of the Group would have increased/(decreased) as follows. The effect is presented in RMB using the spot exchange rates on the balance sheet date.

| | 31 December 2022 | 31 December 2021 |
|-----------------------|-----------------------|---------------------|
| RMB against USD | | |
| Strengthened by 2.50% | (4,837,208.00) | (1,150,965.72) |
| Weakened by 2.50% | 4,837,208.00 | 1,150,965.72 |
| RMB against EUR | | |
| Strengthened by 2.50% | 284,415.25 | (94,519.68) |
| Weakened by 2.50% | (284,415.25) | 94,519.68 |
| RMB against HKD | | |
| Strengthened by 2.50% | 1,946.74 | (1,570.05) |
| Weakened by 2.50% | (1,946.74) | 1,570.05 |
| RMB against JPY | | |
| Strengthened by 2.50% | (12,626.97) | (116,513.85) |
| Weakened by 2.50% | 12,626.97 | 116,513.85 |

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FOR THE YEAR ENDED DECEMBER 31, 2022

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

13 FINANCIAL INSTRUMENTS AND RISKS (Continued)

(1) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Sensitivity analysis (Continued)

The financial assets, financial liabilities and lease liabilities denominated in foreign currencies, which are held by the subsidiaries of the Group, whose functional currency is USD, are expressed in RMB as at 31 December 2022 and 31 December 2021 as follows:

| | 31 December 2022 | | | | |
|---|-------------------|-----------------------|------------------|----------------------|-----------------------|
| | RMB | GBP | HKD | EUR | Total |
| Financial assets denominated in foreign currency | | | | | |
| Cash at bank and on hand | <u>13,684.60</u> | <u>2,422,822.00</u> | <u>37,810.26</u> | <u>15,682,747.20</u> | <u>18,157,064.06</u> |
| Financial liabilities denominated in foreign currency | | | | | |
| Short-term borrowings | – | 60,437,520.03 | – | 19,670,685.03 | 80,108,205.06 |
| Other payables | <u>594,196.97</u> | – | <u>32,146.99</u> | – | <u>626,343.96</u> |
| | <u>594,196.97</u> | <u>60,437,520.03</u> | <u>32,146.99</u> | <u>19,670,685.03</u> | <u>80,734,549.02</u> |
| | 31 December 2021 | | | | |
| | RMB | GBP | HKD | EUR | Total |
| Financial assets denominated in foreign currency | | | | | |
| Cash at bank and on hand | <u>9,913.79</u> | <u>9,345,956.90</u> | <u>54,305.97</u> | <u>682,055.82</u> | <u>10,092,232.48</u> |
| Financial liabilities denominated in foreign currency | | | | | |
| Short-term borrowings | – | 318,436,800.00 | – | 19,132,205.00 | 337,569,005.00 |
| Other payables | <u>593,673.44</u> | – | – | – | <u>593,673.44</u> |
| | <u>593,673.44</u> | <u>318,436,800.00</u> | – | <u>19,132,205.00</u> | <u>338,162,678.44</u> |

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FOR THE YEAR ENDED DECEMBER 31, 2022

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

13 FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

(1) Market risk *(Continued)*

(a) Foreign exchange risk *(Continued)*

Sensitivity analysis

As at 31 December 2022 and 31 December 2021, if the USD had strengthened/weakened against the RMB, GBP, HKD and EUR due to the change in exchange rate while all other variables other than exchange rate had been held constant, the shareholders' equity and net profit of the Group would have increased/(decreased) as follows. The effect is presented in RMB using the spot exchange rates on the balance sheet date.

| | 31 December 2022 | 31 December 2021 |
|-----------------------|-----------------------|---------------------|
| USD against RMB | | |
| Strengthened by 2.50% | 10,884.61 | 10,945.49 |
| Weakened by 2.50% | (10,884.61) | (10,945.49) |
| USD against GBP | | |
| Strengthened by 2.50% | 1,087,775.59 | 5,795,453.31 |
| Weakened by 2.50% | (1,087,775.59) | (5,795,453.31) |
| USD against HKD | | |
| Strengthened by 2.50% | (106.19) | (1,018.24) |
| Weakened by 2.50% | 106.19 | 1,018.24 |
| USD against EUR | | |
| Strengthened by 2.50% | 74,773.83 | 345,940.30 |
| Weakened by 2.50% | (74,773.83) | (345,940.30) |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

13 FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

(1) Market risk *(Continued)*

(b) Interest risk

The Group's interest rate risk arises from long-term interest bearing bank borrowings including long-term borrowings. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 31 December 2022, the Group's short-term interest bearing borrowings were mainly GBP-denominated with floating rates linked to LIBOR, amounting to RMB60,437,520.00 (31 December 2021: RMB318,436,800.00) and EUR-denominated with floating rates linked to LIBOR, amounting to RMB19,670,685.00 (31 December 2021: RMB4,692,805.00), and GBP-denominated with floating rates linked to SONIA, amounting to 32,736,990.00 (31 December 2021: Nil). As at 31 December 2022, the Group's long-term interest bearing borrowings were mainly RMB-denominated with floating rates, amounting to RMB413,605,830.82 (31 December 2021: RMB437,032,915.06) (Note 4(29), Note 4(31)).

The Group's continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new borrowing and the interest expenses with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial performance. The Group makes adjustments timely with reference to the latest market conditions and may enter into interest rate swap agreements to mitigate its exposure to interest rate risk. During 2022 and 2021, the Group did not enter into any interest rate swap agreements.

As at 31 December 2022, if interest rates on the floating rate borrowings had risen/fallen by 50 basis points while all other variables had been held constant, the Group's net profit would have been approximately RMB2,120,562.45 (31 December 2021: approximately RMB3,529,092.58) lower/higher respectively;

NOTES TO THE FINANCIAL STATEMENTS

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

13 FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

(2) Credit risk

The Group's credit risk mainly arises from cash at bank and on hand, notes receivables, accounts receivables, receivables financing, other receivables and financial guarantee contracts, etc., and derivative financial assets that are not included in the impairment assessment scope. As at the balance sheet date, the carrying amount of the Group's financial assets represented the maximum exposure of the Group; and the maximum credit risk exposures off the balance sheet to the above financial guarantee obligations are disclosed in Note 13(3).

The Group expects that there is no significant credit risk associated with cashes except those on hand since they are mainly deposited at financial institutions with good credit, and the Group does not expect that there will be any significant losses from non-performance by these counterparties.

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

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

(3) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. The Group monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

13 FINANCIAL INSTRUMENTS AND RISKS (Continued)

(3) Liquidity risk (Continued)

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

| | 31 December 2022 | | | | |
|----------------------------------|-------------------------|-----------------------|-----------------------|----------------------|-------------------------|
| | Within 1 year | 1 to 2 years | 2 to 5 years | Over 5 years | Total |
| Short-term borrowings | 469,500,056.84 | - | - | - | 469,500,056.84 |
| Derivative financial liabilities | 5,683,205.67 | - | - | - | 5,683,205.67 |
| Notes payables | 809,432,692.20 | - | - | - | 809,432,692.20 |
| Accounts payables | 3,740,535,444.53 | - | - | - | 3,740,535,444.53 |
| Other payables | 846,851,930.79 | - | - | - | 846,851,930.79 |
| Long-term borrowings | 85,226,505.47 | 226,903,365.27 | 132,973,333.33 | - | 445,103,204.07 |
| Lease liabilities | 46,057,317.02 | 41,458,356.96 | 90,125,339.65 | 80,642,992.44 | 258,284,006.07 |
| | <u>6,003,287,152.52</u> | <u>268,361,722.23</u> | <u>223,098,672.98</u> | <u>80,642,992.44</u> | <u>6,575,390,540.17</u> |
| | 31 December 2021 | | | | |
| | Within 1 year | 1 to 2 years | 2 to 5 years | Over 5 years | Total |
| Short-term borrowings | 895,399,342.62 | - | - | - | 895,399,342.62 |
| Derivative financial liabilities | 21,100.00 | - | - | - | 21,100.00 |
| Notes payables | 1,098,475,012.01 | - | - | - | 1,098,475,012.01 |
| Accounts payables | 3,558,427,089.39 | - | - | - | 3,558,427,089.39 |
| Other payables | 911,512,027.98 | - | - | - | 911,512,027.98 |
| Long-term borrowings | 62,262,114.17 | 85,919,871.82 | 302,420,152.03 | - | 450,602,138.02 |
| Lease liabilities | 45,205,472.13 | 40,741,477.77 | 78,249,690.17 | 92,191,702.70 | 256,388,342.77 |
| Long-term payables | 8,232,138.16 | 8,232,138.16 | 8,232,138.16 | - | 24,696,414.48 |
| | <u>6,579,534,296.46</u> | <u>134,893,487.75</u> | <u>388,901,980.36</u> | <u>92,191,702.70</u> | <u>7,195,521,467.27</u> |

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FOR THE YEAR ENDED DECEMBER 31, 2022

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

13 FINANCIAL INSTRUMENTS AND RISKS (Continued)

(3) Liquidity risk (Continued)

- (i) As at the balance sheet date, the Group's financial guarantees provided to external parties are analysed below based on the maximum amounts and the earliest periods in which the guarantees could be called:

| | 31 December 2022 | | | | Total |
|----------------------|-----------------------|-------------------------|-----------------------|--------------|-------------------------|
| | Within 1 year | 1 to 2 years | 2 to 5 years | Over 5 years | |
| Financial guarantees | <u>588,592,169.31</u> | <u>1,138,441,623.45</u> | <u>259,032,177.47</u> | <u>-</u> | <u>1,986,065,970.23</u> |

| | 31 December 2021 | | | | Total |
|----------------------|-----------------------|-------------------------|-------------------------|--------------|-------------------------|
| | Within 1 year | 1 to 2 years | 2 to 5 years | Over 5 years | |
| Financial guarantees | <u>397,604,366.12</u> | <u>1,210,981,399.83</u> | <u>1,240,845,972.01</u> | <u>-</u> | <u>2,849,431,737.96</u> |

- (ii) Bank borrowings and other borrowings are analysed by repayment terms as follows:

| | 31 December 2022 | | 31 December 2021 | |
|-------------------------|-----------------------|-----------------------|-------------------------|----------------------|
| | Bank borrowings | Other borrowings | Bank borrowings | Other borrowings |
| Within 1 year | <u>506,613,211.46</u> | <u>46,608,916.58</u> | 951,764,173.79 | 7,165,962.57 |
| 1 to 2 years(inclusive) | <u>124,423,133.33</u> | <u>102,480,231.94</u> | 82,609,815.40 | 7,536,531.11 |
| 2 to 5 years(inclusive) | <u>132,973,333.34</u> | <u>-</u> | <u>292,213,284.30</u> | <u>7,928,334.90</u> |
| | <u>764,009,678.13</u> | <u>149,089,148.52</u> | <u>1,326,587,273.49</u> | <u>22,630,828.58</u> |

14 FAIR VALUE ESTIMATES

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

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FOR THE YEAR ENDED DECEMBER 31, 2022

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

14 FAIR VALUE ESTIMATES (Continued)

(1) Assets and liabilities measured at fair value on a recurring basis

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 assets held for trading – | | | | |
| Equity investment in listed companies | 22,209,407.79 | – | – | 22,209,407.79 |
| Other non-current financial assets – | | | | |
| Equity investment in unlisted companies | – | – | 10,786,384.58 | 10,786,384.58 |
| Derivative financial assets – | | | | |
| Forward exchange contracts | – | 6,161,436.00 | – | 6,161,436.00 |
| Receivables financing – | | | | |
| Notes receivables | – | – | 258,818,435.64 | 258,818,435.64 |
| Total financial assets | <u>22,209,407.79</u> | <u>6,161,436.00</u> | <u>269,604,820.22</u> | <u>297,975,664.01</u> |
| Non-financial assets | | | | |
| Investment properties | – | – | 405,746,795.38 | 405,746,795.38 |
| Total | <u>22,209,407.79</u> | <u>6,161,436.00</u> | <u>675,351,615.60</u> | <u>703,722,459.39</u> |

As at 31 December 2022, the liabilities measured at fair value on a recurring basis by the above three levels are analysed below:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|---------|--------------|---------|--------------|
| Financial liabilities | | | | |
| Derivative financial liabilities – | | | | |
| Forward exchange contracts | – | 5,683,205.67 | – | 5,683,205.67 |

NOTES TO THE FINANCIAL STATEMENTS

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

14 FAIR VALUE ESTIMATES (Continued)

(1) Assets and liabilities measured at fair value on a recurring basis (Continued)

As at 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 | | | | |
| Derivative financial assets – | | | | |
| Forward exchange contracts | – | 2,039,603.00 | – | 2,039,603.00 |
| Receivables financing – | | | | |
| Notes receivables | – | – | 510,091,121.74 | 510,091,121.74 |
| Total financial assets | – | 2,039,603.00 | 510,091,121.74 | 512,130,724.74 |
| Non-financial assets | | | | |
| Investment properties | – | – | 393,130,062.84 | 393,130,062.84 |
| Total | – | 2,039,603.00 | 903,221,184.58 | 905,260,787.58 |

As at 31 December 2021, the liabilities measured at fair value on a recurring basis by the above three levels are analysed below:

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

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 fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation techniques.

In addition to considering the assessment of management, the Group entrusts external valuers to evaluate the fair value of investment properties. The methods primarily comprise rental income model. The inputs mainly include rate of return/capitalisation rate and monthly rental, etc.

As receivables financing are not traded in an active market, the fair value is determined using discounted cash flow analysis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

14 FAIR VALUE ESTIMATES *(Continued)*

(1) Assets and liabilities measured at fair value on a recurring basis *(Continued)*

The changes in Level 3 assets are analysed below:

| | Other non-current financial assets-- Equity investment in unlisted companies |
|--|---|
| 1 January 2022 | — |
| Gains arising from changes in fair value | 2,781,084.58 |
| Purchases in the current year | 8,005,300.00 |
| Currency translation differences | — |
| 31 December 2022 | <u>10,786,384.58</u> |
| Changes in unrealised gains or losses included in profit or loss for the current year with respect to assets still held as at 31 December 2022 | <u>2,781,084.58</u> |
| | Financial assets held for trading-- Investment in debt instruments |
| 1 January 2021 | 136,784,931.09 |
| Losses arising from changes in fair value | (26,989,494.68) |
| Disposals in the current year | (109,795,436.41) |
| Currency translation differences | — |
| 31 December 2021 | <u>—</u> |
| Changes in unrealised gains or losses included in profit or loss for the current year with respect to assets still held as at 31 December 2021 | <u>—</u> |

NOTES TO THE FINANCIAL STATEMENTS

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

14 FAIR VALUE ESTIMATES (Continued)

(1) Assets and liabilities measured at fair value on a recurring basis (Continued)

The changes in Level 3 non-financial assets are analysed below:

| | Investment properties |
|--|--------------------------|
| 1 January 2022 | 393,130,062.84 |
| Gains arising from changes in fair value | 9,956,174.98 |
| Transfer from fixed assets | 2,698,870.49 |
| Currency translation differences | (38,312.93) |
| 31 December 2022 | <u>405,746,795.38</u> |
| Changes in unrealised gains or losses included in profit or loss for the current year with respect to assets still held as at 31 December 2022 | <u>9,956,174.98</u> |
| | Investment properties |
| 1 January 2021 | 385,672,568.62 |
| Currency translation differences | (51,234.30) |
| Transfer from fixed assets | 2,259,993.11 |
| Gains arising from changes in fair value | 5,248,735.41 |
| 31 December 2021 | <u>393,130,062.84</u> |
| Changes in unrealised gains or losses included in profit or loss for the current year with respect to assets still held as at 31 December 2021 | <u>5,248,735.41</u> |

The Group's finance department is responsible for the valuation of assets, and at the same time external independent valuers are entrusted to evaluate the fair value of the Group's investment properties. The above valuation results are independently verified and accounted for by the finance department of the Group, and disclosure information in relation to fair value is prepared based on the verified valuation results.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

14 FAIR VALUE ESTIMATES (Continued)

(1) Assets and liabilities measured at fair value on a recurring basis (Continued)

Information about the Level 3 fair value measurement is as follows:

| | Fair value as at 31 December 2022 | Valuation technique | Inputs | | | |
|---|---|----------------------------------|---|-------------------------------|---------------------------------|-----------------------------|
| | | | Name | Scope/ Weighted average | Relationship with fair value | Observable/ Unobservable |
| Investment properties – Completed investment properties | 400,244,313.77 | Income approach | Rate of return/ Capitalisation rate Monthly rental (RMB/m ² /month) | 2.46%- 12.12% 13-263 | (a) | Unobservable |
| Land use rights | 5,502,481.61 | Direct comparison approach | Market quotes (RMB/m ²) | 150-690 | (a) | Unobservable |

| | Fair value as at 31 December 2021 | Valuation technique | Inputs | | | |
|---|---|------------------------|---|-------------------------------|---------------------------------|-----------------------------|
| | | | Name | Scope/ Weighted average | Relationship with fair value | Observable/ Unobservable |
| Investment properties – Completed investment properties | 393,130,062.84 | Income approach | Rate of return/ Capitalisation rate Monthly rental (RMB/m ² /month) | 5.5%- 11.89% 3-72 | (a) | Unobservable |

(a) Relationship between unobservable inputs and fair value:

- The higher is rate of return/capitalisation rate, the lower is the fair value;
- The higher is the market quotes/monthly rental, the higher is the fair value;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

14 FAIR VALUE ESTIMATES *(Continued)*

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

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

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

15 CAPITAL MANAGEMENT

The Group's capital management policies aim to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce debts.

The Group's total capital is calculated as 'shareholders' equity' as shown in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements, and monitors capital on the basis of gearing ratio.

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

| | 31 December 2022 | 31 December 2021 |
|-------------------|--------------------------|-------------------|
| Total liabilities | 8,856,749,164.71 | 9,394,759,264.06 |
| Total assets | 22,217,230,064.00 | 21,781,333,224.44 |
| Gearing ratio | 39.86% | 43.13% |

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

(1) Accounts receivables

| | 31 December 2022 | 31 December 2021 |
|-------------------------------|-----------------------|------------------|
| Accounts receivables | 286,776,333.05 | 247,829,869.36 |
| Less: Provision for bad debts | (7,523,327.81) | (5,971,620.39) |
| | 279,253,005.24 | 241,858,248.97 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(1) Accounts receivables (Continued)

(a) *The ageing of accounts receivables based on their recording dates is analysed as follows:*

| | 31 December 2022 | 31 December 2021 |
|--------------------------|-----------------------|-----------------------|
| Within 1 year(inclusive) | 271,407,682.59 | 238,724,524.15 |
| 1 to 2 years(inclusive) | 12,644,998.08 | 6,049,440.38 |
| 2 to 3 years(inclusive) | 1,930,105.10 | 490,916.76 |
| Over 3 years | 793,547.28 | 2,564,988.07 |
| | <u>286,776,333.05</u> | <u>247,829,869.36</u> |

(b) *As at 31 December 2021, the five largest accounts receivables aggregated by debtors were summarised and analysed as follows:*

| | Balance | Provision for bad debts | % of total balance |
|---|-----------------------|----------------------------|-----------------------|
| Total balance of the five largest accounts receivables | <u>169,505,148.17</u> | <u>-</u> | <u>59.11%</u> |

(c) *In 2022 and 2021, the Group did not have accounts receivables derecognised due to transfer of financial assets.*

(d) *Provision for bad debts*

For accounts receivables, the Company recognises the lifetime ECL regardless of whether there exists a significant financing component.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(1) **Accounts receivables** (Continued)

(e) *No accounts receivables were written off in the current year.*

(f) *As at 31 December 2022 and 31 December 2021, the Company did not have accounts receivables pledged.*

(2) **Other receivables**

| | 31 December 2022 | 31 December 2021 |
|----------------------------------|-------------------------|------------------|
| Receivables from related parties | 562,009,236.95 | 438,780,051.32 |
| Dividends receivable | 480,967,332.41 | 443,947,957.01 |
| Deposits and guarantees | 947,672.48 | 978,772.48 |
| Receivables from staffs | 808,112.76 | 308,822.76 |
| Others | 248,273.40 | 319,888.73 |
| | 1,044,980,628.00 | 884,335,492.30 |
| Less: Provision for bad debts | — | — |
| | 1,044,980,628.00 | 884,335,492.30 |

(a) *The ageing of other receivables is analysed as follows:*

| | 31 December 2022 | 31 December 2021 |
|--------------------------|-------------------------|------------------|
| Within 1 year(inclusive) | 468,105,132.65 | 352,294,727.26 |
| 1 to 2 years(inclusive) | 268,640,389.85 | 242,173,287.57 |
| 2 to 3 years(inclusive) | 209,331,097.57 | 164,858,646.85 |
| Over 3 years | 98,904,007.93 | 125,008,830.62 |
| | 1,044,980,628.00 | 884,335,492.30 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(2) Other receivables (Continued)

(b) Loss provision and changes in book balance

| | Stage 1 | | | Stage 3 | | | Total |
|------------------------------|-------------------------|---------------------------|--------------|-----------|--------------------------------|--------------|-------|
| | 12-month ECL (group) | 12-month ECL (individual) | | Sub-total | Lifetime ECL (credit impaired) | | |
| | | Provision for bad debts | Book balance | | Provision for bad debts | Book balance | |
| | Book balance | debits | balance | debits | debits | balance | |
| 31 December 2021 | 884,335,492.30 | - | - | - | - | - | - |
| Increase in the current year | 1,093,885,611.50 | - | - | - | - | - | - |
| Decrease in the current year | (933,240,475.80) | - | - | - | - | - | - |
| 31 December 2022 | 1,044,980,628.00 | - | - | - | - | - | - |

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

- (i) As at 31 December 2022 and 31 December 2021, the Company did not have other receivables for which the related provision for bad debts was provided on the individual basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(2) Other receivables (Continued)

(e) As at 31 December 2022, the five largest other receivables aggregated by debtors are analysed as follows:

| | Nature | Balance | Ageing | % of total balance of other receivables | Provision for bad debts |
|---|---|-----------------------|---|--|-------------------------------|
| Yangzhou CIMC Tonghua Special Vehicles Co., Ltd. | Dividends receivable | 350,000,000.00 | 1 to 2 years, 2 to 3 years | 33.49% | - |
| Dongguan CIMC Special Vehicle Co., Ltd. | Dividends receivable, Intra-group accounts | 123,130,758.92 | Within 1 year | 11.78% | - |
| Shenzhen CIMC Vehicle Co., Ltd. | Dividends receivable | 112,500,000.00 | Within 1 year | 10.77% | - |
| Yingkou Xinsheng Vehicles Manufacturing Co., Ltd. | Intra-group accounts | 106,037,233.08 | Within 1 year, 1 to 2 years, 2 to 3 years | 10.15% | - |
| CIMC Taizijie Vehicle Body Manufacturing (Zhenjiang) Co., Ltd | Intra-group accounts | 94,001,573.89 | Within 1 year, 1 to 2 years, 2 to 3 years | 9.00% | - |
| | | <u>785,669,565.89</u> | | <u>75.19%</u> | <u>-</u> |

(3) Long-term equity investments

| | 31 December 2022 | 31 December 2021 |
|--|-------------------------|-------------------------|
| Subsidiaries (a) | 5,418,700,006.22 | 4,988,412,006.22 |
| Joint ventures (b) | 9,391,130.22 | 15,420,370.81 |
| Associates (c) | 140,327,625.45 | 134,043,951.21 |
| | 5,568,418,761.89 | 5,137,876,328.24 |
| Less: Provision for impairment of long-term equity investments | - | - |
| | 5,568,418,761.89 | 5,137,876,328.24 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(3) Long-term equity investments (Continued)

(a) Subsidiaries

| | 31 December 2021 | Increase in the current year | Decrease in the current year | 31 December 2022 | Ending balance of provision for impairment | Cash dividends declared in the current year |
|---|---------------------|---------------------------------|---------------------------------|---------------------|--|--|
| Yangzhou CIMC Tonghua Special Vehicles Co., Ltd. | 467,230,357.90 | - | - | 467,230,357.90 | - | 179,941,304.19 |
| CIMC Vehicles (Shandong) Co., Ltd. | 72,437,800.51 | - | - | 72,437,800.51 | - | - |
| Zhumadian CIMC Huajun Vehicle Co., Ltd. | 307,248,713.68 | - | - | 307,248,713.68 | - | 87,238,441.97 |
| Benju Tengyue semitrailer Parts (Shenzhen) Co., Ltd. | 16,494,581.51 | - | - | 16,494,581.51 | - | - |
| Shenzhen CIMC Vehicle Co., Ltd. | 301,251,600.00 | - | (225,000,000.00) | 76,251,600.00 | - | 126,396,081.62 |
| Qingdao CIMC Special Vehicle Co., Ltd.(i) | 58,924,610.00 | 71,552,497.59 | - | 130,477,107.59 | - | 8,924,559.35 |
| CIMC Vehicle (Jiangmen) Co., Ltd. | 100,840,327.90 | - | - | 100,840,327.90 | - | 51,719,835.73 |
| Shanghai CIMC Vehicle Logistics Equipment Co., Ltd. | 36,071,909.60 | - | - | 36,071,909.60 | - | 7,985,119.15 |
| CIMC Vehicles (Liaoning) Co., Ltd. | 22,500,000.00 | - | - | 22,500,000.00 | - | - |
| CIMC-Shac (Xi'an) Special Vehicles Co., Ltd. | 53,500,000.00 | - | - | 53,500,000.00 | - | 6,810,973.41 |
| Guangzhou CIMC Vehicle Logistics Equipment Co., Ltd. | 15,000,000.00 | - | - | 15,000,000.00 | - | - |
| CIMC Vehicle Investment Holdings Co., Ltd. | 1,259,144,347.13 | 226,250,000.00 | - | 1,485,394,347.13 | - | - |
| Luoyang CIMC Lingyu Automobile Co., Ltd. | 87,726,881.55 | - | - | 87,726,881.55 | - | 35,942,424.32 |
| Wuhu CIMC Ruijiang Automobile Co., Ltd. | 251,589,305.07 | - | - | 251,589,305.07 | - | 64,392,104.46 |
| Qingdao CIMC Eco-Equipment Co., Ltd.(i) | 60,255,783.25 | - | (60,255,783.25) | - | - | - |
| Liangshan CIMC Dongyue Vehicles Co., Ltd. | 66,189,261.20 | - | - | 66,189,261.20 | - | 10,193,294.45 |
| CIMC Vehicle (Group) Xinjiang Co., Ltd. | 80,000,000.00 | - | - | 80,000,000.00 | - | - |
| Sichuan CIMC Vehicle Logistics Equipment Co., Ltd. | 5,000,000.00 | - | - | 5,000,000.00 | - | - |
| Liaoning CIMC Vehicle Logistics Equipment Co., Ltd.(ii) | 5,000,000.00 | - | (5,000,000.00) | - | - | - |
| Shanghai CIMC Special Vehicles Co., Ltd. | 7,500,000.00 | - | - | 7,500,000.00 | - | - |
| CIMC Jidong (Qinhuangdao) Vehicle Manufacture Co., Ltd. | 35,000,000.00 | - | - | 35,000,000.00 | - | - |
| Shenzhen CIMC Vehicle Marketing Service Co., Ltd. | 15,000,000.00 | - | - | 15,000,000.00 | - | - |
| Qingdao CIMC Reefer Trailer Co., Ltd. | 127,403,130.30 | - | - | 127,403,130.30 | - | 35,165,960.34 |
| Zhumadian CIMC Huajun Casting Co., Ltd. | 202,662,000.00 | - | - | 202,662,000.00 | - | - |
| Mason Technology Limited | 170,008,108.50 | 38,000,000.00 | - | 208,008,108.50 | - | - |
| Zhumadian CIMC Huajun Automobile Trading Co., Ltd. | 10,000,000.00 | - | - | 10,000,000.00 | - | 993,150.36 |
| China Jiangsu Vanguard Trailer Rental Co., Ltd. | 110,000,000.00 | - | (25,000,000.00) | 85,000,000.00 | - | - |
| Jiangsu Baojing Auto Parts Co., Ltd. | 34,172,280.04 | - | - | 34,172,280.04 | - | - |
| Guangzhou CIMC Vehicle Sales Services Co., Ltd.(ii) | 30,010,000.00 | 5,000,000.00 | - | 35,010,000.00 | - | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(3) Long-term equity investments (Continued)

(a) Subsidiaries (Continued)

| | 31 December 2021 | Increase in the current year | Decrease in the current year | 31 December 2022 | Ending balance of provision for impairment | Cash dividends declared in the current year |
|--|-------------------------|---------------------------------|---------------------------------|-------------------------|--|--|
| Zhumadian CIMC Wanjia Axle Co., Ltd. | 20,000,000.00 | - | - | 20,000,000.00 | - | - |
| CIMC Taizijie Vehicle Body Manufacturing (Jiangmen) Co., Ltd. | 559,880,000.00 | - | - | 559,880,000.00 | - | - |
| CIMC Taizijie Vehicle Body Manufacturing (Zhenjiang) Co., Ltd. | 100,000,000.00 | - | - | 100,000,000.00 | - | - |
| Zhenjiang Shenxing Taibao Technology Co., Ltd. | 3,313,207.13 | - | - | 3,313,207.13 | - | - |
| Dongguan CIMC Special Vehicle Co., Ltd. | 100,000,000.00 | 416,538,000.00 | - | 516,538,000.00 | - | 15,831,300.00 |
| Kunming CIMC Vehicle Industrial Park Development Co., Ltd. | 70,000,000.00 | - | - | 70,000,000.00 | - | - |
| Yingkou Xinsheng vehicles Manufacturing Co., Ltd. | 22,500,000.00 | - | - | 22,500,000.00 | - | - |
| Qingdao CIMC Smart Logistics Equipment Co., Ltd.(i) | 11,296,714.34 | - | (11,296,714.34) | - | - | - |
| CIMC Vehicles (Shaanxi) Automobile Co., Ltd. | 72,000,000.00 | - | - | 72,000,000.00 | - | - |
| Xxentria | 14,261,086.61 | - | - | 14,261,086.61 | - | - |
| Other subsidiaries | 7,000,000.00 | - | (500,000.00) | 6,500,000.00 | - | - |
| | <u>4,988,412,006.22</u> | <u>757,340,497.59</u> | <u>(327,052,497.59)</u> | <u>5,418,700,006.22</u> | <u>-</u> | <u>631,534,549.35</u> |

(i) In May 2022, Qingdao CIMC Eco-Equipment Co., Ltd. and Qingdao CIMC Smart Logistics Equipment Co., Ltd., wholly-owned subsidiaries of the Company, were absorbed and merged by Qingdao CIMC Special Vehicle Co., Ltd., another wholly-owned subsidiary of the Company.

(ii) In July 2022, Liaoning CIMC Vehicle Logistics Equipment Co., Ltd., a wholly-owned subsidiary of the Company, was absorbed and merged by Guangzhou CIMC Vehicle Sales Services Co., Ltd., another wholly-owned subsidiary of the Company.

(b) Joint ventures

Refer to Note 4(12) for the Company's investments in joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(3) Long-term equity investments (Continued)

(c) Associates

| | Movements in the current year | | | | | | | Ending balance of provision for impairment |
|--|-------------------------------|-------------------------|-------------------------|--|-------------------------------------|--|--------------------------|--|
| | 31 December 2021 | Increase in investments | Decrease in investments | Share of net profit/(loss) under equity method | Share of other comprehensive income | Share of other dividends/profit declared | Provision for impairment | |
| Serju (Shanghai) International Trade Co., Ltd. | 435,233.40 | - | - | 191,119.24 | - | - | - | 626,352.64 |
| Shenzhen CIMC Cold Chain Technology Co., Ltd. | - | - | - | - | - | - | - | - |
| Ningbo Huaxiang Automotive New Material Technology Co., Ltd. | 1,464,257.07 | - | (1,467,157.61) | 2,900.54 | - | - | - | - |
| Shenzhen Shuxiang Technology Co., Ltd. | - | - | - | - | - | - | - | - |
| Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. | 22,271,226.18 | - | - | 3,674,910.36 | - | (331,247.26) | - | 24,573,097.28 |
| Chengdu CIMC Industrial Park Investment and Development Co., Ltd. | 80,113,156.53 | - | - | 5,695,134.62 | - | - | - | 85,808,291.15 |
| Shenzhen Bay Angel Phase III Venture Capital Partnership (Limited Partnership) | 29,760,078.03 | - | - | (440,193.65) | - | - | - | 29,319,884.38 |
| | <u>134,043,951.21</u> | <u>-</u> | <u>(1,467,157.61)</u> | <u>9,123,871.11</u> | <u>-</u> | <u>(331,247.26)</u> | <u>-</u> | <u>140,327,625.45</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(4) Capital reserve

| | 31 December 2021 | Increase in the current year | Decrease in the current year | 31 December 2022 |
|-----------------------------------|-------------------------|---------------------------------|---------------------------------|-------------------------|
| Share premium | 4,615,910,102.72 | – | – | 4,615,910,102.72 |
| Other capital reserve – Others | 4,573,317.21 | – | (331,247.26) | 4,242,069.95 |
| | <u>4,620,483,419.93</u> | <u>–</u> | <u>(331,247.26)</u> | <u>4,620,152,172.67</u> |
| | 31 December 2020 | Increase in the current year | Decrease in the current year | 31 December 2021 |
| Share premium | 3,284,733,349.41 | 1,331,176,753.31 | – | 4,615,910,102.72 |
| Other capital reserve – Others | 4,573,317.21 | – | – | 4,573,317.21 |
| | <u>3,289,306,666.62</u> | <u>1,331,176,753.31</u> | <u>–</u> | <u>4,620,483,419.93</u> |

(5) Revenue and cost of sales

| | 2022 | 2021 |
|-------------------------------|----------------------|----------------------|
| Revenue from main operations | – | – |
| Revenue from other operations | <u>71,738,713.30</u> | <u>54,382,096.12</u> |
| | <u>71,738,713.30</u> | <u>54,382,096.12</u> |

The Company's revenue from other operations mainly comprises the management service fees charged to its subsidiaries.

| | 2022 | 2021 |
|-------------------------------------|-------------------|-------------------|
| Cost of sales from main operations | – | – |
| Cost of sales from other operations | <u>363,117.78</u> | <u>525,786.18</u> |
| | <u>363,117.78</u> | <u>525,786.18</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(5) Revenue and cost of sales (Continued)

(a) Revenue and cost of sale 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 |
| Management service fees | 43,883,737.98 | – | 45,540,891.43 | – |
| Commissions | 27,398,908.03 | – | 8,112,320.39 | – |
| Others | 456,067.29 | 363,117.78 | 728,884.30 | 525,786.18 |
| | 71,738,713.30 | 363,117.78 | 54,382,096.12 | 525,786.18 |

(b) The Company's revenue is disaggregated as follows:

| | 2022 | 2021 |
|--|----------------------|----------------------|
| Revenue from other operations | | |
| Including: Recognised at a point in time | 380,379.22 | 697,921.00 |
| Recognised over time | 71,358,334.08 | 53,684,175.12 |
| | 71,738,713.30 | 54,382,096.12 |

(6) Investment income

| | 2022 | 2021 |
|---|-----------------------|-----------------------|
| Investment income from long-term equity investments under cost method | 631,534,549.35 | 572,714,741.55 |
| Investment income from long-term equity investments under equity method | 3,094,630.52 | 5,291,341.64 |
| Investment income from disposals of long-term equity investments | 25,453,158.67 | 2,573,446.65 |
| Investment income from disposals of derivative financial instruments | – | 1,227,000.00 |
| Interest income and others | 20,532,143.49 | 16,132,758.64 |
| | 680,614,482.03 | 597,939,288.48 |

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

1 STATEMENT OF NON-RECURRING PROFIT OR LOSS

| | 2022 | 2021 |
|--|------------------------------|-----------------------|
| Gains on disposal of non-current assets | 220,986,001.61 | 175,056,325.63 |
| Government grants recognised in profit or loss | 81,550,034.72 | 144,395,663.75 |
| Gains arising from changes in fair value of financial assets held for trading, other non-current financial assets, financial liabilities held for trading and derivative financial instruments, and investment income/(loss) arising from the changes in fair value of investment properties which are subsequently measured at fair value, and the invest come arising from disposals of financial assets and liabilities held for trading and derivative financial instruments | (26,914,107.34) | 396,590.25 |
| Net loss from disposals of long-term equity investments | (3,322.91) | (375,851.02) |
| Other non-operating income and expenses other than the above mentioned items | 5,336,216.43 | 4,637,291.81 |
| | <u>280,954,822.51</u> | <u>324,110,020.42</u> |
| Less: Income tax | (69,612,814.33) | (47,536,078.84) |
| Less: Non-controlling interests, net of tax | (8,888,386.97) | (11,628,469.61) |
| | <u>202,453,621.21</u> | <u>264,945,471.97</u> |

Basis for preparation of statement of non-recurring profit or loss

Pursuant to the Explanatory Announcement on Information Disclosure by Companies Offering Securities to the Public No.1 – Non-recurring Profit or Loss [2008] issued by the China Securities Regulatory Commission, non-recurring profit or loss refers to profit or loss arising from the transactions and events that are not directly related to the Company's normal course of business, also from the transactions and events that even are related to the company's normal course of business, but will interfere with the right judgement of users of the financial statements on the company's operation performance and profitability due to their special nature and occasional occurrence.

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

2 RETURN ON NET ASSETS AND EARNINGS PER SHARE

| | Weighted average return on | | Earnings per share | | | |
|--|----------------------------|------|--------------------------|------|----------------------------|------|
| | net assets (%) | | Basic earnings per share | | Diluted earnings per share | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Net profit attributable to ordinary shareholders of the Company | 9.18 | 8.29 | 0.55 | 0.48 | 0.55 | 0.48 |
| Net profit attributable to ordinary shareholders of the Company, net of non-recurring profit or loss | 7.52 | 5.85 | 0.45 | 0.34 | 0.45 | 0.34 |

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