



The 40th Anniversary of CIMC

China International Marine Containers (Group) Co., Ltd.  
(a joint stock company incorporated in the People's Republic of China with limited liability)

A Share Stock Code: 000039  
H Share Stock Code: 2039

2021

ANNUAL REPORT



## SIGNIFICANT RISK WARNING

This Report contains certain forward-looking statements with respect to the financial position, operational results and business of the Group. These forward-looking statements are, by their nature, subject to significant risk and uncertainties because they relate to events and depend on circumstances which may occur in the future and are beyond our control. Therefore, the forward-looking statements reflect the Group's current views with respect of future events and are not a guarantee of future performance. Actual results may differ from the information contained in such forward-looking statements.

## CONTENTS

Important Notice	2	
Definitions	3	
Glossary	7	
Chapter I	Corporate Profile	8
Chapter II	Summary of Accounting Data and Financial Indicators	11
Chapter III	Chairman's Statement	17
Chapter IV	Report of the Board	26
Chapter V	Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules	61
Chapter VI	Management Discussion and Analysis Prepared in Accordance with the Hong Kong Securities Regulatory Rules	87



Chapter VII	Report of the Supervisory Committee	102
Chapter VIII	Corporate Governance	107
Chapter IX	Environmental and Social Responsibilities	172
Chapter X	Significant Events	256
Chapter XI	Changes in Share Capital and Information on Shareholders	284
Chapter XII	Bonds	294
Chapter XIII	Auditor's Report	301
Chapter XIV	Financial Statements Prepared in Accordance with CASBE	311
Chapter XV	Documents Available for Inspection	568

## IMPORTANT NOTICE

The 2021 annual report (hereinafter referred to as this “**Report**” or the “**2021 Annual Report**”) has been reviewed and approved at the 4th meeting of the ninth session of the Board in 2022. All Directors have attended the Board meeting in person or by way of online meeting, where one of the directors, Mr. DENG Weidong authorized Mr. HU Xianfu, the vice-chairman, to attend the meeting and exercise voting rights on his behalf.

The Board, the Supervisory Committee and the Directors, Supervisors and senior management of the Company warrant that this annual report is true, accurate and complete and does not contain any false records, misleading statements or material omission and individually and collectively take legal responsibility.

The proposed profit distribution plan of the Company for 2021 as considered and approved by the Board is based on the total share capital of the Company as at the record date of dividend payment for 2021, a cash dividend of RMB0.69 (tax inclusive) per share will be distributed to all Shareholders; no bonus shares will be issued and to allocate 5 additional shares for every 10 shares to all Shareholders by conversion of capital reserve. The proposed dividend is expected to be payable on or around 18 August 2022. The annual dividend distribution plan for 2021 shall be submitted to the Company’s annual general meeting for consideration and approval.

Mr. MAI Boliang, person-in-charge of the Company, Chairman of the Board and CEO, and Mr. ZENG Han, Chief Financial Officer, person-in-charge of accounting affairs and head of the accounting department, hereby warrant the truthfulness, accuracy and completeness of the financial statements contained in 2021 Annual Report.

The financial statements of the Group for 2021 prepared in accordance with CASBE have been audited by PricewaterhouseCoopers Zhong Tian LLP, who has issued an audit report with unqualified opinions on the financial statements.

The forward-looking statements in this Report regarding future plans and development strategies do not constitute a material commitment by the Group to investors. Investors are advised to be fully aware of the risks involved, to understand the differences between plans, forecasts and commitments and to be aware of the investment risks.

# DEFINITIONS

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

<b>Items</b>	<b>Definitions</b>
“A Share(s)” (or “RMB-denominated Ordinary Share(s)”)	Domestic ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Shenzhen Stock Exchange and traded in Renminbi.
“Trust Plan”	The trust plan set up under the Trust and Operation Scheme for Surplus Funds from the Profit Sharing Plan of CIMC (Draft), which was considered and approved at the annual general meeting of the Company on 1 June 2020.
“Articles of Association”	The Articles of China International Marine Containers (Group) Co., Ltd.
“Board”	The Board of the Company.
“Shenzhen Capital Group”	Shenzhen Capital Holdings Co., Ltd., a state-owned enterprise established in the PRC under direct control of the State-owned Assets Supervision and Administration Commission of the People’s Government of Shenzhen Municipal, which is the largest Shareholder of the Company.
“CASBE”	Accounting Standards for Business Enterprises – Basic Standard and 42 Specific Accounting Standards issued by the Ministry of Finance of the PRC, and application guidance and interpretations to CASBE and other related regulations.
“CIMC TianDa”	CIMC-TianDa Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability in 2002 and a holding subsidiary of the Company. Its shares were listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 445), and on 25 January 2021, the listing of the shares of CIMC TianDa on the Hong Kong Stock Exchange was withdrawn after privatisation by way of a scheme of arrangement.
“Company”	China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司), a joint stock company incorporated in the PRC with limited liability, the A shares of which are listed on the Shenzhen Stock Exchange and the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange.

## DEFINITIONS

“CIMC” or “Group”	The Company and its subsidiaries.
“CIMC Enric”	CIMC Enric Holdings Limited (中集安瑞科控股有限公司), a company incorporated in the Cayman Islands with limited liability in 2004, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Hong Kong stock code: 3899) and a holding subsidiary of the Company.
“CIMC Finance Company”	CIMC Finance Co., Ltd., a company incorporated in the PRC in 2010 and a holding subsidiary of the Company.
“CIMC Financial Leasing Company” or “CIMC Financial Leasing”	CIMC Financial Leasing Co., Ltd., a company incorporated in the PRC in 2007 and a holding subsidiary of the Company.
“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 company incorporated in Hong Kong in 1992 and a holding subsidiary of the Company.
“CIMC Modular”	CIMC Modular Building Investment Company Limited (中集模塊化建築投資有限公司), a company incorporated in the PRC in 2013 and a holding subsidiary of the Company.
“CIMC Offshore Engineering”	CIMC Offshore Engineering Co., Ltd., a company incorporated in the PRC in 2016 and a holding subsidiary of the Company.
“CIMC Raffles”	CIMC Raffles Offshore (Singapore) Limited, a company incorporated in Singapore in 1994 and a holding subsidiary of the Company.
“CIMC Industry & City”	Shenzhen CIMC Industry & City Development Group Co., Ltd. (深圳市中集產城發展集團有限公司), a company incorporated in the PRC in 1998 and an associate of the Company.
“CIMC Vehicles”	CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)股份有限公司), a company incorporated in the PRC in 1996, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1839) and on the ChiNext Market of Shenzhen Stock Exchange (stock code: 301039), and a holding subsidiary of the Company.

## DEFINITIONS

“CIMC Shilianda”	CIMC Shilianda Logistics Technology (Group) Co., Ltd. (formerly known as “CIMC Modern Logistics Development Co., Ltd.”, with the name changed on 21 July 2021), a holding subsidiary of the Company.
“COSCO SHIPPING”	COSCO SHIPPING Development Co., Ltd.
“Corporate Governance Code”	The Corporate Governance Code contained in Appendix 14 of the Hong Kong Listing Rules.
“China Merchants Group” or “CMG”	China Merchants Group Limited (招商局集團有限公司), a state-owned enterprise established in the PRC under direct control of the State-owned Assets Supervision and Administration Commission, which is second largest Shareholder of the Company.
“CSRC”	China Securities Regulatory Commission.
“Director(s)”	The director(s) of the Company.
“H Share(s)” (or “Overseas-listed Foreign Share(s)”)	Overseas-listed foreign ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars.
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC.
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited.
“HKSCC”	Hong Kong Securities Clearing Company Limited and HKSCC NOMINEES LIMITED.
“Implementation Rules of the Audit Committee”	The Implementation Rules of the Audit Committee under the Board of China International Marine Containers (Group) Co., Ltd.
“Model Code”	The Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Hong Kong Listing Rules.
“Southern CIMC”	Shenzhen Southern CIMC Containers Manufacture Co., Ltd., a company incorporated in the PRC in 1995 and a holding subsidiary of the Company.
“PRC” or “China”	The People’s Republic of China.

## DEFINITIONS

“Reporting Period” or “Year” or “Period”	The twelve months from 1 January 2021 to 31 December 2021.
“RMB”	Renminbi, the lawful currency of the PRC.
“Rules of Procedures for the Board”	The Rules of Procedures for the Board of China International Marine Containers (Group) Co., Ltd.
“Rules of Procedure for the General Meetings”	The Rules of Procedure for the General Meetings of China International Marine Containers (Group) Co., Ltd.
“Rules of Procedure for the Supervisory Committee”	The Rules of Procedure for the Supervisory Committee of China International Marine Containers (Group) Co., Ltd.
“SFO”	The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong.
“Shareholder(s)”	The holder(s) of A share(s) and H share(s) of the Company.
“Shenzhen Listing Rules”	The Rules Governing the Listing of Securities on the Shenzhen Stock Exchange.
“Shenzhen Stock Exchange”	The Shenzhen Stock Exchange.
“Supervisor(s)”	The supervisor(s) of the Company.
“Supervisory Committee”	The supervisory committee of the Company.
“USD” or “U.S. dollars”	United States dollars, the lawful currency of the United States of America.
“Ziegler”	Albert Ziegler GmbH, a company incorporated in Germany and a holding subsidiary of the Company.
“CMIC”	CMIC Ocean En-Tech Holding Co., Ltd., a company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 206).
“%”	Percentage.



# GLOSSARY

This glossary contains certain definitions of technical terms used in this Report in connection with the Group. Some of these definitions may not correspond to standard industry definitions or usage.

<b>Items</b>	<b>Definitions</b>
CNG	Compressed Natural Gas.
ERP	Enterprise Resource Planning.
EPC	Engineering Procurement Construction.
FPSO	Floating Production Storage and Offloading.
GSE	Ground Support Equipment, refers to airport equipment used to ensure flight safety. To meet the requirements for aircraft maintenance and flights, airports are equipped with a variety of modern ground support equipment, including but not limited to mechanical, electric, hydraulic and special gas equipment.
HSE	Health Safety Environment.
Jack-up Drilling Platform	A jack-up drilling platform is a mobile oil rig commonly used for shallow water operation. Most jack-up rigs operate in water depths ranging from 250 to 400 feet. This oil drilling equipment is generally used for mounting machinery, power supply, equipment and accommodation facilities for drilling and certain liftable spud legs on a platform floating on the water.
LNG	Liquefied Natural Gas.
LPG	Liquefied Petroleum Gas.
Modular Building	The building manufactured in a factory environment and transported to a prepared project site to be installed.
ONE Model	Optimization Never Ending, the lean management system of the Group.
QHSE	A management system that guides and controls an organisation in respect of Quality, Health, Safety and Environmental aspects.
Semi-submersible Drilling Platform	A semi-submersible drilling platform is a mobile oil rig; the upper part of the hull structure is the working deck and the lower part comprises two lower hulls, with the parts connected by support columns. When in operation, the lower hulls are submerged into the water. A semisubmersible platform is generally used in deep seas with water depths ranging from 600–3,600m. The platform typically uses a dynamic positioning system for positioning.
TEU	Twenty-foot equivalent unit, also known as a standard unit (a container with a length of 20 feet, a height of 8 feet and 6 inches and a width of 8 feet), being used to measure the volume of a container.

## CHAPTER I

# CORPORATE PROFILE

The Company was incorporated in Shenzhen, Guangdong Province, the PRC under the PRC Company Law on 14 January 1980 and was named as “China International Marine Containers Co., Ltd.” (中國國際海運集裝箱股份有限公司) upon incorporation. After being restructured as a joint stock limited company in December 1992, and publicly offered A shares and B shares which were listed on the Shenzhen Stock Exchange in 1994, the Company changed its name to “China International Marine Containers (Group) Co., Ltd.” (中國國際海運集裝箱(集團)股份有限公司) in 1995. The A shares of the Company were listed on the Shenzhen Stock Exchange on 8 April 1994 and its H shares were listed by introduction on the Main Board of the Hong Kong Stock Exchange on 19 December 2012. The Company is the first enterprise in China with its B shares converted into H shares listed on the Main Board of the Hong Kong Stock Exchange.

The Group is a world leading equipment and solution provider in the logistics and energy industries and is principally engaged in the manufacture of containers, road transportation vehicles, energy/chemical/liquid food equipment, offshore engineering equipment, airport facilities equipment as well as the provision of relevant services, including the design and manufacture of international standard dry containers, reefer containers, special-purpose containers, tank containers, wooden container floorboards, road tank trucks, natural gas processing equipment and static tanks, road transportation vehicles, heavy trucks, jack-up drilling platforms, semi-submersible drilling platforms, special vessels, passenger boarding bridges and bridge-mounted equipment, airport ground support equipment, fire safety and rescue vehicles, automated logistics system and intelligent parking system and relevant services. In addition, the Group is also engaged in logistics services business, finance and asset management and other businesses. Through business expansion and technology development, the Group has formed an industry cluster focusing on key equipment and solutions provided for the logistics and energy industries.

### I. COMPANY INFORMATION

Legal Name in Chinese:	中國國際海運集裝箱(集團)股份有限公司
Abbreviated Chinese Name:	中集集團
Company Name in English:	China International Marine Containers (Group) Co., Ltd.
Abbreviated English Name:	CIMC
Legal Representative:	Mai Boliang
Authorised Representatives:	Mai Boliang, Wu Sanqiang
Registered Address and Address of Head Office:	8th Floor, CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC
Postal Code:	518067
Principal Place of Business in Hong Kong:	3101-2 Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong
Company Website:	<a href="http://www.cimc.com">http://www.cimc.com</a>
Email Address:	<a href="mailto:ir@cimc.com">ir@cimc.com</a>

## CHAPTER I CORPORATE PROFILE

### II. CONTACT PERSONS AND MEANS OF COMMUNICATION

Secretary to the Board, Joint Company Secretary:	Wu Sanqiang
Contact Address:	CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC (Postal code: 518067)
Contact Telephone:	(86 755) 2669 1130
Facsimile:	(86 755) 2682 6579
Email Address:	ir@cimc.com
Representative of Securities Affairs, Joint Company Secretary:	He Linying
Contact Address:	CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC (Postal code: 518067)
Contact Telephone:	(86 755) 2680 2258
Facsimile:	(86 755) 2682 6579
Email Address:	ir@cimc.com

### III. CHANGES IN REGISTRATION

Unified social credit code:	91440300618869509J
Change of Principal Business since Listing:	No
Change of the Controlling Shareholder:	No controlling Shareholder

### IV. INFORMATION DISCLOSURE AND LOCATIONS FOR DOCUMENTS FOR INSPECTION

Stock Exchange Website of Disclosure of Annual Report of the Company:	A Share: <a href="http://www.szse.cn">www.szse.cn</a> ; H Share: <a href="http://www.hkexnews.hk">www.hkexnews.hk</a>
Media or Website of Disclosure of Annual Report of the Company:	A Share: "China Securities Journal", "Securities Times", and "Shanghai Securities News" and <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> ; H share: <a href="http://www.hkexnews.hk">www.hkexnews.hk</a>
Legal Website:	<a href="http://www.cimc.com">www.cimc.com</a>
Places at which this Report is Available:	Office of the Secretary to the Board of the Company, CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC (Postal code: 518067)

## CHAPTER I CORPORATE PROFILE

### V. STOCK INFORMATION OF THE COMPANY

Stock Exchange on which A Shares are Listed:	Shenzhen Stock Exchange
Abbreviated Stock Name for A Shares:	CIMC
Stock Code:	000039
Stock Exchange on which H Shares are Listed:	The Hong Kong Stock Exchange
Abbreviated Stock Name for H Shares:	CIMC, ZJHD (Note)
Stock Code:	02039, 299901 (Note)

Note: Both the abbreviated stock name and the stock code were only used by the original B Shareholders of the Company in the PRC in respect of their trading of H Shares of the Company after H Shares of the Company were listed on the Hong Kong Stock Exchange.

### VI. OTHER RELEVANT INFORMATION

Hong Kong Share Registrar:	Computershare Hong Kong Investor Services Limited Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Hong Kong Lawyer:	Paul Hastings 22/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong
PRC Lawyer:	Commerce & Finance (Shenzhen) Law Offices Unit 2301, Block A, Aerospace Science and Technology Plaza, Haide 3rd Road, Nanshan District, Shenzhen
Auditor:	PricewaterhouseCoopers Zhong Tian LLP 11th Floor, PricewaterhouseCoopers Centre, 2 Corporate Avenue, 202 Hu Bin Road, Huangpu District, Shanghai, PRC
The Certified Public Accountants as the Signatories:	Cao Cuili, Guo Suhong

Sponsors engaged by the Company to continuously perform its supervisory function during the reporting period

Applicable  Not Applicable

Financial advisors engaged by the Company to continuously perform its supervisory function during the reporting period

Applicable  Not Applicable

## CHAPTER II

# SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

### I. RETROSPECTIVE ADJUSTMENT TO OR RESTATEMENT OF THE ACCOUNTING INFORMATION FOR PRIOR YEARS BY THE COMPANY DUE TO CHANGE OF ACCOUNTING POLICIES AND CORRECTION OF ACCOUNTING ERRORS

Yes  No

### II. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE GROUP FOR THE LAST FIVE YEARS

Unit: RMB thousand

Consolidated income statement items	For the year ended 31 December					
	2021	2020	(Changes) from the previous year to this year	2019	2018	2017
Revenue	163,695,980	94,159,083	73.85%	85,815,341	93,497,622	76,299,930
Operating profit	13,471,549	7,439,627	81.08%	5,838,747	6,477,005	4,171,685
Profit before income tax	13,295,059	7,290,406	82.36%	5,613,874	6,683,558	4,409,241
Income tax expenses	4,934,291	1,278,666	285.89%	3,103,761	2,615,103	1,250,826
Net profit	8,360,768	6,011,740	39.07%	2,510,113	4,068,455	3,158,415
Including:						
Net profit attributable to Shareholders and other equity holders of the Company	6,665,323	5,349,613	24.59%	1,542,226	3,380,436	2,509,242
Profit or loss attributable to minority Shareholders	1,695,445	662,127	156.06%	967,887	688,019	649,173
Net profit attributable to Shareholders and other equity holders of the Company after deducting non-recurring profit or loss	5,473,060	342,887	1,496.17%	1,241,479	2,258,609	1,367,068

## CHAPTER II SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

Unit: RMB thousand

Consolidated assets and liabilities items	As at 31 December					
	2021	2020	(Changes) from the previous year to this year	2019	2018	2017
Total current assets	<b>81,457,379</b>	67,141,741	21.32%	90,023,127	81,902,959	59,001,923
Total non-current assets	<b>72,865,122</b>	79,069,770	(7.85%)	82,084,394	76,981,004	71,602,456
Total assets	<b>154,322,501</b>	146,211,511	5.55%	172,107,521	158,883,963	130,604,379
Total current liabilities	<b>69,422,602</b>	60,895,028	14.00%	70,551,310	73,137,289	51,421,759
Total non-current liabilities	<b>27,919,809</b>	31,462,639	(11.26%)	46,518,233	33,343,686	35,945,186
Total liabilities	<b>97,342,411</b>	92,357,667	5.40%	117,069,543	106,480,975	87,366,945
Total equity attributable to Shareholders	<b>56,980,090</b>	53,853,844	5.81%	55,037,978	52,402,988	43,237,434
Equity attributable to Shareholders and other equity holders of the Company	<b>45,118,633</b>	44,017,516	2.50%	39,253,886	37,324,999	32,460,927
Minority interests	<b>11,861,457</b>	9,836,328	20.59%	15,784,092	15,077,989	10,776,507

Unit: RMB thousand

Consolidated cash flow items	For the year ended 31 December					
	2021	2020	(Changes) from the previous year to this year	2019	2018	2017
Net cash flows from operating activities	<b>20,574,655</b>	12,810,486	60.61%	3,538,522	140,732	4,464,831
Net cash flows from investing activities	<b>(2,843,021)</b>	(3,538,804)	19.66%	(9,084,157)	(4,401,930)	(1,769,557)
Net cash flows from financing activities	<b>(12,186,978)</b>	(6,539,564)	(86.36%)	3,613,642	9,295,766	(3,537,153)

## CHAPTER II

### SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

Key financial indicators	2021	2020	(Changes) from the previous year to this year	2019	2018 (Note)	2017
Basic earnings per share attributable to Shareholders of the Company (RMB)	<b>1.81</b>	1.41	28.37%	0.37	0.92	0.81
Diluted earnings per share attributable to Shareholders of the Company (RMB)	<b>1.80</b>	1.41	27.66%	0.37	0.92	0.81
Net cash flows from operating activities per share (RMB)	<b>5.72</b>	3.57	60.22%	0.99	0.05	1.50
Net assets per share attributable to Shareholders and other equity holders of the Company (RMB) (Total shares based on ordinary shares outstanding at the end of the year)	<b>12.55</b>	12.24	2.53%	10.95	12.50	10.88
Weighted average return on net assets (%)	<b>15%</b>	14%	1%	4%	10%	8%
Weighted average return on net assets after deducting non-recurring profit or loss (%)	<b>13%</b>	0.19%	12.81%	3%	7%	4%

Note: As the Company implemented the increase in capital from capital reserve into share capital in 2019, various earnings per share data in 2018 were adjusted for the latest share capital pursuant to the relevant accounting standards.

The total share capital of the Company as of the trading day preceding the date of disclosure:

The total share capital of the Company as of the trading day preceding the date of disclosure (shares) 3,595,013,590

Fully-diluted earnings per share based on the latest share capital:

Dividends paid for preferred shares —  
 Interests paid for perpetual bonds (RMB thousand) 183,314  
 Fully diluted earnings per share based on the latest share capital (RMB/share) (note) 1.81

Note: The calculation formula of "Fully diluted earnings per share based on the latest share capital (RMB/share)" is: (net profit attributable to the Company – interests on perpetual bonds)/latest number of ordinary shares.

## CHAPTER II SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

### III. DIFFERENCES IN ACCOUNTING DATA UNDER DOMESTIC AND FOREIGN ACCOUNTING STANDARDS

#### 1. Differences in net profits and net assets disclosed under International Accounting Standards and CASBE

Applicable  Not applicable

#### 2. Differences in net profits and net assets disclosed under foreign accounting standards and CASBE

Applicable  Not applicable

#### 3. Reason for differences in accounting data under domestic and foreign accounting standards

Applicable  Not applicable

### IV. KEY FINANCIAL INDICATORS OF THE GROUP BY QUARTER DURING THE REPORTING PERIOD

Unit: RMB thousand

	2021			
	The first quarter	The second quarter	The third quarter	The fourth quarter
Revenue	28,864,101	44,320,448	45,057,753	45,453,678
Net profit attributable to Shareholders and other equity holders of the Company	1,507,331	2,790,128	4,501,730	(2,133,866)
Net profit attributable to Shareholders and other equity holders of the Company after deducting non-recurring profit or loss	1,392,432	2,256,117	4,369,602	(2,545,091)
Net cash flows from operating activities	3,245,875	3,015,184	8,978,695	5,334,901

Significant differences exist between the above financial indicators or their sums and the related financial indicators in the quarter reports and semi-annual reports disclosed by the Company

Yes  No



CHAPTER II

SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

## V. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS OF THE GROUP FOR THE LATEST THREE YEARS

Applicable    Not applicable

Unit: RMB thousand

Items	2021	2020	2019
Losses on disposal of non-current assets	(179,995)	(91,808)	(3,905)
Government grants recognised in profit or loss for the current period	646,885	712,117	893,366
Gains or losses from changes in fair value arising from holding financial assets held for trading, and investment income arising from disposal of other equity investments, other debt investments, and other non-current financial assets, and gains or losses from changes in fair values of investment properties subsequently measured at fair value, except for the effective hedging activities relating to the Group's ordinary activities	1,344,952	544,929	(217,160)
Reversal of impairment provision for accounts receivable tested for impairment separately	-	27,385	6,521
Net gains from disposal of long-term equity investments	20,550	4,427,236	352,525
Other non-operating income and expenses other than the above items	20,407	(28,845)	(158,785)
Effect of income tax	(401,972)	(335,163)	(207,787)
Effect of minority interests (after tax)	(258,564)	(249,125)	(364,028)
<b>Total</b>	<b>1,192,263</b>	<b>5,006,726</b>	<b>300,747</b>

Note: Aforesaid non-recurring profit or loss items (other than the effect of minority interests (after tax)) were all presented at amount before taxation.

Details of other profit/loss items defined as nonrecurring profit/loss items:

Applicable    Not applicable

## CHAPTER II

### SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

The Company has no other specific items that meet the definition of non-recurring profit or loss.

Reasons and explanations on the Company defining the non-recurring profit or loss items as defined under the Explanatory Announcement No. 1 on Information Disclosure by Companies Offering Securities to the Public – Non-Recurring Profit or Loss (the “**Explanatory Announcement No. 1**”) as recurring profit or loss items.

Applicable  Not Applicable

The Company did not define the non-recurring profit or loss items as listed under the Explanatory Announcement No. 1 as recurring profit or loss items.

## VI. ITEMS AT FAIR VALUE

Unit: RMB thousand

	Balance at beginning of the Year	Profit or loss arising from changes in fair value for the Year	Cumulative changes in fair value recognized in equity	Impairment provisions accrued for the Year	Balance at end of the Year
Financial assets:					
1. Financial assets held for trading	198,279	48,509	-	-	445,432
2. Derivative financial assets and other non-current financial assets	870,548	(203,725)	-	-	892,627
3. Investments in other equity instruments	1,171,358	-	368,125	-	1,167,141
4. Receivables financing	1,544,177	-	-	1,725	1,048,244
5. Other debt investments	-	-	-	-	-
Sub-total of financial assets	3,784,362	(155,216)	368,125	1,725	3,553,444
Investment properties	1,437,970	7,697	-	-	1,386,085
Total	5,222,332	(147,519)	368,125	1,725	4,939,529
Financial liabilities	(767,525)	75,506	-	-	(729,990)
Total	4,454,807	(72,013)	368,125	1,725	4,209,539

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

Yes  No

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

Yes  No

## CHAPTER III

# CHAIRMAN'S STATEMENT



**Mai Boliang**  
Chairman

### DEAR SHAREHOLDERS,

China's role as a powerful engine to the global economy became more prominent in 2021, as it has been driving the global economic recovery like no other country in the world. Thanks to its superior socialist system, China's economy demonstrated strong resilience amid the global depression. During the year, under the visionary and inspirational leadership of the Board of Directors, we managed to maintain our operational efficiency while unwaveringly adhering to our ambition of serving our country's call with heartfelt sincerity as an state-owned manufacturer, and vigorously developing our strength under the guidance of our motto known as "stabilizing operation to achieve quality growth", with which we accomplished a record-high operating income of RMB100 billion, setting a remarkable milestone in the course of implementing our country's domestic circulation strategy. Our net profit and operating cash flow also hit

a record high as we achieved a revenue of RMB163.696 billion (2020: RMB94.159 billion) in 2021, representing a year-on-year increase of 73.85%, with a net profit attributable to shareholders and other equity holders of the parent company of RMB6,665 million (2020: RMB5,350 million), and a basic earnings per share of RMB1.81 (2020: RMB1.41), representing a year-on-year increase of 24.59% and 28.37%, respectively. In light of such a heartening accomplishment, the Group decided to distribute to its shareholders an annual dividend of RMB0.69 (including tax) per share in cash (with no bonus shares issued), and offer them 5 additional shares for each 10 shares they held by converting its capital reserve into share capital.

The Group's operational performance in 2021 can be summarized into three highlights as illustrated as follows:

## CHAPTER III CHAIRMAN'S STATEMENT



### (I) Relentlessly implementing our general principle of development known as “focusing on superior businesses to promote high-quality growth (聚焦優勢業務促進有質增長)”, with all our business sectors making remarkable breakthroughs

In 2021, under our general principle of development known as “focusing on superior businesses to promote high-quality growth”, we continued to consolidate our principal business, i.e. equipment manufacturing, and enhance our service capacity while taking a firm grasp of the opportunities arising in the global market to smooth up our internal circulation, and accelerating the transformation and upgrading of our operations towards eco-friendliness, digitalization and intelligence, striving to build superior products through scientific and technological innovation, and continuing to build up our strengths by creating new growth drivers.

#### 1. Focusing on our advantageous business and consolidating our position as an industry leader.

The Group strove to increase its production when containers were in short supply around the globe, as an effort to help the Chinese government to “stabilize foreign trade” by accommodating the demand of container export, and guarantee the stable operation of the global supply chain. During the year, the Group successfully expand its market share in the container manufacturing sector.

Our road transportation vehicle segment steadily increased its share in the global market of semi-trailers and truck body for specialty vehicles by taking advantage of the recovering demand in the overseas market as the domestic market ushered in opportunities for structural development arising from the requirements for compliant operation and equipment upgrading, and continued to consolidate its strengths as a leading enterprise by leveraging its superior brand value.

The other three main segments, i.e. Energy, Chemical and Liquid Food Equipment, also achieved rapid development, with our equipment and technology for clean energy storage and transportation maintaining its leading position in China, our chemical tanks remaining the top seller in the global market, and our liquid food business further consolidating its competitive edge in the overseas market in terms of liquor brewing equipment while making significant breakthroughs in the domestic market as they started to obtain orders for liquor products.



## CHAPTER III CHAIRMAN'S STATEMENT

The boarding bridge segment of our airport facilities business remained the world champion, which has been making relentless efforts to grow itself into an airport solution provider specializing in ground support equipment with boarding bridge as its core business, and help the domestic and overseas airports transform into smart and eco-friendly airports.

Our offshore engineering business maintained its industry-leading manufacturing capacity of offshore oil and gas equipment in China. During the year, CIMC Raffles helped deliver the "Shenhai Yihao (深海一號)" energy station, the world's first 100,000-ton deepwater semisubmersible production and oil storage platform by building RORO 1#, the world's largest dual-fuel ice-class Ro-Ro vessel. Our "Blue Whale No. 1 (藍鯨1號)" ultra-deepwater semisubmersible drilling platform, known as "A Pillar of the Great Power", completed the drilling of the "Lingshui 17-2" development well of China's first deep-water self-operated gas field.

With its focus placed on multimodal transport, our logistics service business achieved a new high in revenue in 2021 following its accomplishment of RMB10 billion in 2020. During the year, CIMC Shilianda expanded its business territory by strategically investing in Shichang Group (世倡集團), DELFIN GROUP, GOLDWIDE (金源浩) and other high-quality enterprises at home and abroad, achieving a full coverage of the global routes, and growing into a leading integrated logistics service provider covering all modes of transportation (i.e. "river, sea, railway, air, land") in China.

With the above major segments contributing more than 90% of its total revenue, the Group continued to integrate its advantages in logistics, energy equipment manufacturing + services to consolidate its position as an industry leader.

2. Seizing the opportunities in the manufacturing industry while it is striving to "shore up its points of weakness" and developing strategic growth drivers for the emerging business.

In 2021, China's "14th Five-year Plan" proposed that the weight of its manufacturing industry should remain stable as it rolled out policy on integrating industrialization and informatization to promote the transformation and upgrading of its manufacturing industry towards eco-friendliness, digitization and intelligence. Meanwhile, against the background of the energy revolution in line with China's "peaking carbon emissions and carbon neutrality" initiative, as China's energy industry has been unswervingly exploring ways of development with the Chinese characteristics, it is expected that emerging industries of strategic significance, such as new energy, high-end equipment, environmental protection, and marine engineering equipment, will become the crucial growth drivers of China's manufacturing industry when it is trying to "shore up its points of weakness". With our roots deeply planted in the equipment manufacturing industry, we gave full play to our strengths in logistics service and energy development to help our industry shore up its weakness, aiming to build up a portfolio of emerging strategic businesses covering such sectors as "cold chain logistics", "clean energy", "lucid waters and lush mountains" and "rural vitalization", and create new growth drivers for the successful implementation of China's 14th Five-year Plan.

- Cold chain logistics: During the year, with the introduction of favorable policies on promoting development of the industry, cold chain logistics services evolved from an emerging demand into an infrastructure and rigid demand for social development, which brought about crucial opportunities for the development of high-end cold chain equipment and transportation. With many years of experience in the cold chain logistics industry, the Group boasts excellent expertise in integrating high-quality resources in the industry.

## CHAPTER III CHAIRMAN'S STATEMENT



In 2021, the Group's cold chain logistics business maintained its rapid growth, with its cold chain equipment matrix covering all modes of transportation (i.e. sea, land and air) as well as the whole process of transportation. Furthermore, it overturned the monopoly of Europe and the United States by inventing the world's first aviation cold box featuring active temperature control. Relying on its multimodal transport network, the Group's cold chain transportation services quickly became a benchmark for cross-border fruit transportation in Southeast Asia, with its modular mobile cold storage winning the "Chinese Entrepreneurs Innovation Award 2021 (華商創新獎)" in recognition of its contribution in providing "convenient, fast, and light-asset" cold chain storage solutions for the distribution of agricultural products and fresh groceries for e-commerce platforms in the urban areas. Our medical cold chain solutions solved the critical problem impeding the global transportation of vaccines by leveraging technological innovations such as our self-developed phase-change cold storage materials which can withstand a temperature of -80 °C, our temperature-controlled pharmacy storage boxes, and cloud platforms. Moreover, CIMC Cold Cloud was ranked among the top ten logistics service providers in the pharmaceutical supply chain with a "Gold Quality" Award for 2020–2021 in recognition of its industry-leading pharmaceutical cold chain logistics equipment solutions and services.

- Clean energy: Thanks to its foresight to develop new technologies and new businesses in relation to clean energy and construct an ecosystem of equipment and services in the field of renewable energy, the Group has established a significant presence in such domains as hydrogen energy, offshore wind power, and energy storage, with strong synergy developing between its logistics services and energy transportation, helping to propel China's national energy initiative. The Group has been deeply engaged in the development of hydrogen energy for 16 years, during which it actively integrated the resources of its subsidiaries, cooperated with its upstream and downstream partners along the industrial chain to promote the application and commercialization of production, storage, transportation, refueling and utilization of hydrogen. It also undertook two national key projects of hydrogen energy development, responsible for providing liquid hydrogen storage and transportation and mobile hydrogenation station facilities, while successfully building the world's first set of liquid sunlight hydrogen production and hydrogenation facilities. During the Beijing Winter Olympic Games, the Group provided a wide range of hydrogen-powered products to drive the arenas and facilities, helping to demonstrate China's commitment to carbon neutrality for the Winter Olympics. CIMC Offshore Engineering's high-end equipment manufacturing capacity quickly migrated to the field of offshore wind power



### CHAPTER III CHAIRMAN'S STATEMENT

equipment and installation during the year, and provided a large number of offshore wind power installation platforms, conduit racks, booster stations and other equipment and services for China's offshore wind power industry, and established an offshore wind power operation & maintenance service company to capture the blue ocean of offshore wind farm operation and maintenance. Our energy storage equipment segment provided stable, safe and energy-efficient containerized energy storage equipment for wind power and photovoltaic power plants, while our energy logistics services took a strategic move into the energy logistics market, opening a new chapter in LNG energy and chemical intermodal transportation.

- Lucid waters and lush mountains: During the year, the Group took advantage of its strong presence in the whole natural gas industry chain to accelerate the oil-to-gas transformation of its inland waterway and marine vessels, with the aim of providing high-quality, eco-friendly and highly-efficient comprehensive solutions for the traditional transportation industry. The Group entered into strategic cooperation with the Zhaoqing Municipal Government to jointly create an example of carbon reduction and develop the "green" power for inland shipping business. The Group's recycled load business further replaced the disposable packaging with recycling packaging materials in the fields of new energy, home appliances, commodities, as an effort to practice its green recycling philosophy.
- Rural revitalization: In 2021, China's rural revitalization initiative entered a new stage, in light of which the Group enhanced its efforts in driving the agricultural modernization while vigorously advancing the rural construction campaign. By aggressively tapping the potential of its advantageous businesses under the guidance of the new thinking of eco-friendly development, the Group made remarkable efforts to promote the construction of the LPG micro-pipeline networks and bamboo chain (竹鏈), helping China develop its modern agricultural industry by upgrading its rural energy infrastructure and improving the energy consumption structure of farmers. In addition, the Group entered into strategic cooperation with Guangdong Supply and Marketing Group (廣東供銷集團) to carry out in-depth cooperation in the fields of construction of a cold chain logistics backbone network, new logistics equipment, multimodal transport and cross-border logistics, industrial park development etc., while effectively promoting rural revitalization.

## CHAPTER III CHAIRMAN'S STATEMENT

3. Increasing investment in research and development to achieve technological innovation and build intelligent, digital and green product leadership.

In 2021, guiding by Group's product strategy of "maintaining product leadership, strengthening technological innovation, and promoting intelligent manufacturing", the Group increased its investment in research and development, with a significant year-on-year increase in research and development expenses, and applied for 493 new patents, maintaining a cumulative of 4,363 valid patents. During the year, the Group's comprehensive R&D achievements were ranked 73rd among the top 500 Chinese enterprises in terms of patent strength, and the Group's Technology R&D Center was ranked 91st in the "National Enterprise Technology Centers 2021 Evaluation" by the General Office of the National Development and Reform Commission. Six subsidiaries of the Group were entered into the national list of "Little Giant" enterprises with the features of specialization, refinement, uniqueness and innovation (國家級專精特新「小巨人」名單), and our core competitiveness in the manufacturing industry was well recognized again.

The Group is committed to pursue the intelligent, digital and green upgrading and transformation path of the manufacturing industry. The Group continues to increase the application of automation, big data and Internet of Things technologies in high-end equipment manufacturing, while continuing to fully promote digital transformation of projects, CIMC Containers won the "DingGe Award – Annual Model of Supply Chain Transformation Award", and is a pioneer of digital transformation with deep integration of industrialization and informationization, promoting the transformation of process-oriented organization to flexible organization. By the end of 2021, the Group has completed 13 national, provincial and municipal "green factories" in total.

4. Strengthening the top-level design and leverage the advantages of internal and external synergy.

Guided by the key national development sectors and the Group's strategic development, the Group fully leveraged its internal and external synergies during the year, optimized its top-level design, implemented the synergistic development strategies of each segment and jointly expanded important fields in the domestic market. During the year, through cooperation with key external partners, the Group optimized the market layout and introduced market resources for related businesses, effectively promoting programs such as the "leasing strategic partner introduction (租賃引戰)" and "offshore engineering strategic partner introduction (海工引戰)"; at the same time, the Group promoted the synergy and integration of internal resources, and committed to providing one-stop integrated solutions for downstream customers through model innovation, and implemented such major projects as "LNG promotion for Xijiang River (氣化西江)" and "one tank to end (一罐到底)".



## CHAPTER III CHAIRMAN'S STATEMENT

### (II) Facilitating industry with financing, promote capital operation to focus on competitive industries and achieve transformation and upgrading

Through a series of capital operation measures, the Group leveraged the capital market platform and resources, optimized corporate governance, promoted the quality development of the segment and contributed to the industrial upgrading. At the same time, relying on the advantages of diversified shareholders' resources to inject fresh vitality into the quality development of the Group, and also to effectively promote the Group's development strategy of focusing on its competitive businesses in logistics and energy, as well as innovative businesses.

1. Proposing to spin off several subsidiaries for listing. The Group's CIMC Vehicles was successfully listed on both Shanghai Stock Exchange and Hong Kong Stock Exchange in July 2021, becoming the first domestic listed company under the registration system for the ChiNext Market. During the year, the IPO applications for both CIMC Tianda and CIMC Safeway have been accepted by the Shenzhen Stock Exchange and then their IPO processes were officially launched. In February 2022, the Group also announced its plan to spin off CIMC Wetrans for listing on the Shenzhen Stock Exchange.

2. Further optimizing the shareholding structure of CIMC Offshore Engineering and CIMC Financial Leasing Company. During the year, focusing on the Group's high-quality offshore engineering assets and business in Yantai, Yantai State-owned Assets Supervision and Administration Commission (SASAC) gradually integrated the advantageous resources of relevant industries in Yantai and set up a leading platform for the development of deep-sea industry. In December 2021, CIMC Financial Leasing Company successfully introduced a strategic partner, which will be followed by the introduction of the municipal state-owned financial services segment, thereby it will be able to make full use of the resources brought by the strategic investors for rapid and stable development, and is expected to continue to generate favorable investment returns for CIMC Group.

### (III) Continuing to optimize and improve management to ensure quality growth

1. Strengthening compliance and risk control, adhere to the HSE philosophy of "legal and compliance, safety and health, and green management". The Group has taken various measures in risk control with the focus on strengthening the special governance of major risks, gradually promoting the construction of a comprehensive risk system, controlling the special governance of major risks, insisting on dynamic monitoring and flexible management of financial risks, intensifying the awareness of risk control and prevention among all employees, promoting digital risk control, and moving forward the threshold of important business risks and process monitoring.

## CHAPTER III CHAIRMAN'S STATEMENT

2. Steadily improving ESG governance and strengthen corporate green development and social responsibility. In 2021, the Group was committed to sustainable development, and its ESG governance was well recognized by external authorities, receiving a number of external social responsibility awards and being selected as the best-case studies of various associations and organizations.
3. Strengthening the talent team construction. The Group keeps strengthening its talent cultivation and motivation work across the Group, closely focusing on the general guideline of "cadre rejuvenation" and the philosophy of "succession mechanism" talent strategy of "strengthening core talent echelon construction and building strategic talent supply chain", formulating and improving the cadre management and motivation mechanism to ensure the orderly succession of key positions, and improving the overall talent quality through multi-level and multi-dimensional posting experience to ensure the smooth implementation of the Group's talent and organizational strategies.

### UPON THE 40TH ANNIVERSARY OF THE GROUP IN 2022, WE SHALL FOCUS ON HIGH QUALITY GROWTH

In 2022, we are looking forward to a new chapter in the midst of ever-changing situations, and China's industrial policy will continue to guide the high-quality development of green, digital and intelligent manufacturing industry, and it is expected that the Group's emerging business will accumulate greater effectiveness based on its advanced strategic layout. The Group will solidify the foundation of stable development, rationalize resource investment, optimize business models, enhance the ability to coordinate risk control, strengthen communication and coordination mechanisms, enable partners to leverage each other's advantages and healthy and orderly development of the industry, and embrace growth opportunities with the major theme of "expanding emerging industries and focusing on high quality growth".

The year 2022 also marks the 40th anniversary of CIMC Group. Over the past 40 years, CIMC Group has been holding fast to the corporate spirit of "striving unceasingly and pursuing excellence", and written a CIMC story of "moving towards a world champion" and "making Chinese manufacturing respected by the world", developing into a renowned diversified multinational group domestically and internationally. Under the new development pattern of "double circulation", CIMC Group will continue to shoulder the original aspiration and mission conferred on CIMC during the reform and opening up, and move steadily forward, striving to become a "respected and high-quality world-class enterprise"!

On behalf of the Board of Directors of the Company, I would like to express our sincere gratitude to our shareholders, all staff and partners of the Group for their long-term care and support to the Group!

**Mai Boliang**  
*Chairman*

Shenzhen, the PRC  
March 2022

CHAPTER III  
CHAIRMAN'S STATEMENT

# MAIN BUSINESS SEGMENTS



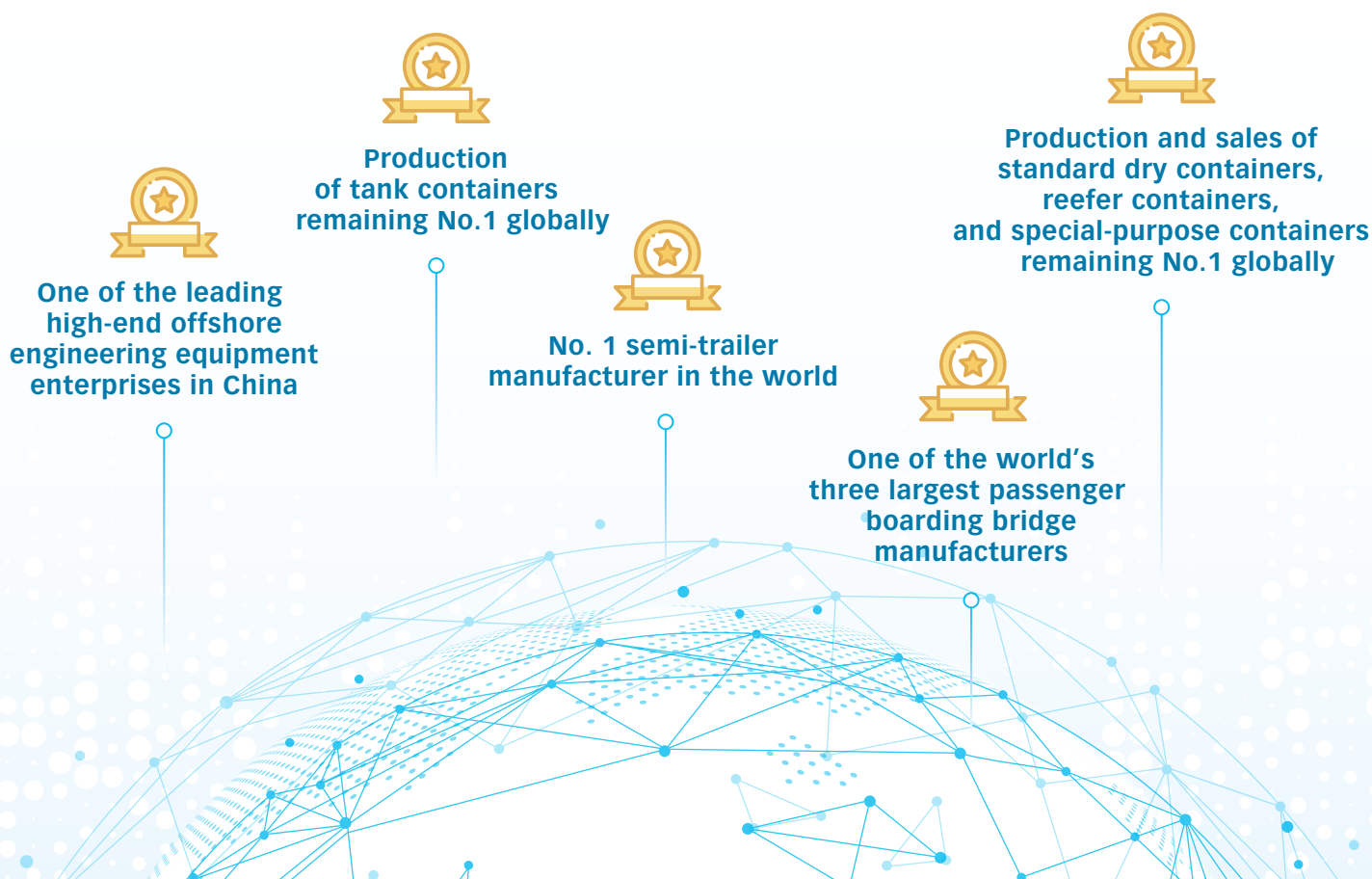
## CHAPTER IV

# REPORT OF THE BOARD

### I. BUSINESS SUMMARY

The Group is a world leading equipment and solution provider in logistics and energy industries, and its industry cluster mainly covers logistics and energy fields. In the logistics field, the Group still adheres to taking container manufacturing business as its core business, based on which to develop road transportation vehicles business, airport facilities and logistics equipment/fire safety and rescue equipment business and to a lesser extent, logistics services business and recycled load business providing products and services in professional field of logistics; in the energy field, the Group is principally engaged in energy/chemical/liquid food equipment business and offshore engineering business; meanwhile, the Group also continuously develops emerging industries and has finance and asset management business that serves the Group itself.

Currently, the Group is principally engaged in, among other things, the design and manufacture of international standard dry containers, reefer containers, special-purpose containers, tank containers, wooden container floorboards, road tank trucks, natural gas processing equipment and static tanks, road transportation vehicles, heavy trucks, jack-up drilling platforms, semi-submersible drilling platforms, special vessels, passenger boarding bridges and bridge-mounted equipment, airport ground support equipment, fire safety and rescue vehicles, automated logistics system and intelligent parking system and relevant services. The multi-dimensional industry cluster of the Group aims to provide the logistics and energy industries with high quality and reliable equipment and services, provide the Shareholders and employees of the Company with good returns and create sustainable values for the society.



## CHAPTER IV REPORT OF THE BOARD

According to the latest Container Equipment Survey and Leasing Market Annual Report 2020/21 issued by Drewry, the Group ranked No. 1 in the world in terms of production and sales of standard dry containers, reefer containers, and special-purpose containers; according to the 2021 Global Tank Container Fleet Survey issued by the International Tank Container Organisation, the production of tank containers of the Group ranked No. 1 in the world; according to the 2021 Top Global OEM Ranking List for Semi-trailer Manufacturers published by Global Trailer, CIMC Vehicles, a subsidiary of the Group, was the world's No. 1 semi-trailer manufacturer in terms of production volume; CIMC TianDa, a subsidiary of the Group, is one of the world's three largest passenger boarding bridge manufacturers; the Group is also one of the high-end offshore engineering equipment enterprises in China.

During the Reporting Period, there was no material change in the principal business model of the Group. During the Reporting Period, the products and businesses contributing 10% or more to the Group's revenue included container manufacturing business, road transportation vehicles business, energy, chemical and liquid food equipment business and logistics services business.

## II. REVIEW OF THE PRINCIPAL BUSINESSES DURING THE REPORTING PERIOD

### 1. Overview

During the Reporting Period, the Group's revenue amounted to RMB163.696 billion (2020: RMB94.159 billion), representing a year-on-year increase of 73.85%; the net profit attributable to Shareholders and other equity holders of the Company amounted to RMB6.665 billion (2020: RMB5.350 billion), representing a year-on-year increase of 24.59%; and the basic earnings per share amounted to RMB1.81 (2020: RMB1.41), representing a year-on-year increase of 28.37%. Among the principal businesses of the Group, container manufacturing business, energy, chemical and liquid food equipment business, logistics services business, recycled load business and finance and asset management business achieved substantial growth in their revenues, airport and logistics facilities and fire safety and rescue equipment recorded growth in their revenues, while road transportation vehicles business and offshore engineering business recorded relatively stable revenue.

#### Consolidated Operating Results

Unit: RMB thousand

	2021	2020	Percentage change
Revenue	163,695,980	94,159,083	73.85%
Operating profit	13,471,549	7,439,627	81.08%
Net profit attributable to Shareholders and other equity holders of the Company	6,665,323	5,349,613	24.59%
Net cash flows from operating activities	20,574,655	12,810,486	60.61%
Net increase in cash and cash equivalents	5,319,748	2,550,355	108.59%

### 2. Review of Operations of Major Business Segments

Through business expansion and technology development, the Group has formed an industry cluster focusing on key equipment and solutions provided for the logistics and energy industries.

## CHAPTER IV REPORT OF THE BOARD

(I) In logistics field:

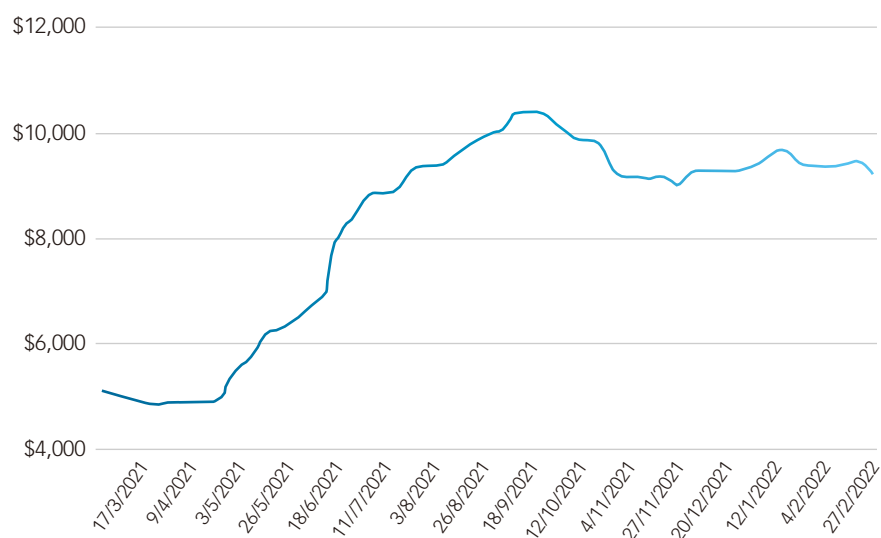
- **The Group adheres to taking container manufacturing business as our core business**



The Group's container manufacturing business mainly consists of standard dry containers, reefer containers and special-purpose containers. The Group has the capacity to produce a full series of container products with independent intellectual property rights. Special-purpose containers mainly include North American domestic 53-foot containers, European pallet wide containers, bulk containers, special-purpose reefer containers, flatracks and other products.

In 2021, the global economy and merchandise trade showed a strong recovery, and China's foreign trade exports continued to grow faster than expected, despite the continuing disruptions caused by the epidemic. At the same time, the operation of global ports and inland transportation remained inefficient due to the epidemic, resulting in the depletion of global container capacity, poor return of empty containers and a significant drop in container turnover efficiency. As a result of the above, the container market experienced tight space and container availability, and tight container supply was the keynote of the container market in 2021. To resolve the tight container supply in the market and meet the demand for containers of China's foreign trade exports, the Group intensified its efforts on the container manufacturing business, improved production efficiency and fully released production capacity, trying its best to ensure the supply of new containers. With the joint efforts of the Group and industrial peers, the monthly output of new containers in the industry has been breaking new highs. With the continuous delivery of new containers, the tight container supply has been alleviated in October. Meanwhile, affected by the strong demand for containers and the hike in raw material prices resulted from rising commodity prices, both the price of new containers and profitability of the industry for the year recorded significant year-on-year increase.

World Container Index – Assessed by Drewry USD per 40 ft container

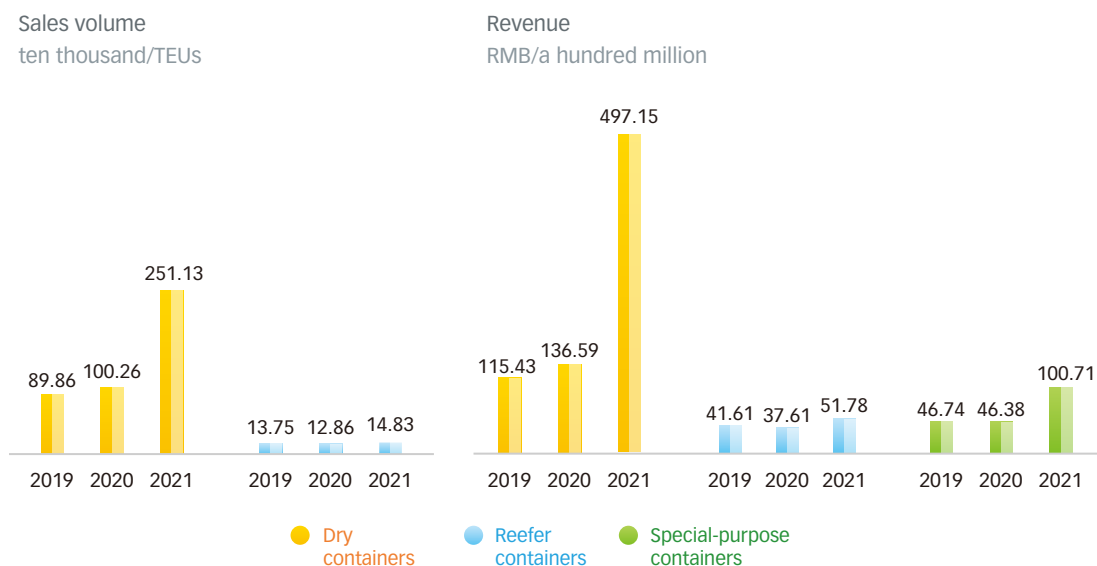


## CHAPTER IV REPORT OF THE BOARD

As a result, during the Reporting Period, the production and sales volume of the Group's containers reached a record high, and the revenue and net profit of the container business also recorded significant increases as compared with the same period in 2020. In 2021, the accumulated sales volume of ordinary dry containers of the Group reached 2,511,300 TEUs (2020: 1,002,600 TEUs), representing a year-on-year increase of 150.48%; the accumulated sales volume of reefer containers was 148,300 TEUs (2020: 128,600 TEUs), representing a year-on-year increase of 15.32%. The container manufacturing business of the Group realised a revenue of RMB65,967 million (2020: RMB22,164 million), representing a year-on-year growth of 197.64%, and recorded a net profit of RMB11,327 million (2020: RMB1,987 million), representing a year-on-year growth of 469.94%. The sales revenue of ordinary dry containers reached RMB49,715 million (2020: RMB13,659 million), representing a year-on-year growth of 263.98%; the sales revenue of reefer containers amounted to RMB5,178 million (2020: RMB3,761 million), representing a year-on-year increase of 37.68%; the sales revenue of special-purpose containers was RMB10,071 million (2020: RMB4,638 million), representing a year-on-year increase of 117.15%.

In 2021, while fully grasping the historical market condition, the Group's container manufacturing business adhered to its established strategies, proactively adjusted its business strategies, innovated its business models and explored its business potential. Focusing on the three major areas of traditional container business, incremental special container business and innovative business, the Company took a number of measures both internally and externally and implemented management requirements strictly in all respects to ensure the quality growth of organic business and scale expansion of new business. During the Reporting Period, the Group invested and completed the technical reform project of "oil to water" in the manufacture of reefer containers in line with the national green and low-carbon requirements.

### Annual sales volume and sales revenue of container products from 2019 to 2021



## CHAPTER IV REPORT OF THE BOARD

- **Expand the road transportation vehicles business:**



CIMC Vehicles, the main operating entity of the Group's road transportation vehicles business, is a leading global high-end semi-trailer and specialty vehicle manufacturer, which is principally engaged in the manufacture and sale of semi-trailers, truck bodies for specialty vehicles and light van bodies. The main businesses of CIMC Vehicles include: 1) seven major categories of semi-trailer products business conducted in the four major markets worldwide, which include skeletal container semi-trailers, flatbed trucks and their derivatives, curtain side semi-trailers, van semi-trailers, refrigerated semi-trailers, tank semi-trailers and other special types of semitrailers; 2) truck bodies for specialty vehicle products business conducted in China, which include the manufacture of urban muck truck bodies and concrete mixer truck bodies and sales of fully-assembled vehicles; and 3) the production of light van bodies and sale of full-assembled trucks of light vans, which include refrigerated van bodies and dry cargo distribution van bodies.

In 2021, the road transportation vehicles business of the Group realised a revenue of RMB27,648 million (2020: RMB26,499 million), representing a year-on-year increase of 4.34% and hitting a new high, and recorded a net profit of RMB988 million (2020: RMB1,269 million), representing a year-on-year decrease of 22.19%. The main details are as follows:

- (1) In 2021, the global semi-trailer business of CIMC Vehicles achieved solid growth in the global market, with the sales of 138,166 (2020: 131,327) semi-trailers of various types around the world, representing a year-on-year increase of 5.21%, and revenue from the global semi-trailer business amounted to RMB15,276 million, representing a year-on-year increase of 12.49%. According to Global Trailer, CIMC Vehicles has been the world's top one semi-trailer manufacturer for nine consecutive years. During the year, the domestic freight market continued to recover. According to the China Federation of Logistics & Purchasing, China's road freight volume increased by 14.2% year-on-year to 39.14 billion tons, and the freight turnover increased by 14.8% year-on-year to 6.9 trillion ton-kilometers, while the annual China Freight Price Index averaged 100.3, representing a year-on-year increase of 1.9. However, due to the impact of the switch from China V to China VI vehicle emission standards, coupled with rising fuel costs, purchase demand for semi-trailers was partially curbed in the second half of 2021. In the long term, the second-generation semi-trailer national standard GB1589-2016 and GB7258-2017 will further strengthen the requirements on the size and safety of semi-trailers respectively, and the price advantage of the first-generation semi-trailers will be significantly reduced with the full implementation of various domestic regulations on "overloading and overrunning control". The second-generation semi-trailers with higher transport efficiency and lower cargo damage rate will continue to improve in terms of price/performance ratio, and the industry will usher in the structural development opportunity. In terms of semi-trailers in Europe and the United States, thanks to continued strong overseas consumer demand and a tight global supply chain due to a number of factors such as repeated epidemics, port congestion and a shortage of truck drivers, the road freight prices in Europe and the United States have risen significantly, driving a surge in orders for road logistics vehicles. The economic situation in other emerging markets has been gradually recovering from the epidemic, leading to the growth in demand for semi-trailers. CIMC Vehicles has also seized the opportunity from the active promotion of the Free Trade Agreement between Southeast Asian countries and Europe, and continued to improve the establishment of market channels.



## CHAPTER IV REPORT OF THE BOARD

- (2) In 2021, 52,703 (2020: 56,449) truck bodies for specialty vehicles were sold in China by CIMC Vehicles, representing a year-on-year decrease of 6.64%, including 28,478 (2020: 29,379, representing a year-on-year decrease of 3.07%) concrete mixer truck products and 24,225 (2020: 27,070, representing a year-on-year decrease of 10.51%) urban muck truck bodies. China's truck bodies for specialty vehicles business realised a revenue of RMB9,210 million, representing a year-on-year decrease of 9.38%. On the one hand, the growth rate of domestic infrastructure and real estate investment further slowed down, putting pressure on the demand for specialty vehicles; on the other hand, due to the impact of the switch from China V to China VI vehicle emission standards, China's specialty vehicles were overbought before the first half of 2021, and China's specialty vehicle industry showed slightly sluggish as a whole due to the slowdown of market demand in the second half of the year. Against the backdrop of carbon neutrality, CIMC Vehicles actively engaged in joint development and strategic cooperation with OEMs to promote the application of new energy heavy trucks in short- and medium-distance transportation, engineering construction and urban traffic, explored new energy pure electric dump truck business, and successfully developed pure electric muck truck bodies, pure electric mining truck bodies, pure electric gravel truck bodies and pure electric coal truck bodies. During the year, although the industry demand was under pressure, the leading advantage of CIMC Vehicles remained stable: for concrete mixers, despite the slight decline of sales volume as compared with last year, it still maintained its leading position in the industry and ranked the first in China for five consecutive years; for urban muck trucks, CIMC Vehicles effectively took the lead in the market, and although the sales volume of urban muck trucks dropped year-on-year, it still outperformed the overall heavy truck industry.
- (3) In 2021, 9,115 lightweight van bodies (including refrigerated van bodies and dry van bodies of urban distribution) (2020: 6,049 refrigerated van bodies) were sold in China by CIMC Vehicles, and realised a revenue of RMB311 million, representing a slight decrease due to the drop in sale price. As the Chinese government promotes the rural revitalization and improves the transportation network for urban logistics and delivery, with the control of "understating the carrying capacities" and the implementation of the new blue-plate policy, the overloading in urban delivery areas will be further curbed. In April 2021, CIMC Vehicles set up a business segment for lightweight van bodies and built the brand of "Tai Zi Jie (太字節)", integrating the original refrigerated van body products and the new dry cargo urban delivery vehicle body products.



## CHAPTER IV REPORT OF THE BOARD

- **Expand the airport facilities and logistics equipment, fire safety and rescue equipment business**



Through its subsidiary CIMC TianDa, the Group is engaged in the business of airport and logistics equipment, fire safety and rescue equipment, mainly including passenger boarding bridges, airport ground support equipment, airport baggage handling systems, logistics handling systems and intelligent storage systems, comprehensive fire safety and rescue mobile equipment primarily based on various types of fire trucks and other fire safety and rescue equipment and services, including various types of fire pump monitors, intelligent control and management systems for fire vehicles and various types of fire-fighting systems, etc.

During the Reporting Period, the airport and logistics facilities and fire safety and rescue equipment businesses of the Group achieved a revenue of RMB6,842 million (2020: RMB6,089 million), representing a year-on-year increase of 12.37%, and recorded a net profit of RMB193 million (2020: RMB324 million), representing a year-on-year decrease of 40.42%.

- (1) Airport and logistics facilities business: The airport and logistics facilities business achieved good growth as compared with last year. Thanks to the effective domestic prevention and control for the epidemic, the civil aviation industry maintained solid recovery. CIMC TianDa has secured orders to provide boarding bridges, bridge-mounted air conditioners and other supporting equipment, equipment upgrade and maintenance services for several airports in mainland China, which led to an increase in the revenue of airport facilities. During the year, the airport facilities projects were successfully completed and delivered for Qingdao Jiaodong International Airport, Haikou Meilan Airport Phase II, Shenzhen Airport Satellite Terminal and Zanzibar Airport in both domestic and overseas markets. In addition to boarding bridges, the year also saw the successful delivery of a boarding bridge project at the Port of Gdynia in Poland, opening a new page for CIMC TianDa in the European boarding bridge market. At the same time, driven by the development of the domestic e-commerce and logistics industry, increased demand for material handling and smart warehousing systems emerged in the domestic market. The logistics facilities sales recorded considerable growth during the year.
- (2) Fire safety and rescue equipment business: The domestic fire safety and rescue equipment business of CIMC Tianda developed steadily during the year. The Ministry of Emergency Management's request to gradually replace imports by domestic production has brought opportunities for domestic fire safety and rescue equipment, and the rate of domestic production of fire safety and emergency equipment demand will further increase. The Company will transfer its foreign technology and production to the domestic market to comply with the national policy and the development trend of "intelligent fire safety", enrich the domestic high-end product structure and meet the demand for professional and intelligent high-end products in domestic market. In terms of foreign markets, in the face of environmental factors such as the recurrent epidemics in Europe, uncertain economic prospects, and unstable geopolitical situations, the sales revenue of CIMC-TianDa's overseas fire safety and rescue equipment business during the year decreased compared with last year. The increase in orders also fell short of expectations, affecting the overall performance of the business.

CHAPTER IV  
REPORT OF THE BOARD

- **Leveraging the logistics services business**



The logistics services business of the Group is committed to becoming the leader characterized by “equipment + technology” in multimodal transport industry in the PRC, focusing on the multimodal transport network layout covering major domestic seaports, Yangtze River ports, railway hub stations and major international routes. By conducting businesses of combined container transport, professional logistics, station operation and ecological support, the Group endeavors to build a multimodal transport development model combining containers, goods and yards with railway stations as the foundation, cargo control as the core and technology as empowerment.

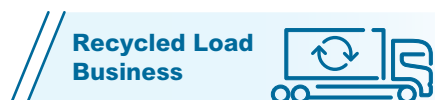
In 2021, China’s import and export goods trade as a whole achieved strong growth, resulting strong demand for international transportation and a boom in the overall logistics services industry and contributing to the development of various logistics businesses. In terms of policy, the State published the National Comprehensive Three-Dimensional Transportation Network Planning Outline (《國家綜合立體交通網規劃綱要》), the Special Action Plan for Quality Development of Commercial and Trade Logistics (2021–2025) (《商貿物流高質量發展專項行動計劃(2021–2025年)》), the Implementation Opinions on Further Reducing Logistics Costs (《關於進一步降低物流成本的實施意見》) and other documents successively, in order to speed up the construction of a country with strong transportation network and support the cost reduction and efficiency enhancement in the logistics industry. In terms of industry dynamics, as affected by the recurring epidemic and high sea freight prices, the overall demand for rail combined transport and road combined transport increased significantly, bringing positive impact on the development of multimodal transport business.

During the Reporting Period, the logistics services business of the Group realised a revenue of RMB29,471 million (same period in 2020: RMB10,636 million), representing a year-on-year growth of 177.09%, and recorded a net profit of RMB542 million (same period in 2020: RMB266 million), representing a year-on-year increase of 103.91%.

In 2021, the Group’s logistics services business focused on the multimodal transport and carried out global deployment of important routes. Through a combination of strategic investment and organic development, the Group has achieved comprehensive coverage of routes in North America, Latin America, Europe, Australia and New Zealand, South Asia, Southeast Asia and Africa. In addition, railway-related businesses, including international and domestic trains, river-rail combined transport and sea-rail combined transport, made a big breakthrough. In terms of professional logistics, we achieved certain results in cold chain logistics and steel logistics, and actively explored new business areas such as energy logistics and project logistics. In terms of the station operation business, as cooperation with shipping companies, ports and railways was further intensified, the annual loading and unloading capacity and repair capacity recorded certain increase as compared with last year, and the ecological support business also grew accordingly.

## CHAPTER IV REPORT OF THE BOARD

- **Rely on the recycled load business as the supplementary to provide the modernized transportation and logistics with first-class products and services**



The Group's recycled load business focuses on providing customers with comprehensive solutions for recycling packaging instead of disposable packaging to facilitate carbon neutral. At present, it mainly provides comprehensive solutions for R&D and manufacturing, leasing operations and packaging of customized recycled load for the automotive, liquid chemical/food, rubber and bulk commodities. Its major products include engine packaging boxes, power battery packaging boxes, gear box packaging boxes, rubber cases and IBC (Intermediate Bulk Container).

During the Reporting Period, the recycled load business of the Group realised a revenue of RMB6,017 million (2020: RMB3,036 million), representing a year-on-year increase of 98.18%, and recorded a net profit of RMB577 million (2020: RMB94 million), representing a year-on-year increase of 512.05%.

During the Reporting Period, (1) in terms of the recycled load R&D and manufacturing business: CIMC Unit Load continued to enhance its research of recycled load products for new energy power battery and provided customers with professional and customized recycled load products and services. Benefiting from the high degree of prosperity of the sharp rise in domestic power battery production, the power battery recycled load manufacturing business saw a substantial increase in revenue. (2) In terms of the recycled load leasing operation business: CIMC Unit Load has been vigorously expanding its recycled load leasing operation business in the rubber industry, and its holdings of rubber containers have reached a leading level in China, and it has started to tap into the international market. The market share of recycling packaging products in the diesel engine industry was relatively high. Meanwhile, a major breakthrough was achieved in the recycled load business in the photovoltaic and household appliances industries. (3) In terms of the comprehensive packaging solutions business: CIMC Unit Load has successfully signed contracts with strategic customers in the aluminium industry and provided them with comprehensive packaging solutions. By modifying the existing packaging methods of customers' products, it helped them reduce overall supply chain costs.

## CHAPTER IV REPORT OF THE BOARD

(II) In energy field:

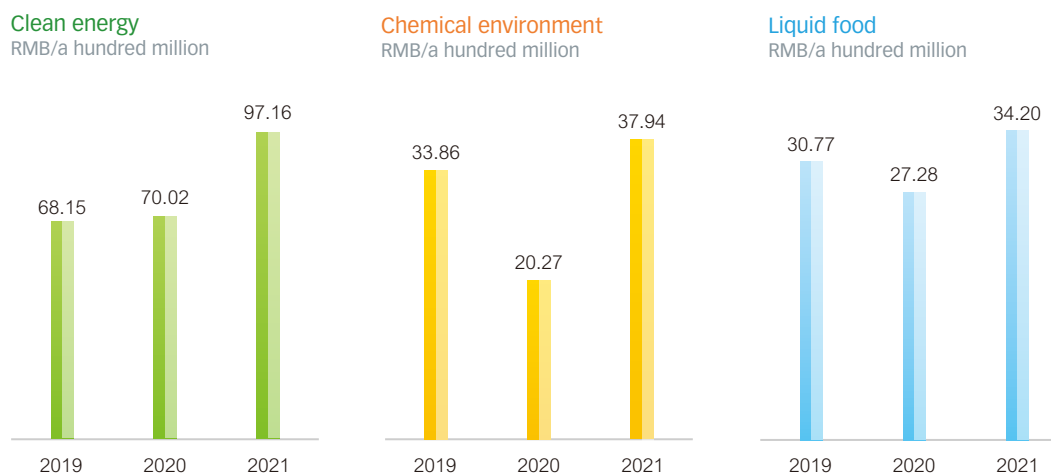
- **On the one hand, carry out energy, chemical and liquid food equipment business based on onshore resources:**



The Group's energy, chemical and liquid food equipment business segment is principally engaged in the design, development, manufacturing, engineering, sales and operations of various transportation, storage and processing equipment widely used in three sectors, namely clean energy, chemical environment and liquid food, as well as provision of relevant technical and maintenance services. The main operating entity is CIMC Enric.

During the Reporting Period, the Group's energy, chemical and liquid food equipment business recorded a revenue of RMB19,528 million (2020: RMB13,292 million), representing a year-on-year increase of 46.92%; the net profit amounted to RMB885 million (2020: RMB360 million), representing a year-on-year increase of 145.57%.

### Sales revenue of businesses of CIMC Enric from 2019-2021



## CHAPTER IV REPORT OF THE BOARD

1. Clean energy segment recorded a revenue of RMB9,716 million (2020: RMB7,002 million), representing a year-on-year increase of 38.76%.

CIMC Enric is China's only manufacturer of key equipment and provider of engineering services claiming full coverage of the natural gas value chain and capable of providing one-stop system solutions. Thanks to the extension of its technological advantages in pressure containers, the Company has expanded its business to include industrial gases such as LPG, oxygen, nitrogen and argon and hydrogen energy.

- (1) In terms of LNG, CIMC Enric mainly provides LNG onshore equipment (e.g. LNG peak shaving tanks, LNG tankers, LNG tank containers, LNG vehicle bottles, LNG small tanks, liquefaction plants/wellhead skid-mounted equipment) and LNG marine equipment (e.g. small and medium-sized LNG transport vessels and LNG bunkering vessels). Natural gas is a clean, low-carbon fossil energy source and an important force in achieving the "two-carbon" target and "beautiful China". In the "Energy Production and Consumption Revolution Strategy (2016–2030)", the National Development and Reform Commission stated that the share of natural gas in the primary energy consumption structure will increase to a level of 15% by 2030, while such share in 2020 is 8.4% of total primary energy consumption.

Benefiting from the global trend of carbon reduction, the marine and onshore clean energy equipment has been developing steadily. For the marine clean energy, the market for new LNG-fuelled vessels and powertrain retrofits has seen significant growth opportunities due to increased policy support for LNG vessels both internationally and domestically. With core competitiveness in small and medium-sized liquefied gas carriers, since the successful acquisition of the assets of Fengshun Ship during the year through which it acquired core shipbuilding resources such as shipyards and docks, the speed of securing new orders and delivering new vessels has been significantly enhanced, further consolidating the segment's leading position in the global market for small and medium-sized gas carriers. In the new vessel market, CIMC Enric delivered orders for 2 international LNG bunkering vessels and won the bid for the order of construction contract of a LNG transport bunkering vessel from CNOOC. In the retrofitting market, during the year, the CIMC Enric signed orders for 20 LNG-powered tank cement carriers with cement producers in the Xijiang River basin; delivered LNG gas supply systems for 9 vessels in the Beijing-Hangzhou Canal project; and signed orders for 9 LNG-powered vessels retrofitting with shipping enterprises in the Yangtze River basin in January 2022; thus, CIMC Enric's vessel oil-to-gas conversion business has covered the Yangtze River, Xijiang River, Pearl River and Beijing-Hangzhou Grand Canal basins, completing a comprehensive layout of inland waterway business.

## CHAPTER IV REPORT OF THE BOARD

- (2) In terms of LPG and other industrial gases, CIMC Enric mainly provides LPG spherical tanks, LPG transportation vehicles, LPG tanker with pumps, MicroGrid small gas tanks, industrial gas storage tanks, industrial gas transportation vehicles and industrial gas cryogenic insulation cylinders. In 2021, the demand for LPG as a major chemical raw material continued to rise, driving the demand for LPG storage and transportation related equipment. The 6,000m<sup>3</sup> LPG spherical tank station project undertaken by CIMC Enric in Cambodia was successfully completed and put into operation, and 1 small to medium sized LPG bunkering vessel was delivered. Benefiting from the recovery of the global oil market, some refineries increased their production rates, and CIMC Enric achieved a satisfactory growth in LPG transportation vehicles, with sales volume increasing by 97% year-on-year. For other industrial gases, the two 150,000m<sup>3</sup> large storage tank projects for low-temperature ethane and propane undertaken by CIMC Enric in Zhejiang successfully completed gas-lifting.
- (3) In terms of hydrogen energy, CIMC Enric has explored in the hydrogen energy field for 16 years and is one of the leading providers of hydrogen energy storage and transportation equipment and engineering services in China with products covering various sub-sectors of hydrogen energy storage, transportation, refueling and utilization. Through the establishment of a joint venture with Hexagon, CIMC Enric will become one of the manufacturers capable of providing domestic hydrogen IV bottles. In 2021, benefiting from the strong support from domestic hydrogen energy industry policies, the domestic hydrogen energy industry developed rapidly. CIMC Enric's sales volume of hydrogen energy storage and transportation equipment recorded steady growth during the year. Relying on the advantages of customers and resources in the field of clean energy, this segment continued to promote the layout in various sectors of the entire hydrogen energy industry chain. In May 2021, this segment established a joint venture with Ansteel Energy Technology Co., Ltd. to launch a coke oven gas to liquefied natural gas co-production hydrogen project to enter the upstream hydrogen production field. In terms of storage and transportation, this segment provided hydrogen energy equipment such as more than 30 hydrogen tubular containers and more than 10 hydrogen storage cylinders of 50MPa for the Beijing Winter Olympic Games and the Winter Paralympic Games, fully contributing to the carbon neutral commitment of the Beijing Winter Olympic Games with a full range of hydrogen energy equipment of multiple varieties. During the year, this segment has won orders for Type III vehicle-mounted hydrogen supply systems for approximately RMB100 million and successfully delivered several hydrogen refueling stations. At the same time, this segment has entered into cooperation with Dalian Institute of Chemical Physics and Panasonic in the fields of hydrogen production and utilization. In 2021, the hydrogen energy-related business recorded revenue of RMB175 million, an increase of 37% year-on-year, mainly due to the rapid development of the hydrogen energy industry and increased market demand for the hydrogen energy storage equipment and hydrogen refuelling station equipment and engineering business.

## CHAPTER IV REPORT OF THE BOARD

2. Chemical environment segment recorded a revenue of RMB3,794 million (2020: RMB2,027 million), representing a year-on-year increase of 87.17%. In 2021, the chemical environment industry experienced strong recovery, and order of both standard and special tank containers of CIMC Enric recorded significant growth with profitability remaining relatively stable and operations continuing to improve, further consolidating its position as a global market leader. This segment actively promoted the application of Internet of Things technology in the tank container industry, exclusively designed intelligent sensors, digital display terminals and online monitoring platforms for the integration of monitoring, management and service of the entire life cycle of tank containers, and built the brand of “Tankmiles” with intelligent elements, which have been successfully developed into a number of internationally renowned container leasing companies and operators, and have been well applied in the transportation of raw materials in the new energy battery electrolyte and chip industries. In terms of new environmental business, the first set of self-developed high-efficiency denitrogenation reactor was successfully applied during the year, laying the foundation for the business development of environmental protection equipment and supporting services.
  3. Liquid food segment recorded a revenue of RMB3,420 million (2020: RMB2,728 million), representing a year-on-year increase of 25.37%. The liquid food industry showed a growing trend due to steady population growth, global economic prosperity, improved living standards and increased awareness on food safety and health. The core equipment strength is integrated solutions for brewing equipment for beer and spirits, and has diversified into other liquid food sub-sectors such as alcoholic beverages, fruit juices and dairy products in recent years. In 2021, thanks to the growth in demand for liquid food equipment and the diversified business layout in the early stage, the performance of this segment has grown steadily. In 2021, the segment secured turnkey projects worldwide and won a bid of an order for domestic white wine project, leveraging its global brand strength in brewing and distillation equipment.
- **On the other hand, carry out offshore engineering business relying on offshore resources:**



The Group's offshore engineering business is operated under an integrated operating model covering design, procurement, manufacturing, construction, commission and operation and provides mass and industrialised construction of high-end offshore engineering equipment and other special vessels under EPC model, making it one of the leading EPC contractors of high-end offshore engineering equipment in China that has actively participated in international competition in the offshore engineering equipment market. Its major businesses include construction of various types of drilling platforms and production platforms, construction of offshore wind power equipment and operation and maintenance of wind farms, manufacture of special vessels, etc.



## CHAPTER IV REPORT OF THE BOARD

During the Reporting Period, as new orders for offshore engineering entered the construction period, the offshore engineering business of the Group recorded a revenue of RMB5,440 million (same period in 2020: RMB5,425 million), basically flat as compared year on year; and a net loss of RMB2,018 million (same period in 2020: net loss of RMB1,943 million), representing a year-on-year loss increase of 3.87%, mainly due to the provision for asset impairment made and loss on disposal of assets during the year. If above factors are excluded, the offshore engineering business would record a year-on-year decrease in loss.

With the gradual recovery of international crude oil prices since 2021, the global offshore engineering equipment market has emerged from its historical lows, and mobile production platforms and offshore wind power related equipment has continued to dominate in terms of new orders. The Group's offshore engineering business actively promoted its business transformation and layout through CIMC Raffles, taking offshore oil and gas as the base and gradually expanding into new energy sources to establish a business portfolio that minimizes cyclical fluctuations. In particular, (1) in terms of oil and gas equipment manufacture: the drilling platform business will seize market opportunities arising from new construction and conversion orders; the production platform business will cultivate the market and enhance strategic customers services and take the repairing, conversion and construction business as an opportunity to expand full-module construction capability; (2) in terms of offshore wind power business: Based in Shandong, CIMC Raffles took manufacturing as the foundation to connect upstream and downstream and enhanced service capabilities of the entire wind power industry chain by leveraging its wharf resources. Its products include wind power installation vessel, jacket, booster station, floating turbine (under development) and operation and maintenance services for wind farms; (3) in terms of special vessels business: CIMC Raffles enhanced the capability of differentiated tender design solutions with independent intellectual property rights to achieve differentiated competition, and continued to enhance the systematization capability of ro-ro ship product line to deepen the high-end market.

**In respect of new orders:** In 2021, CIMC Raffles had USD1.45 billion of newly acquired effective orders, including eight oil-and-gas modular projects with contract values of approximately USD560 million, eight special ship projects with contract values of approximately USD827 million, and total orders for other clean energy and deep-sea fisheries of USD64 million. The value of new orders is almost evenly distributed between oil and gas and non-oil-and-gas business in terms of business portfolio and capacity planning. As at the end of 2021, the accumulated value of orders on hand reached USD1.76 billion, of which offshore wind power orders accounted for 24%.

**In respect of project construction and delivery:** in January, the "Shenhai Yihao" energy station, the world's first 100,000-ton deepwater semi-submersible production and oil storage platform, for which CIMC Raffles provided hull module construction and erection services, was delivered and set sail in Yantai, Shandong; in March, CIMC Raffles undertook the FPSO ultra-large oil tanker conversion contract for the first time and commenced the hoisting dismantling work; in May, the refitting of "Huadian CIMC 01", the offshore engineering platform, was completed and it was applied in the field of offshore wind power, helping China to achieve the two carbon emissions targets "3060"; in July, RORO 1#, the world's largest dual-role ice-class ro-ro ship built by CIMC Raffles, was launched; in October, the FPSO core process upper manifold module project built for YINSON was successfully delivered.

## CHAPTER IV REPORT OF THE BOARD

### (III) Finance and asset management business that serves the Group itself:



The Group's finance and asset management business is devoted to establishing a financial service system which matches the Group's strategic positioning as a leading manufacturer in the world, enhancing the efficiency and effectiveness of the Group's offshore engineering assets and internal capital utilisation, and providing diversified financial service measures for the Group's strategic expansion, business model innovation, industrial structure optimisation and overall competitiveness enhancement. The main operating entities consist of CIMC Financial Leasing Company, CIMC Finance Company and offshore engineering asset management platform companies.

During the Reporting Period, the Group's finance and asset management business achieved revenue of RMB3,763 million (2020: RMB2,178 million), representing a year-on-year increase of 72.81%, and net loss of RMB2,403 million (2020: net profit of RMB312 million), representing an increase in loss of 869.30% as compared to the same period last year. This was mainly due to the significant provision for asset impairment made by the offshore engineering asset management platforms on the existing platforms, as the rental levels and utilisation rates of platform leases on hand were lower than expected due to the impact of the COVID-19 and market conditions during the year.

- **CIMC Financial Leasing Company:**

In 2021, CIMC Financial Leasing Company adhered to the strategic positioning of "integration of industry and finance", focusing on the Group's core business ecosystem and consolidating the operational and financial synergies in the Group's manufacturing segment, and giving full play to financial advantages to serve the development of the real economy. From the aspect of risks, CIMC Financial Leasing Company continued to improve and optimize the comprehensive risk management system by upholding the strategy of "quality first, strict risk control", and strengthened the risk management and control for all employees and throughout the whole process and strengthened big data and other technological risk control means. From the aspect of policies: under the trend of "strong regulation and strict supervision" in finance, the CBIRC issued the regulatory measures for finance leasing companies in 2020 and the People's Bank of China issued the Regulations on Local Financial Supervision (Draft for Comments) (《地方金融監管條例(草案徵求意見稿)》) in December 2021 to continuously regulate the scope of operation, regulatory indicators and risk prevention of finance leasing, aiming to guide finance leasing to serve the real economy and promote the steady and orderly development of the industry. From the aspect of funds, it continuously developed a diversified domestic and overseas financing system and financing capability. From the aspect of systems, it continued to develop financial technology and was fully connected to the personal credit system of the People's Bank of China. It was awarded the Level 3 Certification of "National Information System Security Level Protection" by the Ministry of Public Security, further protecting the security of financial data. For the year, the investment in new businesses remained healthy and the business portfolio was under continuous optimization.

## CHAPTER IV REPORT OF THE BOARD

- **CIMC Finance Company:**

In 2021, thanks to the substantial growth in operating results of the Group's major industrial segments and the steady improvement in operating cash flow, the funds collected by CIMC Finance Company increased significantly and the Group's centralised fund management continued to be deepened, with the concentration of collectable funds remaining over 90%. CIMC Finance Company deeply explored the financing needs of members of the Group and industry chain enterprises, and increased financial support to the industrial segments, with credit capital investment reaching RMB7,200 million for the year. It also achieved a breakthrough in buyer's credit model in relation to bank cooperation, effectively boosting the sales of the Group's products and enhancing the Group's overall competitiveness in the industry. Through actively following the policies for the Guangdong-Hong Kong-Macao Greater Bay Area, in May, it was awarded the pilot business qualification by the State Administration of Foreign Exchange for the development of an integrated local and foreign currency pool for multinational companies, the successful implementation of which greatly facilitated the Group's internal cross-border capital operation. The foreign exchange service capacity of CIMC Finance Company reached a new level, with a significant increase in the volume of agency for foreign exchange transactions, helping the members of the Group to reduce exchange rate risks, facilitate foreign exchange transactions and lower transaction costs. It continued to strengthen the compliance governance, with various regulatory ratings reaching the leading level in the same industry in Shenzhen.

- **CIMC's offshore engineering asset operation and management business:**

As at the end of 2021, the offshore engineering asset operation and management business of the Group involved 16 offshore engineering assets in total, including two ultra-deepwater semi-submersible drilling platforms, three semi-submersible drilling platforms in severe sea conditions, three semi-submersible lifting/life support platforms, three 400-foot jack-up drilling platforms, four 300-foot jack-up drilling platforms and one high-end yacht. In 2021, the Group's offshore engineering asset operation and management business continued to steadily develop with traditional oil and gas projects and offshore wind power as the focus.

In terms of traditional oil and gas projects (a total of 11 platforms): Brent oil price continued to rise in 2021, plus the impact of the epidemic gradually weakened, the industrial recovery led to an increase in oil exploration and refining activities, and a stable increase in rental rate of global oil and gas platform equipment. However, due to the oversupply in the drilling platforms market, the daily rental price was highly competitive. In addition to the drilling platform, one semi-submersible livelihood support platform of the Group was under lease in the waters of Brazil, the contract of which will expire in 2024.

## CHAPTER IV REPORT OF THE BOARD

In terms of offshore wind power (a total of four offshore wind power installation platforms): According to China's National Energy Administration, in 2021, the newly installed capacity of China's offshore wind power increased by approximately 452% year-on-year to 16.9 GW, which is 1.8 times the cumulative total scale built before 2021. As the offshore wind power subsidy will expire in 2021, the "rush of installation tide" of offshore wind turbines appeared, the demand for wind power installation equipment increased sharply, the rental of wind power installation equipment soaring accordingly. Seizing market opportunities, the Group transformed four existing drilling platforms into offshore wind power installation platforms and launched them to the market quickly. During the year, the "Huadian CIMC 01" (semi-submersible wind power installation platform), the "Mirage" (semi-submersible bottom-mounted wind power installation platform), and two 300-foot jack-up wind power installation platforms including "Guardian (護衛)" successively carried out offshore wind power installation operations in Jieyang, Guangdong, Dafeng, Jiangsu, Shandong Peninsula, Yangjiang, Guangdong and other regions. The four platforms have been in operation for a total of 739 days during the year, and a total of 30 sets of wind turbines, 44 sets of wind turbine foundations, one offshore booster station jacket foundation installation and other related operation tasks have been completed. At the end of December 2021, a strategic customer purchased the "Guardian" platform as a whole for long-term use in offshore wind power and new energy business.

Apart from the above-mentioned projects, the offshore engineering asset operation and management business of the Group successfully completed various warm stopping maintenance and winter freeze prevention work as planned, effectively ensuring the preservation of assets' use and value.

### (IV) Innovative businesses that highlight the advantage of CIMC:

- **Cold Chain Equipment Business:**



In November 2021, the General Office of the State Council issued the 14th Five-Year Plan for the Development of Cold Chain Logistics, which is the first five-year plan in the field of cold chain logistics in the PRC. For the first time, the plan makes comprehensive and systematic deployment for building a modern cold chain logistics system from the strategic level of constructing a new development pattern, and proposes a series of pragmatic, operable, implementable and specific measures, which is of great significance. The cold chain logistics industry is enjoying a golden period of comprehensive and high-quality development.

As a high-end equipment manufacturer, the Group's cold chain business mainly focuses on the manufacturing of the cold chain equipment and the cold chain logistics services. The Group currently possesses a competitive advantage in the field of reefer containers and refrigerated vans, with the sales volume of reefer containers and refrigerated vans ranking at the forefront.

## CHAPTER IV REPORT OF THE BOARD

**In terms of food cold chain:** for equipment manufacturing, the Group's portable cold store business focused on the first and last kilometer of domestic cold chain food consumption, which acquired new customers to our fresh food e-commerce business on one hand, and launched pilot and promotional work on pre-cooling, quick-freezing and temporary storage of agricultural products in Guangdong Province on the other hand. The Group continued investment in the research and development of cold chain equipment for the year, set up the Cold Chain Technology Research Institute to develop products such as cold storage chillers, new energy refrigerated containers, aviation cold boxes, temperature coupling boxes, self-sterilizing material materials and applications. For cold chain services, the cold chain logistics business of the Group has established the cold chain end-to-end service capability in Southeast Asia, and has officially launched its export cold chain business, forming a two-way reciprocal flow with the import cold chain business. The Group has already achieved the largest share of the industry in individual fruit categories. The cold chain logistics cross-border transportation business is equipped with CIMC Unit Load's recycling packaging, and cooperates with the durian packaging boxes and coconut packaging boxes independently developed by the Group, which effectively reduces the loss of fruits during transportation and greatly reduces the use of disposable cartons with green, environmentally friendly and fresh-keeping functions. The revenue of multimodal transport business of importing fruits under cross-border fresh food transportation achieved new high. The Group has independently built a relatively mature cold chain logistics information platform, combined with the usage of the Group's own reefer containers and hardware tracking facilities, achieved temperature monitoring and remote adjustment in the course of food cold chain logistics, and ensured the food safety and traceability. In 2021, CIMC Cold Chain won the 2021 World Chinese Entrepreneurs Innovation Award (《2021年世界華商創新獎》), and the 2021 China Cold Chain Logistics Innovation Case (《2021中國冷鏈物流創新案例》) with the first kilometre portable cold store solution of Tianye Cold Chain.

**In terms of medicine cold chain:** CIMC Cold Cloud provided low temperature cold chain transportation of approximately 600 million COVID-19 reagents for major domestic manufacturers of COVID-19 reagents; offered cold chain containers for export of COVID-19 vaccines to well-known domestic COVID-19 vaccine manufacturers, exporting a total of approximately 300 million COVID-19 vaccines and completing COVID-19 export projects for more than 40 countries, including Philippines and Thailand. It also participated in the compilation of the "Technical Guidelines for the Road Freight Transportation of COVID-19 Vaccines" (《新冠病毒疫苗貨物道路運輸技術指南》) jointly published by four departments, namely the Ministry of Transport, the National Health Commission, the General Administration of Customs and the National Medical Products Administration, and was selected as one of the first key contact enterprises for the road freight transportation of COVID-19 vaccines by the Ministry of Transport.

## CHAPTER IV REPORT OF THE BOARD

- **Integrated Container Equipment Business:**



2021 was a year of rapid development for the container integrated equipment business, and revenue continued to maintain rapid growth and hit a record high. In the field of energy, closely following the national “dual carbon” policy, the Group gradually deepened cooperation with customers who are industry leaders, and further enhanced its integration capabilities. Relying on the new energy integrated equipment, the Group gradually penetrated into new energy sources ecosystem including energy storage, charging, and power exchange. In the field of environmental protection, the Group primarily focuses on water treatment and solid waste transfer equipment. In the future, it will take a differentiated route and gradually accelerate its development to the application of high value-added self-developed products and aquaculture water treatment system solutions, with certain breakthroughs having been made so far. At the same time, containers are gradually expanding into mobile medical, communications and other fields, and gradually grafting “container+” into all walks of life, giving containers new vitality.

- **Modular Building Business:**



The Group’s module building business is customer-centric, technology-led and innovation-driven, providing customers with one-stop and diversified integrated solutions for industrialised finished buildings in terms of “consultation, design, manufacturing, construction and delivery”, and striving to become a technological leader in global green industrialised finished buildings. During the Reporting Period, apart from the original Grade A design construction qualification, CIMC Modular obtained the Class 2 general construction contracting qualification, which further strengthened its qualifications and capabilities.

In 2021, the national “Outline of the 14th Five-Year Plan and the Long-Range Objectives Through the Year 2035” proposed to develop smart construction, promote green building materials, prefabricated buildings and steel structure housing, and build low-carbon cities during the 14th Five-Year Plan period. The state has formally elevated the promotion of green building and new construction industrialisation to the height of national development strategy. The traditional construction industry is accelerating its transformation to green, low-carbon and new industrialisation, which provides us with a good opportunity for development. As a greener, lower carbon and high-assembly-rate finished steel structure building company, CIMC Modular, relying on CIMC’s strong industrial manufacturing capability, standardised technology concept, automated production line and the spirit of craftsmanship for excellence, will be able to achieve greater development in the process of accelerating green building and new construction industrialisation in China.

## CHAPTER IV REPORT OF THE BOARD

**Overseas markets:** The modular building business of the Group cultivated the existing markets and further exploited new markets amid the COVID-19 epidemic. While continuously obtaining stable apartment orders from Sweden, the Group actively expanded to Nordic countries such as Germany and Norway and achieved obvious progress. The adoption of pre-fabricated design and production of permanent apartments in northern Europe is a major innovation in the industry.

**Mainland China market:** The Group rode on the favorable national policies, actively promoted the box- type steel structure building system with “high assembly rate and green construction model”, vigorously developed the market and expanded the application scenarios. The first phase of the 1.5-stage enterprise port project in Jiangdong New District, Haikou, for which CIMC Modular designed and undertook the fabrication, transportation and installation of the modular construction part, was successfully completed. The project innovatively used the box- type steel structure integrated building modular as the carrier, fully applying the concept of “green, technology and high efficiency” to the construction field, with only 70 days spent from the production and manufacturing of the building modulars to delivery, once again setting a new speed of CIMC Modular’s construction. At the same time, the Group actively responded to the hot needs for people’s livelihood such as “epidemic prevention”, constructed epidemic prevention and school projects at high speed and high-quality. Meanwhile, the modular building technology department of the Group and Shenzhen Building Technology Promotion Center jointly established the “Shenzhen Steel Structure Modular Building Technology R&D Center”, which is committed to the research and development of cutting-edge technologies and key common technologies in the steel structure modular building industry, so as to provide scientific and technological support for the high-quality development of steel structure modular buildings for Shenzhen.

**Hong Kong market in China:** CIMC Modular has won the bid for the large-scale modular transitional housing project in Hong Kong, called United Court in Tung Tau Tsuen, Yuen Long, Hong Kong. The project has a gross floor area of 37,221 square meters, and will offer 1,800 houses in total. The project is another important achievement of CIMC Modular’s deep cultivation in the public transitional housing and public housing market in Hong Kong.

## CHAPTER IV REPORT OF THE BOARD

### (V) In terms of capital operation:

During the Reporting Period, the Group had the following significant events in capital operation: (1) CIMC Vehicles, was listed on the ChiNext market of the Shenzhen Stock Exchange on 8 July 2021, becoming an A+H shares listed company. (2) CIMC-TianDa has submitted to the Shenzhen Stock Exchange its application documents relating to the initial public offering and listing of shares on the ChiNext Board, and received the notice of acceptance from the Shenzhen Stock Exchange on 28 September 2021. The listing process is still in progress. (3) CIMC Safeway Technologies Co., Ltd, a subsidiary of CIMC Enric, has submitted to the Shenzhen Stock Exchange its application materials relating to the initial public offering and listing of shares on the ChiNext Board in respect of its A shares issuance, and received the notice of acceptance issued by the Shenzhen Stock Exchange on 30 December 2021. The application is under review by the Shenzhen Stock Exchange. (4) The Group signed an agreement with A.P. Moller – Maersk (APMM) on 27 September 2021, pursuant to which the Group acquired the 100% equity interest of Maersk container industry under APMM (including Maersk Denmark Industry (丹麥馬士基工業公司) and Maersk Qingdao Container Industry Co., Ltd. (青島馬士基集裝箱工業有限公司)). The acquisition has not yet satisfied the closing conditions. (5) In 2021, the Company's subsidiaries CIMC Raffles Offshore (Singapore) Limited, Southern CIMC and Yantai Guofeng Investment Holdings Group Co., Ltd. signed the strategic cooperation agreement, pursuant to which all parties will contribute to the incorporation of a joint venture and intend to integrate high-quality assets, to jointly promote the development of deep-sea industry. (6) At the end of 2021, CIMC Financial Leasing Company introduced strategic investors such as Shenzhen Capital Group and Shenzhen City Energy Group Co., Ltd. Upon completion of the transaction, CIMC Financial Leasing Company will no longer be included in the consolidated statements of the Group and become the Group's associate.

## III. FUTURE DEVELOPMENT AND OUTLOOK OF THE COMPANY

### 1. Industry Development Trend and Market Outlook

#### (1) In the Logistics Field:

**In respect of the container manufacturing business:** According to the prediction made by CLARKSONS (a global industry analyst) in February 2022, the growth of global container trade and shipping capacity will slow from 6.4% and 4.5% in 2021 to 3.6% and 3.6% in 2022, respectively. The growth of supply and demand in the container shipping market will slow down to varying degrees in 2022, and the growth rate of supply and demand will tend to balance. Considering that the global supply chain crisis caused by the epidemic is difficult to cure in the short term, the loss of effective shipping capacity caused by congestion may continue to persist. It is expected that the container shipping market will remain in tight supply situation in 2022, and the container shipping industry is expected to maintain a high level of profitability, which will strongly promote customers' willingness to purchase containers. Affected by the limited supply of containers from 2020 to 2021, there is a large amount of old containers beyond service duration in the market, it is expected that the demand for container replacement and update will remain high in 2022. To sum up, we expect that container demand in 2022 will have a correction compared to the historical high in 2021, but it will still be at a high level.



## CHAPTER IV REPORT OF THE BOARD

**In respect of the road transportation vehicles business:** As the epidemic has entered a new normalcy, the global demand for automobile manufacturing and logistics gradually recovered, with rebounding demand for semi-trailers in the world. In the first year of the “14th Five-Year Plan”, the advancement of “dual carbon” strategy and accelerated iteration and upgrade of semi-trailers in the PRC have brought new opportunities for the development of van-type trailers in China’s semi-trailer industry. The specialty vehicles industry in China has entered a new round of transformation and upgrading, and investment in infrastructure has driven demand for specialty vehicles. Under the implementation of “China VI” emission standards and the development of new energy vehicles, Chinese specialty vehicles companies are facing a new situation of coexistence of challenges and opportunities. With Chinese government’s promotion of rural revitalization, the control over “understating the carrying capacities” and the implementation of new policy on vehicles with blue plates, light vans have entered the fast track of development.

**In respect of the airport facilities and logistics equipment, fire safety and rescue equipment business:** (1) Airport and logistics facilities business: the newly built/expanded civil aviation airports in China are constructed based on the blueprint of “a safe, green, smart and human-oriented airport”; speed and accuracy are the key to success in the e-commerce industry. Therefore, R&D and production can improve operational safety and management efficiency, and all kinds of electric and smart equipment that are environmentally friendly, green and low-carbon will continue to be the development direction of the airport and logistics facilities industry. (2) Fire safety and rescue equipment business: the increasing modernization of cities, emergence of oversized space buildings, super-high buildings and different spatial structural complex, plus rapid development of high fire risk industries, such as petroleum, chemicals and building materials, has led to a rapid increase in the number of flammable and explosive sites and more complexity of disaster relief work. As a result, the demand for sophisticated fire rescue equipment and management systems has become higher. CIMC-TianDa is striving to introduce domestic and overseas technologies, develop high-tech products, actively integrate into the “smart fire safety” big data construction carried out across the country, and cooperate with local fire brigades to establish a comprehensive and sound emergency rescue system.

**In respect of the logistics services business:** On 1 January 2022, the Regional Comprehensive Economic Partnership (RCEP) officially came into force, bringing an important boost to stabilize foreign trade and promote the development of the new business model. The country has successively introduced the 14th Five-Year Plan for the Quality Development of Foreign Trade, the 14th Five-Year Plan for the Development of Cold Chain Logistics, and the Work Plan for Promoting the Development of Multimodal Transport and Optimising and Adjusting the Transport Structure (2021–2025). To provide further support for the quality, innovative and green development of the logistics industry, the Group’s logistics service business will actively react to macro environment and industry instabilities to focus on multimodal transport, and achieve high-quality growth.

**In respect of the recycled load business:** Looking ahead to 2022, the Group’s recycled load business as a whole will continue to grow faster. On the one hand, with the further advancement of environmental protection policies and dual carbon goals, the process of replacing disposable packaging with recycling packaging will continue to accelerate. On the other hand, the continual record high of installed power battery capacity will drive the demand for power battery recycled load to maintain a high growth. However, due to the external environments such as the shortage of automotive chips, there is insufficient demand for recycled load of spare parts in the automotive industry.

## CHAPTER IV REPORT OF THE BOARD

### (2) In the Energy Industries Field:

**In respect of the energy, chemical and liquid food equipment business:** The pace of carbon emissions reduction and carbon neutrality is accelerating globally. So far, more than 130 countries and regions around the world have proposed the climate goal of “zero carbon” or “carbon neutrality”. Under China’s dual carbon goals, natural gas, as a clean primary fossil energy source, will be an important tool to slow down the growth of China’s carbon emissions, and play an important role in China’s “road for carbon neutrality”. In terms of hydrogen energy, according to the White Paper on the PRC’s Hydrogen Energy and Fuel Cell Industry (2019 edition) issued by the China Hydrogen Energy Alliance, hydrogen energy is expected to account for 10% of China’s energy consumption between 2036 and 2050, with an annual economic value of more than RMB10 trillion. 2021 will see a large rebound in demand for tank containers as the global economy recovers. The chemical industry in China is facing an opportunity period of tremendous development, and there is an increasingly clear trend towards the concentration of chemical plant parks in the future, presenting opportunities for the segment’s chemical tank containers and after-market business. The research report on Global Beverage Processing Equipment Market by Category, Beverage Type, Mode of Operation and Region shows that the global beverage processing equipment market is expected to reach US\$26.4 billion by 2026, with the Asia-Pacific market (China and India) in particular having a high potential for new business growth in beverage processing equipment development.

**In respect of the offshore engineering business:** With the gradual recovery of international oil price and the acceleration of energy transformation, return on investment and carbon emission indicators have become important considerations for investment decisions of oil companies. Among them, deep-water oil and gas resources, due to their high cost-effectiveness and low carbon emission intensity, have become the focus of investment and development for many international oil companies. The foundation for the recovery of the drilling rig market will continue to be consolidated. In the medium to long run, the 3060 target of carbon neutrality proposed by the PRC will bring major opportunities, allowing a rapid development for clean energy. Offshore wind power, and offshore photovoltaic will form a huge industry scale. In the future, the Group will focus on principal growing businesses, including FPSO/module, offshore wind power and deep-sea fishery, significantly increase the proportion of revenue from non-oil and gas offshore business, and establish a product line layout to mitigate the impact of the oil and gas cycle fluctuations.

### (3) Finance and Asset Management Business:

**CIMC Financial Leasing Company:** Compared with the leasing market in developed countries, China’s financial leasing industry is still in the primary stage of development with relatively large market capacity. With the gradual implementation of unified supervision and further regulation of the industry, the financial leasing industry still has middle and long-term development opportunities. There are two trends in the future development of the financial leasing industry: First, the leasing business will return to its nature. In light of this, the Group will adhere to the coordinated development of industry and finance to create a professional and differentiated competitive advantage with respect to leasing properties. Second, the industry will accelerate the application of technologies, especially to enhance the risk control capability and operational efficiency by using big data and artificial intelligence. At the same time, the country is vigorously supporting the development of clean energy, green environmental protection and other industries as well as the development of small, medium and micro enterprises, which will bring huge growth space for the financial leasing industry.

## CHAPTER IV REPORT OF THE BOARD

**CIMC Finance Company:** In 2022, the external environment faced by China's economy will remain complex and volatile. The impact of the epidemic on economic operation will still exist where China's economy will face the triple pressures of demand contraction, supply shock, and weakening expectations. The overall tone of monetary policy is "making prudent monetary policy flexible and appropriate in order to maintain reasonable and adequate liquidity", showing a stable and loose trend, and significantly intensified monetary policies such as reducing reserve requirement ratios and cutting interest rates.

**CIMC's offshore engineering asset management business:** Despite resurging of the epidemics and the impact of uncertainties such as international inflation, the global economy has recovered in an all-round way. Major global oil and natural gas producing areas, such as the North Sea, Gulf of Mexico, and the Middle East, have successively launched new projects for bidding, so that the demand for offshore drilling equipment and production equipment will continue to grow in the medium and long term. In the offshore wind power and new energy segments, under the influence of policies, the new construction of offshore wind farms, the upgrade of existing wind farms, and other new energy projects, such as comprehensive utilization of hydrogen energy, carbon capture, etc., will maintain a high level of demand for large-scale installation platforms and operation and maintenance support services. The CIMC's offshore engineering asset management business will continue with an overall development toward upturn.

## 2. Overall Operation Targets and Initiatives for Main Business Segments

Adhering to the strategic theme of "stabilizing operation to achieve quality growth", the Group has developed its strategic planning for the next three years. The principal business of the Group will remain focused on the two major industries of logistics and energy, and its layout of emerging business will also focus on the two main fields of "smart logistics" and "clean energy". The Group will optimize its business portfolio constantly to improve the level of asset returns and pursue high-quality business development.

### (1) In the Logistics Field:

**In respect of the container manufacturing business:** In 2022, the Group's container manufacturing business will actively respond to fluctuations in container demand in the post-epidemic era. On the one hand, for the traditional container business, the Group will enhance its comprehensive competitiveness and consolidate its leading position in the industry through continuous investment in technology and equipment as well as management improvements, such as the Dragon Project (龍騰計劃) and major technical reforms. On the other hand, the Group has been following the national call to seek new source of growth in innovative businesses, focusing on modular building, cold chain, integrated equipment and new materials segments, with a view to quickly entering them and becoming a leader.

## CHAPTER IV REPORT OF THE BOARD

**In respect of the road transportation vehicles business:** In 2022, CIMC Vehicles continued to take core measures of building “high-end manufacturing system”, upgrading “product modules”, improving “lighthouse factory”, launching marketing reform and promoting organizational development. On top of the four cornerstones, CIMC Vehicles added the fifth cornerstone of “building a digital supply chain center”, and further upgrade measures have been formulated to implement the high-end manufacturing system strategy.

1) In terms of China’s semi-trailer: The establishment of light tower pioneer business group (燈塔先鋒業務集團) will consolidate the strong foundation of internal circulation of the semi-trailer business, and cultivate van semi-trailer products in the Chinese market by integrating the resources of various local semi-trailer lighthouse factories in China. 2) In terms of North American semi-trailer: The establishment of North American business group will coordinate the operation of multiple brands of semi-trailers in North America. Taking advantage of implementation of the U.S. infrastructure plan and the potential of surging market demand brought about by the recovery of global supply chain, CIMC Vehicles will achieve a challenging organic growth. 3) In terms of European semi-trailer: The establishment of European business group will coordinate the resources in Europe to achieve an increase in the market share, steady sales and gross profit growth in Europe. 4) In terms of tank truck and concrete mixer truck in China: The establishment of Qiangguan (強冠) tank truck business group will integrate the existing tank body businesses such as powder tank semi-trailers, liquid tank semi-trailers, and concrete mixer trucks, as well as the brands of its concrete mixer trucks and tank trailers, forming a joint force and striking hard. 5) In terms of urban muck truck in China: The establishment of urban muck truck business group will expand the breadth and depth of cooperation with main machinery plants, including joint R&D and marketing, product life cycle management, and actively explore and cooperate in new energy chassis and intelligent interconnection. 6) In terms of China’s light-duty van body: The establishment of TB (太字節) business group will coordinate comprehensive body businesses such as refrigerated van body and dry goods urban distribution van body. The production bases will be based in East China and South China, and the sales network will gradually expand overseas.

**In respect of the airport facilities and logistics equipment, fire safety and rescue equipment business:** Electrification and intellectualization will continue to be the future trend of various industries. CIMC-TianDa will devote more resources in the future to develop and expand various new products and services with the help of informatization and big data to meet the needs of the market. CIMC-TianDa will also strengthen research and reorganize the production layout, and in line with the trend of “proximity to location” and “localization” of the supply chain, reduce the risk of supply chain interruption and save transportation costs subject to ensuring product quality.

(1) Airport and logistics facilities business: CIMC TianDa will continue to cultivate strategic market, consolidate and enhance market share, maintain the leading position in the global market of boarding bridge. CIMC-TianDa will strengthen project management, expand the advantages of undertaking large-scale system integration general contracting projects, striving to increase the penetration rate of products in various fields. (2) Fire safety and rescue equipment business: With a basically full geographical coverage in China, CIMC-TianDa has a complete product line of fire safety and rescue equipment and comprehensive emergency rescue business capabilities of “vehicle + equipment + service + station construction”. CIMC-TianDa has established a cloud platform for managing the full life cycle of fire safety products. Through the interconnection of products, CIMC-TianDa provides all-round support for users to build a smart rescue system, which facilitates accurate decision-making, rapid response and smart management.

## CHAPTER IV REPORT OF THE BOARD

**In respect of the logistics services business:** In 2022, the Group's logistics business will upgrade its multimodal transportation strategy: with the core of "equipment + technology", the Group will further cultivate major global shipping routes, extend its service chain, strengthen the deployment of local service capacity in international ports of destination, and increase joint venture cooperation with railways. Meanwhile, the Group will appropriately build shipping capacity to comprehensively enhance cargo control capability, and accelerate its presence in specialized logistics fields such as cold chain, engineering projects and energy and chemical industries. On the other hand, the Group will increase investment in technology to promote the construction of digitization and informatization, enhance standardized operation, explore the application of intelligent equipment and operation platform, and comprehensively enhance its technological capability, thereby propelling green, digital intelligence and high-quality development.

**In respect of the recycled load business:** In 2022, the Group's recycled load business will continue to increase recycled load product R&D capability and business expansion based on the domestic market. In terms of the R&D and manufacturing: the recycled load business will continue to enhance recycled load R&D and design capabilities in the aspects of materials, structure, etc., thus providing customers with customized recycled load solutions. In terms of the leasing operation: the recycled load business will comprehensively optimize the smart operation digital platform for recycled load to enhance the efficiency of leasing operation and management, and increase external cooperation by continually expanding the recycled load leasing operation and comprehensive solution business in other industries such as logistics, electronics, photovoltaics, home appliances, etc.

(2) In the Energy Industries Field:

**In respect of the energy, chemical and liquid food equipment business:** In 2022, 1) adhering to the business development strategy, namely "equipment manufacturing + engineering services + comprehensive solutions", the clean energy segment will actively follow national policies to further strengthen its advantages in the layout of the entire natural gas industry chain, and continuously adjust and optimize the high-voltage business chain with industrial gases, electronic gas and CNG. As a leading provider of small-to-medium sized liquefied gas carriers and vessel oil-to-gas conversion services, the segment will focus on the LNG marine storage and transport sector, providing LNG-powered vessel solutions and LNG-powered vessel conversion overall solutions for large domestic and international inland waterway shipping companies. In terms of hydrogen energy, the segment will tap into hydrogen production equipment for blue hydrogen and green hydrogen and related hydrogen production services; and continue to advance the research and development of new products to provide the market with more efficient storage and transport technologies and equipment for high-voltage hydrogen and liquid hydrogen. Meanwhile, the segment will improve the presence of the hydrogen energy industry chain, moving towards the goal of developing technology-based hydrogen energy business; 2) The chemical environment segment will continue to increase its investment in the research and development of technology and resources, and vigorously expand the application fields of tank containers while consolidating its leading position in the tank container market, and actively enhance the intelligence and after-market services of its products. In the meantime, the segment will build the whole-chain operation ability by basing on the core competence of equipment manufacturing, making technological innovation in the field of environmental improvement as the core competitiveness and focusing on the industrial waste treatment business. In addition, with its emphasis on two business dimensions of "resource utilization + eco-environmental services", the segment will promote the large-scale, formalized and intensive development to realize a leapfrog development of the environmental protection business; 3) The liquid food segment will keep abreast with market trends to continue on the development strategy of vertically consolidating its leading position in beer brewing turnkey capacity and horizontally expanding its non-beer business. In addition, the segment will actively seek new M&A opportunities to improve its liquor turnkey engineering capacity and prepare for the development of a multi-category liquid food equipment market.

## CHAPTER IV REPORT OF THE BOARD

**In respect of the offshore engineering business:** In 2022, the Group will continue to actively carry out business transformation and layout of the offshore engineering business, actively introduce strategic investors, and realise taking quality orders, high-quality growth, risk prevention and control and management improvement. Key measures include: (1) taking quality orders: Based on market and customer opportunities, the Group will improve the level of taking orders and profitability, and control risks at the source; seize new energy opportunities to tap into new businesses, and lead new product development through R&D, achieving new business growth points; (2) high-quality growth: The Group will increase quality and efficiency, and continue to promote the improvement of personnel performance; dispose of inefficient assets and reduce low efficient occupation of resources; (3) risk prevention and control: The Group will build up core capabilities supporting enterprise development, improve product R&D capability and operating capabilities, and construct a strategic talent supply chain that supports the long-term enterprise development; (4) management improvement: The Group will, in line with the requirements of internal control and risk control, implement the risk identification, prevention and management in all dimensions of strategy, operation and project dimensions during the business management and control.

### (3) Finance and Asset Management Business:

**CIMC Financial Leasing Company:** In 2022, CIMC Financial Leasing Company will, relying on the resources of shareholders, continue to deepen the coordination of industry and finance, further optimize the coordination mechanism of industry and finance in all industrial sectors, and further propel the business expansion and upgrade and model innovation. Meantime, it will further improve and optimize the comprehensive risk management system, further enhance a diversified domestic and foreign financing system and financing capability, strengthen the operational efficiency and service capacity of mid and back offices, improve the standard of digital management and realize sustainable high-quality development.

**CIMC Finance Company:** In 2022, CIMC Finance Company will insist on the strategic development of transformation and upgrade and focus on the business policy of “taking the successful launch of new generation of core systems as the driving force to create star products painstakingly, provide high-quality services wholeheartedly, and improve customer satisfaction in an all-round way, striving to create greater comprehensive value for the Group”. CIMC Finance Company will cultivate the existing businesses in line with its own functional positioning, continue to deepen the centralized management of funds, increase financial support for the industry, and assist CIMC to develop green economy through green finance. It will continue to optimize the buyer credit business structure, assist the Group to strengthen liquidity and foreign exchange risk management, and help the Group reduce costs and increase efficiency through various financial services. CIMC Finance Company will promote the optimization and upgrade of the manufacturing industry, assist in the enhancement of industrial innovation capabilities, and continue to increase the quality and efficiency of serving the real economy.

**CIMC’s offshore engineering asset operation and management business:** In 2022, the CIMC’s offshore engineering asset operation and management business will promote lean management unswervingly with continuous commitment to system and process optimization, strengthen talent development, continuously increase asset operation and management capabilities and market development, and consolidate partnership relations with strategic customers. Adhering to the service tenet of “serving customers”, and in line with market demands and the development trend of new business formats, the CIMC’s offshore engineering asset operation and management business will integrate resources, propose innovative solutions, and create a cooperation ecosystem, and realize a benign development of the business with the principle of “taking quality orders, high-quality growth, strict risk control and management improvement”.

## CHAPTER IV REPORT OF THE BOARD

### 3. Major Risk Factors in the Future Development of the Group

**Risk of economic periodic fluctuations:** the industries that the principal business of the Group is engaged in are dependent on global and domestic economic performance and often vary with economic periodical changes. In recent years, the global economy has become increasingly complex with increasing uncertainty factors. In particular, the rise of the trade protectionism will have a negative impact on the growth of the global economy and trade. The changes and risks in the global economic environment demand higher requirements on the Group's operating and management capabilities.

**Risk of economic restructuring and industry policy upgrade in China:** China's economy entered into the new norm, and the government comprehensively deepened supply-side structural reform to push forward the transformation and upgrade of economic structure. Developments including new industrial policies, tax policies and land policies, etc. that have a huge impact on business operations have resulted in uncertainties to the future development of industries. The main businesses of the Group, as part of the traditional manufacturing industries, will face certain policy adjustment risks in the coming years.

**Risk of trade protectionism and anti-globalisation:** The geopolitical crisis that occurred in early 2022 exacerbated global inflationary pressures, disrupting national policy stances and posing a threat to world economic growth. Part of the Group's principal businesses will be affected by global trade protectionism and anti-globalisation, such as antimonopoly, anti-subsidy and anti-dumping investigations, etc.

**Fluctuations of financial market and foreign exchange risks:** the presentation currency of the consolidated statements of the Group is RMB. The Group's exchange risks are mainly attributable to the foreign currency exposure resulting from the settlement of sales, purchases and finance in currencies other than RMB. During the process of promoting RMB internationalization, and under the backdrop of constant volatility in the global financial market, the exchange rate of RMB against USD will fluctuate with increased frequency and volatility, thus making it more difficult for the Group to manage its foreign currencies and capitals.

**Market competition risks:** the Group faces competition from both domestic and foreign enterprises in respect of its various principal businesses. In particular, a weak demand or relative overcapacity will lead to imbalance between supply and demand, which will cause intensified competition in the industry. In addition, the competition landscape of the industry may change due to entry of new players or improved capacity of existing competitors.

**Employment and environmental protection pressure and risks:** with demographic changes in China and gradual loss of demographic dividend, China's manufacturing industries see constantly soaring labour costs. Automation represented by robots is becoming one of the key directions for future upgrade of the traditional manufacturing industries. In addition, China has been attaching increasing attention on environmental protection and carrying out sustainable development strategies, strengthening environmental protection requirements for China's traditional manufacturing industries.

## CHAPTER IV REPORT OF THE BOARD

**Risks of fluctuations in price of main raw materials:** Raw materials account for a relatively high proportion of the cost structure of the Group's products. At the same time, the Group's major finished products are metal products and its raw materials include steel, aluminium and timber. Since this year, prices of raw material have fluctuated significantly due to the unbalanced supply and demand and monetary easing policies, which brings uncertainties to the Group's operating result.

**COVID-19 related risks:** The world was facing a more severe and complex economic situation as COVID-19 had swept the globe and Delta and Omicron, the highly infectious coronavirus variants, further spread. Currently, the new coronavirus variants are showing a development trend of "increasing infectivity and decreasing lethality", however, the development of epidemic and the progress of vaccination in other countries are subject to high uncertainty, all of which have a more complex impact on China's economy. The Group has adopted a series of key measures to further enhance the awareness of risk management and control, and implement the management and control measures.

### IV. ANALYSIS OF CORE COMPETITIVE ADVANTAGES

#### Strategic Positioning of "Manufacturing + Service + Financing"

The Group has formed an industrial pattern spanning both logistics and energy sectors, established major business segments with industry leading position and good prospects, and will continue to explore and deploy in emerging industries which help to give full play to the Group's advantages. While reinforcing its edge in traditional industries, the Group promoted a customer demand-oriented business expansion from manufacturing to incorporate service, offered comprehensive solutions covering the entire life cycle of a product, and will continue to adhere to the strategic positioning and industrial ecosystem of "Manufacturing + Service + Financing", closely focusing on intelligent manufacturing and intelligent logistics to advance business transformation and upgrade.

#### Development Philosophies of Business Diversification and Globalisation

The Group has always been committed to reasonable business diversification and globalised deployment. The Group's existing principal businesses cover container manufacturing business, road transportation vehicles business, energy/chemical/liquid food equipment business, offshore engineering business, logistics services business, heavy trucks business, airport facilities and logistics equipment/fire safety and rescue equipment, finance and asset management business, and other emerging industries, with its production bases spreading across Asia, Europe, North America and Australia, and its business network spanning major countries and regions around the world. In particular, the container business continued to take the lead in the industry worldwide, as well as road transportation vehicles, energy/chemical/liquid food equipment and offshore engineering businesses with strong competitive edges. The efficient implementation of business diversification and globalised deployment effectively offset the adverse impact from periodic fluctuations of the global market in recent years on the Group's results.



## CHAPTER IV REPORT OF THE BOARD

### **A Standardised and Effective Corporate Governance System**

The Group has developed a set of effective governance models covering business philosophy, governance structure and management mechanism. A standardised and effective corporate governance structure is the institutional safeguard of the Group's sustainable and healthy development. Since 2010, the Group has launched the strategic upgrade campaign of "building an empowering platform for sustainable and healthy development of CIMC". According to the organisational transformation direction of "layer management", the Group has established a three-tier management model comprising the executive committee, the special committee and the Board as well as a 5S core management process, introduced and actively pushed forward the lean management system to the entire Group, firmly enhanced the implementation progress of regulation compliance in all levels of organisation of the Group and the accountability system on officers. As a result, the Group has established a new management system which ensures sustainable and healthy development of its businesses in the future. In response to the COVID-19 pandemic, the Group established the Group Decision-making Committee for the Special Period from the beginning of 2020 to the end of 2021, which has provided strong support to the implementation of the Group's risk control measures during the special period.

### **Lean Manufacturing Management Capabilities**

Since 2007, the Group has continuously promoted the construction of lean ONE mode, building a relatively perfect lean manufacturing system, and expanded it into business and management fields such as market, research and development, technology, supply chain, finance, human resources, etc. to continuously enhance the core competitiveness of the Company through strengthening its lean management capabilities.

### **Integrated Resources and Ability to Achieve Collaborative Development**

Guided by the national key development areas and the strategic development of the Group, during the year, the Group gave full play to its internal and external synergy advantages, optimised the top-level design of its business, implemented the coordinated development strategy of various segments, and expanded the domestic market in key areas. During the year, the Group effectively promoted the projects including "introduction of strategic investments for leasing business, the reorganisation of offshore engineering business, introduction of strategic investments for load business", etc. through the capital cooperation with key partners, it also optimised the market network of and introduced market resources for the relevant business; besides, the Group promoted the internal and external resource collaboration and model innovation by strengthening cooperation with governments, customers and other parties, strove to providing one-stop overall solutions for downstream customers. During the year, the Group entered into a strategic cooperation agreement regarding the "Gasification Project of Xijiang River (氣化西江)" with the government of Zhaoqing City, pursuant to which, the Group cooperated with its controlling subsidiaries including CIMC Enric, CIMC Vehicles, CIMC Wetrans and others to provide green logistics solutions for the cement transportation of Xijiang River, which marked a innovation on cooperation mode between the government and enterprises, and provided brand new ideas for the regional green development.

## CHAPTER IV REPORT OF THE BOARD

### Technological Research and Development Capabilities

The Group always attaches great importance to technological research and development capabilities through: developing mid-to-long term development strategies to optimise R&D systems and platforms and accelerate the development of products and technologies as well as evolution of existing products to promote R&D of new products, technologies, processes and equipment, while constantly improving the mechanism for identifying, inspiring and promoting innovations to speed up the commercialisation of technological achievements.

The technology centres of the Group are national-level enterprise technology centres, which have over 20 institutions including the National Energy Offshore Oil Drilling Platform Research and Development (Experiment) Center and the National Engineering Laboratory for General Assembly Research and Development in Offshore Engineering, and Provincial and Ministerial-level Engineering Technology Center, Engineering Laboratory and others. By the end of 2021, CIMC had a total of 40 enterprises which were recognised as high-tech enterprises and 6 postdoctoral research centres. The Group's boarding bridges and freight semi-trailers were selected as single champion products by the MIIT, and Yantai Raffles, CIMC Safeway and QDCRC were selected as single champion demonstration enterprises by the MIIT.

In 2021, CIMC continually implemented the strategy of technical innovation, focused on promoting the implementation of such strategy on more than 20 key products in various sectors, systematically reviewed the upgrade direction of our products and technology for the next three to five years, simultaneously improve and optimise the system and mechanism of technical innovation, so as to enhance the competitiveness of the products and profitability of the enterprise, and help achieving the Group's goal of high-quality growth.

CIMC actively leveraged its business strengths, facilitated the comprehensive implementation of national strategies, and solved the shortcomings of the industry. CIMC promoted the transportation mode innovation of cement and LNG of Xijiang River, drove the transformation of local industries towards sustainable development; CIMC Enric continually improved the full coverage of industry chain of the natural gas storage and transport equipment, put efforts on hydrogen energy storage and transport equipment, advocated the national strategy of "dual carbon"; CIMC Raffles vigorously facilitated the industrial development of equipment for the new energies such as offshore wind power, explored the path of "green development"; CIMC Unit Load promoted the use of recycling packaging in bulk in various fields, implemented the economic concept of green and recycling; CIMC Cold Chain participated in the construction of cold chain backbone network of Guangdong Province's, responded to the national rural revitalisation strategy; CIMC IOT constructed the world's largest intelligent robot parking lot in Hong Kong, expedited infrastructural connectivity in the Guangdong-Hong Kong-Macao Greater Bay Area. Among which, "Jinghai No. 1" cage won the gold medal of the Third "Mayor's Cup" Industrial Design Competition in Yantai, the key technique of "the efficient and intelligent storage and transportation technology and application of LNG tank containers" arrived at leading international standard, the Ziegler's fire trucks of CIMC TianDa won 4 German Red Dot Design Awards, the double trailer train developed by CIMC Vehicles together with the Research Institute of Highway Ministry of Transport won the "Green & Efficient Transport Award 2021".

## CHAPTER IV REPORT OF THE BOARD

During the Reporting Period, CIMC steadily improved its innovation capacity and accelerated the construction of smart manufacturing systems. The transformation of smart manufacturing on CIMC's containers business, realized the digital transformation of the container industry chain, thus guaranteed China's demand for overseas containers. CIMC Vehicles accelerated the construction of high-end manufacturing systems and further consolidated its leading position in the industry as its "Lighthouse Factory" is progressing rapidly. CIMC-TianDa successfully developed the world's first high-performance electric fire truck special for airports. CIMC's six subsidiaries were selected into the national specialized, exceptional and new "Little Giants" list, demonstrating the success of industrial layout optimization.

At present, the industry is in a transition from high-speed growth to high-quality development, with digitalization becoming an important strategic means to promote economic and social development. Under the dual influence of policy orientation and repeated epidemics, CIMC responded to the national environment of "digital China" and "new infrastructure", and proposed the framework of "digital CIMC" to guide the informationization construction of the Group. By accelerating the integration of informatization and industrialization, empowering enterprises in digital means and presenting enterprise values, the Group endeavors to enhance its overall competitiveness.

### Intellectual Property Rights Protection

In 2021, under the guidance of the Group's product strategy of "maintaining product leadership, strengthening technological innovation, and promoting smart manufacturing", the Group increased investment in research and development and newly applied for 493 patents (of which 185 are invention patents), maintained 4,363 valid patents in total. Among which, the "hard open top container and top cover spreader" project of Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd. won the Silver Award of China Patent Award.

## V. OTHER MATTERS REPORTED BY THE BOARD

### 1. Fixed Assets

Changes to the fixed assets of the Group during the Reporting Period are summarised in note IV. 18 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

### 2. Land Value Appreciation Tax

Land value appreciation tax paid by the Group for 2021 was RMB3,773,000 (2020: RMB242,268,000).

### 3. Reserves and Distributable Reserves

As of 31 December 2021, the reserves (including surplus reserve and undistributable profit) of the Company were RMB13,870,274,000 (31 December 2020: RMB12,430,139,000), and the distributable reserves were RMB10,282,677,000 (31 December 2020: RMB8,842,542,000). Movements in the reserves and the distributable reserves of the Group during the Reporting Period are set out in notes IV. 48 and XVIII.16 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

## CHAPTER IV REPORT OF THE BOARD

### 4. Management Contract

During the Reporting Period, the Company did not enter into any contracts concerning the management or administration of its overall business or any of its material business, nor did any such contracts exist.

### 5. Major Suppliers and Customers

During the Reporting Period, the aggregate purchase attributable to the top five largest suppliers of the Group was less than 30% of the Group's total purchase, the aggregate revenue derived from the top five largest customers was less than 30% of the Group's total sales. For details of the top five largest customers and suppliers of the Group, please refer to "(8) Information of the major customers and major suppliers" of "2. Income and Cost" of "III. Analysis of Principal Businesses" of "Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules" in this Report.

None of the Directors, Supervisors and their associates or any Shareholder (who to the knowledge of the Directors were holding 5% or more of the Company's share capital) had any interest in any of the abovementioned top five largest suppliers and top five largest customers.

### 6. Repurchase, Sale or Redemption of Securities

The Company or any of its subsidiaries did not repurchase, sell or redeem any listed securities of the Company or its subsidiaries during the Reporting Period.

### 7. Trust Deposits and Irrecoverable Overdue Time Deposits

During the Reporting Period, the Company did not have any trust deposits or irrecoverable overdue time deposits.

### 8. Pre-emptive Rights

The Articles of Association or Chinese law had no provisions regarding pre-emptive rights under which the Company must issue new shares on a pro rata basis to existing Shareholders.

### 9. Medium-term Notes

Issuance of medium-term notes was for the purpose of broadening the financing channels to meet the needs of the Company's production and operation, and promote the sound development of the Company. Please refer to note IV. 40 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report for details of the issuance of medium-term notes by the Company.

## CHAPTER IV REPORT OF THE BOARD

### 10. Corporate Bonds

Corporate bonds was for the purpose of further improving the Company's debt structure, broadening the Company's financing channels to meet the Company's capital needs and reducing the Company's financing costs. Please refer to "Chapter XII Corporate Bonds" in this Report for details of corporate bonds by the Company.

### 11. Taxes

In accordance with the provisions of the "Individual Income Tax Law of the People's Republic of China" and its implementing regulations, as for the income from dividends and bonuses obtained by foreign resident individual shareholders from the shares issued in Hong Kong by domestic non-foreign invested enterprises, the individual income tax shall be withheld by withholding agents according to the item of "income from interest, dividends and bonuses". The Company will withhold and remit relevant taxes in accordance with the "Notice on Issues Regarding Differentiated Individual Income Tax Policy for Dividends and Bonuses of Listed Company" (Cai Shui [2015] No. 101) jointly issued by the Ministry of Finance, the State Administration of Taxation and the CSRC, the letter entitled "Tax Arrangements of Enterprises in Mainland China on Dividend Issuance to Hong Kong Residents" issued by the Hong Kong Stock Exchange, and requirements of related laws and regulations. It is recommended that holders of H Shares of the Company may consult their tax advisors concerning the tax effects in Mainland China, Hong Kong and other regions regarding the holding and disposal of H Shares of the Company.

### 12. Donation

During the Reporting Period, the Group has made a total donation of RMB9,573,000 (2020: RMB3,730,000).

### 13. Compliance with Laws and Regulations

During the Reporting Period, the Group has complied with the relevant laws and regulations that have a material impact on the Group's operations.

### 14. Permitted Indemnity Provision

The Company has arranged for appropriate insurance cover for the legal risks possibly faced by its Directors, Supervisors and senior management during their duty performances. Concerning possible legal risks that the Directors, Supervisors and senior management of the Company might face during their fulfilment of responsibilities, on 5 June 2021, the Company contracted with Ping An Property & Casualty Insurance Company of China, Ltd. on "Liability insurance for Directors and senior management" with a term of one year and a compensation limit of RMB300 million per year.

## CHAPTER IV REPORT OF THE BOARD

### 15. Share Capital

As at 31 December 2021, the Company's share capital is as follows:

	Par value per share	Number of shares issued (shares)	Percentage (%)
A Shares	RMB1.00	1,535,121,660	42.70%
H Shares	RMB1.00	2,059,891,930	57.30%
Total	–	3,595,013,590	100.00%

### 16. Dividend Distribution

Based on the Group's 2021 operation results and taking into account the Group's overall financial position and cash flows situation, the Board recommended a final dividend of RMB0.69 per share (including taxes) for the year of 2021. No bonus share will be issued, and additional 5 new shares will be issued to all shareholders for every 10 shares by conversion of capital reserve. The dividend payment plan for the year of 2021 is subject to Shareholders' consideration and approval on the general meeting of the Company.

### 17. Changes of Directors and Supervisors

During the Reporting Period, the changes of Directors and Supervisors of the Company are listed in "3. Changes of Directors, Supervisors and Senior Management of the Company" under "VI. Information on Directors, Supervisors and Senior Management" of "Chapter VIII Corporate Governance" in this Report.

### 18. Environmental, Social and Governance Report

The Group attaches great importance to its responsibility on the environment and the society and strives to increase the Group's environmental, social and governance capability through various measures. The Company published the 2020 Social Responsibility & Environmental, Social and Governance Report and the 2021 Social Responsibility & Environmental, Social and Governance Report on Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)), the Company's website ([www.cimc.com](http://www.cimc.com)) and the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 29 March 2021 and 28 March 2022 respectively in accordance with the Guidelines for Companies Listed on the Shenzhen Stock Exchange on Social Responsibility, Rule 13.91 and Environmental, Social and Governance Reporting Guide of Appendix 27 of the Hong Kong Listing Rules.

### 19. Events after the Balance Sheet Date

For details of events of the Group after the balance sheet date of the Reporting Period, please refer to note XIII to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

## CHAPTER V

# OPERATION DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE WITH THE DOMESTIC SECURITIES REGULATORY RULES

### **I. SITUATION OF THE INDUSTRY IN WHICH THE GROUP OPERATES BUSINESS AND ITS PRINCIPAL BUSINESS OPERATION DURING THE REPORTING PERIOD**

For details of the industry in which the Group operates business and its principal business operation during the Reporting Period, please refer to “2. Review of Operations of Major Business Segments” of “II. Review of Principal Businesses During the Reporting Period” under “Chapter IV Report of the Board” in this Report.

### **II. ANALYSIS OF CORE COMPETITIVENESS**

For details of analysis of the core competitiveness of the Group during the reporting period, please refer to the section headed “IV. Analysis of core competitiveness” under “Chapter IV Report of the Board” in this report.

### **III. ANALYSIS OF PRINCIPAL BUSINESSES**

#### **1. Overview**

For the profile of the Group’s businesses during the Reporting Period, please refer to “1. Overview” of “II. Review of Principal Businesses During the Reporting Period” under “Chapter IV Report of the Board” in this Report.

CHAPTER V  
OPERATION DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE  
WITH THE DOMESTIC SECURITIES REGULATORY RULES

## 2. Income and Cost

### (1) Composition of Revenue

Unit: RMB thousand

	2021		2020		Year-on-year change
	Amount	% of revenue	Amount	% of revenue	
Total revenue	163,695,980	100.00%	94,159,083	100.00%	73.85%
<b>By industry and by product</b>					
Containers manufacturing	65,967,311	40.30%	22,163,623	23.54%	197.64%
Road transportation vehicles	27,647,762	16.89%	26,498,965	28.14%	4.34%
Energy, chemical and liquid food equipment	19,528,069	11.93%	13,291,573	14.12%	46.92%
Offshore engineering	5,440,492	3.32%	5,425,394	5.76%	0.28%
Airport and logistics facilities, fire safety and rescue equipment	6,841,982	4.18%	6,088,720	6.47%	12.37%
Logistics services	29,470,907	18.00%	10,635,901	11.30%	177.09%
Finance and asset management	3,763,431	2.30%	2,177,839	2.31%	72.81%
Recycled load	6,016,520	3.68%	3,035,940	3.22%	98.18%
Others	6,719,787	4.11%	5,689,058	6.04%	18.12%
Industrial city development	–	–	2,173,421	2.31%	–
Combined offset	(7,700,281)	(4.71%)	(3,021,351)	(3.21%)	(154.86%)
<b>By region (by geographical locations of customers)</b>					
China	78,767,602	48.12%	56,729,195	60.25%	38.85%
America	27,526,278	16.82%	17,759,293	18.86%	55.00%
Europe	38,066,692	23.25%	14,354,186	15.24%	165.20%
Asia (excluding China)	15,201,328	9.29%	3,641,678	3.87%	317.43%
Others	4,134,080	2.52%	1,674,731	1.78%	146.85%

- Notes: 1. Since Industrial city development became an associate of the Group in October 2020, the 2020 figures of industrial city development business represent those for the period from January 2020 to October 2020.
2. For figures classified by sales model, please refer to "(4) Revenue breakdown of the Group" under "Note IV. 50 Revenue and Cost of Sales" under "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this report.



CHAPTER V

OPERATION DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE  
WITH THE DOMESTIC SECURITIES REGULATORY RULES

- (2) Industry, Product, Region or Sales Model Contributing 10% or More to the Company's Revenue or Operating Profit during the Reporting Period

Unit: RMB thousand

	Revenue	Cost of sales	Gross profit margin	Year-on-year change in revenue	Year-on-year change in cost of sales	Year-on-year change in gross profit margin
<b>By industry and by product</b>						
Containers manufacturing	65,967,311	49,053,590	25.64%	197.64%	159.43%	10.95%
Road transportation vehicles	27,647,762	24,600,777	11.02%	4.34%	6.81%	(2.07%)
Energy, chemical and liquid food equipment	19,528,069	16,517,674	15.42%	46.92%	48.91%	(1.12%)
Logistics services	29,470,907	27,393,038	7.05%	177.09%	177.02%	0.02%
<b>By region (by geographical locations of customers)</b>						
China	78,767,602	–	–	38.85%	–	–
America	27,526,278	–	–	55.00%	–	–
Europe	38,066,692	–	–	165.20%	–	–

The key operation information 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

CHAPTER V  
OPERATION DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE  
WITH THE DOMESTIC SECURITIES REGULATORY RULES

(3) The Company's Income of the Physical Sale is Higher than the Service Revenue or not

Yes  No

Industry classification	Item (Sales volume)	2021	2020	Year-on-year change(%)
Containers manufacturing	Dry containers (ten thousand TEU)	251.13	100.26	150.48%
	Reefer (ten thousand TEU)	14.83	12.86	15.32%
Road transportation vehicles	Semi-trailer (unit)	138,166	131,327	5.21%
	Truck bodies for specialty vehicles sold in China (unit)	52,703	56,449	(6.64%)
	Lightweight van bodies sold in China (unit)	9,115	6,049	Not Applicable (note)
Offshore engineering	Special OSV (unit)	6	4	50%

Note: The products under the item of road transportation vehicles in 2020 are "refrigerated van bodies sold in China", which differ from those of this year.

**Reasons for relevant information changes by over 30% on a year-on-year basis:**

- 1) Containers manufacturing: In 2021, the market demand for marine dry containers increased significantly attributable to the strong recovery of global economy and commodity trading and the rapid increase of export trading in China.
  - 2) Offshore engineering: In 2021, six special vessels under offshore engineering business were delivered to replace the old ones and meet the requirement for environment protection.
- (4) Performance of the Significant Sales and Procurement Contracts Entered into by the Company as of the Reporting Period

Applicable  Not Applicable

CHAPTER V

OPERATION DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE  
WITH THE DOMESTIC SECURITIES REGULATORY RULES

(5) Composition of Cost of Sales

**Industry and product classification**

Unit: RMB thousand

Industry classification	Item	2021		2020		Year-on-year change of %
		Amount	% of cost of sales	Amount	% of cost of sales	
Containers manufacturing	Direct materials	41,714,384	85.04%	15,494,705	81.95%	3.09%
Road transportation vehicles	Direct materials	21,263,545	86.43%	19,794,499	85.95%	0.48%
Offshore engineering	Equipment	1,002,744	18.36%	969,987	17.69%	0.67%

(6) Changes to the Consolidation Scope during the Reporting Period

Yes  No

During the Reporting Period, for details of the change of the consolidation scope of the Group, please refer to note V of "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

(7) Information of Significant Changes or Adjustments of Businesses, Products or Services of the Company during the Reporting Period

Applicable  Not Applicable

CHAPTER V  
OPERATION DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE  
WITH THE DOMESTIC SECURITIES REGULATORY RULES

(8) Information of the Major Customers and Major Suppliers

**Information of the major customers of the Company**

Total sales amount of the top five customers (Unit: RMB thousand)	26,908,355
% of the total sales amount of the top five customers in the annual total sales amount	16.43%
% of the total sales amount of related parties among the top five customers in the annual total sales amount	0.00%

**Information of the top five customers of the Company**

Applicable  Not Applicable

Unit: RMB thousand

No.	Name of customer	Sales amount	% of the annual total sales amount
1	Customer A	8,348,857	5.10%
2	Customer B	5,293,428	3.23%
3	Customer C	4,852,622	2.96%
4	Customer D	4,285,111	2.62%
5	Customer E	4,128,337	2.52%
Total		26,908,355	16.43%

**Other information of major customers**

Applicable  Not Applicable

There was no relationship between the Company and the top five customers, and the Directors, Supervisors, senior management, core technicians, Shareholders holding more than 5% of shares, de facto controller and other related parties of the Company did not directly or indirectly own interests in the major customers.

CHAPTER V

OPERATION DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE  
WITH THE DOMESTIC SECURITIES REGULATORY RULES

### Information of the major suppliers of the Company

Total purchase amount of the top five suppliers (Unit: RMB thousand)	22,963,897
% of the total purchase amount of the top five suppliers in the annual total purchase amount	17.11%
% of the total purchase amount of related parties among the top five suppliers in the annual total purchase amount	0.00%

### Information of the top five suppliers of the Company

Applicable    Not Applicable

Unit: RMB thousand

No.	Name of supplier	Purchase amount	% of the annual total purchase amount
1	Supplier A	7,232,666	5.39%
2	Supplier B	6,781,428	5.05%
3	Supplier C	3,998,313	2.98%
4	Supplier D	2,615,079	1.95%
5	Supplier E	2,336,411	1.74%
Total		22,963,897	17.11%

### Other information of major suppliers

Applicable    Not Applicable

There was no relationship between the Company and the top five suppliers, and the Directors, Supervisors, senior management, core technicians, Shareholders holding more than 5% of shares, de facto controller and other related parties of the Company did not directly or indirectly own interests in the major suppliers.

## CHAPTER V OPERATION DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE WITH THE DOMESTIC SECURITIES REGULATORY RULES

### 3. Expenses

Unit: RMB thousand

	2021	2020	Year-on-year change
Selling and distribution expenses	2,758,879	1,990,076	38.63%
General and administrative expenses	5,800,857	4,896,341	18.47%
Financial expenses	1,507,266	2,096,553	(28.11%)
Research and development expenses	2,252,355	1,608,704	40.01%
Income tax expenses	4,934,291	1,278,666	285.89%

Description for significant changes in financial expenses and income tax expenses:

During the Reporting Period, the financial expenses recorded a year-on-year decrease of 28.11%, mainly due to the decrease in the Group's interest expenses as compared with the same period last year resulted from a year-on-year decrease of loan interest rate and scale, as well as the net exchange losses for the year of the Group of RMB367.345 million (2020: net exchange losses of RMB648.699 million) decreased as compared with last year.

The income tax expenses recorded a year-on-year increase of 285.89%, mainly due to the increase in business scale and profit before tax for the year.

### 4. R&D Investments

In 2021, CIMC continued to implement its technology innovation strategy, strengthen its capability of technology innovation and promote new products development and research projects. The manufacturing entities under the Group engaging in various segments focused on key technology research and increased R&D investment in areas such as new materials, new technologies, new processes and high-end equipment manufacturing. The amount of R&D investment in 2021 was RMB2,240,779,000, representing an increase of 36.52% over that of 2020.

## CHAPTER V

### OPERATION DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE WITH THE DOMESTIC SECURITIES REGULATORY RULES

Major R&D projects:

No.	Name of project	Purpose of project	Process of project	Intended target	Expected impact on future development of the Company
1	R&D for storage and distribution equipment of liquefied hydrogen	Complete R&D for liquefied hydrogen products relating to tank (horizontal), spherical tank, tank truck and tank containers.	For tank, spherical tank, tank truck: in the stage of research, development and design; for tank containers: in the stage of trial manufacturing of samples.	Realize storage and distribution of liquefied hydrogen products by means of tank, spherical tank, tank truck and tank containers.	Fill a gap in the domestic market for civilized liquefied hydrogen storage tanks, and promote localization of liquefied hydrogen tank containers.
2	Development of high strength stainless steel materials and their application to low temperature containers	Realize application of domestically-made high strength stainless steel materials to low temperature containers.	In the stage of trial manufacturing of samples.	To enable the strength and performance of products to meet the demands as required for application to low temperature containers through development of new materials and application experiment.	Realize application of localized materials.
3	Development of high-end electronic gas equipment for hydrogen chloride	Complete research and development and realize production and sale in bulk.	In the stage of trial manufacturing of samples.	Meet the technical objectives for high-end electronic gas equipment for hydrogen chloride.	To enhance the technical manufacturing level of electronic gas packaging products and increase the Company's market share and brand awareness.
4	R&D of high pressure hydrogen energy storage and distribution equipment series	Complete research and development for hydrogen storage containers with capacity of 99/103MPa, and gas bottles and containers with capacities of 30MPa and 52MPa respectively.	Complete the national Three New Assessment; pass the standards assessment.	Develop construction of high pressure hydrogen station and pass the national "Three New Technology Assessment".	High pressure hydrogen storage containers with capacity of 99/103MPa would realize replacement of imported ones and turn to export; the quality and efficiency for single transportation will be improved for gas bottles and containers with capacities of 30MPa, resulting in reduction of operation cost; as the first of their kind in China, gas bottles and containers with capacities of 52MPa will propel the rapid development of hydrogen energy application industries.

## CHAPTER V OPERATION DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE WITH THE DOMESTIC SECURITIES REGULATORY RULES

No.	Name of project	Purpose of project	Process of project	Intended target	Expected impact on future development of the Company
5	R&D and application of key technology of LPG MicroGrid	Complete trial manufacturing of samples for tank trucks with pump and small storage tanks, and the "Three New" assessment.	In the stage of trial manufacturing of samples	Complete revision and release of standards for tank trucks with pump and small storage tanks; realize intelligent integration of control function of tanks.	Fill in the gaps in China and enhance the Company's competitiveness.
6	Manufacturing optimization project for domestic K2 refrigerated vans	By adherence to establishment of a premium manufacturing system, develop and master a new generation of core foaming technology and equipment for refrigerated vans to achieve a leading position in the domestic refrigerated vans industry benefiting from the same advanced standard as international market.	Concluded and examined and accepted	Independently develop the advanced European open-model foaming equipment, totally master the K2 dual-module foaming technology, and is applying for the first unit; make simultaneous optimization and upgrade to production line equipment to assist in an efficient and high quality production.	Promote the implementation of high-end manufacturing systems in the Group; take the leading position in advance of the refrigerated foaming technology in Europe and the United States; enhance the overall automation level and comprehensive competitiveness of the Group.
7	North America refrigerator van manufacturing technology upgrade project	Develop and implement refrigerated van automation equipment to support the upgrade of overseas refrigerated van equipment and global manufacturing operations.	Concluded and delivered	Develop and validate the technical policy and solution for upgrade of partial automated production line for refrigerator vehicles; realize automated production of some core sections of refrigerator vehicles (such as floor drilling and nailing) to reduce manpower and increase efficiency.	Develop and validate the technical policy for upgrade of partial automation for refrigerator vehicles; improve the level of automation and comprehensive competitiveness of the Company.
8	Intelligent concrete mixing and transport vehicle	Drive product iterations through intelligent systems to meet customers' needs in all aspects and master industry-leading technology.	Completed	Realize intelligent operation and management of vehicles.	Master the core technology of product intelligence and lead the development direction of high-end products of the Company.



## CHAPTER V

### OPERATION DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE WITH THE DOMESTIC SECURITIES REGULATORY RULES

No.	Name of project	Purpose of project	Process of project	Intended target	Expected impact on future development of the Company
9	K2 block system products	To provide customers integrated solution for cold chain logistics through the "K2 open-model foaming technology", "LEGO modular concept" and "intelligent temperature-controlled system".	Completed	Complete development of K2 block series of products.	Provide customers integrated solution for cold chain logistics through the "K2 open-model foaming technology", "LEGO modular concept" and "intelligent temperature-controlled system", covering "the last mile" of logistics service.
10	R&D of big tonnage trains with dual trailers	To meet the transportation needs for overseas customers – high loading capacity, light weight, high safety, more environmentally transport, and suitable for long distance transport in bad road conditions.	Completed	Meet the customers' transportation needs and realize export in bulk.	It will significantly increase the market competitiveness of the Company's products and bring good economic and social benefits to the Company.
11	Mobile logistics equipment sensing and energy management system	Develop applicable sensors for mobile logistics equipment to improve the degree of intelligence and digitisation of tank containers.	Complete system development	Research and develop the sensing system of tank containers and develop intelligent terminals to realize the main functions, such as data supervision, project management and customer management.	Reduce products cost and possess a relatively large potential market.
12	R&D of remote automatic pick-up system	New products development	Project development	Realize project delivery of orders of both domestic and overseas airports.	Improve the overall boarding bridge technology.
13	R&D and application demonstration of high-performance fire-fighting and emergency rescue equipment for exclusive use by airport	To develop high-performance fire engines for exclusive use by airports completely driven by power and revise technical standards to support enhancement of the capability of civil aviation in firefighting emergency response.	Examination and acceptance of projects	Develop the fire engines for exclusive use in airports with independent intellectual property interest of our own country and apply the same for demonstration in civil aviation transport airports. Build fire-fighting and rescue experimental platform for large aircraft, carry out collaborative fire-fighting experiments inside and outside the aircraft cabin, and develop and revise relevant technical standards.	Try to be the pioneer in domestic market in developing and applying electric-powered fire engines with good promotional value and application prospects.

## CHAPTER V OPERATION DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE WITH THE DOMESTIC SECURITIES REGULATORY RULES

No.	Name of project	Purpose of project	Process of project	Intended target	Expected impact on future development of the Company
14	Research of key technology on offshore wind power installation platforms	Seize the opportunity of vigorous development of clean energy in China and enhance the R&D capability of wind power installation vessels of our country.	R&D and design	To achieve a breakthrough in the overall design technology of wind power installation vessels to reach international technical level and engineering demonstration.	Accelerate corporate transformation, improve the Company's R&D capability of wind power installation vessel, and enhance the Company's position in both international and domestic wind power installation vessel design and construction.
15	Key technology research on carbon capture for marine use	Use of carbon capture technology for oil and gas drive operations can not only enable us to sequester CO <sub>2</sub> , but also enable oil fields to increase production.	R&D and design	Develop carbon capture technology process package solution and apply as demonstration project.	The overall design technology level in the field of CO <sub>2</sub> carriers is ahead of the domestic level and reaches the international level.
16	Key technology research on offshore booster stations	Complete the scale application of offshore booster stations for efficient long-distance power transmission.	R&D and design	Make breakthrough in the key technology of offshore booster stations, and complete the overall solution design and trial manufacturing of samples of offshore booster stations.	Enhance the Company's independent design and construction capability in offshore booster stations, with broad market prospects.
17	R&D of medical equipment for mobile anti-epidemic cabin hospitals	Research on key technologies such as lead radiation protection, and develop a series of containerized medical equipment for mobile anti-epidemic cabin hospitals.	Production in small batch	Realize such cabins as capable of immediate scanning upon turning-on and overall protection without installation, thus to improve the efficiency and safety of the quarantine diagnose against the epidemic.	Expand application scenario of modular integrated container equipment and cultivate talents in R&D, manufacturing, promotion and application.
18	Solid-liquid multifunctional logistics containers	Development of standard logistics containers for both liquids and solids, sealed (lead seal) or equipped with RFID tags for scanning and tracking.	Bulk production	Provide logistics companies with multifunctional logistic containers to meet customers' needs.	The logistic containers with electronic scanning is considered to be the future direction of development and has a bright market prospect.

CHAPTER V

OPERATION DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE  
WITH THE DOMESTIC SECURITIES REGULATORY RULES

No.	Name of project	Purpose of project	Process of project	Intended target	Expected impact on future development of the Company
19	Intelligent welding workstations	Develop intelligent workstation products that can quickly identify weld seams and output process, solving the problem of large-scale application by robots during the process of steel processing.	Form the preliminary generation of products	Develop robotic welding workstation applicable for steel welding, which could intelligently identify the weld seam and automatically generate the process and complete the welding operation.	It could address the major obstacle existed in the steel construction industry for a long time that it is difficult to apply welding robots on a large scale, which represents an entrance to a totally new area of steel processing.
20	R&D of integrated sewage treatment technology and industrialisation of special equipment	To realize productization, standardization and industrialization of container-based sewage treatment equipment.	Obtain initial success in series of autonomous domestic sewage treatment product solutions.	A wide range of integrated product solutions of various series are provided based on different types of customers and sewage treatment application scenarios.	Provide sewage treatment solutions to satisfy different needs in different scenarios,, so as to show strong support for the national requirement for environment protection.
21	Powder coating of containers	Launch the coating process that is applicable to container industry with premium quality, low cost, high degree of automation, reliable operation and characteristics that enable it to maintain industry competitiveness.	Trial production of sample containers in bulk	Launch the coating process that is applicable to container industry with improved quality, reduced cost, high degree of automation, reliable operation and characteristics that enable it to maintain industry competitiveness.	The successful development of powder coating technology will make great contribution to improving products quality and ensuring environment upgrade.

### R&D personnel of the Company

	2021	2020	Proportion of changes
<b>Number of R&amp;D personnel (person)</b>	<b>4,565</b>	4,492	1.63%
<b>Proportion of R&amp;D personnel</b>	<b>8.82%</b>	8.79%	0.03%
<b>Education structure of R&amp;D personnel</b>			
Bachelor	2,992	2,991	0%
Master	447	435	3%
<b>Age structure of R&amp;D personnel</b>			
<30	1,092	1,101	(1%)
30-40	2,162	2,137	1.2%
>40	1,311	1,254	4.5%

CHAPTER V  
OPERATION DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE  
WITH THE DOMESTIC SECURITIES REGULATORY RULES

**R&D investments of the Company**

	2021	2020	Proportion of changes
Amount of R&D investments (RMB thousand)	<b>2,240,779</b>	1,641,391	36.52%
Proportion of R&D investments in revenue	<b>1.37%</b>	1.74%	(0.37%)
Capitalized amount of R&D investments (RMB thousand)	<b>49,189</b>	32,687	50.48%
Proportion of capitalized R&D investments in R&D investments	<b>2.20%</b>	1.99%	0.21%

Note: The amount of R&D investment is based on the consolidated financial statements.

**Reasons for and impact of the significant change to the composition of the R&D personnel of the Company**

Applicable  Not Applicable

**Reasons for the significant change to the proportion of total R&D investments in revenue as compared with the previous year**

Applicable  Not Applicable

**Reasons for the substantial change to the capitalisation rate of R&D investments and explanations for its reasonableness**

Applicable  Not Applicable

CHAPTER V

OPERATION DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE  
WITH THE DOMESTIC SECURITIES REGULATORY RULES

## 5. Cash Flows

Unit: RMB thousand

Item	2021	2020	Year-on-year change
Subtotal of cash inflows of operating activities	167,014,837	99,324,035	68.15%
Subtotal of cash outflows of operating activities	146,440,182	86,513,549	69.27%
Net cash flows from operating activities	20,574,655	12,810,486	60.61%
Subtotal of cash inflows of investing activities	6,370,952	2,123,983	199.95%
Subtotal of cash outflows of investing activities	9,213,973	5,662,787	62.71%
Net cash flows from investing activities	(2,843,021)	(3,538,804)	19.66%
Subtotal of cash inflows of financing activities	24,282,188	44,381,254	(45.29%)
Subtotal of cash outflows of financing activities	36,469,166	50,920,818	(28.38%)
Net cash flows from financing activities	(12,186,978)	(6,539,564)	(86.36%)
Net increase of cash and cash equivalents	5,319,748	2,550,355	108.59%

### Reasons for the major factors affecting significant changes in relevant information as compared with the same period of previous year

Applicable    Not Applicable

During the Reporting Period, the Group's net cash flows from operating activities increased by 60.61% as compared with the same period of last year, which was mainly due to the business expansion and significant increase in sales revenue in the year. Net cash flows from financing activities decreased by 86.36% as compared with the same period of last year, due to the lower demand for external financing as a result of the increase in net cash inflows from operating activities and redemption of other equity instruments during the year.

### Reasons for major differences between the net cash flows of operating activities of the Company and the net profit of the Year during the Reporting Period

Applicable    Not Applicable

CHAPTER V  
OPERATION DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE  
WITH THE DOMESTIC SECURITIES REGULATORY RULES

#### IV. ANALYSIS OF NON-PRINCIPAL BUSINESSES

Applicable  Not Applicable

Unit: RMB thousand

Item	Amount	Proportion in total profit	Explanation on the formation	Sustainable or not
Asset impairment loss	4,323,981	32.52%	Mainly represents the impairment loss of offshore engineering platform, inventories impairment loss and impairment loss of costs incurred to fulfil a contract	No
Credit impairment loss	630,744	4.74%	Mainly represents bad debt loss of trade and other receivables	No
Investment income	1,268,093	9.54%	Mainly represents the investment income arising from disposal of derivative financial assets/liabilities	No
Loss arising from change of fair value	(72,013)	(0.54%)	Mainly represents loss arising from change of fair value of derivative financial instruments	No

#### V. ASSETS AND LIABILITIES

##### 1. Significant Changes in Assets

Unit: RMB thousand

	As at the end of 2021		As at the end of 2020		(% )Changes from previous year to this year (%)	Description of material changes
	Amount	% of total assets	Amount	% of total assets		
Trade receivables	25,491,181	16.52%	18,635,765	12.75%	36.79%	Due to increase of revenue for the year
Other current assets	1,927,159	1.25%	1,313,698	0.90%	46.70%	Due to increase of tax to be deducted for the year
Long-term receivables	7,918,001	5.13%	11,977,276	8.19%	(33.89%)	Due to sold-out of long-term receivables for the year

The overseas assets take a relatively high proportion of total assets

Applicable  Not Applicable

CHAPTER V

OPERATION DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE  
WITH THE DOMESTIC SECURITIES REGULATORY RULES

## 2. Assets and Liabilities Measured at Fair Value

Please refer to note XVI of “Chapter XIV Financial Statements Prepared in Accordance with CASBE” in this report for details on the Group’s assets and liabilities measured at fair value during the Reporting Period.

## 3. Restricted Asset Rights as at the End of the Reporting Period

For details of the restricted asset rights of the Group as at the end of the Reporting Period, please refer to note IV. 27 to “Chapter XIV Financial Statements Prepared in Accordance with CASBE” in this Report.

## VI. INVESTMENTS

### 1. General Information

Applicable    Not Applicable

Unit: RMB thousand

Investment amount in the Reporting Period	Investment amount in the same period of previous year	Change
1,228,116	2,628,724	(53.28%)

### 2. Material Equity Investments during the Reporting Period

Applicable    Not Applicable

CHAPTER V  
OPERATION DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE  
WITH THE DOMESTIC SECURITIES REGULATORY RULES

### 3. Material Non-equity Investments in Progress during the Reporting Period

Applicable  Not Applicable

### 4. Financial Asset Investments

(1) Securities Investments

Applicable  Not Applicable

(2) Other Listed Company Equities Held

Unit: RMB thousand

Stock code	Abbreviation of stock name	Initial investment amount	Number of shares held (thousand shares)	Shareholding percentage (%)	Book value at the end of the year	Profit or loss during the Reporting Period	Change in equity during the Reporting Period	Classification in accounting	Source of shareholding
ASX: OEL	Otto Energy	13,480	13,521	0.36%	875	-	264	Other equity instruments investments	Share acquisition
HKEX: 00697	Shoucheng Holdings	182,212	209,586	2.87%	265,603	16,682	(122,454)	Other equity instruments investments	Share acquisition
HKEX: 206	CMIC Ocean	204,326	185,600	5.72%	36,306	-	(6,420)	Long-term equity investments	Share acquisition
STAR MARKET: 688315	Novogene	30,000	1,800	0.50%	74,340	44,340	-	Other non-current financial assets	Share acquisition
SZSE: 001213	CRSCL	161,563	40,000	0.90%	242,400	-	87,100	Other equity instruments investments	Share acquisition



## CHAPTER V OPERATION DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE WITH THE DOMESTIC SECURITIES REGULATORY RULES

### (3) Investment in Derivatives

Applicable  Not Applicable

Unit: RMB thousand

Name of derivatives investment operator	Relationship with the Group	Related party or not	Type of derivatives investment	Initial investment amount of derivatives investment	Date of commencement	Date of termination	Investment amount at the beginning of the Reporting Period	Purchase during the Reporting Period	Sale during the Reporting Period	Provision for impairment (if any)	Investment amount at the end of the Reporting Period	Proportion of investment amount at the end of the Reporting Period to the net assets of the Company attributable to parent company at the end of the Reporting Period	Actual profit or loss during the Reporting Period
HSBC, Standard Chartered and other banks	Nil	No	Foreign exchange forward contracts	-	2020/8/5	2022/12/27	24,412,232	-	-	-	29,074,512	64.44%	(26,230)
China Merchants Bank, the Agriculture Bank of China and other banks	Nil	No	Foreign exchange option contracts	-	2021/5/27	2022/5/10	11,702	-	-	-	1,454,082	3.22%	(2,534)
Standard Chartered, BTMU and other banks	Nil	No	Interest rate swap contracts	-	2020/3/4	2022/3/30	9,132,420	-	-	-	8,609,694	19.08%	86,053
Hicend Futures Co., Ltd.	Nil	No	Future contracts	-	2021/6/30	2021/9/30	896	-	-	-	-	-	33
<b>Total</b>				-	-	-	33,557,250	-	-	-	39,138,288	86.74%	57,322
Source of funds for derivatives investments				Self-owned funds									
Litigation case (if applicable)				Not applicable									
Disclosure date of announcement in relation to the consideration and approval of derivative investments by the Board (if any)				Nil									
Disclosure date of announcement in relation to the consideration and approval of derivative investments by the Shareholders' general meeting (if any)				Nil									
Risk analysis and explanations on risk control measures for positions in derivatives during the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operation risk and legal risk etc.)				<p>As of 31 December 2021, the derivative financial instruments held by the Group were mainly foreign exchange forward, interest rate swap and foreign exchange option contracts. The risks of interest rate swap contracts were closely related to the fluctuation of interest rates. The risks exposed by foreign exchange forwards and foreign exchange option were connected with the market risks relating to exchange rates and the Group's cash flow certainty of foreign currency revenues in the future. The Group's control measures on the derivative financial instruments were mainly reflected in: making prudent selection and decision on the type and quantity of newly-added derivative financial instruments; as to derivatives transactions, the Group developed rigorous internal approval systems and operational processes, and clarified the approval and authorisation procedures for all levels involved, so as to control the associated risks.</p>									
Changes in market prices or product fair values of derivatives invested during the Reporting Period, where specific methods and relevant assumptions and parameters used shall be disclosed in the analysis of fair values of derivatives				<p>In 2021, the Group's profit or loss arising from changes in fair values of the derivative financial instruments was RMB57,322,000. Fair values of the derivative financial instruments of the Group were determined based on market price quotations from external financial institutions.</p>									
Explanations on any significant changes in the Company's accounting policies and specific accounting principles on derivatives for the Reporting Period as compared with those for the last reporting period				No									
Specific opinions of independent Directors on the derivatives investments and risk control of the Company				<p>The Company carried on derivatives hedging business for the purpose of the day-to-day international business operations of the Company in order to smooth or lower the uncertainty impact of the operations of the Company due to the change in exchange rates and interest rates as well as raw material spot price fluctuations while adhering to the fundamental principle of value-preserving and prohibiting speculative transaction. The Company has attached great importance and continuously enhanced the management of derivatives hedging business as well as developed and continuously improved relevant management systems. The related approval process is compliant with the requirements of the laws and regulations and without prejudice to the interests of the Company and the shareholders, in particular, the minority shareholders.</p>									

## CHAPTER V OPERATION DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE WITH THE DOMESTIC SECURITIES REGULATORY RULES

### 5. Use of Raised Proceeds

Applicable  Not Applicable

## VII. DISPOSAL OF SUBSTANTIAL ASSETS AND EQUITY INTERESTS

### 1. Disposal of Substantial Assets

Applicable  Not Applicable

### 2. Disposal of Substantial Equity Interests

Applicable  Not Applicable

## VIII. ANALYSIS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES

Applicable  Not Applicable

Please refer to the relevant information contained in “II. Review of Principal Businesses During the Reporting Period” under “Chapter IV Report of the Board” of this Report for the details of operations of principal subsidiaries and associates. The details on the subsidiaries that began and ceased to be consolidated into the accounts of the Group during the Reporting Period are set out in note V to “Chapter XIV Financial Statements Prepared in Accordance with CASBE” in this Report.

### Subsidiaries or associates contributing to more than 10% of the Company’s net profits

Unit: RMB thousand

Company name	Company type	Principal activities	Registered capital	Total assets	Net assets	Revenues	Operating profits	Net profits
CIMC Vehicles (Note 1)	Subsidiary	Road transportation vehicles business	2,017,600	21,781,333	12,386,574	27,647,763	1,173,597	987,663
Container Holding (Note 2)	Subsidiary	Mainly engaged in manufacturing and sale of containers	5,292,829	30,311,793	18,057,455	58,035,511	13,649,871	10,230,001
Enric (Note 3)	Subsidiary	Energy, chemical and liquid food equipment business	18,516	19,024,673	8,499,677	18,424,763	1,212,559	908,392

Note 1: The financial data for CIMC Vehicles is extracted from its annual report for A shares for 2021.

Note 2: The financial data for Container Holding is taken from the unaudited management account.

Note 3: Enric is a company listed on the Stock Exchange of Hong Kong, and the financial data in the above table is extracted from its results announcement for the year of 2021.

CHAPTER V

OPERATION DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE  
WITH THE DOMESTIC SECURITIES REGULATORY RULES

**Details on obtaining and disposing subsidiaries during the Reporting Period**

Applicable    Not Applicable

Company name	Method of obtaining and disposing subsidiaries	Impact on overall production and operation and performance
CIMC ADS International Logistics Co., Ltd.	Cash acquisition	No significant impact
Globe Success International Transportation Co. Ltd.	Cash acquisition	No significant impact
CIMC Baochuang (Wuxi) Steel Co., Ltd.	Cash acquisition	No significant impact
Jingbian Talentum Natural Gas Co., Ltd.	Cash acquisition	No significant impact
Yulin WXT Trade Co., Ltd.	Cash acquisition	No significant impact

**IX. STRUCTURED BODY CONTROLLED BY THE COMPANY**

Applicable    Not Applicable

**X. OUTLOOK FOR FUTURE DEVELOPMENT**

For details of outlook for the future development of the Group, please refer to “III. Future Development and Outlook of the Company” of “Chapter IV Report of the Board” in this Report.

CHAPTER V  
OPERATION DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE  
WITH THE DOMESTIC SECURITIES REGULATORY RULES

**XI. RECEPTION OF RESEARCH, COMMUNICATIONS AND INTERVIEWS**

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main briefings of talks
During the Reporting Period	Shenzhen	Tele conference	Institutional investor	UG investment	Principal business performance, investment progress, recent industrial development performance and industry outlook
During the Reporting Period	Shenzhen	Tele conference	Institutional investor	Macro Team of CICC	Same as above
During the Reporting Period	Shenzhen	Tele conference	Institutional investor	Shipping Team of CICC	Same as above
During the Reporting Period	Shenzhen	Strategy conference	Institutional investor	Northeast Securities strategy conference	Same as above
During the Reporting Period	Shenzhen	Strategy conference	Institutional investor	BOC International online strategy conference	Same as above
During the Reporting Period	Shenzhen	Strategy conference	Institutional investor	UBS online strategy conference	Same as above
During the Reporting Period	Shenzhen	Field research	Institutional investor	Pacific Securities	Same as above
During the Reporting Period	Dongguan	Field research	Institutional investor	Henan Yiluo Investment	Same as above
During the Reporting Period	Shenzhen	Tele conference	Institutional investor	China Merchants Securities and Changsheng Fund	Same as above
During the Reporting Period	Shenzhen	Field research	Institutional investor	Minsheng Securities and Zhongrong Fund	Same as above
During the Reporting Period	Shenzhen	Tele conference	Institutional investor	本營國際 (Benying International*), China Renaissance, Chengdu Expressway, Citibank International, 申萬機械 (Shenwan Machine*)	Same as above
During the Reporting Period	Shenzhen	Field research	Institutional investor	Kaiyuan Securities	Same as above
During the Reporting Period	Shenzhen	Field research	Institutional investor	CITIC Securities	Same as above
During the Reporting Period	Shenzhen	Results Release for 2020	Institutional investor	All the attendees	Same as above
During the Reporting Period	The Company	Tele conference	Institutional investor	Guotai Junan Securities	Same as above
During the Reporting Period	The Company	Tele conference	Institutional investor	Morgan Stanley	Same as above

CHAPTER V

OPERATION DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE  
WITH THE DOMESTIC SECURITIES REGULATORY RULES

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main briefings of talks
During the Reporting Period	The Company	Tele conference	Institutional investor	BofA Securities customers	Same as above
During the Reporting Period	The Company	Tele conference	Institutional investor	CITIC Securities	Same as above
During the Reporting Period	The Company	Tele conference	Institutional investor	BOCI	Same as above
During the Reporting Period	The Company	Tele conference	Institutional investor	Zaaba Capital	Same as above
During the Reporting Period	Suzhou	Strategy conference	Institutional investor	Guotai Junan Securities	Same as above
During the Reporting Period	Hangzhou	Strategy conference	Institutional investor	China Merchants Securities	Same as above
During the Reporting Period	The Company	Tele conference	Institutional investor	Galaxy Securities (Hong Kong) customers	Same as above
During the Reporting Period	The Company	Tele conference	Institutional investor	Zhongtai Securities	Same as above
During the Reporting Period	Shanghai	Strategy conference	Institutional investor	Huatai Securities	Same as above
During the Reporting Period	Shanghai	Strategy conference	Institutional investor	Cinda Securities	Same as above
During the Reporting Period	Shanghai	Strategy conference	Institutional investor	Founder Securities	Same as above
During the Reporting Period	Beijing	Strategy conference	Institutional investor	Kaiyuan Securities	Same as above
During the Reporting Period	The Company	Company research	Institutional investor	Jinfeng Chuangsheng Investment (金豐創晟投資), Guoyuan Securities	Same as above
During the Reporting Period	The Company	Company research	Institutional investor	Vanho Securities	Same as above
During the Reporting Period	The Company	Tele conference	Institutional investor	Ninety One UK Limited	Same as above
During the Reporting Period	The Company	Tele conference	Institutional investor	UG Fund	Same as above
During the Reporting Period	The Company	Tele conference	Institutional investor	HSBC	Same as above
During the Reporting Period	Shenzhen	Strategy conference	Institutional investor	China Everbright Securities	Same as above
During the Reporting Period	The Company	Tele conference	Institutional investor	CSC Financial	Same as above
During the Reporting Period	The Company	Strategy conference	Institutional investor	Industrial Securities	Same as above
During the Reporting Period	The Company	Strategy conference	Institutional investor	CICC	Same as above

## CHAPTER V OPERATION DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE WITH THE DOMESTIC SECURITIES REGULATORY RULES

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main briefings of talks
During the Reporting Period	The Company	Tele conference	Institutional investor	Pacific Securities	Same as above
During the Reporting Period	The Company	Offline research	Institutional investor	Vanho Securities	Same as above
During the Reporting Period	The Company	Tele conference	Institutional investor	Tebon Securities	Same as above
During the Reporting Period	Shenzhen	Tele conference	Institutional investor	Changjiang Securities	Same as above
During the Reporting Period	Shenzhen	Tele conference	Institutional investor	Haitong Securities	Same as above
During the Reporting Period	Shenzhen	Strategy conference	Institutional investor	UBS Strategy conference	Same as above
During the Reporting Period	Shenzhen	Tele conference	Institutional investor	CITIC Securities	Same as above
During the Reporting Period	Shanghai	Counter roadshow	Institutional investor	Maxwealth Fund	Same as above
During the Reporting Period	Shanghai	Counter roadshow	Institutional investor	Ruiyuan Fund	Same as above
During the Reporting Period	Shanghai	Counter roadshow	Institutional investor	CCB Life Asset Management	Same as above
During the Reporting Period	Shanghai	Counter roadshow	Institutional investor	BOCIM	Same as above
During the Reporting Period	Shanghai	Counter roadshow	Institutional investor	Fidelity	Same as above
During the Reporting Period	Shanghai	Counter roadshow	Institutional investor	AEON Insurance	Same as above
During the Reporting Period	Shanghai	Counter roadshow	Institutional investor	Aegon-Industrial Fund	Same as above
During the Reporting Period	Shanghai	Counter roadshow	Institutional investor	Huatai Asset	Same as above
During the Reporting Period	Shanghai	Counter roadshow	Institutional investor	Changxin Fund	Same as above
During the Reporting Period	Shenzhen	Tele conference	Institutional investor	CSFG, WT Asset Management	Same as above
During the Reporting Period	Shanghai	Strategy conference	Institutional investor	Tebon autumn strategy meeting	Same as above
During the Reporting Period	Shenzhen	Results release	Institutional investor	82 institutions and media	Same as above
During the Reporting Period	Shenzhen	Tele conference	Institutional investor	China Merchants Securities	Same as above
During the Reporting Period	Shenzhen	Survey	Institutional investor	First State Cinda Fund	Same as above

CHAPTER V

OPERATION DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE  
WITH THE DOMESTIC SECURITIES REGULATORY RULES

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main briefings of talks
During the Reporting Period	Shenzhen	Counter roadshow	Institutional investor	Evergrande Life	Same as above
During the Reporting Period	Beijing	Counter roadshow	Institutional investor	China Life	Same as above
During the Reporting Period	Beijing	Counter roadshow	Institutional investor	Sunshine Asset	Same as above
During the Reporting Period	Beijing	Counter roadshow	Institutional investor	China Post Fund	Same as above
During the Reporting Period	Beijing	Counter roadshow	Institutional investor	New China Asset	Same as above
During the Reporting Period	Beijing	Counter roadshow	Institutional investor	Harvest Fund	Same as above
During the Reporting Period	Beijing	Tele conference	Institutional investor	SOMPO AM	Same as above
During the Reporting Period	Beijing	Counter roadshow	Institutional investor	China Life Aged-care	Same as above
During the Reporting Period	Shenzhen	Strategy conference	Institutional investor	Galaxy Securities	Same as above
During the Reporting Period	Shenzhen	Tele conference	Institutional investor	Soliton Group, Tahoe Life	Same as above
During the Reporting Period	Shenzhen	Tele conference	Institutional investor	Harvest Fund	Same as above
During the Reporting Period	Shenzhen	Tele conference	Institutional investor	Morgan Stanley	Same as above
During the Reporting Period	Shenzhen	Survey	Institutional investor	Minsheng Securities	Same as above
During the Reporting Period	Shenzhen	Tele conference	Institutional investor	BlackRock	Same as above
During the Reporting Period	Shenzhen	Strategy conference	Institutional investor	ICA Asia ESG Conference	Same as above
During the Reporting Period	Shenzhen	Tele conference	Institutional investor	Third Quarter Results Briefing	Same as above
During the Reporting Period	Shenzhen	Strategy conference	Institutional investor	Kaiyuan Securities strategy conference	Same as above
During the Reporting Period	Shenzhen	Strategy conference	Institutional investor	CITIC Securities strategy conference	Same as above
During the Reporting Period	Shenzhen	Strategy conference	Institutional investor	CICC Securities strategy conference	Same as above
During the Reporting Period	Shanghai	Strategy conference	Institutional investor	Huatai Securities strategy conference	Same as above
During the Reporting Period	Shanghai	Survey	Institutional investor	CIMC Investor Activities Day	Same as above

**CHAPTER V**  
**OPERATION DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE**  
**WITH THE DOMESTIC SECURITIES REGULATORY RULES**

<b>Date of reception</b>	<b>Venue of reception</b>	<b>Mode of reception</b>	<b>Type of party received</b>	<b>Party received</b>	<b>Main briefings of talks</b>
During the Reporting Period	Shenzhen	Site meeting	Institutional investor	CITIC – Prudential	Same as above
During the Reporting Period	Shenzhen	Online conference	Institutional investor	The program of collective online reception day for investors of listed companies which are based in Shenzhen in 2021	Same as above
During the Reporting Period	Shenzhen	Strategy conference	Institutional investor	ICA BEST of Asia Discovery Conference 2021	Same as above
During the Reporting Period	Shenzhen	Strategy conference	Institutional investor	Gelonghui Global Investment Carnival	Same as above
During the Reporting Period	Shenzhen	Tele conference	Institutional investor	Cathay Fortune	Same as above
During the Reporting Period	Shenzhen	Site meeting	Institutional investor	Alliance Bernstein Asset	Same as above
During the Reporting Period	Shenzhen	Strategy conference	Institutional investor	Essence Securities strategy conference	Same as above



## CHAPTER VI

# MANAGEMENT DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE WITH THE HONG KONG SECURITIES REGULATORY RULES

The following contents are the financial resource reviews prepared in accordance with the relevant provisions of the Hong Kong Listing Rules. The following discussion and analysis shall be read together with other chapters of this Report and the audited financial statements of the Group and notes thereto prepared in accordance with CASBE.

### CONSOLIDATED OPERATING RESULTS AND SEGMENT INFORMATION

Unit: RMB thousand

In 2021, the Group recorded revenue of RMB163,695.980 million (2020: RMB94,159.083 million) and profit attributable to Shareholders and other equity holders of the Company of RMB6,665.323 million (2020: RMB5,349.613 million), representing a year-on-year increase of 73.85% and 24.59%, respectively. For details of segment results, please refer to "II. Review of Principal Businesses During the Reporting Period" under "Chapter IV Report of the Board", "2. Income and Cost" of "III. Analysis of Principal Businesses" of "Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules" and note IV. 50 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

### COST OF SALES

For details, please refer to "2. Income and Cost" of "III. Analysis of Principal Businesses" of "Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules" and note IV. 50 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

Segment	2021		2020	
	Cost of sales	Percentage in total cost of sales (%)	Cost of sales	Percentage in total cost of sales (%)
Container manufacturing	49,053,590	36.56%	18,908,451	23.43%
Road transportation vehicles	24,600,777	18.33%	23,031,474	28.53%
Energy, chemical and liquid food equipment	16,517,674	12.31%	11,092,604	13.74%
Offshore engineering	5,463,000	4.07%	5,483,154	6.79%
Airport facilities and logistics equipment, fire safety and rescue equipment	5,396,581	4.02%	4,792,871	5.94%
Logistics services	27,393,038	20.42%	9,888,356	12.25%
Finance and asset management	2,289,917	1.71%	1,422,726	1.76%
Recycled load	4,874,520	3.63%	2,622,318	3.25%
Others	6,016,870	4.49%	5,143,669	6.37%
Industrial city development (Note)	-	-	1,354,668	1.68%
Combined offset	(7,430,018)	(5.54%)	(3,025,420)	(3.74%)
<b>Total</b>	<b>134,175,949</b>	<b>100.00%</b>	<b>80,714,871</b>	<b>100.00%</b>

Note: Industrial city development became an associate of the Group in October 2020. The 2020 figures of industrial city development business cover the period from January 2020 to October 2020.

## CHAPTER VI MANAGEMENT DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE WITH THE HONG KONG SECURITIES REGULATORY RULES

### GROSS PROFIT MARGIN AND PROFITABILITY

The overall gross profit margin of the Group in 2021 was 18.03%, higher than the same period last year. The table below lists the gross profits and gross profit margins of the Group's major segments during the following periods:

Unit: RMB thousand

Segment	2021		2020	
	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)
Container manufacturing	16,913,721	25.64%	3,255,172	14.69%
Road transportation vehicles	3,046,985	11.02%	3,467,491	13.09%
Energy, chemical and liquid food equipment	3,010,395	15.42%	2,198,969	16.54%
Offshore engineering	(22,508)	(0.41%)	(57,760)	(1.06%)
Airport facilities and logistics equipment, fire safety and rescue equipment	1,445,401	21.13%	1,295,849	21.28%
Logistics services	2,077,869	7.05%	747,545	7.03%
Finance and asset management	1,473,514	39.15%	755,113	34.67%
Recycled load	1,142,000	18.98%	413,622	13.62%
Others	702,917	10.46%	545,389	9.59%
Industrial city development (Note)	-	-	818,753	37.67%
Combined offset	(270,263)	-	4,069	-
<b>Total</b>	<b>29,520,031</b>	<b>18.03%</b>	<b>13,444,212</b>	<b>14.28%</b>

Note: Industrial city development became an associate of the Group in October 2020. The 2020 figures of industrial city development business cover the period from January 2020 to October 2020.

### SALES EXPENSES, GENERAL AND ADMINISTRATIVE EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES AND FINANCIAL EXPENSES

For details of sales expenses, general and administrative expenses, research and development expenses and financial expenses of the Group during the Reporting Period, please refer to "3. Expenses" of "III. Analysis of Principal Businesses" of "Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules" and note IV. 52, 53, 54 and 55 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

### NON-OPERATING INCOME

During the Reporting Period, the Group's non-operating income amounted to RMB123.969 million (2020: RMB248.615 million), representing a year-on-year decrease of 50.14%. For details, please refer to note IV. 63 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

CHAPTER VI

MANAGEMENT DISCUSSION AND ANALYSIS PREPARED IN  
ACCORDANCE WITH THE HONG KONG SECURITIES REGULATORY RULES

### PROVISIONS FOR ASSET IMPAIRMENT AND LOSSES

During the Reporting Period, the asset impairment losses and credit impairment losses stated in the Group's income statement totalling RMB4,954.725 million (2020: RMB977.248 million), representing a year-on-year increase of 407.01%, mainly due to the provision for asset impairment made on relevant assets of offshore engineering business for the year. Due to the combined reason of the ongoing global COVID-19 pandemic, fluctuations in the international oil and gas industry, and accelerated transformation of the energy industry, the international oil companies remain cautious in oil and gas exploration and exploitation despite the oil prices have rebounded recently. Provisions for asset impairment of certain offshore engineering platforms leases held by the Company has been made due to their rental levels and utilisation rates were less than expected. For details, please refer to note IV. 26 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

### INCOME TAX EXPENSES

During the Reporting Period, the income tax expenses paid by the Group amounted to RMB4,934.291 million (2020: RMB1,278.666 million), representing a year-on-year increase of 285.89%, mainly due to the increase in business scale and profit before income tax for the year. For details, please refer to note IV. 65 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

### PROFITS ATTRIBUTABLE TO MINORITY SHAREHOLDERS

In 2021, the Group's profits attributable to minority shareholders amounted to RMB1,695.445 million (2020: RMB662.127 million), representing a year-on-year increase of 156.06%, mainly due to the increase in profit or loss attributable to minority shareholders calculated based on the shareholding proportion of minority shareholders.

### LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash at bank and on hand primarily consist of cash and bank deposits. As at 31 December 2021, the Group's cash at bank and on hand amounted to RMB16,442.733 million (31 December 2020: RMB12,181.415 million). The increase in cash at bank and on hand for the year was mainly attributable to the increase in business scale and sales collection during the year. Details are set out in note IV. 1 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

For details of the cash flow data of the Group during the Reporting Period, please refer to "5. Cash Flows" of "III. Analysis of Principal Businesses" of "Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules" and note IV. 67 and 68 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

## CHAPTER VI MANAGEMENT DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE WITH THE HONG KONG SECURITIES REGULATORY RULES

The Group's development funds primarily consist of cash derived from operation, bank loan and other borrowings. The Group's cash demands mainly come from production and operation, repayment of matured liability, capital expenditure, payment of interests and dividends, and other unexpected cash demands. The Group has always adopted prudent financial management policies and maintained sufficient and appropriate cash on hand to repay the bank loans falling due and ensure business development.

### BANK LOANS AND OTHER BORROWINGS

As at 31 December 2021, the Group's short-term borrowings, non-current borrowings due within one year, debentures payable due within one year, long-term borrowings and debentures payable in aggregate amounted to RMB42,015.690 million (31 December 2020: RMB48,444.491 million). Details of bank loans and other borrowings of the Group as at 31 December 2021 are set out in note IV. 28, 37, 39 and 40 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this report.

Unit: RMB thousand

	As at 31 December 2021	As at 31 December 2020
Short-term borrowings	7,204,671	8,416,701
Non-current borrowings due within one year	5,834,823	12,358,104
Debentures payable due within one year	6,089,486	2,017,874
Long-term borrowings	21,651,730	19,562,326
Debentures payable	1,234,980	6,089,486
<b>Total</b>	<b>42,015,690</b>	<b>48,444,491</b>

In 2021, interest capitalised by the Group was RMB49.474 million (2020: RMB746.740 million).

The Group's bank borrowings are mainly denominated in US dollars, with the interest payments computed using fixed rates and floating rates. As at 31 December 2021, the Group's long-term interest-bearing debts are mainly RMB-denominated floating rate contracts amounted to RMB14,978.040 million (31 December 2020: RMB12,222.594 million). The interest rate range of the Group's short-term borrowings is 0.05% to 4.90% (31 December 2020: 1.11% to 4.90%), and the interest rate range of long-term borrowings is 1.19% to 5.25% (31 December 2020: 1.20% to 6.87%). As at the end of the Reporting Period, the Group's fixed-rate bank borrowings amounted to approximately RMB8,998.064 million (31 December 2020: approximately RMB14,441.604 million). The long-term borrowings are mainly matured within five years. There is no seasonal feature in respect of the Group's need for borrowing, which is mainly based on the Group's capital and business needs. For details, please refer to notes IV. 28 and 39 and XV. 1(2) to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this report.

The Group's issued debentures are mainly denominated in RMB, with the interest payments computed using fixed rates. As at 31 December 2021, the outstanding balance of fixed-rate debentures issued by the Group amounted to RMB7,324.466 million (31 December 2020: RMB8,107.360 million). The maturity date of debentures is mainly distributed within one to five years. For details, please refer to note IV. 40 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this report.

CHAPTER VI

MANAGEMENT DISCUSSION AND ANALYSIS PREPARED IN  
ACCORDANCE WITH THE HONG KONG SECURITIES REGULATORY RULES

## OTHER EQUITY INSTRUMENTS

Unit: RMB thousand

	31 December 2020	Issued in the year	Interest- bearing at par value	Payment in the year	Other increase in the year	31 December 2021
18 Hai Yun Ji Zhuang MTN002	2,006,165	–	84,499	(2,090,664)	–	–
18 Renewable Corporate Bonds (Tranche 1)	2,001,380	–	89,960	(2,091,340)	–	–
Perpetual debt investment contract	300,497	–	813	(301,310)	–	–
<b>Total</b>	<b>4,308,042</b>	<b>–</b>	<b>175,272</b>	<b>(4,483,314)</b>	<b>–</b>	<b>–</b>

	31 December 2019	Issued in the year	Interest- bearing at par value	Payment in the year	Other increase in the year	31 December 2020
18 Hai Yun Ji Zhuang MTN002	2,006,165	–	103,400	(103,400)	–	2,006,165
18 Renewable Corporate Bonds (Tranche 1)	2,001,380	–	97,000	(97,000)	–	2,001,380
Perpetual debt investment contract	–	2,000,000	73,579	(1,773,082)	–	300,497
<b>Total</b>	<b>4,007,545</b>	<b>2,000,000</b>	<b>273,979</b>	<b>(1,973,482)</b>	<b>–</b>	<b>4,308,042</b>

## CAPITAL STRUCTURE

The Group's capital structure consists of equity interest attributable to shareholders and liabilities. As at 31 December 2021, the Group's equity interest attributable to shareholders amounted to RMB56,980.090 million (31 December 2020: RMB53,853.844 million), total liabilities amounted to RMB97,342.411 million (31 December 2020: RMB92,357.667 million) and total assets amounted to RMB154,322.501 million (31 December 2020: RMB146,211.511 million). For the significant changes in the Group's assets and liabilities during the Reporting Period, please refer to "V. Assets and Liabilities" of "Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules" in this Report.

As at 31 December 2021, the Group's gearing ratio was 63% (31 December 2020: 63%). The Group is committed to maintaining an appropriate combination of equity and debt in order to maintain an effective capital structure and provide maximum returns for shareholders of the Company. (Note: the gearing ratio is calculated based on the Group's total debts divided by its total assets as at the respective dates.)

## CHAPTER VI MANAGEMENT DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE WITH THE HONG KONG SECURITIES REGULATORY RULES

### FOREIGN EXCHANGE RISK AND RELEVANT HEDGE

The major currency of the Group's business revenue is US dollars, while most of its expenditure is made in RMB. Currently, the Chinese government adopts a managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies, and RMB is still subject to control under the capital account. As the exchange rates of RMB are affected by domestic and international economic and political situations as well as the demand and supply of RMB, the exchange rates of RMB against other currencies may be different from the current rates in the future, the Group is exposed to potential foreign exchange risk arising from the exchange rate fluctuation in RMB against other currencies, which may affect the Group's operating results and financial condition. The management of the Group has closely monitored its foreign exchange risk and taken appropriate measures to avoid foreign exchange risk. For details of the foreign exchange hedging contracts held by the Group during the Reporting Period, please refer to notes IV. 3, 14 and 43 and XV. 1. (1) to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

### INTEREST RATE RISK

The Group is exposed to the market interest rate change risk relating to its interest-bearing bank loans and other borrowings. To minimize the impact of interest rate risk, the Group entered into interest rate swap contracts with certain banks. As at 31 December 2021, the Group held 4 unsettled interest rate swap contracts denominated in U.S. dollars, the nominal value of which amounted to a total of USD1,350 million. Their fair value of RMB8.446 million was accounted as liabilities. These contracts will expire on 30 March 2022. For details, please refer to notes IV. 3 and 43 and XV. 1(2) to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

### MARKET RISKS

For details of the Group's market risks, please refer to "3. Main Risk Factors for Future Development of the Group" of "III. Future Development and Outlook of the Company" under "Chapter IV Report of the Board" in this Report.

### CREDIT RISK

The Group's credit risk is primarily attributable to cash at bank and on hand, notes receivable, receivables and derivative financial instruments entered into for hedging purposes and etc. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, as in the balance sheet. Except for the financial guarantees given by the Group set out in note X, the Group does not provide any other guarantees which would expose the Group to credit risk. Exposure to these credit risks is monitored by the management on an ongoing basis. For details, please refer to note XV. 2 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

### CAPITAL COMMITMENTS

As at 31 December 2021, the Group had capital expenditure commitments of approximately RMB7,197.686 million (31 December 2020: RMB118.935 million), which was mainly used for external investment contracts and building of vessels for sale or leasing. For details, please refer to note XI. 1(1) to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

## CHAPTER VI MANAGEMENT DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE WITH THE HONG KONG SECURITIES REGULATORY RULES

### SUBSIDIARIES, JOINTLY CONTROLLED COMPANIES AND ASSOCIATED COMPANIES OF THE GROUP

For the subsidiaries, jointly controlled companies and associated companies of the Group as at 31 December 2021, please refer to note IV. 16 and note VI to “Chapter XIV Financial Statements Prepared in Accordance with CASBE” in this Report for details.

### PLEDGE OF ASSETS

As at 31 December 2021, restricted assets of the Group amounted to a total of RMB5,633.991 million (31 December 2020: RMB9,465.867 million). For details of the Group’s pledge of assets, please refer to note IV. 27 to “Chapter XIV Financial Statements Prepared in Accordance with CASBE” in this Report.

### SIGNIFICANT INVESTMENTS AND MAJOR ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Reporting Period, the Group did not have any significant investment, major acquisition or disposal of subsidiaries, associated companies and joint ventures. During the Reporting Period, no significant investment accounted for 5% or more of the total assets of the Company at the balance sheet date. Please refer to notes IV. 16 and note V to “Chapter XIV Financial Statements Prepared in Accordance with CASBE” in this Report for details.

### FUTURE PLANS FOR SIGNIFICANT INVESTMENTS, EXPECTED SOURCE OF FUNDING, CAPITAL EXPENDITURE AND FINANCIAL PLAN

The operating and capital expenditures of the Group are mainly financed by our own fund and external financing. Concurrently, the Group will take a prudent attitude in order to enhance its future operating cash flow. According to the changes in economic situation and operating environment, as well as the needs of the Group’s strategic upgrade and business development, the capital expenditure of the Group is expected to be approximately RMB17.47 billion in 2022, mainly used in equity acquisition and the acquisition of fixed assets, intangible assets and other long-term assets etc. The Group will continue to consider various types of financing arrangements.

### CONTINGENT LIABILITIES

For details of the Group’s contingent liabilities, please refer to note IV. 36 to “Chapter XIV Financial Statements Prepared in Accordance with CASBE” in this Report.

## CHAPTER VI MANAGEMENT DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE WITH THE HONG KONG SECURITIES REGULATORY RULES

### EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, there were approximately 51,746 employees of the Group, of which 5,163 were outside Mainland China (including Hong Kong, Macau and Taiwan) (31 December 2020: approximately 51,100 employees in total in the PRC). For composition of the employees, please refer to “X. Employees of the Company” of “Chapter VIII Corporate Governance” in this Report. The total staff cost during the Reporting Period, including directors’ remuneration, contribution to the retirement benefit schemes and share option incentive schemes, amounted to approximately RMB13,091.952 million (2020: approximately RMB8,828.911 million). For details, please refer to note IV. 56 to “Chapter XIV Financial Statements Prepared in Accordance with CASBE” in this Report.

The Group provides salary and bonus payment to its employees based on their performance, position value, qualification, experience and market conditions. Other benefits include social insurance required by the Chinese government. The Group regularly reviews its remuneration policies, including directors’ remuneration payable, and strives to formulate an improved incentive and assessment mechanism based on the operating results of the Group and the market conditions.

### EMPLOYEE TRAINING PROGRAMME

The Company has built a multi-level and composite talent training system with its core human resources philosophy of “people-oriented and mutual business”, including: new employees training, general skills training, professional training, leadership training programme and international talent training programme. Meanwhile, the Group has also provided its employees with ample career development opportunities. The Group, based on its requirements from the strategic development on the talents, has built its employees’ career development path (such as management, engineering technology, lean, finance, audit, etc.) to conduct effective career management and clarify career development direction for its employees with a view to increasing their capabilities.

### EMPLOYEE PENSION SCHEME

The Group has provided employees with basic pension insurance arranged by local human resources and social security bureaus. The Group makes contributions to the pension insurance at the applicable rates monthly based on the amounts stipulated by the government organization. When employees retire, the local human resources and social security bureaus are responsible for the payment of the basic pension benefits to the retired employees. The amounts of pension insurance payable calculated according to the above regulations are recognised as liabilities during the accounting periods when the employees render services and are charged to profit or loss or capitalized in costs of related assets. For details, please refer to note II. 20 and note IV. 56 to “Chapter XIV Financial Statements Prepared in Accordance with CASBE” in this Report.



CHAPTER VI  
MANAGEMENT DISCUSSION AND ANALYSIS PREPARED IN  
ACCORDANCE WITH THE HONG KONG SECURITIES REGULATORY RULES

## SHARE OPTION INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP SCHEME, ETC.

The implementation of share option incentive scheme is helpful for the Group to establish an interest sharing and restraint mechanism among the directors, the management and the core employees, by which the management can better balance its short-term and long-term goals so as to attract and retain outstanding management candidates and key employees and stimulate sustainable value of incentives which will serve to guarantee the stable development of the Company in the long term and enhance its competitive strength. For details of the share option incentive scheme of the Company and its subsidiaries, please refer to “XII. Implementation of the Company’s Share Option Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentive Measures” of “Chapter VIII Corporate Governance” in this Report.

## MARKET RISKS

For details of the Group’s market risks, please refer to “3. Main Risk Factors for Future Development of the Group” of “III. Future Development and Outlook of the Company” under “Chapter IV Report of the Board” in this Report.

## DIVIDEND DISTRIBUTION

Based on the Group’s 2021 operating results and taking into account the Group’s overall financial position and cash flows, the Board recommended a final dividend of RMB0.69 for every one share (tax inclusive) for the year of 2021, no bonus shares will be issued, and additional 5 new shares will be issued to all Shareholders for every 10 shares being held by way of conversion of capital reserves. The proposed dividend is expected to be payable on or around 18 August 2022. The proposed distribution plan of the final dividend of 2021 is subject to the shareholders’ approval at the forthcoming annual general meeting of the Company for the year of 2021.

## USE OF PROCEEDS FROM GLOBAL OFFERING AND RAISED PROCEEDS FROM A SHARE ISSUANCE OF CIMC VEHICLES

### 1. Proceeds from Global Offering of CIMC Vehicles

Since 11 July 2019 (the “**Listing Date of H Shares of CIMC Vehicles**”), the H shares of CIMC Vehicles has been listed on the main board of the Hong Kong Stock Exchange. CIMC Vehicles offered 265,000,000 H shares in total in the global offering. After reducing underwriting commissions and expenses in relation to the global offering, the net proceeds from the H share offering by CIMC Vehicles amounted to approximately HK\$1,591.3 million. The nominal value of H Shares of CIMC Vehicles is RMB1.00 per share.

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

## CHAPTER VI MANAGEMENT DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE WITH THE HONG KONG SECURITIES REGULATORY RULES

As at 1 January 2021, net proceeds from H share offering carried forward from last year by CIMC Vehicles amounted to approximately HK\$978.8 million. The use of the net proceeds from the H share offering of CIMC Vehicles and its utilization as of 31 December 2021, which are intended to be utilized in the next five years after the Listing Date of H shares of CIMC Vehicles, are as follows:

Intended Use of Net Proceeds	Intended Amount (HK\$ million)	Utilized Amount as of 31 December 2021 (HK\$ million)	Utilized Amount during the Reporting Period (HK\$ million)	Unutilized Amount as of 31 December 2021 (HK\$ million)
<b>Develop new manufacturing or assembly plants</b>	<b>1,248.2</b>	<b>825.3</b>	<b>500.3</b>	<b>422.9</b>
- Develop a new automated production facility for chassis trailers in the coastline regions along the eastern or southern US	38.8	38.8	10.2	-
- Develop a new assembly plant for high-end refrigerated trailers in the UK or Poland	32.1	14.6	2.0	17.5
- Develop a new automated production facility for refrigerated trailers in Monon, the US	163.0	159.4	5.0	3.6
- Develop a new assembly plant for swap bodies and chassis and flatbed trailers in the Netherlands	105.2	102.3	31.5	2.9
- Develop a new assembly plant for refrigerated trailers in Canada	20.2	20.2	8.7	-
- Develop a new manufacturing plant in Jiangmen, China	87.0	79.2	77.6	7.8
- Technological reform and informatization of plants in Xi'an, China	32.7	-	-	32.7
- Develop a new production plant in Baoji, China	70.0	39.1	39.1	30.9
- Construct a vehicle park in Kunming, China	78.4	74.8	29.3	3.6
- Expand semi-trailer production plant in Dongguan, China	114.8	93.2	93.2	21.6
- Expand dry bodies and refrigerated bodies production plant in Zhenjiang, China	34.4	10.2	10.2	24.2
- Expand production and assembly plant for chassis trailers in Rayong, Thailand	193.5	193.5	193.5	-
- Increase the registered capital and production capacity of subsidiaries in the UK(Note)	278.1	-	-	278.1

CHAPTER VI

MANAGEMENT DISCUSSION AND ANALYSIS PREPARED IN  
ACCORDANCE WITH THE HONG KONG SECURITIES REGULATORY RULES

Intended Use of Net Proceeds	Intended Amount (HK\$ million)	Utilized Amount as of 31 December 2021 (HK\$ million)	Utilized Amount during the Reporting Period (HK\$ million)	Unutilized Amount as of 31 December 2021 (HK\$ million)
<b>Research and develop new products</b>	<b>66.5</b>	<b>56.6</b>	<b>45.7</b>	<b>9.9</b>
– Invest in industry fund	34.4	34.4	34.4	–
– Develop high-end refrigerated semi- trailers	26.3	16.4	11.3	9.9
– Develop other trailers	5.8	5.8	–	–
<b>Repay the principal amount and interests of bank borrowings</b>	<b>153.8</b>	<b>153.8</b>	–	–
<b>Working capital and general corporate purposes</b>	<b>151.5</b>	<b>151.5</b>	–	–
<b>Total</b>	<b>1,620.0</b>	<b>1,187.2</b>	<b>546.0</b>	<b>432.8</b>

Note: Pursuant to the announcement of CIMC Vehicles dated 25 August 2021, in relation to the proposed further changes in the use of proceeds from the global offering, and the circular of CIMC Vehicles dated 13 September 2021, CIMC Vehicles determined 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, of which HK\$28.74 million represents the interest accrued in the designated bank account for the proceeds from the global offering.

## CHAPTER VI

## MANAGEMENT DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE WITH THE HONG KONG SECURITIES REGULATORY RULES

**2. Raised Proceeds from A Share Issuance of CIMC Vehicles****(1) General Use of Raised Proceeds from A Share Issuance of CIMC Vehicles**

In order to fully expand and capitalize on the financing channels of the A Share capital market, on 6 May 2020, the board of directors of CIMC Vehicles considered and approved the resolution in relation to the proposed initial public offering of A shares and the proposed listing on the ChiNext Market. The application for registration of shares in CIMC Vehicles' initial public offering was approved in accordance with the Reply in Relation to Approval for Registration of Shares in Initial Public Offering of CIMC Vehicles (Group) Co., Ltd. (Zheng Jian Xu Ke [2021] No. 1719) issued by the China Securities Regulatory Commission on 18 May 2021. With the consent of the Shenzhen Stock Exchange, CIMC Vehicles issued 252.6 million RMB ordinary shares (A shares) with a par value of RMB1.00 each and raised total proceeds of RMB1,758.096 million, at an issue price of RMB6.96 per share, in the initial public offering. After deducting the issue expenses (including underwriting and sponsoring fees (value-added tax exclusive) and other issue expenses) of RMB174.3192 million, the net proceeds from A

share offering were RMB1,583.7768 million, and the net issue price was approximately RMB6.27 per A share. The A share offering was conducted through a combination of targeted placement to strategic investors, placement to qualified investors through offline price consultation process and subscription by public investors at a price fixed according to market value. The above proceeds were received on 5 July 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). CIMC Vehicles was listed on the ChiNext Market of the Shenzhen Stock Exchange on 8 July 2021 when the closing price of A shares was RMB15.49 on the Shenzhen Stock Exchange and HK\$7.13 on the Hong Kong Stock Exchange.

As at 31 December 2021, the raised proceeds from A share issuance utilized by CIMC Vehicles during the year were RMB567.3671 million, the total raised proceeds from A share issuance cumulatively utilized were RMB567.3671 million, and the unutilised raised proceeds from A share issuance were RMB1,027.7938 million (including net interest income of raised proceeds from A share issuance of RMB11.3841 million exclusive of bank charges and account management fees).

CHAPTER VI

MANAGEMENT DISCUSSION AND ANALYSIS PREPARED IN  
ACCORDANCE WITH THE HONG KONG SECURITIES REGULATORY RULES

(2) Management of Raised Proceeds from A Share Issuance of CIMC Vehicles

In order to standardize the management and use of the raised proceeds, CIMC Vehicles has formulated the Management System for Raised Proceeds of CIMC Vehicles (Group) Co., Ltd., based on the actual situation. According to the system, the raised proceeds were deposited in a special account by CIMC Vehicles. On 4 August 2021, CIMC Vehicles signed the Agreement for Tripartite Supervision of Raised Proceeds and the Agreement for Quadripartite Supervision of Raised Proceeds with the sponsor Haitong Securities Co., Ltd., China Merchants Bank Co., Ltd., Shekou Branch, Shenzhen, and Industrial and Commercial Bank of China Limited, Shekou Branch, Shenzhen. There were no significant differences between such agreements and the model tripartite supervision agreement, and CIMC Vehicles strictly complied with the agreements in utilising the raised proceeds.

Unit: RMB ten thousand

Year	Mode	Total amount of raised proceeds	Total amount of raised proceeds utilised during the period	Total amount of raised proceeds cumulatively utilised	Total amount of raised proceed applied to purposes during the reporting period	Total amount of raised proceeds cumulatively applied to changed purposes	Percentage of total amount of raised proceeds cumulatively applied to changed purposes	Total amount of unutilised raised proceeds	Purposes and status of unutilised amount of raised proceeds	Amount of raised proceeds unutilised for more than two years
2021	Initial public offering	158,377.68	56,736.71	56,736.71	-	-	-	102,779.38	Held in the designated account for the proceeds	-
Total	-	158,377.68	56,736.71	56,736.71	-	-	-	102,779.38		-

General use of Raised Proceeds

As at 31 December 2021, the amount of proceeds from A share offering utilised by CIMC Vehicles during the year was RMB567,367,100, the total amount of proceeds from A share offering cumulatively utilised was RMB567,367,100 and the total amount of unutilised proceeds from A share offering was RMB1,027,793,800 (inclusive of interest income from proceeds from A share offering and net of bank charges and account management fees).



## CHAPTER VI MANAGEMENT DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE WITH THE HONG KONG SECURITIES REGULATORY RULES

Note 1: The economic revenue of CIMC Vehicles is based on “net profit”.

Note 2: “Benefits generated during the year” of CIMC Vehicles should be computed on the same basis and methods as the committed benefits.

Note 3: “Total raised proceeds invested during the year” of CIMC Vehicles includes “amount invested during the year” after the proceeds are received and the upfront investment amount that has actually been replaced.

Note 4: There is a difference in the mantissa between the total amounts arrived at through direct adding up of each items and the “total” amount of CIMC Vehicles. Such difference is caused by the unit (RMB ten thousand) and the rounding.

### (4) Change of Projects Funded by Raised Proceeds from A Share Issuance of CIMC Vehicles

Applicable  Not applicable

There was no change to the projects funded by raised proceeds from A share issuance of CIMC Vehicles during the Reporting Period.

## CHAPTER VII

## REPORT OF THE SUPERVISORY COMMITTEE

Dear Shareholders,

During the year of 2021, the Supervisory Committee of the Company has performed and discharged its duties and responsibilities conscientiously in accordance with the relevant provisions of the PRC Company Law and the Articles of Association.

## I. MEETINGS OF THE SUPERVISORY COMMITTEE

Session of meeting	Date	Supervisor attended	Name of proposal approved at the meeting	Searching index for the resolution published on designated websites	Disclosure date of the information cited in the resolution
The 1st meeting in 2021 of the 9th session of the Supervisory Committee	2021.3.15	Lin Feng/ Lou Dongyang/ Xiong Bo	Proposal Regarding the by-election of Ms. Shi Lan as a supervisor representing shareholder of the ninth session of the Supervisory Committee	www.cninfo.com.cn www.hkexnews.hk	2021.3.15
The 2nd meeting in 2021 of the 9th session of the Supervisory Committee	2021.3.29	Lin Feng/ Lou Dongyang/ Xiong Bo	<ol style="list-style-type: none"> <li>1. Proposal Regarding the 2020 Work Report of the Board of Supervisors;</li> <li>2. Proposal Regarding the 2020 Annual Report of CIMC;</li> <li>3. Proposal Regarding Profit Distribution, Dividend Distribution Proposal for 2020;</li> <li>4. Proposal Regarding the Execution of Ordinary Related-party Transactions/Continuing Connected Transaction in 2020;</li> <li>5. Proposal Regarding the 2020 Assessment Report on Internal Control of CIMC;</li> </ol>	www.cninfo.com.cn www.hkexnews.hk	2021.3.29
The 3rd meeting in 2021 of the 9th session of the Supervisory Committee	2021.4.7	Shi Lan/ Lou Dongyang/ Xiong Bo	Proposal Regarding the election of the chairman of the Supervisory Committee	www.cninfo.com.cn www.hkexnews.hk	2021.4.7
The 4th meeting in 2021 of the 9th session of the Supervisory Committee	2021.4.27	Shi Lan/ Lou Dongyang/ Xiong Bo	the First Quarterly Report of 2021 of CIMC	-	-



## CHAPTER VII

### REPORT OF THE SUPERVISORY COMMITTEE

Session of meeting	Date	Supervisor attended	Name of proposal approved at the meeting	Searching index for the resolution published on designated websites	Disclosure date of the information cited in the resolution
The 5th meeting in 2021 of the 9th session of the Supervisory Committee	2021.5.31	Shi Lan/Lou Dongyang/ Xiong Bo	<ol style="list-style-type: none"> <li>1) Proposal Regarding the Compliance of the Spin-off and Listing of the Controlling Subsidiary CIMC-TianDa Holdings Company Limited on ChiNext with Relevant Laws and Regulations;</li> <li>2) Proposal Regarding the Plan on the Spin-off and Listing of the Controlling Subsidiary CIMC-TianDa Holdings Company Limited on ChiNext;</li> <li>3) Proposal Regarding on the Spin-off and Listing of the Controlling Subsidiary CIMC-TianDa Holdings Company Limited on ChiNext; Annex I: Proposal Regarding on the Spin-off and Listing of the Controlling Subsidiary CIMC-TianDa Holdings Company Limited on ChiNext</li> <li>4) Proposal Regarding the Compliance of the Spin-off and Listing of the Controlling Subsidiary with Several Provisions on the Pilot Program of Listed Companies' Spin-off of Subsidiaries for Domestic Listing;</li> <li>5) Proposal Regarding the Spin-off and Listing of the Controlling Subsidiary CIMC-TianDa Holdings Company Limited on ChiNext which Benefits the Safeguarding of Legal Rights and Interests of Shareholders and Creditors;</li> <li>6) Proposal Regarding the Ability to Maintain Independence and Sustainable Operation of the Company;</li> <li>7) Proposal Regarding the Capability of CIMC-TianDa Holdings Company Limited to Implement Regulated Operation;</li> <li>8) Proposal Regarding the Explanation of the Completeness of and Compliance with Statutory Procedures of the Spin-off and Listing of the Controlling Subsidiary CIMC-TianDa Holdings Company Limited on ChiNext and the Validity of Legal Documents Submitted;</li> <li>9) Proposal Regarding the Analysis on the Objectives, Commercial Reasonableness, Necessity and Feasibility of the Spin-off and Listing of the Controlling Subsidiary CIMC-TianDa Holdings Company Limited on ChiNext;</li> <li>10) Proposal Regarding the Spin-off and Listing of the Controlling Subsidiary on ChiNext which will not Provide Shareholders with Assured Entitlement;</li> <li>11) Proposal Regarding the Proposed Authorisation of General Meeting to the Board and its Authorised Persons to Handle Matters Relating to the Spin-off and Listing.</li> </ol>	www.cninfo.com.cn www.hkexnews.hk	2021.5.31

## CHAPTER VII REPORT OF THE SUPERVISORY COMMITTEE

Session of meeting	Date	Supervisor attended	Name of proposal approved at the meeting	Searching index for the resolution published on designated websites	Disclosure date of the information cited in the resolution
The 6th meeting in 2021 of the 9th session of the Supervisory Committee	2021.8.27	Shi Lan/Lou Dongyang/Xiong Bo	the 2021 Interim Report of CIMC	-	-
The 7th meeting in 2021 of the 9th session of the Supervisory Committee	2021.10.27	Shi Lan/Lou Dongyang/Xiong Bo	the Third Quarterly Report of 2021 of CIMC	-	-

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

### II. SUPERVISORY COMMITTEE'S PRESENCE ON OTHER MEETINGS AND PERFORMANCE OF OTHER OBLIGATIONS

All members of the Supervisory Committee have attended the regular meetings convened by the Board and the special committees of the Board during the Reporting Period.

### III. OTHER MATTERS REVIEWED OR CONCERNED BY THE SUPERVISORY COMMITTEE

#### 1. Opinion of the Supervisory Committee on the Lawful Operation of the Company

The Supervisory Committee of the Company conscientiously performs its duties in accordance with the applicable provisions of the PRC Company Law and the Articles of Association. During the year, the members of the Supervisory Committee attended all board meetings. They conducted supervision on the convening and decision-making procedures of the Shareholders' meeting and the Board meetings, the actual implementation of the resolutions passed at the Shareholders' meeting by the Board as well as the decision-making process and business operation process of the Company in accordance with the applicable laws and regulations. The Supervisory Committee considered that, during the year, the Company has made all decisions in accordance with legal procedures and its internal control system is sound. They are of the view that none of the senior management of the Company violated the Company's Articles of Association or were detrimental to the interests of the Company during their usual course of work, nor have they abused their powers to damage the interests of Shareholders or employees.

## CHAPTER VII REPORT OF THE SUPERVISORY COMMITTEE

### 2. **Opinion of the Supervisory Committee on Inspection of the Financial Status of the Company**

During the Year, the Supervisory Committee has examined the Company's business and financial situation, audited the annual report and interim report, quarterly reports and other documents submitted by the Board. The Supervisory Committee is of the view that these financial statements truly and fairly represent the Company's financial position and operational results.

### 3. **Opinion of the Supervisory Committee on the Acquisition and Disposal of Assets by the Company**

During the Reporting Period, no insider trading in relation to the acquisition/disposal of assets by the Company was discovered.

### 4. **Opinion of the Supervisory Committee on Ordinary Related-party Transactions/Continuing Connected Transactions of the Company**

The continuing connected transactions/ordinary related-party transactions between the Company and COSCO SHIPPING Development Co., Ltd. and its subsidiaries and associates as well as SINOTRANS & CSC Holdings Co., Ltd., and those continuing connected transactions/ordinary related-party transactions between CIMC Finance Company, a subsidiary of the Company, and CIMC Industry & City, were entered into in the ordinary course of business and on normal commercial terms or more favorable and the transactions are fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

### 5. **Opinion of the Supervisory Committee on the Operation of the Internal Control System of the Company and on the Self-assessment Report on the Internal Control of the Company**

Having conducted an adequate verification of the Company's internal control pursuant to the requirements of Basic Norms for Enterprise Internal Controls and the auxiliary guidelines on corporate internal control, the Supervisory Committee is of the view: the Company's existing internal control system complies with the requirements of the applicable laws, regulations and rules and can satisfy all the requirements of effective risk control in all material aspects; Assessment Report on Internal Control of CIMC for 2021 objectively and truly represents how the Company's internal control system was established, operated, examined and supervised.

## CHAPTER VII REPORT OF THE SUPERVISORY COMMITTEE

### 6. Opinion of the Supervisory Committee on the Inspection of the Company's Information Disclosure Management System

Having conducted an adequate verification of the Company's information disclosure management pursuant to the requirements of the Company's Information Disclosure Management System and relevant laws, regulations, rules and relevant guidelines, the Supervisory Committee is of the view: the Company can effectively manage and regulate the information disclosure affairs, the process of information disclosure of the Company is clear, the scope of duties and confidentiality responsibilities of information disclosure of the relevant personnel of the functional departments and subordinate subsidiaries are clear, and the risks are controllable, which can promote the legal and compliance operation of the Company and safeguard the legitimate rights and interests of shareholders, creditors and other stakeholders of the Company.

In conclusion, the Supervisory Committee had no objection to the matters supervised in 2021.

By Order of the Supervisory Committee

**Shi Lan**

*Chairman of the Supervisory Committee*

Shenzhen, the PRC

March 2022

## CHAPTER VIII

# CORPORATE GOVERNANCE

The Company has prepared the “Corporate Governance Work Report” and the “Corporate Governance Report” in accordance with different requirements in form and content of PRC securities regulatory authorities and the Hong Kong Listing Rules, respectively. To keep the presentation lucid and to avoid undue repetitions, a cross-referencing approach has been adopted.

### **PART I: CORPORATE GOVERNANCE WORK REPORT (PREPARED IN ACCORDANCE WITH PRC SECURITIES REGULATORY REQUIREMENTS)**

#### **I. SITUATION OF CORPORATE GOVERNANCE**

During the Reporting Period, the Company continued to enhance and improve its corporate governance and standardised operation in strict compliance with the requirements of laws and regulations including the PRC Company Law, Corporate Governance Guidelines for Listed Companies, Guidance Opinion on Establishing a System of Independent Directors in Listed Companies, Rules of General Meetings of Listed Companies and Guidelines on the Articles of Association of Listed Companies as well as the requirements of the Listing Rules. The Group has made the corporate governance by law an important part of its internal control works and has updated some of its systems and rules in accordance with the requirements of the securities regulators of the two places, including the Articles of Association, the Insider Registration and Management System, the Rules of Procedure for General Meetings and the Information Disclosure Management System. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)), the Company’s website ([www.cimc.com](http://www.cimc.com)) and the website of Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 2 June 2021 and 23 July 2021. The Company has established a corporate governance structure which is in line with the requirements of management of modern enterprise and ensures the full and balanced performance of all functions. In accordance with a series of rules and regulations of the Company such as the Rules of Procedure for General Meeting, the Rules of Procedure for the Board and the Rules of Procedure for the Supervisory Committee, the Company implemented effective corporate governance by giving full play to the role of the special committees under the Board. The functions and responsibility of the general meeting, the Board and the Supervisory Committee were thus fully performed and balanced, which safeguarded the interests of the Shareholders and the Company effectively and ensured the sustainable and healthy development of the Company. We continued to promote special governance of key risks, focused on areas such as the operation of the General Meeting, the Board and the Supervisory Committee, segment management and authorization regulation, carried out special corporate governance and led the development and completion of a series of concise and operative corporate governance product package. In response to audit findings and in conjunction with external regulatory requirements, the relevant control system was quickly introduced and the Notice on Further Implementation of Risk Management Requirements Related to Corporate Governance was issued to enhance the risk management system.

In accordance with standards for the corporate governance of listed companies issued by the CSRC, CSRC Shenzhen Bureau, the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, the Company positively and timely completed corporate governance rectification, special inspection and system establishment as required by relevant regulatory authorities.

## CHAPTER VIII CORPORATE GOVERNANCE

In 2021, the Group was granted numbers of external awards in respect of social responsibility by adherence to realization of sustainable development, the details of which are as follows:

- 1 “2021 GoldenBee – Leadership Company” from GoldenBee Think Tank and China Sustainability Tribune
- 2 “China Outstanding Responsible Company for 2020” from Southern Weekly
- 3 “2021 China Benefit Corporation – Green Development Excellent Enterprise” jointly issued by Atom Think Tank of Tencent and National School of Development at Peking University
- 4 “Best Hong Kong and the US Listed Company of Golden Unicorn for 2021 – Most Valuable Listed Company” awarded by Sino Finance
- 5 “2021 Social Responsibility Contribution Enterprise” by the International Financial News hosted by People Daily Press
- 6 “One of the Second Places among the Top 100 Chinese Enterprises in Sustainable Development” awarded by China Business Council for Sustainable Development

During the Reporting Period, the Company continued to strengthen investor relation management by regular results presentation and ensured effective communication with investors to the largest extent by means of telephone and on-site reception. In terms of awards granted by competent associations, CIMC was awarded the “Best Practice of the Board of Directors of Listed Companies in 2021” and the “Excellent Practice of Annual Report Presentation of Listed Companies in 2020” by China Association for Public Companies. In terms of social awards, CIMC was awarded the “Best IR Team Award” by Gelonghui and the “Best Industrial Manufacturing Company” and “Best IR Team” of the 5th Golden Hong Kong Stocks Awards jointly organised by Zhitong Caijing\* (智通財經) and Straight Flush Finance\* (同花順財經).

### **Any significant difference between corporate governance and the standards of the normative documents regarding corporate governance of listed companies issued by the CSRC**

Yes No

### **Formulation and implementation of registration and management system of insiders**

The Company has established an Insider Registration and Management System according to various securities regulatory requirements. The above system, which specifies the scope of inside information and insiders, the approval, registration and filing system of inside information and confidentiality obligation, has become an important part of the Company’s internal control system. In respect of implementation of inside information and insider management system, the Company carried out an effective supervision on internal circulation and disclosure of inside information in accordance with the various systems and requirements on a strict basis. Self-examination result shows that no insiders have used any inside information to trade the Company’s shares before disclosure of major sensitive information affecting the Company’s share price in 2021.

## CHAPTER VIII CORPORATE GOVERNANCE

### II. INDEPENDENCE OF THE COMPANY FROM ITS CONTROLLING SHAREHOLDERS AND THE DE FACTO CONTROLLERS IN RESPECT OF ASSETS, PERSONNEL, FINANCE, ORGANISATIONAL STRUCTURE AND BUSINESS

The direct substantial Shareholders of the Company are Shenzhen Capital (Hong Kong), Shenzhen Capital Group and China Merchants (CIMC) Investment Limited (its controlling shareholder is China Merchants Group). The Company has an independent and complete business system and has the capacity for independent operation in the market. The Company is fully independent from its substantial Shareholders in respect of our business, personnel, asset, organisational structure and finance, and they independently proceed with audit and assume responsibilities and risks. (1) Assets: The Company and its substantial Shareholders possess clear title to the relevant assets with complete and proper supporting documents under independent management by the Company. The substantial Shareholders did not occupy or dominate assets of the Group, and not interfere with the management of assets by the Group. (2) Personnel: The labour, personnel and salary management institutions of the Company are independent. The system is complete. The Company and the substantial Shareholders do not share staff or senior management. All of the Company's senior management are paid by the listed company. The financial personnel of the Company do not hold any other positions in related companies. (3) Finance: The finance department, financial accounting system, financial management system and bank accounts of the Company are independent and pay their respective taxes independently. (4) Organisational structure: the Board, the Supervisory Committee and other internal institutions of the Company are complete and operate independently. The substantial Shareholders perform their rights according to the law and assume corresponding obligations without directly or indirectly interfering with the business activities of the Company by overstepping the general meeting. (5) Business: The production system, purchase system, auxiliary production system and sales system of the Group are completely independent. The Company owns intangible assets such as industrial property, trademark, and non-patent technology independently.

During the Reporting Period, the Company has neither provided undisclosed information to the substantial Shareholders and the de facto controllers, and nor there was other non-compliance of governance.

### III. HORIZONTAL COMPETITIONS

Applicable  Not Applicable

## CHAPTER VIII CORPORATE GOVERNANCE

### IV. RELEVANT SITUATIONS OF ANNUAL GENERAL MEETING AND EXTRAORDINARY GENERAL MEETING CONVENED DURING THE REPORTING PERIOD

#### 1. General meetings convened during the Reporting Period

Session of meeting	Type of meeting	Proportion of investors' participation (note)	Date	Notice date	Disclosure date	Resolution of the meeting
First extraordinary general meeting for 2021	Extraordinary general meeting	60.4616%	11 March 2021	22 February 2021	11 March 2021	1. Resolution in Relation to Further Update on Provision of Guarantee for the Bank Credit and Projects of Subsidiaries for 2020.
Second extraordinary general meeting for 2021	Extraordinary general meeting	60.3159%	7 April 2021	15 March 2021	7 April 2021	1. Resolution in Relation to the By-election of Mr. Zhu Zhiqiang and Mr. Kong Guoliang as Directors of the Ninth Session of the Board: 1.01 Resolution in Relation to the Election of Mr. Zhu Zhiqiang as a Director of the Ninth Session of the Board; 1.02 Resolution in Relation to the Election of Mr. Kong Guoliang as a Director of the Ninth Session of the Board; 2. Resolution in Relation to the By-election of Ms. SHI Lan as a Supervisor Representing Shareholder of the Ninth Session of the Supervisory Committee.
Annual general meeting for 2020	Annual general meeting	58.9949%	2 June 2021	30 April 2021	2 June 2021	1. The Working Report of the Board for 2020; 2. The Working Report of the Supervisory Committee for 2020; 3. The Annual Report for 2020; 4. Resolution Relating to Proposed Profit Distribution and Dividend Payment Plan for 2020; 5. Resolution Relating to Engagement of Independent Auditors for 2021; 6. Resolution Relating to Guarantee Plan of CIMC for 2021; 7. Resolution Relating to Provision of Guarantee for Shenzhen CIMC Industry & City Development Group Co., Ltd.; 8. Resolution Relating to Application for Registration and Issue of Debt Financing Instruments by National Association of Financial Market Institutional Investors; 9. Resolution Relating to Amendment to the Articles of Association of China International Marine Containers (Group) Co., Ltd.; 10. Resolution Relating to Amendment to the Rules of Procedure for General Meetings of China International Marine Containers (Group) Co., Ltd.; 11. Resolution Relating to Submission to the General Meeting for Grant of General Mandate to the Board to Issue Shares.



## CHAPTER VIII CORPORATE GOVERNANCE

Session of meeting	Type of meeting	Proportion of investors' participation (note)	Date	Notice date	Disclosure date	Resolution of the meeting
Third extraordinary general meeting for 2021	Extraordinary general meeting	59.1934%	18 June 2021	31 May 2021	18 June 2021	<ol style="list-style-type: none"> <li>1. Resolution Relating to Compliance with Laws and Regulation Regarding Splitting the Subsidiary (CIMC-TianDa Holdings Company Limited) for Listing on the ChiNext;</li> <li>2. Resolution Relating to the Plan of Splitting the Subsidiary (CIMC-TianDa Holdings Company Limited) for Listing on the ChiNext;</li> <li>3. Resolution Relating to the Proposal on Splitting the Subsidiary (CIMC-TianDa Holdings Company Limited) for Listing on the ChiNext;</li> <li>4. Resolution Relating to Compliance with "Certain Requirements for Trial Listing in Domestic Market of a Subsidiary Split by a Listed Issuer" for the Split of a Subsidiary for Separate Listing by the Company;</li> <li>5. Resolution Relating to Protection of Legal Interests of Shareholders and Creditors by Splitting the Subsidiary (CIMC-TianDa Holdings Company Limited) for Listing on the ChiNext;</li> <li>6. Resolution Regarding Independence and Capability for Continued Operation of the Company;</li> <li>7. Resolution Regarding Possession of Necessary Capability of CIMC-TianDa Holdings Company Limited Required for Standardized Operation;</li> <li>8. Resolution Relating to the Completeness and Compliance of the Legal Procedure Performance and Statement on Effectiveness of the Legal Documents Submitted in Respect of Splitting the Subsidiary (CIMC-TianDa Holdings Company Limited) for Listing on the ChiNext;</li> <li>9. Resolution Relating to the Analysis on Purpose, Business Reasonableness, Necessity and Availability in Respect of Splitting the Subsidiary (CIMC-TianDa Holdings Company Limited) for Listing on the ChiNext;</li> <li>10. Resolution Regarding Submission to the General Meeting for Grant of Authorization to the Board and its Authorized Person to Proceed Issues Relevant to the Split-Listing.</li> </ol>
Fourth extraordinary general meeting for 2021	Extraordinary general meeting	39.6692%	24 September 2021	6 September 2021	24 September 2021	<ol style="list-style-type: none"> <li>1. Resolution in Relation to Upgrade of the 2021 Annual Guarantee Plan of CIMC;</li> <li>2. Resolution in Relation to Execution of Financial Service Framework Agreement Between CIMC Finance Company and Shenzhen CIMC Industry &amp; City Development Group Co., Ltd.</li> </ol>

## CHAPTER VIII CORPORATE GOVERNANCE

Session of meeting	Type of meeting	Proportion of investors' participation (note)	Date	Notice date	Disclosure date	Resolution of the meeting
Fifth extraordinary general meeting for 2021	Extraordinary general meeting	29.7295%	30 December 2021	7 December 2021	30 December 2021	<ol style="list-style-type: none"> <li>Resolution in Relation to Equity Transfer and Introduction of Strategic Investors Through Capital Increase and Shares Enlargement of CIMC Financial Leasing Co., Ltd;</li> <li>Resolution in Relation to Adjustment to Guarantees Provided for the Credit Facilities and Projects Granted by Financial Institutions to CIMC Financial Leasing Co., Ltd. for 2021.</li> </ol>

Note: The proportion of investors' participation represents the shareholding proportion of the total share capital of the Company held by the participating investors.

2. The extraordinary general meetings requested by the shareholders of preference shares who regained the voting right

Applicable  Not Applicable

## V. BRIEF BIOGRAPHY OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

### 1. Directors

Information on the current Directors is set out below:

Name	Gender	Age	Position	Term	Number of shares held in the Company (shares)	
					31 December 2021	31 December 2020
Mai Boliang	Male	62	Chairman and executive Director CEO	from 27 August 2020 to 2021 annual general meeting; from 3 June 2019 to 2021 annual general meeting from 27 March 2019 to 2022 annual Board meeting	593,643 (A Shares)	593,643 (A Shares)
Zhu Zhiqiang	Male	47	Vice-chairman and non-executive Director	7 April 2021 to 2021 annual general meeting	Nil	Nil
Hu Xianfu	Male	52	Vice chairman and non-executive Director	from 9 October 2020 to 2021 annual general meeting from 3 June 2019 to 2021 annual general meeting	Nil	Nil
Kong Guoliang	Male	39	Non-executive Director	7 April 2021 to 2021 annual general meeting	Nil	Nil
Ming Dong	Male	50	Non-executive Director	from 3 June 2019 to 2021 annual general meeting	Nil	Nil
Deng Weidong	Male	54	Non-executive Director	from 9 October 2020 to 2021 annual general meeting	Nil	Nil
He Jiale	Male	67	Independent non-executive Director	from 3 June 2019 to 2021 annual general meeting	Nil	Nil
Pan Zhengqi	Male	68	Independent non-executive Director	from 3 June 2019 to 2021 annual general meeting	Nil	Nil
Lui Fung Mei Yee, Mabel	Female	70	Independent non-executive Director	from 3 June 2019 to 2021 annual general meeting	Nil	Nil

Note: On 9 March 2021, Mr. Liu Chong resigned from the positions of director, vice-chairman and the member of the Strategy Committee of the Board of the Company due to the change in job assignments. Mr. Liu Chong will not take any position in the Company upon his resignation of the aforesaid positions. On the same day, Mr. Gao Xiang resigned from the position of director of the Company due to the change in job assignments. Mr. Gao Xiang's position as the president of the Company and other positions in the subsidiaries of the Company remain unchanged upon his resignation of the aforesaid position.

## CHAPTER VIII CORPORATE GOVERNANCE

### Brief biography of Directors:

**Mr. MAI Boliang (麥伯良)**, born in 1959, has been the president of the Company since 7 March 1994, and an executive Director of the Company since 8 March 1994. He has been an executive Director, the CEO and the president of the Company since 27 August 2015, and has been the Chairman, an executive Director and the CEO of the Company since 27 August 2020, current president and a non-executive director of CIMC Vehicles (Group) Co., Ltd. (listed on the Shenzhen Stock Exchange and the Stock Exchange). Mr. MAI joined the Company in 1982 and served as manager of production technical department and the deputy manager. Mr. MAI graduated from mechanical engineering of South China University of Technology in July 1982 with a bachelor's degree. Mr. MAI is the honorary president of the China Container Industry Association and the president of Shenzhen Association for Listed Companies.

**Mr. ZHU Zhiqiang (朱志強)**, born in 1975, holds a master's degree in Public Administration of Fudan University. He was the chief and deputy chief of the strategic development research division and deputy chief of the enterprises division I of the State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen. From July 2020 to February 2021, he temporarily served as a member and the deputy secretary of the Party Committee as well as the deputy general manager of Shenzhen Capital Holdings Co., Ltd.. He is currently a director, the general manager and the deputy secretary of the Party Committee of Shenzhen Capital Holdings Co., Ltd..

**Mr. HU Xianfu (胡賢甫)**, born in 1969, an international accountant and senior engineer, graduated from the Wuhan University of Water Transportation Engineering, with a degree in finance and accounting and holds a master's degree in business administration (MBA) from Shanghai University of Finance and Economics. Mr. HU joined China Merchants Group in July 1992 and worked at China Merchants Group Guangzhou office and the representative group of finance department of China Merchants Group in Shekou. Subsequently, he served as manager of the finance department of China Merchants Industry Holdings and deputy general manager and chief financial officer of Yiu Lian Dockyards (Shekou) Limited and China Merchants Heavy Industry (Shenzhen) Co., Ltd. He served as deputy general manager and chief financial officer of China Merchants Industry Holdings from April 2015. He has been serving as general manager of China Merchants Industry Holdings since November 2017.

**Mr. KONG Guoliang (孔國梁)**, born in 1983, holds a master's degree in Finance from the Central University of Finance and Economics, and is a certified public accountant and an intermediate economist. He was a manager of stock and securities and a securities representative of Shenzhen Zhenye (Group) Co., Ltd., the director and deputy director of the investment department of Shenzhen Yuanzhi Investment Co., Ltd., and the director of the capital operation department of Shenzhen Capital Holdings Co., Ltd.. He is currently the director of the investment and development department II of Shenzhen Capital Holdings Co., Ltd. and the general manager of Shenzhen Pingwen Development & Investment Co., Ltd. (深圳市平穩發展投資有限公司).

## CHAPTER VIII CORPORATE GOVERNANCE

**Mr. DENG Weidong (鄧偉棟)**, born in 1967, is serving as the director of strategy and development department/technological innovation department of China Merchants Group. Mr. DENG has vast experience in port management and port operation. He worked in Administration Bureau of Hainan Yangpu Economic Development Zone, and successively served as the general manager of Business Development Department of China Nanshan Development (Group) Incorporation, the deputy general manager of Chiwan Container Terminal Co., Ltd. and the general manager of Shenzhen Mawan Port Services Co., Ltd. After joining China Merchants Holdings (International) Company Limited (renamed as China Merchants Port Holdings Company Limited in 2016) in July 2009, he served as the deputy general manager of China Merchants Holdings (International) Company Limited; he served as the director of the capital management department of China Merchants Group since February 2015 to August 2021, the director of China Merchants Property Operation & Service Co., Ltd. (stock code: 001914) since December 2019 to April 2021. He has been a director of S.F. Holding Co., Ltd. since April 2019, a director of China Merchants Shekou Industrial Zone Holdings Co., Ltd. since October 2021, a director of Sinotrans Limited since November 2021, a director of China Merchants Energy Shipping Co., Ltd. since April 2019, and a director of China Merchants Ports Holdings Company Limited since October 2021. Mr. DENG graduated from Nanjing University with a PhD of Physical Geography in 1994.

**Mr. MING Dong (明東)**, born in 1971, is serving as the deputy general manager and a member of the Party committee of COSCO SHIPPING Development Co., Ltd. Mr. Ming Dong began his career in 1994, and consecutively worked in COSCO Finance Company Limited, the asset operation centre, president affairs department and capital operation department of China Ocean Shipping (Group) Company and the Company. He served as the general manager of the investor relations division and the securities affairs representative of China COSCO Shipping from July 2005 to December 2008, and the general manager of the securities affairs division of China Ocean Shipping (Group) Company and China COSCO Shipping from January 2009 to February 2016, and has been the deputy general manager and a member of the Party committee of COSCO SHIPPING Development Co., Ltd. since March 2016. Mr. Ming graduated from the Central University of Finance and Economics majoring in international finance and investment economics, and obtained a master's degree in economics. He is a senior economist.

**Mr. HE Jiale (何家樂)**, born in 1954, has served as the director of the finance department and the deputy general manager of China Ocean Shipping (Group) Company (currently known as China Ocean Shipping Company Limited) from October 1994 to December 1997; the chief accountant of COSCO Container Lines Co., Ltd. (currently known as COSCO Shipping Lines Co. Ltd.) from January 1998 to September 2003; the chief financial officer of COSCO (Hong Kong) Group Limited (currently known as COSCO SHIPPING (Hong Kong) Co., Ltd.) from October 2003 to November 2005, and as its director and chief financial officer from February 2012 to November 2015; an executive director of COSCO International Holdings Limited (currently known as COSCO SHIPPING International (Hong Kong) Co., Ltd., listed on the Hong Kong Stock Exchange under the stock code of 00517) from November 2003 to January 2006 and from April 2012 to December 2015; the chief financial officer of China COSCO Holdings Company Limited (currently known as COSCO SHIPPING Holdings Co., Ltd., listed on the Hong Kong Stock Exchange under the stock code of 01919 and listed on the Shanghai Stock Exchange under the stock code of 601919) from November 2005 to January 2012; a non-executive director of Chong Hing Bank Limited (listed on the Hong Kong Stock Exchange under the stock code of 01111) from May 2012 to February 2014; an executive director of COSCO Pacific Limited (currently known as COSCO SHIPPING Ports Limited, listed on the Hong Kong Stock Exchange under the stock code of 01199) from November 2003 to June 2005 and from January 2009 to March 2013; and a supervisor of China International Marine Containers (Group) Co., Ltd. (listed on the Hong Kong Stock Exchange under the stock code of 02039 and listed on the Shenzhen Stock Exchange under the stock code of 000039) from September 2013 to May 2016. Mr. He has been appointed as an independent non-executive director of Qilu Expressway Company Limited (listed on the Hong Kong Stock Exchange under the stock code of 01576) since 28 December 2018 and an independent director of Zhonggu Logistics Co., Ltd. (stock code: 603535) since December 2017. Mr. He graduated from the postgraduate studies of International Business, Management Science and Engineering from Shanghai University, and is a senior accountant.

## CHAPTER VIII CORPORATE GOVERNANCE

**Mr. PAN Zhengqi (潘正啟)**, born in 1953, holds a master degree and the qualifications of senior economist. Mr. Pan successively served as seaman, secretary of Party Committee Office, section head, deputy director, director, manager of Enterprise Planning Division and concurrently director and secretary of Party Committee of No. 2 Ship Management Division and No. 4 Ship Management Division in Shanghai Ocean Shipping Company. He served as deputy general manager in Qingdao Ocean Shipping Company and concurrently general manager and secretary of Party Committee of Lianyungang Ocean Shipping Company; deputy general manager of COSCO Asia Company. He served as general manager of COSCO Asia Company and concurrently general manager of COSCO International City Development Company; vice president of COSCO Australia Company and concurrently general manager of COSCO New Zealand Company; party committee secretary of Shenzhen Ocean Shipping Company; party committee secretary and deputy general manager of COSCO Hong Kong Shipping Company/Shenzhen Ocean Shipping Co., Ltd.

**Ms. LUI FUNG Mei Yee, Mabel (呂馮美儀)**, born in 1951, Justice of the Peace of Hong Kong. She holds a master's degree in law from the University of Hong Kong. She is currently a senior executive consultant and head of Greater China Commercial Practice of Withers. She is also a non-executive director of Magnificent Hotel Investments Limited (Hong Kong stock code: 201), Shun Ho Property Investments Limited (Hong Kong stock code: 219) and Shun Ho Holdings Limited (Hong Kong stock code: 253). She is admitted to practice laws in Hong Kong, Singapore, New York State of the United States, England and Wales, and Victoria, Australia. She is an Appointed Attesting Officer (in Hong Kong) of China and an international Notary Public. She was a member of the Disciplinary Panel of the Hong Kong Institute of Certified Public Accountants, a member of the HKSAR Administrative Appeals Board, a member of the HKSAR Deposit Protection Appeals Tribunal, a member of the Air Transport Licensing Authority of Hong Kong, a member of the Appeal Panel (Housing) of Hong Kong, a member of the Board of Review (Inland Revenue Ordinance) of Hong Kong, a member of the Council on Human Reproductive Technology of Hong Kong, a member of the Criminal and Law Enforcement Injuries Compensation Boards of Hong Kong, a member of the Immigration Tribunal of Hong Kong, a member of the Post-Release Supervision Board of Hong Kong and a member of the Solicitors Disciplinary Tribunal Panel of Hong Kong. She has more than 40 years of experience in advising clients on China related business matters. She has extensive experience in transactional work in Hong Kong and Mainland China, with a focus on cross-border and international mergers and acquisitions and investment of diverse types.

### 2. Supervisors

Information on the current Supervisors is set out below:

Name	Gender	Age	Position	Term	Number of shares held in the Company (shares)	
					31 December 2021	31 December 2020
Shi lan	Female	48	Chairman of the Supervisory Committee	from 7 April 2021 to 2021 annual general meeting	0	0
Lou Dongyang	Male	46	Supervisor	from 3 June 2019 to 2021 annual general meeting	0	0
Xiong Bo	Male	62	Supervisor	from 3 June 2019 to the general staff meeting held in conjunction with 2021 annual general meeting	0	0

Note: on 9 March 2021, the Supervisory Committee of the Company received the written resignation from Mr. Lin Feng, the chairman of the Supervisory Committee, and the resignation of Mr. Lin Feng took effect upon the new supervisor representing shareholder taking office. On 7 April 2021, the by-election of Ms. Shi Lan as a supervisor representing shareholder of the ninth session of the Supervisory Committee has been considered and approved at the second extraordinary general meeting for 2021.

## CHAPTER VIII CORPORATE GOVERNANCE

### Brief biography of the Supervisors:

**Ms. SHI Lan (石瀾)**, born in 1974, holds a master's degree in Business Administration of Peking University. She served as a department manager of Tianjian Xinde Accounting Firm (天健信德會計師事務所), the chief of the institution regulatory division, the chief of the listed company supervision division, the chief of accounting division of CSRC Shenzhen Branch, the department head of the audit department, the Shenzhen co-head of the investment banking integrated industry group, the executive general manager of CITIC Securities Company Limited and other positions. From December 2019 to August 2020, she served as the investment director of Shenzhen Capital Holdings Co., Ltd.. She is currently the deputy general manager of Shenzhen Capital Holdings Co., Ltd..

**Mr. LOU Dongyang (婁東陽)**, born in 1975, an engineer, holds the qualification of certified public accountant in China, a Bachelor's degree of science and a Master's degree in Business Administration from Peking University. He worked at the Institute of Standardization of Nuclear Industry from July 1997, the financial planning department in China Isotope Company since October 2001, the supervisory committee for key large state-owned enterprises of the SASAC under the State Council from August 2003 to September 2012. He joined China Merchants Group in September 2012 and successively served as the assistant to the department director and deputy department director of the finance department (intellectual property department) of China Merchants Group. Since December 2017, he has been the chief financial officer of China Merchants Industry Holdings. Mr. Lou Dongyang is also the chairman of the board of directors of CMIC Ocean Holding (HK00206), and holds multiple positions of director and supervisor in several subsidiaries of China Merchants Group.

**Mr. XIONG Bo (熊波)**, born in 1959, joined the Company in 1991. He currently serves as the tax manager of Finance Management Department of the Company. Mr. Xiong has been the chairman of the Labour Union of the Company since 1996. He graduated from Heilongjiang Radio and TV University in 1982 with major in electronics and received an associate bachelor's degree.

### 3. Senior Management

Information on current members of the senior management is set out below:

Name	Gender	Age	Position	Term	Number of shares held in the Company (shares)	
					31 December 2021	31 December 2020
Mai Boliang	Male	62	CEO	from 27 March 2019 to 2022 annual Board meeting	593,643 (A Shares)	593,643 (A Shares)
Gao Xiang	Male	56	President	from 27 August 2020 to 2023 half-year board meeting	0	0
Li Yinhui	Male	54	Vice President	from 27 March 2019 to 2022 annual Board meeting	0	0
Huang Tianhua	Male	58	Vice President	from 29 March 2021 to 2024 annual Board meeting	540,000 (A Shares)	540,000 (A Shares)
Yu Yuqun	Male	56	Vice President	from 29 March 2021 to 2024 annual Board meeting	0	0
Zeng Han	Male	46	Chief financial officer	from 26 March 2020 to 2023 annual Board meeting	0	0
Wu Sanqiang	Male	51	Secretary to the Board/ joint company secretary	from 30 March 2021 to 2024 annual Board meeting	0	0

## CHAPTER VIII CORPORATE GOVERNANCE

### Brief biography of the senior management:

**Mr. MAI Boliang (麥伯良)**, is the Chairman, executive Director and CEO of the Company. For details of Mr. MAI Boliang, please refer to “1. Directors” of “V. Brief Biography of the Directors, Supervisors and Senior Management of the Company” in this Chapter.

**Mr. GAO Xiang (高翔)**, born in 1965, has been the president of the Company since 27 August 2020. Mr. Gao has been an assistant to the president of the Company since 2004, a vice president of the Company since 1 April 2015 and an executive vice president of the Company since 27 March 2018. Mr. Gao acted as the general manager of Tianjin CIMC North Ocean Container Co., Ltd., Tianjin CIMC Containers Co., Ltd., Tianjin CIMC Logistics Equipments Co., Ltd., Tianjin CIMC Vehicles Logistics Equipments Co., Ltd. and Tianjin CIMC Special Vehicles Co., Ltd., respectively, from 1999 to 2008. He served as the executive director and general manager of CIMC Enric Holdings Limited in 2009 and then the chairman of this company since 1 April 2015. Mr. Gao is also the chairman and director of certain subsidiaries of the Company. Mr. Gao graduated from Tianjin University majoring in marine and shipbuilding engineering. He is also a senior engineer.

**Mr. LI Yinhui (李胤輝)**, born in 1967, has been a vice president of the Company since March 2004. He has been the chairman or director of a number of subsidiaries of the Company since 2004. He worked with us as part-time vice president from October 2002 to October 2003. Mr. Li worked in Ministry of Commerce from March 2003. Between May 1993 and March 2003, he worked in State Commission of Foreign Trade and Economic Cooperation. Prior to that, Mr. Li worked in Central Committee of Chinese Communist Youth League. He received his bachelor degree in history from Jilin University in July 1991, an MBA degree from School of Business in Nanjing University in December 1997 and Ph.D. in economics from Jilin University in June 2001.

**Mr. HUANG Tianhua (黃田化)**, born in 1963, has been a vice president of the Company from 27 March 2018. Mr. Huang graduated from Dalian Jiaotong University (formerly Dalian Railway College) majoring welding technique and engineering. He started his career in August 1984 and joined CIMC in March 1988. He joined the Communist Party of China in 1991 and is currently a member of the Party Committee of CIMC, secretary of the general party branch of the container segment of CIMC, a vice president of CIMC and president of the container segment of CIMC. Mr. Huang served as an engineer in Shenzhen Southern CIMC Containers Manufacture Co., Ltd. from March 1988 to 1995 and assistant to the general manager of Shanghai CIMC Reefer Container from 1995 to 1999. He was the general manager of Qingdao refrigeration base from 1999 to 2013, responsible for CIMC’s cold chain equipment business. From 2012 to 2020, he served as the deputy general manager of CIMC Container Holding Co., Ltd., and the executive deputy general manager from April 2020, and the president from February 2021. He is also the chairman of various companies under Container Holding and the chairman of numerous enterprises under CIMC Technology Holdings (中集技術控股), including Beijing Jingxin Xiangneng (北京精新相能) and CIMC Chuangying (中集創贏). In addition, Mr. Huang also fulfills a number of social responsibilities, serving as the director of the China Container Industry Association, the president of the China Federation of Logistics & Purchasing Cold Chain Logistics Committee, and a member of Shenzhen Political Consultative Committee.

## CHAPTER VIII CORPORATE GOVERNANCE

**Mr. YU Yuqun (于玉群)**, born in 1965, has been a vice president of the Company from 27 March 2018. Mr. Yu was the secretary to the Board of the Company from March 2004 to 29 March 2021 and the company secretary from 25 October 2012 to 29 March 2021. Mr. Yu joined the Company in 1992 and subsequently worked as deputy manager, manager of Financial Affairs Department and manager of the office of secretary to the Board, responsible for shareholder relationship, investor relationship and fund management. Mr. Yu has been appointed as an executive director of CIMC Enric (Hong Kong stock code: 3899) since September 2007 and was re-designated as a non-executive director in 5 September 2016. Mr. Yu was a non-executive director of TSC Group Holdings Limited (currently referred as CMIC Ocean En-Tech, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange), a non-executive director of CIMC TianDa and Pteris Global Limited, and is currently a director of several subsidiaries of the Company. From July 1987 to October 1989, he worked in the State Price Control Bureau. Mr. Yu graduated from Beijing University and obtained a bachelor's degree in economics in July 1987 and a master's degree in economics in July 1992.

**Mr. ZENG Han (曾邗)**, born in 1975, has been the chief financial officer of the Company since 26 March 2020. He had been the general manager of the former financial department of the Company since March 2017, and has been the general manager of the financial department of the Company formed by the merger of the former financial department and capital management department since January 2018. Mr. Zeng joined the Company in 1999, and has successively served as the manager of the accounting division of the financial department and an assistant to the general manager, a deputy general manager and the executive deputy general manager of the financial department. He also held a concurrent post as the manager of the financial department of CIMC Enric (Hong Kong stock code: 3899) from 2009 to 2010. Since 2015, he has consecutively been appointed as a director of a number of subsidiaries under the Group including CIMC Container Holding Co., Ltd., CIMC Vehicles, CIMC Enric, Yantai CMIC Raffles Offshore Ltd., CIMC-TianDa Holdings Company Limited, CIMC Financial Leasing Co., Ltd. and Shenzhen CIMC Industrial City Development Group Co., Ltd., and held concurrent posts as the chairman of Shenzhen CIMC Investment Co., Ltd., CIMC Shilianda Logistics Technology (Group) Co., Ltd. and CIMC Capital (Holdings) Company Limited, the general manager of Shenzhen Southern CIMC Containers Manufacture Co., Ltd., CIMC Shenfa Development Co., Ltd. and the general manager of the financial informatisation project department of the CIMC. Mr. Zeng graduated from Hangzhou Institute of Electronic Engineering 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 is a certified public accountant in China.

**Mr. WU sanqiang (吳三強)**, born in 1971, has been the secretary to the Board and joint company secretary of CIMC since March 2021. Mr. Wu holds a bachelor's and master's degree from Peking University and a doctorate degree in economics from Jilin University. Mr. Wu joined CIMC in November 2002, and he participated in the preparations for the establishment of CIMC's road transportation vehicles business and successively served as the manager of the strategic development department and the marketing management department and the deputy general manager of the marketing company of CIMC Vehicles (Group) Co., Ltd.. In 2010, Mr. Wu was transferred to the strategic development department of China International Marine Containers (Group) Co., Ltd. to serve as the deputy general manager and the director of mergers and acquisitions, and then worked in the legal department of CIMC in 2014. He has served as the deputy director and director of the office of the secretary to the Board of the China International Marine Containers (Group) Co., Ltd. since the end of 2015. Mr. Wu has worked in Luoyang Mining Machinery Factory (currently known as CITIC Heavy Industries Co., Ltd.) since July 1992, and in the financial affairs department and financial management department of China Merchants Holdings (Hong Kong) Company Limited since July 1996. In 1997, he joined China Merchants Holdings (International) Company Limited, and successively served as the general manager of the transportation infrastructure department, industrial management department, and terminal management department, and then he worked in the corporate management department at the headquarters of China Merchants Group Limited.

Save as disclosed above, all Directors, Supervisors, senior management and substantial Shareholders have no financial, business, family or other significant/related relationships with other Directors, Supervisors, senior management and substantial Shareholders.



CHAPTER VIII  
CORPORATE GOVERNANCE

## VI. INFORMATION ON DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### 1. Changes in Shareholdings of Directors, Supervisors and Senior Management

Name	Position	Status	Gender	Age	Start of term of office	End of term of office	Number of shares held at the beginning of the Reporting Period (shares)	Share option	Increase		Decrease		Number of shares held at the end of the Reporting Period (shares)	Reason for the movement of shares
									Number of restricted share granted (shares)	number of shares held during the Reporting Period (shares)	number of shares held during the Reporting Period (shares)	Other movement (shares)		
Mai Boliang	Chairman, executive director and CEO	Current	Male	62	7 March 1994	to 2022 annual Board meeting	593,643 (A Shares)	0	0	0	0	0	593,643 (A Shares)	-
Huang Tianhua	Vice president	Current	Male	58	27 March 2018	to 2024 annual Board meeting	540,000 (A Shares)	0	0	0	0	0	540,000 (A Shares)	-

### 2. Interests of Directors, Supervisors and Chief Executives in the Share Capital of the Company and Associated Corporation Thereof

As at 31 December 2021, the interests or short positions held by the Directors, Supervisors and chief executives of the Company in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) pursuant to 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 and short positions which the Directors or Supervisors of the Company 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 under Section 352 of the SFO, or otherwise required to be notified by the Directors, Supervisors and chief executives to the Company and the Hong Kong Stock Exchange in accordance with the Model Code contained in Appendix 10 of the Hong Kong Listing Rules, were as follows:

#### (1) Interest in the Shares of the Company

Name	Nature of interest	Number of shares (shares)	Type of the shares
Mai Boliang	Beneficial interest	593,643	A Shares

#### (2) Interest in the Underlying Shares of the Company

For details of the interests in the underlying shares of the Company held by any Director, Supervisor and chief executive of the Company as at 31 December 2021, please refer to "XII. Implementation of the Company's Share Option Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentive Measures" of "Chapter VIII Corporate Governance" in this Report.

## CHAPTER VIII CORPORATE GOVERNANCE

### (3) Interest in the Associated Corporation of the Company

Name	Name of corporation	Nature of interest	Number of shares (shares)
Mai Boliang	CIMC Enric	Beneficial interest	7,260,000 (ordinary shares)

### 3. Changes of Directors, Supervisors and Senior Management of the Company

Name	Position	Type	Date	Reason
Zhu Zhiqiang	Vice-chairman, non-executive Director	Elected	7 April 2021	Election
Kong Guoliang	Non-executive Director	Elected	7 April 2021	Election
Liu Chong	Vice-chairman, non-executive Director	Resigned	9 March 2021	Resignation due to the change in job assignments
Gao Xiang	Non-executive Director	Resigned	9 March 2021	Resignation due to the change in job assignments
Shi Lan	Chairman of the Supervisory Committee	Elected	7 April 2021	Election
Lin Feng	Supervisor	Resigned	6 April 2021	Resignation due to the change in job assignments
Huang Tianhua	Vice president	Appointed	29 March 2021	Re-appointment upon expiration of the term of office
Yu Yuqun	Vice president	Appointed	29 March 2021	Re-appointment upon expiration of the term of office
	Secretary to the Board/company secretary	Resigned	29 March 2021	Resignation due to the change in job assignments
Wu Sanqiang	Secretary to the Board/joint company secretary	Appointed	30 March 2021	Appointment

Whether there was any resignation of Directors, Supervisors and dismissal of senior management during the Reporting Period

Yes  No

## CHAPTER VIII CORPORATE GOVERNANCE

### 4. Job Status of Current Directors, Supervisors and Senior Management

For the professional background and major working experience of current Directors, Supervisors and Senior Management and their main responsibility in the Company, please refer to “V. Brief Biography of the Directors, Supervisors and Senior Management of the Company” in this Chapter.

#### (1) Job status in Shareholders' Company

Name	Name of Shareholders' company	Position in Shareholders' company	Start of term of office	End of term of office	With compensation allowance from Shareholders' company or not
Zhu Zhiqiang	Shenzhen Capital Holdings Co., Ltd.	Director, the general manager and the deputy secretary of the party committee	February 2021	-	Yes
Hu Xianfu	China Merchants Industry Holdings Limited	General manager	November 2017	-	Yes
Kong Guoliang	Shenzhen Capital Holdings Co., Ltd.	Director of investment and development department II	August 2020	-	Yes
Deng Weidong	China Merchants Group Limited	Director of strategy and development department/ technological innovation department	August 2021	-	Yes
Ming Dong	COSCO SHIPPING Development Co., Ltd.	Deputy general Manager and a member of the party committee	March 2016	-	Yes
Shi Lan	Shenzhen Capital Holdings Co., Ltd.	Deputy general manager	August 2020	-	Yes
Lou Dongyang	China Merchants Industry Holdings Limited	Chief financial officer	December 2017	-	Yes

## CHAPTER VIII CORPORATE GOVERNANCE

### (2) Job Status in Other Companies

Name	Name of other companies	Position in other companies	Start of term of office	End of term of office	With compensation allowance from other companies or not	
Zhu Zhiqiang	Shenzhen Capital Group Co., Ltd.	Director	July 2021	-	No	
	Kong	Shenzhen Zhenye (Group) Co., Ltd.	Director	December 2020	-	No
	Guoliang	Shum Yip Investment & Development Company Limited	Director	January 2021	-	No
		Shenzhen Pingwen Development & Investment Co., Ltd. (深圳市平穩發展投資有限公司)	General manager	July 2020	-	No
		Huanyu Trust (Beijing) Technology Ltd. (寰宇信任(北京)技術有限公司)	Director	August 2021	-	No
		Artron Art (Group) Co. Ltd. (雅昌文化(集團)有限公司)	Director	October 2021	-	No
		Shenzhen Kaihong Digital Industry Development Co. Ltd. (深圳開鴻數字產業發展有限公司)	Director	August 2021	-	No
		Shenzhen Longhua Pingwen Development & Investment Co., Ltd. (深圳市龍華平穩發展投資有限公司)	General manager, executive director	December 2020	-	No
		Shenzhen Yuanzhi Culture Holdings Limited (深圳市遠致文化控股有限公司)	Chairman	July 2021	-	No
		Deng Weidong	China Merchants Energy Shipping Co., Ltd.	Director	April 2019	-
China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Director		October 2021	-	No	
Sinotrans Limited	Director		November 2021	-	No	
China Merchants Ports Holdings Company Limited	Director		October 2021	-	No	
S.F. Holding Co., Ltd.	Director		April 2019	-	No	
He Jiale	China Merchants Property Operation & Service Co., Ltd.	Director	December 2019	April 2021	No	
	Qilu Expressway Company Limited	Independent director	December 2018	-	Yes	
	Zhonggu Logistics Co., Ltd.	Independent director	December 2017	-	Yes	

CHAPTER VIII  
CORPORATE GOVERNANCE

Name	Name of other companies	Position in other companies	Start of term of office	End of term of office	With compensation allowance from other companies or not
Lui Fung Mei Yee, Mabel	Magnificent Hotel Investments Limited	Non-executive director	-	-	-
	Shun Ho Property Investments Limited	Non-executive director	-	-	-
	Shun Ho Holdings Limited	Non-executive director	-	-	-
Ming Dong	Kunlun Bank Co., Ltd.	Director	February 2017	November 2021	No
	Shanghai Life Insurance Co., Ltd.	Director	July 2019	-	No
	Strait Energy (Beijing) Intercontinental Investment Company Ltd.	Director	March 2018	April 2021	No
Shi Lan	Industrial Fund Management Co., Ltd.	Director	June 2017	-	No
	Shenzhen Yixin Technology Investment Co., Ltd. (深圳市億鑫科技投資有限公司)	General manager, executive director	November 2020	-	No
	Shenzhen Yuanzhi Fuhai Investment Management Co., Ltd. (深圳市遠致富海投資管理有限公司)	Chairman	November 2020	-	No
Lou Dongyang	Shenzhen National Fintech Testing & Assessment Centre Co., Ltd. (深圳國家金融科技測評中心有限公司)	Director	December 2020	-	No
	Shenzhen Huijin Intelligent Products Co., Ltd. (深圳市滙進智能產業有限公司)	Director	December 2020	June 2021	No
	Shenzhen Capital (Overseas) Investment Company Limited	Director	November 2020	-	No
	Wanhe Securities Co., Ltd. (萬和證券股份有限公司)	chairman of supervisory committee	June 2020	-	No
	Shenzhen High-tech Investment Group Co., Ltd. (深圳市高新投集團有限公司)	Director	July 2021	-	No
Lou Dongyang	CMIC Ocean En-Tech Holding Co., Ltd.	Chairman of the Board	February 2020	-	No

**Penalties on the current and resigned Directors, Supervisors and Senior Management of the Company during the Reporting Period by the securities regulatory authority for the recent three years**

Applicable  Not Applicable

## CHAPTER VIII CORPORATE GOVERNANCE

### 5. Remuneration of Directors, Supervisors and Senior Management

#### (1) **Decision-making Process, Basis for Determination and Actual Payment of Remuneration of Directors, Supervisors and Senior Management**

In accordance with the provisions of the Articles of Association, remuneration of the Company's Directors and Supervisors shall be determined by the General Meeting, while remuneration of the Senior Management shall be determined by the Board. During the Reporting Period, the Directors (apart from independent non-executive Directors) and Supervisors of the Company shall not receive remuneration due to holding the relevant positions of directors and supervisors. Senior Management shall receive remuneration from the Company or its subsidiaries. The Company has established complete salary system and remuneration regulations, and the Company adopts annual salary system. The Board of the Company shall pay remuneration to the Senior Management according to the "Regulations for Annual Performance Assessment and Incentive for the Personnel Employed by the CIMC Board".

Upon consideration and approval of the Board and the General Meeting, the independent non-executive Director was awarded with RMB240,000 per year as independent directors allowance during the Reporting Period. In addition, independent Directors did not receive other remuneration during the Reporting Period. The staff representative Supervisor Mr. Xiong Bo received remuneration from the Company due to the other position he held at the Company.

The details of remuneration (pre-tax) of current Directors, Supervisors and Senior Management are described in the following remuneration table for Directors, Supervisors and Senior Management.

## CHAPTER VIII CORPORATE GOVERNANCE

### (2) Remuneration of Directors, Supervisors and Senior Management during the Reporting Period

Unit: RMB thousand

Name	Position	Gender	Age	Status	Total remuneration before tax from the Company	Remuneration Received from related parties of the Company
Mai Boliang (Note 1)	Chairman, executive Director and CEO	Male	62	Current	17,370	-
Zhu Zhiqiang	Vice-chairman, non-executive Director	Male	47	Current	-	Yes
Hu Xianfu	Vice-chairman, non-executive Director	Male	52	Current	-	Yes
Kong Guoliang	Non-executive Director	Male	39	Current	-	Yes
Liu Chong (Note 4)	Vice-chairman, non-executive Director	Male	51	Resignation	-	-
Ming Dong	Non-executive Director	Male	50	Current	-	-
Deng Weidong	Non-executive Director	Male	54	Current	-	Yes
He Jiale	Independent non-executive Director	Male	67	Current	240	-
Pan Zhengqi	Independent non-executive Director	Male	68	Current	240	-
Lui Fung Mei Yee, Mabel	Independent non-executive Director	Female	70	Current	240	-
Shi Lan	Chairman of the Supervisory Committee	Female	48	Current	-	Yes
Lin Feng (Note 5)	Chairman of the Supervisory Committee	Male	46	Resignation	-	-
Lou Dongyang	Supervisor	Male	46	Current	-	Yes
Xiong Bo (Note 3)	Supervisor	Male	62	Current	638	-
Gao Xiang (Note 2)	President	Male	56	Current	6,405	-
Li Yinhui	Vice president	Male	54	Current	4,972	-
Huang Tianhua	Vice president	Male	58	Current	6,053	-
Yu Yuqun	Vice president	Male	56	Current	5,810	-
Zeng Han	Chief Financial Officer	Male	46	Current	5,120	-
Wu Sanqiang	Secretary to the Board, joint company secretary	Male	51	Current	4,498	-
Total					51,586	-

Note 1: As the Chairman of the Company, Mr. Mai Boliang has received the remuneration from the Company due to his position of CEO in the Company.

Note 2: On 9 March 2021, Mr. Gao Xiang resigned from the position of Director of the Company due to the change in job assignments. Mr. Gao Xiang's position as the president of the Company and other positions in the subsidiaries of the Company remain unchanged upon his resignation of the aforesaid position.

Note 3: Mr. Xiong Bo received remuneration from the Company due to the other position he held at the Company apart from his position as Supervisor.

Note 4: On 9 March 2021, Mr. Liu Chong resigned from the positions of director of the Company due to the change in job assignments. Mr. Liu Chong will not take any position in the Company upon his resignation of the aforesaid positions.

Note 5: On 9 March 2021, the Supervisory Committee of the Company received the written resignation from Mr. Lin Feng, the chairman of the Supervisory Committee, and the resignation of Mr. Lin Feng took effect upon the new supervisor representing shareholder taking office. On 7 April 2021, the by-election of Ms. Shi Lan as a supervisor representing shareholder of the ninth session of the Supervisory Committee has been considered and approved at the second extraordinary general meeting for 2021.

For details of the top five highest paid employees of the Group in 2021, please refer to Note VIII. 8 under "Chapter XIV Financial Statements Prepared in accordance with CASBE" of this report.

## CHAPTER VIII CORPORATE GOVERNANCE

### (3) Remuneration Policy of the Senior Management

The remuneration policy of the Senior Management of the Company shall be subject to the “Regulations for Annual Performance Assessment and Incentive for the Personnel Employed by the CIMC Board”. The Company’s senior management remuneration policy links financial interests of the senior management with the Group’s operating results and the performance of its shares in the market.

## VII. PERFORMANCE OF DIRECTORS’ DUTIES DURING THE REPORTING PERIOD

### 1. The Duty Performance of the Directors during the Reporting Period

For details of the duty performance of the Directors during the Reporting Period, please refer to “II. The Board” under “Part II: Corporate Governance Report (Prepared in accordance with the Requirements of the Hong Kong Listing Rules)” in this chapter.

#### (1) Directors’ Opposition to Relevant Proposals of the Company

During the Reporting Period, the Directors did not present any opposition to relevant proposals of the Company.

#### (2) Other Descriptions to Duty Performance of the Directors

Nil

### 2. The Duty Performance of the Independent Directors during the Reporting Period

In 2021, the independent non-executive Directors of the Company were committed to strictly and diligently performing their duties in accordance with relevant domestic and overseas laws and regulations and the Articles of Association. During the Reporting Period, they reviewed the proposals and relevant documents presented by the Company and actively participated in the meetings of the Board and special committees of the Board. They expressed their views objectively and independently, protected the interests of the independent Shareholders and played a part in the balancing of decision-making process of the Board. Independent non-executive Directors reviewed regular reports of the Company diligently. They had discussions with external auditors in regular and special meetings before and after their year-end auditing works. Such meetings were held prior to the Board meetings. During the Reporting Period, the independent Directors of the Company did not object to any motions, resolutions and other matters discussed at the meetings of the Board.



## CHAPTER VIII CORPORATE GOVERNANCE

### (1) Independent Directors' Attendance to the Board Meetings and the General Meetings

Independent Directors' Attendance to the Board Meetings						
Name of independent Director	Required number of Board meetings to attend during the Reporting Period	Attendance in person	Attendance by means of telecommunication	Attendance by proxy	Absence	Not attending in person for two consecutive meetings
He Jiale	31	3	28	0	0	No
Pan Zhengqi	31	3	28	0	0	No
Lui Fung Mei Yee, Mabel	31	3	28	0	0	No
Times of attendance of independent Directors at the general meetings	Please refer to "2 Attendance of the Directors at the general meetings" of "IV. Shareholders and General Meetings" under "Part II: Corporate Governance Report (Prepared in accordance with the Requirements of the Hong Kong Listing Rules)" in this chapter for details.					

### (2) Independent Directors' Opposition to Relevant Proposals of the Company

During the Reporting Period, the independent Directors did not present any opposition to relevant proposals of the Company.

### (3) Other Descriptions to Duty Performance of the Independent Directors

Nil

## VIII. DUTY PERFORMANCE OF SPECIAL COMMITTEES OF THE BOARD DURING THE REPORTING PERIOD

The Board has set up five special committees, i.e. Audit Committee, Remuneration and Appraisal Committee, Strategic Development Committee, Nomination Committee and Risk Management Committee. These special committees conscientiously performed their duties in accordance with the Governance Guidelines of Listed Company, the Hong Kong Listing Rules, the Articles of Association, the Rules of Procedures for the Board, and the authorities and obligations mandated by the implementation rules of each special committee. For the meetings of each special committee under the Board during the Reporting Period, please refer to "III. Special Committees of the Board" under "Part II: Corporate Governance Report (Prepared in Accordance with the Requirements of the Hong Kong Listing Rules)" in this chapter.

## IX. OPERATION OF THE SUPERVISORY COMMITTEE

Any risk of the Company discovered by the Supervisory Committee in its supervision during the Reporting Period

Yes  No

The Supervisory Committee has no objection to the supervision items during the Reporting Period.

## CHAPTER VIII CORPORATE GOVERNANCE

### X. EMPLOYEES OF THE COMPANY

#### 1. Number of Domestic Employees, Professional Composition and Education Background

Number of in-service employees of the Company at the end of the Reporting Period	269
Number of in-service employees of principal subsidiaries at the end of the Reporting Period	51,477
Total number of in-service employees at the end of the Reporting Period	51,746
Total number of employees who received salaries during the Reporting Period	51,746
Number of retired employees whose expense should be assumed by the Company and principal subsidiaries	250

Professional composition		Education background	
Professional composition	Number of employees	Education degree	Number of employees
Production personnel	26,498	PHD	33
Management personnel	4,062	Master	1,629
Sales personnel	3,415	Bachelor	11,235
Technical personnel	5,268	College	10,650
Financial personnel	1,418	Senior high school and below	28,199
Others	11,085	Total	51,746
Total	51,746		

#### 2. Remuneration Policies

For details of the Company's remuneration policies, please refer to "Employees and Remuneration Policies" of "Chapter VI Management Discussion and Analysis Prepared in Accordance with the Hong Kong Securities Regulatory Rules" in this Report.

#### 3. Training Programme

The Group sticks to its core cultural philosophy of "people-oriented and mutual business" and constantly develops talents for the industry through building a talent training system with CIMC characteristics. The multilevel and composite talent training system of the Group includes new employees training, general skills training, professional training, leadership training programme and international talent training programme.

#### 4. Labour Outsourcing

Applicable  Not Applicable

## CHAPTER VIII CORPORATE GOVERNANCE

### XI. PROFIT DISTRIBUTION AND SHARE CAPITAL INCREASE BY WAY OF TRANSFER FROM CAPITAL RESERVES OF THE COMPANY

1. Formulation, implementation or adjustment of profit distribution policy (especially the cash dividend policy) during the Reporting Period

Applicable   Not Applicable

The Company has adopted a stable dividend distribution policy in strict compliance with its relevant commitments in the Articles of Association. At present, the Company distributes dividend to Shareholders once a year, namely the final dividend, and commits that the total profit distributed in the form of cash dividend for the consecutive three years from 2019 to 2021 shall not be less than 30% of the average annual distributable profit of the Company in the three years. The Company's stable and active dividend distribution policy has received welcome from its Shareholders and fully protects the interests of its minority Shareholders. The Articles of Association specifically stipulates the Company's dividend distribution: the Company's final dividend will be determined at the general meeting by way of ordinary resolutions. The Company has been in strict compliance with the Articles of Association and relevant regulatory requirements over the years for its decision-making on dividend distribution. The Company strives to achieve outstanding operating results and deliver a good return for its Shareholders.

Both of the Company's plan for profit distribution and plan for conversion of capital reserves into share capital comply with the Company's Articles of Association and other relevant provisions during the Reporting Period.

#### Particulars of 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
Was the dividend distribution criteria and proportion well-defined and clear:	Yes
Was the related decision-making process and mechanism in place:	Yes
Did independent Directors fulfill 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 respect of the cash dividend policy with adjustments or changes:	Yes

There are no arrangements by which shareholders waived or agreed to waive any dividend.

## CHAPTER VIII CORPORATE GOVERNANCE

2. The Company's plans of profit distribution and conversion of capital reserves into share capital in the past three years (the Reporting Period inclusive):
- The dividend payment plan for the year of 2021: based on the total share capital of the Company as at the dividend payment record date for the year of 2021, we distributed RMB0.69 in cash (including tax) for every 1 share. If calculated based on the total share capital of 3,595,013,590 shares of the Company as at 31 December 2021, it is expected that a total dividend of RMB2,480.559 million will be distributed. No bonus shares will be issued. 5 shares will be credited to each shareholder for every 10 shares held by them by way of conversion of capital reserve, and accordingly a total of 1,797,506,795 shares would be issued. The proposed dividend is expected to be payable on or around 18 August 2022. The annual dividend distribution plan for 2021 shall be subject to consideration and approval at the annual general meeting of the Company.
  - The dividend payment plan for the year of 2020: based on the total share capital of the Company as at the dividend payment record date for the year of 2020, we distributed RMB0.28 in cash (including tax) for every 1 share, amounting to a total dividend of RMB1,006.604 million. No bonus shares were issued, and no shares were issued by way of conversion of capital reserve.
  - The dividend payment plan for the year of 2019: based on the total share capital of the Company as at the dividend payment record date for the year of 2019, we distributed RMB1.2 in cash (including tax) for every 10 share, amounting to a total dividend of RMB430.348 million. No bonus shares were issued, and no shares were issued by way of conversion of capital reserve.

### Cash dividend payments of the Company for the past three years (including the Reporting Period)

Unit: RMB thousand

Year	Amount of cash dividend (including tax)	Net profit attributable to ordinary Shareholders and other equity holders of the Company in the consolidated statements of the year declaring	% of amount of cash dividend to net profit attributable to ordinary Shareholders and other equity holders of the Company in the consolidated statements	Amount of cash dividend in other ways (i.e. share repurchase)	% of amount of cash dividend in other ways to net profit attributable to ordinary Shareholders of the Company in the consolidated statements	Cash dividend (including amount in other ways) in total	% of cash dividend (including amount in other ways) in total to net profit attributable to ordinary Shareholders of the Company in the consolidated statements
2021 (Proposal)	2,480,559	6,665,323	37.22%	0	0.00%	2,480,559	37.22%
2020	1,006,604	5,349,613	18.82%	0	0.00%	1,006,604	18.82%
2019	430,348	1,542,226	27.90%	0	0.00%	430,348	27.90%

The net profit attributable to shareholders of parent and other equity holders in the consolidated financial statements of the Company for 2021 amounted to RMB6,665.323 million. Excluding the provision for the impact of perpetual bonds interest of RMB175.272 million for the year, the adjusted consolidated net profit attributable to shareholders of ordinary shares of the Company was RMB6,490.051 million. The cash dividend amount under the 2021 dividend payment proposal accounts for 38.22% of the adjusted consolidated net profit attributable to shareholders of ordinary shares of the Company.

## CHAPTER VIII CORPORATE GOVERNANCE

3. The Company recorded a profit during the Reporting Period, and the profit distributable to the ordinary Shareholders of the Company was positive. However, the Company did not propose a cash dividend distribution plan of ordinary shares

Applicable  Not Applicable

4. Description of project distribution and share capital increase by way of transfer from capital reserve during the Reporting Period

Applicable  Not Applicable

Number of bonus shares for every 1 share (share)	0
Dividend for every 1 share (RMB) (tax inclusive)	0.69
Number of shares converted for every 1 share (share)	0.5
Basis of share capital of distribution plan (share)	3,595,013,590
Amount of cash dividend (RMB thousand) (including tax)	2,480,559
Amount of cash dividend in other ways (i.e. share repurchase) (RMB thousand)	0
Cash dividend in total (including amount in other ways) (RMB thousand) (tax included)	2,480,559
Distributable profit (RMB thousand)	6,665,323
% of cash dividend in total (including amount in other ways) to total profit distribution	37.22%

### Description of cash dividend

Where the Company is in its developing stage with no substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 80% of the total profit distribution when distributing its profits. Where the Company is in a developed stage with substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 40% of the total profit distribution when distributing its profits.

### Description of details of profit distribution or share capital increase by way of transfer from capital reserves

Based on the Group's 2021 operation results and taking into account the Group's overall conditions of financial position and cash flows, the Company proposes to distribute RMB0.69 in cash (including tax) for every 1 share held by the entire shareholders based on the total share capital of 3,595,013,590 shares of the Company as at 31 December 2021, resulting in distribution of a total cash dividend of RMB2,480.559 million (including tax). No bonus shares will be issued. 5 shares will be credited to each shareholder for every 10 shares held by them by way of conversion of capital reserve, and accordingly a total of 1,797,506,795 shares would be issued. If there is any change in the share capital of the Company after the Board has considered the profit distribution proposal while before the implementation of the proposal, the distribution ratio will be adjusted with the total distribution amount unchanged.

## CHAPTER VIII CORPORATE GOVERNANCE

### XII. IMPLEMENTATION OF THE COMPANY'S SHARE OPTION INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP SCHEME OR OTHER EMPLOYEE INCENTIVE MEASURES

#### 1. Establishment of trust scheme with bonus balance under the Profit Sharing Scheme of the Company

On 23 March 2020, as approved at the first meeting in 2020 of the ninth session of the Board of the Company, upon the approval of setting up a trust scheme in light of the bonus balance fund operation under the profit sharing scheme and injecting it into the partnership, the operation scheme adopted by the partnership for the purchase of the Company's H shares in the secondary market was approved. The total size of fund for the operation scheme shall not exceed RMB343 million and would be valid for 10 years from the date of the approval by the general meeting. The size of trust scheme (first tranche) under the Trust and Operation Scheme for Surplus Funds from the Profit Sharing Plan of CIMC (Draft) (the "**Operation Scheme**") formulated in accordance with the operation scheme is RMB200 million with a term of 5 years. This issue has been reviewed and approved at the 2019 annual general meeting, the first general meeting of class-A shares for 2020 and the first general meeting of class-H shares for 2020. On 19 January 2021, stock purchase under the first tranche of trust scheme was completed, and the lock-up period for the H shares of the Company purchased was 12 months, namely from 20 January 2021 to 19 January 2022. As of the date of this report, the lock-up period under the first tranche of trust scheme has expired.

On 18 June 2021, as approved at the 16th meeting in 2021 of the ninth session of the Board of the Company, the second tranche of trust scheme was established with the bonus balance under the profit sharing scheme of RMB143 million according to the Operation Scheme considered and approved by the 2019 annual general meeting of the Company, with a term of 60 months. On 8 October 2021, stock purchase under the second tranche of trust scheme was completed, and the lock-up period for the H shares of the Company purchased was 12 months, namely from 28 September 2021 to 27 September 2022.

#### 2. The subsidiary CIMC Enric:

##### (1) Share option

CIMC Enric approved and adopted a share option plan (the "**Plan**") at its extraordinary general meeting held on 12 July 2006. The Plan aimed to reward and give benefit to employees, directors and other eligible persons of CIMC Enric for their contributions to CIMC Enric. CIMC Enric granted share options to several eligible persons on 28 October 2011 according to the Plan, in order to subscribe for a total of 38,200,000 ordinary shares ("**2011 Enric Share Options**"); CIMC Enric granted share options to several eligible persons on 5 June 2014 according to the Plan, in order to subscribe for a total of 38,420,000 ordinary shares ("**2014 Enric Share Options**"). Please refer to the related announcements of CIMC Enric published on the website of the Hong Kong Stock Exchange.

## CHAPTER VIII CORPORATE GOVERNANCE

The table below sets out the changes in the share options granted under the share option incentive plan of CIMC Enric as of 31 December 2021:

	Date of Grant	Number of underlying shares comprised in share options						Exercise price per share (HKD)	Exercise period
		Outstanding as at 1 January 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Transferred to/from other categories during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2021		
Directors of CIMC									
Enric									
Gao Xiang	2011.10.28	500,000	-	(500,000)	-	-	0	2.48	2013.10.28-2021.10.27
	2014.06.05	400,000	-	-	-	-	400,000	11.24	2016.06.05-2024.06.04
Yang Xiaohu	2011.10.28	200,000	-	(200,000)	-	-	0	2.48	2013.10.28-2021.10.27
	2014.06.05	400,000	-	-	-	-	400,000	11.24	2016.06.05-2024.06.04
Yu Yuqun	2011.10.28	300,000	-	(300,000)	-	-	0	2.48	2013.10.28-2021.10.27
	2014.06.05	300,000	-	-	-	-	300,000	11.24	2016.06.05-2024.06.04
Tsui Kei Pang	2011.10.28	300,000	-	(300,000)	-	-	0	2.48	2013.10.28-2021.10.27
	2014.06.05	300,000	-	-	-	-	300,000	11.24	2016.06.05-2024.06.04
Zhang Xueqian	2011.10.28	300,000	-	(300,000)	-	-	0	2.48	2013.10.28-2021.10.27
	2014.06.05	300,000	-	-	-	-	300,000	11.24	2016.06.05-2024.06.04
Employees of CIMC									
Enric									
	2011.10.28	13,364,000	-	(12,914,000)	-	(450,000)	0	2.48	2013.10.28-2021.10.27
	2014.06.05	25,870,000	-	(581,000)	-	-	25,289,000	11.24	2016.06.05-2024.06.04
Other participants									
	2011.10.28	1,610,000	-	(1,610,000)	-	-	0	2.48	2013.10.28-2021.10.27
	2014.06.05	4,490,000	-	(20,000)	-	-	4,470,000	11.24	2016.06.05-2024.06.04
<b>Total</b>	-	<b>48,634,000</b>	<b>-</b>	<b>(16,725,000)</b>	<b>-</b>	<b>(450,000)</b>	<b>31,459,000</b>	<b>-</b>	<b>-</b>

### Notes:

- Regarding the share options granted on 28 October 2011: Subject to certain conditions as stated in the offer letters to the individual grantees, 40% of the options granted to any grantee become exercisable from 28 October 2013 and up to 27 October 2021; 30% of which become exercisable from 28 October 2014 and up to 27 October 2021; and the remaining 30% of which become exercisable from 28 October 2015 and up to 27 October 2021. The exercise price of all the options granted is HK\$2.48 per share. These share options were lapsed.
- Regarding the share options granted on 5 June 2014: Subject to certain conditions as stated in the offer letters to the individual grantees, 40% of the options granted to any grantee become exercisable from 5 June 2016 and up to 4 June 2024; 30% of which become exercisable from 5 June 2017 and up to 4 June 2024; and the remaining 30% of which become exercisable from 5 June 2018 and up to 4 June 2024. The exercise price of all the options granted is HK\$11.24 per share.
- The weighted average closing price of the shares immediately before the dates on which the options were exercised during the six months ended 31 December 2021 was approximately HK\$7.62 per share.

## CHAPTER VIII CORPORATE GOVERNANCE

At the annual general meeting of CIMC Enric held on 20 May 2016, an ordinary resolution was passed to adopt a new share option scheme (the “**New Scheme**”) and to terminate the Plan. Upon termination of the Plan, no further options may be granted while the provisions of the Plan shall remain in full force and effect in all other respects and the options granted prior to such termination shall continue to be valid and exercisable in accordance with the provisions thereof.

Since the adoption of the New Scheme, no option has been granted thereunder.

As at 31 December 2021, the total number of options available for grant under the New Scheme was 193,660,608 and the total number of shares available for issue under the Plan and the New Scheme was 225,119,608.

Saved as disclosed above, no other options were granted, exercised, lapsed or cancelled by CIMC Enric for the year ended 31 December 2021.

### (2) Restricted share award scheme (2018)

CIMC Enric approved and adopted issuance and allotment of a total of up to 50,000,000 restricted shares to the trustee as shares held in trust by selected participants to participate in the award scheme, and granted restricted shares to directors and other related selected participants at its extraordinary general meeting held on 10 August 2018. On 24 August 2018, the conditions precedent under the award scheme were fulfilled, and a total of 46,212,500 restricted shares were allotted to and accepted by the selected participants. For details, please refer to the relevant announcements of CIMC Enric published on the website of the Hong Kong Stock Exchange. A total of 3,400,000 restricted shares were granted to the directors of CIMC Enric in 2018. As the vesting conditions for the first vesting period have been met, a total of 1,020,000 restricted shares were vested in the directors of the Company in 2019. As the vesting conditions for the second vesting period have been met, a total of 1,020,000 restricted shares were vested in the directors of the Company in 2020. Since the vesting conditions for the third vesting period have yet to be met, the remaining 1,360,000 restricted shares of the directors would be kept as part of the trust and sold in the market according to the terms of the restricted share award scheme (2018). The restricted share award scheme (2018) was lapsed already. As at 31 December 2021, the details are as follows:

Directors of CIMC Enric	Date of Grant	Number of restricted shares				As at 31 December 2021	Vesting period
		As at 1 January 2021	Granted during the period	Vested during the period	Cancelled during the period		
Gao Xiang	2018.8.24	400,000	-	-	(400,000)	0	2018.6.26-2022.6.25
Yang Xiaohu	2018.8.24	480,000	-	-	(480,000)	0	2018.6.26-2022.6.25
Yu Yuqun	2018.8.24	160,000	-	-	(160,000)	0	2018.6.26-2022.6.25
Wang Yu	2018.8.24	160,000	-	-	(160,000)	0	2018.6.26-2022.6.25
Zeng Han	2018.8.24	160,000	-	-	(160,000)	0	2018.6.26-2022.6.25
Total		1,360,000	-	-	(1,360,000)	0	



## CHAPTER VIII CORPORATE GOVERNANCE

### (3) 2020 Share Award Scheme

CIMC Enric has adopted the 2020 Share Award Scheme (hereafter referred to as the “**2020 Award Scheme**”) on 3 April 2020. The purposes of the 2020 Award Scheme are: (a) to provide eligible participants with an opportunity to own shares in CIMC Enric thereby aligning the interests of the eligible participants with that of the shareholders; (b) to incentivise eligible participants to benefit from value enhancement through delivery of performance targets; and (c) to encourage and retain eligible participants to make contributions to the long-term and sustainable growth of CIMC Enric. The 2020 Award Scheme forms part of the overall incentive plan for the employees of CIMC Enric. The shares to be granted to participants under the Scheme shall be in lieu of part of the cash bonus awarded under the overall incentive plan.

Subject to any early termination of the 2020 Award Scheme in accordance with its rules, the 2020 Award Scheme shall be valid and effective for a period of 10 years commencing from its adoption date. The total number of shares which may be purchased or issued pursuant to the 2020 Award Scheme shall not in aggregate exceed 2% of the total number of issued shares of CIMC Enric as at the adoption date of the 2020 Award Scheme (namely, a maximum of 40,209,691 shares). The maximum number of shares which may be granted to a participant at any one time or in aggregate under the 2020 Award Scheme must not exceed 0.5% of the total number of issued shares of CIMC Enric as at the adoption date of the 2020 Award Scheme (namely, a maximum of 10,052,422 shares). Eligible participants may elect to participate in the 2020 Award Scheme on a voluntary basis at any time while the 2020 Award Scheme is valid and effective. Pursuant to the 2020 Award Scheme, the grant of shares to the participants shall be performance-based or in accordance with other assessments as stipulated in the scheme rules. No grant and no issue and allotment of shares shall be made by CIMC Enric, no payment shall be made and no instruction shall be given by CIMC Enric to the trustee to purchase shares under the 2020 Award Scheme where any director of CIMC Enric is in possession of inside information (as defined in the SFO) in relation to CIMC Enric or where dealings in the shares are prohibited under all applicable laws, rules and regulations including without limitation the Hong Kong Listing Rules and/or the SFO. The transfer of vested shares by the trustee to the relevant participants is not prohibited during such periods. The vesting of the grant shares is subject to the participant remaining as an eligible participant at all times after the date of the grant and on the vesting date. Any share held by the trustee on behalf of a participant pursuant to the scheme rules of the 2020 Award Scheme shall vest in such participant in accordance with the vesting condition(s) or vesting schedule as determined by the board of directors of CIMC Enric from time to time under the scheme rules of the 2020 Award Scheme. The trustee shall not exercise any voting rights in respect of any shares held under the trust. No instruction as to voting may be given by any participant to the trustee in respect of the grant shares prior to the vesting of such grant shares in the participant. As at 31 December 2021, no shares were granted under the 2020 Award Scheme.

## CHAPTER VIII CORPORATE GOVERNANCE

### (4) Share option scheme for chemical environment business center

The Company adopted the share option scheme for its chemical environment business center on 27 November 2020 to recognize the grantees for their previous and current contribution to the chemical environment business center and to encourage them to make continuous contribution in future.

Under the share option scheme for the chemical environment business center, Mr. Gao Xiang, Mr. Yang Xiaohu, Mr. Yu Yuqun, Mr. Zeng Han and Mr. Wang Yu, directors of CIMC Enric, subscribed 0.33%, 2.19%, 0.13%, 0.13% and 0.13% shares of CIMC Safeway Technologies Co., Ltd, respectively.

### 3. Equity-settled share option scheme of CIMC TianDa (a subsidiary of the Company)

The shareholders of CIMC TianDa adopted a share option scheme (hereinafter referred to as “**CIMC TianDa 2009 Share Option Scheme**”) on 29 May 2009. The CIMC TianDa 2009 Share Option Scheme expired on 28 May 2019. Upon the expiration, no further options may be granted under the CIMC TianDa 2009 Share Option Scheme, but in all other respects, the provisions under the CIMC TianDa 2009 Share Option Scheme shall remain in full force and effect to give effect to the exercise of any share options granted during the effective period of the scheme according to the terms thereto. As joint offerors will be entitled to over 50% of shares of CIMC TianDa due to the privatisation scheme, on 30 November 2020, CIMC TianDa informed option holders by way of the option offer letter in accordance with the terms of CIMC TianDa 2009 Share Option Scheme that option holders may accept the option offer or exercise the options before 21 January 2021, otherwise all option offers not accepted and all options not exercised will lapse automatically after the privatisation scheme becomes effective. Accordingly, all options granted but not exercised under the CIMC TianDa 2009 Share Option Scheme have lapsed automatically or been cancelled as at 21 January 2021.

In addition to the CIMC TianDa 2009 Share Option Scheme, the shareholders of CIMC TianDa approved a new share option scheme (hereinafter referred to as the “**CIMC TianDa New Share Option Scheme**”) on 11 December 2019. The CIMC TianDa New Share Option Scheme was adopted on 13 December 2019 following the fulfillment of its preconditions by CIMC TianDa. The total number of shares in respect of which share options may be granted under the CIMC TianDa New Share Option Scheme, when aggregated with any shares subject to any other schemes, did not exceed 39,035,916 shares as at 31 December 2021. As at 31 December 2021, no share options were granted under the CIMC TianDa New Share Option Scheme since its adoption. CIMC Tianda has applied to the Shenzhen Stock Exchange for listing of its shares on the ChiNext in September 2021. If the listing application is approved, CIMC Tianda will no longer be able to grant options under the CIMC Tianda New Option Scheme and all options granted, if any, will not be exercisable under the terms of the CIMC Tianda New Option Scheme.

## CHAPTER VIII CORPORATE GOVERNANCE

During the Reporting Period, no share options were granted or exercised by CIMC TianDa. As at 31 December 2021, the options of CIMC TianDa granted are set out in the table below:

<b>CIMC TianDa 2009 Share Option Scheme</b>	<b>Number of options (note 1)</b>	<b>Exercise Price (HK\$)</b>
Outstanding as at 1 January 2021	115,625,000	0.42
Cancelled upon the acceptance of option offers before 21 January 2021	(54,625,000)	–
Lapsed automatically as at 21 January 2021	(61,000,000)	–
Exercisable as at the end of the Reporting Period	–	–

As at 31 December 2021, details of the share options granted under the CIMC TianDa 2009 Share Option Scheme to certain existing and previous directors and employees of CIMC TianDa:

### Number of shares of HK\$0.01 each of CIMC TianDa issuable under the share options (note 1)

<b>Directors of CIMC TianDa</b>	<b>Outstanding as at 1 January 2021</b>	<b>Granted during the Reporting Period</b>	<b>Exercised, lapsed or cancelled during the Reporting Period</b>	<b>Outstanding as at 31 December 2021</b>
Jiang Xiong	4,000,000	–	(4,000,000)	–
Loke Yu	4,000,000	–	(4,000,000)	–
Heng Ja Wei	4,000,000	–	(4,000,000)	–
Ho Man	2,000,000	–	(2,000,000)	–
<b>Subtotal</b>	<b>14,000,000</b>	<b>–</b>	<b>(14,000,000)</b>	<b>–</b>
Other employees	101,625,000	–	(101,625,000)	–
<b>Total</b>	<b>115,625,000</b>	<b>–</b>	<b>(115,625,000)</b>	<b>–</b>

Note 1: On 25 May 2021, the shareholders of CIMC Tianda approved the share reduction proposal of CIMC Tianda, pursuant to which the number of authorized shares and issued shares of CIMC Tianda were reduced on the basis of 40 shares to 1 share, and the par value per share was increased from HK\$0.01 each to HK\$0.4 each and the authorized share capital and issued share capital remained unchanged. The number of shares and the par value per share shown in the table represent the number of shares and the par value per share prior to the approval of the share reduction proposal.

#### 4. Implementation of other subsidiaries' share option incentive scheme, employee stock ownership scheme or other employee incentive measures

For details of implementation of other subsidiaries' share option incentive scheme, employee stock ownership scheme or other employee incentive measures, please refer to Note IX. 2 of "Chapter XIV Financial Statements Prepared in accordance with CASBE" in this report.

#### 5. Options granted to Directors, Supervisors and senior management during the Reporting Period

For details of the employee stock ownership scheme of the Company during the Reporting Period, please refer to "1. Establishment of trust scheme with bonus balance under the Profit Sharing Scheme of the Company" of "XII. Implementation of the Company's share option incentive scheme, employee stock ownership scheme or other employee incentive measures" of this section.

## CHAPTER VIII CORPORATE GOVERNANCE

### 6. Appraisal and incentives of senior management

In order to promote the Company's development in a standardised, sound and orderly manner, to attract more talents and to maintain the stability of the senior management, the Board has formulated the Regulations for Annual Performance Assessment and Incentive for the Personnel Employed by the CIMC Board, and established the performance appraisal and incentive and restraint mechanisms which link the remuneration of senior management with both the Company's performance and individual performance, in accordance with the Company's targets of medium and long-term development strategy and the interests of all shareholders.

## XIII. DEVELOPMENT AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

### 1. Development and implementation of internal control system

The Company has continued to implement full coverage of internal control system development for new enterprises that have been acquired or established for one year in accordance with the Basic Standard for Business Internal Control, the Guidelines on Application of Business Internal Control and the Guidelines on Internal Control for Listed Companies of the Shenzhen Stock Exchange. The Company's business cycle incorporated into the internal control system includes the 18 application modules stipulated in the Basic Standard for Business Internal Control and the management of subsidiaries, related party transactions and information disclosure. Based on different business characteristics, targeted internal control templates were developed and internal control self-assessments were conducted for key risky businesses.

In 2021, the Company focused on the following internal control work: 1. to review and improve the relevant risk control system quickly in response to major potential risks; 2. to continue to carry out quarterly risk control publicity and self-correction of risks at all organizational levels of the Company in conjunction with external regulatory requirements and typical internal and external risk cases; 3. to clarify the requirements for three-tier spot checks by the Group, segments and enterprises and promote a regular three-tier spot check mechanism. As at the date of this report, the Company is of the view that it is operating an internal control system which is sufficient and effective.

### 2. Details of material defects of internal control detected during the Reporting Period

Yes  No

According to the findings in identifying the Company's significant deficiency in internal controls over financial reporting, as at the baseline date of the internal controls assessment report (31 December 2021), the Company has no significant deficiency in internal controls over financial reporting. The Board is of the opinion that the Company has duly complied with the criteria benchmarks for enterprise internal controls and the requirements of other relevant provisions to maintain effective internal controls over financial reporting in all material aspects.

According to the findings in identifying the Company's significant deficiency in internal controls over non-financial reporting, as at the baseline date of the internal controls assessment report (31 December 2021), the Company has not found any significant deficiency in internal controls over non-financial reporting.

## CHAPTER VIII CORPORATE GOVERNANCE

### XIV. MANAGEMENT AND CONTROL OVER SUBSIDIARIES BY THE COMPANY DURING THE REPORTING PERIOD

1. The Company shall disclose the management and control over its subsidiaries during the Reporting Period:

In order to ensure the achievement of its overall business objectives and to reduce operational risks, the Company, in addition to exercising control over its subsidiaries through equity control relationships, has also developed a set of management systems that meet the requirements of the Group's corporate governance and diversified development through the hierarchical management model comprising the Executive Committee of the Group, the Professional Committees of the Group, and the board of directors of its controlling subsidiaries, such as the Strategic Planning Management System, the Investment Management System, the Business Plan Management System, Management Reporting System, Audit Management of Internal Control, Management System of Core Executives and Management Measures of Performance Contracts, etc. to regulate and control the controlling subsidiaries in terms of business plan, financial budget, investment and capital management, risk control, core personnel and performance assessment, forming a closed loop of 5S+HR management system. At the same time, the Company has strengthened its ability to manage the operations of the board of directors of its subsidiaries and the ability to dispatch directors and supervisors of subsidiaries, and has formulated the Guidelines for Duty Performance by Directors and Supervisors Dispatched to clarify the roles and responsibilities of the directors and supervisors dispatched in various matters of the board of directors of its subsidiaries, so as to effectively strengthen the management compliance of its subsidiaries and prevent risks.

## CHAPTER VIII CORPORATE GOVERNANCE

2. Table below shall be completed in case of increase of subsidiaries arising from acquisition during the Reporting Period:

Company name	Integration plan	Progress of integration	Issues during the integration	Solution measures taken	Progress of solution	Subsequent solution plan
CIMC ADS International Logistics Co., Ltd.	Plans to assist the company to develop its management system through assignment of chairman of the board and chief financial officer, and integrate the system into management of CIMC Wetrans in aspects of business, personnel and finance, etc.	Substantially completed.	Nil	Nil	Nil	Nil
Globe Success International Transportation Co. Ltd.	Upon completion of transaction, plans to assist the company to develop its management system in respect of business, personnel and finance through assignment of chairman of the board and chief financial officer.	The digital management system for business orders is currently being set up for interfacing and is progressing normally. Development of other management system is basically completed.	Nil	Nil	Nil	Nil
CIMC Baochuang (Wuxi) Steel Co., Ltd.	Plans to integrate the relevant business orders, personnel relations and financial management into management system of Shenzhen CIMC Tongchuang.	Substantially completed.	Nil	Nil	Nil	Nil
Jingbian Talentum Natural Gas Co., Ltd.	Plans to integrate the relevant business orders, personnel relations and financial management into Enric management system.	Substantially completed.	Nil	Nil	Nil	Nil
Yulin WXT Trade Co., Ltd.	Plans to integrate the relevant business orders, personnel relations and financial management into Enric management system.	Substantially completed.	Nil	Nil	Nil	Nil

## CHAPTER VIII CORPORATE GOVERNANCE

### XV. SELF-ASSESSMENT REPORT ON INTERNAL CONTROL OR AUDIT REPORT ON INTERNAL CONTROL

#### 1. Self-assessment report on internal control

Disclosure date of full text of internal control assessment report	28 March 2022
Disclosure index of full text of internal control assessment report	www.cninfo.com.cn
Proportion of total assets of the units incorporated in the assessment scope in the Company's total assets in the consolidated financial statements	92%
Proportion of revenue of the units incorporated in the assessment scope in the Company's revenue in the consolidated financial statements	92%

Category	Deficiency identification criteria	
	Financial reporting	Non-financial reporting
Qualitative benchmark	Significant deficiency:	Significant deficiency:
	1. Discovery of acts of irregularity by Directors, Supervisors or the management that caused significant impacts in financial reporting;	1. The assessed entity's business activities are in serious violation of the laws and regulations of the State;
	2. Amendment to published financial statements to reflect correction to significant reporting errors due to mistakes or irregularities;	2. Non-compliance in major policy decisions, substantive matters, appointment and dismissal of key personnel, as well as the decision processes for large sum of payments.
	3. The presence of significant reporting errors affecting the current financial statements remaining undetected by the assessed entity's internal controls systems, but was discovered by auditors;	Important deficiency:
	4. Significant deficiency that has been reported to the management and the Board but remains uncorrected after a reasonable period of time; alternatively, although the assessed entity has adjusted its significantly deficient internal controls prior to the baseline date, however, the new controls have not been in operation for a sufficiently long period;	1. Important deficiencies remain unrectified after being reported to the management and after lapse of a reasonable period;  2. Patented technology or proprietary technology is infringed upon or confidentiality is compromised thus undermining market competitiveness of the assessed entity's one or more products; but this has not affected the assessed entity's product market position.
5. Ineffective monitoring on internal controls by the Audit Committee and the internal auditing unit.	General deficiency:  Patented technology or proprietary technology is infringed upon or confidentiality is compromised thus undermining market competitiveness of the assessed entity's one or more products; but the effect is minimal.	

## CHAPTER VIII CORPORATE GOVERNANCE

Category	Deficiency identification criteria	
	Financial reporting	Non-financial reporting
	Important deficiency:	
	<p>Deficiency in internal controls in the following areas, which after general analysis still cannot ensure the authenticity, accuracy and reliability of the financial statements should be determined to be important deficiency:</p> <ul style="list-style-type: none"> <li>• Internal controls on the choice and application of accounting policies according to generally accepted accounting standards;</li> <li>• Anti-fraud procedures and controls;</li> <li>• Internal controls on unconventional or non-systematic transactions;</li> <li>• Internal controls on end-period financial reporting processes;</li> <li>• Internal controls on information systems relating to financial reporting;</li> <li>• Failure in compliance with supervisory functions that can have a major impact on the reliability of financial reporting;</li> <li>• Penalty sanctions by the state authorities which have not impacted negatively on the assessed entity's regular reporting disclosure;</li> <li>• For companies that are required to put in place internal auditing or risk assessment functions for effective monitoring, the failure of such functions.</li> </ul>	
	General deficiency:	
	<p>Penalty sanctions by provincial (inclusive) or lower level authorities, which have not impacted negatively on the assessed entity's regular reporting disclosure.</p>	



## CHAPTER VIII CORPORATE GOVERNANCE

Category	Deficiency identification criteria	
	Financial reporting	Non-financial reporting
Quantitative benchmark	<p>(The erroneously reported amounts X in financial statement falls between the following range)</p> <p>Significant deficiency:</p> <ol style="list-style-type: none"> <li><math>X \geq 0.5\%</math> of total sales revenues;</li> <li><math>X \geq 5\%</math> of total profits;</li> <li><math>X \geq 1\%</math> of total assets;</li> <li><math>X \geq 1\%</math> of total stakeholders' interests.</li> </ol> <p>Important deficiency:</p> <ol style="list-style-type: none"> <li><math>0.1\%</math> of total sales revenues <math>\leq X &lt; 0.5\%</math> of total sales revenues;</li> <li><math>1\%</math> of total profits <math>\leq X &lt; 5\%</math> of total profits;</li> <li><math>0.2\%</math> of total assets <math>\leq X &lt; 1\%</math> of total assets;</li> <li><math>0.2\%</math> of total stakeholders' interests <math>\leq X &lt; 1\%</math> of total stakeholders' interests.</li> </ol> <p>General deficiency:</p> <ol style="list-style-type: none"> <li><math>X &lt; 0.1\%</math> of total sales revenues;</li> <li><math>X &lt; 1\%</math> of total profits;</li> <li><math>X &lt; 0.2\%</math> of total assets;</li> <li><math>X &lt; 0.2\%</math> of total stakeholders' interests.</li> </ol>	<p>Significant deficiency:</p> <ol style="list-style-type: none"> <li>Failure to maintain and/or update documentation contents for the internal controls systems for 3 years and more in succession, and failure to retain a full set of working papers for internal controls sampling checks;</li> <li>Continuous interruption of normal services for a period of over 48 hours in such important public IT systems or platforms as corporate communication systems (including network, correspondence, telephone), ERP system, financial information system, PDM system, OA system and so on.</li> </ol> <p>Important deficiency:</p> <ol style="list-style-type: none"> <li>Failure to maintain and/or update documentation contents for the internal controls systems for 2 years in succession, and failure to retain a full set of working papers for internal controls sampling checks;</li> <li>Continuous interruption of normal service for a period of over 24 hours but less than 48 hours, in such important public IT systems or platforms as corporate communication systems (including network, correspondence, telephone), ERP system, financial information system, PDM system, OA system and so on.</li> </ol> <p>General deficiency:</p> <ol style="list-style-type: none"> <li>Failure to perform annual maintenance and update of internal controls system documentation, and failure to retain a full set of working papers for internal controls sampling checks;</li> <li>Instabilities with occasional service interruption of such important public IT systems or platforms as corporate communication systems (including network, correspondence, telephone), ERP system, financial information system, PDM system, OA system and so on; but normal operation can be recovered within a period of 24 hours.</li> </ol>
	Number of significant deficiency of financial reporting	0
	Number of significant deficiency of non-financial reporting	0
	Number of important deficiency of financial reporting	0
	Number of important deficiency of non-financial reporting	0

## CHAPTER VIII CORPORATE GOVERNANCE

### 2. Internal control audit report

Applicable Not Applicable

#### **The paragraphs of review opinions in the internal control audit report**

In our opinion, CIMC has maintained effective internal controls in respect of financial reporting in all material aspects in accordance with the Basic Norms for Enterprise Internal Controls and relevant requirements on 31 December 2021.

Disclosure of internal control audit report	Disclosed
Disclosure date of full text of internal control audit report	28 March 2022
Disclosure index of full text of internal control audit report	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Category of opinions in internal control audit report	Unqualified opinions
Whether there are material deficiencies in non-financial reporting	No

#### **Whether the accountants firm issues internal control audit report of non-standard views**

Yes No

#### **Whether the internal control audit report issued by accountants firm is consistent with the self-assessment report of the Board**

Yes No

## XVI. RECTIFICATION OF FINDINGS IN SELF-INSPECTION OF SPECIAL INITIATIVES FOR CORPORATE GOVERNANCE OF LISTED ISSUERS

At the end of 2020, the Company promptly launched a self-inspection in accordance with the regulatory requirements, and conducted an in-depth self-inspection against the 10 requirements on "improving corporate governance, strictly prohibiting financial fraud, eliminating illegal guarantees and capital appropriation, continuously strengthening the prevention and control of insider trading, actively promoting the prevention and resolution of stock pledge risks by substantial shareholders, scientifically and steadily conducting mergers and acquisitions, conscientiously disclosing information on changes in equity interests in listed companies, complying with all commitments by laws, prudently engaging auditors and paying due attention to investor relations management".

The Company has established a relatively complete and reasonable corporate governance structure and internal control system under the Company Law, the Code of Governance for Listed Companies, the Guidelines for Standardized Operation of Listed Companies of the Shenzhen Stock Exchange and other relevant laws and regulations. However, as the Company developed and the internal and external conditions are changing, the Company continued to strengthen its own development, standardized its operation, continuously improved the corporate governance and operation management, and further improved its internal control system during the Reporting Period, while also strengthening the training and dissemination of relevant regulatory rules within the Group.

## CHAPTER VIII CORPORATE GOVERNANCE

### **PART II: CORPORATE GOVERNANCE REPORT (PREPARED IN ACCORDANCE WITH THE REQUIREMENTS OF THE HONG KONG LISTING RULES)**

The Company has been committed to enhancing its corporate governance standards. Through strict corporate governance practices, the Company strives to enhance corporate value and ensure our long-term sustainable development, and to fulfil corporate responsibility as a listed company as well as maximise long-term Shareholders value. The Company has complied with the code provisions under the Corporate Governance Code set out in Appendix 14 of the Hong Kong Listing Rules during the Reporting Period, except for deviation of code provisions A.1.1 and A.2.1. The details of deviation from the code provisions of Corporate Governance Code and its considerations are disclosed in relevant paragraphs below.

#### **I. COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted the provisions in relation to dealing in shares of the Company by Directors and Supervisors as set out in Appendix 10 of the Hong Kong Listing Rules. Having made enquiries to all Directors and Supervisors, each Director and Supervisor has confirmed to the Company that each of them has complied with the requirements set out in the Model Code during the Reporting Period.

#### **II. THE BOARD**

##### **(I) Authorities of the Board**

The Board of the Company is elected by the general meeting of the Company through voting and is held accountable to the general meeting. The primary responsibilities of the Board are to provide strategic guidance to the Company, exercise effective supervision over the senior management, ensure that the Company's interests are protected and are accountable to the Shareholders.

In accordance with the Articles of Association and the Rules of Procedures for the Board of Directors, the authorities of the Board include: (1) to convene general meetings and report to the meetings; (2) to implement the resolutions passed at general meetings; (3) to determine the Company's business plans and investment schemes; (4) to prepare the Company's annual financial budget and final accounts; (5) to formulate the Company's profit distribution plan and loss recovery plan; (6) to formulate proposals for increases or reductions of the Company's registered capital and for the issuance and listing of corporate bonds or other securities; (7) to draft plans for material acquisition, share repurchase, merger, division, dissolution or change in corporate form; (8) to determine matters relating to the Company's external investment, asset acquisition and disposal, asset mortgage, and external guarantee within the authorisation of the general meeting; (9) to determine the establishment of the Company's internal management structure; (10) to appoint or dismiss the Company's CEO and the secretary of the Board; and pursuant to the CEO nominations, to appoint or dismiss senior officers including presidents, vice presidents and chief financial officer of the Company and to decide on their remuneration, rewards and penalties; (11) to formulate the Company's basic management system; (12) to formulate the proposed amendments to the Articles of Association; (13) to deal with information disclosures of the Company; (14) to propose to the general meeting for appointment or replacement of the accounting firms serving as the auditors of the Company; (15) to receive work report submitted by the president and to review his performance; (16) to evaluate and determine the nature and extent of risks the Company is willing to take in achieving its strategic objectives, and to ensure that the Company establishes and maintains appropriate and effective risk management and internal control systems; (17) to supervise the management on the design, implementation and monitoring of the risk management and internal control systems; and (18) to exercise other duties and powers specified in the laws, administrative regulations, rules of regulatory authorities or the Articles of Association.

## CHAPTER VIII CORPORATE GOVERNANCE

During the Reporting Period, the Directors and the Board of the Company carried out corporate governance duties in respect of the Company in a serious and responsible manner. The Directors were elected by strictly following the procedures for election and appointment of Directors provided for in the Articles of Association. All Directors attended Board meetings in a serious and responsible manner, performed their duties as Directors seriously and diligently, made important decisions concerning the Company, appointed and removed and supervised the members of the operation units of the Company.

### (II) Composition of the Board

During the Reporting Period, according to the Articles of Association, the Board consists of nine Directors, including one chairman, two vice chairman and three independent non-executive Directors.

Among the current Directors, the four non-executive Directors have vast and extensive experience in business and management; the three independent non-executive Directors also own profound academic and professional qualifications and rich industry experience in shipping, finance, legal and management. Especially, Mr. He Jiale, an independent non-executive Director, has appropriate accounting and financial management expertise, independent non-executive Director Mr. Pan Zhengqi has appropriate shipping management expertise, and independent non-executive Director Ms. Lui Fung Mei Yee, Mabel have appropriate legal affairs management expertise. The professional qualifications and abundant experience of current Directors help the Board rigorously review and monitor management procedures to ensure the interests of all Shareholders, including minority Shareholders. Profiles of Directors of the Company are set out in "1. Directors" under the section headed "V. Brief Biography of the Directors, Supervisors and Senior Management of the Company" under this chapter. The personnel qualification and composition of the Board of the Company comply with Rule 3.10 and Rule 3.10A of the Hong Kong Listing Rules.

There are three independent non-executive Directors in the Board of the Company, exceeding one third of the total number of Directors of the Board, which satisfied the requirements regarding the number of independent non-executive directors under the Hong Kong Listing Rules. The three independent non-executive Directors perform their duties seriously according to the Articles of Association and the relevant requirements under the applicable laws and regulations, and do not hold other positions in the Company. The Company has received annual confirmation of independence for 2021 from each of the three independent non-executive Directors pursuant to Rule 3.13 of the Hong Kong Listing Rules. The Company considers that the three independent non-executive Directors are completely independent of the Company, its substantial Shareholders and its connected persons and comply with the requirements under the Hong Kong Listing Rules.

There is no financial, business, family or other significant/related relationships among the Board members, chairman and CEO and president.

## CHAPTER VIII CORPORATE GOVERNANCE

### (III) Board meeting

#### 1. Attendance

Pursuant to the Articles of Association, the Board shall convene at least four meetings each year. In 2021, the Board convened 31 meetings, including 3 on-site meetings and 28 meetings voting in written form. The attendance of all Directors to the meetings is as follows:

Name	Position	Board meeting		Rate of attendance in person (%)
		Time of attendance in person	Time of attendance by proxy	
Mai Boliang	Chairman, executive Director	31	0	100
Zhu Zhiqiang	Vice chairman, non-executive Director	23	0	100
Hu Xianfu	Vice chairman, non-executive Director	30	1	97
Liu Chong (Note)	Vice chairman, non-executive Director	4	0	100
Kong Guoliang	Non-executive Director	23	0	100
Deng Weidong	Non-executive Director	30	1	97
Ming Dong	Non-executive Director	31	0	100
Gao Xiang (Note)	Executive Director	4	0	100
He Jiale	Independent non-executive Director	31	0	100
Pan Zhengqi	Independent non-executive Director	31	0	100
Lui Fung Mei Yee, Mabel	Independent non-executive Director	31	0	100

Note: On 9 March 2021, Mr. LIU Chong resigned from the positions of director and vice-chairman of the Company due to the change in job assignments. Mr. LIU Chong will not take any position in the Company upon his resignation of the aforesaid positions. On the same day, Mr. GAO Xiang resigned from the position of director of the Company due to the change in job assignments.

#### 2. The convening of the board meetings and the resolutions considered

The Board convened 31 Board meetings and 27 meetings of special committees of the Board and passed 78 resolutions of the Board and 27 letters of opinions from Board committees during the Reporting Period.

Session of meeting of the Board	Date	Resolutions of the Board considered
The 1st meeting in 2021	15 January 2021	Resolution in relation to the Self-inspection Report on Implementing the Principal Responsibility of the Listed Company for Improvement of Governance Level and Achievement of Quality Development of CIMC
The 2nd meeting in 2021	5 February 2021	<ol style="list-style-type: none"> <li>Resolution in relation to Registration and Issuance of Medical Assets ABS by Shenzhen CIMC Financial Leasing Co., Ltd.;</li> <li>Resolution in relation to the Application for the Shelf Offering of the Small and Microsized Vehicles Leased Asset ABS by Shenzhen CIMC Financial Leasing Co., Ltd.</li> </ol>

## CHAPTER VIII CORPORATE GOVERNANCE

Session of meeting of the Board	Date	Resolutions of the Board considered
The 3rd meeting in 2021	22 February 2021	<ol style="list-style-type: none"> <li>1. Resolution in relation to Further Updating Guarantee Provided to Shenzhen CIMC Industry &amp; City Development Group Co., Ltd.;</li> <li>2. Resolution in relation to Further Updating Guarantees Provided to CIMC Raffles Offshore (Singapore) Pte. Ltd and Yantai CIMC Raffles Offshore Ltd.;</li> <li>3. Resolution in relation to Proposed Convening of the 1st Extraordinary General Meeting of 2021</li> </ol>
The 4th meeting in 2021	10 March 2021	Resolution in relation to Election of Directors to Preside over the 1st Extraordinary General Meeting of 2021
The 5th meeting in 2021	15 March 2021	Resolution in relation to the 5th Meeting of the Ninth Session of the Board for 2021
The 6th meeting in 2021	15 March 2021	Resolution in relation to the 6th Meeting in 2021
The 7th meeting in 2021	29 March 2021	<ol style="list-style-type: none"> <li>1. Resolution in relation to the 7th Meeting in 2021;</li> <li>2. Resolution in relation to the Financing Arrangement for 2021;</li> <li>3. Resolution in relation to the Annual Guarantee Plan of CIMC for 2021;</li> <li>4. Resolution in relation to Provision of Guarantee for Shenzhen CIMC Industry &amp; City Development Group Co., Ltd.;</li> <li>5. Resolution in relation to Management of Derivative Hedging Operations for 2021;</li> <li>6. Resolution in relation to Execution of the Continuous Connected Transactions/Daily Related Transactions of 2020;</li> <li>7. Resolution in relation to Application for Registration and Issue of Debt Financing Instruments by National Association of Financial Market Institutional Investors</li> </ol>
The 8th meeting in 2021	6 April 2021	Resolution in relation to Election of Directors to Preside over the 2nd Extraordinary General Meeting of 2021
The 9th meeting in 2021	7 April 2021	Resolution in relation to By-election of the Vice Chairman and Determination of Composition of the Relevant Special Committees of the Board of Directors
The 10th meeting in 2021	16 April 2021	Resolution in relation to the 10th Meeting in 2021
The 11th meeting in 2021	27 April 2021	Resolution in relation to the 1st Quarterly Report of 2021
The 12th meeting in 2021	30 April 2021	Resolution in relation to Proposed Convening of the Annual General Meeting for 2020

## CHAPTER VIII CORPORATE GOVERNANCE

Session of meeting of the Board	Date	Resolutions of the Board considered
The 13th meeting in 2021	17 May 2021	Resolution in relation to Proposed Issuance of A Shares and Listing of CIMC Safeway Technology Co., Ltd. on the ChiNext of the Shenzhen Stock Exchange
The 14th meeting in 2021	31 May 2021	Resolution of the Ninth Session of the Board in relation to the 14th Meeting in 2021
The 15th meeting in 2021	17 June 2021	Resolution in relation to Election of Directors to Preside over the 3rd Extraordinary General Meeting of 2021
The 16th meeting in 2021	18 June 2021	Resolution in relation to the Second Tranche of Trust Scheme with Bonus Balance under the Profit Sharing Scheme
The 17th meeting in 2021	14 July 2021	Confirmation Letter Relating to the Applying the Waiver from the Hong Kong Stock Exchange for Split Listing of CIMC Tianda on the ChiNext of Shenzhen Stock Exchange
The 18th meeting in 2021	23 July 2021	Resolution in relation to Amendment to the Information Disclosure Management System of China International Marine Containers (Group) Co., Ltd.
The 19th meeting in 2021	10 August 2021	Resolution in relation to Acquisition of the Equity Interests in CIMC Finance Co., Ltd. held by Certain Members of the Group
The 20th meeting in 2021	23 August 2021	Resolution in relation to Consent for Acquisition of 25% Equity Interests of Zhenhua Logistics by CIMC Wetrans
The 21st meeting in 2021	27 August 2021	<ol style="list-style-type: none"> <li>1. Resolution in relation to the 21st Meeting in 2021;</li> <li>2. Resolution in relation to Relevant Issues between CIMC Finance Co., Ltd. and Shenzhen CIMC Industry &amp; City Development Group Co., Ltd. (Mai Boliang, Chairman of the Board, avoided voting);</li> <li>3. Resolution in relation to Participation in Formation of "China Offshore Engineer Technology Development Co., Ltd. (provisional name)"</li> </ol>
The 22nd meeting in 2021	6 September 2021	Resolution in relation to Proposed Convening of the 4th Extraordinary General Meeting of 2021
The 23rd meeting in 2021	27 September 2021	Resolution in relation to Consent for Execution of Share Purchase Agreement-Maersk Container Industry with "A.P. Møller – Mærsk AS"
The 24th meeting in 2021	27 October 2021	Resolution in relation to the 3rd Quarterly Report of 2021

## CHAPTER VIII CORPORATE GOVERNANCE

Session of meeting of the Board	Date	Resolutions of the Board considered
The 25th meeting in 2021	9 November 2021	Resolution in relation to Consent for Provision of Financial Assistance by CIMC Enric Investment Holdings (Shenzhen) Ltd. to Angang CIMC (Yingkou) New Energy Technology Co., Ltd.
The 26th meeting in 2021	23 November 2021	Resolution in relation to Equity Transfer and Introduction of Strategic Investors Through Capital Increase and Shares Enlargement of CIMC Financing and Leasing Co., Ltd.
The 27th meeting in 2021	25 November 2021	Resolution in relation to Consent for Amendment to Measures of Annual Performance Assessment and Incentives for Those Engaged by the Board of CIMC and the Measures of Implementation and Management of the Profit Sharing Scheme of CIMC
The 28th meeting in 2021	25 November 2021	<ol style="list-style-type: none"> <li>Resolution in relation to Proposed Convening of the 5th Extraordinary General Meeting of 2021;</li> <li>Resolution in relation to Election of Directors to Preside over the 5th Extraordinary General Meeting of 2021</li> </ol>
The 29th meeting in 2021	9 December 2021	Resolution in relation to Continued Connected Transaction/Daily Related Transaction with Sinotrans & CSC Holdings Co., Ltd.
The 30th meeting in 2021	16 December 2021	Resolution in relation to Joint Establishment of Yantai CIMC Raffles Offshore Technology Group Co., Ltd. with Yantai Guofeng Investment Holdings Group Co., Ltd.
The 31st meeting in 2021	24 December 2021	Resolution in relation to Adjusting the Fixed Remuneration of Mr. Mai Boliang for Serving as the Chairman and CEO of the Company for 2022

Corporate Governance Code A.1.1 requires that “The board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. It is expected regular board meetings will normally involve the active participation, either in person or through electronic means of communication, of a majority of directors entitled to be present.” During the Reporting Period, the Company held 31 Board meetings, of which 3 meetings was held on-site. The executive Directors of the Company manage and monitor the business operation and propose to hold Board meetings to have discussions and make decisions on the Group’s major business or management affairs from time to time. Accordingly, certain relevant decisions were made by all Directors by way of written resolutions. The Directors are of the opinion that, the fairness and validity of the decisions made for the business had adequate assurance. The Company will strive to put effective corporate governance practices into practice in the future.

#### (IV) Responsibilities and permissions of the board and the management

Responsibilities and permissions of the Board and the management are clearly defined. For details of responsibilities of the Board, please refer to the Articles of Association and the Rules of Procedures for the Board, and for the brief overview, please refer to “(I) Authorities of the Board” of “II. The Board” in this chapter of this Report. The management is responsible for the daily operation and management and accountable to the Board by timely providing adequate information to it and its special committees to ensure their informed decision-making.



## CHAPTER VIII CORPORATE GOVERNANCE

### (V) Chairman and CEO

The chairman and the CEO of the Company are different positions with different duties and responsibilities. Mr. Mai Boliang is the Chairman and CEO of the Company. The Board believes that vesting the roles of both the Chairman and the CEO in Mr. MAI would enable the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. MAI's extensive industrial experience and significant role in the historical development of the Group, the Board believes that it is beneficial to the business prospects of the Group if Mr. MAI acts as both the Chairman and the CEO of the Company, and the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors, non-executive Directors and independent non-executive Directors.

Pursuant to the Articles of Association, the primary duties and responsibilities of the chairman of the Company include: (1) chairing the general meetings and convening and chairing meetings of the Board; (2) urging and inspecting the implementation of Board resolutions; (3) signing share certificates, debentures and other quoted securities of the Company; (4) signing important documents of the Board and other documents which should be signed by the Company's legal representative; (5) exercising the authorities and powers of a legal representative; (6) exercising special discretionary power on corporate affairs in accordance with laws and in the Company's interests in case of emergency situations such as the occurrence of natural disasters of an exceptional scale and other force majeure events, and providing aftermath reports to the Board and general meeting; and (7) performing other duties and powers authorised by the Board.

Pursuant to the Articles of Association, the CEO is accountable to the Board and exercises the following powers and duties: (1) organizing the implementation of the Board resolutions and reporting to the Board of Directors; (2) organizing the implementation of the Company's annual plan and investment program; (3) formulating plans for the establishment of internal management institutions of the Company; (4) devising the basic management system of the Company; (5) being responsible for submitting the annual work report and other reports to the Board; (6) advising the Board to appoint or dismiss president, vice presidents and the chief financial officer; (7) appointing or dismissing core management staff (rank 10 or above) other than those to be appointed or dismissed by the Board, determining their remuneration, and entering into employment contracts with such personnel as authorized by the Board; (8) proposing to hold extraordinary meeting of the Board; (9) performing other duties and powers authorised by the Articles of Association or the Board.

Corporate Governance Code A.2.1 requires that "The roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing." During the Reporting Period, Mr. Mai Boliang served as the Chairman and the CEO of the Company. The Board of the Company believes that vesting the roles of both the Chairman and the CEO in Mr. MAI would enable the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. MAI's extensive industrial experience and significant role in the historical development of the Group, the Board believes that it is beneficial to the business prospects of the Group if Mr. MAI acts as both the Chairman and the CEO of the Company, and the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors, non-executive Directors and independent non-executive Directors.

## CHAPTER VIII CORPORATE GOVERNANCE

### (VI) Term of office and service contracts of Directors and Supervisors

Pursuant to the Articles of Association, the Directors of the Company shall be elected at the general meeting and serve a term of office for three years. Upon the expiry of their term of office, the Directors may be reelected for another session, provided that independent non-executive Directors shall not be re-elected for more than two sessions. Directors' service contracts and Supervisors' service contracts shall be signed between the Company and relevant Directors and Supervisors upon the election of Directors and the Supervisors representing shareholders considered and approved at the general meeting and Supervisors' service contracts shall be signed between the Company and relevant Supervisors upon the election of Supervisors representing staffs considered and approved at general staff meeting. During this year, the changes of Directors and Supervisors of the Company are listed in "(III) Changes of Directors, Supervisors and Senior Management of the Company" of "VI. Information on Directors, Supervisors and Senior Management" under this chapter.

Current executive Director Mai Boliang signed service contracts with the Company on 5 December 2012. Principal terms of such service contract include: (1) the service contract shall be valid from the listing date (19 December 2012) to the 2012 annual general meeting of the Company convened in June 2013. Upon the expiry, the contract can be renewed for another three years; and (2) the service contract may be terminated in accordance with respective terms stipulated therein. Non-executive Director and vice chairman Liu Chong signed a service contract with the Company on 31 May 2016. Principal terms of such service contract include: (1) the service contract shall be valid from the 2015 annual general meeting (31 May 2016) to the 2018 annual general meeting. Upon expiry, the contract can be renewed for another three years; and (2) the service contract may be terminated in accordance with respective terms stipulated therein. Mr. Zhu Zhiqiang, vice chairman and non-executive Director, signed a service contract with the Company on 7 April 2021. Principal terms of such service contract include: (1) the service contract shall be valid from the 2021 second extraordinary general meeting (7 April 2021) to the 2021 annual general meeting. Upon expiry, the contract can be renewed for another three years; and (2) the service contract may be terminated in accordance with respective terms stipulated therein. Hu Xianfu, vice chairman and non-executive Director, signed a service contract with the Company on 26 September 2017. Principal terms of such service contract include: (1) the service contract shall be valid from the 2017 first extraordinary general meeting (26 September 2017) to the 2018 annual general meeting. Upon expiry, the contract can be renewed for another three years; and (2) the service contract may be terminated in accordance with respective terms stipulated therein. Mr. Kong Guoliang, a non-executive Director, signed a service contract with the Company on 7 April 2021. Principal terms of such service contract include: (1) the service contract shall be valid from the 2021 second extraordinary general meeting (7 April 2021) to the 2021 annual general meeting. Upon expiry, the contract can be renewed for another three years; and (2) the service contract may be terminated in accordance with respective terms stipulated therein. Mr. Ming Dong signed a service contract with the Company on 3 June 2019. Principal terms of such service contract include: (1) the service contract shall be valid from the 2018 annual general meeting (3 June 2019) to the 2021 annual general meeting. Upon expiry, the contract can be renewed for another three years; and (2) the service contract may be terminated in accordance with respective terms stipulated therein. Non-executive Director Deng Weidong and executive Director Gao Xiang signed service contracts with the Company on 9 October 2020. Principal terms of such service contracts include: (1) the service contract shall be valid from the 2020 first extraordinary general meeting (9 October 2020) to the 2021 annual general meeting. Upon expiry, the contract can be renewed for another three years; and (2) the service contract may be terminated in accordance with respective terms stipulated therein. On 9 March 2021, Mr. Liu Chong resigned from the positions of director, vice-chairman and the member of the Strategy Committee of the Board of the Company due to the change in job assignments. Mr. Liu Chong will not take any position in the Company upon his resignation of the aforesaid positions. On the same day, Mr. Gao Xiang resigned from the position of director of the Company due to the change in job assignments. Mr. Gao Xiang's position as the president of the Company and other positions in the subsidiaries of the Company remain unchanged upon his resignation of the aforesaid position.

## CHAPTER VIII CORPORATE GOVERNANCE

He Jiale and Lui Fung Mei Yee, Mabel, both being independent non-executive Directors, signed service contracts with the Company on 3 June 2019, with major terms including: (1) the service contracts shall be valid from the 2018 annual general meeting (3 June 2019) to the 2021 annual general meeting of the Company. Upon expiry, the contracts can be renewed for another three years; and (2) the service contracts may be terminated in accordance with respective terms stipulated therein. Pan Zhengqi, an independent non-executive Director, signed a service contract with the Company on 31 May 2016, with details including: (1) the service contract shall be valid from the 2015 annual general meeting (31 May 2016) to the 2018 annual general meeting of the Company. Upon expiry, the contract can be renewed for another three years; and (2) the service contract may be terminated in accordance with the respective terms stipulated therein.

The Company entered into service contracts with Shi Lan (the chairman of the Supervisory Committee) on 7 April 2021, Lou Dongyang (Supervisor) on 3 June 2019 and Xiong Bo (Supervisor) on 4 December 2013, respectively.

For details of the term of current Directors and Supervisors, please refer to “4. Job Status of Current Directors, Supervisors and Senior Management” of “VI. Information on Directors, Supervisors and Senior Management” under this chapter.

Apart from disclosed above, no Director or Supervisor has a service contract or attempt to enter into a service contract (which is not terminable by the Company within one year without payment of compensation, save for statutory compensation) with any member of the Group.

### (VII) Directors' remuneration

Among the nine Directors of the Company, Mr. Mai Boliang was paid by the Company due to his position as both Chairman and CEO. The Company did not pay any remuneration to any of the non-executive Directors during the Reporting Period. As considered and approved by the Board and the general meeting, each of the independent non-executive Directors was entitled to an allowance of RMB240,000 per annum. Other than that, the Company did not provide other remuneration to the independent non-executive Directors during the Reporting Period. Details of remuneration paid to the Directors by the Company during this year are listed in “5. Remuneration of Directors, Supervisors and Senior Management” of “VI. Information on Directors, Supervisors and Senior Management” under this chapter. In the review and determination of specific remuneration packages for the Directors, the Company's Remuneration and Appraisal Committee may consider factors such as salaries paid by comparable companies, time of commitment and responsibilities of the Directors. For details of the specific appraisal procedures and remuneration determination scheme for the Directors, please refer to “(I) Remuneration and Appraisal Committee” of “III. Special Committees of the Board” under “Part II: Corporate Governance Report (Prepared in Accordance with the Requirements of the Hong Kong Listing Rules)” in this chapter of this Report.

During the Reporting Period, the Company didn't make any payments nor provide any benefit in respect of the termination of the service of Directors (whether rendered in the capacity of Directors or in any other capacity during term of office as Directors).

## CHAPTER VIII CORPORATE GOVERNANCE

### (VIII) Interests of directors

#### 1. Interests of Directors and Supervisors in contracts

During the Reporting Period, none of the Directors or Supervisors of the Company had any material personal interests, either directly or indirectly, in any transaction, arrangement or contract of significance where the Company or any of its subsidiaries was a party.

#### 2. Competing interests of Directors

Mr. Hu Xianfu, a non-executive Director of the Company, serves as the general manager of China Merchants Industry Holdings Company Limited. Mr. Deng Weidong, a non-executive Director of the Company, served as the director of the capital management department of China Merchants Group. China Merchants Industry Holdings Company Limited and its controlling shareholder China Merchants Group are the second largest Shareholder of the Company. The offshore engineering business of China Merchants Group competes with that of the Group.

Mr. Ming Dong, a non-executive Director of the Company, serves as general manager and deputy general manager of COSCO SHIPPING Development. The container manufacturing, logistics services and financial leasing business of COSCO SHIPPING Development Co., Ltd. and its controlling shareholder China COSCO Shipping Corporation Limited provided for the Company compete with those of the Group.

Save as disclosed above, none of other Directors hold any interests in a business that competes or may compete directly or indirectly with the business of the Group.

### (IX) Measures to ensure Director's fulfilment of responsibilities

1. Upon assumption of duty by the Directors, the Company shall provide relevant instruction materials. Information about the Company's business and operation shall be provided on a regular basis as well. The dynamic information on relevant new laws and regulations and internal publications shall be given from time to time. Relevant continuous professional training shall be organised at the Company's cost to help Directors fully understand their responsibilities prescribed in the Hong Kong Listing Rules and other relevant laws and regulations, and comprehensively understand the operation of the Company in a timely manner. In order to ensure the fulfilment of responsibilities by independent non-executive Directors, the Company will also arrange independent non-executive Directors to conduct field visits and to develop ample communication with the senior management (including the chief financial officer) and the auditors of the Company.

## CHAPTER VIII CORPORATE GOVERNANCE

2. To ensure their continued development and update of knowledge and skills for better performance of their duties, the Directors attended the training provided by lawyers, auditors and the Hong Kong Stock Exchange. According to records kept by the Company, in 2021, the Directors of the Company received the following trainings:

Name	Position	Laws, regulations and rules and other reading materials
Mai Boliang	Chairman, Executive Director and CEO	Study by the entire Directors: Insight of PricewaterhouseCoopers – Development of Standards and Requirements
Zhu Zhiqiang	Vice chairman and non-executive Director	
Liu Chong (Note)	Former vice chairman and non-executive Director	Mr. Zhu Zhiqiang and Mr. Kong Guoliang participated in the 2021 Training Course for Directors and Supervisors of Listed Companies organized by Shenzhen Securities Regulatory Bureau
Hu Xianfu	Vice chairman and non-executive Director	
Kong Guoliang	Non-executive Director	
Deng Weidong	Non-executive Director	
Ming Dong	Non-executive Director	
Gao Xiang (Note)	Former executive Director	
He Jiale	Independent non-executive Director	
Pan Zhengqi	Independent non-executive Director	
Lui Fung Mei Yee, Mabel	Independent non-executive Director	

Note: On 9 March 2021, Mr. LIU Chong resigned from the positions of director and vice-chairman of the Company due to the change in job assignments. On the same day, Mr. GAO Xiang resigned from the position of director of the Company due to the change in job assignments.

3. The Company shall engage auditors, independent financial advisers, lawyers and other relevant independent professionals for independent professional advice as required when commenting on matters such as external guarantees, capital occupation and connected transactions of the Company by the Directors, in order to assist the Directors in fulfilling their responsibilities.
4. Concerning possible legal risks that the Directors, Supervisors and senior management of the Company might face during their fulfilment of responsibilities, on 5 June 2021, the Company contracted with Ping An Property & Casualty Insurance Company of China, Ltd on “Liability insurance for Directors, Supervisors and senior management” with a term of one year and a compensation limit of RMB300 million per year.

## CHAPTER VIII CORPORATE GOVERNANCE

### III. SPECIAL COMMITTEES OF THE BOARD

Under the Board, there are Remuneration and Appraisal Committee, Nomination Committee, Audit Committee, Strategy Committee and Risk Management Committee. Their main responsibility is to support the decision-making of the Board. Directors who participate in the special committees focus on the research of certain issues based on the division of work and provide suggestions that would help improve and enhance the management of the Company.

#### (I) Remuneration and Appraisal Committee

##### 1. Duties and responsibilities of the Remuneration and Appraisal Committee

The main duties and responsibilities of the Remuneration and Appraisal Committee of the Company are: (1) to study and formulate evaluation criteria for senior management, to perform evaluation and propose remuneration policies and plans; (2) to make recommendations regarding the evaluation criteria and remuneration policies for Directors; (3) to formulate share option incentive schemes pursuant to provisions of relevant laws, regulations and normative documents; (4) to be responsible for the management of share incentive schemes, including but not limited to reviews on the qualification of grantees, grant condition and condition for exercising the same; and (5) to carry out other matters authorised by the Board.

##### 2. Members of the Remuneration and Appraisal Committee and the attendance rate

The Remuneration and Appraisal Committee comprises five Directors, including three independent non-executive Directors and two non-executive Directors. Current members include Mr. Pan Zhengqi (chairman) and members, namely, Mr. He Jiale, Ms. Lui Fung Mei Yee, Mabel, Mr. Deng Weidong and Mr. Kong Guoliang.

Members of the Remuneration and Appraisal Committee	Time of attendance in person	Time of attendance by proxy
Mr. Pan Zhengqi (chairman)	6	0
Mr. He Jiale (member)	6	0
Ms. Lui Fung Mei Yee, Mabel (member)	6	0
Mr. Kong Guoliang (member)	5	0
Mr. Deng Weidong (member)	6	0

## CHAPTER VIII CORPORATE GOVERNANCE

### 3. Work of the Remuneration and Appraisal Committee during the Reporting Period

The Remuneration and Appraisal Committee held 6 meetings during the Reporting Period, and the proposals deliberated are as follows:

Session of meeting	Date	Resolutions considered
The 1st meeting in 2021 of the 9th session	29 March 2021	Opinion on remuneration payment to the Directors, Supervisors and senior management of the Company in 2021
The 2nd meeting in 2021 of the 9th session	20 May 2021	<ol style="list-style-type: none"> <li>1. Review opinion on the 2020 appraisal of appointed personnel (Mr. Mai Boliang, CEO) by the Board;</li> <li>2. Review opinion on the 2020 appraisal of appointed personnel (excluding Mr. Mai Boliang, CEO) by the Board</li> </ol>
The 3rd meeting in 2021 of the 9th session	2 June 2021	<ol style="list-style-type: none"> <li>1. Opinion on the 2020 bonus distribution plan for personnel appointed (Mr. Mai Boliang, CEO) by the Board;</li> <li>2. Opinion on the 2020 bonus distribution plan for personnel appointed (excluding Mr. Mai Boliang, CEO) by the Board</li> </ol>
The 4th meeting in 2021 of the 9th session	27 August 2021	Opinion of the Remuneration and Appraisal Committee of the Board on optimization of remuneration package for senior management of CIMC
The 5th meeting in 2021 of the 9th session	25 November 2021	Opinion on Amendment to Measures of Annual Performance Assessment and Incentives for Those Engaged by the Board of CIMC and the Measures of Implementation and Management of the Profit Sharing Scheme of CIMC
The 6th meeting in 2021 of the 9th session	20 December 2021	<ol style="list-style-type: none"> <li>1. Opinion on adjusting the fixed remuneration package of those engaged by the Board (Mr. Mai Boliang, CEO) for 2022;</li> <li>2. Opinion on adjusting the fixed remuneration package of those engaged by the Board (excluding Mr. Mai Boliang, CEO) for 2022</li> </ol>

## CHAPTER VIII CORPORATE GOVERNANCE

### 4. Decision procedures for remuneration

The appraisal procedures of the Remuneration and Appraisal Committee for the directors and senior management include: (1) the Remuneration and Appraisal Committee determines the list of staff to be appraised and submits to the Board for consideration and approval; (2) the staff to be appraised submit a work report and provide self-evaluation to the Remuneration and Appraisal Committee of the Board; (3) the Remuneration and Appraisal Committee evaluates the performance of the staff based on the evaluation criteria and procedures; and (4) the Remuneration and Appraisal Committee proposes the remuneration scheme or recommendation for each staff member based on their results of performance evaluation and the remuneration distribution policy, and reports it to the Board after passing the vote.

According to the Implementation Rules of the Remuneration and Appraisal Committee, the remuneration plan of the Company's Directors proposed by the Remuneration and Appraisal Committee shall be submitted to the Board for discussion and consent, and then submitted to the general meeting for consideration and approval before implementation; the remuneration distribution plan for senior management shall be submitted to the Board for examination and approval before implementation. Model (ii) of Rule B.1.2(c) in Appendix 14 of the Hong Kong Listing Rules is adopted for the procedures that determine the remuneration.

### (II) Nomination Committee

#### 1. Duties and responsibilities of the Nomination Committee

The main duties and responsibilities of the Nomination Committee are: (1) to review the structure, size and composition of the Board annually on a regular basis (including the aspects of skills, knowledge and experience) and make recommendations on any proposed changes to the Board to keep in line with the Company's strategy, in order to reflect the current regulatory requirement and sound corporate governance practice; (2) to recruit the Board members, assess and evaluate the best composition of the Board members in accordance with the Company's formulated strategies and objectives, to identify individuals qualified to become Board members and select and make recommendations to the Board on the selection of individuals nominated for directorships; and to assess the independence of independent non-executive directors; (3) to stipulate the objectives of nomination policy, to make recommendations to the Board on relevant matters relating to the selection, appointment or reappointment of Directors, and succession plan for Directors (especially the chairman of the Board and president) and formulate transparent and fair policy; (4) to evaluate the Directors' work and make suggestions or recommendations on the replacement of Directors based on the evaluation results (if applicable); (5) to fully consider the Company's policy on diversity of Board members when fulfilling responsibilities, i.e. the selection of candidates for the Board will be based on a diverse range of criteria, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge; on top of the above conditions, qualities such as the candidate's comprehensive value to the Company's business and development, his/her potential contribution to the Board, views and perspectives, independence and requirements on diversity of the Board members will be taken into account when the final decision is made; (6) to review, where appropriate, the Company's policy on diversity of Board members as well as the measurable goals and progress of policy implementation to ensure its efficiency; and (7) to perform other duties authorised by the Board.



## CHAPTER VIII CORPORATE GOVERNANCE

### 2. Members of the Nomination Committee and the attendance rate

The Nomination Committee comprises five Directors, including three independent non-executive Directors and two non-executive Director. Current members include chairman, namely, Ms. Lui Fung Mei Yee, Mabel and members, namely, Mr. Mai Boliang, Mr. Zhu Zhiqiang Mr. He Jiale and Mr. Pan Zhengqi.

Member of the Nomination Committee	Time of attendance in person	Time of attendance by proxy
Ms. Lui Fung Mei Yee, Mabel (chairman)	2	0
Mr. Mai Boliang (member)	2	0
Mr. Hu Xianfu (member)	2	0
Mr. Zhu Zhiqiang (member)	0	0
Mr. He Jiale (member)	2	0
Mr. Pan Zhengqi (member)	2	0

### 3. Work of the Nomination Committee during the Reporting Period

The Nomination Committee held 2 meetings during the Reporting Period, and the proposals deliberated are as follows:

Session of meeting	Date	Resolutions considered
The 1st meeting in 2021 of the 9th session	15 March 2021	Opinions on the nomination of Mr. Zhu Zhiqiang and Mr. Kong Guoliang as director candidates for the 9th Session of the Board
The 2nd meeting in 2021 of the 9th session	29 March 2021	Opinion on the 1st meeting in 2021

### 4. Policy of diversity of the board members

The Implementation Rules for the Nomination Committee of the Company clarified the policy of diversity of the Board members, i.e. the selection of candidates for the Board will be based on a diverse range of criteria, such measurable criteria include but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. On top of the above conditions, qualities such as the candidate's comprehensive value to the Company's business and development, his/her potential contribution to the Board and requirements on diversity of the Board members will be taken into account when the final decision is made. The Company has been making continuous efforts to improve the proportion of females in the Board. During the Reporting Period, the Company appointed Ms. Lui Fung Mei Yee, Mabel, an independent non-executive Director, to achieve the increase of the number of females in the Board. The Board considers that the Company's existing practices are in line with the requirements of the Hong Kong Listing Rules on diversity of the Board members.

## CHAPTER VIII CORPORATE GOVERNANCE

### 5. Procedures and criteria of nomination of Directors

According to the Implementation Rules of the Nomination Committee, the procedures of nomination and selection of Directors should include: (1) the Nomination Committee shall proactively exchange views with relevant departments of the Company to study the need of the Company for new Directors, and formulate written materials; (2) the Nomination Committee may conduct extensive search for candidates for directorship among employees of the Company, its Shareholders and in the open recruitment market; (3) information including the profession, education, professional titles, detailed work experience and all part-time jobs etc. of the preliminary candidates shall be collected, and written materials shall be formulated; (4) the nominee's consent to nomination shall be sought, failing which such nominee shall not be named as a candidate for directorship; (5) a meeting of the Nomination Committee shall be convened, at which qualification-vetting of the preliminary candidates shall be carried out based on the terms of appointment for Directors; (6) the Nomination Committee shall submit its recommendations for candidates for directorship together with relevant materials to the Board one to two months prior to the election of new Directors; and (7) other subsequent tasks to be undertaken pending on the decision and feedback of the Board.

Pursuant to the Articles of Association, election and replacement of Directors shall be proposed to a general meeting for approval. The Nomination Committee of the Board (the Board), the Supervisory Committee and the Shareholders whose shareholding represents 1% or more of the voting shares of the Company are entitled to raise proposals. The Office of the Secretary to the Board is responsible for preparing relevant procedural documents, including but not limited to recommendation letters, resumes of candidates, tables of basic information and letters of resignation, which shall be submitted to the Board for consideration, and then to the general meeting for approval upon the consent of the Director candidates and qualification review of the Board's Nomination Committee. At the same time, resigning Directors are requested to sign resignation letters. Pursuant to the Articles of Association, the Company is required to give notice in writing and make an announcement at least 20 business days prior to the annual general meeting (excluding the date of the notice and the date of the meeting); and at least 15 days or 10 business days prior to the extraordinary general meeting (whichever is longer and excluding the date of the notice and the date of the meeting), and send a circular to the Shareholders. Pursuant to the Hong Kong Listing Rules, information concerning the name list, resumes and emoluments of the candidates for directorship must be set out in the circular to Shareholders to facilitate voting by Shareholders. The new Directors must be approved by more than half of the total voting shares held by the Shareholders present in person or by proxy at the general meeting or by a cumulative vote.

#### (III) Audit Committee

##### 1. Duties and responsibilities of the Audit Committee

The main duties and responsibilities of the Audit Committee include: to handle the relationship with the external auditing body of the Company, to review the financial information of the Company and to monitor the Company's financial reporting system and internal control procedures.

## CHAPTER VIII CORPORATE GOVERNANCE

### 2. Members of the Audit Committee and the attendance rate

The Audit Committee comprises three independent non-executive Directors. Current members include, chairman, Mr. He Jiale and members, Mr. Pan Zhengqi and Ms. Lui Fung Mei Yee, Mabel.

Member of the Audit Committee	Time of attendance in person	Time of attendance by proxy
Mr. He Jiale (chairman)	12	0
Mr. Pan Zhengqi (member)	12	0
Ms. Lui Fung Mei Yee, Mabel (member)	12	0

### 3. Work of the Audit Committee during the Reporting Period

During the Reporting Period, the Audit Committee held 12 meetings, and the proposals deliberated are as follows:

Session of meeting	Date	Resolutions considered
The 1st meeting in 2021 of the 9th session	22 February 2021	Opinion on further updating guarantee provided to Shenzhen CIMC Industry & City Development Group Co., Ltd.
The 2nd meeting in 2021 of the 9th session	15 March 2021	None
The 3rd meeting in 2021 of the 9th session	29 March 2021	Opinion on matters concerning the 3rd meeting in 2021
The 4th meeting in 2021 of the 9th session	23 April 2021	None
The 5th meeting in 2021 of the 9th session	27 April 2021	Opinion on the first quarterly financial report in 2021
The 6th meeting in 2021 of the 9th session	23 August 2021	Auditing opinion on Acquisition of 25% Equity Interests of Zhenhua Logistics by CIMC Wetrans
The 7th meeting in 2021 of the 9th session	27 August 2021	Opinion on matters concerning the 7th meeting in 2021
The 8th meeting in 2021 of the 9th session	25 October 2021	None
The 9th meeting in 2021 of the 9th session	27 October 2021	Opinion on the third quarterly financial report in 2021
The 10th meeting in 2021 of the 9th session	23 November 2021	Auditing opinion on equity transfer and introduction of strategic investors through capital increase and shares enlargement of CIMC Financing and Leasing Co., Ltd.
The 11th meeting in 2021 of the 9th session	24 November 2021	Auditing opinion on continued connected transaction/daily related transaction with Sinotrans & CSC Holdings Co., Ltd.
The 12th meeting in 2021 of the 9th session	16 December 2021	None

## CHAPTER VIII CORPORATE GOVERNANCE

### (IV) Strategy Committee

The main duties and responsibilities of the Strategy Committee of the Company are: to study and make recommendations on the Company's long-term strategic development plan (including sustainable development strategy), on the major investment programme that is subject to the approval of the Board, and on the major capital operations and asset management projects that shall be subject to the approval of the Board; to conduct research on ESG management guidelines, objectives, strategies, materiality issues and budgets, identify and make recommendations on risks and opportunities, monitor implementation and review progress against objectives; to review ESG reports and disclosure regarding the Group's sustainability, and make recommendations for approval for publication or disclosure; and to perform other duties authorised by the Board.

Members of Strategy Committee comprise one executive Director, two non-executive Directors and two independent non-executive Directors. Current members are: chairman of the committee, Mr. Mai Boliang, and members, Mr. Zhu Zhiqiang, Mr. Hu Xianfu, Mr. He Jiale and Mr. Pan Zhengqi.

During the Reporting Period, the Strategy Committee of the Company held meetings through interviews, telephone, email, electronic communications and other methods to discuss important matter of the Company, kept close and effective communication and ensured the performance of its duties and responsibilities.

During the Reporting Period, the Strategy Committee held 2 meetings, and the proposals deliberated are as follows:

Session of meeting	Date	Resolutions considered
The 1st meeting in 2021 of the 9th session	29 March 2021	Opinion of the ninth session of the Strategy Committee of the Board on matters concerning the 1st meeting in 2021
The 2nd meeting in 2021 of the 9th session	27 August 2021	None

### (V) Corporate governance functions

The Board has responsibilities of corporate governance, which are to urge the management to establish compliant organisational structure and systems, and to abide by the Corporate Governance Code and other laws and regulations in its daily management. According to the Corporate Governance Code, during the Reporting Period, the Board audited the compliance of the Company's corporate governance policies and guidelines, and was responsible for and performed the following corporate governance functions:

1. To formulate and review the Company's corporate governance policies and practices, and make recommendations to the Board;
2. To review and monitor the training and continuous professional development of the Directors and senior management;
3. To review and monitor the policies and practices in terms of the Company's compliance with laws and regulations;
4. To formulate, review and monitor the code of conduct for employees and Directors; and
5. To review the Company's compliance with the Corporate Governance Code set out in Appendix 14 of the Hong Kong Listing Rules and the disclosure in the Corporate Governance Report.

## CHAPTER VIII CORPORATE GOVERNANCE

### (VI) Risk Management Committee

In order to further strengthen the risk management and internal control system, enhance the risk control capability and optimise the corporate governance structure of the Company, the Risk Management Committee was established by the Board.

#### 1. Duties and responsibilities of the Risk Management Committee

The main duties and responsibilities of the Risk Management Committee include: (1) to supervise and provide guidance on strengthening the risk management and internal control system of the Company; (2) to consider the planning for the risk management and internal control system of the Company, the annual work plan and annual report; (3) to consider the establishment of administrative organisations of the risk management and internal control system of the Company and proposals on their responsibilities; (4) to consider the relevant rules and regulations and work flows of the risk management and internal control system of the Company; (5) to consider the Company's strategies on risk management and its risk management solutions for significant risks; (6) to study the risks and risks control of significant issues in major investment & financing activities and operation management, making recommendations to the Board in respect thereof; (7) to study the significant findings of investigations on major risk emergency events or other risk management and internal control related issues as well as the feedback from the management; and (8) to handle other affairs as authorised by the Board concerning comprehensive risk management.

#### 2. Members of the Risk Management Committee and the attendance rate

During the Reporting Period, the Risk Management Committee comprised five Directors. Current members include: chairman, Mr. Kong Guoliang, and members, Mr. Deng Weidong, Mr. He Jiale, Mr. Pan Zhengqi and Ms. Lui Fung Mei Yee, Mabel.

Member of the Risk Management Committee	Time of attendance in person	Time of attendance by proxy
Mr. Kong Guoliang (chairman)	4	0
Mr. Deng Weidong (member)	5	0
Mr. He Jiale (member)	5	0
Mr. Pan Zhengqi (member)	5	0
Ms. Lui Fung Mei Yee, Mabel (member)	5	0

## CHAPTER VIII CORPORATE GOVERNANCE

### 3. Work of the Risk Management Committee during the Reporting Period

During the Reporting Period, the Risk Management Committee held 5 meetings.

Session of meeting	Date	Resolutions considered
The 1st meeting in 2021 of the 9th session	29 March 2021	Opinion on 2020 Internal Control Assessment Report of CIMC
The 2nd meeting in 2021 of the 9th session	23 April 2021	None
The 3rd meeting in 2021 of the 9th session	27 August 2021	None
The 4th meeting in 2021 of the 9th session	25 October 2021	None
The 5th meeting in 2021 of the 9th session	16 December 2021	None

## IV. SHAREHOLDERS AND GENERAL MEETINGS

### 1. Shareholders' rights

To ensure that all Shareholders of the Company enjoy equal rights and exercise their rights effectively, the Company convenes the general meetings every year pursuant to the Articles of Association. The Resolution Regarding the Amendment to the Rules of Procedures for the General Meeting of China International Marine Containers (Group) Co., Ltd. was considered and approved at the 2020 annual general meeting of the Company. For relevant information, please refer to the announcements published by the Company on Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) (Announcement No.: [CIMC] 2021-060) on 2 June 2021, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

The Company has always kept good communication with the Shareholders by reporting the performance and operations of the Group to the Shareholders through the disclosures of annual reports, interim reports and quarterly reports, as well as several other formal communication channels. At the same time, the hotline and e-mail services are available for the Shareholders to express their views or to exercise their rights. The materials on the website are regularly updated to keep the Shareholders and the public posted on the latest developments of the Company in a timely manner.

The dates, content, delivery methods, announcement methods and the Shareholders' voting procedures of the Company's circulars and notices of general meetings strictly comply with the relevant provisions of the PRC Company Law, the Articles of Association and the Hong Kong Listing Rules to ensure the exercise of the Shareholders' rights to attend the general meetings. Pursuant to the Articles of Association, the Shareholder(s) is (are) entitled to supervise the operation of the Company, raise recommendations or enquiries to the Company.

During the Reporting Period, the Company held a total of 6 general meetings, including: 5 extraordinary general meetings and 1 annual general meeting.

## CHAPTER VIII CORPORATE GOVERNANCE

### 2. Attendance of the directors at the general meetings

Position	Name	General meeting attended	6 general meetings convened in this year	
			Time of attendance	Attendance rate (%)
Chairman, executive Director, CEO	Mai Boliang	Annual general meeting for 2020	1	16.67
Vice chairman, non-executive Director	Zhu Zhiqiang	None	0	0
Vice chairman, non-executive Director	Liu Chong (Note)	None	0	0
Vice chairman, non-executive Director	Hu Xianfu	None	0	0
Non-executive Director	Kong Guoliang	Annual general meeting for 2020	1	25
Non-executive Director	Deng Weidong	None	0	0
Non-executive Director	Ming Dong	None	0	0
Executive Director	Gao Xiang (Note)	None	0	0
Independent non-executive Director	He Jiale	The second to the fifth extraordinary general meetings for 2021; Annual general meeting for 2020	5	83.33
Independent non-executive Director	Pan Zhengqi	The first to the fifth extraordinary general meetings for 2021; Annual general meeting for 2020	6	100
Independent non-executive Director	Lui Fung Mei Yee, Mabel	Annual general meeting for 2020; The third extraordinary general meetings for 2021	2	33.33

Note: On 9 March 2021, Mr. Liu Chong resigned from the positions of director and vice-chairman of the Company due to the change in job assignments. On the same day, Mr. GAO Xiang resigned from the position of director of the Company due to the change in job assignments.

Details on resolutions passed at the above general meetings have been set out in the relevant announcements published on the website of the Shenzhen Stock Exchange, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)), the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website.

## CHAPTER VIII CORPORATE GOVERNANCE

### 3. Implementation of resolutions of annual general meeting by the board

All members of the Board have seriously and diligently performed their duties, implemented the resolutions passed at the annual general meeting and accomplished all tasks as authorised by the annual general meeting according to the relevant laws and regulations of the respective jurisdictions where the Company's shares are listed and the provisions as set out in the Articles of Association.

### 4. Procedures for requisition to convene a general meeting and proposals by shareholders

Pursuant to the Articles of Association, the Shareholder(s) individually or jointly holding a total of 10% or more of the shares of the Company is (are) entitled to request the Board in writing to convene an extraordinary general meeting or a class general meeting. Two or more Shareholders holding a total of 10% or more of the shares carrying voting right of the Company may sign one or more written requests of identical form and substance requesting the Board to convene a class general meeting or an extraordinary general meeting and stating the subject of the meeting. If the Board disagrees with the proposal of convening an extraordinary general meeting requested by such Shareholders, such Shareholders shall make a written resolution to the Supervisory Committee for convening such an extraordinary general meeting. If the Supervisory Committee agrees to convene such a meeting, a notice of such meeting shall be issued within five days upon receipt of the proposal. Changes made to the original proposal shall be approved by the original proposer. If the Supervisory Committee fails to dispatch a notice of the general meeting within a prescribed period of time, it shall be deemed that the Supervisory Committee fails to convene and preside over the general meeting. In that case, the Shareholder(s) individually or jointly holding 10% or more of the shares of the Company for a continuous period of 90 days may convene and preside over a general meeting by himself/themselves, provided that prior to the announcement of the resolutions of the general meeting the shares held by such convening Shareholder(s) shall not be less than 10% of the shares of the Company. The reasonable expenses incurred by such Shareholder(s) for general meeting or a class general meeting shall be borne by the Company and shall be deducted from the remuneration paid by the Company to the negligent Director(s).

Pursuant to the Articles of Association, the Shareholder(s) individually or jointly holding more than 3% of the Company's shares is (are) entitled to submit extraordinary resolutions in writing to the Board 10 days prior to the general meeting.

The Company values feedbacks from its Shareholders, investors and the public. Shareholders may submit their inquiries and questions to the Board in writing via the Company Secretary. Shareholders may make inquiries and recommendations by contacting the Company. For the contact information, please refer to the "Chapter I Corporate Profile" in this Report.



## CHAPTER VIII CORPORATE GOVERNANCE

### V. SUPERVISORS AND THE SUPERVISORY COMMITTEE

The Supervisory Committee of the Company is accountable to the general meeting. All of the Supervisors have discharged their duties seriously in accordance with the provisions of the Articles of Association, attended all Board meetings and persistently reported their work to the general meeting. In line with the spirit of accountability to all Shareholders, the Supervisory Committee monitored the financial affairs and internal control of the Company and the performance of duties and responsibilities by the Directors, presidents and other senior management personnel of the Company to ensure that they have performed their duties in compliance with applicable laws and regulations. For details of the work of the Supervisory Committee during the Reporting Period, please refer to “Chapter VII Report of the Supervisory Committee” in this Report.

### VI. ACCOUNTABILITY, AUDIT AND CONTINUING OPERATIONS

Directors confirm that they have the responsibility to prepare the financial statements for each financial year to truly and fairly report the Group’s performance and accounts regarding its results and cash flows within relevant period. The Directors audited the financial statements for the year ended 31 December 2021 prepared by the Company with the support from the finance department of the Company, and ensured that the relevant accounting practices and policies are observed and CASBE are complied with in the compilation of the financial statements in order to report the financial position of the Company in a true and fair manner. After due enquiry, the Board considers that the Group has adequate resources to continue operations for the foreseeable future, so it is suitable to adopt an on-going concern basis for the preparation of the financial statements. The Directors were not aware or discover any major uncertain events or situations that may have a material impact on the sustainable operation capability of the Company.

For details of the Auditors’ reporting responsibilities and the statements of their feedbacks to the financial statements of the Company for the year ended 31 December 2021, please refer to “Chapter XIII Auditor’s Report” of this Report.

### VII. REMUNERATION OF THE AUDITORS

The Company has not changed its auditors within the past ten years. For information relating to the remuneration received by the auditors for their services to the Company during the Reporting Period, please refer to “VIII. Engagement and Disengagement of Firms of Accountants” of “Chapter X Significant Events” in this Report.

## CHAPTER VIII CORPORATE GOVERNANCE

### VIII. COMPANY SECRETARY/JOINT COMPANY SECRETARY

On 29 March 2021, Mr. Yu Yuqun resigned as the Secretary to the Board/Company Secretary of the Company due to his work schedule. After his resignation of the aforesaid position, Mr. Yu Yuqun's position as vice president of the Company and other positions in the subsidiaries of the Company remained unchanged. Upon the nomination of Mr. Mai Boliang, Chairman and CEO, Mr. Wu Sanqiang was appointed as the Secretary to the Board/Joint Company Secretary of the Company for a term of three years commencing from 30 March 2021 and ending at the annual board meeting in 2024. Mr. Wu Sanqiang shall be responsible for facilitating the Board procedures of the Company and the communications among Directors, between the Directors and the Shareholders, and among the management. The resume of Mr. Wu is set out in "3. Senior Management" of "V. Brief Biography of the Directors, Supervisors and Senior Management of the Company" of this chapter. On 29 March 2021, the Board of the Company reviewed and approved to appoint Ms. He Linying as joint company secretary of the Company with effect from 30 March 2021. In 2021, Mr. Wu and Ms. He all received trainings of more than 15 hours to advance their professional skills and knowledge.

### IX. INVESTOR RELATIONS

In 2021, the Company continued to place emphasis on and committed to improving investor relations management by, in the interest of minority investors, adopting effective and innovative measures in daily work and settlement of major issues to strengthen all-around communication with Shareholders and investors. Regarding the Company's reception of investors in 2021, please refer to "XI. Reception of Research, Communications and Interviews" under "Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules" of this Report. In the coming year, the Company will further improve its communication with the investors and endeavour to enhance the investors' understanding to the Company. Meanwhile, it is expected that more support and attention from the investors can be earned.

For details of the amendment to the Articles of Association by the Company in 2021, please refer to "I. Situation of Corporate Governance" of "Part I: Corporate Governance Work Report (Prepared in accordance with PRC Securities Regulatory Requirements)" under this chapter.

## CHAPTER VIII CORPORATE GOVERNANCE

### X. RISK MANAGEMENT AND INTERNAL CONTROL

#### (I) The risk management and internal control system

The Company established a comprehensive risk management and internal control system in strict compliance with the requirements of CSRC, the CSRC Shenzhen Bureau and the Hong Kong Stock Exchange. According to the Criteria Benchmarks for Enterprise Internal Controls and its guidance issued by five ministries and departments, the requirements of the Corporate Governance Code and the Corporate Governance Report under the Hong Kong Listing Rules and by referring to guiding documents such as COSO “Corporate Risk Management – Overall Framework” and ISO31000 “Risk Management – Principles and Guidelines”, the Company has designed, implemented and monitored its risk management and internal control system.

The Board of the Company attaches great importance to the construction of the risk management and internal control system of the Company. The Board optimises the risk management strategy of the Company according to the strategic planning, formulates the work policy for risk management for the year, and circulates these strategies and policies to each business department for implementation. The Audit Committee of the Board is responsible for monitoring the design, implementation and supervision of the risk management and internal control system of the Company and reports to the Board in this regard. The Board has established the Risk Management Committee, which is responsible for guiding the design, implementation and monitoring of the Company’s risk management and internal control systems and reporting to the Board. The management is responsible for the design, implementation and supervision of the risk management and internal control systems, and for the identification and special governance of major risks of the Company. Under the authorisation of the management, the audit and supervision department of the Company is responsible for coordinating the construction, implementation and supervision of the risk management and internal control system of the Company.

During the Reporting Period, the Company has conducted a series of risk control works with the target of “building a risk control system that features active risk control, pragmatism and efficiency” under the policy of combination of “management, control and service” through strengthening special governance on key risks:

1. In 2021, in respect of the internal and external major risks, and in response to the internal and external control requirements, a series of risk control systems and requirements with clear rules and requirements that are easy to operate were quickly introduced to create an organisational atmosphere of “knowing red line and keeping bottom line”, and gradually improve the risk control system oriented for business risks;
2. Relying on the Company’s domestic and overseas risk control information platform, the Company has periodically pushed the Quarterly Audit Summary, the Quarterly Overseas Risk Control Information Collection, the Risk Control Information Express and the Risk Control Views\* (風控看板), etc., to disseminate external regulatory policies, laws and regulations and typical internal and external cases to the Company’s organizations at all levels in a timely and dynamic manner, so as to promote the organizations to quickly understand the internal and external risk development and the relevant requirements;

## CHAPTER VIII CORPORATE GOVERNANCE

3. Set a series of intensive, gridded and targeted risk control teaching materials and example cases, carry out customised, business-relevant and multi-dimensional risk control training, and implement the multi-sequence risk control mechanism under which serving a position shall be subject to possession of certain qualification;
4. In respect of the strategy and business deficiency, the Company establishes a joint prevention and control mechanism between its headquarters and various business segments, and collaborate with the frontline entities to promote a number of special risk governance in terms of organization, mechanism and process levels, and quickly carry out cross-sectional exhibition of risk control results;
5. Focusing on the “three highs and one big” (high risk, high value, high frequency and big data) areas of the procurement/sales business, the Company implemented a pilot project on digital risk control modelling and cross-sectional exhibition of the results to create a risk control platform for pre-warning and on-going control and to promote the transformation and upgrading of risk control work.

### (II) Identification, assessment and response procedures for major risks

The Company attaches great importance to the identification and evaluation of major risks based on the risk control information platform, including regulatory requirements, various internal/external risk events, risk information released by external authoritative agencies, etc., and in combination with research and judgment of market and economic situation, identification of major risks that the Company may be faced and the output the “material and important risk pool” to promote the development of major risk assessments.

The risk control management department, together with external experts establishes evaluation criteria based on the likelihood and impact of risks, and with benchmarking against the competent authorities and risk ranking among peers, organizes risk evaluation from both qualitative and quantitative perspectives, selects the top ten risks, investigates and analyzes the reasons for and impacts of the risks, and formulates response measures.

### (III) Procedures for reviewing the effectiveness of risk management and internal control system

The Company continued to promote and improve the effectiveness of risk management and internal control system. The review procedures include annual self-assessment on internal control, compliance check, risk control point inspection, internal audit and supervision, etc., At the same time, the Company applied the risk control information platform and bulletin to promote the rectification of internal control deficiencies. Besides, the Company issued the Measures for Effectiveness Appraisal for Operation of Risk Control System (Trial) to continuously enhance and improve its risk management and internal control system.

## CHAPTER VIII CORPORATE GOVERNANCE

### (IV) The Board's statement on the effectiveness of the risk management and internal control system

The Board acknowledges that it is responsible for the effectiveness of the risk management and internal control system. The Board considers that the risk management and internal control system of the Company is effective and that the Company has duly complied with the criteria benchmarks for enterprise internal controls and the requirements of other relevant provisions to maintain effective financial statement internal controls in all material aspects. Meanwhile, the Board acknowledges that the risk management and internal control system of the Company is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

### (V) Procedures and internal control measures for handling and disclosing inside information

In respect of inside information disclosure procedures and internal control, the Company has promulgated the Information Disclosure Management System (《信息披露管理制度》) and the Insider Registration and Management System (《關於內幕信息知情人登記管理制度》), set up a supervision regime, specified the scope of inside information and developed the insider registration and archival-filing system. Please refer to "I. Situation of Corporate Governance" of "Part I: Corporate Governance Work Report (Prepared in Accordance with the PRC Securities Regulatory Requirements)" in this chapter hereof for details.

## XI. OTHERS

Information on corporate governance can be accessed on the Company's website at [www.cimc.com](http://www.cimc.com). You may access such information by following these steps:

1. Go to the Company's homepage, find and click "Investor relationship";
2. Click "Corporate Governance"; and
3. Click on the information you are looking for.

## CHAPTER IX

# ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### I. MATERIAL ENVIRONMENTAL ISSUES

Whether the listed company and its subsidiaries are on the list of critical pollutant dischargers published by the environmental protection authorities

Yes  No

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
Yangzhou Tonglee Reefer Container Co., Ltd. ("TLC")	Sulphur dioxide	Organised emission	2	Northern part of the factory area	ND (not detected)	Jiangsu Provincial Emission Standard of Air Pollutants for Industrial Kiln and Furnace (Exposure Draft)	0	0.1800	Not exceeded
	Nitric oxide	Organised emission	2	Northern part of the factory area	ND (not detected)		0	0.7200	Not exceeded
	Blackness of fume	Organised emission	2	Northern part of the factory area	<1		-	Not approved by regulators	Not exceeded
	Total phosphorus	Sewage collection pipes	1	Northwest gate of the factory area	5.000 mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015)	0.1270	0.1300	Not exceeded
	Animal and vegetable oil	Sewage collection pipes	1	Northwest gate of the factory area	12.200 mg/L		0.1450	0.3460	Not exceeded
	SS	Sewage collection pipes	1	Northwest gate of the factory area	98.000 mg/L		2.5280	8.6400	Not exceeded
	Total nitrogen	Sewage collection pipes	1	Northwest gate of the factory area	26.000 mg/L		1.5050	1.5120	Not exceeded
	Ammonia nitrogen	Sewage collection pipes	1	Northwest gate of the factory area	17.700 mg/L		1.1200	1.2960	Not exceeded
	COD	Sewage collection pipes	1	Northwest gate of the factory area	298.000 mg/L		11.7450	12.9600	Not exceeded
	VOCs	Organised emission	2	Northern part of the factory area	5.385 mg/m <sup>3</sup>	Emission Standard of VOCs from Industrial Enterprises in Tianjin City (DB12/524-2014)	1.0240	36.7450	Not exceeded
	Xylene	Organised emission	2	Northern part of the factory area	0.022 mg/m <sup>3</sup>		0.0326	Not approved by regulators	Not exceeded
	Methylbenzene	Organised emission	2	Northern part of the factory area	0.016 mg/m <sup>3</sup>		0.0082	Not approved by regulators	Not exceeded
	Benzene	Organised emission	2	Northern part of the factory area	0.011 mg/m <sup>3</sup>		0.0045	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	4	Northern part of the factory area	9.935 mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants (GB16297-1996)	2.4330	2.4380	Not exceeded

## CHAPTER IX

### ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
Yangzhou Runyang Logistics Equipments Co., Ltd. ("CIMC Runyang")	Ammonia	Organised emission	1	Sewage treatment station in the south of the workshop	0.643 mg/m <sup>3</sup>	Emission Standards for Odour Pollutants (GB14554-93)	0.0064	Not approved by regulators	Not exceeded
	Sulphuretted hydrogen	Organised emission	1	Sewage treatment station in the south of the workshop	0.011 mg/m <sup>3</sup>		0.0002	Not approved by regulators	Not exceeded
	Ringelmann emittance	Organised emission	8	South, north and middle of the workshop	<level 1	Jiangsu Provincial Emission Standard of Air Pollutants for Industrial Kiln and Furnace (Second Exposure Draft)	-	Not approved by regulators	Not exceeded
	Nitric oxide	Organised emission	8	South, north and middle of the workshop	0 mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants (GB16297-1996)	0	Not approved by regulators	Not exceeded
	Xylene	Organised emission	3	South and north of the workshop, the hazardous waste warehouse in the north-eastern corner of the factory area	0.045 mg/m <sup>3</sup>		0.4335	Not approved by regulators	Not exceeded
	Methylbenzene	Organised emission	3	South and north of the workshop, the hazardous waste warehouse in the north-eastern corner of the factory area	0.038 mg/m <sup>3</sup>		0.0500	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	20	South, west, middle and north of the workshop	17.777 mg/m <sup>3</sup>		41.2824	Not approved by regulators	Not exceeded
	Benzene	Organised emission	2	South and north of the workshop	0.013 mg/m <sup>3</sup>		0.0302	Not approved by regulators	Not exceeded
	Sulphur dioxide	Organised emission	8	South, north and middle of the workshop	0 mg/m <sup>3</sup>		0	Not approved by regulators	Not exceeded
	Ammonia nitrogen	Sewage collection pipes	1	Southwestern corner of the company	0.480 mg/L	Integrated Wastewater Discharge Standard (GB8978-1996) and Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015)	0.0304	Not approved by regulators	Not exceeded
	Animal and vegetable oil	Sewage collection pipes	1	Southwestern corner of the company	0.250 mg/L		0.0610	Not approved by regulators	Not exceeded
	COD	Sewage collection pipes	1	Southwestern corner of the company	52.000 mg/L		1.8583	Not approved by regulators	Not exceeded
	SS	Sewage collection pipes	1	Southwestern corner of the company	26.000 mg/L		0.9606	Not approved by regulators	Not exceeded
	Total phosphorus	Sewage collection pipes	1	Southwestern corner of the company	0.560 mg/L		0.0150	Not approved by regulators	Not exceeded
	Total nitrogen	Sewage collection pipes	1	Southwestern corner of the company	4.230 mg/L		0.1415	Not approved by regulators	Not exceeded

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
Dongguan Southern CIMC Logistic Equipment Manufacturing Co., Ltd. ("Dongguan Southern CIMC")	VOCs	Organised emission	11	South, north and middle of the workshop, north-eastern corner of the factory area	0.386 mg/m <sup>3</sup>	Implemented with reference to Emission Control Standards of Volatile Organic Compounds from Industrial Enterprises of Tianjin City (DB12/524-2014)	2.8565	78.2163	Not exceeded
	Fume	Organised emission	1	East of the factory area	0.228 mg/m <sup>3</sup>	Emission Standard of Cooking Fume (Trial) (GB18483-2001)	0.0022	Not approved by regulators	Not exceeded
	CODcr	Organised emission	2	Southern boundary	256.130 mg/L	Discharge Limits of Water Pollutants (DB44/26-2001)	7.6475	Not approved by regulators	Not exceeded
	Animal and vegetable oil	Organised emission	2	Southern boundary	0.790 mg/L		0.0260	Not approved by regulators	Not exceeded
	Total Methylbenzene and Xylene	Organised emission	2	Two in phase-I pre-treatment workshop	0.4444 mg/m <sup>3</sup>	Emission Standard of Volatile Organic Compounds for Container Manufacturing (DB44/1837-2016)	0.4010	Not approved by regulators	Not exceeded
	VOCs	Organised emission	2	3 in northwest of phase-I workshop, 1 in southwest of phase-I workshop, 1 in south of phase-I Workshop, 2 in phase-I pre-treatment workshop	3.630 mg/m <sup>3</sup>		12.0478	48.7500	Not exceeded
	Benzene	Organised emission	2	2 in phase-I pre-treatment workshop	0.1325 mg/m <sup>3</sup>		0.0487	Not approved by regulators	Not exceeded
	Manganese and its compounds	Organised emission	2	Phase-I workshop	0.1262 mg/m <sup>3</sup>	Emission Limits of Air Pollutants (DB44/27-2001)	0.0992	Not approved by regulators	Not exceeded
	Sulphur dioxide	Organised emission	6	3 in northwest of phase-I workshop, 1 in southwest of phase-I workshop, 2 in phase-I pre-treatment workshop	ND (not detected)		0	0.3774	Not exceeded
	NOX	Organised emission	6	3 in northwest of phase-I workshop, 1 in southwest of phase-I workshop, 2 in phase-I pre-treatment workshop	ND (not detected)		0	6.9888	Not exceeded
Particulate matter	Organised emission	17	4 in phase-I workshop, 4 in northwest of phase-I workshop, 3 in northwest of phase-I workshop, 1 in southwest of phase-I workshop, 5 in phase-I pre-treatment workshop	4.560 mg/m <sup>3</sup>		31.2305	Not approved by regulators	Not exceeded	



## CHAPTER IX

### ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
Qingdao CIMC Special Reefer Co., Ltd. ("QDCSR")	Ammonia	Organised emission	1	South of phase-I Workshop	0.696 mg/m <sup>3</sup>	Emission Standards for Odor Pollutants (GB14554-93)	0.0280	Not approved by regulators	Not exceeded
	Odour concentration	Organised emission	1	South of phase-I Workshop	1411.5 (dimensionless)		-	Not approved by regulators	Not exceeded
	Sulphuretted hydrogen	Organised emission	1	South of phase-I Workshop	0.166 mg/m <sup>3</sup>		0.0047	Not approved by regulators	Not exceeded
	Noise (boundary)	-	-	4 against and following the wind direction at the boundary	Daytime: 63.34 dB(A) Night: 52.87 dB(A)		Emission Standard for Industrial Enterprise Noise at Boundary (GB12348-2008)	-	Not approved by regulators
	BOD5	Organised emission	2	Southern boundary	77.100 mg/L	Discharge Limits of Water Pollutants (DB44/26-2001)	2.2570	Not approved by regulators	Not exceeded
	PH	Organised emission	2	Southern boundary	7.06 (dimensionless)		-	Not approved by regulators	Not exceeded
	SS	Organised emission	2	Southern boundary	134.000 mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GBT31962-2015)	3.9189	Not approved by regulators	Not exceeded
	Ammonia nitrogen	Organised emission	2	Southern boundary	37.790 mg/L		1.0470	Not approved by regulators	Not exceeded
	Phosphate	Organised emission	2	Southern boundary	13.150 mg/L		0.4010	Not approved by regulators	Not exceeded
	COD	Sewage collection pipes	1	1 in north of the factory area	144.000 mg/L		1.0950	Not approved by regulators	Not exceeded
	Ammonia nitrogen	Sewage collection pipes	1	1 in north of the factory area	18.500 mg/L	0.0997	Not approved by regulators	Not exceeded	
	SS	Sewage collection pipes	1	1 in north of the factory area	140.000 mg/L	0.7500	Not approved by regulators	Not exceeded	
	Nitric oxide	Organised emission	6	1 at panel drying line, 1 at small parts drying line, 1 at top paint drying line, 1 at coating line, 2 at the boiler	50.460 mg/m <sup>3</sup>	Shandong Provincial Standard - Regional and Integrated Emission Standard of Air Pollutants (DB37 2376-2019)	1.7290	Not approved by regulators	Not exceeded
	Sulphur dioxide	Organised emission	6	1 at panel drying line, 1 at small parts drying line, 1 at top paint drying line, 1 at coating line, 2 at the boiler	13.660 mg/m <sup>3</sup>		0.0940	Not approved by regulators	Not exceeded
Particulate matter	Organised emission	22	1 at panel, 1 at small parts, 7 at foaming, 2 at coating, 3 at assembly, 1 at sub-assembly line, 2 at the boiler, 5 at the coating, sanding, sand-removing and cleaning line	5.410 mg/m <sup>3</sup>	5.3920		Not approved by regulators	Not exceeded	

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
Qingdao CIMC Reefer Container Manufacture Co., Ltd. ("QDCRC")	VOCs	Organised emission	2	1 at panel, 1 at coating line	3.430 mg/m <sup>3</sup>	Emission Standard of Volatile Organic Compounds Part	4.5530	Not approved by regulators	Not exceeded
	Xylene	Organised emission	1	1 in the factory area (7 removed in the second quarter due to water-based paint upgrade)	ND (not detected)	5: Surface Coating Industry (DB37-2801.5-2018)	1.0210	Not approved by regulators	Not exceeded
	Ammonia nitrogen	Sewage collection pipes	2	1 in west of the factory area and 1 in north of the factory area	13.450 mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GBT31962-2015)	0.3700	Not approved by regulators	Not exceeded
	COD	Sewage collection pipes	2	1 in west of the factory area and 1 in north of the factory area	145.000 mg/L		2.9700	Not approved by regulators	Not exceeded
	SS	Sewage collection pipes	2	1 in west of the factory area and 1 in north of the factory area	118.500 mg/L		3.2500	Not approved by regulators	Not exceeded
	Xylene	Organised emission	0	9 in the factory area (removed in the third quarter due to water-based paint upgrade)	0	Emission Standard of Volatile Organic Compounds Part 5: Surface Coating Industry (DB37-2801.5-2018)	6.6200	Not approved by regulators	Not exceeded
	VOCs	Organised emission	6	1 at pre-treatment line, 1 at primer paint line, intermediary paint line and top paint line each, 1 at door panel, 1 at mark spraying line	17.380 mg/m <sup>3</sup>		23.9640	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	44	6 at spray-painting, 11 at sanding and sand-removing, 3 at welding line, 17 at foaming line, 2 at the boiler, 5 at heat-exchange furnace	3.800 mg/m <sup>3</sup>	Shandong Provincial Standard - Regional and Integrated Emission Standard of Air Pollutants (DB37 2376-2019)	15.8200	Not approved by regulators	Not exceeded
	Sulphur dioxide	Organised emission	8	1 at pre-treatment spray-painting, 2 at the boiler, 5 at heat-exchange furnace	11.120 mg/m <sup>3</sup>		0.1900	Not approved by regulators	Not exceeded
	Nitric oxide	Organised emission	8	1 at pre-treatment spray-painting, 2 at the boiler, 5 at heat-exchange furnace	71.370 mg/m <sup>3</sup>		3.3920	Not approved by regulators	Not exceeded

## CHAPTER IX

### ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of		Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
			Emission outlets	Distribution of emission outlets					
Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd. ("XHCIMCS")	Noise (boundary)	Fugitive emission	-	-	Daytime: 57.94 dB; Night: 47.56 dB	Emission Standard for Industrial Enterprise Noise at Boundary (GB12348-2008) Standard Class II	-	Not approved by regulators	Not exceeded
	VOCs (boundary)	Fugitive emission	-	-	0.490 mg/m <sup>3</sup>	Emission Standard of Volatile Organic Compounds for Container Manufacturing DB44/1837-2016	-	Not approved by regulators	Not exceeded
	Xylene (boundary)	Fugitive emission	-	-	0.032 mg/m <sup>3</sup>		-	Not approved by regulators	Not exceeded
	Benzene (organic waste gas)	Organised emission	8	East and middle of the plant	0.280 mg/m <sup>3</sup>		0.6300	Not approved by regulators	Not exceeded
	Xylene (organic waste gas)	Organised emission	8	East and middle of the plant	0.640 mg/m <sup>3</sup>		1.4300	Not approved by regulators	Not exceeded
	Benzene (boundary)	Fugitive emission	-	-	0.018 mg/m <sup>3</sup>		-	Not approved by regulators	Not exceeded
	Methylbenzene (organic waste gas)	Organised emission	8	East and middle of the plant	0.270 mg/m <sup>3</sup>		0.6100	Not approved by regulators	Not exceeded
	VOCs (organic waste gas)	Organised emission	8	East and middle of the plant	16.560 mg/m <sup>3</sup>		37.1000	Not approved by regulators	Not exceeded
	Methylbenzene (boundary)	Fugitive emission	-	-	0.0077 mg/m <sup>3</sup>		-	Not approved by regulators	Not exceeded
	Particulate matter (boundary)	Fugitive emission	-	-	0.350 mg/m <sup>3</sup>	Emission Limits of Air Pollutants DB44/27-2001	-	Not approved by regulators	Not exceeded
	Particulate matter (sanding, welding fume)	Organised emission	24	East and middle of the plant	20.010 mg/m <sup>3</sup>	Emission Limits of Air Pollutants DB/27-2001 Time slot II Level II Standard	27.3500	Not approved by regulators	Not exceeded
	Particulate matter (organic waste gas)	Organised emission	8	East and middle of the plant	19.970 mg/m <sup>3</sup>		44.7500	Not approved by regulators	Not exceeded
	Xinhui CIMC Container Co., Ltd. ("XHCIMC")	SS (domestic sewage)	Organised emission	1	Northwest of the factory area	11.600 mg/L	Discharge Limits of Water Pollutants DB/44-26-2001	3.0000	Not approved by regulators
COD (domestic sewage)		Organised emission	1	Northwest of the factory area	28.950 mg/L		7.4700	Not approved by regulators	Not exceeded
PH (domestic sewage)		Organised emission	1	Northwest of the factory area	7.52		-	Not approved by regulators	Not exceeded
Ammonia nitrogen (domestic sewage)		Organised emission	1	Northwest of the factory area	0.420 mg/L		0.1100	Not approved by regulators	Not exceeded
Five-day biochemical oxygen demand (domestic sewage)		Organised emission	1	Northwest of the factory area	7.300 mg/L		1.8900	Not approved by regulators	Not exceeded

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
	Noise (boundary)	Fugitive emission	-	-	Daytime: 57.94 dB; Night: 47.75 dB	Emission Standard for Industrial Enterprise Noise at Boundary (GB12348-2008) Standard Class II	-	Not approved by regulators	Not exceeded
	Flow (domestic sewage)	Organised emission	1	Northwest of the factory area	23.610 m <sup>3</sup> /h	-	-	Not approved by regulators	Not exceeded
	Sulphur dioxide (boiler)	Organised emission	1	Middle of the factory area	10.510 mg/m <sup>3</sup>	Boiler Air Pollutant Discharge DB44/765-2019	0.8400	Not approved by regulators	Not exceeded
	Nitric oxide (boiler)	Organised emission	1	Middle of the factory area	61.960 mg/m <sup>3</sup>		4.9700	Not approved by regulators	Not exceeded
	VOCs (boundary)	Fugitive emission	-	-	0.490 mg/m <sup>3</sup>	Emission Standard of Volatile Organic Compounds for Container Manufacturing DB44/1837-2016	-	Not approved by regulators	Not exceeded
	Xylene (boundary)	Fugitive emission	-	-	0.032 mg/m <sup>3</sup>		-	Not approved by regulators	Not exceeded
	Methylbenzene (boundary)	Fugitive emission	-	-	0.0077 mg/m <sup>3</sup>		-	Not approved by regulators	Not exceeded
	Benzene (boundary)	Fugitive emission	-	-	0.018 mg/m <sup>3</sup>		-	Not approved by regulators	Not exceeded
	VOCs (organic waste gas)	Organised emission	5	Middle of the factory area	10.240 mg/m <sup>3</sup>		11.1700	Not approved by regulators	Not exceeded
	Methylbenzene (organic waste gas)	Organised emission	5	Middle of the factory area	0.360 mg/m <sup>3</sup>		0.3900	Not approved by regulators	Not exceeded
	Benzene (organic waste gas)	Organised emission	5	Middle of the factory area	0.250 mg/m <sup>3</sup>		0.2700	Not approved by regulators	Not exceeded
	Xylene (organic waste gas)	Organised emission	5	Middle of the factory area	0.930 mg/m <sup>3</sup>		1.0100	Not approved by regulators	Not exceeded
	Particulate matter (boundary)	Fugitive emission	-	-	0.348 mg/m <sup>3</sup>	Emission Limits of Air Pollutants DB44/27-2001	-	Not approved by regulators	Not exceeded
	Particulate matter (organic waste gas)	Organised emission	5	Middle of the factory area	21.910 mg/m <sup>3</sup>		23.9000	Not approved by regulators	Not exceeded
	Particulate matter (sanding, welding fume)	Organised emission	14	Middle and northeast of the factory area	20.670 mg/m <sup>3</sup>		10.8800	Not approved by regulators	Not exceeded
	Particulate matter (boiler)	Organised emission	1	Middle of the factory area	12.350 mg/m <sup>3</sup>	Boiler Air Pollutant Discharge DB44/765-2019	1.0100	Not approved by regulators	Not exceeded
	Ringelmann emittance (boiler)	Organised emission	1	Middle of the factory area	Grade I		-	Not approved by regulators	Not exceeded
	Carbon monoxide (boiler)	Organised emission	1	Middle of the factory area	43.580 mg/m <sup>3</sup>		3.5600	Not approved by regulators	Not exceeded

## CHAPTER IX

### ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
Qingdao CIMC Container Manufacture Co., Ltd. ("QDCC")	Ammonia nitrogen	Sewage collection pipes	1	West of the factory area	9.670 mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015) Grade A	0.0300	Not approved by regulators	Not exceeded
	Five-day biochemical oxygen demand	Sewage collection pipes	1	West of the factory area	64.410 mg/L		0.2250	Not approved by regulators	Not exceeded
	Total nitrogen (N)	Sewage collection pipes	1	West of the factory area	15.170 mg/L		0.0530	Not approved by regulators	Not exceeded
	Total phosphorus (P)	Sewage collection pipes	1	West of the factory area	0.120 mg/L		0.0004	Not approved by regulators	Not exceeded
	SS	Sewage collection pipes	1	West of the factory area	14.380 mg/L	0.0500	Not approved by regulators	Not exceeded	
	COD	Sewage collection pipes	1	West of the factory area	268.390 mg/L	0.9400	Not approved by regulators	Not exceeded	
	Ammonia	Organised emission	1	Sewage treatment station	15.580 mg/m <sup>3</sup>	Emission Standards for Odor Pollutants (GB 14554-93)	0.4400	Not approved by regulators	Not exceeded
	Sulphuretted hydrogen	Organised emission	1	Sewage treatment station	0.270 mg/m <sup>3</sup>		0.0077	Not approved by regulators	Not exceeded
	Benzene	Organised emission	2	North of the assembly workshop	0.100 mg/m <sup>3</sup>	Shandong Provincial Standard - Emission Standard of Volatile Organic Compounds Part 5 (DB37/2801.5-2018)	0.0116	Not approved by regulators	Not exceeded
	Methylbenzene	Organised emission	6	North of the assembly workshop	0.390 mg/m <sup>3</sup>		0.2500	Not approved by regulators	Not exceeded
	Xylene	Organised emission	6	North of the assembly workshop	3.640 mg/m <sup>3</sup>		2.3500	Not approved by regulators	Not exceeded
	VOCs	Organised emission	6	North of the assembly workshop	13.110 mg/m <sup>3</sup>		8.4800	Not approved by regulators	Not exceeded
	Sulphur dioxide	Organised emission	6	North of the assembly workshop	0.170 mg/m <sup>3</sup>		0.1100	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	17	Northern part of the factory area	3.110 mg/m <sup>3</sup>	Shandong Provincial Standard - Regional and Integrated Emission Standard of Air Pollutants (DB 37/2376-2019)	4.5100	Not approved by regulators	Not exceeded
	NOx	Organised emission	6	North of the assembly workshop	1.260 mg/m <sup>3</sup>		0.8100	Not approved by regulators	Not exceeded

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
Zhangzhou CIMC Container Co., Ltd. ("Zhangzhou CIMC")	Noise (boundary)	Fugitive emission	-	Boundary	Daytime: 58 dB; Night: 51.88 dB	Emission Standard for Industrial Enterprise Noise at Boundary (GB12348) Standard III	-	Not approved by regulators	Not exceeded
	Smoke	Organised emission	5	Middle of the factory area	9.412 mg/m <sup>3</sup>	Boiler Air Pollutant Discharge (GB13271)	0.1920	Not approved by regulators	Not exceeded
	Nitric oxide	Organised emission	5	Middle of the factory area	155.800 mg/m <sup>3</sup>		1.7180	Not approved by regulators	Not exceeded
	Sulphur dioxide	Organised emission	5	Middle of the factory area	4.200 mg/m <sup>3</sup>		0.0360	Not approved by regulators	Not exceeded
	Blackness	Organised emission	5	Middle of the factory area	<level 1		-	Not approved by regulators	Not exceeded
	Non-methane hydrocarbon	Organised emission	7	East of the factory area	17.200 mg/m <sup>3</sup>	Emission Standard of Volatile Organic Compounds for Industrial Surface Coating (DB35/1783)	29.1800	Not approved by regulators	Not exceeded
	Xylene	Organised emission	3	East of the factory area	0.840 mg/m <sup>3</sup>		0.0991	Not approved by regulators	Not exceeded
	Benzene	Organised emission	3	East of the factory area	0.003 mg/m <sup>3</sup>		0.0003	Not approved by regulators	Not exceeded
	Methylbenzene	Organised emission	3	East of the factory area	0.003 mg/m <sup>3</sup>		0.0180	Not approved by regulators	Not exceeded
	Fume	Organised emission	2	East of the factory area	0.200 mg/m <sup>3</sup>	Emission Standard of Cooking Fume (GB18483)	0.0130	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	10	East and middle of the factory area	20.000 mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants (GB16297)	12.2790	Not approved by regulators	Not exceeded
	Tianjin CIMC Containers Co., Ltd. ("TJ CIMC")	Particulate matter (Smoke)	Organised emission	8	3 in the painting workshop, 3 outlets at the pre-treatment workshop, 2 at the boiler	3.320 mg/m <sup>3</sup>	DB12/556-2015 Emission Standard of Air Pollutants for Industrial Kiln and Furnace; DB12/151-2020 Boiler Air Pollutant Discharge applied for boilers	1.4890	18.3500
Particulate matter (general dust)		Organised emission	11	8 outlets at the shot blasting line, 3 outlets at the sand-removing line	2.600 mg/m <sup>3</sup>	GB16297-1996 Integrated Emission Standard of Air Pollutants	1.8640	18.3500	Not exceeded
Non-methane hydrocarbon (boundary)		Fugitive emission	-	-	0.350 mg/m <sup>3</sup>		-	Not approved by regulators	Not exceeded

## CHAPTER IX

### ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of		Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
			Emission outlets	Distribution of emission outlets					
	Non-methane hydrocarbon (factory boundary at the painting workshop)	Fugitive emission	-	-	0.400 mg/m <sup>3</sup>	DB12/524-2020 Emission Control Standards of Volatile Organic Compounds from Industrial Enterprises	-	Not approved by regulators	Not exceeded
	COD	Sewage collection pipes, no external emission	1	Southwest of the factory area	20.500 mg/L	Integrated Wastewater Discharge Standard DB12/356-2018	-	3.2800	Not exceeded
	Ammonia nitrogen	Sewage collection pipes, no external emission	1	Southwest of the factory area	2.009 mg/L		-	0.4900	Not exceeded
	PH	Sewage collection pipes, no external emission	1	Southwest of the factory area	7.975 Dimensionless		-	Not approved by regulators	Not exceeded
	BOD5	Sewage collection pipes, no external emission	1	Southwest of the factory area	8.275 mg/L		-	Not approved by regulators	Not exceeded
	Total phosphorus	Sewage collection pipes, no external emission	1	Southwest of the factory area	0.305 mg/L		-	Not approved by regulators	Not exceeded
	SS	Sewage collection pipes, no external emission	1	Southwest of the factory area	32.750 mg/L		-	Not approved by regulators	Not exceeded
	Animal and vegetable oil	Sewage collection pipes, no external emission	1	Southwest of the factory area	1.910 mg/L		-	Not approved by regulators	Not exceeded
	Total nitrogen	Sewage collection pipes, no external emission	1	Southwest of the factory area	5.677 mg/L		-	Not approved by regulators	Not exceeded
	Ethylbenzene	Organised emission	2	2 in the pre-treatment workshop	0.127 mg/m <sup>3</sup>	Emission Standards for Odor Pollutants DB12/059-2018	-	Not approved by regulators	Not exceeded
	Odour concentration (boundary)	Fugitive emission	-	-	<10 Dimensionless		-	Not approved by regulators	Not exceeded
	Ammonia (boundary)	Fugitive emission	-	-	0.140 mg/m <sup>3</sup>		-	Not approved by regulators	Not exceeded
	Sulphuretted hydrogen (boundary)	Fugitive emission	-	-	ND (not detected)		-	Not approved by regulators	Not exceeded
	VOCs (boundary)	Fugitive emission	-	-	1.270 mg/m <sup>3</sup>	DB12/524-2014 Emission Control Standards of Volatile Organic Compounds from Industrial Enterprises	-	Not approved by regulators	Not exceeded
	Methylbenzene (boundary)	Fugitive emission	-	-	0.027 mg/m <sup>3</sup>		-	Not approved by regulators	Not exceeded
	Xylene (boundary)	Fugitive emission	-	-	0.024 mg/m <sup>3</sup>		-	Not approved by regulators	Not exceeded

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets		Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
	Particulate matter (boundary)	Fugitive emission	-	-	0.082 mg/m <sup>3</sup>	GB16297-1996 Integrated Emission Standard of Air Pollutants	-	Not approved by regulators	Not exceeded
	Particulate matter (general dust)	Organised emission	18	18 in the welding workshop	2.740 mg/m <sup>3</sup>		2.4700	18.3500	Not exceeded
	Non-methane hydrocarbon (factory boundary of the pre-treatment workshop #1)	Fugitive emission	-	-	0.840 mg/m <sup>3</sup>	DB12/524-2020 Emission Control Standards of Volatile Organic Compounds from Industrial Enterprises	-	Not approved by regulators	Not exceeded
	Non-methane hydrocarbon (factory boundary of the pre-treatment workshop #2 & 3)	Fugitive emission	-	-	1.180 mg/m <sup>3</sup>		-	Not approved by regulators	Not exceeded
	Sulphur dioxide	Organised emission	8	3 in the painting workshop, 3 outlets at the pre-treatment workshop, 2 at the boiler	3.000 mg/m <sup>3</sup> (the values for the 1st, 2nd and 3rd quarter of 2021 were all "not detected", as a result the emission concentration was calculated at the detection limit of 3 mg/m <sup>3</sup> )	DB12/556-2015 Emission Standard of Air Pollutants for Industrial Kiln and Furnace; DB12/151-2020 Boiler Air Pollutant Discharge applied for boilers	0.6040	2.5244	Not exceeded
	Nitric oxide	Organised emission	8	3 in the painting workshop, 3 outlets at the pre-treatment workshop, 2 at the boiler	7.600 mg/m <sup>3</sup>		0.8900	3.9564	Not exceeded
	Blackness of fume (dimensionless)	Organised emission	8	3 in the painting workshop, 3 outlets at the pre-treatment workshop, 2 at the boiler	<1		-	Not approved by regulators	Not exceeded
	VOCs	Organised emission	5	3 in the painting workshop, 2 in the pre-treatment workshop	4.590 mg/m <sup>3</sup>	DB12/524-2014 Emission Control Standards of Volatile Organic Compounds from Industrial Enterprises	0.4960	145.3000	Not exceeded
	Methylbenzene	Organised emission	2	2 in the pre-treatment workshop	0.852 mg/m <sup>3</sup>		0.0390	Not approved by regulators	Not exceeded
	Xylene	Organised emission	2	2 in the pre-treatment workshop	0.285 mg/m <sup>3</sup>		0.0130	Not approved by regulators	Not exceeded
	TRVOC	Organised emission	5	3 in the painting workshop, 2 in the pre-treatment workshop	3.790 mg/m <sup>3</sup>	DB12/524-2020 Emission Control Standards of Volatile Organic Compounds from Industrial Enterprises	1.0610	145.3000 tonnes	Not exceeded
	Total methylbenzene and Xylene	Organised emission	2	2 in the pre-treatment workshop	1.210 mg/m <sup>3</sup>		0.1330	Not approved by regulators	Not exceeded
	Non-methane hydrocarbon	Organised emission	5	3 in the painting workshop, 2 in the pre-treatment workshop	19.850 mg/m <sup>3</sup>		5.8930	Not approved by regulators	Not exceeded



## CHAPTER IX

### ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
Ningbo CIMC Logistics Equipment Co., Ltd. ("NBCIMC")	Noise (boundary)	Fugitive emission	-	Boundary	Daytime: 60.25 dB(A) Night: 49 dB(A)	Emission Standard for Industrial Enterprise Noise at Boundary GB12348-2008	-	Not approved by regulators	Not exceeded
	PH	Sewage collection pipes	1	Main outlet of wastewater	6.9	Integrated Wastewater Discharge Standard Grade III(GB8978)	-	-	Not exceeded
	COD	Sewage collection pipes	1	Main outlet of wastewater	18.000 mg/L		0.2650	1.0900	Not exceeded
	Total zinc	Sewage collection pipes	1	Main outlet of wastewater	0.017 mg/L		0.0006	Total emission not approved by regulators	Not exceeded
	Petroleum	Sewage collection pipes	1	Main outlet of wastewater	3.810 mg/L		0.2500	Total emission not approved by regulators	Not exceeded
	Particulate matter	Organised emission	38	pre-treatment line, welding line, container sanding line	6.800 mg/m <sup>3</sup>	Emission Standard of Air Pollutants for Industrial Surface Coating (DB33/2146)	19.5330	133.1380	Not exceeded
	NOx	Organised emission	2	Painting line	0.950 mg/m <sup>3</sup>	Form 1	0.1300	2.1000	Not exceeded
	Xylene	Organised emission	2	pre-treatment line, mark spraying line	0.060 mg/m <sup>3</sup>		0.0876	Total emission not approved by regulators	Not exceeded
	Non-methane hydrocarbon	Organised emission	8	pre-treatment line, Painting line, black paint line, mark spraying line	6.670 mg/m <sup>3</sup>		12.6970	Total emission not approved by regulators	Not exceeded
	Ammonia nitrogen	Sewage collection pipes	1	Main outlet of wastewater	0.068 mg/L	Local Standards of Zhejiang Province - Limitations on Indirect Emission of Wastewater and Pollutants with Nitrogen and Phosphorus from Industrial Enterprises DB33/887-2013	0.0094	0.1100	Not exceeded
Taicang CIMC Containers Co., Ltd. ("TCCIMC")	Noise (boundary)	Fugitive emission	-	Boundary	Daytime: 51.1dBA; Night: 47.87dBA	Environmental Quality Standard for Noise (GB3096-2008) Category III	-	-	Not exceeded
	VOCs	Organised emission	8	pre-treatment line, Painting line, black paint line, mark spraying line	8.840 mg/m <sup>3</sup>	Emission Standard of Air Pollutants for Industrial Surface Coating (DB33/2146) Form 1	14.206	218.0780	Not exceeded
	Methylbenzene	Organised emission	2	pre-treatment line, mark spraying line	0 mg/m <sup>3</sup>		0.0006	Total emission not approved by regulators	Not exceeded
Rainwater COD	Direct discharge	2	Gate 6 and south of main road	24.000 mg/L	Integrated Wastewater Discharge Standard	-	Not approved by regulators	Not exceeded	
Rainwater SS	Direct discharge	2	Gate 6 and south of main road	6.000 mg/L		-	Not approved by regulators	Not exceeded	
Rainwater PH	Direct discharge	2	Gate 6 and south of main road	8.4		-	Not approved by regulators	Not exceeded	

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd. ("NTCIMCS")	VOCs	Organised emission	3	South of the welding workshop at Line B	0.560 mg/m <sup>3</sup>	Pursuant to Technical Methods for Making Local Emission Standards of Air Pollutants	0.6900	32.4650	Not exceeded
	Particulate matter	Organised emission	8	South of the welding workshop at Line B and the north-eastern corner	1.160 mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants (GB16297-1996)	2.3300	6.4800	Not exceeded
	Xylene	Organised emission	3	South of the welding workshop at Line B	0.100 mg/m <sup>3</sup>		0.2600	Not approved by regulators	Not exceeded
	Methylbenzene	Organised emission	3	South of the welding workshop at Line B	0.120 mg/m <sup>3</sup>		0.0370	Not approved by regulators	Not exceeded
	Anionic surfactant	Intermittent emission	1	East of the factory area	0.050 mg/L	Integrated Wastewater Discharge Standard (GB8978-1996)	0.0030	Not approved by regulators	Not exceeded
	BOD	Intermittent emission	1	East of the factory area	7.960 mg/L		0.4300	Not approved by regulators	Not exceeded
	COD	Intermittent emission	2	East of the factory area + dormitory area	41.630 mg/L		7.1900	Not approved by regulators	Not exceeded
	Total nitrogen	Intermittent emission	2	East of the factory area + dormitory area	25.530 mg/L		4.4100	Not approved by regulators	Not exceeded
	SS	Intermittent emission	2	East of the factory area + dormitory area	21.200 mg/L		3.6600	Not approved by regulators	Not exceeded
	Methylbenzene	Intermittent emission	1	East of the factory area	ND (not detected)		0	Not approved by regulators	Not exceeded
	Xylene	Intermittent emission	1	East of the factory area	ND (not detected)		0	Not approved by regulators	Not exceeded
	Petroleum	Intermittent emission	1	East of the factory area	0.200 mg/L		0.0100	Not approved by regulators	Not exceeded
	Animal and vegetable oil	Intermittent emission	1	East of the factory area	0.140 mg/L		0.0080	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	14	Middle of the factory area	2.362 mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants (GB16297-1996)	8.5800	Not approved by regulators	Not exceeded
	Methylbenzene	Organised emission	4	Middle of the factory area	0.053 mg/m <sup>3</sup>		0.1260	Not approved by regulators	Not exceeded
	Xylene	Organised emission	4	Middle of the factory area	0.091 mg/m <sup>3</sup>		0.2180	Not approved by regulators	Not exceeded

## CHAPTER IX

### ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
Shanghai CIMC Baowell Industries Co. Ltd. ("CIMC Baowell")	VOCs	Organised emission	4	Middle of the factory area	0.495 mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants of Tianjin City	1.1870	Not approved by regulators	Not exceeded
	Ethyl acetate	Organised emission	4	Middle of the factory area	0.106 mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants of Shanghai City (DB31/933-2015)	0.2550	Not approved by regulators	Not exceeded
	Ammonia nitrogen	Intermittent emission	2	East of the factory area + dormitory area	12.680 mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015)	2.1900	Not approved by regulators	Not exceeded
	Total phosphorus	Intermittent emission	2	East of the factory area + dormitory area	1.590 mg/L		0.2800	Not approved by regulators	Not exceeded
	Xylene	Organised emission	2	South and north of the factory area	1.217 mg/m <sup>3</sup>	Emission Standard of Air Pollutants DB31/933-2015	1.0100	Not approved by regulators	Not exceeded
	Nitric oxide	Organised emission	4	South and north of the factory area	4.440 mg/m <sup>3</sup>		2.4100	2.9200	Not exceeded
	Sulphur dioxide	Organised emission	4	South and north of the factory area	3.000 mg/m <sup>3</sup>		1.9400	2.0400	Not exceeded
	Particulate matter	Organised emission	14	South and north of the factory area	2.560 mg/m <sup>3</sup>		6.5600	48.8400	Not exceeded
	VOCs	Organised emission	4	South and north of the factory area	5.400 mg/m <sup>3</sup>		6.5800	46.1200	Not exceeded
	Methyl isobutyl ketone	Organised emission	2	South and north of the factory area	0.023 mg/m <sup>3</sup>	Emission Standards for Odor Pollutants DB31/1025-2016	0.0200	Not approved by regulators	Not exceeded
Shanghai CIMC Yangshan Logistics Equipments Co., Ltd. ("CIMC Yangshan")	Odour concentration	Organised emission	4	South and north of the factory area	114.05 (dimensionless)		-	-	Not exceeded
	Anionic surfactant	Sewage collection pipes	1	Main outlet of wastewater	1.020 mg/L	DB31/199-2018 Integrated Wastewater Discharge Standard	0.0919	Not approved by regulators	Not exceeded
	Total phosphorus	Sewage collection pipes	1	Main outlet of wastewater	0.090 mg/L		0.0081	Not approved by regulators	Not exceeded
	Five-day biochemical oxygen demand	Sewage collection pipes	1	Main outlet of wastewater	147.000mg/L		13.2407	Not approved by regulators	Not exceeded
	Total nitrogen	Sewage collection pipes	1	Main outlet of wastewater	9.430 mg/L		0.8494	5.9250	Not exceeded
	Total dissolved solids	Sewage collection pipes	1	Main outlet of wastewater	346.000 mg/L		31.1652	Not approved by regulators	Not exceeded
	SS	Sewage collection pipes	1	Main outlet of wastewater	23.000 mg/L		2.0717	Not approved by regulators	Not exceeded
	Non-methane hydrocarbon	Boundary	-	-	0.740 mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants	-	-	Not exceeded
	Particulate matter	Boundary	-	-	0.109 mg/m <sup>3</sup>	DB31/933-2015	-	-	Not exceeded
	Benzene	Boundary	-	-	ND (not detected)		-	-	Not exceeded
Xylene	Boundary	-	-	ND (not detected)		-	-	Not exceeded	

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
	Noise (Daytime)	Boundary	-	-	58.750 dB(A)	GB12348-2008 Emission Standard for Industrial Enterprise Noise at Boundary	-	-	Not exceeded
	Ammonia	Boundary	-	-	0.130 mg/m <sup>3</sup>	Emission Standards for Odor	-	-	Not exceeded
	Odor	Boundary	-	-	ND (not detected)	Pollutants DB31/1025-2016	-	-	Not exceeded
	Sulphuretted hydrogen	Boundary	-	-	0.001 (not detected)		-	-	Not exceeded
	Sulphuretted hydrogen	Organised emission	1	primer paint line	0.006 mg/m <sup>3</sup>		0.0005	Not approved by regulators	Not exceeded
	Odor	Organised emission	1	primer paint line	127 (dimensionless)		-	-	Not exceeded
	Ammonia	Organised emission	1	primer paint line	0.590 mg/m <sup>3</sup>		0.0536	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	7	pre-treatment sanding line, container sanding line 1, container sanding line 2, container sanding line 3, primer paint line, intermediary paint line, exterior paint line	0.290 mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants DB31/933-2015	0.1559	6.1144	Not exceeded
	Methylbenzene	Organised emission	1	pre-treatment sanding line	ND (not detected)		-	Not approved by regulators	Not exceeded
	Methylbenzene	Boundary	-	-	ND (not detected)		-	-	Not exceeded
	Xylene	Organised emission	1	pre-treatment sanding line	ND (not detected)		-	Not approved by regulators	Not exceeded
	Benzene	Organised emission	1	pre-treatment sanding line	ND (not detected)		-	Not approved by regulators	Not exceeded
	VOCs	Organised emission	4	pre-treatment sanding line, primer paint line, intermediary paint line, exterior paint line	5.230 mg/m <sup>3</sup>		1.5834	19.2570	Not exceeded
	Fume	Organised emission	2	The small canteen, the big canteen	0.125 mg/m <sup>3</sup>	Emission Standard of Cooking Fume DB31/844-2012	0.0097	Not approved by regulators	Not exceeded
	Sulphur dioxide	Organised emission	1	Production boiler	ND (not detected)	DB31/387-2018 Boiler Air Pollutant Discharge	-	0.0073	Not exceeded
	Nitric oxide	Organised emission	1	Production boiler	22.700 mg/m <sup>3</sup>		0.3106	0.6585	Not exceeded
	COD	Sewage collection pipes	1	Main outlet of wastewater	21.000 mg/L	DB31/199-2018 Integrated Wastewater Discharge Standard	1.8915	34.2200	Not exceeded
	Ammonia nitrogen	Sewage collection pipes	1	Main outlet of wastewater	0.180 mg/L		0.0162	2.4000	Not exceeded
	PH	Sewage collection pipes	1	Main outlet of wastewater	7.36 (dimensionless)		-	-	Not exceeded
	Sulphide	Sewage collection pipes	1	Main outlet of wastewater	0.225 mg/L		0.0203	Not approved by regulators	Not exceeded
	Animal and vegetable oil	Sewage collection pipes	1	Main outlet of wastewater	15.900 mg/L		1.4322	Not approved by regulators	Not exceeded
	COD	Sewage collection pipes	1	Main outlet of rainwater	40.000 mg/L		-	-	Not exceeded
	Petroleum	Sewage collection pipes	1	Main outlet of wastewater	0.075 mg/L		0.0068	Not approved by regulators	Not exceeded



## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd. ("Yangzhou CIMC Tong Hua")	Methylbenzene	Organised emission	2	Semi-trailer coating workshop, tank truck coating workshop	0.043 mg/m <sup>3</sup>	Emission Standard of Volatile Organic Compounds for Surface Coating (Vehicle Manufacturing Industry) DB32/2862-2016	0.0069	Not approved by regulators	Not exceeded
	Xylene	Organised emission	2	Semi-trailer coating workshop, tank truck coating workshop	0.098 mg/m <sup>3</sup>		0.0344	Not approved by regulators	Not exceeded
	VOCs	Organised emission	12	semi-trailer KTL workshop, Coating workshop, hazardous waste warehouse; tank truck coating workshop, repainting room, hazardous waste warehouse	29.800 mg/m <sup>3</sup>		2.6590	4.6740	Not exceeded
	Total phosphorus	Indirect emission	2	Outlet at the semi-trailer factory and outlet at the tank truck factory	7.450 mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers GB/T31962-2015 (Grade B), Integrated	0.9698	1.0060	Not exceeded
	COD	Indirect emission	2	Outlet at the semi-trailer factory and outlet at the tank truck factory	483.640mg/L	Wastewater Discharge Standard GB8978-1996 (Grade III)	67.0585	103.8420	Not exceeded
	Total nitrogen	Indirect emission	2	Outlet at the semi-trailer factory and outlet at the tank truck factory	62.600 mg/L		7.2483	9.9740	Not exceeded
	Petroleum	Indirect emission	2	Outlet at the semi-trailer factory and outlet at the tank truck factory	1.110 mg/L		0.1460	Not approved by regulators	Not exceeded
	Blackness of fume	Organised emission	5	semi-trailer KTL workshop, bathroom; tank truck coating workshop, bathroom	<level 1	Emission Standard of Air Pollutants GB13271-2014 for boilers, Ringelmann emittance Grade I	-	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	6	semi-trailer KTL workshop, Coating workshop; tank truck coating workshop	17.800 mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants GB16297-1996	4.4908	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	2	tank truck coating workshop, repainting room	3.500 mg/m <sup>3</sup>		0.5765	Not approved by regulators	Not exceeded
	SS	Indirect emission	2	Outlet at the semi-trailer factory and outlet at the tank truck factory	76.000 mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers GB/T31962-2015 (Grade B), Integrated	11.9405	Not approved by regulators	Not exceeded
	Five-day biochemical oxygen demand	Indirect emission	2	Outlet at the semi-trailer factory and outlet at the tank truck factory	88.500 mg/L	Wastewater Discharge Standard GB8978-1996 (Grade III)	13.3760	Not approved by regulators	Not exceeded
	Anionic surfactant	Indirect emission	2	Outlet at the semi-trailer factory and outlet at the tank truck factory	3.580 mg/L		0.4356	Not approved by regulators	Not exceeded

## CHAPTER IX

### ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
	Particulate matter	Organised emission	5	semi-trailer KTL workshop; bathroom; tank truck coating workshop, bathroom	11.900 mg/m <sup>3</sup>	Emission Standard of Air Pollutants for boilers GB13271-2014	0.0584	Not approved by regulators	Not exceeded
	Sulphur dioxide	Organised emission	5	semi-trailer KTL workshop; bathroom; tank truck coating workshop, bathroom	ND (not detected)		0.0039	Not approved by regulators	Not exceeded
	Nitric oxide	Organised emission	5	semi-trailer KTL workshop; bathroom; tank truck coating workshop, bathroom	50.000 mg/m <sup>3</sup>		0.3389	Not approved by regulators	Not exceeded
	Blackness of fume	Organised emission	10	semi-trailer KTL workshop, Coating workshop; tank truck coating workshop, repainting room	<level 1	Emission Standard of Air Pollutants for Industrial Kiln and Furnace of Jiangsu Province DB32/3728-2020, Ringelmann emittance Grade I	-	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	11	semi-trailer KTL workshop, Coating workshop; tank truck coating workshop, repainting workshop	15.600 mg/m <sup>3</sup>	Emission Standard of Air Pollutants for Industrial Kiln and Furnace of Jiangsu Province DB32/3728-2020	0.1687	Not approved by regulators	Not exceeded
	Sulphur dioxide	Organised emission	11	semi-trailer KTL workshop, Coating workshop; tank truck coating workshop, repainting room	ND (not detected)		0.1824	Not approved by regulators	Not exceeded
	Nitric oxide	Organised emission	11	semi-trailer KTL workshop, Coating workshop; tank truck coating workshop, repainting room	135.000mg/m <sup>3</sup>		1.5376	Not approved by regulators	Not exceeded
	Phosphoric acid Fume	Organised emission	1	semi-trailer KTL workshop	ND (not detected)	Integrated Emission Standard of Air Pollutants of Shanghai City DB31-933-2015	0.0015	Not approved by regulators	Not exceeded
	Nitric oxide	Organised emission	1	tank truck coating workshop	1.000 mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants	0.0284	Not approved by regulators	Not exceeded
	Fluoride	Organised emission	1	tank truck coating workshop	1.510 mg/m <sup>3</sup>	GB16297-1996	0.0532	Not approved by regulators	Not exceeded

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
	PH	Indirect emission	2	Outlet at the semi-trailer factory and outlet at the tank truck factory	8.54	Wastewater Quality Standards for Discharge to Municipal Sewers GB/T31962-2015 (Grade B), Integrated	-	Not approved by regulators	Not exceeded
	Total nickel	Indirect emission	2	Outlet at the semi-trailer factory and outlet at the tank truck factory	0.210 mg/L	Wastewater Discharge Standard GB8978-1996 (Grade III)	0.0012	0.0080	Not exceeded
	Total chrome	Indirect emission	1	Main outlet at the tank truck factory	ND (not detected)		-	0.00003	Not exceeded
	Fluoride	Indirect emission	1	Main outlet at the tank truck factory	17.100 mg/L		0.4395	Not approved by regulators	Not exceeded
	Ammonia nitrogen	Indirect emission	2	Outlet at the semi-trailer factory and outlet at the tank truck factory	33.020 mg/L		5.7011	5.7810	Not exceeded
Zhumadian CIMC Huajun Vehicle Co., Ltd. ("Zhumadian CIMC Huajun Vehicle")	Methylbenzene	Organised emission	11	Around the coating workshop	8.050 mg/m <sup>3</sup>	Emission Standard of Volatile Organic Compounds for Industrial Surface Coating DB41/1951-2020	1.6250	Not approved by regulators	Not exceeded
	Xylene	Organised emission	11	Around the coating workshop	4.690 mg/m <sup>3</sup>		7.4030	Not approved by regulators	Not exceeded
	VOCS (based on non-methane hydrocarbon)	Organised emission	11	Around the coating workshop	12.700 mg/m <sup>3</sup>		13.7680	58.8350	Not exceeded
	Particulate matter	Organised emission	7	Around the sanding workshop	29.400 mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants GB16297-1996	4.5780	Not approved by regulators	Not exceeded
	COD	Indirect emission	1	Main outlet in the factory area	21.300 mg/L	Integrated Wastewater Discharge Standard GB8978-1996	0.3680	3.4440	Not exceeded
	Ammonia nitrogen	Indirect emission	1	Main outlet in the factory area	2.860 mg/L		0.0820	0.4750	Not exceeded
	Five-day biochemical oxygen demand	Indirect emission	1	Main outlet in the factory area	3.430 mg/L		0.0575	Not approved by regulators	Not exceeded
	PH	Indirect emission	1	Main outlet in the factory area	7.49		-	Not approved by regulators	Not exceeded
	Total phosphorus	Indirect emission	1	Main outlet in the factory area	0.920 mg/L		0.0094	Not approved by regulators	Not exceeded
	Fluoride	Indirect emission	1	Main outlet in the factory area	0.230 mg/L		0.0042	Not approved by regulators	Not exceeded
	Anionic surfactant	Indirect emission	1	Main outlet in the factory area	ND (not detected)		0	Not approved by regulators	Not exceeded
	Petroleum	Indirect emission	1	Main outlet in the factory area	0.650 mg/L		0.0041	Not approved by regulators	Not exceeded
	Phosphate	Indirect emission	1	Main outlet in the factory area	0.540 mg/L		0.0058	0.0316	Not exceeded
	SS	Indirect emission	1	Main outlet in the factory area	8.000 mg/L		0.1000	Not approved by regulators	Not exceeded
	Total nickel	Indirect emission	1	Main outlet in the factory area	ND (not detected)		0	0	Not exceeded



## CHAPTER IX

### ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of		Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
			Emission outlets	Distribution of emission outlets					
Liangshan CIMC Dongyue Vehicle Co., Ltd. ("Liangshan CIMC Dongyue")	VOCs	Organised emission	1	Painting room	0.038 mg/m <sup>3</sup>	Volatile Organic Compounds Emission Standard Part I:	0.3216	149.7300	Not exceeded
	Methylbenzene	Organised emission	1	Painting room	0.063 mg/m <sup>3</sup>	Automotive Manufacturing DB37/2801.1-2016	0.2347	Not approved by regulators	Not exceeded
	Xylene	Organised emission	1	Painting room	0.382 mg/m <sup>3</sup>		1.4325	Not approved by regulators	Not exceeded
	Sulphur dioxide	Organised emission	1	Painting room	ND (not detected)	Shandong Provincial Standard - Regional and Integrated Emission Standard of Air Pollutants DB37/2376-2019 limits	0	Not approved by regulators	Not exceeded
	Nitric oxide	Organised emission	1	Painting room	ND (not detected)		0	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	3	1 in Painting room, 2 in shot blasting room	3.300 mg/m <sup>3</sup>		0.3900	Not approved by regulators	Not exceeded
CIMC Vehicles (Liaoning) Co., Ltd. ("Liaoning CIMC Vehicles")	NOX 2	Organised emission	2	2 in boiler room for winter heat supply (DA007-008)	70.000 mg/m <sup>3</sup>	Emission Standard of Air Pollutants for boilers GB13271-2014	0.3000	Not approved by regulators (not counted against the permitted limit, to the extent the permitted emission rate is not exceeded)	Not exceeded
	Sulphur dioxide 2	Organised emission	2	2 in boiler room for winter heat supply (DA007-008)	8.000 mg/m <sup>3</sup>		0.0500	Not approved by regulators (not counted against the permitted limit, to the extent the permitted emission rate is not exceeded)	Not exceeded
	Blackness of fume 1	Organised emission	1	1 in the drying room at north side of phase I workshop DA006	<level 1	Emission Standard of Air Pollutants for Industrial Kiln and Furnace GB9078-1996 Emission limit Grade I	-	Not approved by regulators	Not exceeded
	Blackness of fume 2	Organised emission	2	2 in boiler room for winter heat supply (DA007-008)	<level 1	Emission Standard of Air Pollutants for boilers GB13271-2014 Emission Limit Grade I	-	Not approved by regulators	Not exceeded
	Sulphur dioxide 1	Organised emission	1	1 in the drying room at north side of phase I workshop DA006	8.000 mg/m <sup>3</sup>	Emission Standard of Air Pollutants for Industrial Kiln and Furnace GB9078-1996	0.0040	0.0410	Not exceeded
	NOX 1	Organised emission	1	1 in the drying room at north side of phase I workshop DA006	70.000 mg/m <sup>3</sup>		0.0350	0.1240	Not exceeded
	Particulate matter 1	Organised emission	1	Outlet of the drying room at the north of Phase I workshop DA006	12.000 mg/m <sup>3</sup>		0.0040	0.0080	Not exceeded

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
	Particulate matter 2	Organised emission	7	Outlets of the painting room and sanding room at the north of the Phase 1 workshop (DA001-005), 2 in boiler room for winter heat supply (DA007-008)	14.000 mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants 16297-1996	0.1000	Not approved by regulators (not counted against the permitted limit, to the extent it does not exceed the permitted emission rate)	Not exceeded
	VOCs	Organised emission	2	2 at the north of phase 1 workshop (DA001-002)	11.000 mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants 16297-1996	0.9500	Not approved by regulators (not counted against the permitted limit, to the extent it does not exceed the permitted concentration)	Not exceeded
	PH	Indirect emission	1	Main outlet of wastewater	7.6	Integrated Wastewater Discharge Standard	-	Not approved by regulators	Not exceeded
	COD	Indirect emission	1	Main outlet of wastewater	147.000mg/L	DB21/1627-2008	0.8000	Not approved by regulators	Not exceeded
	Total nitrogen	Indirect emission	1	Main outlet of wastewater	45.000 mg/L		0.3000	Not approved by regulators	Not exceeded
	Five-day biochemical oxygen demand	Indirect emission	1	Main outlet of wastewater	40.000 mg/L		0.1800	Not approved by regulators	Not exceeded
	SS	Indirect emission	1	Main outlet of wastewater	210.000mg/L		1.0000	Not approved by regulators	Not exceeded
	Total phosphorus	Indirect emission	1	Main outlet of wastewater	0.200 mg/L		0.0015	Not approved by regulators	Not exceeded
	Ammonia nitrogen	Indirect emission	1	Main outlet of wastewater	6.000 mg/L		0.0300	Not approved by regulators	Not exceeded
Qingdao CIMC Eco-Equipment Co., Ltd. ("Qingdao CIMC Eco-Equipment")	Methylbenzene	Organised emission	1	Painting workshop	0.008 mg/m <sup>3</sup>	Volatile Organic Compounds Emission Standard Part I:	0.0704	Not approved by regulators	Not exceeded
	Xylene	Organised emission	1	Painting workshop	0.051 mg/m <sup>3</sup>	Automotive Manufacturing, DB37/2801.1-2016	0.0280	Not approved by regulators	Not exceeded
	VOCs	Organised emission	1	Painting workshop	0.090 mg/m <sup>3</sup>		0.2200	39.6900	Not exceeded
	Particulate matter	Organised emission	1	Painting workshop	1.300 mg/m <sup>3</sup>	Regional and Integrated Emission Standard of Air	0.1610	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	1	Putty room	1.100 mg/m <sup>3</sup>	Pollutants, DB37 2376-2019	0.0518	Not approved by regulators	Not exceeded
	Hydrogen chloride	Organised emission	1	Pre-treatment	1.220 mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants GB16297-1996	0.0200	Not approved by regulators	Not exceeded

## CHAPTER IX

### ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
CIMC-SHAC (Xi'an) Special Vehicle Co., Ltd. ("Xi'an Special Vehicle")	Total nitrogen	Organised emission	1	Sewage treatment station	12.800 mg/L	Wastewater Quality Standards for Discharge to Municipal	0.0100	Not approved by regulators	Not exceeded
	COD	Organised emission	1	Sewage treatment station	16.000 mg/L	Sewers Grade B, GB/T 31962-2015	0.0500	Not approved by regulators	Not exceeded
	Ammonia nitrogen	Organised emission	1	Sewage treatment station	11.200 mg/L		0.0100	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	8	1 outside the primer paint room, 2 outside the top paint room, 1 outside the small parts painting room, 2 outside the sanding room, 1 outside the eastern gate of the small parts room, 1 outside the coating passage	17.200 mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants (GB16297-1996)	2.0891	Not approved by regulators	Not exceeded
	Sulphur dioxide	Organised emission	3	1 outside the primer paint room, 1 outside the top paint room, 1 outside the small parts painting room	ND (not detected)		0	Not approved by regulators	Not exceeded
	Nitric oxide	Organised emission	3	1 outside the primer paint room, 1 outside the top paint room, 1 outside the small parts painting room	ND (not detected)		0	Not approved by regulators	Not exceeded
	Methylbenzene	Organised emission	4	1 outside the primer paint room, 2 outside the top paint room, 1 outside the primer paint room, 2 outside the top paint room	0.276 mg/m <sup>3</sup>	Emission Control Standards of Volatile Organic Compounds of Shaanxi Province (DB61/T1061-2017)	0.0301	Not approved by regulators	Not exceeded
	Xylene	Organised emission	4	1 outside the primer paint room, 2 outside the top paint room, 1 outside the primer paint room, 2 outside the top paint room	0.740 mg/m <sup>3</sup>		0.0914	Not approved by regulators	Not exceeded
Non-methane hydrocarbon	Organised emission	4	1 outside the primer paint room, 2 outside the top paint room, 1 outside the primer paint room, 2 outside the top paint room	3.670 mg/m <sup>3</sup>		0.8127	45.5000	Not exceeded	

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission	
Wuhu CIMC Ruijiang Automobile Co., Ltd. ("Wuhu CIMC Ruijiang")	Particulate matter 1	Organised emission	1	1 in powder tank sanding room	15.800 mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants of Shanghai City (DB31-933-2015)	1.9200	16.7820	Not exceeded	
	Particulate matter 2	Organised emission	1	3 at the powder tank truck painting line, 2 at the mixer truck powder-spraying line	13.700 mg/m <sup>3</sup>		2.2000	Not approved by regulators	Not exceeded	
	Non-methane hydrocarbon	Organised emission	4	2 at the powder truck coating line, 1 at mixing, powder-spraying and solidification line, 1 at the liquid tank coating line	7.190 mg/m <sup>3</sup>		2.7870	8.0400	Not exceeded	
	Sulphur dioxide	Organised emission	4	2 at the powder tank truck painting line, 2 at the mixer truck powder-spraying line	<3		-	2.3660	Not exceeded	
	Nitric oxide	Organised emission	4	2 at the powder tank truck painting line, 2 at the mixer truck powder-spraying line	7.000 mg/m <sup>3</sup>		2.2200	8.8210	Not exceeded	
	Xylene	Organised emission	2	2 at the powder tank truck painting line	1.300 mg/m <sup>3</sup>		1.4200	Not approved by regulators	Not exceeded	
	SS	Indirect emission	1	Main outlet of wastewater	18.000 mg/L		Integrated Wastewater Discharge Standard (GB8978-1996) Grade III	3.5700	Not approved by regulators	Not exceeded
	Petroleum	Indirect emission	1	Main outlet of wastewater	0.530 mg/L			0.1880	Not approved by regulators	Not exceeded
	Animal and vegetable oil	Indirect emission	1	Main outlet of wastewater	0.8600 mg/L			0.2200	Not approved by regulators	Not exceeded
	Total phosphorus	Indirect emission	1	Main outlet of wastewater	0.290 mg/L			0.3810	Not approved by regulators	Not exceeded
Fluoride	Indirect emission	1	Main outlet of wastewater	2.520 mg/L	0.6960	Not approved by regulators		Not exceeded		
Anionic surfactant	Indirect emission	1	Main outlet of wastewater	0.280 mg/L	0.1434	Not approved by regulators		Not exceeded		
Five-day biochemical oxygen demand	Indirect emission	1	Main outlet of wastewater	28.200 mg/L	1.4900	Not approved by regulators		Not exceeded		
CIMC Vehicles (Shandong) Co., Ltd. ("Shandong CIMC Vehicles")	Nitric oxide	Organised emission	2	The boiler room of refrigeration, cold transportation workshop	32.000 mg/L	Emission Standard of Air Pollutants of Shandong Province for Boilers (DB37/2374-2018)	0.3210	Not approved by regulators	Not exceeded	
	Sulphur dioxide	Organised emission	2	The boiler room of refrigeration, cold transportation workshop	<3 mg/m <sup>3</sup>		0.0295	Not approved by regulators	Not exceeded	
	Particulate matter 1	Organised emission	2	The boiler room of refrigeration, cold transportation workshop	3.000 mg/m <sup>3</sup>		0.0249	Not approved by regulators	Not exceeded	

## CHAPTER IX

### ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
	Methylbenzene	Organised emission	4	Painting workshop-spray-painting (small parts, colour separation), drying (small parts, colour separation)	<0.004 mg/m <sup>3</sup>	Volatile Organic Compounds Emission Standard of Shandong Province Part I: Automotive Manufacturing (DB37/2801.1-2016)	0.1027	Not approved by regulators	Not exceeded
	Xylene	Organised emission	4	Painting workshop-spray-painting (small parts, colour separation), drying (small parts, colour separation)	<0.013 mg/m <sup>3</sup>		0.5703	Not approved by regulators	Not exceeded
	Non-methane hydrocarbon	Organised emission	6	Painting workshop-spray-painting (small parts, colour separation), drying (small parts, colour separation), plate-making process, cold foaming process	5.990 mg/m <sup>3</sup>		5.4704	20.6500	Not exceeded
	Benzene	Organised emission	4	Painting workshop-spray-painting (small parts, colour separation), drying (small parts, colour separation)	<0.004 mg/m <sup>3</sup>		0	Not approved by regulators	Not exceeded
	Particulate matter 2	Organised emission	6	Painting workshop-spray-painting (small parts, colour separation), drying (small parts, colour separation), plate-making process, cold foaming process	2.500 mg/m <sup>3</sup>	Shandong Provincial Standard - Regional and Integrated Emission Standard of Air Pollutants (DB37/2376-2019), limit being 10mg/m <sup>3</sup>	1.2266	Not approved by regulators	Not exceeded
	PH	Intermittent discharge with uncertain flow	1	Domestic sewage outlet	Grade 7.73	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015)	-	Not approved by regulators	Not exceeded
	COD	Intermittent discharge with uncertain flow	1	Domestic sewage outlet	25.670 mg/L	Grade A	0.2479	Not approved by regulators	Not exceeded
	Total phosphorus	Intermittent discharge with uncertain flow	1	Domestic sewage outlet	3.420 mg/L		0.0595	Not approved by regulators	Not exceeded
	Five-day biochemical oxygen demand	Intermittent discharge with uncertain flow	1	Domestic sewage outlet	8.670 mg/L		0.0875	Not approved by regulators	Not exceeded
	SS	Intermittent discharge with uncertain flow	1	Domestic sewage outlet	84.670 mg/L		0.8467	Not approved by regulators	Not exceeded
	Ammonia nitrogen	Intermittent discharge with uncertain flow	1	Domestic sewage outlet	8.890 mg/L		0.1149	Not approved by regulators	Not exceeded

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
	Sulphur dioxide	Organised emission	2	Painting workshop-spray-painting & colour separating, small parts drying	<3.000 mg/m <sup>3</sup>	Shandong Provincial Standard – Regional and Integrated Emission Standard of Air Pollutants (DB37/2376-2019)	0.0253	Not approved by regulators	Not exceeded
	Nitric oxide	Organised emission	2	Painting workshop-spray-painting & colour separating, small parts drying	64.000 mg/m <sup>3</sup>		0.2194	Not approved by regulators	Not exceeded
Shenzhen CIMC Special Vehicle Co., Ltd. ("Shenzhen CIMC Special Vehicle")	Particulate matter 1	Organised emission	3	Welding workshop	1.300 mg/m <sup>3</sup>	Emission Limits of Air Pollutants DB44/27-2001	0.5010	1.8300	Not exceeded
	Particulate matter 2	Organised emission	6	Coating workshop	2.000 mg/m <sup>3</sup>	Emission Standard of Air Pollutants for Boilers B13271-2014	0.0110	1.8300	Not exceeded
	Nitric oxide	Organised emission	6	Coating workshop	137.000mg/m <sup>3</sup>		0.5210	0.8400	Not exceeded
	Sulphur dioxide	Organised emission	6	Coating workshop	11.000 mg/m <sup>3</sup>		0.0170	0.1800	Not exceeded
	Ringelmann emittance	Organised emission	6	Coating workshop	Grade 0		-	Not approved by regulators	Not exceeded
	Methylbenzene + Xylene	Organised emission	1	Coating workshop	ND (not detected)	Emission Standard of Volatile Organic Compounds for Surface Coating (Vehicle Manufacturing Industry) DB44/816-2010	0	Not approved by regulators	Not exceeded
	VOCs	Organised emission	2	Coating workshop	8.9100 mg/m <sup>3</sup>		0.0350	0.1340	Not exceeded
Qingdao CIMC Special Vehicle Co., Ltd. ("Qingdao CIMC Special Vehicle")	Particulate matter	Organised emission	4	Painting workshop	6.880 mg/m <sup>3</sup>	Regional and Integrated Emission Standard of Air Pollutants, DB37 2376-2019	1.2300	Not approved by regulators	Not exceeded
	Xylene	Organised emission	1	Painting workshop	0.010 mg/m <sup>3</sup>	Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing, DB37/2801.1-2016	0.0236	Not approved by regulators	Not exceeded
	VOCs	Organised emission	1	Painting workshop	0.030 mg/m <sup>3</sup>		0.0610	71.1800	Not exceeded
Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd. ("Wanshida SPV")	Particulate matter	Organised emission	2	Shot blasting room	3.300 mg/m <sup>3</sup>	Shandong Provincial Standard – Regional and Integrated Emission Standard of Air Pollutants (DB37/2376-2019)	8.0770	Not approved by regulators	Not exceeded
	Nitric oxide	Organised emission	2	Drying room	ND (not detected)		0	Not approved by regulators	Not exceeded
	Sulphur dioxide	Organised emission	2	Drying room	ND (not detected)		0	Not approved by regulators	Not exceeded
	VOCs	Organised emission	1	Painting room, Drying room	0.168 mg/m <sup>3</sup>	Shandong Province Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing (DB37/2801.1-2016)	3.4960	78.6450	Not exceeded
	Methylbenzene	Organised emission	1	Painting room, Drying room	0.006 mg/m <sup>3</sup>		0.2643	Not approved by regulators	Not exceeded
	Xylene	Organised emission	1	Painting room, Drying room	0.004 mg/m <sup>3</sup>		0.4652	Not approved by regulators	Not exceeded
CIMC Vehicles (Jiangmen) Co., Ltd. ("Jiangmen CIMC Vehicles")	VOCs	Organised emission	3	3 at the paint line	26.830 mg/m <sup>3</sup>	Emission Standard of Volatile Organic Compounds for Surface Coating (Vehicle Manufacturing Industry) DB44/816-2010	2.0910	2.0950	Not exceeded
	Methylbenzene +Xylene	Organised emission	3	3 at the paint line	11.550 mg/m <sup>3</sup>		0.5697	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	4	1 in the sanding room, 3 in the painting and polishing room	<20 mg/m <sup>3</sup>	Emission Limits of Air Pollutants DB44/27-2001	5.5870	Not approved by regulators	Not exceeded

## CHAPTER IX

### ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission	
Dongguan CIMC Special Vehicle Co., Ltd. ("Dongguan CIMC Special Vehicle")	Sulphur dioxide	Organised emission	1	1 in the drying room, same as NOx	0.0135 mg/m <sup>3</sup>	Emission Standard of Air Pollutants for Industrial Kiln and Furnace GB9078-1996	0.0139	0.0800	Not exceeded	
	NOx	Organised emission	1	1 in the drying room, same as sulphur dioxide outlet	0.0506 mg/m <sup>3</sup>		0.1350	0.4400	Not exceeded	
	COD	Direct emission	1	Production wastewater emission outlet	15.000 mg/L	Environmental Quality Standard for Surface Water GB3838-2002 Category IV, 30mg/L	0.1266	Not approved by regulators	Not exceeded	
	BOD5	Direct emission	1	Production wastewater emission outlet	4.400 mg/L		0.0378	Not approved by regulators	Not exceeded	
	Total phosphorus	Direct emission	1	Production sewage emission outlet	0.110 mg/L		0.0010	Not approved by regulators	Not exceeded	
	Petroleum	Direct emission	1	Production wastewater emission outlet	0.080 mg/L		0.0008	Not approved by regulators	Not exceeded	
	Total zinc	Direct emission	1	Production wastewater emission outlet	0.026 mg/L		0.0005	Not approved by regulators	Not exceeded	
	Total nickel	Direct emission	1	Production wastewater emission outlet	0.013 mg/L		0.0004	Not approved by regulators	Not exceeded	
	Total manganese	Direct emission	1	Production wastewater emission outlet	0.060 mg/L		0.0005	Not approved by regulators	Not exceeded	
	Fluoride	Direct emission	1	Production wastewater emission outlet	0.709 mg/L		0.0060	Not approved by regulators	Not exceeded	
	Total nitrogen	Direct emission	1	Production wastewater emission outlet	2.450 mg/L		0.0210	Not approved by regulators	Not exceeded	
	SS	Direct emission	1	Production wastewater emission outlet	7.000 mg/L		Discharge Standard of Water Pollutants for Electroplating DB44/1597-2015 Table 2 Water Pollutant Emission Limit for New Projects of Pearl River Delta	0.0588	Not approved by regulators	Not exceeded
	COD	Indirect emission	1	Domestic sewage emission outlet	474.000 mg/L		Discharge Limits of Water Pollutants DB44/26-2001 Time Slot II Level III	7.7327	Not approved by regulators	Not exceeded
	SS	Indirect emission	1	Domestic sewage emission outlet	267.000 mg/L			4.2615	Not approved by regulators	Not exceeded
	BOD	Indirect emission	1	Domestic sewage emission outlet	218.000 mg/L			3.3239	Not approved by regulators	Not exceeded
Ammonia nitrogen	Indirect emission	1	Domestic sewage emission outlet	50.700 mg/L	No limit set by the standard		1.0154	Not approved by regulators	Not exceeded	
Total phosphorus	Direct emission	1	Production wastewater emission outlet	0.110 mg/L			0.1594	Not approved by regulators	Not exceeded	

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
	Particulate matter	Organised emission	15	Structure workshop, coating workshop	12.270 mg/m <sup>3</sup>	Emission Limits of Air Pollutants DB44/27-2001	2.0576	Not approved by regulators	Not exceeded
	Manganese and its compounds	Organised emission	6	Structure workshop	0.132 mg/m <sup>3</sup>	Time slot II Level II Standard	0.3400	Not approved by regulators	Not exceeded
	Sulphur dioxide	Organised emission	8	Coating workshop	10.125 mg/m <sup>3</sup>		6.7291	Not approved by regulators	Not exceeded
	NOX	Organised emission	8	Coating workshop	36.750 mg/m <sup>3</sup>		0.7505	Not approved by regulators	Not exceeded
	VOCs	Organised emission	2	Coating workshop	1.625 mg/m <sup>3</sup>	Emission Standard of Volatile Organic Compounds for Surface Coating (Vehicle Manufacturing Industry) DB44/816-2010, 50 mg/m <sup>3</sup>	0.8250	Not approved by regulators	Not exceeded
Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd. ("Zhangjiagang Sanctum")	Waste gas- Particulate matter	Organised emission	1	East and west of the factory area	4.700-14.000 mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants GB16297-1996	7.7720	Not approved by regulators	Not exceeded
	Waste gas- non-methane hydrocarbon	Organised emission	3	North, east and west of the factory area	0.590-23.300 mg/m <sup>3</sup>		7.2678	Not approved by regulators	Not exceeded
	Waste gas-Xylene	Organised emission	3	North, east and west of the factory area	0.075-6.120 mg/m <sup>3</sup>		2.7230	Not exceeded	
	Waste gas - methylbenzene	Organised emission	3	North, east and west of the factory area	0.011-0.012 mg/m <sup>3</sup>		4.2410	Not exceeded	
	Domestic sewage-COD	Intermittent emission	1	Southwest corner of the factory area	16.300 mg/L	Integrated Wastewater Discharge Standard GB8978-1996	36.2160	Not approved by regulators	Not exceeded
	Domestic sewage - animal and vegetable oil	Intermittent emission	1	Southwest corner of the factory area	0.190 mg/L		0.3080	Not approved by regulators	Not exceeded
	Domestic sewage- Total phosphorus	Intermittent emission	1	Southwest corner of the factory area	0.050 mg/L		0.0810	Not approved by regulators	Not exceeded
	Domestic sewage- BOD5	Intermittent emission	1	Southwest corner of the factory area	5.860 mg/L		9.7710	Not approved by regulators	Not exceeded
	Domestic sewage- PH	Intermittent emission	1	Southwest corner of the factory area	7.16-7.23		-	Not approved by regulators	Not exceeded
	Domestic sewage -Ammonia nitrogen	Intermittent emission	1	Southwest corner of the factory area	0.221 mg/L		0.3580	Not approved by regulators	Not exceeded
	Domestic sewage -SS	Intermittent emission	1	Southwest corner of the factory area	4.600 mg/L		7.4690	Not approved by regulators	Not exceeded



## CHAPTER IX

### ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
Shijiazhuang Enric Gas Equipment Co., Ltd. ("Gas Equipment")	Particulate matter	Organised emission	38	Heat treatment furnace, curing furnace, heating furnace in painting room, sanding room, putty room, outer polishing machine, etc. of each workshop	1.800-5.400 mg/m <sup>3</sup>	120 mg/m <sup>3</sup>	0.9090	3.6850	Not exceeded
	Non-methane hydrocarbon	Organised emission	10	Painting rooms of each workshop and the temporary storage room for hazardous waste	5.870-10.300 mg/m <sup>3</sup>	60 mg/m <sup>3</sup>	3.6580	Not approved by regulators	Not exceeded
	COD	Sewage collection pipes	1	The main wastewater outlet in the north of the factory	30.660-64.500 mg/L	150 mg/L	0.7340	5.6460	Not exceeded
	Ammonia nitrogen	Sewage collection pipes	1	The main wastewater outlet in the north of the factory	3.200-14.930 mg/L	25 mg/L	0.1740	0.9410	Not exceeded
	Sulphur dioxide	Organised emission	24	Heat treatment furnace, curing furnace, heating furnace in painting room, etc. of each workshop	5-9 mg/m <sup>3</sup>	200 mg/m <sup>3</sup>	0.3810	2.8080	Not exceeded
	Nitric oxide	Organised emission	24	Heat treatment furnace, curing furnace, heating furnace in painting room, etc. of each workshop	24-62 mg/m <sup>3</sup>	300 mg/m <sup>3</sup>	5.9470	18.5690	Not exceeded
	Methylbenzene +Xylene	Organised emission	10	Painting rooms of each workshop and the temporary storage room for hazardous waste	1.300-4.410 mg/m <sup>3</sup>	20 mg/m <sup>3</sup>	0.9760	Not approved by regulators	Not exceeded
Nantong CIMC Energy Equipment Co., Ltd. ("Nantong CIMC Energy Equipment")	COD	Organised emission	1	WS01 outlet	27.000 mg/L	Integrated Wastewater Discharge Standard GB8978-1996	0.9500	11.8270	Not exceeded
	Ammonia nitrogen	Organised emission	1	WS01 outlet	3.440 mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers GB/T31962-2015	0.1300	1.1920	Not exceeded
	Particulate matter	Organised emission	3	Low-temperature sanding room (room 1 and room 2), tank truck sanding room	3.250 mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants GB16297-1996	1.4180	1.5090	Not exceeded

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
	Non-methane hydrocarbon	Organised emission	4	Low-temperature workshop (paint room, oasthouse), tank truck workshop (paint room, oasthouse), gas bottle production workshop (winding, solidification)	1.720 mg/m <sup>3</sup>	Jiangsu Province Chemical Industry VOCs Emission Standard DB32/3151-2016	2.0100	2.4490	Not exceeded
	Methylbenzene	Organised emission	4	Low-temperature workshop (paint room, oasthouse), tank truck workshop (paint room, oasthouse), gas bottle production workshop (winding, solidification)	0.071 mg/m <sup>3</sup>		0.0670	0.1230	Not exceeded
	Xylene	Organised emission	4	Low-temperature workshop (paint room, oasthouse), tank truck workshop (paint room, oasthouse), gas bottle production workshop (winding, solidification)	0.710 mg/m <sup>3</sup>		1.0800	1.3200	Not exceeded
CIMC Safeway Technologies Co., Ltd ("CIMC Safeway")	Ammonia nitrogen	Sewage collection pipes	1	Main outlet of the company	1.290 mg/L	45 mg/L	-	Not approved by regulators	Not exceeded
	VOCs (non-methane hydrocarbon)	Organised emission	4	Voc outlet	11.200 mg/m <sup>3</sup>	120 mg/m <sup>3</sup>	-	Not approved by regulators	Not exceeded
	COD	Sewage collection pipes	1	Main outlet of the company	14.000 mg/L	500 mg/L	-	Not approved by regulators	Not exceeded
Nantong SinoPacific Offshore & Engineering Co., Ltd. ("SOE")	VOCs	Exhaust pipes	5	East and middle of the factory area	33.100 mg/m <sup>3</sup>	Emission Control Standard of Volatile Organic Compounds from Industrial Enterprises (DB12/524-2014)	2.9000	Not approved by regulators	Not exceeded
	Dust	Exhaust pipes	6	East and middle of the factory area	<20 mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants (DB31/933-2015)	2.6300	Not approved by regulators	Not exceeded
	Paint mist	Exhaust pipes	5	East and middle of the factory area	ND (not detected)	(DB31/933-2015)	0	Not approved by regulators	Not exceeded
	Methylbenzene	Exhaust pipes	5	East and middle of the factory area	0.155 mg/m <sup>3</sup>		1.7300	Not approved by regulators	Not exceeded
	Xylene	Exhaust pipes	5	East and middle of the factory area	2.750 mg/m <sup>3</sup>		1.5000	Not approved by regulators	Not exceeded

## CHAPTER IX

### ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
	BOD5	Wastewater is discharged into the river outside the factory through sewage collection pipes	1	North of the factory area	6.360 mg/L	Centralized Collection Agreement	2.8700	Not approved by regulators	Not exceeded
	SS	Wastewater is discharged into the river outside the factory through sewage collection pipes	1	North of the factory area	7.660 mg/L		1.0000	Not approved by regulators	Not exceeded
	Ammonia nitrogen	Wastewater is discharged into the river outside the factory through sewage collection pipes	1	North of the factory area	0.238 mg/L		0.0070	Not approved by regulators	Not exceeded
	Anionic surfactant	Wastewater is discharged into the river outside the factory through sewage collection pipes	1	North of the factory area	0.090 mg/L		0.0900	Not approved by regulators	Not exceeded
	COD	Wastewater is discharged into the river outside the factory through sewage collection pipes	1	North of the factory area	18.600 mg/L		6.5000	Not approved by regulators	Not exceeded
	Petroleum	Wastewater is discharged into the river outside the factory through sewage collection pipes	1	North of the factory area	2.210 mg/L		0.3440	Not approved by regulators	Not exceeded
	Total phosphorus	Wastewater is discharged into the river outside the factory through sewage collection pipes	1	North of the factory area	0.240 mg/L		0.0800	Not approved by regulators	Not exceeded
	PH	Wastewater is discharged into the river outside the factory through sewage collection pipes	1	North of the factory area	7.8		-	Not approved by regulators	Not exceeded

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
Shenzhen CIMC-TianDa Airport Support Ltd. ("TianDa Airport")	Sulphur dioxide	Exhaust pipes	3	East of the factory area	ND (not detected)	Boiler Air Pollutant Discharge Standard GB13271-2014	0	Not approved by regulators	Not exceeded
	Nitric oxide	Exhaust pipes	3	East of the factory area	79.000 mg/m <sup>3</sup>		0	Not approved by regulators	Not exceeded
	Dust	Exhaust pipes	3	East of the factory area	2.300 mg/m <sup>3</sup>		0	Not approved by regulators	Not exceeded
	VOCs	Organised emission	3	North of #1 plant, north of #2 plant	7.280-60.100 mg/m <sup>3</sup>	Emission Standard of Volatile Organic Compounds for Surface Coating (Vehicle Manufacturing Industry)	10.6700	Not approved by regulators	Not exceeded
	VOCs	Fugitive emission	Nil	Boundary	0.007-0.987 mg/m <sup>3</sup>		-	Not approved by regulators	Not exceeded
	Xylene	Organised emission	3	North of #1 plant, north of #2 plant	0-27 mg/m <sup>3</sup>	DB44/21-2001 Time Slot II Level II	2.2000	Not approved by regulators	Not exceeded
	Methylbenzene	Organised emission	3	North of #1 plant, north of #2 plant	0-0.318 mg/m <sup>3</sup>		0.0930	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	8	North of #1 plant, north of #2 plant	0-37.200 mg/m <sup>3</sup>		4.8200	Not approved by regulators	Not exceeded
	Benzene	Organised emission	3	North of #1 plant, north of #2 plant	0-5.190 mg/m <sup>3</sup>		0.6220	Not approved by regulators	Not exceeded
	Particulate matter	Fugitive emission	Nil	Boundary	0.189-0.408 mg/m <sup>3</sup>	DB44/21-2001 Table 2	-	-	Not exceeded
	Xylene	Fugitive emission	Nil	Boundary	ND (not detected)	Time Slot II Monitoring	-	-	Not exceeded
	Methylbenzene	Fugitive emission	Nil	Boundary	0-0.097 mg/m <sup>3</sup>	Concentration Limits for	-	-	Not exceeded
	Benzene	Fugitive emission	Nil	Boundary	0-0.102 mg/m <sup>3</sup>	Fugitive Emissions Monitoring Concentration Limits	-	-	Not exceeded
	Dalian CIMC Logistics Equipment Co., Ltd. ("Dalian Logistics Equipment")	Noise (boundary)	Fugitive emission	-	Boundary	Daytime 56.75 dB(A) (average)	Emission Standard for Industrial Enterprise Noise at Boundary (GB12348-90)	-	Not approved by regulators
Total phosphorus		Sewage collection pipes	1	South of the factory area	3.110 mg/L (average concentration)	Liaoning Province Integrated Wastewater Discharge Standard	0.6340	Not approved by regulators	Not exceeded
COD		Sewage collection pipes	1	South of the factory area	262.000 mg/L (average concentration)	(DB21/1627-2008)	40.6700	Not approved by regulators	Not exceeded
Ammonia nitrogen		Sewage collection pipes	1	South of the factory area	0.607 mg/L (average concentration)		0.1250	Not approved by regulators	Not exceeded
SS		Indirect emission-Sewage collection pipes	1	South of the factory area	81.000 mg/L (average concentration)		13.7350	Not approved by regulators	Not exceeded
Total nitrogen		Sewage collection pipes	1	South of the factory area	8.160 mg/L (average concentration)	GB8978-1996 Integrated Wastewater Discharge Standard	1.3840	Not approved by regulators	Not exceeded
PH		Sewage collection pipes	1	South of the factory area	7.05 (dimensionless)		-	Not approved by regulators	Not exceeded

## CHAPTER IX

### ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission	
C&C Trucks Co., Ltd. ("C&C Trucks")	Sulphur dioxide	Organised emission	5	Outside the coating line	0.375 mg/m <sup>3</sup> (average concentration)	Emission Standard of Air Pollutants (GB16297)	0.3300	Not approved by regulators	Not exceeded	
	Particulate matter	Organised emission	11	Outside the welding, sanding and coating lines	8.200 mg/m <sup>3</sup> (average concentration)		16.6500	Not approved by regulators	Not exceeded	
	Nitric oxide	Organised emission	5	Outside the coating line	0.375 mg/m <sup>3</sup> (average concentration)		0.0800	Not approved by regulators	Not exceeded	
	Benzene	Organised emission	4	Outside the coating line	0.125 mg/m <sup>3</sup> (average concentration)	Emission Standard of Volatile Organic Compounds for Industrial Surface Coating	0.1500	Not approved by regulators	Not exceeded	
	Benzene congeners	Organised emission	4	Outside the coating line	0.543 mg/m <sup>3</sup> (average concentration)	DB21 3160-019	0.7900	Not approved by regulators	Not exceeded	
	Non-methane hydrocarbon	Organised emission	4	Outside the coating line	12.745 mg/m <sup>3</sup> (average concentration)		9.0200	Not approved by regulators	Not exceeded	
	VOCs	Organised emission	4	Outside the coating line	1.715 mg/m <sup>3</sup> (average concentration)		1.7800	Not approved by regulators	Not exceeded	
	Xylene	Organised emission	2	Frame workshop/body painting workshop	0.150 mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants	5.4600	Not approved by regulators	Not exceeded	
	NOx	Organised emission	5	Frame workshop/body painting workshop	0.008 mg/m	GB16297-1996	1.3100	Not approved by regulators	Not exceeded	
	VOCs	Organised emission	4	Frame workshop/body painting workshop	5.610 mg/m <sup>3</sup>		6.2900	148.0900	Not exceeded	
	CODcr	Sewage collection pipes	1	Gate 1 of the factory	34.260 mg/L	Integrated Wastewater Discharge Standard	6.5105	25.0350	Not exceeded	
	PH	Sewage collection pipes	1	Gate 1 of the factory	-	GB8978-1996	-	-	Not approved by regulators	Not exceeded
	SS	Sewage collection pipes	1	Gate 1 of the factory	30.110 mg/L		2.7961	-	Not approved by regulators	Not exceeded
	Petroleum	Sewage collection pipes	1	Gate 1 of the factory	0.830 mg/L		0.0692	-	Not approved by regulators	Not exceeded
	Total nickel	Sewage collection pipes	1	Gate 1 of the factory	0.190 mg/L		0.0648	0.1432	Not approved by regulators	Not exceeded
	Total zinc	Sewage collection pipes	1	Gate 1 of the factory	0.05 mg/L	Concentration lower than the limit	-	0.1768	Not approved by regulators	Not exceeded
	Phosphate	Sewage collection pipes	1	Gate 1 of the factory	1.450 mg/L		0.13993	0.2829	Not approved by regulators	Not exceeded
	Ammonia nitrogen	Sewage collection pipes	1	Gate 1 of the factory	2.535 mg/L		0.54647	1.7116	Not approved by regulators	Not exceeded
	Ringelmann emittance	Organised emission	2	Kinetic energy Workshop/frame workshop	level 1	Integrated Emission Standard of Air Pollutants	-	-	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	8	Kinetic energy Workshop/frame workshop	20 mg/m <sup>3</sup> Concentration lower than the limit	GB16297-1996	-	-	Not approved by regulators	Not exceeded
Sulphur dioxide	Organised emission	5	Kinetic energy Workshop	3 mg/m <sup>3</sup>		0.0200	-	Not approved by regulators	Not exceeded	
Methylbenzene	Organised emission	2	Frame workshop/body painting workshop	0.050 mg/m <sup>3</sup>		0.7000	-	Not approved by regulators	Not exceeded	

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
Yantai CIMC Raffles Offshore Engineering Co., Ltd. ("Yantai Raffles")	Benzene	Organised emission	3	1#, 4#, 5-6# coating workshop and pre-treatment workshop	<0.0015 mg/m <sup>3</sup>	Emission Standard of Volatile Organic Compounds Part 5: Surface Coating Industry (DB37/2801.5)	-	Not approved by regulators	Nil
	Methylbenzene	Organised emission	3	1#, 4#, 5-6# coating workshop and pre-treatment workshop	<0.0015 mg/m <sup>3</sup>	Emission Standard of Volatile Organic Compounds Part 5: Surface Coating Industry (DB37/2801.5)	-	Not approved by regulators	Nil
	VOCs	Organised emission	1	5-6# coating workshop	19.500 mg/m <sup>3</sup>	(DB37/2801.5)	2.8340	16.4500	Not exceeded
	VOCs	Organised emission	3	1#, 4# coating workshop and pre-treatment workshop	15.500 -19.800 mg/m <sup>3</sup>		3.3360	Not approved by regulators	Not exceeded
	Xylene	Organised emission	3	1#, 4#, 5-6# coating workshop and pre-treatment workshop	<0.0015		0.0050	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	8	1- 4# coating workshop and pre-treatment workshop	1.300-4.900 mg/m <sup>3</sup>	Shandong Provincial Standard - Regional and Integrated Emission Standard of Air	1.5570	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	3	5-6# coating workshop	3.500 mg/m <sup>3</sup>	Pollutants (DB37/2376-2019)	0.4450	11.2659	Not exceeded
	Nitric oxide	Organised emission	2	5-6# coating workshop	-	Boiler Air Pollutant Discharge Standard of Shandong Province	0.0090	0.3240	Not exceeded
Sulphur dioxide	Organised emission	2	5-6# coating workshop	-	DB37 2374-2018	0.0020	0.0576	Not exceeded	
Haiyang CIMC Raffles Offshore Ltd. ("Haiyang Raffles")	Particulate matter	Organised emission	4	Pre-treatment workshop, coating workshop	2.200 mg/m <sup>3</sup>	DB37/2376-2019 Regional and Integrated Emission Standard of Air Pollutants Table 1	1.0440	Not approved by regulators	Not exceeded
	VOCs (organic waste gas)	Organised emission	3	Pre-treatment workshop, coating workshop	9.960 mg/m <sup>3</sup>	DB37/2801.5-2018 Emission Standard of Volatile Organic Compounds Part 5: Surface Coating Industry Table 2	3.4014	Not approved by regulators	Not exceeded
	Methylbenzene	Organised emission	3	Pre-treatment workshop, coating workshop	< 0.0015 mg/m <sup>3</sup>		0	Not approved by regulators	Not exceeded
	Xylene	Organised emission	3	Pre-treatment workshop, coating workshop	< 0.0015 mg/m <sup>3</sup>		0	Not approved by regulators	Not exceeded
	Benzene	Organised emission	3	Pre-treatment workshop, coating workshop	< 0.0015 mg/m <sup>3</sup>		0	Not approved by regulators	Not exceeded

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### Construction and operation of pollution prevention and control facilities

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Yangzhou Tonglee Reefer Container Co., Ltd. Industrial sewage:

- (1) There is no external emission of production wastewater.
- (2) Domestic wastewater is filtered through one oil separator and six septic tanks respectively, and then centralized into sewage treatment plant through the outlet of domestic wastewater. Currently, the facilities are in normal operation.

Industrial exhaust:

- (1) 2 sets of VOCs zeolite runner + catalytic oxidation facilities for coating treatment, with a treatment capacity of 300,000 m<sup>3</sup>/h, emission through exhaust pipes after treatment in compliance with standards.
- (2) The total assembly 1# and 2# wire welding fume is discharged after treated by the fixed welding fume dedusting device.
- (3) Other welding fumes are discharged after treated by 28 mobile welding fume dedusting devices.

Currently, all the said facilities are in normal operation.

Hazardous waste: The company establishes the dedicated hazardous waste warehouse and commissions qualified third party institutions for transportation and treatment. Currently, the facilities are in normal operation.

Yangzhou Runyang Logistic Equipment Co., Ltd.

Industrial sewage:

- (1) The watertight test wastewater is recycled after sedimentation and filtration with no external emission. The remaining production wastewater is reused after being treated by the sewage treatment station in the plant with no external emission.
- (2) After the waste water is pretreated by the septic tank, the canteen wastewater is pretreated by the grease trap and then connected to the municipal sewage pipe network and sent to the Liuwei Wastewater Treatment Plant of Yangzhou for centralized treatment.

Currently, all the said facilities are in normal operation.

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## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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### Industrial exhaust:

- (1) The blasting gas generated by the steel plate pretreatment line is collected by the pipeline under negative pressure, and then processed by the "multiple cyclone dust removal + filter dust removal + water curtain dust collector" device.
- (2) The welding gas of the standard container line and the special container A line is collected by the collecting hood and then processed by the "filter cartridge filter" or "plate soldering dust remover" device.
- (3) After collecting the waste gas from the second sanding of the standard container line, the special container A line and the special container B line by the pipeline, the exhaust gas is processed by the "filter element dust removal + water filter dust removal system" or "filter barrel filter" equipped with the equipment.
- (4) The light-tight exhaust gas of the standard container line is collected by the negative pressure, and then treated by the "filter dust collector".
- (5) Organic exhaust gas and particulate matter of paint mist generated from the spray coating of the pretreatment line, after being collected by negative pressure, are treated by "zeolite runner adsorption concentration + desorption + regenerative thermal oxidation combustion".
- (6) Organic exhaust gas and particulate matter of paint mist generated from the coating line (oily paint) of the special container B line, after being collected by negative pressure, are treated by "water spray + activated carbon desorption + catalytic combustion".
- (7) Organic exhaust gas and particulate matter of paint mist sprayed on standard container line, special container A line coating line (water-based paint), after being collected by negative pressure, are treated by "primary medium effect filtration + activated carbon adsorption" and "water curtain/water rotation + preliminary medium effect filtration + activated carbon adsorption".
- (8) The biochemical treatment waste gas from the sewage treatment station is collected by the negative pressure, and treated by the "activated carbon adsorption device".

All the said exhaust gas is discharged through exhaust pipes after being treated. Currently, all the said facilities are in normal operation.

Hazardous waste: The waste gas from storage and paint residue drying in hazardous waste depot is collected by negative pressure and centralizedly discharged through exhaust pipes after being treated by "activated carbon adsorption device". The paint residue is dried by the drying equipment; and commissions qualified enterprises for standardized treatment of dried paint residue. Currently, the facilities are in normal operation.

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## CHAPTER IX

### ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Dongguan Southern CIMC Logistic  
Equipment Manufacturing Co., Ltd.

Industrial sewage:

- (1) 1 set of industrial wastewater treatment facilities with a designed capacity of 200t/d, and industrial wastewater is recycled after treatment in compliance with standards, with no external emission.
- (2) Domestic sewage is discharged to the municipal sewage network after treated by the septic tank.

Currently, the facilities are in normal operation.

Industrial exhaust:

- (1) The first phase has 4 sets of organic waste gas facilities, of which the primer paint adopts filter cotton + runner adsorption + RTO, with a treatment capacity of 200,000 m<sup>3</sup>/h; the exterior paint adopts filter cotton + water spray + UV photolysis, with a treatment capacity of 250,000 m<sup>3</sup>/h; intermediary paint/interior paint adopts filter cotton + water spray + UV photolysis, with a treatment capacity of 200,000 m<sup>3</sup>/h; black paint adopts filter cotton + water spray + UV photolysis, with a treatment capacity of 100,000 m<sup>3</sup>/h.
- (2) The first phase has 4 sets of sanding dust exhaust gas facilities: cyclone + filter element (cylinder), with a treatment capacity of 364,000 m<sup>3</sup>/h.
- (3) The first phase has 4 sets of welding fume exhaust gas facilities: electrostatic dust removal, with a treatment capacity of 244,000 m<sup>3</sup>/h.
- (4) The first phase has 1 set of industrial wastewater odor treatment facilities: water spray + UV photolysis, with a treatment capacity of 15,000 m<sup>3</sup>/h.
- (5) 2 sets of components and parts processing organic waste gas treatment facilities: filter cotton + runner adsorption + RTO, with a treatment capacity of 220,000 m<sup>3</sup>/h.
- (6) 3 sets of components and parts sanding dust exhaust gas treatment facilities: cyclone + filter element (cylinder), with a treatment capacity of 375,000 m<sup>3</sup>/h.

The said industrial waste gas is emitted through the 15m exhaust pipes after treatment in compliance with standards. Currently, all the said facilities are in normal operation.

Hazardous waste: The company establishes 1 hazardous waste warehouse and commissions qualified third party institutions for transportation and treatment. Currently, the facilities are in normal operation.

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Qingdao CIMC Special Reefer Co., Ltd.

Industrial sewage: 1 set of coating and painting wastewater treatment facilities with a capacity of 50t/d; wastewater is reused after the treatment in compliance with standards, and the wastewater treatment will be commissioned to third parties in the later stage. The wastewater is not discharged to the external environment. Currently, the facilities are in normal operation.

Industrial exhaust:

- (1) 1 set of panel, small parts glue spray VOCs zeolite runner +RTO facilities with a treatment capacity of 60,000 m<sup>3</sup>/h.
- (2) 1 set of coating and painting VOCs zeolite runner +RTO facilities with a treatment capacity of 240,000 m<sup>3</sup>/h.
- (3) 1 set of filter bags dust-removing facilities in container sanding with a treatment capacity of 80,000 m<sup>3</sup>/h.
- (4) 2 sets of filter bags dust-removing facilities in container sandblasting with a treatment capacity of 50,000 m<sup>3</sup>/h.
- (5) 2 sets of filter bags dust-removing facilities for cleaning container, with a treatment capacity of 50,000 m<sup>3</sup>/h.
- (6) 4 sets of filter bags dust-removing facilities for welding dust removal, with a treatment capacity of 40,000 m<sup>3</sup>/h and 57,000 m<sup>3</sup>/h.

The said waste gas is emitted through the 15m exhaust pipes after treatment in compliance with standards. Currently, all the said facilities are in normal operation.

Hazardous waste: The company establishes the hazardous waste warehouse for storing such waste and commissions qualified third party institutions for transportation and treatment. Currently, the facilities are in normal operation.

Qingdao CIMC Reefer Container Manufacture Co., Ltd.

Industrial sewage: 1 set of Sewage treatment facilities with a treatment capacity of 100t/d, with 95% of wastewater is reused after the treatment and 5% is discharged to the external environment after the treatment in compliance with standards. Currently, the facilities are in normal operation.

Industrial exhaust:

- (1) 4 sets of multi-tube cyclone+ filter bags dust-removing facilities for sandblasting waste gas pre-treatment, with a treatment capacity of 25,000 m<sup>3</sup>/h, emission through four 15m-height exhaust pipes.
- (2) 4 sets of multi-tube cyclone+ filter bags dust-removing facilities for container sandblasting waste gas treatment, with a treatment capacity of 80,000 m<sup>3</sup>/h, emission through four 15m exhaust pipes.

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

- (3) 1 set of multi-tube cyclone+ filter bags dust-removing facilities for container sandblasting cleaning room waste gas treatment, with a treatment capacity of 50,000 m<sup>3</sup>/h, emission through one 15m exhaust pipe.
- (4) 1 set of activated carbon+ catalytic combustion facilities for top spray-painting waste gas treatment, with a treatment capacity of 180,000 m<sup>3</sup>/h, emission through one 17m exhaust pipe.
- (5) 1 set of zeolite runner+ RTO facilities for primer paint spraying waste gas treatment, with a treatment capacity of 120,000 m<sup>3</sup>/h, emission through one 17m exhaust pipe.
- (6) 1 set of filter barrel dust collector facilities for front and rear frames welding waste gas treatment, with a treatment capacity of 40,000 m<sup>3</sup>/h, emission through one 17m exhaust pipe.
- (7) 1 set of multi-tube cyclone+ filter bags dust-removing facilities for sandblasting room waste gas treatment, with a treatment capacity of 50,000 m<sup>3</sup>/h, emission through one 15m exhaust pipe.
- (8) 1 set of activated carbon+ catalytic combustion facilities for door panel coating and painting waste gas treatment, with a treatment capacity of 60,000 m<sup>3</sup>/h, emission through one 15m exhaust pipe.
- (9) 1 set of multi-tube cyclone+ filter bags dust-removing facilities for door panel sandblasting waste gas treatment, with a treatment capacity of 15,000 m<sup>3</sup>/h, emission through one 15m exhaust pipe.
- (10) 2 sets of filter bags dust-removing facilities for chassis welding waste gas treatment, with a treatment capacity of 30,000 m<sup>3</sup>/h and 40,000 m<sup>3</sup>/h, respectively, emission through two 15m exhaust pipes.
- (11) 1 set of activated carbon + catalytic combustion facilities for intermediate spray-painting waste gas treatment, with a treatment capacity of 200,000 m<sup>3</sup>/h, emission through one 17m exhaust pipe.
- (12) 1 set of activated carbon + catalytic combustion facilities for spray mark waste gas treatment, with a treatment capacity of 70,000 m<sup>3</sup>/h, emission through one 15m exhaust pipe.
- (13) 1 set of zeolite runner + RTO facilities for painting and coating waste gas pre-treatment, with a treatment capacity of 60,000 m<sup>3</sup>/h, emission through one 17m exhaust pipe.

Currently, all the said facilities are in normal operation.

Hazardous waste: The company establishes the hazardous waste warehouse for storing such waste and commissions qualified third party institutions for transportation and treatment. Currently, the facilities are in normal operation.

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Guangdong Xinhui CIMC Special  
Transportation Equipment Co., Ltd.

Industrial sewage:

- (1) Domestic sewage is treated by the sewage treatment station of CIMC Park.
- (2) Industrial wastewater is recycled after treatment with no external emission.

Currently, the facilities are in normal operation.

Industrial exhaust:

- (1) 2 sets of pre-treatment organic waste gas dry (wet) painting mist removal + zeolite runner adsorption + catalytic oxidation facilities, with a treatment capacity of 100,000 m<sup>3</sup>/h.
- (2) 1 set of C-line organic waste gas spray + dry filter cotton + activated carbon adsorption facilities, with a treatment capacity of 100,000 m<sup>3</sup>/h.
- (3) 4 sets of B-line organic waste gas + spray tower + filter cotton filtration + multiphase catalytic oxidation facilities, with a treatment capacity of 710,000 m<sup>3</sup>/h.
- (4) 13 sets of sanding dust (particulate matter) control facilities: bag dust collectors + water spray facilities, with a treatment capacity of 597,987 m<sup>3</sup>/h.
- (5) 12 sets of welding fume treatment facilities, with a treatment capacity of 339,390 m<sup>3</sup>/h. The dust collecting hood is used to cover the concentrated area of the welding. The natural lifting force of the high-heat soot and the negative suction of the fan are used to control the welding fumes in the coverage area for centralized collection. The collected soot is treated by a plate filter and emitted after treatment in compliance with standards.

The said #1-#4 waste gas is emitted through exhaust pipes after treatment in compliance with standards. Currently, all the said facilities are in normal operation.

Hazardous waste: The company establishes the hazardous waste warehouse for storing such waste and commissions qualified third party institutions for transportation and treatment. Currently, the facilities are in normal operation.

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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Xinhui CIMC Container Co., Ltd.

Industrial sewage:

- (1) 1 set of industrial sewage treatment facilities with a treatment capacity of 1,200 t/d; wastewater is recycled after the treatment, with no external emission.
- (2) 1 set of domestic sewage treatment facilities with a treatment capacity of 4,500 t/d (1,300 t/d of domestic sewage and 3,200 t/d of initial rainwater), which will be discharged into the inner river in the northwest of the factory area after treatment in compliance with standards.

Currently, the facilities are in normal operation.

Industrial exhaust:

- (1) The VOCs exhaust gas is passed through 4 sets of water spray + dry filter cotton + activated carbon adsorption facilities, with a treatment capacity of 320,800 m<sup>3</sup>/h, emission through exhaust pipes after treatment in compliance with standards.
- (2) 2 sets of sanding dust control facilities: bag dust collectors + water spray, with a treatment capacity of 139,000 m<sup>3</sup>/h, emission after treatment in compliance with standards.
- (3) 1 set of boiler flue gas treatment facilities: SNCR+ cyclone dust collectors + bag dust collectors, with a treatment capacity of 36,000 m<sup>3</sup>/h, emission through exhaust pipes after treatment in compliance with standards.
- (4) 14 sets of welding fume treatment facilities with a treatment capacity of 380,000 m<sup>3</sup>/h. The dust collecting hood is used to cover the concentrated area of the welding. The natural lifting force of the high-heat soot and the negative suction of the fan are used to control the welding fumes in the coverage area for centralized collection. The collected soot is treated by a plate filter and emitted through exhaust pipes after treatment in compliance with standards.

Currently, all the said facilities are in normal operation.

Hazardous waste: The company establishes the hazardous waste warehouse for storing such waste and commissions qualified third party institutions for transportation and treatment. Currently, the facilities are in normal operation.

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## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Qingdao CIMC Container Manufacture Co., Ltd.

Industrial sewage:

The company establishes 1 set of industrial sewage treatment facilities, with a treatment capacity of 120 t/d. Most of the wastewater is reused after the treatment, and a small part of the wastewater is discharged through the sewage collection pipes after treatment in compliance with standards. Currently, the facilities are in normal operation.

Industrial exhaust:

- (1) 1 set of pre-treatment painting line VOCs "RTO" facilities, with a treatment capacity of 35,000 m<sup>3</sup>/h.
- (2) 3 sets of container painting line VOCs "activated carbon adsorption/desorption + catalytic combustion", with a treatment capacity of 120,000 m<sup>3</sup>/h (1 set), 140,000 m<sup>3</sup>/h (2 sets).
- (3) 1 set of container painting line VOCs "molecular sieve adsorption/desorption + catalytic combustion", with a treatment capacity of 140,000 m<sup>3</sup>/h.
- (4) 1 set of container painting line VOCs "activated carbon adsorption/desorption + catalytic combustion", with a treatment capacity of 120,000 m<sup>3</sup>/h.
- (5) 4 sets of pre-treatment sanding line particulate matter emission "cyclone filter barrel dust collector + water curtain dust collector" facilities, with a treatment capacity of 30,000 m<sup>3</sup>/h.
- (6) 1 set of pre-treatment sanding line particulate matter emission "cyclone filter barrel dust collector + water curtain dust collector" facilities, with a treatment capacity of 60,000 m<sup>3</sup>/h.
- (7) 4 sets of container sanding line particulate matter emission "cyclone filter barrel dust collector + water curtain dust collector" facilities, with a treatment capacity of 30,000 m<sup>3</sup>/h.
- (8) 1 set of container sanding line particulate matter emission "cyclone filter barrel dust collector" facilities, with a treatment capacity of 30,000 m<sup>3</sup>/h.
- (9) 1 set of special container sanding line particulate matter emission "cyclone filter barrel dust collector" facilities, with a treatment capacity of 30,000 m<sup>3</sup>/h.
- (10) 1 set of sewage treatment station odor gas "UV photolysis" facilities, with a treatment capacity of 10,000 m<sup>3</sup>/h.

The said waste gas is emitted through exhaust pipes after treatment in compliance with standards. Currently, the facilities are in normal operation.

Hazardous waste : The company establishes the hazardous waste warehouse for storing such waste and commissions qualified third party institutions for transportation and treatment. Currently, the facilities are in normal operation.

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Zhangzhou CIMC Container Co., Ltd.

Industrial sewage:

1 set of painting wastewater treatment facilities, with a treatment capacity of 20t/d. Wastewater is reused after the treatment in compliance with standards, with no external emission. Currently, the facilities are in normal operation.

Industrial exhaust:

- (1) 4 sets of pre-treatment first sanding line particulate matter "cyclone filter barrel dust collector" facilities, with a treatment capacity of 100,000 m<sup>3</sup>/h.
- (2) 3 sets of pre-treatment painting line VOCs "activated carbon adsorption" facilities, with a treatment capacity of 15,000 m<sup>3</sup>/h each.
- (3) 3 sets of container second sanding line particulate matter "cyclone filter barrel dust collector" facilities, with a treatment capacity of 100,000 m<sup>3</sup>/h.
- (4) 3 sets of container painting line VOCs "Venturi spray tower" facilities, with a treatment capacity of 55,000 m<sup>3</sup>/h each.
- (5) 1 set of special container second sanding line particulate matter "cyclone filter barrel dust collector" facilities, with a treatment capacity of 100,000 m<sup>3</sup>/h.
- (6) 1 set of special container painting line VOCs "Venturi spray tower + activated carbon adsorption" facilities, with a treatment capacity of 25,000 m<sup>3</sup>/h each.

The said waste gas is emitted through exhaust pipes after treatment in compliance with standards. Currently, the said facilities are in normal operation.

Hazardous waste: The company establishes the hazardous waste warehouse for storing such waste and commissions qualified third party institutions for transportation and treatment. Currently, all the facilities are in normal operation.

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Tianjin CIMC Containers Co., Ltd.

Industrial sewage:

- (1) 1 set of industrial sewage treatment facilities with a treatment capacity of 100 t/d; wastewater is recycled after the treatment in compliance with standards, with no external emission.
- (2) 1 set of domestic sewage treatment facilities with a treatment capacity of 450 t/d; part of the wastewater is recycled after treatment in compliance with standards, and the remaining is discharged to sewage treatment plant. Currently, the facilities are in normal operation.

Industrial exhaust:

- (1) 1 set of thick plate pre-treatment line VOCs control facilities: "zeolite runner adsorption concentration + RTO" facilities, with a treatment capacity of 54,000 m<sup>3</sup>/h.
- (2) 1 set of thin plate pre-treatment line VOCs control facilities: "RTO" treatment facilities, with a treatment capacity of 18,000 m<sup>3</sup>/h.
- (3) 3 sets of painting line VOCs control facilities: "water scrubber +activated carbon adsorption and desorption + catalytic combustion" facilities, with the treatment capacity of 420,000 m<sup>3</sup>/h.

The said waste gas is emitted through exhaust pipes after treatment in compliance with standards. Currently, the facilities are in normal operation

Hazardous waste: The company establishes the hazardous waste warehouse for storing such waste and commissions qualified third party institutions for transportation and treatment. Currently, the facilities are in normal operation.



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## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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Ningbo CIMC Logistics Equipment Co., Ltd.

Industrial sewage:

The company establishes 1 set of industrial wastewater treatment facilities with a treatment capacity of 200 t/d; industrial wastewater complied with standards after treatment will be reused with an upper limit of 50%, the remaining will be discharged and incorporated into the sewage collection pipes. Currently, the facilities are in normal operation.

Industrial exhaust:

- (1) 7 sets of coating line water spray organic waste gas treatment facilities, with a treatment capacity of 675,000 m<sup>3</sup>/h.
- (2) 9 sets of pre-treatment sanding dust-removing filters, with a treatment capacity of 270,000 m<sup>3</sup>/h.
- (3) 8 sets of full container sanding dust-removing filters, with a treatment capacity of 160,000 m<sup>3</sup>/h.
- (4) 34 sets of welding fumes dust-removing filters, with a treatment capacity of 720,000 m<sup>3</sup>/h.
- (5) 1 set of zeolite runner + RTO facilities, with a treatment capacity of 60,000 m<sup>3</sup>/h.
- (6) 1 set of spray mark waste gas treatment facilities, with a treatment capacity of 50,000 m<sup>3</sup>/h.

Currently, the facilities are in normal operation.

Hazardous waste: The company establishes the hazardous waste warehouse for storing such waste and commissions qualified third party institutions for transportation and treatment. Currently, the facilities are in normal operation.

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## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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Taicang CIMC Containers Co., Ltd.

Industrial sewage:

1 set of painting wastewater treatment facilities (shared by standard container and special container), with a treatment capacity of 80 t/d; the wastewater is recycled after treatment in compliance with standards, with no external emission. Currently, the facilities are in normal operation.

Industrial exhaust:

- (1) 3 sets of painting line water rotary spray + filter cotton + activated carbon adsorption device, with treatment capacity of 120,000 m<sup>3</sup>/h each.
- (2) 4 sets of welding line filter dust removal facilities; the total installed capacity is 15,000 m<sup>3</sup>/h, with the rear treatment capacity being 47,000 m<sup>3</sup>/h, the chassis treatment capacity being 31,000 m<sup>3</sup>/h, and the side panel treatment capacity being 21,000 m<sup>3</sup>/h.
- (3) 1 set of pre-treatment multi-tube cyclone + filter dust removal facilities, with treatment capacity of 40,000 m<sup>3</sup>/h.

The said waste gas is emitted through exhaust pipes after treatment in compliance with standards. Currently, the facilities are in normal operation.

Hazardous waste: The company establishes the hazardous waste warehouse for storing such waste and commissions qualified third party institutions for transportation and treatment. Currently, the facilities are in normal operation.

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## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Nantong CIMC Special Transportation  
Equipment Manufacture Co., Ltd.

Industrial sewage:

1 set of waste water treatment facilities with capacity of 600 t/d; the wastewater is discharged to the municipal sewage network after the treatment in compliance with standards. Currently, the facilities are in normal operation.

Industrial exhaust:

(1) VOCs treatment

# Pre-treatment line : 1 set of VOCs activated carbon adsorption + desorption+ solvent recovery facilities, with a treatment capacity of 80,000 m<sup>3</sup>/h.

#Nante Line : 1 set of VOCs zeolite runner + catalytic combustion facilities and 1 set of zeolite runner + RTO combustion facilities, with a total treatment capacity of 290,000 m<sup>3</sup>/h; 1 set of VOCs zeolite molecular runner + RTO combustion facilities, with a treatment capacity of 380,000 m<sup>3</sup>/h.

# Shunda Line : 1 set of VOCs zeolite molecular runner + RTO combustion facilities, with a treatment capacity of 330,000 m<sup>3</sup>/h.

(2) Particulate matter treatment

# Pre-treatment line : 4 sets of sanding dust-removing filter facilities, with a total treatment capacity of 132,000 m<sup>3</sup>/h.

# Nante Line : 2 sets of facilities with full container sanding dust-removing filter, with a total treatment capacity of 100,000 m<sup>3</sup>/h; 2 sets of facilities with welding dust-removing filter, with a treatment capacity of 170,000 m<sup>3</sup>/h.

(3) Shunda Line

1 set of facilities with full container sanding dust-removing filter, with a treatment capacity of 80,000 m<sup>3</sup>/h; 1 set of facilities with welding dust-removing filter, with a treatment capacity of 30,000 m<sup>3</sup>/h.

Currently, the facilities are in normal operation.

Hazardous waste: The company establishes the hazardous waste warehouse for storing such waste and commissions qualified third party institutions for transportation and treatment. Currently, the facilities are in normal operation.

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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Shanghai CIMC Baowell Industries Co. Ltd.

Industrial sewage:

1 set of industrial wastewater treatment facilities with treatment capacity of 60 t/d; the wastewater is recycled after treatment in compliance with standards, with no external emission. Currently, the facilities are in normal operation.

Industrial exhaust:

- (1) 1 set of pre-treatment VOCs exhaust RTO facilities, with a treatment capacity of 36,000 m<sup>3</sup>/h, emission through 16.5m exhaust pipes after treatment in compliance with standards.
- (2) 1 set of zinc-rich paint zeolite runner + RTO facilities, with a treatment capacity of 101,000 m<sup>3</sup>/h, emission through 20m exhaust pipes after treatment in compliance with standards.
- (3) 1 set of exterior paint zeolite runner facilities+ RTO facilities, with a treatment capacity of 100,000 m<sup>3</sup>/h, emission through 20m exhaust pipes after treatment in compliance with standards.
- (4) 1 set of intermediary and interior paint VOC waste gas RTO facilities, with a treatment capacity of 91,000 m<sup>3</sup>/h, emission through 20m exhaust pipes after treatment in compliance with standards.
- (5) 5 sets of pre-treatment dust-removing filters, with a treatment capacity of 149,000 m<sup>3</sup>/h, emission through three 15m exhaust pipes after treatment in compliance with standards.
- (6) 4 sets of second-time sanding dust filters, with a treatment capacity of 258,000 m<sup>3</sup>/h, emission through two 16m exhaust pipes after treatment in compliance with standards.
- (7) 12 sets of welding fumes dust-removing filters, with a treatment capacity of 664,000 m<sup>3</sup>/h, emission through 15m exhaust pipes after treatment in compliance with standards.

Currently, all the said facilities are in normal operation.

Hazardous waste: The company establishes the hazardous waste warehouse for storing such waste and commissions qualified third party institutions for transportation and treatment. Currently, the facilities are in normal operation.

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## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Shanghai CIMC Yangshan Logistics Equipments Co., Ltd.

Industrial sewage:

1 set of industrial sewage treatment facilities, with a treatment capacity of 100 t/d; the wastewater is recycled after treatment in compliance with standards, with no external emission. Currently, the facilities are in normal operation.

Industrial exhaust:

- (1) Spiral water painting mist removal treatment system + filtration + activated carbon adsorption + steam desorption + condensation recovery treatment, a total of 350,000 (Nm<sup>3</sup>/h), emission through 30m exhaust pipes after treatment in compliance with standards.
- (2) 5 sets of pre-treatment dust control facilities (in normal operation): organised emission, 1 outlet (combined).
- (3) 3 sets of second-time sanding dust control facilities (in normal operation): organised emission, 3 outlets.

Currently, the facilities are in normal operation.

Hazardous waste: The company establishes the hazardous waste warehouse for storing such waste and commissions qualified third party institutions for transportation and treatment. Currently, the facilities are in normal operation.

CIMC Taicang Refrigeration Equipment Logistics Co., Ltd.

Industrial sewage:

1 set of grid and sedimentation tank chlorinated salt used for flocculation and sedimentation treatment facilities, with a treatment capacity of 45 m<sup>3</sup>/d. The wastewater generated by the water mist spray device is recycled and reused after treatment, with no external emission. Currently, the facilities are in normal operation.

Industrial exhaust:

- (1) 13 sets of cyclone dust removal + bag dust collectors in total, with a treatment capacity of 45,000 m<sup>3</sup>/h (2 sets), 50,000 m<sup>3</sup>/h (7 sets); and 55,000 m<sup>3</sup>/h (4 sets), respectively.
- (2) 2 sets of bag dust collectors, with a treatment capacity of 20,000 m<sup>3</sup>/h.
- (3) 2 sets of Water curtain spray + filter cotton + bag dust collectors + secondary activated carbon adsorption facilities (activated carbon supporting catalytic combustion device) with a treatment capacity of 40,000 m<sup>3</sup>/h (1 set) and 30,000 m<sup>3</sup>/h (1 set), respectively.

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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- (4) 1 set of cyclone tower + multi-layer filtration + zeolite runner + RTO device, with a treatment capacity of 130,000 m<sup>3</sup>/h.
  - (5) 1 set of bag dust collectors + paint mist filter + molecular sieve rotor concentration + endothermic catalytic combustion device, with a treatment capacity of 60,000 m<sup>3</sup>/h.
  - (6) 5 sets of filter cotton + secondary activated carbon adsorption device (supporting activated carbon catalytic combustion regeneration device), with a treatment capacity of 50,000 m<sup>3</sup>/h (2 sets), 30,000 m<sup>3</sup>/h (1 set) and 16,000 m<sup>3</sup>/h (1 set), respectively.

Currently, all the said facilities are in normal operation.

Hazardous waste: The company establishes the hazardous waste warehouse for storing such waste and commissions qualified third party institutions for transportation and treatment. Currently, the facilities are in normal operation.

Taicang CIMC Special Logistics Equipment Co. Ltd.

Industrial sewage:

1 set of painting wastewater treatment facilities, with a treatment capacity of 80 t/d; the wastewater is recycled after treatment in compliance with standards, with no external emission. Currently, the facilities are in normal operation.

Industrial exhaust:

- (1) The coating line has 4 sets of water rotary spray + filter cotton + activated carbon adsorption devices; the capacity of primer paint pre-painting room and spraying room is 70,000 m<sup>3</sup>/h; the capacity of intermediary paint pre-painting room and spraying room is 115,000 m<sup>3</sup>/h; the capacity of exterior paint pre-painting room and drying room is 61,000 m<sup>3</sup>/h; the capacity of exterior paint spraying room and dividing line room is 90,000 m<sup>3</sup>/h.
- (2) There are 3 sets of filter dust removal for the welding line, 1# dust collector capacity: 22,000 m<sup>3</sup>/h; 2# dust collector capacity: 16,000 m<sup>3</sup>/h; 3# dust collector capacity: 35,000 m<sup>3</sup>/h.
- (3) Pre-treatment: 3 sets of multi-tube cyclone + filter dust removal, with treatment capacity of 40,000 m<sup>3</sup>/h each.
- (4) Pre-treatment: 1 set of water curtain + filter cotton + molecular sieve + RTO, with treatment capacity of 60,000 m<sup>3</sup>/h.

The said waste gas is emitted through exhaust pipes after treatment in compliance with standards. Currently, the facilities are in normal operation.

Hazardous waste: The company establishes the hazardous waste warehouse (shared by standard container and special container) for storing such waste and commissions qualified third party institutions for transportation and treatment. Currently, the facilities are in normal operation.

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## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd.

Industrial sewage:

- (1) 3 sets of sewage treatment system, including 1 set of semi-trailer electrophoresis sewage treatment facilities, with the maximum capacity of treating wastewater with phosphorus and heavy metal being 4.5 m<sup>3</sup>/h and the maximum capacity of treating wastewater without phosphorus and heavy metal being 8 m<sup>3</sup>/h. Wastewater with phosphorus and heavy metal is pre-treated by secondary coagulation-sedimentation; wastewater without phosphorus and heavy metal is pretreated by coagulation-sedimentation + flotation. Pre-treated industrial wastewater and domestic sewage is 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 factory coating waste water treatment system, with a designed capacity of 2 m<sup>3</sup>/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 tank truck factory coating waste water treatment system, the wastewater with heavy metal after flocculent precipitation process and the wastewater without heavy metal after PH adjustment + precipitation process will be treated together with "flotation + hydrolyze acidification + contact oxidation + precipitation" process, and discharged by pipelines after the treatment in compliance with standards, with a designed capacity of 40 t/d.

Currently, all the said facilities are in normal operation.

Industrial exhaust:

- (1) 6 sets of sanding waste gas dust removal facilities, with cyclone dust removal + filter barrel dust removal process; the air speed at the inlet of cyclone dust collector is 18-22 m/s; the air speed of filter barrel dust collector is 0.85 m/min; the filtration precision is 5-10 μm, and such equipment is in normal operation.
- (2) 3 sets of painting and paint refinishing waste gas activated carbon adsorption + catalytic combustion facilities, adopting the activated carbon adsorption + catalytic combustion process, with each having a designed air treatment volume of 120,000 m<sup>3</sup>/h, and such equipment is in normal operation.
- (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 hazardous waste warehouse activated carbon adsorption devices.

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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- (5) 2 sets of canteen fume purification devices, adopting the fume purification device to treat the canteen fume.
  - (6) 2 sets of bathroom natural gas boilers installed with low-nitrogen combustion devices.
  - (7) 1 set of phosphorus waste gas purification device, adopting the waste gas washing tower, with an air treatment volume of 25,000 m<sup>3</sup>/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 m<sup>3</sup>/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 Nm<sup>3</sup>/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 m<sup>2</sup> and the thickness of 50 mm, the filtration area of activated carbon adsorption being 204.4 m<sup>2</sup> and the filter layer of 200 mm.
  - (11) 1 set of acid washing purification facilities, adopting waste gas purification tower to treat waste gas, with a designed air treatment volume of 25,000 m<sup>3</sup>/h and efficiency of 90%.
  - (12) 1 set of natural gas hot water boilers for heating of degreasing and zirconization tanks installed with low nitrogen combustion devices.
  - (13) 1 set of powder curing waste gas catalytic combustion facilities, adopting the catalytic combustion process, with a designed air treatment volume of 1,500 Nm<sup>3</sup>/h.
  - (14) 1 set of putty polishing waste gas filtering facilities, adopting secondary filtration (filter cotton + filter bag) process, with the filtration efficiency of approximately 90%.

Currently, all the said facilities are in normal operation.

Hazardous waste:

The company builds 8 hazardous waste temporary store rooms in accordance with requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2001), with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels. Currently, the facilities are in normal operation.

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## CHAPTER IX

### ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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 m<sup>3</sup>/h; 1 set of non-phosphorus organic wastewater treatment system, adopting reactive precipitation + flotation + biochemical treatment + MBR + RO + flocculation reaction + secondary biochemical treatment. Part of the treated water is returned to the phosphating washing tank; a small part of the treated water is discharged to the wastewater treatment plant through the municipal network; the treatment capacity is 9 m<sup>3</sup>/h.
- (2) Domestic sewage : Discharged to the municipal network after treated by the septic tank.

Currently, all the said 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 m<sup>3</sup>/h; 10 sets of robotic welding fume collection and treatment facilities, each with treatment capacity of 5,000 m<sup>3</sup>/h; 1 set of frame line welding fume collection and treatment facilities, with a treatment capacity of 8,000 m<sup>3</sup>/h; 1 set of lifting welding robot welding fume collection and treatment facilities, with capacity of 8,000 m<sup>3</sup>/h.
- (2) 2 sets of carving and trimming line robot welding fume collection and treatment facilities, each with a treatment capacity of 10,000 m<sup>3</sup>/h; adopting the filter cartridge dust removal process.
- (3) 8 sets of sanding dust collection and treatment facilities, each with a treatment capacity of 80,000 m<sup>3</sup>/h, adopting the bag dust collecting process.
- (4) 1 set of electrophoresis tank organic waste gas collection and treatment facilities, with a treatment capacity of 35,000 m<sup>3</sup>/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 m<sup>3</sup>/h, adopting the catalytic combustion process.
- (5) 1 set of powder coating waste gas collection and treatment facilities, with a treatment capacity of 30,000 m<sup>3</sup>/h, adopting the UV photo-oxidation + activated carbon adsorption process.
- (6) 11 sets of manual painting waste gas catalytic combustion facilities, each with a treatment capacity of 170,000 m<sup>3</sup>/h, adopting the activated carbon adsorption + catalytic combustion desorption process.
- (7) 1 set of manual painting washing + activated carbon adsorption treatment facilities, each with a treatment capacity of 150,000 m<sup>3</sup>/h, adopting the washing + activated carbon adsorption process.

Currently, all the said facilities are in normal operation.

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### Hazardous waste:

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

Liangshan CIMC Dongyue Vehicle Co., Ltd.

### Industrial sewage:

- (1) Production wastewater: 1 set of spraying wastewater treatment equipment with a processing capacity of 9.6 m<sup>3</sup>/d. Process: spraying wastewater adopts air flotation + Fenton reagent flocculation sedimentation + sedimentation + filtration process, which is replenished regularly for recirculating use, and is not discharged outside.
- (2) Domestic wastewater: 1 set of domestic wastewater treatment equipment with a processing capacity of 2.6 m<sup>3</sup>/d. Process: the domestic wastewater adopts hydrolytic acidification + SBR + deoxidation + sand filtration + disinfection process for greening, and is not discharged outside.

Currently, all the said facilities are in normal operation.

### Industry exhaust:

Equipped with 1 set of catalytic combustion equipment, with the designed air volume of 200,000 m<sup>3</sup>/h; Process: water rotation, filter cotton filtration, activated carbon adsorption, catalytic combustion, exhaust gas is discharged at an altitude of 15m or more in accordance with national standards. Currently, the facilities are in normal operation.

### Hazardous waste:

A temporary storage room for hazardous waste has been built. The temporary storage room has been constructed in accordance with the relevant requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2001). The ground has been hardened and given anti-seepage treatment, and a cofferdam is set up around the warehouse to prevent outward leakage. Separate storage measures for different types of hazardous waste are implemented in the warehouse, and classification labels are set on site. Currently, all the said facilities are in normal operation.

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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CIMC Vehicles (Liaoning) Co., Ltd.

Industrial sewage:

- (1) Production wastewater: spraying wastewater is replenished regularly for recirculating use, and is not discharged outside.
- (2) Domestic wastewater: After sedimentation in the septic tank, it will be discharged into the municipal pipe network, which will then flow to the sewage treatment plant in the western part of Yingkou City.

Currently, all the said facilities are in normal operation.

Industry exhaust:

- (1) 3 sets of dust collectors for shot blasting machines, which adopt bag filter treatment method with the designed air volume of 30,000 m<sup>3</sup>/set.
- (2) 2 sets of negative pressure air circulation systems, which adopt the water curtain method with the designed air volume of 100,000 m<sup>3</sup>/set.
- (3) 2 sets of VOCs treatment devices, which adopt the activated carbon adsorption + photo-oxygen catalytic oxidation process with the designed air volume of 20,000 m<sup>3</sup>/set.

Currently, all the said facilities are in normal operation.

Hazardous waste:

The company has established 1 temporary storage room for hazardous waste has been built. The temporary storage room has been constructed in accordance with the relevant requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2001), and the ground has been hardened and given anti-seepage treatment. Hazardous wastes in the warehouse are packed in bags with labels on site.

Currently, the facilities are in normal operation.

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## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Qingdao CIMC Eco-Equipment Co., Ltd.

Industrial sewage:

- (1) Production wastewater: 1 set of painting pre-treatment wastewater treatment facilities, with capacity of 40 t/d, adopting the wastewater tank – reaction tank – sedimentation tank – reverse neutralization – intermediary adjusting tank – biological aeration – deep precipitation – filtration intermediary tank – activated carbon filtration – sludge tank – pressure filter; the wastewater is reused internally.
- (2) Domestic wastewater: it is discharged to the municipal network after pre-treated by the septic tank.

Currently, all the said facilities are in normal operation.

Industrial exhaust:

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

Currently, all the said facilities are in normal operation.

Hazardous waste:

The company builds the hazardous waste temporary storeroom, with the floor of the hazardous waste storage area hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The storeroom adopts separate storage measures for different categories of hazardous waste and sets classification labels. Currently, the facilities are in normal operation.

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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CIMC -SHAC (Xi'an) Special Vehicle Co., Ltd. Industrial sewage:

- (1) 1 set of industrial sewage treatment facilities, adopting the micro electrolysis + flotation + precipitation reverse osmosis + adsorption filtration process. The maximum treatment capacity is 60 t/d, the wastewater to be adopted by painted items of the painting line will be reused after the treatment, with no external emission.
- (2) 1 set of domestic sewage treatment facilities, domestic wastewater is discharged to the municipal wastewater treatment plant after initial treatment.

Currently, all the said 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 treatment air volume of 100,000 m<sup>3</sup>/h.
- (2) 3 sets of welding dust removal facilities, with a designed treatment air volume of 24,000 m<sup>3</sup>/h, 220,000 m<sup>3</sup>/h and 7,680 m<sup>3</sup>/h, respectively, all adopting the filter cartridge dust removal process.
- (3) 1 set of sanding dust removal facilities, with a designed treatment air volume of 20,000 m<sup>3</sup>/h.

Currently, all the said facilities are in normal operation.

Hazardous waste:

The company builds a hazardous waste warehouse, divided into 2 rooms, with the floor hardened and treated to prevent infiltration and setting oil drip pan on the floor. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels. Currently, the facilities are in normal operation.

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## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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Wuhu CIMC Ruijiang Automobile Co., Ltd.

Industrial sewage:

- (1) 1 pretreatment system for powder spraying of liquid tank trucks has been built with a processing capacity of 5t/h, adopting the "sedimentation + air flotation + acidification + biological oxidation" process. After the treatment, the reclaimed water meets the Class 3 discharge standard of the Integrated Wastewater Discharge Standard (GB8678-1996), and is discharged into the general sewage treatment plant in the plant area.
- (2) 1 wastewater pretreatment station for mixer trucks has been built with the capacity of 100 m<sup>3</sup>/d, adopting the "reaction + high efficiency sedimentation + flotation + hydrolyze acidification + contact oxidation + precipitation" process. After the treatment, the water meets the Class 3 discharge standard of the Integrated Wastewater Discharge Standard (GB8978-1996) and is discharged to the general wastewater treatment station of the plant.
- (3) 1 integrated wastewater treatment station has been built with capacity of 300 t/d. The industrial wastewater is treated by "microelectrolysis + flotation", and then, together with domestic wastewater, treated by "anaerobic process + aerobic process + sedimentation + adsorptive precipitation" process. After the treatment, the water meets the Class 3 discharge standard of the Integrated Wastewater Discharge Standard (GB8978-1996) and is discharged to Chengnan Wastewater Treatment Plant through the municipal network.

Domestic sewage:

1 set of domestic sewage treatment facilities has been built, and the domestic sewage is discharged to the Wuhu Chengnan Sewage Treatment Plant after being treated by the "anaerobic + aerobic + precipitation + adsorption precipitation" process.

Currently, all the said facilities are in normal operation.

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## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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### Industrial exhaust:

- (1) 2 sets of VOCs treatment facilities, 1 set with a designed capacity of 100,000 m<sup>3</sup>/h, 1 set with a designed capacity of 40,000 m<sup>3</sup>/h, adopting the "spray + UV photocatalytic + activated carbon adsorption" process.
- (2) 1 set of powder solidification exhaust treatment facilities, with a designed capacity of 5,000 m<sup>3</sup>/h, adopting the "activated carbon adsorption" process.
- (3) 10 sets of stationary welding fume treatment facilities, with a designed capacity of 4,500 m<sup>3</sup>/h, adopting the "filter cartridge dust removal" process.
- (4) 1 set of acid washing exhaust treatment facilities, with a designed capacity of 3,500 m<sup>3</sup>/h, adopting the "alkaline absorption" process.
- (5) 1 set of sandblasting exhaust treatment facilities, with capacity of 1,638 m<sup>3</sup>/h, adopting the "filter cartridge dust removal" process.
- (6) 1 set of organic exhaust treatment facilities, which adopts the treatment process of "pretreatment + activated carbon adsorption and desorption + catalytic combustion", and the treatment air volume is 3,000 Nm<sup>3</sup>/h.
- (7) 1 set of acid mist purification tower, which is treated by the "liquid spray + packing tower + mist eliminator" process, and the treated air volume reaches 10 m<sup>3</sup>/h.

Currently, all the said facilities are in normal operation.

### Hazardous waste:

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

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## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

CIMC Vehicles (Shandong) Co., Ltd.

Industrial sewage:

- (1) Production wastewater: The industrial wastewater treatment station with a capacity of 2.08 m<sup>3</sup>/h, adopts the "electrooxidation + flotation + biochemical reaction + sedimentation + sand filtration" process. After the treatment, the wastewater that meet the reclaimed water standards will be reused in the water rotation process of the painting line, with no external discharge.
- (2) Domestic wastewater: The domestic sewage treatment station with a capacity of 2.5 m<sup>3</sup>/h, adopts the process of "physicochemical + biochemical, with the biochemical process as the primary technology". 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 said facilities are in normal operation.

Industrial exhaust:

- (1) 3 sets of catalytic combustion facilities, with a designed capacity of 60,000 m<sup>3</sup>/h, 70,000 m<sup>3</sup>/h and 80,000 m<sup>3</sup>/h respectively, adopting the activated carbon adsorption + catalytic combustion process.
- (2) 1 set of UV photocatalytic purification facilities, with a designed capacity of 20,000 m<sup>3</sup>/h, adopting the UV photocatalytic purification process.
- (3) 2 sets of filter cartridge dust removal facilities, with a designed capacity of 10,000 m<sup>3</sup>/h and 1,500 m<sup>3</sup>/h, adopting the filter cartridge filtration process.
- (4) 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.
- (5) 2 sets of drying exhaust treatment facilities, each with the rated power of 0.75 MW and 0.75 MW, adopting the direct combustion process.
- (6) 1 set of cutting dust treatment equipment, with the rated power of 22KW and the air volume of 20,000 m<sup>3</sup>/h, adopting the cloth bag central treatment process.

Currently, all the said facilities are in normal operation.

Hazardous waste:

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



## CHAPTER IX

### ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Shenzhen CIMC Special Vehicle Co., Ltd.

Industrial sewage:

- (1) 1 set of production wastewater silane pre-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 limit set out in Standard III of 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), which is stricter, to be used in the pretreatment process of the coating workshop, with no external emission.
- (2) Domestic sewage: It is discharged to Shangyang Wastewater Treatment Plant through the municipal network after sedimentation through the septic tank.

Currently, all the said facilities are in normal operation.

Industrial exhaust:

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

Currently, Facilities (1)-(4) are in normal operation, while Facility (5) is out of service.

Hazardous waste:

The company has built a temporary storeroom for hazardous waste in accordance with requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2001), with the floor hardened and treated to prevent any infiltration, collection ditches and waste liquid collection tank established around and outside the warehouse to avoid any leakage. The different categories of hazardous waste are separately stored with classification labels. Currently, all the said facilities are in normal operation.

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Qingdao CIMC Special Vehicle Co., Ltd.

Industrial sewage:

- (1) Production wastewater: 1 set of painting wastewater treatment system, with the capacity of 40 t/d. After the flocculation precipitation, the wastewater is reused in the water rotation of the painting room, with no external emission. Currently, all the said facilities are in normal operation.

Industrial exhaust:

- (1) 2 sets of zeolite runner + catalytic oxidation facilities for the painting line, each with a designed capacity of 60,000 m<sup>3</sup>/h, adopting the zeolite runner + catalytic oxidation process, with the painting exhaust to be emitted after meeting relevant standards.
- (2) 3 sets of filter cartridge dust removal facilities for the painting line, each with a designed capacity of 20,000 m<sup>3</sup>/h, with the sanding, OK station, pretreatment particulate matter to be emitted when meeting the standards after the treatment of dust collector.
- (3) The laser cutting machine in the blanking workshop is equipped with 1 set of dust collection device.
- (4) 86 sets of mobile fume collection facilities equipped to the welding workshop, each with a designed capacity of 4,000 m<sup>3</sup>/h.
- (5) 1 set of fine plasma fixed filter dust removal facilities in the welding workshop, each with a designed processing air volume of 18,000 m<sup>3</sup>/h.

Currently, all the said facilities are in normal operation.

Hazardous waste:

The company has built two hazardous waste storerooms in accordance with requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2001), with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels. Currently, all the said facilities are in normal operation.

## CHAPTER IX

### ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Shandong Wanshida Special Purpose  
Vehicle Manufacturing Co., Ltd.

Industrial sewage:

- (1) 1 set of painting wastewater treatment system, with the capacity of 4 m<sup>3</sup>/h; after treated by "flotation + Fenton reagent flocculation precipitation + sedimentation + filtration process", the wastewater is charged to the domestic sewage treatment station of the plant.
- (2) 1 set of domestic sewage treatment system, with the capacity of 4 m<sup>3</sup>/h, adopting the "hydrolyze 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 said facilities are in normal operation.

Industrial exhaust:

- (1) 4 sets of smoke and dust collection and treatment facilities for CNC cutting machines, each with a designed air volume of 5,000 m<sup>3</sup>/h, adopting the filter cartridge type dust removal process.
- (2) 3 sets of shot blasting machine fume collection and treatment facilities, each with a designed capacity of 5,000 m<sup>3</sup>/h, adopting the filter cartridge dust removal process.
- (3) 80 sets of welding machine fume collection and treatment facilities, with a designed capacity of 1,000 m<sup>3</sup>/h, adopting the filter cartridge dust removal process.
- (4) 2 sets of painting exhaust collection and treatment facilities, one with a designed capacity of 100,000 m<sup>3</sup>/h and the other with a designed capacity of 120,000 m<sup>3</sup>/h, adopting the activated carbon adsorption and desorption + catalytic combustion process.

Currently, all the said facilities are in normal operation.

Hazardous waste:

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

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

CIMC Vehicles (Jiangmen) Co., Ltd.

Industrial sewage:

- (1) Production sewage: 1 set of pressure test loop water system and 1 set of paint loop water system have been built.
- (2) Domestic sewage: 1 set of integrated treatment system for canteen domestic wastewater has been built.

Currently, all the said facilities are in normal operation.

Industrial exhaust:

It is equipped with 4 sets of VOCs treatment facilities in the paint line, 1 set of particulate treatment facilities for sanding, 3 sets of particulate treatment facilities in 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 said facilities are in normal operation.

Hazardous waste: A temporary dedicated storage room for hazardous waste has been built. Currently, the said facility is in normal operation.

Dongguan CIMC Special Vehicle Co., Ltd.

Industrial sewage:

- (1) Production wastewater: A wastewater treatment station is built in the painting workshop with a 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.
- (2) Domestic sewage: The canteen wastewater 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 said facilities are in normal operation.

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### Industrial exhaust:

- (1) 3 sets of laser cutting flue gas collection and treatment facilities, with a total treatment capacity of 18,000 m<sup>3</sup>/h.
- (2) 5 sets of robotic welding fume collection and treatment facilities, with a total treatment capacity of 147,000 m<sup>3</sup>/h.
- (3) 1 set of sanding dust removal system, with a total treatment capacity of 73,000 m<sup>3</sup>/h.
- (4) 1 set of electrophoresis tank organic exhaust filtering device, with a total treatment capacity of 36,500 m<sup>3</sup>/h.
- (5) 1 set of electrophoresis drying room exhaust gas catalytic combustion treatment device, with a total treatment capacity of 3,000 m<sup>3</sup>/h.

Among the said facilities, Facility (2) has been dismantled, the dust removal equipment is temporarily out of service, and the others are in normal operation.

Hazardous waste: The company has built a temporary storeroom for hazardous waste, with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The different categories of hazardous waste is separately stored with classification labels. Currently, all the said facilities are in normal operation.

Zhangjiagang CIMC Sanctum Cryogenic  
Equipment Machinery Co., Ltd.

### Industrial sewage:

- (1) Production wastewater: 1 set of wastewater acid washing treatment facilities, with the capacity of 40 t/d. After the treatment, all wastewater meets the standard and is reused; 1 set of painting wastewater treatment facilities, with the capacity of 60 t/d. After the treatment, all wastewater is recycled and reused.
- (2) Domestic wastewater: All discharged to Jingang District Wastewater Treatment Plant through the municipal network.

Currently, all the said facilities are in normal operation.

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Industrial exhaust:

- (1) 3 sets of organic exhaust treatment facilities, adopting the activated carbon adsorption + desorption catalytic combustion, with the capacity being 200,000 m<sup>3</sup>/h, 50,000 m<sup>3</sup>/h and 150,000 m<sup>3</sup>/h respectively. The exhausts are emitted through the exhaust pipes of 21m, 16m and 21m respectively after the treatment in compliance with standards.
- (2) 4 sets of sandblasting exhaust treatment facilities, all adopting the filter cartridge dust removal, with the capacity being 18,000 m<sup>3</sup>/h, 18,000 m<sup>3</sup>/h, 36,000 m<sup>3</sup>/h and 18,000 m<sup>3</sup>/h respectively. The exhausts are emitted through the exhaust pipes of 16.5m, 16.5m, 21m and 21m respectively after the treatment in compliance with standards;

Currently, all the said facilities are in normal operation.

Hazardous waste: The company builds a hazardous waste warehouse with a gross floor area of 220 square meters, equipped with three prevention measures and video monitoring devices. The hazardous warehouse complies with the latest Su Huan Ban (2019) No. 327 document and meets the environmental protection requirements.

Shijiazhuang Enric Gas Equipment Co., Ltd.

Industrial sewage:

The main outlet of the plant is equipped with 1 sewage treatment station, which is in normal operation currently.

Industrial exhaust:

- (1) 1 set of painting exhaust multi-layer filter cotton + secondary activated carbon adsorption facilities, with a designed capacity of 24,306 m<sup>3</sup>/h; 7 sets of activated carbon adsorption + desorption + catalytic combustion facilities (4 sets each with the capacity of 55,000 m<sup>3</sup>/h, 1 set with the capacity of 27,600 m<sup>3</sup>/h, 1 set with the capacity of 45,000 m<sup>3</sup>/h, 1 set with the capacity of 5,000 m<sup>3</sup>/h).
- (2) 2 sets of alkali spray towers for acid washing exhaust, each with a designed capacity of 5,000 m<sup>3</sup>/h.
- (3) 1 set of cyclone dust removal + filter cartridge dust removal facilities for interior shot blasting machine exhaust, with a designed capacity of 50,000 m<sup>3</sup>/h; 2 sets of cyclone dust removal + filter cartridge dust removal facilities for exterior shot blasting machine exhaust; 1 set of cyclone dust removal + bag dust collectors, each with a designed capacity of 5,000 m<sup>3</sup>/h.
- (4) 6 sets of cyclone dust removal + filter cartridge dust removal facilities for sanding room exhaust, each with a designed capacity of 8,800 m<sup>3</sup>/h; 3 sets of cyclone dust removal + filter cartridge dust removal facilities for putty polishing room exhaust, each with a designed capacity of 5,000 m<sup>3</sup>/h; 2 sets of bag dust collector for numerical-controlled plasma cutting, each with the capacity of 2,384 m<sup>3</sup>/h.

All the said facilities are in normal operation.

Hazardous waste: The company has built a hazardous waste temporary storeroom. It is equipped with 1 set of VOCs treatment facilities with a processing capacity of 5,000 m<sup>3</sup>/h, and is in normal operation currently.

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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Nantong CIMC Energy Equipment Co, Ltd.

Industrial sewage:

The wastewater treatment station of the company has the capacity of 300 t/d. Through residue removal, coagulation-sedimentation and biochemical treatment, the wastewater meets the discharge standard. Currently, all the said facilities are in normal operation.

Industrial exhaust:

- (1) The exhaust treatment facilities for paint spraying in the low-temperature workshop, adopting the process of "water curtain + spray + paint mist filtration + secondary activated carbon adsorption + catalytic combustion, water curtain + spray + paint mist filtration + secondary activated carbon adsorption".
- (2) The sandblasting exhaust treatment facilities for paint spraying in the low-temperature workshop, adopting the "cyclone + high-efficiency filter dust removal" process.
- (3) The tank truck workshop painting exhaust treatment facilities, adopting the "water curtain + spray + paint mist filtration + secondary activated carbon adsorption" process.
- (4) The tank truck workshop sandblasting exhaust treatment facilities, adopting the "cyclone + high-efficiency filter dust removal" process.
- (5) The gas bottle production workshop cutting fume treatment facilities, adopting the "bag dust collecting" process.
- (6) The gas bottle production workshop winding solidification exhaust treatment facilities, adopting the "water spray + secondary activated carbon adsorption" process.
- (7) 1 set of gas bottle production workshop No.1 shot blasting exhaust treatment facilities, adopting the "cyclone + high-efficiency filter dust removal" process.

The above exhausts are emitted through the 15m exhaust pipe after the treatment in compliance with standards. Currently, all the said facilities are in normal operation.

Hazardous waste: The company has built the temporary hazardous waste warehouses and commissioned qualified third-party institutions for transportation and treatment. Currently, all the said facilities are in normal operation.

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## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

CIMC Safeway Technology Co., Ltd  
(中集安瑞環科技股份有限公司)

Industrial sewage:

1 set of 500 m<sup>3</sup>/D special pickling sewage treatment facilities, adopting the treatment process of "acid neutralization + flocculation and sedimentation", and 1 set of 120 m<sup>3</sup>/D spraying sewage treatment facilities, adopting the biochemical treatment process. During the production period, it is operated by a special person 24 hours a day, and the operator has obtained the qualification certificate issued by the Environmental Protection Department of Nantong City. The generated sewage is discharged into the municipal pipe network after meeting the discharge requirements, and then flows into the Donggang Sewage Treatment Plant for further treatment. The sewage outlet is installed with an online monitoring instrument. Currently, all the said facilities are in normal operation.

Industrial exhaust:

4 sets of VOCs exhaust treatment facilities (2 sets with a capacity of 100,000 m<sup>3</sup>/h, 1 set with a capacity of 180,000 m<sup>3</sup>/h and 1 set with a capacity of 200,000 m<sup>3</sup>/h), adopting the treatment process of water curtain absorption + dry filtration + activated carbon adsorption + online desorption + catalytic combustion. A sewage outlet has been set up and maintained regularly.

Currently, all the said facilities are in normal operation.

Hazardous waste: A dedicated hazardous waste storage site has been built with a collection ditch, and measures are taken to prevent rain, scattering and loss. It is also equipped with the exhaust collection and treatment facility and video surveillance function. The hazardous waste identification labels has been standardized and posted. The warehouse is managed by a designated person. Currently, all the said facilities are in normal operation.

Nantong SinoPacific Offshore & Engineering Co., Ltd.

Industrial sewage:

1 set of wastewater treatment facilities, with capacity of 490 m<sup>3</sup>/d. After the treatment, the wastewater is discharged to the network of the plant. Currently, all the said facilities are in normal operation.

Industrial exhaust:

- (1) Coating workshop: 4 sets of VOCs exhaust dry screening program + activated carbon adsorption + catalytic combustion facilities, with capacity being 70,000 m<sup>3</sup>/h, 70,000 m<sup>3</sup>/h, 140,000 m<sup>3</sup>/h and 140,000 m<sup>3</sup>/h respectively. The exhausts are emitted through the exhaust pipes of 24m, 24m, 17m, and 17m respectively after the treatment in compliance with standards; 5 sets of multi-layer filter cartridge dust remover for dust treatment facilities, with capacity being 160,000 m<sup>3</sup>/h, 160,000 m<sup>3</sup>/h, 10,000 m<sup>3</sup>/h, 10,000 m<sup>3</sup>/h and 96,000 m<sup>3</sup>/h respectively. The exhausts are emitted through the exhaust pipes of 25m, 25m, 17m, 17m and 17m respectively after the treatment in compliance with standards.
- (2) Pre-treatment line: 1 set of VOCs RTO treatment facilities, with capacity of 20,000 m<sup>3</sup>/h; 1 set of multi-layer filter cartridge dust remover for dust treatment facilities, with capacity of 30,000 m<sup>3</sup>/h. The exhausts are emitted through the 15m exhaust pipe after the treatment in compliance with standards;



## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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- (3) 1 set of dust removal facilities for the plasma cutting machine, with capacity of 18,000 m<sup>3</sup>/h. The exhausts are emitted through the 15m exhaust pipe after the treatment in compliance with standards.
  - (4) 1 set of activated carbon adsorption facilities equipped in the temporary hazardous waste warehouse, with capacity of 10,000 m<sup>3</sup>/h. The exhausts are emitted through the 15m exhaust pipe after the treatment in compliance with standards.

Currently, all the said facilities are in normal operation.

Hazardous waste: The company has built 1 temporary hazardous waste warehouse and commissioned qualified third-party institutions for transportation and treatment. Currently, all the said facilities are in normal operation.

Shenzhen CIMC-TianDa Airport Support Ltd.

Industrial sewage:

1 set of wastewater treatment facilities, mainly for treating wastewater generated from painting, spraying and washing. The treated wastewater is reused, and no industrial wastewater is discharged. Currently, all the said facilities are in normal operation.

Industrial exhaust:

- (1) 3 sets of painting waste gas treatment facilities, adopting the activated carbon adsorption + catalytic combustion process.
- (2) 2 sets of sanding waste gas treatment facilities, adopting the cyclone + filter barrel filtration + water rotary tower filtration process.
- (3) 1 set of sand cleaning-out waste gas treatment facilities, adopting the filter barrel filtration process.
- (4) 1 set of cooking fume purification facilities, adopting the electrostatic cooking fume evolution process.
- (5) 1 set of power generator waste gas treatment facilities, adopting the water-bathing filtration process.

Currently, all the said facilities are in normal operation.

Hazardous waste: The company has built 2 hazardous waste storage points. Currently, all the said facilities are in normal operation.

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## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Dalian CIMC Logistics Equipment Co., Ltd.

Industrial sewage:

The painting wastewater treatment facilities, with a designed capacity of 120t/d. The wastewater is reused after the treatment, with no external emission. Currently, all the said facilities are in normal operation.

Industrial exhaust:

- (1) 9 sets of organic waste gas treatment facilities for paint spaying, with capacity of 360,000 m<sup>3</sup>/h.
- (2) 8 sets of dust and waste gas filter cartridge filtration treatment facilities with designed capacity of 320,000 m<sup>3</sup>/h.

The above exhausts are emitted through an exhaust pipe of over 15m after the treatment in compliance with standards. Currently, all the said facilities are in normal operation.

Hazardous waste: The company has built 5 hazardous waste warehouses and commissioned qualified third-party institutions for transportation and treatment. Currently, all the said facilities are in normal operation.

C&C Trucks Co., Ltd.

Industrial sewage:

The wastewater from the plant is treated by the self-built wastewater treatment station, adopting pretreatment + primary treatment + secondary biochemical treatment. The wastewater from the plant is first treated by the sewage treatment station and then is discharged to Binjiang Wastewater Treatment Plant. Currently, all the said facilities are in normal operation.

Industrial exhaust:

- (1) Frame combined workshop: The shot blasting lines have been equipped with the bag dust collectors, and the RTO combustion facility has been built for frame electrophoresis drying.
- (2) The vehicle body painting workshop: The venturi paint mist capturing system has been installed in the intermediary paint, top coat spraying rooms. A DFTO exhaust gas incinerator has been built in the intermediary paint and top coat drying room. A DFTO exhaust gas incinerator has been built in electrophoresis drying room. A waste gas adsorption and filtration system has been installed in the paint refinishing room.

Currently, all the said facilities are in normal operation.

Hazardous waste: The company has built the standardized temporary warehouse and commissioned qualified institutions for the treatment of all hazardous waste. Currently, all the said facilities are in normal operation.

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Yantai CIMC Raffles Offshore Engineering Co., Ltd.

### Industrial sewage:

No industrial wastewater is discharged; Domestic sewage is discharged to the wastewater treatment plant through the network after being treated by the oil-separating tank and the septic tank. Currently, all the said facilities are in normal operation.

### Industrial exhaust:

- (1) The pretreatment facilities are equipped with dust and paint mist treatment equipment, among which, the capacity of the dust exhaust funnel is 60,000 m<sup>3</sup>/h; the waste gas is emitted through the 15m exhaust pipe after treated by the cyclone dust removal + filter cartridge dust removal facilities; The capacity of the paint mist exhaust funnel is 20,000 m<sup>3</sup>/h. After the exhaust gas is treated through the dry filtration + activated carbon adsorption facility, it is discharged through a 15m exhaust pipe.
- (2) Painting workshop: It is equipped with the dust and paint mist treatment facilities. The dust treatment capacity of workshops No. 2 and 3 is 170,000 m<sup>3</sup>/h and 170,000 m<sup>3</sup>/h, respectively. After the exhaust is treated by the cyclone dust removal + filter cartridge dust removal device, it is discharged through four 30m exhaust pipes. The paint mist treatment capacity of the painting workshop No. 1 and 4 is 100,000 m<sup>3</sup>/h and 90,000 m<sup>3</sup>/h, respectively. After the exhaust is treated by the dry filtration + activated carbon adsorption and desorption + catalytic combustion device, it is discharged through two 30m exhaust pipes. The paint spaying exhaust treatment facility in the painting workshops No. 5 and 6 has a designed treatment capacity of 170,000 m<sup>3</sup>/h. After the exhaust is treated by the dry filtration + activated carbon adsorption and desorption + catalytic combustion device, it is discharged through two 30m exhaust pipes. The air volume of combustion exhaust treatment facilities No. 5 and 6 is 20,000 m<sup>3</sup>/h, and the exhaust is discharged through the 15m exhaust pipe after passing through the low-nitrogen combustion device.

Currently, all the said facilities are in normal operation.

Hazardous waste: The company has built the temporary hazardous waste warehouses and commissioned qualified third-party institutions for transportation and treatment. Currently, all the said facilities are in normal operation.

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Haiyang CIMC Raffles Offshore Ltd.

Industrial sewage:

Mainly being domestic wastewater, which is treated by the septic tank and discharged to Haiyang Beikong Wastewater Treatment Plant for further treatment. Currently, all the said facilities are in normal operation.

Industrial exhaust:

- (1) 1 set of pre-treatment VOCs adsorption concentration – catalytic combustion (RTO) facilities, with capacity of 30,000 m<sup>3</sup>/h.
- (2) 2 sets of coating workshop VOCs Static activated carbon adsorption and desorption + catalytic combustion facilities, with capacity of 109,000 m<sup>3</sup>/h.
- (3) 1 set of pre-treatment workshop dust removal facilities, adopting 3-tier dust removal (settling + cyclone + filter cartridge dust removal), with capacity of 30,000 m<sup>3</sup>/h.
- (4) 1 set of whole-room dust remover for the coating workshop sanding dust treatment facilities, adopting the filter cartridge dust removal, with capacity of 182,000 m<sup>3</sup>/h.
- (5) 2 sets of local dust remover for the coating workshop sanding dust treatment facilities, adopting the filter cartridge dust removal, with capacity of 24,000 m<sup>3</sup>/h.

The exhausts (1) to (3) are discharged through a 20-meter exhaust pipe after the standard treatment, while the exhausts (4) to (5) are discharged through a 26-meter exhaust pipe after the standard treatment.

Currently, all the said facilities are in normal operation.

Hazardous waste: The company has built the temporary hazardous waste warehouses and commissioned qualified third-party institutions for transportation and treatment. Currently, all the said facilities are in normal operation.

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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

The 40 critical pollutant dischargers have all submitted the environmental impact assessment reports and obtained approvals as required. All such enterprises have obtained pollutant discharge licenses as required.

### Contingency plans for unexpected environment-related events

The 40 critical pollutant dischargers have all prepared the emergency plans for environmental emergencies as required, and have filed with the relevant competent authorities. All such enterprises have carried out environmental emergency drills.

### Self-monitoring environmental program

The 40 critical pollutant dischargers carry out environmental monitoring, and delegate qualified inspection agencies to carry out regular inspections on exhaust, wastewater, noise, etc.

### Administrative penalties due to environmental issues during the reporting period

Name of company or subsidiary	Reasons for punishment	Violation	Penalty	Impact on the production and operation of listed companies	Rectification measures of the company
Shanghai CIMC Baowell Industries Co. Ltd.	On 27 January 2021, the Shanghai Municipal Bureau of Ecology and Environment issued an administrative penalty decision: Hu0100 Huan Fa [2021] No. 5. The company produced exhaust containing volatile organic exhaust in its zinc powder paint spraying activities, and did not use pollution prevention facilities in accordance with regulations.	It violated Article 45 of the "Law of the People's Republic of China on the Prevention and Control of Air Pollution"	A penalty of RMB50,000	None	<ol style="list-style-type: none"> <li>In order to ensure that the combustion temperature of the exhaust generated during production meets the control requirements of the exhaust treatment process, adjust the start-up time of RTO environmental protection facilities to 1.5 hours before production;</li> <li>Strengthen the touch screen record management of zinc powder paint RTO exhaust treatment facilities, replace the system and data card with larger memory (replaced from 8G to 16G);</li> <li>Improve the operation records of exhaust treatment facilities, include the runner exhaust temperature and the exhaust outlet temperature of heat exchanger into the record content, and compile and update the "Zinc Powder Paint Exhaust Treatment Facility Operation Record Sheet".</li> </ol>

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Reasons for punishment	Violation	Penalty	Impact on the production and operation of listed companies	Rectification measures of the company
Shanghai CIMC Baowell Industries Co. Ltd	On 27 January 2021, the Shanghai Municipal Bureau of Ecology and Environment issued an administrative penalty decision: Hu0100 Huan Fa [2021] No. 6. The company practised fraud in its environmental management ledger.	It violated Paragraph 1 of Article 73 of the "Regulations of Shanghai Municipality on Environmental Protection"	A penalty of RMB29,000	None	<ol style="list-style-type: none"> <li>1. Strengthen the management of environmental protection management ledger;</li> <li>2. Implement on-site visualization of environmental protection facility operation records for the current month; implement hierarchical confirmation of environmental protection facility operation records (daily confirmation by the work team leader, weekly confirmation by supervisors and directors, and monthly review by the local manager and submit the operation records to the Safety and Environmental Protection Department for filing);</li> <li>3. Strengthen daily inspections and check daily by the Safety and Environmental Protection Department.</li> </ol>
Suzhou CIMC Liangcai Logistics Technology Co. Ltd.	On 8 May 2021, the Environmental Protection Bureau of Suzhou Industrial Park issued an administrative penalty decision: Su Yuan Huan Xing Fa Zi [2021] No. 034. It was found that the hazardous waste of organic solvents and ink contaminants of the company had not been truthfully declared.	It violated Paragraph 1 of Article 78 of the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes"	A penalty of RMB100,000	None	<ol style="list-style-type: none"> <li>1. Change the solvent used in all inks to water-based solvents;</li> <li>2. Report the ink printing process for environment assessment;</li> <li>3. Contaminants such as empty ink barrels and rags shall be reported as hazardous waste according to relevant requirements.</li> </ol>
Jiangsu Baojing Auto Parts Co., Ltd.	On 23 July 2021, the Ecological Environment Bureau of Zhenjiang City issued an administrative penalty decision: Zhen Jing Huan Fa Zi [2021] No. 26. The company did not set up a hazardous waste label because of the waste paint buckets in the hazardous waste storage site.	It violated Article 77 of Chapter 6 of the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes"	A penalty of RMB100,000	None	<ol style="list-style-type: none"> <li>1. Draw analogy from one another and conduct a comprehensive investigation of the same problem;</li> <li>2. Replace all the original self-adhesive stickers with staples to fix relevant labels, and improve related label posting;</li> <li>3. Strengthen daily on-site management and control, and prevent similar problems from recurring due to poor management.</li> </ol>

## CHAPTER IX

### ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Reasons for punishment	Violation	Penalty	Impact on the production and operation of listed companies	Rectification measures of the company
Liangshan CIMC Dongyue Vehicle Co., Ltd.	On 9 August 2021, the Liangshan County Branch of Jining Ecological Environment Bureau issued an administrative penalty decision: Ji Huan Liang Fa Zi [2021] No. 147. Because the drying workshop of the company is not tightly closed, the paint escaped inside and outside the workshop.	It violated Article 45 of the "Air Pollution Prevention and Control Law of the People's Republic of China"	A penalty of RMB50,000	None	<ol style="list-style-type: none"> <li>1. Establish the management and control system for paint spray rooms, paint mixing rooms, drying rooms and other production sites, which can only be opened for a short time when people and vehicles enter into and exit from them, and must be closed at other times;</li> <li>2. Strengthen inspections, arrange special persons to check on the spot, and clean up in time.</li> </ol>
Tianjin Zhenhua International Logistics Co. Ltd.	On 11 August 2021, the Ecological Environment Bureau of Tianjin Binhai New Area issued the Administrative Penalty Decision: Jin Bin Huan Fa Zi [2021] No. 71. It was found in the on-site inspection that the exhaust monitoring results of one stacker exceeded the standard.	It violated Paragraph 1 of Article 33 of the "Regulations of Tianjin Municipality on the Prevention and Control of Pollution by Motor Vehicles and Nonroad Mobile Machinery (2020)"	A penalty of RMB5,000	None	<ol style="list-style-type: none"> <li>1. Install the DPF tail gas filter device;</li> <li>2. The exhaust was retested and the emitted exhaust met the emission standard limits.</li> </ol>
Tianjin Zhenhua International Logistics Co. Ltd.	On 20 August 2021, the Ecological Environment Bureau of Tianjin Binhai New Area issued the Administrative Penalty Decision: Jin Bin Huan Fa Zi [2021] No. 67. It was found in the on-site inspection that the exhaust monitoring results of one heavy semi-trailer exceeded the standard.	It violated Paragraph 1 of Article 39 of the "Regulations of Tianjin Municipality on the Prevention and Control of Air Pollution (2020)"	A penalty of RMB2,000	None	<ol style="list-style-type: none"> <li>1. Install the DPF tail gas filter device;</li> <li>2. The exhaust was retested and the emitted exhaust met the emission standard limits.</li> </ol>
Qingdao CIMC Special Vehicle Co., Ltd.	On 26 October 2021, the West Coast New District Bureau of Qingdao Ecological Environment Bureau issued an administrative penalty decision (Qing Huan Xi Xin Fa Zi [2021] No. 5006. It is due to the fact that the company was engaged in production and service activities that generate exhaust containing volatile organic compounds, and it was not carried out in a confined space or equipment.	It violated Article 45 of the "Regulations of the People's Republic of China on the Prevention and Control of Air Pollution"	A penalty of RMB72,500	None	<ol style="list-style-type: none"> <li>1. The paint touch-up operation has been improved. When touching up the paint surface, the products are sent to the painting workshop and painted with a brush;</li> <li>2. A special training was carried out for spraying operators to enhance environmental protection awareness and, at the same time, the strict assessment measures were formulated to standardize employee operations;</li> <li>3. Daily inspections and on-site management and control have been strengthened to tighten supervision and supervision, and prevent similar problems from recurring.</li> </ol>

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of company or subsidiary	Reasons for punishment	Violation	Penalty	Impact on the production and operation of listed companies	Rectification measures of the company
Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd.	On 18 January 2022, the Jining Ecological Environment Bureau issued an administrative penalty decision (Ji Huan Fa Zi [2022] No. 12). It is due to the fact that the company did not submit the quarterly report on the implementation of pollutants discharge permit for the first three quarters of 2021.	It violated Article 22 of the "Regulations on the Management of Pollutants Discharge Permit"	A penalty of RMB11,375	None	<p>1. The company has immediately arranged a special follow-up to complete the supplementary report on the implementation of pollutants discharge permit for the first three quarters of 2021.</p> <p>2. The system and process for filling out environmental protection reports has been sorted out and refined, and a long-term mechanism for submitting quarterly and annual reports has been established, so as to implement them in strict accordance with relevant requirements.</p>

### Other disclosable environmental information

40 critical pollutant dischargers of the Group have publicized their environmental information through various channels such as websites of relevant governments, enterprises or the external bulletin boards of the company.

### Other environment-related information

- (1) As of March 2022, the Group has built a total of 13 national, provincial and municipal green factories.
- (2) CIMC Taicang and Taicang Special Equipment, subsidiaries of the Group, were recognized by the Taicang Environmental Protection Department as "Green Enterprises" in environmental credit evaluation.
- (3) QDCRC, a subsidiary of the Group, was recognized as an advanced unit of clean production in Shandong Province.
- (4) NTCIMCS, a subsidiary of the Group, was recognized as an exempt enterprise for emergency management and control of heavy pollution weather in the autumn and winter of 2021–2022 in Nantong City.
- (5) Zhangzhou CIMC, TCCIMC, Taicang Special Equipment, NTCIMCS, CIMC Safeway, SOE, Gas Equipment, Shenzhen CIMC – TianDa Airport Support Co., Ltd. (天達空港設備), Hunan CIMC New Material Technology Co., Ltd. and other enterprises, subsidiaries of the Group, have all purchased the environmental pollution liability insurance.



## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### Whether the company publishes social responsibility report

Yes  No

Nature of the company	Whether includes information on environment	Whether includes information on society	Social responsibility report		Report disclosure standards
			Whether includes information on corporate governance		
Others	Yes	Yes	Yes	Domestic standards	Foreign standards
				GSRI-CHINA2.0 and the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Stock Exchange Listing Rules	GRI

### The emissions reduction performance of “waste gas, wastewater and waste residue” for environmental protection continued to improve

1. Whether received environmental management system certification (ISO14001)	A total of 66 enterprises in the whole Group have passed the ISO14001 environmental management system certification, of which 35 of the 40 critical pollutant dischargers have passed the certification.
2. The annual expense in respect of environmental protection (RMB thousand)	This year's environmental protection investment was RMB518,369,621, of which the annual environmental protection investment of critical pollutant dischargers was RMB459,145,278.
3. The emissions reduction performance of “waste gas, wastewater and waste residue”	<p><b>Container manufacturing segment:</b></p> <p>(1) Waste gas improvement:</p> <p>For the purpose of VOC control at the source, the segment's Qingdao CIMC Special Reefer (QDCRC) and TCCRC base have completed the renovation campaign targeting “Prohibition of Oil and Promotion of Water (禁油推水)” in the second half of the year. The VOC emission was reduced by about 70% during the production process of reefers. At present, the range of water-based paint products in the segment has been expanded to standard seaborne dry containers, 53-foot inland transport containers and reefer containers.</p> <p>As for welding fume management, through various methods such as the adoption of low-fume welding wires, centralized collection and collection at specific points, it was continuously improved. Qingdao CIMC and CIMC Yangshan completed the welding fume renovation project for their assembly lines, with their welding fume control systems running steadily in full compliance with the relevant standards.</p>

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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### (2) Waste water improvement:

The segment actively explores the coating waste water treatment technology. Currently, most container plants have achieved zero discharge of industrial sewage, and several subsidiaries have achieved zero discharge of domestic sewage. For instance, TJCIMC improved the sewage treatment efficiency through upgrading the sewage treatment station, maintained COD at a stable level below 50mg/L and met the reclaimed water recycling standard, thereby realizing zero discharge of domestic sewage. At the same time, the segment's TCCRC has carried out the application of Internet of Things (IoT) technologies in the pilot projects of wastewater management. The purpose of the project is to prohibit the wastewater that fails to meet the standards from being discharged, and optimize the operational parameters of its wastewater treatment stations, achieve accurate control of pharmaceuticals and energy consumption, and reduce greenhouse gas emissions therefrom.

### (3) Solid waste improvement:

The segment continued to promote the solid waste improvement project of "reduction, harmlessness, and recycling" in the model of "the headquarters leading the initiative, subsidiaries advancing the implementation". In recent two years, through the promotion of recyclable packaging with water-based paint, the segment has managed to reduce hazardous waste by more than 20%, and through the promotion of drying solution for water-based paint slag, it has managed to reduce paint slag by approximately 50%. Meanwhile, the powder coating project has been carrying out in XHCIMC to further explore ways to eliminate solid waste and VOCs at source.

(4) The green manufacturing system has been established to promote enterprises to obtain green certification. In 2021, the segment's Yangzhou Taili obtained the green factory certification of Jiangsu Province, and NBCIMC obtained the green factory certification of Ningbo City.

### **Road transportation vehicle segment:**

#### (1) Waste gas improvement:

The upgrading of production lines was promoted actively. In 2021, the segment's Luoyang CIMC Lingyu implemented the second phase of the "Tianqi Project (天啟工程)", namely the upgrading and transformation project of the mixer frame welding line. After the project is completed, the welding and cutting fume generated during the production process of the bottom beam lines were collected in a closed negative pressure room, so that all welding and cutting fumes are discharged in an organized manner; the segment's Wuhu CIMC Ruijiang upgraded the painting lines of powder tankers and liquid tankers to the powder coating lines, and the emission of VOCs has been significantly reduced through source control.

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## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### (2) Waste water improvement:

The sewage discharge reduction projects were promoted continuously. In 2021, the segment's Wuhu CIMC Ruijiang upgraded the pre-treatment sewage treatment station for liquid tankers. After the improvement, the water consumption for pickling a single vehicle was reduced from 6.7 tons to 2.9 tons.

### (3) Solid waste improvement:

Each enterprise has built a temporary storage room for hazardous waste, and strictly followed the national laws and regulations for hazardous waste disposal; and they continuously promoted the coating line upgrade project. Compared with traditional paint coating, the hazardous waste generated by the powder coating process will be greatly reduced.

### **Energy, chemical and liquid food equipment segment:**

#### (1) Waste gas improvement:

In terms of VOCs treatment, the subordinate enterprises adopted the highly efficient treatment process featuring "activated carbon adsorption + online desorption + catalytic combustion", and scheduling daily maintenance properly to ensure its proper operation; they also have in place the sand blasting treatment facilities, with fixed or mobile welding fume dust removal system to control fugitive emission of dust. SOE promoted the upgrading of VOCs treatment in the pretreatment line, and adopted the treatment process of regenerative thermal oxidation furnace (RTO), which improves the treatment efficiency from 85% to 95%.

#### (2) Waste water improvement:

Industrial wastewater (paint wastewater, acid wastewater, etc.) is properly recycled and treated in the plant, and some of the enterprises (Sanctum) have achieved zero discharge and recycling of industrial wastewater in the plant; all the domestic wastewater has been collected and discharged into the municipal pipeline network through the sewage pipes. Nantong Food Equipment (南通食品装备) has reduced water consumption by 20% by promoting the comprehensive utilization of wastewater in the factory.

#### (3) Solid waste improvement:

Various management measures were implemented in our in-plant storage sites for hazardous waste in accordance with the regulatory requirements, and entrusted qualified companies to dispose of the hazardous waste. By upgrading a plate and frame filter press to the high-pressure diaphragm filter press equipped with a plunger pump, CIMC Safeway has reduced the moisture content of the sludge and the generation and disposal of hazardous waste (in case of doubling the water volume, the sludge volume decreased by 30%).

## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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### Offshore engineering segment:

#### (1) Waste gas improvement:

In terms of the treatment at the final stage, the segment introduced a centralized paint mist pre-screening process (with built-in filter cotton to filter paint mist), and an activated carbon adsorption – desorption – catalytic combustion device to handle the spraying and solidify and purify waste gas, with a VOCs online monitoring system installed to enable real-time monitoring of emissions data. In 2021, Haiyang Raffles had completed the upgrading of the environmental protection facilities in the pretreatment workshop, and installed the regenerative thermal oxidation furnace (RTO), which can improve the exhaust gas removal efficiency from 70% to 99%. The annual reduction in VOCs emission is expected to reach 8343.65kg, ensuring that the air pollutants emission meets the relevant requirements.

In terms of the treatment at source, Yantai CIMC Raffles and Longkou CIMC Raffles introduced 12 new mobile welding fume filters to handle cutting dust and welding fume, so as to reduce fugitive emission of dust. They also resorted to joint procurement of organic compound with low volatility and paints and adhesives with low VOCs content. Yantai CIMC Raffles uses electric air compressors instead of diesel-powered air compressors to eliminate diesel consumption and exhaust emissions from diesel-powered air compressors.

#### (2) Waste water improvement:

The segment continued to improve its wastewater management expertise by strictly controlling the wastewater, such as the cutting wastewater from the pre-treatment workshop, oily wastewater from the outfitting process and commissioning phase, and pipe washing wastewater from the commissioning phase, and reuse them through filtration. Longkou Raffles completed the formulation of the domestic sewage terminal treatment plan and the equipment procurement bidding work in 2021, which will be put into operation in 2022. The plan will use biological treatment technology to conduct terminal treatment of the aggregated domestic sewage in the plant to ensure compliance the relevant requirements and reduce COD and ammonia nitrogen emissions.

#### (3) Solid waste improvement:

The segment strictly enforced the management requirements related to solid waste, strengthen monitoring at source as well as the final stage. Yantai CIMC Raffles has built a new domestic garbage dump to standardize the management of domestic waste. At the same time, Yantai CIMC Raffle has built a new hazardous waste warehouse equipped with exhaust treatment facilities (activated carbon adsorption and desorption + catalytic combustion) to treat the exhaust generated during the hazardous waste storage process.

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## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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### Airport and logistics facilities, fire safety and rescue equipment segment

#### (1) Waste gas improvement:

The segment's TianDa Airport has added new waste gas collection facilities to collect VOCs generated from the wastewater treatment pond and reduce the fugitive emission of VOCs. It has also upgraded its fume and smoke treatment facilities at its canteens to improve the efficiency of waste gas purification. The high-pressure paint spray pump of the paint mixing station is changed to a mixing pump to reduce the waste of paint and thinner, and the generation of VOCs and hazardous waste. Shanghai Jindun has completed the upgrade and renovation of the waste gas purification facilities at the coating line into activated carbon adsorption and catalytic combustion device. The fume exhaust hood and high-temperature resistant bag filter were added in the smelting station of Sichuan Chuanxiao Smelting (四川消熔煉) to improve the efficiency of waste gas collection and treatment.

#### (2) Waste water improvement:

There is basically no industrial wastewater discharge from the enterprises under the segment. All the subordinate enterprises have strengthened the treatment efforts of domestic wastewater. Shenyang Jietong collected and reused the test water by adding new wastewater recycling facilities, saving approximately 50 tons of water annually.

#### (3) Solid waste improvement:

All the enterprises complied with the requirements for solid waste treatment. In terms of reducing the amount of hazardous waste, Shanghai Jindun has adjusted its production process and replaced the steel water tanks with PP water tanks, which has reduced the generation of welding fumes. Shenyang Jietong has completed the design of the new storage room for hazardous waste. It is expected that the construction of such storage room will be completed in April 2022.

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## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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### Logistics segment

#### (1) Waste gas improvement:

The segment actively explored the upgrading of freight vehicles and the electric equipment in the yard, including container vehicles, container face-lift cranes, container cranes, forklifts, etc. and updated 6 electric forklifts. 11 non-road mobile machines of Tianjin regional companies were equipped with exhaust gas purifiers. Ningbo regional companies have completed the application for the exhaust environmental protection standards for 8 in-yard stackers, and the shipping company has added 1 onshore power receiving device for ships.

#### (2) Waste water improvement:

The depot enterprises collected, purified and recycled a small amount of container cleaning sewage generated by the operation to reduce the discharge of sewage. It continued to improve the sewage treatment facilities for container washing at various operating points, including: Dalian, Fangcheng Port, Guangzhou, etc. The companies in Tianjin have built a new integrated tank washing sewage treatment facility, and some of them carried out activities such as water conservation.

#### (3) Solid waste improvement:

The segment explored the new repair container welding dust collection workshop in the Tianjin area, and self-made dust removal equipment in Jiangmen to reduce dust through water spraying devices, etc. The petrol station carried out activities to improve the storage of hazardous wastes to further standardize the management of hazardous wastes.

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## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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### Loop load segment

(1) Waste gas improvement:

DLCIMC newly installed 1 set of VOCs thermal storage combustion device (RTO) to effectively reduce VOCs emissions, and meanwhile strengthened the maintenance of paint spraying room and drying room, as well as strictly managed the open-air construction involving paint to reduce fugitive emissions. Compared with 2020, the overall VOCs emissions per RMB10,000 of revenue in the load segment were reduced by 5% year-on-year.

(2) Waste water improvement:

Each enterprise enhanced the management of domestic water, regularly checked and maintained pipelines and valves, eliminating the occurrence of dripping and leakage. Compared with 2020, the overall water consumption per RMB10,000 of revenue in the load sector decreased by 0.45 m<sup>3</sup>, representing a decrease of more than 10%.

(3) Solid waste improvement:

The segment strengthened the management of solid waste and promoted the management of hazardous waste such as paint residues among key enterprises to reduce the amount of waste. Other enterprises have improved the daily management of hazardous waste and the compliance of storage and transportation. Compared with 2020, the overall generation of dangerous wastes per RMB10,000 of revenue in the load segment decreased by 8% year-on-year.

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## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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### Other Segments – heavy trucks

#### (1) Waste water improvement:

The segment continuously improved the water quality online monitoring equipment and conducted regular maintenance. In August, the sewage pipes of the factory were cleaned and maintained to check for leakage of the pipes. In September, the online equipment COD was replaced, and the water quality mixed sampling equipment was added, which were accepted by experts in October. In order to meet the sewage discharge requirements, the frequency of inspections was increased to ensure that various pollution factors meet the relevant requirements.

#### (2) Waste gas improvement:

In October 2021, the exhaust improvement work was started, and a comprehensive VOCs treatment plan was formulated. Through process and production management, as well as good production arrangement, the centralized spraying of vehicles of the same color, the precise control of paint usage and the use of water-based cleaning agents were adopted to reduce the use of intermediate coating paints, body drying time and exhaust emissions through process optimization finally.

#### (3) Solid waste improvement:

The vehicle body painting workshop removed the middle coating process for some models through the optimization of production process, and reduced paint slag by about 0.5 tons throughout the year. It carried out the standardized management of hazardous waste warehouses in accordance with the pollution control standards for hazardous waste storage, and strictly implemented the warehousing system and the hazardous waste transfer tracking system.

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## CHAPTER IX ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### II. PERFORMANCE OF SOCIAL RESPONSIBILITIES

The Group has released ESG & Social Responsibility Reports for many years in a row, actively disclosing the work of the entire Group in actively fulfilling social responsibilities, including the Company's fulfillment of the mission of "creating sustainable value for society", focusing on four key areas of responsibility fulfillment actions, i.e. "responsible governance, addressing climate change, supporting global logistics and demonstrating corporate care".

The Company published the 2020 Social Responsibility and Environmental, Social and Governance Report and the 2021 Social Responsibility and Environmental, Social and Governance Report on Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)), the Company's website ([www.cimc.com](http://www.cimc.com)) and the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 29 March 2021 and 28 March 2022, respectively.

### III. CONSOLIDATION AND EXPANSION OF THE ACHIEVEMENTS OF POVERTY ALLEVIATION AND RURAL REVITALIZATION

Grounded foot on its own strategic transformation and industrial characteristics, combined with its own and local actual conditions, the Group responded to and supported the national call for "Consolidation and Expansion of the Achievements of Poverty Alleviation and Rural Revitalization". Taking the "five revitalizations" as its goal, the Group diligently carried out work in the revitalization of rural industries, rural talents, rural culture, rural ecology and rural organizations, helping local governments to deliver good performance in the development of "countryside, agriculture and farmers".

1. In the aspect of rural industry revitalization, CIMC gave full play to its advantages in the industrial chain, and devoted itself to develop rural industries continuously. 1) In 2021, Hunan CIMC continued to vigorously develop the bamboo industry, investing more than RMB3.07 million in the project of upgrading the bamboo production lines and increasing production capacity, and helping 225 persons in the year to consolidate the achievements of poverty alleviation; 2) In 2021, CIMC Xincai invested in the setup of a production base in Jinzhai County, Lu'an City, Anhui Province, which can consume 52,000 tons of bamboo resources a year, effectively driving the development of local bamboo resource processing industry chain, solving rural employment problem and improving bamboo farmers' income; 3) CIMC New Environmental Protection Material Co., Ltd fully participated in the rural revitalization work of Suining County, Hunan Province, and entered into a long-term strategic framework agreement in December 2021 to help develop the local bamboo and wood industry. It helped establish a long-term mechanism for local economic development through the comprehensive use of various forms such as developing industries, promoting employment and intellectual assistance, so as to speed up the process of common prosperity for the local people.
2. CIMC's subsidiaries have taken practical actions to participate in the rural revitalization work through various forms such as assisting in the construction of village environment, supporting rural education and targeted consumption assistance.

In the future, the Group will continue to fulfill its responsibilities and continue to carry out fruitful rural revitalization work: 1) Strengthen planning, strategic planning and overall promotion; 2) Focus on the development of rural industries, in particular the "CIMC Bamboo and Wood Industry", to stabilize the foundation and improve efficiency. 3) Support rural development, rural construction and rural education to consolidate poverty alleviation and stabilize momentum; 4) Develop and coordinate with strategic partners to help improve rural infrastructure and the living environment in rural areas through CIMC Cold Chain (中集冷链), the clean energy micro-pipeline network of CIMC Enric and other businesses.

## CHAPTER X

# SIGNIFICANT EVENTS

### I. PERFORMANCE OF COMMITMENTS

#### 1. Commitments Performed during the Reporting Period and Not Yet Fulfilled as at the End of the Reporting Period by the Company, Shareholders, the De Facto Controller, Acquirer, Director, Supervisor, Senior Management or Other Related Parties

Applicable    Not Applicable

Commitment	Promisor	Contents of commitment	Date of commitment	Commitment period	Implementation
Other commitments made to minority Shareholders of the Company	The Company	In accordance with the relevant regulations, domestic residents are not eligible to purchase foreign stocks directly, so, domestic residents can only hold or sell its H Shares of the Company of which they legally possess due to the change of listing location of stocks of the Company, they are not eligible to subscribe the shares of the Company and other H shares or other overseas stocks, and also after the sales of H shares of the Company, the sales income must be timely transferred to the mainland. The Company promises domestic residents that before they are free to purchase overseas stocks, the Company will not finance by the means of allotment.	2012/8/15	Before domestic residents are free to buy overseas stocks.	In progress
	The Company	Shareholders' bonus return plan (2019 to 2021)	2019/3/27	2019 to 2021	In progress
The commitment is fulfilled in a timely manner or not	Yes				

#### 2. The Company Has Made Profit Forecasts on its Assets or Projects, and the Profit Forecast Period is within the Reporting Period. The Company Has to State Whether the Original Profit Forecasts on Assets or Projects are Fulfilled and the Reasons Therefore

Applicable    Not Applicable

CHAPTER X  
SIGNIFICANT EVENTS**II. APPROPRIATION OF THE LISTED COMPANY'S FUNDS BY CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES FOR NON-OPERATING PURPOSES**

Applicable  Not Applicable

There was no appropriation of funds of the listed Company for non-operating purposes by controlling Shareholders and their related parties during the Reporting Period.

**III. ILLEGAL EXTERNAL GUARANTEES**

Applicable  Not Applicable

**IV. STATEMENT OF THE BOARD ON THE AFFAIRS RELATING TO THE LATEST "NON-STANDARD AUDING REPORT"**

Applicable  Not Applicable

**V. STATEMENTS OF THE BOARD, THE SUPERVISORY COMMITTEE AND THE INDEPENDENT DIRECTORS ON THE "NON-STANDARD AUDITING REPORT" ISSUED BY THE ACCOUNTANT DURING THE REPORTING PERIOD**

Applicable  Not Applicable

**VI. EXPLANATION OF CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES OR CORRECTION OF SIGNIFICANT ACCOUNTING ERRORS IN COMPARISON WITH THE FINANCIAL REPORT OF THE PREVIOUS YEAR**

Applicable  Not Applicable

For details of the changes in accounting policies, accounting estimates and accounting methods, please refer to note II. 31 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

**VII. EXPLANATION OF CHANGES IN THE SCOPE OF CONSOLIDATED STATEMENTS IN COMPARISON WITH FINANCIAL REPORT OF PREVIOUS YEAR**

Applicable  Not Applicable

Please refer to note V to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" as set out in this Report for enterprise merger and newly set up companies.

## CHAPTER X SIGNIFICANT EVENTS

### VIII. ENGAGEMENT AND DISENGAGEMENT OF FIRMS OF ACCOUNTANTS

#### The firms of accountants engaged currently

The engaged firm of accountants in the mainland	PricewaterhouseCoopers Zhong Tian LLP
Payment for the accountants	RMB13.246 million (including: the auditing fees amounting to RMB11.046 million and the auditing fees for the internal control amounting to RMB2.20 million)
Continuing service year of the accountants	10 years
CPA of the accountants	Cao Cuili, Guo Suhong

Whether to appoint another accounting firm during the Reporting Period

Yes  No

Particulars on recruitment of accounting firms, financial consultants or sponsors for internal control and auditing purposes

Applicable  Not Applicable

During the Reporting Period, the Company engaged PricewaterhouseCoopers Zhong Tian LLP as its accounting firm for internal control and auditing purposes. The auditing fees for internal control for the year 2021 were RMB2.20 million.

### IX. DELISTING UPON DISCLOSURE OF ANNUAL REPORT

Applicable  Not Applicable

### X. BANKRUPTCY OR REORGANISATION RELATED ISSUES

Applicable  Not Applicable

During the Reporting Period, there were no bankruptcy or reorganization related issues of the Company.

### XI. MATERIAL LAWSUITS AND ARBITRATIONS

Applicable  Not Applicable

During the Reporting Period, there were no material lawsuits or arbitrations related issues of the Company.

## CHAPTER X SIGNIFICANT EVENTS

### XII. PENALTIES AND REMEDIES

Applicable  Not Applicable

Description of remedies

Applicable  Not Applicable

During the Reporting Period, there were no penalties or remedies of the Company.

### XIII. THE CREDIT WORTHINESS OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND THE DE FACTO CONTROLLER

During the Reporting Period, there was no effective judgment of the court failed to be satisfied by the Company or relatively large amount of debts due and outstanding.

### XIV. MATERIAL RELATED-PARTY TRANSACTIONS

#### (I) Related-party transactions as Defined by Domestic Laws and Regulations

##### 1. Related-party transactions Relating to Daily Operations

Unit: RMB thousand

Related party	Relationship with the Group	Type of the related-party transaction	Details of the related-party transaction	Pricing principle	Price	Amount	Proportion to transaction amount of the same category	Approved cap	Whether approved cap has been exceeded	Settlement method	Available market price of the same transaction category	Disclosure date	Disclosure index
COSCO SHIPPING Development Group (Note)	Subsidiary of former major Shareholder	sale of containers, etc.	sale of containers, etc.	Regular commercial terms	-	951,759	-	-	-	-	-	-	-
Sinotrans and its subsidiaries	Subsidiaries of major Shareholder	Receiving of services, etc.	Receiving of services, etc.	Regular commercial terms	-	1,336,544	-	-	-	-	-	-	-
Total					-	2,288,303	-	-	-	-	-	-	-

## CHAPTER X SIGNIFICANT EVENTS

Details of substantial sales return	Nil
Projected total amount of related-party transactions in the ordinary course of business during the current period by type and actual performance during the Reporting Period (if any)	<ol style="list-style-type: none"> <li>1. In 2021, the actual total amount of continuing related-party transactions between the Group and COSCO SHIPPING Development Group was RMB951.759 million, which did not exceed the annual cap of RMB2,700 million for the year 2021 as agreed in the Framework Agreement entered into by both parties on 30 October 2019. For actual transaction details of the continuing related-party transactions between the Group and COSCO SHIPPING Development Group, please refer to note VIII. 5 of "Chapter XIV Financial Statements Prepared in Accordance with CASBE".</li> <li>2. In December 2021, the actual total amount of continuing related-party transactions between the Group and Sinotrans &amp; CSC did not exceed the agreed amount of the Framework Agreement for Sale of Goods, Supplying/ Receiving of Services entered into by both parties on 9 December 2021. For actual transaction details of the continuing related-party transactions between the Group and Sinotrans &amp; CSC, please refer to "(2) Actual transaction amount from 1 December 2021 to 31 December 2021" of "A" of "2. Continuing Related-party Transactions/Ordinary Related-Party Transactions" of "(II) Connected Transactions Defined in accordance with the Hong Kong Listing Rules" of "XIV. MATERIAL RELATED-PARTY TRANSACTIONS" of this section.</li> </ol>
Reason for the substantial difference between transaction prices and referential market prices (if applicable)	Not applicable

Note: In 2019, COSCO SHIPPING Development was the indirect controlling shareholder of Long Honour Investments Limited ("**Long Honour**") and COSCO Container Industries Limited ("**COSCO Container Industries**") (both being a substantial shareholder of the Company and holding a total of 518,606,212 A Shares and 295,010,617 H Shares, accounting for 22.70% of the total share capital of the Company) when entering into the Framework Agreement. Pursuant to the Hong Kong Listing Rules and Shenzhen Listing Rules, COSCO SHIPPING Development and its subsidiaries are connected/related parties of the Company. On 12 October 2020, COSCO SHIPPING Development and its wholly-owned subsidiaries, COSCO Industries and Long Honour, entered into the Share Transfer Agreement with Shenzhen Capital Group and its subsidiary, Shenzhen Capital (Hong Kong) Container Investment Co., Ltd. (深圳資本(香港)集裝箱投資有限公司) ("**Shenzhen Capital (Hong Kong)**"). On 18 December 2020, Shenzhen Capital Group officially completed the procedures related to the share transfer with COSCO SHIPPING Development and its wholly-owned subsidiaries, COSCO Industries and Long Honour, and COSCO SHIPPING Development's shareholding ratio became 4.69%. Therefore, in 2021, COSCO SHIPPING Development will no longer constitute a connected person of the Company under the Hong Kong Listing Rules. However, according to the Shenzhen Listing Rules, it was owned by a related legal person of the Company in the past 12 months and was deemed as the related-party of a listed company, therefore COSCO SHIPPING Development is still a related-party of the Group under the Shenzhen Stock Exchange Listing Rules.

## CHAPTER X SIGNIFICANT EVENTS

### 2. Connected Transactions Relating to Assets or Equity Interest Acquisition and Disposal

Applicable  Not Applicable

### 3. Related-party Transactions Relating to Joint External Investments

Applicable  Not Applicable

### 4. Claims and Liabilities among the Related-party Transactions

Applicable  Not Applicable

Whether there are non-operating claims and liabilities among the related-party transactions

Yes  No

During the Reporting Period, the information on claims and liabilities among the connected transactions is set out in the Note VIII 5.(4) to "Chapter XIV Financial Statements Prepared in Accordance with CASBE".

### 5. Transactions with related finance companies

Applicable  Not Applicable

There is no deposit, loan, credit or other financial business between the Company and related finance companies and related parties.

## CHAPTER X SIGNIFICANT EVENTS

### 6. Transactions between Finance Companies Controlled by the Company and Related Parties

Applicable  Not Applicable

#### (1) Related-party transaction effective from 1 January 2021 to 30 September 2021:

In October 2020, CIMC Industry & City, upon introduction of the strategic investor, became an associate of the Company. Since some directors and senior management of the Company also serve as directors of CIMC Industry & City, pursuant to the Shenzhen Listing Rules, CIMC Industry & City is related party of the Company. During the Year, CIMC Finance Company, controlled by the Group, had financial transactions with CIMC Industry & City with agreed amount of: (a) the maximum daily deposit limit for the next twelve months is expected to be RMB5 billion, with a deposit interest rate determined with reference to market deposit rates; (b) the loan limit for the next twelve months is expected to not exceed RMB2.09 billion, with a loan interest rate determined with reference to market loan interest rates; (c) the total amount of facilities and limit for other financial transactions for the next twelve months is expected to not exceed RMB2.09 billion. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) (Announcement Nos.: [CIMC]2020-057, [CIMC]2020-058, [CIMC]2020-064 and [CIMC]2020-082), as well as the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 6 August 2020, 18 August 2020 and 9 October 2020.

#### Deposit business

Unit: RMB thousand

Related party	Relationship	Maximum daily deposit balance	Range of interest rate	Balance at the beginning of the period	Amount for the current period		Balance as at 30 September 2021
					Total amount placed for the current period	Total amount withdrawn for the current period	
CIMC Industry & City	The Group's Directors and senior management holding positions	5,000,000	With reference to market rates	128,000	4,663,820	4,737,538	54,282



## CHAPTER X SIGNIFICANT EVENTS

### Loan business

Unit: RMB thousand

Related party	Relationship	Loan amount	Range of lending rate	Balance at the beginning of the period	Amount for the current period		Balance as at 30 September 2021
					Total amount of loans for the current period	Total amount of repayment for the current period	
CIMC Industry & City	The Group's Directors and senior management holding positions	2,090,000	With reference to market rates	295,086	26,287	215,972	105,401

### Facilities and other financial businesses

Unit: RMB thousand

Related party	Relationship	Type of business	Total amount	Effective credit balance as at 30 September 2021
CIMC Industry & City	The Group's Directors, Supervisors and senior management holding positions	Facilities	2,090,000	180,000

#### (2) Related-party transactions effective from 1 October 2021 to 31 December 2021:

On 27 August 2021, as considered and approved at the twenty-first meeting in 2021 of the ninth session of the board of directors of the Company, CIMC Finance Company signed the Financial Services Framework Agreement with CIMC Industry & City. Pursuant to the Financial Services Framework Agreement, CIMC Finance Company provides financial services to CIMC Industry & City and its subsidiaries, including deposit-taking services and loan services. The transaction limit of the Financial Services Framework Agreement is as follows: the maximum daily deposit balance of CIMC Industry & City and its subsidiaries with CIMC Finance Company shall not exceed RMB3 billion; the principal balance of loans provided by CIMC Finance Company to CIMC Industry & City and its subsidiaries shall not exceed RMB1.5 billion. The transaction has been considered and approved at the fourth extraordinary general meeting in 2021 held by the Company on 24 September 2021. For relevant information, please refer to the relevant announcements published by the Company on China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) on 27 August 2021 and 24 September 2021 (Announcement Nos.: [CIMC]2021-081 and [CIMC]2021-089) as well as the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

## CHAPTER X SIGNIFICANT EVENTS

### Deposit business

Unit: RMB thousand

Related party	Relationship	Maximum daily deposit balance	Range of interest rate	Balance as at 1 October 2021	Amount for the current period		Balance as at 31 December 2021
					Total amount placed for the current period	Total amount withdrawn for the current period	
CIMC Industry & City	The Group's Directors, Supervisors and senior management holding positions	3,000,000	With reference to market rates	54,282	1,220,728	1,174,030	100,980

### Loan business

Unit: RMB thousand

Related party	Relationship	Loan amount	Range of lending rate	Balance as at 1 October 2021	Amount for the current period		Balance as at 31 December 2021
					Total amount of loans for the current period	Total amount of repayment for the current period	
CIMC Industry & City	The Group's Directors, Supervisors and senior management holding positions	1,500,000	With reference to market rates	105,401	1,514	7,984	98,931

#### 7. Other Material Related-Party Transactions

Applicable    Not Applicable

Other material related-party transactions can be inquired on disclosure websites of temporary announcement:

Name of temporary announcement	Disclosure date of temporary announcement	Name of disclosure website of temporary announcement
1、 Announcement regarding CIMC Financing and Leasing introducing strategic investors and related-party transaction	23 November 2021	www.cninfo.com.cn www.hkexnews.hk www.cimc.com
2、 Announcement regarding formation of China Ocean Engineering Equipment Technology Development Co., Ltd. and connected transaction	24 December 2021	

## CHAPTER X SIGNIFICANT EVENTS

### (II) Connected Transactions Defined in accordance with the Hong Kong Listing Rules

Pursuant to Chapter 14A of the Hong Kong Listing Rules, the following connected transactions are discloseable in this report:

#### 1. Connected Transactions:

- (1) On 23 August 2021, the twentieth meeting in 2021 of the ninth session of the board of directors of the Company considered and approved relevant resolutions, CIMC Wetrans, the non-wholly-owned subsidiary of the Company, was approved to participate in the tender for acquisition of 25% equity interest in Zhenhua Logistics Group Co., Ltd. (振華物流集團有限公司) to be disposed of by China Communications Construction Company Limited (“CCCC”) at a bidding price of not more than RMB374,037,650. On 25 August 2021, CIMC Wetrans won the bid at the initial bidding price of RMB374,037,650. On 12 October 2021, CIMC Wetrans completed the payment.

As CCCC is a substantial shareholder of Zhenhua Logistics Group Co., Ltd., a subsidiary of the Company, and holds its 25% equity interest, CCCC is a connected person of the Company at the subsidiary level under Rule 14A.07(1) of the Hong Kong Listing Rules. Accordingly, the transaction of acquisition of equity interest at the tender constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. However, as the applicable percentage ratios in respect of the connected transaction are more than 1% but less than 5%, the Company is subject to the reporting and announcement requirements but is exempt from the circular (including advice from independent financial advisor) and independent shareholders’ approval requirements under Rule 14A.76(2) of the Hong Kong Listing Rules.

For relevant information, please refer to the relevant announcements published by the Company on Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company’s website ([www.cimc.com](http://www.cimc.com)) on 23 August 2021 and 13 October 2021 (Announcement Nos.: [CIMC]2021-076, [CIMC]2021-077 and [CIMC]2021-095) as well as the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

## CHAPTER X SIGNIFICANT EVENTS

- (2) On 23 November 2021, as considered and approved at the twenty-sixth meeting in 2021 of the ninth session of the board of directors of the Company, CIMC Financial Leasing introduced Shenzhen Capital Group, Shenzhen City Energy Group Co., Ltd.\* (深圳市能源集團有限公司) (“**Shenzhen City Energy Group**”) and Tianjin Kairuikang Enterprise Management Consulting Partnership (Limited Partnership)\* (天津凱瑞康企業管理諮詢合夥企業(有限合夥)) (“**Tianjin Kairuikang**”) as strategic investors. On 23 November 2021, the Company signed the Equity Transfer Agreement with Shenzhen Capital Group, Shenzhen City Energy Group and CIMC Financial Leasing; the Company and CIMC HK signed the Capital Increase Agreement with Shenzhen Capital Group, Tianjin Kairuikang and CIMC Financial Leasing. The Equity Transfer Agreement and the Capital Increase Agreement jointly provided that Shenzhen Capital Group, Shenzhen City Energy Group and Tianjin Kairuikang, as strategic investors, acquired shares in CIMC Financial Leasing through transfer of original shares and capital increase. Upon completion of the transaction, the registered capital of CIMC Financial Leasing will be increased from RMB1,428,652,000.00 to RMB1,481,376,856.83, which will be owned as to 53.3185% collectively by Shenzhen Capital Group and Shenzhen City Energy Group and 1.2497% by Tianjin Kairuikang, and the proportion of equity interest collectively held by the Company and CIMC HK in CIMC Financial Leasing will be decreased to 45.4318%. Upon completion of the transaction, the financial results of CIMC Financial Leasing will no longer be consolidated into the consolidated statements of the Group and will become an associate of the Group. The transaction has been considered and approved at the fifth extraordinary general meeting in 2021 held by the Company on 30 December 2021.

As (i) Shenzhen City Energy Group is a non-wholly owned subsidiary of Shenzhen Capital Group; and (ii) Shenzhen Capital Group and its wholly-owned subsidiary Shenzhen Capital (Hong Kong) Container Investment Co., Ltd. in aggregate held 29.74% of the issued share capital of the Company, Shenzhen Capital Group and Shenzhen City Energy Group (being an associate of Shenzhen Capital Group) are therefore connected persons of the Company and the transactions contemplated under the Equity Transfer Agreement and the Capital Increase Agreement constitute connected transactions of the Company. As one or more of the applicable percentage ratios for the transactions contemplated under the Equity Transfer Agreement and the Capital Increase Agreement on an aggregated basis are more than 5% but less than 25%, the Equity Transfer and the Capital Increase are subject to (i) the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules; and (ii) the reporting, announcement, circular and independent Shareholders’ approval requirements under Chapter 14A of the Hong Kong Listing Rules.

For relevant information, please refer to the relevant announcements published by the Company on Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company’s website ([www.cimc.com](http://www.cimc.com)) on 23 November 2021 and 30 December 2021 (Announcement Nos.: [CIMC]2021-102, [CIMC]2021-103 and [CIMC]2021-115) as well as the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

## CHAPTER X SIGNIFICANT EVENTS

- (3) As considered and approved at the twenty-first meeting in 2021 of the ninth session of the board of directors of the Company, ten enterprises, namely CIMC Offshore Engineering Co., Ltd. (中集海洋工程有限公司), which is a wholly-owned subsidiary of the Company, China State Shipbuilding Corporation Limited (中國船舶集團有限公司), China National Petroleum Corporation (中國石油天然氣集團有限公司), China Petrochemical Corporation (中國石油化工集團有限公司), China National Offshore Oil Corporation (中國海洋石油集團有限公司), China COSCO SHIPPING Corporation Limited (中國遠洋海運集團有限公司), China Merchants Investment Development Company Limited (招商局投資發展有限公司) (“**CMID**”), CRRC GROUP Co., Ltd. (中國中車集團有限公司), China Communications Construction Group (Limited) (中國交通建設集團有限公司) and Shanghai State-owned Capital Investment Co., Ltd. (上海國有資本投資有限公司) intend to jointly fund the formation of China Ocean Engineering Equipment Technology Development Co., Ltd. (中國海洋工程裝備技術發展有限公司) (“**China Ocean Engineering**”) with a registered capital of RMB20 billion, in which CIMC Offshore Engineering contributing RMB1.8 billion in cash to hold 9% of the equity interests in China Ocean Engineering.

As CMID is a wholly-owned subsidiary of CMG, which in turn is a substantial Shareholder of the Company, CMID is a connected person of the Company. Accordingly, the Cooperative Investment constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

For relevant information, please refer to the relevant announcement published by the Company on Cninfo website (www.cninfo.com.cn) and the Company’s website (www.cimc.com) on 24 December 2021 (Announcement No.: [CIMC]2021-114) as well as the announcement published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

### 2. Continuing Related-party Transactions/Ordinary Related-Party Transactions

#### A. Transactions with Sinotrans & CSC

The details of continuing connected transactions/routine related party transactions between the Group and Sinotrans & CSC Holdings Co., Ltd. (“**Sinotrans & CSC**”, together with its subsidiaries “**Sinotrans & CSC Group**”) from January to December 2021 are shown in the table below:

Unit: RMB thousand

Related party/ connected person	Connected (related) relationship with the Group	Type of related party transaction/ connected transaction	Actual transaction amount from January to December 2021
Sinotrans & CSC and its subsidiaries	A subsidiary of significant shareholder	Receipt of services	1,128,600
Sinotrans & CSC and its subsidiaries	A subsidiary of significant shareholder	Sale of goods	45,327
Sinotrans & CSC and its subsidiaries	A subsidiary of significant shareholder	Rendering of services	162,617

## CHAPTER X SIGNIFICANT EVENTS

In November 2021, during the self-inspection of the Group's compliance with internal controls, the Company noticed that the Group has been selling goods, rendering and receiving services to and from Sinotrans & CSC Group in its daily and ordinary business process since January 2019. Pursuant to the Hong Kong Listing Rules and the Shenzhen Listing Rules, such business activities with Sinotrans & CSC Group may constitute the Company's continuing connected transactions/routine related party transactions, which had constituted omissions.

On 9 December 2021, as considered and approved at the twenty-ninth meeting in 2021 of the ninth session of the Board of the Company, the Group and Sinotrans & CSC signed the Framework Agreement for Selling Goods and Rendering/Receiving Services (the "**Framework Agreement with Sinotrans & CSC**"), pursuant to which the Group will continue to provide Sinotrans & CSC Group with goods and services, and receive services to be provided by Sinotrans & CSC Group. The Framework Agreement with Sinotrans & CSC stipulated the proposed cap amount of continuing connected transactions/routine related party transactions between both parties (1) from 1 December 2021 to 31 December 2021; (2) for the year ending 31 December 2022; and (3) for the year ending 31 December 2023. Such matter was not required to be submitted to the general meeting of the Company for consideration. The details are set out as follows:

Unit: RMB100 million

<b>Proposed cap</b>	<b>From 1 December 2021 to 31 December 2021</b>	<b>For the year ending 31 December 2022</b>	<b>For the year ending 31 December 2023</b>
The sale of goods and the rendering of services to Sinotrans & CSC Group by the Group	0.3	2.2	2.4
The receipt of services of the Group from Sinotrans & CSC Group	1.4	7.2	8.3

For relevant information, please refer to the announcements published on the Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) (Announcement No.: [CIMC] 2021-109 and [CIMC] 2021-110) and the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) by the Company on 9 December 2021.

## CHAPTER X SIGNIFICANT EVENTS

(1) Principal terms of the Framework Agreement with Sinotrans & CSC are as follows:

- Pricing Policy:

Pursuant to the Framework Agreement with Sinotrans & CSC, the pricing policy for continuing connected transactions/routine related party transactions shall be determined on the basis of fairness and reasonableness in accordance with general commercial terms, and the prices of goods or services provided by both parties to each other shall be market prices. The details are as follows:

(1.1) Supply of goods and provision of services to Sinotrans & CSC Group by the Group:

- (a) Regarding supply of goods: 1) where the bidding process is required, the bidding price shall prevail; 2) where there is no bidding process, the price shall be determined with reference to market price (including comparable local, domestic or international market price) based on the goods' type and quality. The market price information shall be collected through independent third parties such as industry associations, including (i) independent industry associations and institutions, and if the supply of containers is involved, references can be made to the market information issued by China Container Industry Association, Shanghai Shipping Freight Exchange Co., Ltd., China Shipping net and Clarksons; and (ii) pricing information publicly disclosed by the Company's competitors, comparable market prices shall be updated from time to time, and reported to its management as references for pricing decision; and 3) where neither of the above prices is applicable or where it is impracticable to apply the above pricing policies, the Group will negotiate with Sinotrans & CSC Group on arm's length basis after considering the cost, technology, quality and the historical transaction prices of the goods; and
- (b) Regarding provision of services: 1) where the bidding process is required, the bidding price shall prevail; 2) where there is no bidding process, if logistics service fee is involved, it shall be determined by the parties at the time of entering into the relevant agreement with reference to the weight and type of cargo, mode of shipment, freight rate of the carrier, type of storage space required and the service fees charged by independent third party logistics and freight services operators, such as the Notice on Revising and Issuing the "Port Tariff Calculation Regulation" (《關於修訂印發「港口收費計費辦法」的通知》) jointly issued by the Ministry of Transport and the NDRC of the PRC and the public information and transaction platform for multimodal integrated transport in the Yangtze River Economic Belt (<http://www.cjdsly.com/>), etc.; 3) where neither of the above prices is applicable or where it is impracticable to apply the above pricing policies, the Group will negotiate with Sinotrans & CSC Group on arm's length basis after considering the cost, technology and the historical transaction prices of the services.

## CHAPTER X SIGNIFICANT EVENTS

### (1.2) Receipt of services of the Group from Sinotrans & CSC Group:

Regarding receiving of services: 1) where the bidding process is required, the bidding price shall prevail; 2) where there is no bidding process, if logistics service fee is involved, it shall be determined by the parties at the time of entering into the relevant agreement with reference to the weight and type of cargo, mode of shipment, freight rate of the carrier, type of storage space required and the service fees charged by independent third-party logistics and freight services operators, such as the Notice on Revising and Issuing the "Port Tariff Calculation Regulation" (《關於修訂印發「港口收費計費辦法」的通知》) jointly issued by the Ministry of Transport and the NDRC of the PRC and the public information and transaction platform for multimodal integrated transport in the Yangtze River Economic Belt (<http://www.cjdsly.com/>), etc.; 3) where neither of the above prices is applicable or where it is impracticable to apply the above pricing policies, the Group will negotiate with Sinotrans & CSC Group on arm's length basis after considering the cost, technology and the historical transaction prices of the services.

As far as the Group or Sinotrans & CSC Group (as applicable) is concerned, the above prices and terms will not deviate from the prices and terms offered by the Group or Sinotrans & CSC Group (as applicable) for the supply or receiving of similar goods and/or services to and from independent third parties, and will make reference to at least two contemporaneous transactions of similar volume or quality with unrelated third parties. In addition, the relevant departments of the Group will regularly conduct a comprehensive analysis of the profitability of the supply or receiving of similar goods and/or services to and from different customers (including Sinotrans & CSC Group and independent third party customers), review the profit contribution of different customers and reflect the analysis results to the business departments for reference in making pricing adjustment decisions.

- Term and Termination:

The Framework Agreement with Sinotrans & CSC is valid commencing from 1 December 2021 to 31 December 2023 (both dates inclusive).



## CHAPTER X SIGNIFICANT EVENTS

- (2) Actual transaction amount from 1 December 2021 to 31 December 2021:

The actual total transaction amount of the continuing connected transactions/related party transactions between the Group and Sinotrans & CSC Group did not exceed the agreed caps:

Unit: RMB thousand

	<b>Agreed caps from 1 December 2021 to 31 December 2021</b>	<b>Actual transaction amount from 1 December 2021 to 31 December 2021</b>
The sale of goods and the rendering of services to Sinotrans & CSC Group by the Group	30,000	25,160
The receipt of services of the Group from Sinotrans & CSC Group	140,000	116,104

- (3) Description of the connected (related) relationship between the parties to the transactions:

China Merchants Group Limited, through its subsidiary China Merchants (CIMC) Investment Limited, holds 24.49% of the Company's issued shares, and Sinotrans & CSC is a wholly-owned subsidiary of China Merchants Group Limited. Pursuant to the Shenzhen Listing Rules, Sinotrans & CSC and its subsidiaries are all affiliated legal persons of the Company, and the transactions between the two parties contemplated under the Framework Agreement with Sinotrans & CSC constitute routine related party transactions for the Company.

In addition, pursuant to Chapter 14A of the Hong Kong Listing Rules, China Merchants Group Limited is the indirect holding company of China Merchants (CIMC) Investment Limited which is the major shareholder of the Company and holds 24.49% of the issued share capital of the Company, and Sinotrans & CSC is a wholly-owned subsidiary of China Merchants Group Limited. Thus, pursuant to Chapter 14A of the Hong Kong Listing Rules, Sinotrans & CSC and its subsidiaries are connected persons of the Company, and the transactions contemplated under the Framework Agreement with Sinotrans & CSC constitute continuing connected transactions of the Company.

## CHAPTER X SIGNIFICANT EVENTS

(4) Purpose of the transactions:

Entering into the Framework Agreement with Sinotrans & CSC and continuing to carry out the continuing connected transactions/routine related party transactions were and are in line with the actual needs for the operation and development of the Group's principal businesses. The conducting of the continuing connected transactions/routine related party transactions will not prejudice the interests of the Company and the Shareholders, especially the minority Shareholders, nor adversely affect the independence of the Company. Conducting such transactions will not give rise to the reliance of the principal businesses of the Company on related parties.

(5) Further strengthening the internal control regarding continuing connected transactions:

- the Company has put in place a series of systems and practices for the management of related party transactions, including a related party transaction management system, measures for the day-to-day management of related party transactions and an internal control system to ensure that continuing connected transactions/routine related party transactions are conducted in accordance with the Framework Agreement with Sinotrans & CSC;
- the Company regularly updates the list of related parties to ensure its accuracy and completeness; at the same time, the Company keeps regular statistics on related party transactions to facilitate the monitoring of related party transactions;
- the Company's financial system has recorded a list of suppliers and customers for all transactions in the system (the "**Supplier and Customer List**") and identified related parties of the Company against the related-party list to enable staff to identify whether the relevant transaction constitutes a related party transaction for the Company. Whenever a relevant division of the Company intends to enter into a transaction with an entity, the relevant division will check whether the entity is a related party of the Company against the Supplier and Customer List and, if so, the related party transaction will be conducted in accordance with the related party transaction management system and measures to ensure that the related party transaction will be conducted on normal commercial terms and on terms that are not deviating as far as the Group is concerned;

## CHAPTER X SIGNIFICANT EVENTS

- The Company's auditing and monitoring department will conduct unscheduled internal assessments on the internal control measures of the Company, especially in respect of CIMC Wetrans and newly acquired and merged enterprises, etc., to ensure that the internal control measures in respect of the continuing connected transactions/ordinary related-party transactions remain complete and effective, and report the assessment result to the audit committee, board of directors and supervisory committee;
- The Company's external auditors will conduct an annual audit on the Company's internal control measures in relevant financial statements. In addition, the Company's external auditors will conduct an annual review on the continuing connected transactions/ordinary related-party transactions pursuant to the requirements under the Hong Kong Listing Rules; and
- The Group will strengthen the management of related party transactions of its subsidiaries, and incorporate the statistics and timely reporting of related party transactions into the Group's major accountability matters. In doing these, the Group aims to formulate a sound internal accountability system of the Company with detailed provisions on the division of responsibilities, scope of accountability, accountability mechanism and measures based on the principles of objectivity, fairness and impartiality, to ensure that relevant personnel can report to the management, the Board and the general meeting of the Company in a timely manner with more accurate information.

### B. Independent non-executive Directors' confirmation:

In relation to the continuing connected transaction/ordinary related-party transaction between the Group and COSCO SHIPPING Development and its subsidiaries and associates, the related-party transaction between CIMC Finance Company, which is a subsidiary of the Group, and CIMC Industry & City and its subsidiaries, the continuing connected transaction/ordinary related-party transaction between the Group and Sinotrans & CSC during the Reporting Period (the "**Transactions**"), the independent non-executive Directors of the Company have reviewed and confirmed that:

- The Transactions mentioned above have met requirements of the relevant laws and regulations as well as the Articles of Association, have been conducted on a fair, open and just basis and have been audited through relevant procedures, and no acts have been found which are detrimental to the interests of the Company and the Shareholders, especially the minority Shareholders;
- The Transactions mentioned above have been entered into in the ordinary and usual course of business of the Company;

## CHAPTER X SIGNIFICANT EVENTS

- The Transactions mentioned above have been entered into on normal commercial terms or better terms;
- The Transactions mentioned above have been entered into in accordance with the terms of relevant agreements governing them and on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

### C. Auditor's confirmation:

Auditor of the Company reviewed the Transactions during the Reporting Period and confirmed:

- (a) Nothing has come to auditors' attention that causes them to believe that the continuing connected transactions disclosed have not been approved by the Board.
- (b) In relation to the transactions involving the provision of goods or services by the Group, nothing has come to auditors' attention that causes them to believe that the Transactions were not, in all material respects, in accordance with the pricing policies of the Group.
- (c) Nothing has come to auditors' attention that causes them to believe that the Transactions were not entered into, in all material respects, in accordance with the agreements in relation to such transactions.
- (d) In relation to the total amount of continuing connected transactions, nothing has come to auditors' attention that causes them to believe that the amount of the continuing connected transactions exceeded the annual caps set by the Company.

### D. The Board confirmed:

The auditor confirmed the matters in relation to the Transactions pursuant to the Rule 14A.56 under the Hong Kong Listing Rules.

### 3. Connected Transactions and Related-Party Transactions

For details of the Group's connected transactions and related-party transactions during the Reporting Period, please refer to note VIII. 5 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report. Except for the connected transactions and continuing connected transactions as disclosed in this section, there are no other connected transactions required to be disclosed pursuant to Chapter 14A of the Hong Kong Listing Rules.

CHAPTER X  
SIGNIFICANT EVENTS**XV. MATERIAL CONTRACTS AND THEIR PERFORMANCES****1. Trusteeship, Contracting or Leasing**

## (1) Trusteeship

Applicable  Not Applicable

During the Reporting Period, there was no trusteeship of the Company generating a profit or loss which contributed to 10% or more of the total profit of the Company during the Reporting Period.

## (2) Contracting

Applicable  Not Applicable

During the Reporting Period, there was no contracting of the Company generating a profit or loss which contributed to 10% or more of the total profit of the Company during the Reporting Period.

## (3) Leasing

Applicable  Not Applicable

During the Reporting Period, there was no leasing of the Company generating a profit or loss which contributed to 10% or more of the total profit of the Company during the Reporting Period.

## CHAPTER X SIGNIFICANT EVENTS

### 2. Material Guarantees

✓Applicable    □Not Applicable

Unit: RMB thousand

External guarantees undertaken by the Company and its subsidiaries (excluding guarantees for subsidiaries)											
Name of the guaranteed	Disclosure date of the announcement about the guarantee facilities	Guarantee facilities	Actual date	Actual amount of guarantee	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Fulfilled or not	Related-party guarantee or not	
Customers of CIMC Container Holding Co., Ltd.	29 March 2021	130,000	1 January 2021	0	Warrantice	Nil	Nil	1-2 years	No	No	
Customers and distributors of CIMC Vehicles (Group) Co., Ltd.	29 March 2021	5,000,000	1 January 2021	2,151,916	Warrantice	Nil	Secured	1-2 years	No	No	
Customers of Shenyang CIMC Industrial Park Investment Development Co., Ltd.	29 March 2021	80,000	1 January 2021	0	Warrantice	Nil	Nil	1-2 years	No	No	
Customers of Shaanxi CIMC Vehicles Industrial Park Investment Development Co., Ltd.	29 March 2021	50,000	1 January 2021	11,459	Warrantice	Secured	Nil	1-2 years	No	No	
Customers of Kunming CIMC Vehicle Park Development Co., Ltd.	29 March 2021	40,000	1 January 2021	0	Warrantice	Nil	Nil	1-2 years	No	No	
Customers of CIMC Enric Holdings Limited	29 March 2021	200,000	1 January 2021	0	Warrantice	Nil	Nil	1-2 years	No	No	
Customers of C&C Trucks Co., Ltd.	29 March 2021	1,200,000	1 January 2021	571,527	Warrantice	Nil	Secured	1-2 years	No	No	
Customers of CIMC Wetrans Logistics Technology (Group) Co., Ltd.	29 March 2021	200,000	1 January 2021	0	Warrantice	Nil	Nil	1-2 years	No	No	
Customers of CIMC Financial Leasing Co., Ltd.	29 March 2021	100,000	1 January 2021	0	Warrantice	Nil	Nil	1-2 years	No	No	
Shenzhen CIMC Industry & City Development Group Co., Ltd.	29 March 2021	1,500,000	1 January 2021	605,002	Warrantice	Nil	Secured	1-2 years	No	Yes	
Yichuan Tianyun clean energy Co., Ltd.	27 August 2021	100,000	27 August 2021	0	Warrantice	Nil	Secured	1-2 years	No	No	
Kawasaki Zhenghua logistics (Tianjin) Co. Ltd.	27 August 2021	20,000	27 August 2021	0	Warrantice	Nil	Nil	1-2 years	No	No	
Qingdao Port International Trade and Logistics Co., Ltd.	27 August 2021	10,000	27 August 2021	0	Warrantice	Nil	Nil	1-2 years	No	No	
Total external guarantee facilities approved during the Reporting Period (A1)			8,630,000	Total actual amount of external guarantees during the Reporting Period (A2)					2,495,852		
Total external guarantee facilities approved at the end of the Reporting Period (A3)			8,630,000	Total actual balance of external guarantees at the end of the Reporting Period (A4)					3,339,904		

CHAPTER X  
SIGNIFICANT EVENTS

## The Company's guarantees for subsidiaries

Name of the guaranteed	Disclosure date of the announcement about the guarantee facilities	Guarantee facilities	Actual date	Actual amount of guarantee	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Fulfilled or not	Related-party guarantee or not
Subsidiaries of CIMC (with gearing ratio of over 70%)	29 March 2021 27 August 2021 23 November 2021	16,800,000	1 January 2021	11,619,722	Warrantice	Nil	Partially secured	1-2 years	No	No
Subsidiaries of CIMC (with gearing ratio of less than 70%)	29 March 2021 27 August 2021 23 November 2021	5,500,000	1 January 2021	379,539	Warrantice	Nil	Partially secured	1-2 years	No	No
Overseas holding subsidiaries of CIMC	29 March 2021	35,000,000	1 January 2021	18,469,638	Warrantice	Nil	Nil	1-2 years	No	No
Total guarantee facilities for subsidiaries approved during the Reporting Period (B1)			57,300,000	Total actual amount of guarantees for subsidiaries during the Reporting Period (B2)						15,966,046
Total guarantee facilities for subsidiaries approved at the end of the Reporting Period (B3)			57,300,000	Total actual balance of guarantees for subsidiaries at the end of the Reporting Period (B4)						30,468,899

## CHAPTER X SIGNIFICANT EVENTS

Subsidiaries' guarantees for subsidiaries										
Name of the guaranteed	Disclosure date of the announcement about the guarantee facilities	Guarantee facilities	Actual date	Actual amount of guarantee	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Fulfilled or not	Related-party guarantee or not
Guarantee of one subsidiary for another (with gearing ratio of over 70%)	29 March 2021 27 August 2021 23 November 2021	13,200,000	1 January 2021	6,274,587	Warrantice	Nil	Partially secured	1-2 years	No	No
Guarantee of one subsidiary for another (with gearing ratio of less than 70%)	29 March 2021 27 August 2021 23 November 2021	5,870,000	1 January 2021	2,378,546	Warrantice	Nil	Partially secured	1-2 years	No	No
Total guarantee facilities for subsidiaries approved during the Reporting Period (C1)			19,070,000	Total actual guarantee amount for subsidiaries during the Reporting Period (C2)					6,511,177	
Total guarantee facilities for subsidiaries approved at the end of the Reporting Period (C3)			19,070,000	Total actual guarantee balance for subsidiaries at the end of the Reporting Period (C4)					8,653,133	
Total guarantee of the Company (total of the above three items)										
Total guarantee facilities approved during the Reporting Period (A1+B1+C1)			85,000,000	Total actual guarantee amount during the Reporting Period (A2+B2+C2)					24,973,075	
Total guarantee facilities approved at the end of the Reporting Period (A3+B3+C3)			85,000,000	Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)					42,461,936	
% of total actual guarantee amount (A4+B4+C4) in net assets of the Company									94.11%	
Of which:										
Guarantee balance provided to Shareholders, the de facto controller and related parties (D)									0	
Debt guarantee balance provided directly or indirectly to the guaranteed with a gearing ratio of over 70% (E)									36,968,949	
Amount of total guarantee amount in excess of 50% of net assets of the Company (F)									1,432,982	
Total amount of the above three guarantees (D+E+F)									38,401,931	
Guarantees which are not due but have incurred guarantee liability or are likely to incur joint settlement liability during the Reporting Period (if any)									Not applicable	
Guarantees provided to the external parties in violation of the procedures (if any)									Not applicable	

Guarantees provided in a combined manner: No



## CHAPTER X SIGNIFICANT EVENTS

### 3. Entrusted Cash or Assets Management

(1) Entrusted Wealth Management

Applicable  Not Applicable

(2) Entrusted Loans

Applicable  Not Applicable

The specific circumstances of a high-risk entrusted loan with a single significant amount or low security, poor liquidity, and no guarantee for principal repayment

Nil

Unable to recover the principal of entrusted loans or other circumstances that may result in impairment

Applicable  Not Applicable

### 4. Other Material Contracts

Applicable  Not Applicable

## XVI. EXPLANATION ON OTHER SIGNIFICANT EVENTS

1. On 29 March 2021, as considered and approved at the seventh meeting in 2021 of the ninth session of the Board of the Company, the Company proposed the registration issuance of debt financing instruments of the Association of Financial Market Institutional Investors with an issue size not exceeding a total of RMB12 billion. Such registration issuance has been considered and approved at the annual general meeting for 2020 convened on 2 June 2021 by the Company and is subject to the registration with the National Association of Financial Market Institutional Investors.

## CHAPTER X SIGNIFICANT EVENTS

2. On 30 June 2021, the Company and Yantai Guofeng Investment Holdings Group Co., Ltd. (“**Yantai Guofeng Group**”) entered into the Strategic Cooperation Agreement between Yantai Guofeng Investment Holdings Group Co., Ltd. and China International Marine Containers (Group) Co., Ltd. on Joint Establishment of a Leading Platform for Development of Deep-sea Industry (the “**Strategic Cooperation Agreement**”). Both parties intend to integrate high-quality assets, to jointly promote the development of deep-sea industry. The Strategic Cooperation Agreement entered into is a framework cooperation agreement, the final implementation shall be subject to entering into a separate formal cooperation agreement, and there is still uncertainty. On 16 December 2021, as considered and approved at the thirtieth meeting in 2021 of the ninth session of the board of directors of the Company, CIMC Raffles Marine Engineering (Singapore) Pte Ltd., a non-wholly owned subsidiary of the Company, SCIMC, a wholly-owned subsidiary of the Company, and Yantai Guofeng Group were approved to further enter into the Joint Venture Contract Regarding the Joint Establishment of Yantai CIMC Raffles Marine Technology Group Co., Ltd., and the parties will jointly fund the incorporation of 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).
  
3. On 27 September 2021, as considered and approved at the twenty-third meeting in 2021 of the ninth session of the Board of the Company, the Company and A.P. Møller-Mærsk A/S (“**APMM**”) signed the Share Purchase Agreement – Maersk Container Industry, pursuant to which the Company acquired Maersk Container Industry (“**MCI**”) under APMM. MCI includes two entities: Maersk Denmark Industry (丹麥馬士基工業公司) and Maersk Qingdao Container Industry Co., Ltd. (青島馬士基集裝箱工業有限公司) (the “**Target Company**”), and the purchase consideration for the entire equity interest is US\$1,083.8 million (before adjustment of the consideration). Upon completion of this transaction, the Target Company will be included in the scope of the Group’s consolidated financial statements and become a subsidiary of the Company.

Summary of significant events	Disclosure date	Index for disclosure websites of temporary announcement
1 Proposed registration issuance of debt financing instruments of the Association of Financial Market Institutional Investors	29 March 2021 and 2 June 2021	www.cninfo.com.cn www.hkexnews.hk www.cimc.com
2 Signing of relevant cooperation agreement with Yantai Guofeng Group	30 June 2021 and 16 December 2021	
3 Relevant matters related to the acquisition of MCI	27 September 2021	

## CHAPTER X SIGNIFICANT EVENTS

### XVII. SIGNIFICANT EVENTS OF SUBSIDIARIES

1. On 25 January 2021, CIMC TianDa officially delisted from the Hong Kong Stock Exchange by way of scheme of arrangement. On 16 April 2021, the Resolution on Proposed Listing of CIMC-TianDa Holdings Company Limited was considered and approved at the tenth meeting in 2021 of the ninth session of the Board of the Company, which approves: the planning of an initial public offering of RMB-denominated ordinary shares (A shares) of CIMC TianDa in the PRC and listing on the Shenzhen Stock Exchange by the Company, which has been considered and approved at the annual general meeting for 2020 convened on 2 June 2021 by the Company. CIMC-TianDa has submitted to the Shenzhen Stock Exchange its application documents relating to the initial public offering and listing of shares on the ChiNext Board, and received the Notice on the Acceptance of CIMC-TianDa Holdings Company Limited's Application Documents for the Initial Public Offering and Listing of Shares on the ChiNext Board (Shen Zheng Shang Shen [2021] No. 441) (《關於受理中集天達控股有限公司首次公開發行股票並在創業板上市申請文件的通知》(深證上審[2021]441號)) from the Shenzhen Stock Exchange on 28 September 2021. The listing process is still in progress.
2. On 5 February 2021, the relevant resolution on the application by CIMC Financial Leasing for offering of leasing asset-backed securities ABS was considered and approved at the second meeting in 2021 of the ninth session of the Board of the Company. According to the No-objection Letter Regarding the Compliance with Conditions on Listing on the Shenzhen Stock Exchange of the "Financial Leasing Asset-backed Securities Program with the 1-X Tranche of Small and Micro-Sized Vehicles of CIMC Financial Leasing" of Minmetals Securities (《關於五礦證券「中集租賃小微1-X期汽車融資租賃資產支持專項計劃」符合深交所掛牌條件的無異議函》) (Shen Zheng Han [2021] No. 510) issued by the Shenzhen Stock Exchange on 21 July 2021, the Shenzhen Stock Exchange approved the offering of the asset-backed securities program for Small and Micro-sized Vehicles Asset ABS by CIMC Financial Leasing in tranches in 24 months, in a total amount of not more than RMB2.0 billion and in not more than 12 tranches, and such securities were fully subscribed for on 3 September 2021. According to the No-objection Letter Regarding the Compliance with Conditions on Listing on the Shenzhen Stock Exchange of the "CMS - CIMC Leasing Phase 1 Asset-backed Special Program 2021" of China Merchants Assets Management (《關於招商資管「招商創融-中集租賃2021年第1期資產支持專項計劃」符合深交所掛牌條件的無異議函》) (Shen Zheng Han [2021] No. 488) issued by the Shenzhen Stock Exchange on 9 July 2021, the Shenzhen Stock Exchange approved the offering of the asset-backed securities program for Medical Asset ABS by CIMC Financial Leasing in 12 months and in a total amount of not more than RMB348 million, and such securities were fully subscribed for on 24 December 2021.
3. On 17 May 2021, the Resolution on Proposed Listing of CIMC Safeway Technologies Co., Ltd on the ChiNext of the Shenzhen Stock Exchange was considered and approved at the thirteenth meeting in 2021 of the ninth session of the Board of the Company, which agreed with the proposed offering of A shares by and listing of CIMC Safeway Technologies Co., Ltd, a holding subsidiary of CIMC Enric on the ChiNext of the Shenzhen Stock Exchange, and the Company will vote in favor of resolution on the listing proposal at its extraordinary general meeting. Application materials including the Prospectus of CIMC Safeway Technologies Co., Ltd. for Initial Public Offering of Shares and Listing on the ChiNext Market (Application Proof) were submitted by CIMC Safeway to the SZSE in relation to its A share offering, and CIMC Safeway received an acceptance notice from the SZSE on 30 December 2021.

## CHAPTER X SIGNIFICANT EVENTS

4. On 7 July 2021, CIMC Vehicles completed A Share Offering, and the A Shares of CIMC Vehicles will be listed and commence trading on the ChiNext Market of the Shenzhen Stock Exchange on 8 July 2021.
5. On 9 November 2021, as considered and approved at the twenty-fifth meeting in 2021 of the ninth session of the Board of the Company, it was agreed that Shenzhen Enric would provide a shareholder's loan of RMB10 million to its associate company Angang CIMC (Yingkou) New Energy Technology Co., Ltd. (鞍鋼中集(營口)新能源科技有限公司) ("**Angang CIMC**"), which constituted an external financial assistance. Such financial assistance was used for the initial start-up costs and pre-market development of Angang CIMC for a term of one year with interest calculated at an annualised rate of 3.48%. The independent directors have conducted preliminary review and issued independent opinions.

Summary of significant events	Disclosure date	Index for disclosure websites of temporary announcement
1 Delisting of CIMC TianDa from the Hong Kong Stock Exchange and planning of listing of CIMC TianDa on the Shenzhen Stock Exchange	4 October 2020, 8 October 2020, 24 December 2020, 21 January 2021, 16 April 2021, 2 June 2021 and 29 September 2021	www.cninfo.com.cn www.hkexnews.hk www.cimc.com
2 Application of CIMC Financial Leasing Company for issuance of asset-backed securities	5 February 2021, 3 September 2021 and 24 December 2021	
3 Listing of CIMC Safeway on the Shenzhen Stock Exchange	17 May 2021 and 31 December 2021	
4 CIMC Vehicles' completion of A Share Offering	19 May 2021, 21 June 2021 and 7 July 2021	
5 provision of external financial assistance by CIMC Safeway	9 November 2021	

## CHAPTER X SIGNIFICANT EVENTS

### XVIII. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- On 18 February 2022, the Company has completed the issuance of the first tranche of medium term note for 2022 (the “**Tranche I Medium Term Note**”). The proceeds raised from the Tranche I Medium Term Note were fully received on 18 February 2022. The issuance amount was RMB2.0 billion and the issue rate was 3.21% per annum. China Merchants Bank Co., Ltd. is the lead underwriter of the Tranche I Medium Term Note and China International Capital Corporation Limited is the joint lead underwriter of the Tranche I Medium Term Note.
- On 24 February 2022, the first meeting in 2022 of the ninth session of the Board of the Company considered and approved the proposed spin-off and domestic initial public offering of RMB ordinary shares (A shares) of CIMC Wetrans, a controlling subsidiary, and the listing of CIMC Wetrans on the Shenzhen Stock Exchange (the “**Spin-off and Listing**”); and authorised the management of the Company and CIMC Wetrans to commence the preliminary preparatory work for the spin-off and listing of CIMC Wetrans. The Spin-off and Listing will not result in the loss of control of the Company over CIMC Wetrans, and will not materially affect the continuous operations of other business segments of the Group, and will not jeopardize the Company’s independent listing status and continuous profitability.

Summary of significant events	Disclosure date	Index for disclosure websites of temporary announcement
1 Completion of issuance of the first tranche of medium-term note for 2022	18 February 2022	www.cninfo.com.cn www.hkexnews.hk
2 Proposed spin-off and listing of CIMC Wetrans	24 February 2022	www.cimc.com

\* For identification purpose only

## CHAPTER XI

## CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

## I. CHANGES IN SHAREHOLDINGS DURING THE REPORTING PERIOD

## 1. Changes in Shareholdings

Unit: Share

	Pre-movement		Increase/decrease (+/-) Conversion					Post-movement	
	Numbers of shares	Percentage	New issue	Bonus issue	from reserves	Others	Sub-total	Numbers of shares	Percentage
I. Shares with selling restrictions	850,232	0.02%	0	0	0	0	0	850,232	0.02%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by state-owned companies	0	0.00%	0	0	0	0	0	0	0.00%
3. Shares held by other domestic investors	850,232	0.02%	0	0	0	0	0	850,232	0.02%
Including: Shares held by domestic legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic natural persons	850,232	0.02%	0	0	0	0	0	850,232	0.02%
4. Shares held by foreign investors	0	0.00%	0	0	0	0	0	0	0.00%
Including: Shares held by foreign legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by foreign natural persons	0	0.00%	0	0	0	0	0	0	0.00%
II. Shares without selling restrictions	3,594,163,358	99.98%	0	0	0	0	0	3,594,163,358	99.98%
1. RMB-denominated ordinary shares	1,534,271,428	42.68%	0	0	0	0	0	1,534,271,428	42.68%
2. Shares traded in non-RMB currencies and listed domestically	0	0.00%	0	0	0	0	0	0	0.00%
3. Shares traded in non-RMB currencies and listed overseas	2,059,891,930	57.30%	0	0	0	0	0	2,059,891,930	57.30%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	3,595,013,590	100.00%	0	0	0	0	0	3,595,013,590	100.00%

**Reasons for changes in shares** Applicable  Not Applicable**Approval for changes in share capital** Applicable  Not Applicable**Transfer for changes in shares** Applicable  Not Applicable

## CHAPTER XI

### CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

#### Effects of changes in share capital on financial indicators such as the basic earnings per share and diluted earnings per share, or the net assets per share attributable to Shareholders and other owners of equity interests of the parent of the previous year or latest period

Applicable    Not Applicable

Unit: RMB/share

Item	Pre-movement in shares	Post-movement in shares
2021 Basic earnings per share	1.81	1.81
Diluted earnings per share	1.80	1.80
Net assets per share attributable to Shareholders and other owners of equity interests of the parent	12.55	12.55

#### Other matters that the Company deemed necessary to or required by the securities regulatory authority to be disclosed

Applicable    Not Applicable

## 2. Changes in Shares with Selling Restrictions

Applicable    Not Applicable

Unit: Share

Name of Shareholders	Number of shares with selling restrictions at the beginning of the Period	Number of shares with selling restrictions expired in the Period	Increase in number of shares with selling restrictions in the Period	Number of shares with selling restrictions at the end of the Period	Reasons for selling restrictions	Expiry date of selling restrictions
Mai Boliang	445,232	0	0	445,232	Shares are subject to selling restrictions in accordance with relevant provisions of stock exchanges and clearing companies	Nil
Huang Tianhua	405,000	0	0	405,000	Same as above	Nil
Total	850,232	0	0	850,232		

In accordance with relevant provisions of stock exchanges and clearing companies, regarding the shares attributable to the executives of the Company, 25% of total shares held by them will be traded freely at the beginning of each year and the unsold part will be included into total shares held by the senior management to calculate the shares with selling restrictions for next year. During the Reporting Period, due to the Company's Chairman and CEO Mr. Mai Boliang and the vice president Mr. Huang Tianhua did not sell shares, and thus 445,232 shares and 405,000 shares held by them respectively subject to selling restrictions attributable to executives remain unchanged.

## CHAPTER XI

## CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

**II. ISSUE AND LISTING OF SECURITIES****1. Issue of Securities (excluding Preferred Shares) during the Reporting Period**

Applicable  Not Applicable

**2. Changes in the Total Number of Shares and Shareholder Structure of the Company, and Changes in Asset and Liability Structure of the Company**

Applicable  Not Applicable

For details of the changes in the liability structure of the Group during the Reporting Period, please refer to "VI. ITEMS AT FAIR VALUE" in "CHAPTER II SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS" in this Report.

**3. Existing Employee Shares**

Applicable  Not Applicable





## CHAPTER XI CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### Shareholdings of top ten shareholders of shares without selling restrictions as at the end of the Reporting Period

Name of shareholders	Number of shares held without selling restrictions at the end of the reporting period	Types of shares	Number
HKSCC (Note 1)	2,059,769,740	Overseas-listed foreign shares	2,059,769,740
	72,438,840	RMB ordinary shares	72,438,840
Shenzhen Capital Group (Note 2)	350,000,000	RMB ordinary shares	350,000,000
COSCO SHIPPING Development Co., Ltd.	88,793,700	RMB ordinary shares	88,793,700
Henan Yiluo Investment Management Co., Ltd. – Jun'an No.9 Yiluo private equity investment fund	43,526,353	RMB ordinary shares	43,526,353
COSCO Container Industries Limited	41,079,451	RMB ordinary shares	41,079,451
Henan Yiluo Investment Management Co., Ltd. – Junxing No.10 private equity fund	35,820,686	RMB ordinary shares	35,820,686
Miao Yanfen (苗艷芬)	30,081,857	RMB ordinary shares	30,081,857
China Securities Finance Corporation Limited	20,391,009	RMB ordinary shares	20,391,009
CITIC – Prudential Life Insurance Co., Ltd. – participating products (Note 3)	19,733,298	RMB ordinary shares	19,733,298
Henan Yiluo Investment Management Co., Ltd. – Junxing No.4 private equity fund	19,484,105	RMB ordinary shares	19,484,105
Explanation on the relationship or concerted action between the top ten Shareholders of circulating shares without selling restrictions, or the top ten Shareholders of circulating shares without selling restrictions and the top ten Shareholders	Unknown		
Explanation on the top ten ordinary Shareholders participating in financing securities business (if any)	Nil		

Note 1: As at 31 December 2021, HKSCC holds 2,132,208,580 shares of the Company, comprising 72,438,840 A shares held by Hong Kong Securities Clearing Company Limited, being the nominal holder of the A shares held by the non-registered shareholders of the Company, and 2,059,769,740 H shares held by HKSCC NOMINEES LIMITED, being the nominal holder of the H shares held by the non-registered shareholders of the Company. The H shares registered under HKSCC Nominees Limited include (but not limited to) 880,429,220 H shares held by China Merchants Group through its subsidiaries (including China Merchants (CIMC) Investment etc.), and the 719,089,532 H shares directly held by Shenzhen Capital Group through its wholly-owned subsidiary Shenzhen Capital (Hong Kong).

Note 2: As at 31 December 2021, Shenzhen Capital Group held 719,089,532 H shares of the Company which were registered under HKSCC NOMINEES LIMITED (see note 1 above) and 350,000,000 A shares of the Company.

Note 3: As at 31 December 2021, CITIC-Prudential Life Insurance Co., Ltd. held 19,733,298 A shares of the Company and another 177,327,180 H shares of the Company registered in the name of HKSCC NOMINEES LIMITED (see note 1 above) as mentioned above.

The top ten ordinary Shareholders and the top ten ordinary Shareholders without selling restrictions of the Company haven't conducted any agreed repurchase transactions during the Reporting Period.

## CHAPTER XI

## CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

**2. Controlling Shareholders of the Company**

Applicable  Not Applicable

There is no controlling Shareholder in the Company. During the Reporting Period, there was no change.

**3. De Facto Controller**

Applicable  Not Applicable

There is no de facto controller in the Company. During the Reporting Period, there was no change.

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

Yes  No

<b>Name of the corporate Shareholder</b>	<b>Legal representative/ Company leader</b>	<b>Date of establishment</b>	<b>Registered capital</b>	<b>Main business or management activities</b>
Shenzhen Capital (Hong Kong) Container Investment Co., Ltd.	Shi Lan (Designated Representative)	22 September 2020	HK\$50,000	Investment
China Merchants (CIMC) Investment Limited	Hu Xianfu	17 January 1995	HK\$10,000	Investment, shareholding

**Changes in de facto controller during the Reporting Period**

Applicable  Not Applicable

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

Applicable  Not Applicable

## CHAPTER XI

## CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

**4. The cumulative number of shares pledged by the controlling shareholder or the largest shareholder of the Company and parties acting in concert with it reaches 80% of the number of shares held by them**

Applicable  Not Applicable

**5. Other Corporate Shareholders with a Shareholding above 10%**

Applicable  Not Applicable

**6. Restrictions on Decrease in Shareholding by Controlling Shareholders, De Facto Controller, Reorganising Parties and Other Undertaking Parties**

Applicable  Not Applicable

**IV. IMPLEMENTATION OF SHARE REPURCHASE DURING THE REPORTING PERIOD****Progress in Implementation of Share Repurchase**

Applicable  Not Applicable

**The Progress in Implementation of Share Repurchase by Centralized Competitive Bidding**

Applicable  Not Applicable

CHAPTER XI

CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

## V. DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS UNDER THE SECURITIES AND FUTURES ORDINANCE OF HONG KONG

So far as the directors are aware, as at 31 December 2021, the persons other than a director, supervisor or chief executive of the Company who have interests or short positions in the shares or underlying shares of the Company which are discloseable under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance of Hong Kong are as follows:

Name of shareholder	Nature of shareholding	Number of shares	Capacity	Percentage of such shares in the issued share capital of the same class	Percentage of such shares in the total share capital
Shenzhen Capital Group (Note 1)	A shares	350,000,000 (L)	Interest of corporation controlled by the substantial shareholder	22.80%	9.74%
	H shares	719,089,532 (L)	Interest of corporation controlled by the substantial shareholder	34.91%	20.00%
China Merchants Group (Note 2)	H shares	880,429,220(L)	Interest of corporation controlled by the substantial shareholder	42.74%	24.49%
	H shares	103,488,035 (S)	Interest of corporation controlled by the substantial shareholder	5.02%	2.88%
CITIC – Prudential Life Insurance Co., Ltd.	A shares	19,733,298 (L)	Beneficial holder	1.29%	0.55%
	H shares	177,327,180 (L)	Beneficial holder	8.61%	4.93%

(L) Long position      (S) Short position

Note 1: Shenzhen Capital Group has an interest in A shares of the Company, being 350,000,000 A shares (L), and holds an interest in H shares of the Company, being 719,089,532 H shares (L) through its subsidiary Shenzhen Capital (Hong Kong), both of which are held in the capacity as interest of corporation controlled by the substantial shareholder.

Note 2: As at 31 December 2021, China Merchants Group Limited (招商局集團有限公司), through its subsidiaries (including China Merchants (CIMC) Investment Limited etc.), holds an interest in the H shares of the Company, and all the 880,429,220 H shares long position (L) and 103,488,035 H shares short position (S) are held in the capacity as interest of corporation controlled by the substantial shareholder. Among them, in the above long position (L), due to the issue of exchangeable bonds by the subsidiary of China Merchants Group Limited, 60,000,000 H shares of the Company were lent out. Regarding the abovementioned short position (S), Fine Perfection Investment Limited, the subsidiary of China Merchants Group Limited issued exchangeable bonds with part of the Company's Shares (being 103,488,035 H shares) held by it as the transaction target, thus forming a short position.

Save as disclosed above and so far as the directors are aware, as at 31 December 2021, no other person (other than a director, supervisor or chief executive of the Company) had any interests recorded in the register of interests and short positions in shares required to be kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance of Hong Kong.

## CHAPTER XI CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### Information on Substantial Shareholders

The Company has no controlling shareholder or actual controller, and there was no change during the Reporting Period. As of the end of the Reporting Period, the substantial shareholders of the Company are Shenzhen Capital Group and China Merchants Group.

Shenzhen Capital Group was incorporated in the PRC in June 2007 with a registered capital of RMB14.62 billion and Mr. Hu Guobin as its legal representative. Shenzhen Capital Group is the only state-owned municipal capital operation company in Shenzhen and one of the five municipal enterprises in Shenzhen selected for the national “Double Hundred Action”. With the reform and development of Shenzhen state-owned enterprises, Shenzhen Capital Group has explored a business model with capital operation as its core, established four major business segments, namely strategic research and merger and acquisition, equity investment, industrial fund and capital market investment, formed an investment and acquisition service system covering the whole life cycle of enterprises and a post-investment service empowerment system focusing on “capital management”, and devoted itself to developing from a local state-owned capital operation platform in Shenzhen into a first-class market-oriented, professional and comprehensive state-owned capital operation integrated service provider in China. As at the end of the Reporting Period, Shenzhen Capital Group and its wholly-owned subsidiary, Shenzhen Capital (Hong Kong), held a total of 29.74% of the issued shares of the Company and was the largest shareholder of the Company.

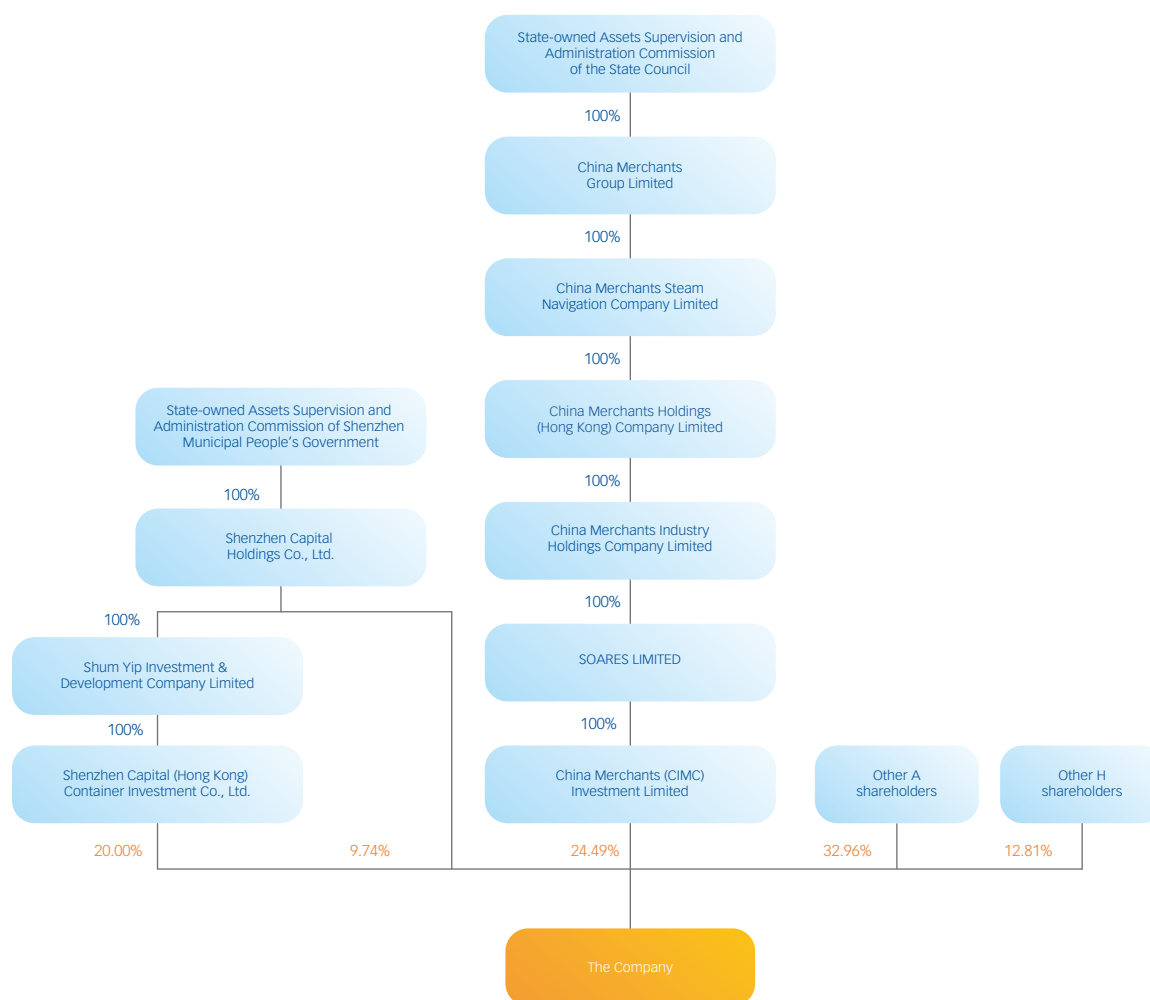
China Merchants Group was incorporated in October 1986 in the PRC. Its registered capital is RMB16.9 billion and its chairman of the board of directors is Mr. Miao Jianmin. China Merchants Group’s business focuses on three core industries, namely comprehensive transportation, featured finance and city and industrial park integrated operation, and is transforming from these three core industries to three major platforms, namely industrial operations, financial services, investment and capital operations. On 9 June 2017, China Merchants Ports Holdings Company Limited, a subsidiary of China Merchants Group, completed the transaction of transferring all shares of Soares Limited to China Merchants Industry Holdings, another subsidiary of China Merchants Group. As of the end of the Reporting Period, China Merchants Group through its subsidiaries (including China Merchants Steam Navigation Company Limited, China Merchants Holdings (Hong Kong) Company Limited, China Merchants Industry Holdings, Soares Limited and China Merchants (CIMC) Investment) held 24.49% of the issued shares of the Company and was the second largest shareholder of the Company.

Apart from above two entities, no other legal person or individual holds shares representing 10% or more of the total issued shares of the Company (excluding HKSCC).

## CHAPTER XI

### CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

#### VI. CHART OF SHAREHOLDING STRUCTURE BETWEEN THE COMPANY AND THE SUBSTANTIAL SHAREHOLDERS AS AT 31 DECEMBER 2021



#### VII. SUFFICIENCY OF PUBLIC FLOAT

As at the latest practicable date, based on the public information available to the Company and as far as the Board of the Company are aware, the Directors confirm that, the Company has satisfied relevant provisions of the minimum public float under the Hong Kong Listing Rules.

#### VIII. RELEVANT INFORMATION ABOUT PREFERRED SHARES

There were no preferred shares in the Company during the Reporting Period.

#### IX. CONVERTIBLE CORPORATE BONDS

Information on the Group's convertible bonds is set out in Note IV.40 under "Chapter XIV Financial Statements Prepared in Accordance with CASBE" of this report.

## CHAPTER XII

# BONDS

Applicable  Not Applicable

### I. CORPORATE BONDS

Applicable  Not Applicable

During the Reporting Period, there were no corporate bonds of the Company.

### II. CORPORATION BONDS

#### 1. BASIC INFORMATION OF CORPORATION BONDS

RMB/a hundred million

Name of Bonds	Abbreviation of Bonds	Code of Bonds	Date of issuance	Value date	Maturity date	Balance of Bonds	Interest rate	Method to repay principal and pay interest	Trading places
China International Marine Containers (Group) Co., Ltd. on 2019 public offering of corporation bonds (tranche 1) for qualified investors	19 Haiji 01	112979.SZ	15 October 2019	15 October 2019	15 October 2022	20	3.63%	The interest of the Bonds shall be paid annually without compound interest and the principal and interest shall be repaid on maturity.	Shenzhen Stock Exchange
Arrangement to ensure the suitability of investors (if any)			Offered to the qualified investors by means of the public issue						
Applicable trading mechanism			Centralized Quotation System and Integrated Negotiated Trading Platform of the Shenzhen Stock Exchange						
Risk of delisting (if any) and countermeasures			No						

#### OVERDUE BONDS

Applicable  Not Applicable

#### 2. TRIGGERING AND ENFORCEMENT OF ISSUER OR INVESTOR OPTION ARTICLES AND INVESTOR PROTECTION PROVISIONS

Applicable  Not Applicable



CHAPTER XII  
BONDS

## 3. INTERMEDIARY

Name of Bonds	Name of intermediaries	Business address	The Certified Public Accountants as the Signatories:	Contact of intermediaries	Tel of contact
China international Marine Containers (Group) Co., Ltd. on 2019 public offering of corporation bonds (tranche 1) for qualified investors	Lead underwriter: CITIC Securities Co., Ltd.	CITIC Securities Tower, No.8 Zhongxin 3rd Road, Futian District, Shenzhen, Guangdong Province	Not Applicable	Song Yuxi	0755-23835224
	Joint lead underwriter: CSC Financial Co., Ltd.	22th Floor, Block B, The Rongchao Tower, No. 6003 Yitian Road CBD, Shenzhen, Guangdong		Ouyang Cheng	0755-23914675
	Lawyer: China Commercial Law Firm	22A & 23A, HKCTS Tower, Central Business District, Futian District, Shenzhen, Guangdong		Zheng Zhonglin	0755-83025555
	Accountants: PricewaterhouseCoopers Zhong Tian LLP	34/F, Tower A, KingKey 100 Building, 5016 Shennan Road East, Luohu District, Shenzhen		Cao Cuili, Zhou Weiran, Cai Zhifeng	0755-82618669
	Credit rating agency: China Chengxin International Credit Rating Co., Ltd.	Building 6, Galaxy SOHO, No. 2 Nanzhugan Lane, Chaoyangmennei Avenue, Dongcheng District, Beijing		Gao Jie	010-66428877

Whether the abovementioned intermediaries changed or not during the Reporting Period

Yes  No

## CHAPTER XII BONDS

### 4. USE OF PROCEEDS

RMB/a hundred million

Name of Bonds	Total proceeds	Utilized amounts	Unutilized amounts	Operation of special account for proceeds (if any)	Rectification of illegal utilization of proceeds (if any)	Whether the use of proceeds is consistent with the use of proceeds committed, the planned use and other agreements in the prospectus
China international Marine Containers (Group) Co., Ltd. on 2019 public offering of corporation bonds (tranche 1) for qualified investors	20	20	0	operated as agreed in the prospectus	No	Yes

Proceeds for construction projects

Applicable  Not Applicable

Change of abovementioned usage of proceeds from bond offering during the Reporting Period

Applicable  Not Applicable

### 5. ADJUSTMENT OF CREDIT RATING RESULTS DURING THE REPORTING PERIOD

Applicable  Not Applicable

### 6. IMPLEMENTATION AND CHANGES IN THE STATUS OF GUARANTEES, DEBT PAYMENT SCHEDULE AND OTHER DEBT REPAYMENT SAFEGUARD MEASURES DURING THE REPORTING PERIOD AND THE IMPACT ON THE INTERESTS OF BOND INVESTORS

Applicable  Not Applicable

CHAPTER XII  
BONDS

## III. NON-FINANCIAL CORPORATE DEBT FINANCING INSTRUMENT

Applicable  Not Applicable

## 1. BASIC INFORMATION OF NON-FINANCIAL CORPORATE DEBT FINANCING INSTRUMENT

RMB/a hundred million

Name of Bonds	Abbreviation of Bonds	Code of Bonds	Date of issuance	Value date	Maturity date	Balance of Bonds	Interest rate	Method to repay principal and pay interest	Trading places
2019 medium-term notes (MTN) second tranche of China International Marine Containers (Group) Co., Ltd.	19 Hai Yun Ji Zhuang MTN002	101901337.IB	8 October 2019	10 October 2019	10 October 2022	20	3.64%	The medium-term notes are payable annually and the principal is paid in a lump sum on the maturity date.	Shanghai Clearing House
2019 medium-term notes (MTN) first tranche of China International Marine Containers (Group) Co., Ltd.	19 Hai Yun Ji Zhuang MTN001	101900529.IB	11 April 2019	15 April 2019	15 April 2022	20	4.05%	The medium-term notes are payable annually and the principal is paid in a lump sum on the maturity date.	Shanghai Clearing House
Arrangement to ensure the suitability of investors (if any)			Offered to the investors by means of the public issue						
Applicable trading mechanism			On-exchange transaction						
Risk of delisting (if any) and countermeasures			No						

## OVERDUE BONDS

Applicable  Not Applicable

## 2. TRIGGERING AND ENFORCEMENT OF ISSUER OR INVESTOR OPTION ARTICLES AND INVESTOR PROTECTION PROVISIONS

Applicable  Not Applicable

## CHAPTER XII BONDS

### 3. INTERMEDIARY

Name of Bonds	Name of intermediaries	Business address	The Certified Public Accountants as the Signatories:	Contact of intermediaries	Tel of contact
2019 medium-term notes (MTN) second tranche of China International Marine Containers (Group) Co., Ltd.	Lead underwriter: China Merchants Bank Co., Ltd.	China Merchants Bank Shenzhen Branch Building, 2016 Shennan Boulevard, Shenzhen	Not Applicable	Tian Yuzuo, Gu Ruo	0755-88026130 0755-88023720
	Lawyer: Grandall Law Firm (Shenzhen)	42/F, Shenzhen Special Zone Press Tower 6008 Shennan Blvd, Shenzhen		Wu Shuang, Cheng Ting	0755-83515666
	Credit rating agency: China Chengxin International Credit Rating Co., Ltd.	Building 6, Galaxy SOHO, No. 2 Nanzhugan Lane, Chaoyangmennei Avenue, Dongcheng District, Beijing		Gao Jie	010-66428877
2019 medium-term notes (MTN) first tranche of China International Marine Containers (Group) Co., Ltd.	Lead underwriter: Postal Savings Bank of China Co., Ltd.	No. 3 Financial Street, Xicheng District, Beijing	Not Applicable	Jiang Xiao	010-68857446
	Joint lead underwriter: Ping An Bank Co., Ltd.	12/F, Ping An Bank Tower, No. 1099, Shennan Road Central, Shenzhen,		Lin Zhemin	0755-82756274
	Lawyer: Grandall Law Firm (Shenzhen)	42/F, Shenzhen Special Zone Press Tower 6008 Shennan Blvd, Shenzhen		Wu Shuang, Cheng Ting	0755-83515666
	Credit rating agency: China Chengxin International Credit Rating Co., Ltd.	Building 6, Galaxy SOHO, No. 2 Nanzhugan Lane, Chaoyangmennei Avenue, Dongcheng District, Beijing		Gao Jie	010-66428877

Whether the abovementioned intermediaries changed or not during the Reporting Period

Yes  No

CHAPTER XII  
BONDS

## 4. USE OF PROCEEDS

RMB/a hundred million

Name of Bonds	Total proceeds	Utilized amounts	Unutilized amounts	Operation of special account for proceeds (if any)	Rectification of illegal utilization of proceeds (if any)	Whether the use of proceeds is consistent with the use of proceeds committed, the planned use and other agreements in the prospectus
2019 medium-term notes (MTN) second tranche of China International Marine Containers (Group) Co., Ltd.	20	20	0	Not Applicable	Not Applicable	Yes
2019 medium-term notes (MTN) first tranche of China International Marine Containers (Group) Co., Ltd.	20	20	0	Not Applicable	Not Applicable	Yes

Proceeds for construction projects

 Applicable  Not Applicable

Change of abovementioned usage of proceeds from bond offering during the Reporting Period

 Applicable  Not Applicable

## 5. ADJUSTMENT OF CREDIT RATING RESULTS DURING THE REPORTING PERIOD

 Applicable  Not Applicable

## 6. IMPLEMENTATION AND CHANGES IN THE STATUS OF GUARANTEES, DEBT PAYMENT SCHEDULE AND OTHER DEBT REPAYMENT SAFEGUARD MEASURES DURING THE REPORTING PERIOD AND THE IMPACT ON THE INTERESTS OF BOND INVESTORS

 Applicable  Not Applicable

## IV. CONVERTIBLE CORPORATE BONDS

 Applicable  Not Applicable

Convertible corporate bonds of the Group during the Reporting Period are summarised in note IV. 40 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

## CHAPTER XII BONDS

### V. LOSS IN THE SCOPE OF THE CONSOLIDATED STATEMENTS DURING THE REPORTING PERIOD EXCEEDS 10% OF NET ASSETS AT THE END OF THE PREVIOUS YEAR

Applicable  Not Applicable

### VI. OVERDUE OF INTEREST-BEARING DEBTS OTHER THAN BONDS AT THE END OF THE REPORTING PERIOD

Applicable  Not Applicable

### VII. WHETHER THERE IS ANY VIOLATION OF RULES AND REGULATIONS DURING THE REPORTING PERIOD

Yes  No

### VIII. MAJOR ACCOUNTING DATA AND FINANCIAL INDEXES OF THE COMPANY FOR THE RECENT TWO YEARS AS AT THE END OF THE REPORTING PERIOD

Items	As of the end of the Reporting Period	As of the end of last year	Percentage of change
Current ratio	1.17	1.10	6.36%
Gearing ratio	63%	63%	–
Quick ratio	0.89	0.85	4.71%

	During the Reporting Period	During the same period of last year	Percentage of change
Net profit attributable to shareholders and other equity holders of the Company after deducting non-recurring profit or loss (RMB thousand)	5,473,060	342,887	1496.17%
Debt-to-EBITDA ratio	0.42	0.25	68.00%
Interest coverage ratio	10.34	3.80	172.11%
Cash interest coverage ratio	13.07	7.11	83.83%
EBITDA interest coverage ratio	12.69	5.29	139.89%
Loan repayment ratio	100%	100%	–
Interest repayment ratio	100%	100%	–

## CHAPTER XIII AUDITOR'S REPORT



普华永道

PwC ZT Shen Zi (2022) No.10036  
(Page 1 of 10)

To the Shareholders of China International Marine Containers (Group) Co., Ltd.

### OPINION

#### What we have audited

We have audited the accompanying financial statements of China International Marine Containers (Group) Co., Ltd. (hereinafter "**CIMC**", "**the Group**"), which comprise:

- the consolidated and company balance sheets as at 31 December 2021;
- 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 as at 31 December 2021, 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 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.

## CHAPTER XIII AUDITOR'S REPORT

PWC ZT Shen Zi (2022) No.10036  
(Page 2 of 10)

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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:

1. Impairment of relevant assets in the offshore engineering asset group
2. Impairment of accounts receivables and long-term receivables
3. Impairment of goodwill

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>1. Impairment of relevant assets in the offshore engineering asset group</b></p> <p>Refer to Note II.10 – Accounting policy of inventories, Note II.19 – Accounting policy of impairment of long-term assets, Note II.32(2) (b)&amp;(c) – Critical accounting estimates and judgements on impairment of long-term assets, Note IV.9 – Inventories, Note IV.18 – Fixed assets and Note IV.19 – Construction in progress to the financial statements.</p> <p>As at 31 December 2021, the carrying amount of offshore engineering project in inventories amounted to RMB991,439,000, the carrying amount of offshore engineering equipment in fixed assets amounted to RMB14,898,032,000, and the carrying amount of offshore engineering equipment in construction in progress amounted to RMB6,308,801,000.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none"> <li>– We evaluated and validated the effectiveness of internal controls regarding impairment assessment of relevant assets in offshore engineering asset group, including the adoption of key assumptions and the review and approval of impairment provision. And by considering the degree of uncertainty in impairment estimation and the level of other inherent risk factors, we assessed the inherent risk of material misstatement.</li> <li>– We evaluated the competency, professionalism and objectivity of the independent external valuer.</li> </ul>



CHAPTER XIII  
AUDITOR'S REPORT

PWC ZT Shen Zi (2022) No.10036  
(Page 3 of 10)

## KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>1. Impairment of relevant assets in the offshore engineering asset group (Continued)</b></p> <p>Based on the comparison between the net realizable value of the inventory and the book value, the management recognized inventory impairment loss of RMB802,256,000 for the offshore engineering projects of the inventory in the 2021 consolidated income statement. Management has engaged an independent external valuer to perform the valuation on the fair value of relevant assets, which show an indication of impairment in the offshore engineering asset group. Based on the valuation results, impairment loss of RMB1,781,289,000 towards offshore engineering equipment in fixed assets and RMB1,237,544,000 towards offshore engineering equipment in construction in progress have been recognized during the year ended 31 December 2021 in the consolidated income statement.</p> <p>Net realisable value of inventories was reviewed by the management at the balance sheet date, and as a result, provision for impairment of inventory was recognized for the excess of inventories' carrying amounts over their net realisable value. Net realisable value was the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and related taxes.</p>	<p>– We performed the following procedures on net realisable value of inventories:</p> <p>(1) We compared the estimated selling price used by the management with the latest inquiry results of inventory, and obtained an inventory inquiry quotation, checked the business background of the quoting party, and assessed its purchasing power to determine the enforceability of the quotation.</p> <p>(2) We analysed the rationality of estimated costs of completion, the estimated costs necessary to make the sale and related taxes by comparing the management's estimation against the historical data; and we also checked the accuracy of the calculation.</p> <p>– We obtained the impairment test worksheets provided by the management with the assistance of an independent external appraisal agency as well as the fair value determined by management using recent transaction cases of the same or similar assets in the market, and performed the following procedures on testing the recoverable amount of fixed assets and construction in progress:</p> <p>(1) We tested the mathematical accuracy of the calculations and review the reasonableness of the fair value and disposal cost details provided by the management.</p> <p>(2) We evaluated the valuation model used in management testing by involving our internal valuation experts.</p>

## CHAPTER XIII AUDITOR'S REPORT

PWC ZT Shen Zi (2022) No.10036  
(Page 4 of 10)

### KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>1. Impairment of relevant assets in the offshore engineering asset group (Continued)</b></p> <p>Determination of estimated selling price, estimated costs of completion, and estimated costs necessary to make the sale and related taxes requires significant judgements and consideration of historical conditions and future market trends.</p> <p>At the balance sheet date, the management assessed whether there was any indication that the fixed assets and construction in progress were impaired and further impairment test would be performed on those with impairment indicator. If the result of the impairment test indicates the recoverable amount of fixed assets or construction in progress is less than its carrying amount, the difference shall be accounted for as impairment loss and included in the impairment loss. The recoverable amount is the higher of the asset's fair value less cost to sell and the present value of the future cash flows expected to be derived from the asset.</p> <p>The management has used the present value of future cash flow method for impairment test. The key assumptions used by the management for impairment test include future rentals, utilisation rates, future cost and discount rates.</p> <p>We focused on this area due to the fact that significant judgments were involved in impairment identification and assessment process of relevant assets in offshore engineering asset group.</p>	<p>(3) We compared management's forecast of 2021 in 2020 impairment test worksheet against the actual performance in 2021 to check whether there is management bias in the impairment assessment process.</p> <p>(4) We assessed the rationality of management's prediction on the rentals, utilisation rates and maintenance cost based on the rentals, market demands, utilisation rates, maintenance cost, and the peak and lowest levels of historical rental of platforms in the current open market and of the Group's similar platforms.</p> <p>(5) We checked the construction contracts to assess the rationality of future capital cost for construction in progress.</p> <p>(6) We evaluated the discount rates by involving our internal valuation experts.</p> <p>(7) We performed sensitivity test on growth rates, utilisation rates and discount rates of future rentals.</p> <p>Based on our work performed, we found that management's key assumptions on impairment test of relevant assets in the offshore engineering asset group were supported by the evidence we gathered.</p>

CHAPTER XIII  
AUDITOR'S REPORT

PWC ZT Shen Zi (2022) No.10036  
(Page 5 of 10)

## KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>2. Impairment of accounts receivables and long-term receivables</b></p> <p>Refer to Note II.9 – Accounting policy of financial instruments, Note II.32(1) – Critical accounting estimates and judgements on measurement of expected credit losses, Note II.32(2)(a) – Measurement of expected credit losses on significant accounting estimates and their key assumptions, Note IV.5 – Accounts receivables, Note IV.11– Current proportion of non-current assets and Note IV.15 – Long-term receivables to the financial statements.</p> <p>As at 31 December 2021, the carrying amount of accounts receivables of the Group in the consolidated financial statements amounted to RMB25,491,181,000; the carrying amount of net long-term receivables (including those due within one year) of the Group in the consolidated financial statements amounted to RMB11,625,126,000. In 2021, the Group recognized credit loss of RMB309,549,000 and RMB83,301,000 towards accounts receivables and long-term receivables (including those due within one year) respectively, in the consolidated income statement.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none"> <li>– We performed the following procedures on the impairment of accounts receivables:               <ol style="list-style-type: none"> <li>(1) We evaluated and validated the effectiveness of internal controls over the assessment of the expected credit losses of accounts receivables, including management's grouping on accounts receivables based on shared credit risk characteristics, the review and approval of key assumptions adoption. And we assessed the inherent risk of material misstatement by considering the degree of uncertainty in the expected credit loss estimates and the level of other inherent risk factors.</li> <li>(2) We obtained and tested the accuracy of aging analysis worksheets of accounts receivables prepared by management, by checking sales invoices on a sample basis.</li> <li>(3) We assessed the rationality of management's measurement of expected credit losses by examining subsequent settlements on a sample basis, taking into account of the customer's credit history, business performance and financial capability, the macroeconomic scenario, the industry trend and market development.</li> </ol> </li> </ul>

## CHAPTER XIII AUDITOR'S REPORT

PWC ZT Shen Zi (2022) No.10036  
(Page 6 of 10)

### KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>2. Impairment of accounts receivables and long-term receivables (Continued)</b></p> <p>To measure the lifetime expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics. The key assumptions include historical credit losses, overdue days and both current and forecast economic conditions.</p> <p>To measure the expected credit losses of long-term receivables, the management uses models and assumptions, including the credit situation of the lessee/customer, the historical loss rate, and the period that historical loss occurred.</p> <p>We focused on this area due to the fact that significant judgments were involved in measuring expected credit losses of accounts receivables and finance lease receivables.</p>	<p>– We performed the following procedures on the impairment of long-term receivables:</p> <p>(1) We evaluated and validated the effectiveness of internal controls over the assessment of the expected credit losses of long-term receivables, including management's review and approval of key assumptions adoption. And we assessed the inherent risk of material misstatement by considering the degree of uncertainty in the expected credit loss estimates and the level of other inherent risk factors.</p> <p>(2) We obtained the expected credit losses calculation model of the management and evaluated the rationality of stage division as well as the key assumptions used in the model analysis, including similar credit risks, historical loss rates, and loss occurrence period, based on internal historical loss data of the Group and the industry condition of lessee/customer; we also evaluated the rationality of determination of macroeconomic scenario and weight allocation by comparing with industry standards.</p> <p>(3) We examined the management's analysis on the value of the leased property, and financial condition of the lessee/customer and the guarantor, on a sample basis.</p> <p>Based on our work performed, we found that management's key assumptions on impairment test of accounts receivables and long-term receivables were supported by the evidence we gathered.</p>

CHAPTER XIII  
AUDITOR'S REPORT

PWC ZT Shen Zi (2022) No.10036  
(Page 7 of 10)

## KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>3. Impairment of goodwill</b></p> <p>Refer to Note II.19 – Accounting policy of impairment of long-term assets, Note II.32(2)(b) – Critical accounting estimates and judgements on impairment of long-term assets and Note IV.22 – Goodwill to the financial statements.</p> <p>As at 31 December 2021, the carrying amount of goodwill of the Group in the consolidated financial statements amounted to RMB2,268,466,000 among which RMB961,431,000 was allocated to the energy, chemicals and liquid food equipment asset group, RMB408,521,000 was allocated to the road transportation vehicles asset group, and RMB379,974,000 was allocated to the Airport, facilities, fire safety and automated logistics equipment industry assets group. As at December 31, 2021, the accumulated provision for impairment of goodwill was RMB498,703,000. In 2021, the Group recognized impairment loss of RMB12,731,000 towards goodwill allocated to the energy, chemicals and liquid food equipment asset group, the road transportation vehicles asset group and the Airport, facilities, fire safety and automated logistics equipment industry assets group in the consolidated income statement.</p> <p>The management made the corresponding impairment provision based on the difference between recoverable amount and carrying amount of relevant asset groups or combination of asset groups those include the allocated goodwill. The key assumptions applied include future revenue growth rates, gross margins, expense rates and discount rates.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none"> <li>– We evaluated and validated the effectiveness of the internal controls regarding goodwill impairment test, including the adoption of key assumptions and the review and approval of impairment provision. And by considering the degree of uncertainty in impairment estimation and the level of other inherent risk factors, we assessed the inherent risk of material misstatement.</li> <li>– We obtained management's worksheets of impairment of goodwill and calculated its accuracy.</li> <li>– We assessed whether the goodwill was allocated to the relevant asset groups or combination of asset groups in a reasonable way.</li> <li>– We compared management's forecast of 2021 in 2020 goodwill impairment worksheets against the actual performance in 2021 to check whether there is management bias in the goodwill impairment assessment process.</li> <li>– We analysed the rationality of management's assumptions of future revenue growth rates, gross margins and expense rates by considering the historical operations of the relevant asset groups, the industry trends, emerging market opportunities and cost savings due to economies of scale.</li> </ul>

## CHAPTER XIII AUDITOR'S REPORT

PWC ZT Shen Zi (2022) No.10036  
(Page 8 of 10)

### KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>3. Impairment of goodwill (Continued)</b></p> <p>We focused on this area due to the fact that significant and complex judgements were involved in key assumption of assessing the goodwill impairment.</p>	<ul style="list-style-type: none"> <li>- We evaluated the discount rates by involving our internal valuation experts.</li> <li>- We performed sensitivity test on gross margins and discount rates.</li> </ul> <p>Based on our work performed, we found that management's key assumptions in goodwill impairment test were supported by the evidence we gathered</p>

### OTHER INFORMATION

Management of CIMC is responsible for the other information. The other information comprises all of the information included in 2021 annual report of CIMC 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 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'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 intend to liquidate CIMC or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing CIMC's financial reporting process.

## CHAPTER XIII AUDITOR'S REPORT

PWC ZT Shen Zi (2022) No.10036  
(Page 9 of 10)

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on CIMC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause CIMC to cease to continue as a going concern.
- Evaluate the overall presentation including the disclosures, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the CIMC to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of CIMC audit. We remain solely responsible for our audit opinion.

## CHAPTER XIII AUDITOR'S REPORT

PwC ZT Shen Zi (2022) No.10036  
(Page 10 of 10)

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

We communicate with 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 in our audit.

We also provide 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 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

Certified Public Accountant

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Cao Cui Li  
(Engagement Partner)

Shanghai, the People's Republic of China  
28 March 2022

Certified Public Accountant

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Guo Su Hong



## CHAPTER XIV

# FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

AS AT 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## CONSOLIDATED BALANCE SHEET

	Note	31 December 2021	31 December 2020
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash at bank and on hand	IV.1	16,442,733	12,181,415
Financial assets held for trading	IV.2	445,432	198,279
Derivative financial assets	IV.3	562,027	768,058
Notes receivables	IV.4	947,968	362,002
Accounts receivables	IV.5	25,491,181	18,635,765
Receivables financing	IV.6	1,048,244	1,544,177
Advances to suppliers	IV.8	3,447,421	3,334,613
Other receivables	IV.7	4,779,626	6,747,538
Inventories	IV.9	19,837,123	15,472,164
Contract assets	IV.10	2,821,340	2,383,663
Assets held for sale		-	50,832
Current portion of non-current assets	IV.11	3,707,125	4,149,537
Other current assets	IV.12	1,927,159	1,313,698
<b>Total current assets</b>		<b>81,457,379</b>	<b>67,141,741</b>
<b>Non-current assets:</b>			
Long-term receivables	IV.15	7,918,001	11,977,276
Long-term equity investments	IV.16	8,469,457	9,098,584
Other equity investments	IV.13	1,167,141	1,171,358
Other non-current financial assets	IV.14	330,600	102,490
Investment properties	IV.17	1,386,085	1,437,970
Fixed assets	IV.18	34,995,382	35,311,661
Construction in progress	IV.19	9,071,776	9,833,329
Intangible assets	IV.20	4,543,742	4,812,178
Right-of-use assets	IV.21	864,559	785,044
Development expenditures	IV.20	-	60,765
Goodwill	IV.22	2,268,466	2,177,426
Long-term prepaid expenses	IV.23	503,454	558,382
Deferred tax assets	IV.24	1,265,807	1,674,329
Other non-current assets	IV.25	80,652	68,978
<b>Total non-current assets</b>		<b>72,865,122</b>	<b>79,069,770</b>
<b>TOTAL ASSETS</b>		<b>154,322,501</b>	<b>146,211,511</b>

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

AS AT 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## CONSOLIDATED BALANCE SHEET (Continued)

	Note	31 December 2021	31 December 2020
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Short-term borrowings	IV.28	7,204,671	8,416,701
Derivative financial liabilities	IV.3	691,856	747,781
Financial liabilities held for trading		38,134	20,000
Notes payables	IV.29	5,215,721	3,829,510
Accounts payables	IV.30	17,504,738	13,447,074
Advances from customers	IV.31	16,941	4,070
Contract liabilities	IV.32	7,427,329	6,101,765
Employee benefits payable	IV.33	4,534,703	3,366,392
Taxes payable	IV.34	2,870,290	1,483,209
Other payables	IV.35	9,382,139	7,089,596
Provisions	IV.36	1,424,793	1,392,845
Current portion of non-current liabilities	IV.37	12,434,293	14,585,373
Other current liabilities	IV.38	676,994	410,712
<b>Total current liabilities</b>		<b>69,422,602</b>	<b>60,895,028</b>
<b>Non-current liabilities:</b>			
Long-term borrowings	IV.39	21,651,730	19,562,326
Debentures payable	IV.40	1,234,980	6,089,486
Lease liabilities	IV.41	442,036	617,794
Long-term payables		829	71,994
Deferred income	IV.42	976,247	1,177,661
Deferred tax liabilities	IV.24	3,610,921	3,882,302
Other non-current liabilities	IV.43	3,066	61,076
<b>Total non-current liabilities</b>		<b>27,919,809</b>	<b>31,462,639</b>
<b>Total liabilities</b>		<b>97,342,411</b>	<b>92,357,667</b>
<b>Shareholders' equity</b>			
Share capital	IV.44	3,595,014	3,595,014
Other equity instruments	IV.45	–	4,308,042
Including: Perpetual bonds		–	4,308,042
Capital reserve	IV.46	5,524,096	5,463,205
Other comprehensive income	IV.47	784,890	920,769
Surplus reserve	IV.48	3,587,597	3,587,597
Undistributed profits	IV.49	31,627,036	26,142,889
Total equity attributable to shareholders and other equity holders of the Company		45,118,633	44,017,516
Minority interests		11,861,457	9,836,328
<b>Total shareholders' equity</b>		<b>56,980,090</b>	<b>53,853,844</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>154,322,501</b>	<b>146,211,511</b>

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

Legal representative's  
authorised person:The person in charge of  
accounting affairs:The head of the accounting  
department:

CHAPTER XIV

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

AS AT 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## BALANCE SHEET

	Note	31 December 2021	31 December 2020
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash at bank and on hand	XVIII.1	3,096,658	913,332
Derivative financial assets	XVIII.2	67,817	100,995
Accounts receivables		36,562	138,810
Other receivables	XVIII.3	24,337,668	26,634,674
<b>Total current assets</b>		<b>27,538,705</b>	<b>27,787,811</b>
<b>Non-current assets:</b>			
Other equity investments	XVIII.4	652,408	621,535
Long-term equity investments	XVIII.5	13,042,921	13,951,286
Investment properties		118,573	118,265
Fixed assets	XVIII.6	121,927	127,818
Construction in progress		35,208	36,224
Intangible assets		134,292	108,757
Long-term prepaid expenses		1,337	5,129
<b>Total non-current assets</b>		<b>14,106,666</b>	<b>14,969,014</b>
<b>TOTAL ASSETS</b>		<b>41,645,371</b>	<b>42,756,825</b>

## CHAPTER XIV FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

AS AT 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

# BALANCE SHEET (Continued)

	Note	31 December 2021	31 December 2020
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Short-term borrowings	XVIII.7	360,000	3,255,949
Derivative financial liabilities	XVIII.2	939	–
Employee benefits payable		277,511	59,346
Taxes payable	XVIII.8	14,970	18,805
Other payables	XVIII.9	7,117,247	1,259,633
Current portion of non-current liabilities	XVIII.10	9,355,935	3,738,326
<b>Total current liabilities</b>		<b>17,126,602</b>	<b>8,332,059</b>
<b>Non-current liabilities:</b>			
Long-term borrowings	XVIII.11	3,850,904	4,807,935
Debentures payable	XVIII.12	–	6,089,486
Deferred income		6,450	10,500
<b>Total non-current liabilities</b>		<b>3,857,354</b>	<b>10,907,921</b>
<b>Total liabilities</b>		<b>20,983,956</b>	<b>19,239,980</b>
<b>Shareholders' equity:</b>			
Share capital	IV.44	3,595,014	3,595,014
Other equity instruments	IV.45	–	4,308,042
Including: Perpetual bonds		–	4,308,042
Capital reserve	XVIII.14	2,812,956	2,831,352
Other comprehensive income	XVIII.15	383,171	352,298
Surplus reserve	IV.48	3,587,597	3,587,597
Undistributed profits	XVIII.16	10,282,677	8,842,542
<b>Total equity shareholders' equity</b>		<b>20,661,415</b>	<b>23,516,845</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>41,645,371</b>	<b>42,756,825</b>

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

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CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## CONSOLIDATED INCOME STATEMENT

	Note	2021	2020
<b>I. Revenue</b>	IV.50	<b>163,695,980</b>	94,159,083
Less: Cost of sales	IV.50	<b>134,175,949</b>	80,714,871
Taxes and surcharges	IV.51	<b>634,267</b>	709,016
Selling and distribution expenses	IV.52	<b>2,758,879</b>	1,990,076
General and administrative expenses	IV.53	<b>5,800,857</b>	4,896,341
Research and development expenses	IV.54	<b>2,252,355</b>	1,608,704
Financial expenses	IV.55	<b>1,507,266</b>	2,096,553
Including: Interest expenses		<b>1,368,524</b>	1,592,103
Interest income		<b>350,218</b>	319,578
Asset impairment losses	IV.61	<b>4,323,981</b>	582,437
Credit losses	IV.62	<b>630,744</b>	394,811
Add: Other income	IV.60	<b>646,885</b>	712,117
Investment income	IV.58	<b>1,268,093</b>	5,300,880
Including: Share of (losses)/profit of associates and joint ventures		<b>(235,331)</b>	473,599
Fair value (losses)/gains	IV.57	<b>(72,013)</b>	144,853
Gains on disposals of assets	IV.59	<b>16,902</b>	115,503
<b>II. Operating profit</b>		<b>13,471,549</b>	7,439,627
Add: Non-operating income	IV.63	<b>123,969</b>	248,615
Less: Non-operating expenses	IV.64	<b>300,459</b>	397,836
<b>III. Profit before income tax</b>		<b>13,295,059</b>	7,290,406
Less: Income tax expenses	IV.65	<b>4,934,291</b>	1,278,666
<b>IV. Net profit</b>		<b>8,360,768</b>	6,011,740
<b>Classified by business continuity</b>			
Net profit from continuing operations		<b>8,360,768</b>	1,196,597
Net profit from discontinued operations		—	4,815,143
<b>Classified by ownership</b>			
Owners of the Company		<b>6,665,323</b>	5,349,613
Non-controlling interests		<b>1,695,445</b>	662,127

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## CONSOLIDATED INCOME STATEMENT (Continued)

	Note	2021	2020
<b>V. Other comprehensive income, net of tax</b>	IV.47	<b>(236,094)</b>	(1,011,469)
Attributable to shareholders and other equity holders of the Company		<b>(135,879)</b>	(794,557)
Items that will not be reclassified to profit or loss		<b>(18,118)</b>	(131,175)
Changes in fair value of other equity investments		<b>(18,118)</b>	(131,175)
Items that may be reclassified subsequently to profit or loss		<b>(117,761)</b>	(663,382)
Changes in value of other debt investments		–	(2,282)
Reserves for cash flow hedges		–	(2,578)
The share of other comprehensive income that will be reclassified into profit or loss in the equity method		<b>(288)</b>	(7,925)
Transfer of other comprehensive income from the sale of investment properties		–	(352,050)
Currency translation differences		<b>(117,473)</b>	(298,547)
Minority interests		<b>(100,215)</b>	(216,912)
<b>VI. Total comprehensive income</b>		<b>8,124,674</b>	5,000,271
Attributable to shareholders and other equity holders of the Company		<b>6,529,444</b>	4,555,056
Minority interests		<b>1,595,230</b>	445,215
<b>VII. Earnings per share</b>			
Basic earnings per share (RMB)	IV.66	<b>1.81</b>	1.41
Diluted earnings per share (RMB)	IV.66	<b>1.80</b>	1.41

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

Legal representative's  
authorised person:

The person in charge of  
accounting affairs:

The head of the accounting  
department:

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
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# INCOME STATEMENT

	Note	2021	2020
<b>I. Revenue</b>	XVIII.17	<b>436,889</b>	238,648
Less: Cost of sales	XVIII.17	<b>3,097</b>	–
Taxes and surcharges		<b>10,274</b>	8,559
General and administrative expenses	XVIII.19	<b>624,931</b>	183,541
Research and development expenses	XVIII.19	<b>2,185</b>	3,168
Financial income	XVIII.18	<b>893,384</b>	1,171,948
Including: Interest expenses		<b>693,629</b>	770,096
Interest income		<b>20,873</b>	38,405
Asset impairment losses		<b>1,430,593</b>	–
Credit losses		<b>285,813</b>	–
Add: Other income		<b>9,161</b>	28,429
Investment Income	XVIII.20	<b>5,447,274</b>	3,612,823
Fair value (losses)/gains		<b>(33,809)</b>	100,512
Gains/(Losses) of disposal of assets		<b>(1,306)</b>	3,177
<b>II. Operating profit</b>		<b>2,607,932</b>	2,616,373
Add: Non-operating income		<b>18,849</b>	387
Less: Non-operating expenses	XVIII.21	<b>5,470</b>	376
<b>III. Profit before income tax</b>		<b>2,621,311</b>	2,616,384
Less: Income tax expenses	XVIII.22	–	56,075
<b>IV. Net profit</b>		<b>2,621,311</b>	2,560,309
<b>Classified by business continuity</b>			
Net profit from continuing operations		<b>2,621,311</b>	2,560,309
Net profit from discontinued operations		–	–
<b>V. Other comprehensive income, net of tax</b>	XVIII.15	<b>30,873</b>	(118,202)
Items that will not be reclassified to profit or loss		<b>30,873</b>	(118,202)
Changes in fair value of other equity investments		<b>30,873</b>	(118,202)
<b>VI. Total comprehensive income</b>		<b>2,652,184</b>	2,442,107

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

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## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

# CONSOLIDATED CASH FLOW STATEMENT

Items	Note	2021	2020
<b>I. Cash flows from operating activities</b>			
Cash received from sales of goods or rendering of services		156,438,030	95,689,030
Refund of taxes and surcharges		6,368,331	1,991,720
Cash received relating to other operating activities	IV.67(1)	4,208,476	1,643,285
<b>Sub-total of cash inflows</b>		<b>167,014,837</b>	<b>99,324,035</b>
Cash paid for goods and services		125,264,769	70,978,896
Cash paid to and on behalf of employees		11,998,225	8,863,247
Payments of taxes and surcharges		4,578,363	3,233,138
Cash paid relating to other operating activities	IV.67(2)	4,598,825	3,438,268
<b>Sub-total of cash outflows</b>		<b>146,440,182</b>	<b>86,513,549</b>
<b>Net cash inflows from operating activities</b>	IV.68(1)	<b>20,574,655</b>	<b>12,810,486</b>
<b>II. Cash flows from investing activities</b>			
Cash received from disposal of investments		2,237,549	696,412
Cash received from returns on investments		1,738,009	496,170
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		858,803	931,401
Net cash received from disposal of subsidiaries		1,536,591	–
<b>Sub-total of cash inflows</b>		<b>6,370,952</b>	<b>2,123,983</b>
Net cash outflows from disposal of subsidiaries	IV.68(3)	–	1,197,764
Cash paid to acquire fixed assets, intangible assets and other long-term assets		6,683,162	3,318,846
Cash paid to acquire investments		2,508,029	1,056,476
Net cash paid to acquire subsidiaries	IV.68(2)	22,782	89,701
<b>Sub-total of cash outflows</b>		<b>9,213,973</b>	<b>5,662,787</b>
<b>Net cash outflows from investing activities</b>		<b>(2,843,021)</b>	<b>(3,538,804)</b>



CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
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## CONSOLIDATED CASH FLOW STATEMENT (Continued)

Items	Note	2021	2020
<b>III. Cash flows from financing activities</b>			
Cash received from capital contributions		2,389,431	1,473,310
Including: Cash received from capital contributions by minority shareholders of subsidiaries		2,389,431	1,389,679
Cash received from borrowings		20,178,568	38,421,082
Cash received from issuing bonds		1,356,055	2,000,000
Cash received relating to other financing activities	IV.67(3)	358,134	2,486,862
<b>Sub-total of cash inflows</b>		<b>24,282,188</b>	44,381,254
Cash repayments of borrowings		27,379,362	46,488,402
Cash payments for redemption of other equity instruments		4,318,396	-
Cash payments for distribution of dividends or profits and interest expenses		2,832,788	3,474,547
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries		599,073	817,571
Cash payments relating to other financing activities	IV.67(4)	1,938,620	957,869
<b>Sub-total of cash outflows</b>		<b>36,469,166</b>	50,920,818
<b>Net cash outflows from financing activities</b>		<b>(12,186,978)</b>	(6,539,564)
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>(224,908)</b>	(181,763)
<b>V. Net increase in cash and cash equivalents</b>	IV.68(1)	<b>5,319,748</b>	2,550,355
Add: Cash and cash equivalents at the beginning of the year		11,210,240	8,659,885
<b>VI. Cash and cash equivalents at the end of the year</b>	IV.68(4)	<b>16,529,988</b>	11,210,240

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

Legal representative's  
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## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## CASH FLOW STATEMENT

	Note	2021	2020
<b>Items</b>			
<b>I. Cash flows from operating activities</b>			
Cash received from sales of goods or rendering of services		559,905	422,561
Cash received relating to other operating activities		100,855	1,376,588
<b>Sub-total of cash inflows</b>		<b>660,760</b>	<b>1,799,149</b>
Cash paid to and on behalf of employees		347,697	334,432
Payments of taxes and surcharges		74,657	69,775
Cash paid relating to other operating activities		188,498	2,198,290
<b>Sub-total of cash outflows</b>		<b>610,852</b>	<b>2,602,497</b>
<b>Net cash outflows from/(used in) operating activities</b>	XVIII.23	<b>49,908</b>	<b>(803,348)</b>
<b>II. Cash flows from investing activities</b>			
Cash received from disposal of investments		18,791,849	1,100,000
Cash received from returns on investments		5,650,084	3,127,837
Net cash received from disposal of fixed assets		360	3,859
Net Cash received from disposal of subsidiaries		1,522,111	338,353
<b>Sub-total of cash inflows</b>		<b>25,964,404</b>	<b>4,570,049</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		35,432	26,495
Net cash paid for investment and establishment of subsidiaries		1,571,428	1,357,141
Cash paid for other investment activities		14,593,596	8,899
<b>Sub-total of cash outflows</b>		<b>16,200,456</b>	<b>1,392,535</b>
<b>Net cash inflows from investing activities</b>		<b>9,763,948</b>	<b>3,177,514</b>
<b>III. Cash flows from financing activities</b>			
Cash received from investment		-	93,620
Cash received from borrowings		3,340,000	23,260,443
Cash received from issuing bonds		-	2,000,000
Cash received relating to other financing activities		4,784,660	-
<b>Sub-total of cash inflows</b>		<b>8,124,660</b>	<b>25,354,063</b>
Cash repayments of borrowings		7,628,548	25,873,895
Redemption of other equity instruments		4,318,396	-
Cash payments for distribution of dividends or profits and interest expenses		1,807,756	1,394,153
Cash payments relating to other financing activities		2,001,881	18,149
<b>Sub-total of cash outflows</b>		<b>15,756,581</b>	<b>27,286,197</b>
<b>Net cash outflows from financing activities</b>		<b>(7,631,921)</b>	<b>(1,932,134)</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>(2,202)</b>	<b>(2,534)</b>
<b>V. Net increase in cash and cash equivalents</b>	XVIII.23	<b>2,179,733</b>	<b>439,498</b>
Add: Cash and cash equivalents at the beginning of the year		892,464	452,966
<b>VI. Cash and cash equivalents at the end of the year</b>	XVIII.23	<b>3,072,197</b>	<b>892,464</b>

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

Legal representative's  
authorised person:

The person in charge of  
accounting affairs:

The head of the accounting  
department:

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Item	Note	2021							2020								
		Attributable to shareholders and other equity holders of the Company							Attributable to shareholders and other equity holders of the Company								
		Share capital instruments	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interest	Total shareholders' equity	Share capital instruments	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interest	Total shareholders' equity
<b>I. Balance at 31 December 2020</b>		3,595,014	4,308,042	5,463,205	920,769	3,587,597	26,142,889	9,836,328	53,853,844	3,584,304	4,007,545	4,881,311	1,715,326	3,582,343	21,482,857	15,784,092	55,037,978
Change in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>II. Balance at 1 January 2021</b>		3,595,014	4,308,042	5,463,205	920,769	3,587,597	26,142,889	9,836,328	53,853,844	3,584,304	4,007,545	4,881,311	1,715,326	3,582,343	21,482,857	15,784,092	55,037,978
<b>III. Movements for the year</b>																	
(i) <b>Total comprehensive income</b>																	
1. Net profit		-	175,272	-	-	-	6,490,051	1,695,445	8,340,768	-	273,979	-	-	5,075,634	662,127	6,011,740	
2. Other comprehensive income	IV.47	-	-	-	(135,879)	-	-	(100,215)	(236,094)	-	-	(794,557)	-	-	(216,972)	(1,011,469)	
<b>Sub-total of 1&amp;2</b>		-	175,272	-	(135,879)	-	6,490,051	1,595,230	8,124,674	-	273,979	-	(794,557)	5,075,634	445,215	5,000,271	
(ii) <b>Capital contribution and withdrawal by owners</b>																	
1. Increase in capital reserve resulted from share option exercised by company	IV.44	-	-	-	-	-	-	-	-	73,122	-	-	-	-	-	83,632	
2. Contributions by minority Shareholders	IV.46	-	-	46,097	-	-	-	2,021,722	2,067,819	501,092	-	-	-	-	863,538	1,364,630	
3. Increase in minority interests resulted from acquisition or establishment of subsidiary		-	-	-	-	-	-	282,940	282,940	-	-	-	-	-	97,262	97,262	
4. Decrease in capital reserve resulted from acquisition of minority interest	IV.46	-	(154,414)	-	-	-	-	(1,750,235)	(1,404,649)	(103,943)	-	-	-	-	(576,145)	(680,088)	
5. Disposal of subsidiaries (loss of control)		-	-	-	-	-	-	(53,426)	(53,426)	-	-	-	-	-	(536,178)	(536,178)	
6. Increase in capital reserve resulted from share option exercised by subsidiaries	IV.46	-	-	(22,957)	-	-	-	61,629	38,672	(763)	-	-	-	-	(2,009)	(2,772)	
7. Increase in shareholders' equity resulted from share-based payments	IV.46	-	-	68,523	-	-	-	4,384	72,907	103,938	-	-	-	-	537	104,495	
8. Issuance of other equity instruments		-	-	-	-	-	-	-	-	2,000,000	-	-	-	-	-	2,000,000	
9. Redemption of other equity instruments	IV.45	-	(4,300,000)	(18,396)	-	-	-	-	(4,318,396)	(1,700,000)	-	-	-	-	-	(1,700,000)	
10. Issuance of convertible bonds by subsidiaries	IV.40	-	-	123,944	-	-	-	-	123,944	-	8,428	-	-	-	-	28,428	
11. Others		-	-	18,094	-	-	-	-	18,094	-	-	-	-	20,000	-	28,428	
(iii) <b>Profit distribution</b>																	
1. Appropriation to surplus reserves	IV.48	-	-	-	-	-	-	-	-	-	-	-	-	5,254	(5,254)	-	
2. Profit distribution to shareholders	IV.49	-	-	-	-	-	(1,005,904)	(637,115)	(1,643,019)	-	-	-	-	(430,348)	(814,984)	(1,245,332)	
3. Interest paid on other equity instruments	IV.45	-	(183,314)	-	-	-	-	-	(183,314)	(273,482)	-	-	-	-	-	(273,482)	
<b>IV. Balance at 31 December 2021</b>		3,595,014	-	5,524,076	784,890	3,587,597	31,627,036	11,861,457	56,980,090	4,308,042	4,308,042	5,463,205	920,769	3,587,597	26,142,889	9,866,328	53,853,844

The accompanying notes form an integral part of these financial statements

Legal representative's authorised person: The person in charge of accounting affairs:

The head of the accounting department:

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Item	Note	2021						2020							
		Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity	Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
<b>I. Balance at 31 December 2020</b>		3,595,014	4,308,042	2,831,352	352,298	3,587,597	8,842,542	23,516,845	3,584,504	4,007,545	2,738,230	470,500	3,582,343	6,991,814	21,394,936
Change in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>II. Balance at 1 January 2021</b>		3,595,014	4,308,042	2,831,352	352,298	3,587,597	8,842,542	23,516,845	3,584,504	4,007,545	2,738,230	470,500	3,582,343	6,991,814	21,394,936
<b>III. Movements for the year</b>															
<b>(i) Total comprehensive income</b>															
1. Net profit		-	175,272	-	-	-	2,446,039	2,621,311	-	273,979	-	-	-	2,286,330	2,560,309
2. Other comprehensive income	XVIII.15	-	-	-	30,873	-	-	30,873	-	-	-	(118,202)	-	-	(118,202)
<b>Sub-total of 1&amp;2</b>		-	175,272	-	30,873	-	2,446,039	2,652,184	-	273,979	-	(118,202)	-	2,286,330	2,442,107
<b>(ii) Capital contribution and withdrawal by owners</b>															
1. Increase in shareholders' equity resulted from share-based payment		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Increase in capital reserve resulted from share option exercised by company	IV.44	-	-	-	-	-	-	-	10,510	73,122	-	-	-	-	83,632
3. Issuance of other equity instruments	IV.45	-	-	-	-	-	-	-	-	2,000,000	-	-	-	-	2,000,000
4. Redemption of other equity instruments	IV.45	-	(4,300,000)	(18,396)	-	-	-	(4,318,396)	-	(1,700,000)	-	-	-	-	(1,700,000)
5. Increase in capital from capital reserve		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>(iii) Profit distribution</b>															
1. Appropriation to surplus reserves	IV.48	-	-	-	-	-	-	-	-	-	-	-	5,254	(5,254)	-
2. Profit distribution to shareholders	IV.49	-	-	-	-	-	(1,005,904)	(1,005,904)	-	-	-	-	-	(430,348)	(430,348)
3. Interest paid on other equity instruments	IV.45	-	(183,314)	-	-	-	-	(183,314)	-	(273,482)	-	-	-	-	(273,482)
<b>IV. Balance at 31 December 2021</b>		3,595,014	-	2,812,956	383,171	3,587,597	10,282,677	20,661,415	3,595,014	4,308,042	2,831,352	352,298	3,587,597	8,842,542	23,516,845

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

Legal representative's authorised person:

The person in charge of accounting affairs:

The head of the accounting department:

## CHAPTER XIV FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

# NOTES TO THE FINANCIAL STATEMENTS

## I. GENERAL INFORMATION

China International Marine Containers (Group) Co., Ltd. (the “**Company**”), formerly “China International Marine Containers Co., Ltd.”, was a Sino-foreign joint venture set up by China Merchants Group, the East Asiatic Company (Denmark) and Ocean Containers Inc. (USA). In December 1992, as approved by “Shen Fu Ban Fu [1992] 1736” issued by the General Office of the People’s Government of Shenzhen and “Shen Ren Yin Fu Zi (1992) 261” issued by Shenzhen Special Economic Zone Branch of People’s Bank of China, the Company was restructured as an incorporated company set up by directional subscription and was renamed as “China International Marine Containers Co., Ltd.” by the original corporate shareholders of the Company. On 31 December 1993 and 17 January 1994 respectively, the Company issued ordinary shares denominated in Renminbi for domestic investors (A Shares) and for foreign shares issued domestically (B Shares), and commenced trading on Shenzhen Stock Exchange pursuant to “Shen Fu Ban Fu [1993] 925” issued by the General Office of the People’s Government of Shenzhen and “Shen Zheng Ban Fu [1994] 22” issued by Shenzhen Securities Administration Office. On 1 December 1995, as approved by the State Administration for Industry and Commerce, the Company changed its name to “China International Marine Containers (Group) Co., Ltd”. The Registered Address and Address of Head Office of the Company is 8th Floor, CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC.

On 19 December 2012, the Company’s domestically listed foreign shares (B shares) changed listing location, and were listed and traded on the Main Board of the Hong Kong Stock Exchange through the way of introduction. Henceforth, all the Company’s B shares converted to overseas listed foreign shares (H shares).

On 12 October 2020, the Company’s shareholder COSCO Shipping Development Co., Ltd. and its subsidiaries signed a share transfer agreement with Shenzhen Capital Operation Group Co., Ltd. and its subsidiaries. On 18 December 2020, the share transfer was completed. Shenzhen Capital Operation Group Co., Ltd. and its subsidiaries held 29.74% of the Company’s equity and became the Company’s largest shareholder.

The principal activities of the Company and its subsidiaries (together referred to as the “**Group**”) are the manufacturing of modern transportation facilities, facilities for energy, food, chemistry and rendering of relative services. Detailed activities are the manufacturing and repairing of containers and other relevant business; utilising the Group’s equipment to process and manufacture various parts, structure components and relevant machines; providing cutting, punching, moulding, riveting surface treatment (including sand/paint spraying, welding and assembly) and other processing services; developing, manufacturing and selling of various high-tech and high performance special vehicles, heavy truck, airport equipment, fire-engine and semi-trailers; leasing of containers; developing, production and sales of high-end fuel gas equipment such as pressure container and compressor; providing integrated services for natural gas distribution; production of static container and pot-type wharf equipment and providing EP+CS (engineering, procurement and construction supervision) technical service for the storage and processing of LNG, LPG and other petrochemical gases; providing a comprehensive solution for the integration of unitised logistics vehicles and packages. Apart from the above, the Group is also engaged in financial equity investment, manufacturing of logistic equipment and related services and marine projects, etc.

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

#### I. GENERAL INFORMATION (Continued)

CIMC Enric Holdings Limited (“**Enric**”), the subsidiary of the Company, is listed on the Main Board of the Hong Kong Stock Exchange. The principal activities of Enric are the design, development, manufacturing, engineering and sales of, and the provision of technical maintenance service for, a wide spectrum of transportation, storage and processing equipment that is widely used in energy, chemical and liquid food industries.

CIMC Vehicles (Group) Co., Ltd. (“**CIMC Vehicles**”), the subsidiary of the Company, is listed on the Main Board of the Hong Kong Stock Exchange. On 8 July 2021, CIMC Vehicles was listed on the Growth Enterprise Market of the Shenzhen Stock Exchange. CIMC Vehicles primarily engages in the production, manufacture and sale of semi-trailers and speciality vehicles and their truck bodies, refrigerated van and its container.

Please refer to Note VI for details of subsidiaries included in the scope of consolidation and also refer to Note V.1 for the details of subsidiaries newly included in the scope of consolidation.

The financial statements have been approved for announcement by the Company’s Board of Directors on 28 March 2022.

#### II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group makes specific accounting policies and accounting estimates according to characteristics of its business operations, which include expected credit losses of receivables and contract assets (Note II.9), the cost of inventories (Note II.10), the criteria for determining impairment of non-current assets (Note II.19), depreciation policy of fixed assets and amortisation policy of intangible assets and right-of-use assets (Note II.13, 16 and 27), measurement of provisions (Note II.21), measurement model of investment real estate (Note II.12) and revenue recognition and measurement (Note II.24), etc.

The key judgements, significant accounting estimates and key assumptions adopted by the Group when applying significant accounting policies are disclosed in Note II.32.

## CHAPTER XIV FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

### II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 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 15 February 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.

The new Hong Kong *Companies Ordinance* was effective on 3 March 2014. Some notes in this financial statement have been prepared in accordance with 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 2021 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Consolidated and the Company as at 31 December 2021 and of 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.

#### 4. Recording currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. The functional currency of the Company and its subsidiaries domiciled in PRC is RMB. The recording currency of the Company's overseas subsidiaries and other operating entities is determined based on the primary economic environment in which they operate. The Group adopts RMB to prepare its financial statements.

**CHAPTER XIV****FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE**

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)****5. Business combinations****(1) Business combinations involving enterprises 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 company to be merged is acquired by the absorbing party from a third party in previous years, the assets and liabilities of the company (including the goodwill formed by the acquisition by the absorbing party) are included in the final consolidated financial statement and are based on carrying amount. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination is adjusted to capital reserve (stock premium). If the balance of the capital reserve (stock premium) is insufficient, any excess is adjusted to retained earnings. Any costs directly attributable to the combination shall be recognised in profit or loss for the current period when occurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

**(2) Business combinations involving enterprises 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 (Note II.17); 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. Any costs directly attributable to the combination shall be recognised in profit or loss for the current period when occurred. 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.



## CHAPTER XIV FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

### II. 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 Company 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.

For a business combination not involving enterprises under common control and achieved in stages, the Company remeasures its previously-held equity interest in the acquiree to its fair value at the acquisition date in the consolidated financial statements. The difference between the fair value and the carrying amount is recognised as investment income for the current period; the amount recognised in other comprehensive income relating to the previously-held equity interest in the acquiree is reclassified as investment income for the current period. Where the equity interest held in the acquiree before the acquisition date relates to other comprehensive income measured under the equity method and other changes in owners' equity except net profit or loss, other comprehensive income and profit distribution, corresponding other comprehensive income and other changes in owners' equity (excluding other comprehensive income from changes arising from remeasurement on net liabilities or net assets of defined benefit plans of the acquiree) shall be transferred to investment income for the period in which the acquisition date falls. Goodwill is recognised at the excess of the sum of the fair value of previously held interest in the acquiree and the fair value of the consideration paid at the acquisition date, over the fair value of the acquiree's identifiable net assets acquired at the acquisition date.

Where the Company acquires a minority interest from a subsidiary's minority shareholders or disposes of a portion of long-term equity investments in a subsidiary without a change in control, the difference between the amount of the newly acquired long-term equity investments and the amount of the share of the subsidiary's net assets that are continuously calculated from the acquisition date or the merger date based on the new shareholding ratio, and the difference between the amount of the consideration paid or received to dispose such long-term equity investments and the amount of the share of the subsidiary's net assets that are continuously calculated from the acquisition date or the merger date based on such disposal are both adjusted to the capital reserve (stock premium) in the consolidated balance sheet. If the credit balance of the capital reserve (stock premium) is insufficient, any excess is adjusted to retained earnings.

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 6. Preparation of consolidated financial statements (Continued)

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 shareholders' equity of the subsidiary, the excess is allocated against the minority interests.

If the Company loses the control of the original subsidiary because of disposing part of equity investment or other reasons, the remaining equity investment shall be remeasured at fair value in the consolidated financial statements at the date when control is lost. The sum of consideration received from the disposal of equity investment and the fair value of the remaining equity investment, net of the sum of the share of net assets of the former subsidiary based on continuous calculation since the acquisition date at previous proportion of shareholding and goodwill, is recognised as investment income for the current period when the control is lost. In addition, other comprehensive income and other changes in owners' equity (excluding other comprehensive income from changes arising from remeasurement by the former subsidiary on net liabilities or net assets of defined benefit plans), which are related with the equity investment in the former subsidiary, are transferred to profit or loss for the current period when the control is lost.

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

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

### 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.

## CHAPTER XIV FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

### II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 8. Foreign currency transactions and translation of financial statements denominated in foreign currency

##### (1) Foreign currency transactions

Foreign currency transactions are translated into recording 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 recording 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 (Note II.15) 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. Non-monetary items denominated in foreign currencies that are measured at fair value are translated by using the spot exchange rate on the date when the fair value is determined, and the currency translation difference arising therefrom is included in the profit or loss or other comprehensive income on the basis of the nature of such non-monetary items. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

##### (2) Translation of financial statements denominated in foreign currency

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.

When the control on overseas operation is lost due to disposal of all owners' equity in the Group's overseas operation or disposal of some equity investments or any other reasons, the differences on translation of financial statements denominated in foreign currency, which are presented under shareholders' equity in the balance sheet, related to the overseas operation and attributable to shareholders' equity of the Company, are recorded in profit or loss for the current period in which the disposal is incurred.

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 presented separately in the cash flow statement.

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 9. Financial instruments

A financial instrument is a contract that forms a financial asset of one party and forms a financial liability or equity instrument of the other parties. When the Group becomes a party of a financial instrument contract, the relevant financial assets or financial liabilities are recognised.

#### (1) Financial assets

##### (a) 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 (referred to as "FVOCI"); (3) financial assets at fair value through profit or loss (referred to as "FVPL").

At initial recognition, the financial assets are measured at fair value. Transaction costs that are incremental and 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. For the accounts receivables and notes receivables arising from the sales of products or the provision of labour services that do not contain or consider the significant financing components, the consideration to be received is recognised as the initial recognition amount.

##### (i) 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 ways:

##### At amortised cost:

The Group's business model for managing such financial assets is to collect contractual cash flows, and the characteristics of contractual cash flows of such financial assets are consistent with basic lending and borrowing arrangements, namely the cash flows generated on a specific date are solely payments of principal and interest based on the outstanding principal amount. Interest income from these financial assets is included in financial income using the effective interest rate method. Such financial assets mainly comprise cash at bank and on hand, notes receivables, accounts receivables, other receivables, debt investments and long-term receivables. The Group will present the debt investments and long-term receivables due within one year (including one year) from the balance sheet date as current portion of non-current assets; the debt investments with a time limit for acquisition that is within one year (including one year) is presented as other current assets.

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 9. Financial instruments (Continued)

#### (1) Financial assets (Continued)

##### (a) *Classification and measurement (Continued)*

##### (i) Debt instruments (Continued)

###### At fair value through other comprehensive income:

The Group's business model for managing such financial assets is both to collect contractual cash flows and to hold for sale, and the characteristics of contractual cash flows of such financial assets are consistent with basic lending and borrowing arrangements. Such financial assets are measured at fair value through other comprehensive income, except for the recognition of impairment gains or losses, foreign exchange gains and losses and interest income calculated using effective interest method, which are recognised in profit or loss. Such financial assets mainly include receivables financing and other debt investments, etc. Other debt investments due within one year (including one year) of the Group from the balance sheet date are presented as current portion of non-current assets; the debt investments with a time limit of less than or equal to one year upon acquisition is presented as other current assets.

###### At fair value through profit or loss:

Debt instruments held by the Group that are measured neither at amortised cost nor at fair value through profit or loss, are measured at fair value through profit or loss. At initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Group designates certain financial assets as financial assets at fair value through profit or loss. If it is more than one year from the balance sheet date and is expected to be held for more than one year, it is presented as other non-current financial assets, and the rest will be presented as financial assets held for trading.

##### (ii) Equity instruments

The Group measures equity instruments that have no control, joint control or significant influence at fair value through profit or loss and the equity instruments are presented as financial assets held for trading; financial assets held for trading that is expected to be held for more than one year from the balance sheet date are presented as other non-current financial assets.

In addition, at initial recognition, the Group designates certain non-tradable equity instrument investments as financial assets at fair value through other comprehensive income and presents them as other equity investments. The relevant dividend income of such financial assets is recognised in profit or loss for the current period.

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 9. Financial instruments (Continued)

#### (1) Financial assets (Continued)

##### (b) *Impairment*

The Group recognises loss provision based on expected credit losses for financial assets at amortised cost, debt investments at fair value through profit or loss, contract assets, lease receivables, financial guarantee contracts and loan commitments.

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 expected credit losses as the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to collect.

At each balance sheet date, the Group measures the expected credit losses of financial instruments at different stages. If the credit risk of the financial instrument has not significantly increased since initial recognition, the instrument is in the first stage. The Group measures the allowance for that financial instrument at an amount equal to 12-month expected credit losses. If the credit risk of the financial instrument has significantly increased since initial recognition, the instrument is in the second stage. The Group measures the allowance for that financial instrument at an amount equal to lifetime expected credit losses. If the financial instrument has suffered credit impairment since the initial recognition, it is in the third stage, and the Group measures the allowance for that financial instrument at an amount equal to lifetime expected credit losses.

For financial instruments with lower credit risk at the balance sheet date and in the first stage, the Group assumes that its credit risk has not significantly increased since the initial recognition, and measures the allowance for that financial instruments at an amount equal to 12-month expected credit losses.

For the financial instruments in the first stage and the second stage, the Group calculates interest income based on its book balance and effective interest rate without deducting the impairment provision. For the financial instruments in the third stage, the interest income is calculated according to the book balance minus the amortised cost and the effect interest rate after the impairment provisions.

For notes receivables, accounts receivables, receivables financing and contract assets incurred from daily business activities such as selling goods and providing services, regardless of whether there is a significant financing component, the Group measures the loss reserves according to the expected credit loss of the lifetime expected credit losses. For lease receivables, the Group also determines to recognise the lifetime expected credit losses.

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 9. Financial instruments (Continued)

#### (1) Financial assets (Continued)

##### (b) Impairment (Continued)

When a single financial asset cannot evaluate expected credit loss information at a reasonable cost, the Group divides accounts receivables, notes receivables, receivables financing and contract assets into several portfolios based on the credit risk characteristics, and calculates the expected credit loss on the basis of the portfolios. The basis for determining the portfolios is as follows:

Notes receivables portfolio 1	Commercial acceptance bill
Notes receivables portfolio 2	Bank acceptance bill
Receivables financing	Bank acceptance bill
Accounts receivables portfolio 1	Containers manufacturing business
Accounts receivables portfolio 2	Road transportation vehicles business
Accounts receivables portfolio 3	Energy, chemical and liquid food equipment business
Accounts receivables portfolio 4	Offshore engineering business
Accounts receivables portfolio 5	Airport, facilities, fire safety and automated logistics equipment business
Accounts receivables portfolio 6	Logistics services business
Accounts receivables portfolio 7	Recycled load business
Accounts receivables portfolio 8	Other business
Contract assets portfolio 1	Airport, facilities, fire safety and automated logistics equipment business

For the accounts receivables, notes receivables and receivables financing incurred from daily business activities such as selling goods and providing services, which were classified as portfolios, the Group calculates the expected credit losses by reference to the historical credit losses experience, considering the current situation and the forecast of future economic conditions, as well as the default risk exposure and the lifetime expected credit loss rate.

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 9. Financial instruments (Continued)

#### (1) Financial assets (Continued)

##### (b) Impairment (Continued)

In case the expected credit losses of an individually assessed other receivables and long-term receivables cannot be evaluated with reasonable cost, the Group classifies other receivables and long-term receivables into several portfolios based on the credit risk characteristics, and calculates the expected credit loss on the basis of the portfolios. The basis for determining the portfolios is as follows:

Receivables portfolios	Nature
Other receivables portfolio 1	Receivables arising from financing for related parities
Other receivables portfolio 2	Receivables from share capital increase/transfer
Other receivables portfolio 3	Loans
Other receivables portfolio 4	Assets purchased under reverse repurchase agreements
Other receivables portfolio 5	Security deposit
Other receivables portfolio 6	Receivables from demolition compensation
Other receivables portfolio 7	Tax refund receivables
Other receivables portfolio 8	Government grants receivables
Other receivables portfolio 9	Interest receivables
Other receivables portfolio 10	Dividend receivables
Other receivables portfolio 11	Inter-bank borrowings of Finance Company
Other receivables portfolio 12	Others
Long-term receivables portfolio 1	Lease receivables (customers are all manufacturing industries) (including the part due within one year)
Long-term receivables portfolio 2	Instalment sales (including the part due within one year)

For other receivables and long-term receivables divided into portfolios, the Group adopts three-stage model to calculate their expected credit losses based on the exposure at default and the 12-month or lifetime expected credit loss rate, with consideration to historical credit losses experience, current conditions and forecasts of future economic conditions. For lease receivables in long-term receivables, the Group uses related model and assumption to calculate their expected credit losses, with consideration to forecasts of future economic conditions and the lessee's credit record (possibility of default by customers and losses therefrom).

The Group recognises the loss provision or provision reversal in profit or loss for the current period. For debt instruments held at fair value through other comprehensive income, the Group adjusts other comprehensive income when the impairment loss or gain is recognised in profit or loss.



## CHAPTER XIV FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 9. Financial instruments (Continued)

#### (1) Financial assets (Continued)

##### (c) *Derecognition*

The Group derecognises a financial asset, if the part being considered for derecognition meets one of the following conditions: (i) the contractual rights to receive the cash flows from the financial asset expire; or (ii) the contractual rights to receive the cash flows of the financial asset have been transferred, the Group transfers substantially all the risks and rewards of ownership of the financial asset; or (iii) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to the eventual recipient in an agreement that meets all the conditions of de-recognition of transfer of cash flows (“pass through” requirements) and transfers substantially all the risks and rewards of ownership of the financial asset.

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

#### (2) Financial liabilities

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

The Group’s financial liabilities are mainly measured at amortised cost, including notes payables, accounts payables, other payables, borrowings and debentures payable, etc. Such financial liabilities are initially measured at their fair value less transaction costs and are subsequently measured using the effective interest rate method. If the term is less than one year (including one year), it shall be listed as current liabilities; if the term is more than one year but expires within one year (including one year) from the balance sheet date, it shall be listed as current portion of non-current liabilities; the rest are presented as non-current liabilities.

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. Except for financial guarantee contracts of which financial liabilities are designated as at fair value through profit or loss or of which financial liabilities arise when a transfer of a financial liability or a financial asset does not qualify for derecognition or from continuing involvement in the transferred asset, a financial guarantee contract should be initially measured at fair value, and subsequently measured at the higher of: (i) the amount of loss provision determined and (ii) the amount initially recognised less, when appropriate, accumulative amortisation recognised in accordance with CAS 14 – Revenue.

When all or part of the current obligations of a financial liability have been discharged, the Group derecognises the portion of the financial liability or obligation that has been discharged. The difference between the carrying amount of the derecognition portion and the consideration paid is recognised in profit or loss.

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 9. Financial instruments (Continued)

#### (3) Fair value determination 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 an appropriate valuation technique that is applicable to current circumstances and supported by sufficient available data and other information. When applying valuation techniques, inputs used by market participants in the transactions of the assets or liabilities with similar characteristics would be used and observable inputs would be given priority to the extent possible. Unobservable inputs would only be used when it is impossible or impracticable to obtain relevant observable inputs.

#### (4) Derivative financial instruments

Derivatives are initially recognised at the date of the contract and are initially and subsequently measured at fair value. Derivatives are reflected as assets when its fair value is positive, and as liabilities when negative. Changes in fair value of these derivatives are recognised in profit or loss for the current period.

For a hybrid contract that contains both an embedded derivative and a host contract, if the host contract is a financial asset contract, the Group accounts for the hybrid contract as a whole (without separating the embedded derivative from it) on the basis of applicable accounting standards on financial instruments classification. If the host contract is not a financial asset contract and meets the conditions below, the Group accounts for the embedded derivative that is separated from the hybrid contract as a separate derivative:

- (1) the economic characteristics and risks of embedded derivatives are not closely related to the host contract;
- (2) A separate instrument that has the same terms but exists independently satisfy the definition of the derivative; and
- (3) The hybrid instrument is not measured at fair value through profit or loss.

If the embedded derivative is separated from the hybrid contract, the Group accounts for the host contract on the basis of applicable accounting standards. If the fair value of the embedded derivative cannot be reliably measured in accordance with the terms and conditions of the embedded derivative, it is recognised according to the fair value difference between the hybrid contract and the host contract. If the fair value of the embedded derivative on the acquisition date or subsequent balance sheet date cannot be measured individually after the above methods are used, the Group designates the hybrid contract as a financial instrument at fair value through profit or loss.

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 9. Financial instruments (Continued)

#### (5) Equity instruments

An equity instrument is a contract that demonstrates the residual equity in the assets of the Group after deducting all liabilities.

Perpetual bonds, issued by the Group and classified as equity instruments, do not include contractual obligations to deliver cash or other financial assets to other parties, or exchange financial assets or financial liabilities with other parties under potentially unfavourable conditions. And there is no arrangement that requires or can be settled with the Group's own equity instruments.

Other equity instruments issued by the Group are initially recognised at the fair value deducting the cost that is directly attributable to equity transactions. The dividend distributions or interest expenses during the existence of other equity instruments shall be treated as profit distribution. The repurchasing and writing off of other equity instruments are treated as changes in shareholders' equity, and the related transaction costs are deducted from the shareholders' equity.

### 10. Inventories

#### (1) Classification

Inventories include raw materials, products in progress, finished products and stocks, commissioned processing materials, spare parts, marine engineering projects, and reusable materials, and are measured at the lower of cost and net realisable value.

#### (2) Cost of inventories

Cost of inventories is calculated using the weighted average method, which includes all purchase costs, processing costs, and other costs before the inventory is shipped to the destination and reached the status quo. Borrowing costs incurred directly attributable to the production of qualifying inventories are recognised in cost of inventories (Note II.15). The cost of inventory and work-in-progress includes raw materials, direct labour, and manufacturing expenses allocated in a systematic way under normal production capacity.

#### (3) The underlying factors in the determination of net realisable values of inventories and basis of allowance for impairment 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 normal course of business less the estimated costs to completion and the estimated expenses and related taxes necessary to make the sale.

#### (4) The Group adopts the perpetual inventory system.

#### (5) Amortisation of reusable material including low-value consumables and packaging materials

Reusable materials including low-value consumables and packaging materials. Low value consumables are amortised into expenses based upon numbers of usage. Packaging materials are amortised in full when received for use.

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## II. 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. Joint ventures are the investees over which the Group is able to exercise joint control together with other ventures and the Group enjoys the rights only on the net assets of investees. Associates are the investees that the Group has significant influence on their financial and operating policies.

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

#### (1) 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 absorbing party's share of the carrying amount of owners' equity of the party being absorbed at the combination date; for long-term equity investments acquired through a business combination involving enterprises not under common control, the investment cost shall be the combination cost.

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

#### (2) Subsequent measurement

For long-term equity investments accounted for using the cost method, they are measured at the initial investment costs, and cash dividends or profit distribution 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 of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the long-term equity investment is measured at the initial investment 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 acquisition date, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted upwards accordingly.

## CHAPTER XIV FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

### II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 11. Long-term equity investments (Continued)

##### (2) Subsequent measurement (Continued)

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 discontinues recognising its share of net losses of an investee after the carrying amount of the long-term equity investment together with any long-term interests that, in substance, form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards on contingencies are satisfied, the Group continues recognising the investment losses and the provisions. 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 surplus 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 an investee. The unrealised profits or losses arising from the intra-group transactions amongst the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, and then based on which the investment gains or losses are recognised. For the loss on the intra-group transaction amongst the Group and its investees attributable to asset impairment, any unrealised loss is not eliminated.

##### (3) Basis for determining the existence of control, joint control or significant influence over an investee

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 determination of financial and operating policies of the investee, but is not control or joint control over those policies.

##### (4) Impairment of long-term equity investments

The carrying amount of long-term equity investments in subsidiaries, joint ventures and associates is reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note II.19).

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 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 investment properties are included in the cost of the investment properties 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.

The Group adopts fair value model to subsequently measure investment properties and does not provide depreciation or amortisation. 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.

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 properties at the date of the transfer, and the difference between the fair value and the original carrying amount of the investment properties 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 assets 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 would be transferred into profit or loss for the current period when the investment real estate is disposed of.

An investment property is derecognised on disposal or when the investment properties 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 net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 13. Fixed assets

#### (1) Recognition and initial measurement

Fixed assets represent the tangible assets held by the Group for use in the production of goods or supply of services, for rental to others or for operation and administrative purposes with useful lives over one year.

Fixed assets are recognised when it is probable that the related economic benefits will flow to the Group and the cost 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.

#### (2) Depreciation

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives, unless the fixed asset is classified as held for sale (Note II.28). 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:

Classes	Estimated useful lives (years)	Estimated residual value rate (%)	Depreciation rate per annum (%)
Plants and buildings	10–33	10%	2.73–9%
Machinery and equipment	2–30	10%	3–45%
Office and other equipment	3–15	10%	6–30%
Motor vehicles	3–10	10%	9–30%
Dock, wharf	20–50	10%	1.8–4.5%
Offshore engineering equipment	20–30	10%	4.5–6%

Estimated useful lives, estimated residual value and depreciation methods are reviewed and adjusted as appropriate at each year-end.

#### (3) The carrying amount of a fixed asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note II.19).

#### (4) Disposal

A fixed asset is derecognised when it is disposed of or no future economic benefits are expected from its use or disposal. The amount of proceeds from disposal 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.

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## II. 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 (Note II.15).

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 its carrying amount (Note II.19).

### 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 on the temporary investment of those borrowings during the capitalisation period.

For general borrowings utilised for the acquisition and construction of an asset qualifying for capitalisation, the capitalised amount of the general borrowings 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 that exactly discounts estimated future cash flows through the expected life of the borrowings or, when appropriate, a shorter period to the initially recognised amount of the borrowings.



CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 16. Intangible assets

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

#### (1) Amortisation of intangible assets

An intangible asset with finite useful life is amortised on the straight-line method or other more appropriate methods that can reflect the pattern in which the asset's economic benefits are expected to be realised over its estimated useful life, unless the intangible asset is classified as held for sale (Note II.28).

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. At balance sheet date, an impairment test will be conducted.

The respective amortisation periods for such intangible assets are as follows:

Item	Amortisation periods
Land use rights	20 years – 50 years
Maritime space use rights	40 years – 50 years
Technological know-how and trademarks	3 years – 15 years
Customer relationships	2 years – 10 years
Customer contracts	9 months – 4 years
Franchise rights	10 years – 30 years

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.

**CHAPTER XIV****FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE**

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)****16. Intangible assets (Continued)****(2) 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 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;
- the 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 expenditures previously recognised as expenses are not recognised as an asset in the subsequent period. Capitalised expenditure on the development phase is presented as development expenditures in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

**(3) Impairment of intangible assets**

The carrying amount of intangible assets is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note II.19).

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 17. Goodwill

Goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under the business combination involving entities not under common control.

Goodwill is not amortised and is stated in the balance sheet at cost less accumulated impairment losses (Note II.19). On disposal of an asset group or combination of asset groups, any attributable amount of purchased goodwill is written off and included in the calculation of the profit or loss on disposal.

### 18. Long-term prepaid expenses

Long-term prepaid expenses include the improvement of the right-of-use assets and other expenses 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.

The amortisation periods of long-term prepaid expenses are as follows:

Item	Amortisation periods (years)
Mobilisation cost of drilling platform	3 – 5
Improvement expenditure of fixed assets under operating lease	2 – 10
Others	3 – 10

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 19. 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 the asset is lower than its carrying amount, the impairment provision shall be made based on the difference and included in the asset impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. 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 value of goodwill is allocated to the related asset groups or combination 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 combination 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 combination of asset groups, and then deducted from the carrying amounts of other assets within the asset groups or combination of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once an impairment loss is recognised, it is not reversed in the subsequent period.

### 20. Employee benefits

Employee benefits represent all kinds of allowances and compensations paid by the Group for services rendered by employees or for termination of employment relationship, which mainly include short-term wages, post-employment benefits and termination benefits.

## CHAPTER XIV FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

### II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 20. Employee benefits (Continued)

##### (1) Short-term wages

Short-term wages include wages or salaries, bonuses, allowances and subsidies, staff welfare, medical insurance, work injury insurance, maternity insurance, housing funds, labour union funds, employee education funds and short term paid absence and etc. Actual short-term wages are recognised as liabilities in the periods when the employees render services and are charged into profit or loss or capitalised in costs of related assets. The non-monetary welfare is measured at fair value.

##### (2) Post-employment benefits

The Group classifies post-employment benefits into defined contribution plans and defined benefit plans. A defined contribution plan is a post-employment benefits plan that no longer assumes further payment obligations after the Group pays a fixed fee to an independent fund; a defined benefit plan is a post-employment benefit plan other than the defined contribution plan. During the Reporting Period, the Group's post-employment benefits are basic pension insurance and unemployment insurance, which are all defined contribution plans.

###### *Basic pension insurance*

The Group's employees participated in the basic social pension insurance organised and implemented by local labour and social security bureau. Monthly payments of premiums on the basic pensions are calculated according to the bases and percentage prescribed by the relevant local authorities. After retirement, local labour and social security bureau is responsible for paying the pension benefit to the retired employees. 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.

##### (3) 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.

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 21. Provisions and contingent liabilities

Provisions for product warranties, 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 and provision for loan commitments which are recognised on the basis of expected credit losses are presented as provisions.

Provisions expected to be paid within one year from the balance sheet date are disclosed as current liabilities.

In terms of a possible obligation resulting from a past transaction or event, whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events or a present obligation resulting from a past transaction or event, where it is not probable that the settlement of the above obligation will cause an outflow of economic benefits, or the amount of the outflow cannot be estimated reliably, the possible or present obligation is disclosed as a contingent liability.

### 22. Dividend distribution

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

Dividends or distributions of profits proposed in the profit appropriation plan which will be authorised and declared after the balance sheet date, are not recognised as a liability at the balance sheet date but disclosed in the notes separately.

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 23. Share-based payments

#### (1) Classification

Share-based payment transactions in the Group are classified as equity-settled share-based payments and cash-settled share-based payments.

#### (2) Method to determine the fair value of equity instruments

Fair value of stock option is estimated based on binomial lattice model. Contract term of the stock option is used as the input variable of this model. And the binomial lattice model includes estimation of early execution of the option. The following factors are taken into account when using the binomial lattice model: (1) exercise price of the option; (2) vesting period; (3) current price of basic stocks; (4) expected fluctuation of stocks; (5) expected dividends of stocks; (6) risk-free rate within the option term.

The fair value of restricted stock is estimated based on the stock price of the listed company.

#### (3) Basis of the best estimate of the number of equity instruments expected to vest

At each balance sheet date during the vesting period, the Group makes the best estimate according to the latest information of the number of employees who are granted to vest and revises the number of equity instruments expected to vest. On vesting date, the estimate shall be equal to the number of equity instruments that ultimately vested.

For restricted incentive stocks granted, during the vesting period, the Group revises the estimated number of restricted incentive shares that it expects to ultimately vest based on the vesting conditions at the end of each reporting period. If any adjustment is required to the accumulated fair value that has been recorded and confirmed in the previous year, it shall be included in the current year's share-based employee compensation expenditure/deducted from this item, and the share-based employee compensation reserve shall be adjusted accordingly. The shares held by the trust of the Group are disclosed as holding shares under the stock incentive plan and are deducted from equity.

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)****23. Share-based payments (Continued)****(4) Accounting treatment for share-based payments***(a) Equity-settled share-based payments*

Where the Group uses shares or other equity instruments as consideration for services received from the employees, the payment is measured at the fair value of the equity instruments at the grant date. If the equity instruments granted to employees vest immediately, the fair value of the equity instruments granted is, on grant date, recognised as relevant cost or expenses with a corresponding increase in capital reserve. If the equity instruments granted to employees do not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, the Group, at each balance sheet date during the vesting period, makes the best estimate according to the latest information of the number of employees who are granted to vest and revises the number of equity instruments expected to vest. Based on the best estimation, the Group recognises the services received for the current period as related costs or expenses, with a corresponding increase in capital reserve, at an amount equal to the fair value of the equity instruments at the grant date.

*(b) Cash-settled share-based payments*

Where the Group receives services from employees by incurring a liability to deliver cash or other assets for amounts that are determined based on the price of shares or other equity instruments, the service received from employees is measured at the fair value of the liability incurred. If the rights under a cash-settled share-based payment do not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, the Group, at each balance sheet date during the vesting period, recognises the services received for the current period as related costs or expenses, with a corresponding increase in liability, at an amount equal to the fair value of the liability based on the best estimate of the outcome of vesting.



CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 24. Revenue recognition

Revenue is recognised at the amount of the consideration which the Group expects to be entitled to receive when obligations in a contract are performed, that is, the control of the goods is transferred to the customer.

Obtaining the control of related goods means being able to dominate the use of the commodity and obtain almost all of its economic benefits.

It's transferring control of a good or service over time, if one of the following criteria is met. Otherwise, It's transferring control of a good or service at a point in time:

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

In respect of a contract obligation that is to be fulfilled within a period, the Company 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.

When the performance progress cannot be reasonably determined, the revenue shall be recognised according to the amount of costs incurred if the expenses incurred by the Group could be expected to be compensated, until the performance progress can be reasonably determined.

Revenue recognised at a point in time is determined when the customer obtains control of the goods and services.

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 24. Revenue recognition (Continued)

Contract costs include incremental costs of obtaining a contract and costs to fulfil a contract. The costs are recognised as contract fulfilment costs on the condition that (1) the costs are incurred by the Group for the fulfilment of the current or expected sales contracts or service contracts, (2) the costs increase the resources that the Group will use to fulfil obligations in the future, and (3) the costs are expected to be recoverable. The contract fulfilment costs are recognised as the cost of sale of main operations based on the stage of completion when recognising revenue. Cost incurred by the Group for the acquisition of the contract is recognised as incremental costs of obtaining a contract. For costs of obtaining a contract with amortisation period of less than one year, it would be recognised in profit or loss for the current period when it occurs; for costs of obtaining a contract with amortisation period of more than one year, it would be amortised in profit or loss on the basis of revenue recognition of the related contract. If the carrying amount of contract cost is higher than the remaining consideration expected to be obtained by the provision of the service minus the estimated cost to be incurred, the Group makes impairment provisions on the excess and recognises it as asset impairment losses. On the balance sheet date, the Group presents costs to fulfil a contract with its carrying amount less the relevant impairment losses as inventory or other non-current assets depending on if the amortisation period at the time of initial recognition is more than one year. For costs to fulfil a contract with an amortisation period at the time of initial recognition of more than one year, it is presented as inventory, while costs that with amortisation period of more than one year is presented as other non-current assets.

#### (1) Revenue from sales of goods

The Group manufactures and sells containers, road transportation vehicles and equipment, airport equipment, fire fighting equipment, energy, chemical equipment, etc. Revenue is recognised at a point in time when the customer obtains control over the relevant goods.

##### (a) Containers sales revenue

The Group manufactures and sells containers. Revenue is recognised at a point in time when the control over the goods is transferred after the goods have been delivered to the location as specified and customers' acceptance receipts have been obtained.

##### (b) Road transportation vehicles and equipment sales revenue

Road transportation vehicles and equipment are classified into domestic sales and overseas sales. Domestic sales recognise the revenue after the customer accepts the goods as specified in the sales contract, while overseas sales recognise the revenue after loading the goods on the ship designated by the buyer at the port of shipment specified in the sales contract.

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 24. Revenue recognition (Continued)

#### (1) Revenue from sales of goods (Continued)

##### (c) *Airport facilities and fire fighting equipment sales revenue*

Airport facilities include passenger boarding bridge sold. Revenue is recognised at a point in time when the control over the goods is transferred after the Group has delivered the products to the location as specified in the contract and the customer has accepted the goods. The sales of fire fighting equipment include fire fighting vehicles, fire fighting gears, mobile fire fighting stations and rescue stations. Revenue is recognised at a point in time when the control over the goods is transferred after the Group has delivered the products to the location as specified in the contract and the customer has accepted the goods.

##### (d) *Sales revenue of energy and chemical equipment*

The products of energy and chemical equipment mainly include chemical tanks, storage and transportation equipment, etc. Revenue is recognised at a point in time when the control over the goods is transferred after the Group has delivered the products to the location as specified in the contract and the customer has accepted the goods.

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 periods granted by the Group to customers in various industries are consistent with the practices of various industries, therefore, there is no significant financing component.

The Group provides product quality assurance for the sales of products and recognises corresponding provisions (Note IV.36). The Group does not provide any additional services or additional quality assurance, so the product quality assurance does not constitute a separate performance obligation.

The Group's cooperation model with distributors is outright sales, and the recognition of sales revenue under the distribution model is consistent with the direct sales model.

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 24. Revenue recognition (Continued)

#### (2) Revenue from project engineering contracts

The Group provides construction services to external parties. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

The Group expects that there is no situation in which the performance of the engineering project contract will cause the payment period of the end customer to exceed one year. Therefore, the Group does not adjust any of the transaction prices for the time value of money.

#### (3) Revenue from rendering of installation, R&D, design and other services

The Group provides external installation, R&D, design and other services, and recognises revenues over a period of time based on the progress of completed labour services. The progress of completed labour services is determined by the proportion of incurred costs to estimated total costs. At the balance sheet date, the Group re-estimated the progress of completed services so that it can reflect changes in performance of the contract.

#### (4) Revenue from rendering of freight forwarding services

The Group provides external freight forwarding services, and its revenue is recognised during the period of providing freight forwarding services in accordance with the progress of service completion. The progress of service completion is determined by the proportion of services already provided to the total amount of services that should be provided. If the Group provides logistics transportation services to customers as a principle, the revenue recognised generally includes the carrier's freight charge. Otherwise, the Group acts as an agent and recognises revenue based on the commissions or service charge, which is based on the total amount of consideration received or receivable minus the consideration payable to other parties, or based on the established commission amount or proportion.

When the Group recognises the income according to the progress of the completed services, the Group recognises the part that has obtained the unconditional right to collect consideration as accounts receivables, and the rest as contract assets, and impairment based on expected credit losses is recognised for subsequent measurement as well (Note II.9). If the contract price received or receivable by the Group exceeds the consideration of completed services, the excess is recognised as a contract liability. The Group's contract assets and contract liabilities under the same contract are presented on a net basis.

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 25. Government grants

Government grants are transfers of monetary assets or non-monetary assets from the government to the Group at nil consideration including refund of taxes and financial subsidies, etc.

A government grant is recognised when the conditions attached to it can be complied with and the government grant can be received. If a government grant in the form of transfer of monetary assets, the grant is measured at the amount received or receivable. For a government grant in the form of transfer of non-monetary assets, it is measured at fair value; if the fair value is not reliably determinable, the grant is measured at nominal amount.

Government grants related to assets represent grants obtained from government which are to compensate long-term assets purchased or other ways. Government grants related to income represent those government grants other than related to assets.

Government grants related to assets are either deducted against the carrying amount of the assets, or 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 and used to compensate related costs or losses in coming periods are recognised as deferred income and are recognised as profit or loss or deducted related cost in the period of related costs and expenses realised. Government grants related to income used to compensate related expenses or losses occurred are directly recognised as current year's profit or loss or deducted related costs. The Group uses the same method to disclosure government grants in the same category.

Government grants related to daily activities are included in operating profits. Government grants that are not related to daily activities are included in non-operating income and expenditure.

For the policy-based preferential interest rate loans received by the Group, the entry value of the borrowings shall be the borrowing amount actually received, and the relevant borrowing costs shall be calculated based on the principal of the borrowings and the policy preferential interest rate. The financial interest subsidy directly received by the Group reduces the relevant borrowing costs.

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 26. 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 difference, and it is probable that the temporary difference will not reverse 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.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all the following conditions are met:

- the taxable entity within the Group has a legally enforceable right to set off current tax assets against current tax liabilities;
- the deferred tax assets and deferred tax liabilities are related to the same taxable entity within the Group and the same taxation authority.

## CHAPTER XIV FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 27. Leases

A lease is a contract whereby, within a certain period of time, the lessor gives the right to use the assets to the lessee in order to obtain consideration.

#### The Group as the Lessee

At the commencement date, the Group shall recognise the right-of-use asset and measure 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 if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease if the lessee exercises an option to terminate the lease. Variable lease payments that are linked to a certain percentage of 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 comprise leased buildings, land use rights, machinery and equipment, motor vehicles, office and other equipment, etc. Right-of-use assets are measured initially at cost, which comprises the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date and any initial direct costs, less any lease incentives received. If there is reasonable certainty that the Group will obtain ownership of the underlying asset by the end of the lease term, the asset is depreciated over its remaining useful life; otherwise the asset is depreciated over the shorter of the lease term and its remaining useful life. The carrying amount of the right-of-use asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount.

For short-term leases with a term of 12 months or less and leases of an individual asset (when new) of low value, the Group may, instead of recognising right-of-use assets and lease liabilities, 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.

When the lease contract changes and the following conditions are met at the same time, the Group should treat it as a separate lease for accounting treatment: (1) The new lease contract expands the lease scope by adding one or more rights to use the leased asset; (2) The increased consideration is equivalent to the amount of the individual price of the expanded part of the lease scope adjusted according to the contract conditions.

When the lease change is not accounted for as a separate lease, the Group will re-determine the lease term on the effective date of the lease change, except for the simplified method for contract changes directly caused by COVID-19. In addition, the revised discount rate is used to discount the changed lease payment and remeasure the lease liability. If the lease change causes the scope of the lease to be narrowed or the lease term is shortened, the Group will correspondingly reduce the book value of the right-of-use asset, and the relevant gains or losses from the partial or complete termination of the lease are included in the current profit and loss. If other lease changes cause the lease liability to be remeasured, the Group will adjust the book value of the right-of-use asset accordingly.

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 27. Leases (Continued)

#### The Group as the Lessee (Continued)

For rent reduction or exemption directly caused by COVID-19 and only for rent before June 30, 2022, the Group chose to adopt a simplified method, that when an agreement is reached to relieve the original payment obligation, the undiscounted amount of deduction will be included in the current profit and loss, and the corresponding lease liability will be adjusted at the same time.

#### The Group as the lessor

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee. An operating lease is a lease other than a finance lease.

#### (1) Operating leases

Where the Group leases out self-owned buildings, machinery and equipment, and motor vehicles under operating leases, rental income 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.

When the lease contract changes, the Group will regard it as a new lease from the effective date of the change, and treat the advance or receivable lease payments related to the lease before the change as the new lease payment.

#### (2) Finance leases

At the commencement date, the Group recognises the finance lease receivables under a finance lease and derecognises relevant assets. The finance lease receivables under a finance lease are presented as long-term receivables; the finance lease receivables under a finance lease due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current assets.



CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 28. 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 sales of such non-current asset or disposal group; 2) The Group has entered a legally enforceable sales agreement with other party and obtained relevant approval, and the sales 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; 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.

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 29. Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties of the Group. Related parties of the Group and the Company include, but are not limited to:

- (a) the Company's parent;
- (b) the Company's subsidiaries;
- (c) enterprises that are controlled by the Company's parent;
- (d) investors that have joint control or exercise significant influence over the Group;
- (e) enterprises or individuals if a party has control, joint control over both the enterprises or individuals and the Group;
- (f) joint ventures of the Group, including subsidiaries of joint ventures;
- (g) associates of the Group, including subsidiaries of associates;
- (h) principal individual investors of the Group and close family members of such individuals;
- (i) key management personnel of the Group and close family members of such individuals;
- (j) key management personnel of the Company's parent company;
- (k) close family members of key management personnel of the Company; and
- (l) other enterprises that are controlled or jointly controlled by principal individual investors, key management personnel of the Group, and close family members of such individuals.

## CHAPTER XIV FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

### II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 30. Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. An operating segment is a component of the Group that meets the following conditions:

- It engages in business activities from which it may earn revenues and incur expenses;
- Its financial performance is regularly reviewed by the Group's management to make decisions about resource to be allocated to the segment and assess its performance;
- The Group is able to obtain its financial information regarding financial position, financial performance and cash flows, etc.

Two or more operating segments may be aggregated into a single operating segment if the segments have same or similar economic characteristics, and are similar in respect of the following aspects.

- the nature of each product and service;
- the nature of production processes;
- the type or class of customers for the products and services;
- the methods used to distribute the products or provide the services;
- the legal and regulatory impact on manufacturing of products and rendering of services.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 31. Significant changes in accounting policies

In 2021, the Ministry of Finance issued the Circular on Issuing Interpretation No. 14 of Accounting Standards for Business Enterprises (Cai Kuai [2021] No. 1), the Notice on Adjusting the Application Scope of the Provisions on the Accounting Treatment Regarding COVID-19-Related Rent Concessions (Cai Kuai [2021] No. 9), and the Questions and Answers on the Implementation of Accounting Standards for Business Enterprises. The Group has adopted the above circular, notice and Q&A to prepare the financial statements for the year ended 31 December 2021, and the impacts on the financial statements of the Group and the Company are as follows:

#### (1) Accounting treatment of rent reductions related to COVID-19

For the rent concessions as a direct result of COVID-19, agreed with lessors and for the period ended 30 June 2022 only, the Group and the Company have applied the practical expedient in the above circular for the preparation of the financial statements for the year ended 31 December 2021 (Note IV.56 and Note XVIII.19), and there is no significant impact on the financial statements.

#### (2) Accounting for changes in determination of contract cash flows of financial assets or financial liabilities due to the reform of benchmark interest rate

The financial statements for the year ended 31 December 2021 were prepared by the Group and the Company in accordance with the accounting for changes in determination of contract cash flows of financial assets or financial liabilities due to the reform of benchmark interest rate in the Interpretation No. 14 of Accounting Standards for Business Enterprises. As at 31 December 2021, the Group and the Company did not complete the replacement of benchmark interest rate (Note XV.1(2)).

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 32. 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.

#### (1) Critical judgements in applying the accounting policies

##### (a) *Criteria for judging significant increases in credit risk*

Judgement of the Group for significant increase in credit risk is mainly based on whether the number of overdue days exceeds credit term, or whether one or more of the following indicators changed significantly: business environment of the debtor, internal and external credit rating, significant changes in actual or expected operating results, significant decrease in value of collateral or credit rate of guarantor, the debtor is suffering significant financial difficulties, engaged in other debt restructuring, or it is probable that the debtor will enter bankruptcy, etc.

#### (2) Critical accounting estimates and key assumptions

##### (a) *Measurement of expected credit losses*

The Group calculates expected credit losses through default risk exposure and expected credit loss rate, and determines the expected credit loss rate based on default probability and default loss rate. In determining the expected credit loss rate, the Group uses data such as internal historical credit losses experience and adjusts historical data based on current conditions and forward-looking information.

When considering forward-looking information, the group has considered different macroeconomic scenarios. In 2021, the weights of "benchmark", "unfavorable" and "favorable" economic scenarios are 68%, 16% and 16% respectively. The Group regularly monitors and reviews important macroeconomic assumptions and parameters related to the calculation of expected credit losses, including the risk of economic downturn, external market environment, technological environment, changes in customer conditions, China's merchandise exports as a percentage of nominal GDP, U.S. nominal retail sales growth rate, U.S. merchandise imports as a percentage of GDP, European real fixed investment growth rate, Chinese merchandise trade balance as a percentage of nominal GDP, China's fiscal balance, Chinese money supply M1 growth rate, GDP growth rate, inflation rate, etc. In 2021, the Group has considered the uncertainty caused by COVID-19 and updated relevant assumptions and parameters accordingly.

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 32. Critical accounting estimates and judgements (Continued)

#### (2) Critical accounting estimates and key assumptions (Continued)

##### (b) *Accounting estimate on provision for impairment of long-term assets*

As described in Note II.19, if a long-term asset (including goodwill, fixed assets, construction in progress, long-term equity investments, intangible assets and right-of-use assets) with an indication of impairment is tested for impairment at each balance sheet date and it indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an assets 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, which require use of estimates.

Due to the continued impact of COVID-19 and related prevention and control measures, the business of the Group's some overseas subsidiaries has been affected to a certain extent. When the Group conducts long-term asset impairment tests, the higher of the net value of fair value minus disposal expenses and the present value of expected future cash flows is used to determine its recoverable amount. Due to the uncertainty in the development and prevention and control of COVID-19, there are also uncertainties in the growth rate, gross profit margin and pre-tax discount rate used in the calculation of the present value of expected future cash flows.

If management revises the growth rate used in the calculation of the future cash flow of the asset group or the asset group combination, and the revised growth rate is lower than the currently adopted growth rate, the Group needs to increase the provision for impairment of long-term assets

If management revised the gross profit margin used in the future cash flow calculation of the asset group or the asset group combination and the revised gross profit margin is lower than the gross profit margin currently used, the Group is required to increase the impairment provisions of long-term assets.

If management revised the discount rate before tax applied to the cash flow discount and the revised discount rate before tax is higher than the discount rate currently used, the Group is required to increase the impairment provisions of long-term assets.

If the actual growth rate and gross profit rate or actual pre-tax discount rate is higher or lower than management's estimate, the Group cannot reverse the long-term asset impairment losses that have been previously accrued.

## CHAPTER XIV FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

### II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 32. Critical accounting estimates and judgements (Continued)

##### (2) Critical accounting estimates and key assumptions (Continued)

###### (c) *Provision for impairment of inventories*

As described in Note II.10, the net realisable value of inventories is under management's regular review, and as a result, provision for impairment of inventories is recognised for the excess of inventories' carrying amounts over their net realisable value. 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, the costs of completion and the costs necessary to make the sale and relevant taxes may vary based on the changes in market sales, manufacturing technology and the actual use of the inventories, resulting in the changes in provision for impairment of inventories. The net profit or loss may then be affected in the period when the provision for impairment of inventories is adjusted.

###### (d) *Depreciation and amortisation of assets such as fixed assets and intangible assets*

As described in Note II.13 and 16, fixed assets, intangible assets and other assets are depreciated and amortised over their useful lives after taking into account residual value. The useful lives of the assets are regularly reviewed by the Group to determine the depreciation and amortisation costs charged in each reporting period. The useful lives of the assets are determined based on historical experiences of similar assets and the estimated technical changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

###### (e) *Warranty provisions*

As described in Note IV.36, the Group makes provisions under the warranties it gives on the sale of its products based mainly on the Group's 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.

###### (f) *Completion progress of the project engineering contract*

As described in Note II.24, contract revenue and contract profit are recognised based on the stage of completion of a contract which is determined with reference to the proportion of the physical construction work completed to the total estimated construction work. Where a contract is completed substantially and its contract revenue and contract expenses to completion can be reliably measured, the Group estimates contract revenue and contract expenses with reference to its recent construction experience and the nature of the construction contracts. For a contract that is not completed substantially, contract revenue that should be recognised based on its stage of completion, is not recognised and disclosed in the financial statements. Therefore, at the balance sheet date, actual total contract revenue and total contract cost may be higher or lower than the estimated total contract revenue and total contract cost and any change of estimated total contract revenue and total contract cost may have financial impact on future profit or loss.

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 32. Critical accounting estimates and judgements (Continued)

#### (2) Critical accounting estimates and key assumptions (Continued)

##### (g) *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 taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

As stated in Note III.2, some of the subsidiaries of the Group are high-tech enterprises. The validity period of the high-tech enterprise qualification is three years. After the expiration, the application for high-tech enterprise certification must be resubmitted to the relevant government department. Based on the historical experience re-identified after the expiration of high-tech enterprises in previous years and the actual situation of these subsidiaries, the Group believes that these subsidiaries can continue to obtain high-tech enterprise certification in the coming years, and then calculate their corresponding deferred income tax at a preferential tax rate of 15%. If in the future some subsidiaries fail to obtain re-certification after the expiration of the high-tech enterprise qualification, the income tax will be calculated at the statutory tax rate of 25%, which will affect the confirmed deferred income tax assets, deferred income tax liabilities and income tax expenses.

For the deductible losses that can be carried forward in subsequent years, the Group shall recognise the corresponding deferred income tax assets within the limit of the taxable income that is likely to be used to deduct the deductible losses in the future period. The taxable income obtained in the future period includes the taxable income that the Group can realise through normal production and operation activities, and the taxable income that will increase when the taxable temporary difference generated in the previous period is reversed in the future period. The Group needs to use estimates and judgements when determining the time and amount of taxable income in the future. If there is a difference between the actual situation and the estimate, it may lead to adjustments to the book value of deferred income tax assets.

##### (h) *Estimation of fair value of investment properties*

The Group recognised the fair value of the investment properties based on the valuation assessed by the independent professional valuer, the valuation assessed by management or quotes from potential independent third-party buyers. To assess the fair value of investment properties, as stated in Note XVI.1, several significant judgements and assumptions are used.



## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## III. TAXATION

## 1. Main taxes categories and rates

Types of tax	Tax basis	Tax rate
Value added tax (VAT) (a)	The output VAT calculated based on taxable income from sales of goods and rendering of service, after subtracting the deductible input VAT of the period, is VAT payable	6%, 9% and 13%
Urban maintenance and construction tax	VAT payable	7%
Income tax (b)	Taxable income	Note 1
The Netherlands/Australia service tax	Calculated based on revenue arising from sales of goods and rendering of service, less deductible or refundable taxes for purchase of goods	10%-19%

(a) Pursuant to the Notice on Relevant Enterprise Income Tax Policies for Deduction of 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 Administration of Taxation and other relevant regulations, during the period from January 1, 2018 to December 31, 2023, newly purchased equipment of less than 5 million yuan can be included in the current cost in the month after the asset is put into use, deducted when calculating taxable income, and no longer calculates depreciation on an annual basis.

(b) In accordance with the Announcement on Policies Concerning Deepening the Value-Added Tax Reform issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs (MOF, SAT, GAC Announcement [2019] No. 39) and related regulations, since April 1, 2019, the VAT taxable sales or related business of imported goods, tangible movable property financial leasing and tangible movable property operating leasing occurred in the subsidiaries of various business segments of the company. The original tax rate of 16% is adjusted to 13%; the original 10% tax rate applies to transportation services, real estate leasing services, etc., and the tax rate is adjusted to 9%; the modern service industry such as logistics and auxiliary services, yard services, and financial services still apply 6% tax rate, which is not within the scope of this adjustment.

Note 1: The income tax rates applicable to the Group and the major subsidiaries for the year are as follows:

	2021	2020
The Company	25%	25%
Subsidiaries registered in China	15-25%	15-25%
Subsidiaries registered in China Hong Kong	16.5-25%	16.5-25%
Subsidiaries registered in British Virgin Islands	-	-
Subsidiaries registered in U.S.	21%	21%
Subsidiaries registered in Germany	15.83-36.13%	15.83-36.13%
Subsidiaries registered in Britain	19%	19%
Subsidiaries registered in Australia	30%	30%
Subsidiaries registered in the Netherlands	25%	25%
Subsidiaries registered in Belgium	25%	29.58%
Subsidiaries registered in Denmark	22%	22%
Subsidiaries registered in Poland	19%	19%
Subsidiaries registered in Thailand	20%	20%
Subsidiaries registered in Singapore	17%	17%
Subsidiaries registered in Sweden	20.6%	21.4%
Subsidiaries registered in Cayman Islands	-	-
Subsidiaries registered in Malaysia	24%	24%
Subsidiaries registered in Luxembourg	24.94%	24.94%

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## III. TAXATION (Continued)

## 2. Preferential tax treatments

In 2021, the following major subsidiaries of the company have obtained the “High-tech Enterprise Certificate”, which is valid for 3 years. According to the relevant provisions of Article 28 of the “Enterprise Income Tax Law of the People’s Republic of China”, the applicable enterprise income tax rate for the following companies in 2021 is 15% (2020: 15%). The information of each major subsidiary enjoying tax incentives is listed as follows:

Name of enterprises	Local statutory tax rate	Preferential rate		Reasons
		2021	2020	
Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.	25%	15%	15%	High-tech enterprises
Xinhui CIMC Special Transportation Equipment Co., Ltd.	25%	15%	15%	High-tech enterprises
Yangzhou Tonglee Reefer Container Co., Ltd.	25%	15%	15%	High-tech enterprises
Yangzhou Runyang Logistics Equipment Co., Ltd.	25%	15%	NA	High-tech enterprises
CIMC Taicang refrigeration equipment logistics Co., Ltd.	25%	15%	15%	High-tech enterprises
Taicang CIMC Special Logistics Equipment Co., Ltd.	25%	15%	15%	High-tech enterprises
Qianhai Ruiji Technology Co., Ltd.	25%	15%	15%	High-tech enterprises
Qingdao CIMC Special Reefer Co., Ltd. (QDCSR)	25%	15%	15%	High-tech enterprises
Beijing CIMC Intelligent Cold Technology Co., Ltd.	25%	15%	15%	High-tech enterprises
CIMC Cold Cloud (Beijing) Technology Co., Ltd.	25%	15%	15%	High-tech enterprises
CIMC Cold Cloud (Beijing) Supply Chain Management Co., Ltd.	25%	15%	15%	High-tech enterprises

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

### III. TAXATION (Continued)

#### 2. Preferential tax treatments (Continued)

Name of enterprises	Local statutory tax rate	Preferential rate		Reasons
		2021	2020	
Hunan CIMC New Material Technology Co., Ltd.	25%	15%	15%	High-tech enterprises
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 Special Vehicle Co., Ltd.	25%	15%	15%	High-tech enterprises
Zhumadian CIMC Huajun Vehicle Trading Co., Ltd.	25%	15%	15%	High-tech enterprises
Gansu CIMC Huajun Vehicle Co., Ltd.	25%	15%	15%	High-tech enterprises
Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd. (YZTH)	25%	15%	15%	High-tech enterprises
Dongguan CIMC Special Vehicle Co., Ltd.	25%	15%	15%	High-tech enterprises
Zhumadian CIMC Huajun Vehicle Trading Co., Ltd.	25%	15%	15%	High-tech enterprises
Shandong Master 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 Vehicles (Jiangmen) Co., Ltd.	25%	15%	15%	High-tech enterprises
Jiangsu Baojing Auto Parts Co., Ltd.	25%	15%	15%	High-tech enterprises

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## III. TAXATION (Continued)

## 2. Preferential tax treatments (Continued)

Name of enterprises	Local statutory tax rate	Preferential rate		Reasons
		2021	2020	
Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd.	25%	15%	15%	High-tech enterprises
Enric (Bengbu) Compressor Co., Ltd.	25%	15%	15%	High-tech enterprises
Shijiazhuang Enric Gas Equipment Co., Ltd.	25%	15%	15%	High-tech enterprises
Enric (Langfang) Energy Equipment Integration Co., Ltd.	25%	15%	15%	High-tech enterprises
Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd.	25%	15%	15%	High-tech enterprises
CIMC Safeway Technologies Co., Ltd.	25%	15%	15%	High-tech enterprises
Nanjing Yangzi Petrochemical Design Engineering Co., Ltd.	25%	15%	NA	High-tech enterprises
Liaoning CIMC Hashenleng Gas Liquefaction Plant Co., Ltd.	25%	15%	15%	High-tech enterprises
Nantong CIMC Energy Equipment Co., Ltd.	25%	15%	15%	High-tech enterprises
Enric (Nantong) CIMC Food Equipment Co., Ltd.	25%	15%	15%	High-tech enterprises
Nantong CIMC Pacific Ocean Engineering Co., Ltd.	25%	15%	15%	High-tech enterprises
Anjieshui Internet of Things Information Technology (Suzhou) Co., Ltd.	25%	15%	15%	High-tech enterprises

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

### III. TAXATION (Continued)

#### 2. Preferential tax treatments (Continued)

Name of enterprises	Local statutory tax rate	Preferential rate		Reasons
		2021	2020	
Zhangjiagang CIMC Sanctum Special Equipment Machinery Co., Ltd.	25%	15%	15%	High-tech enterprises
Shenzhen CIMC – TianDa Airport Support Co., Ltd.	25%	15%	15%	High-tech enterprises
Cuilian (China) Fire Safety Equipment Manufacturing Co., Ltd.	25%	15%	15%	High-tech enterprises
Deli Kyushu Logistics Automation System (Beijing) Co., Ltd.	25%	15%	15%	High-tech enterprises
CIMC Deli Logistics System (Suzhou) Co., Ltd.	25%	15%	15%	High-tech enterprises
Xiefa Airport Equipment Ltd.	25%	15%	15%	High-tech enterprises
Shanghai Jindun Special Vehicle Equipment Co., Ltd.	25%	15%	15%	High-tech enterprises
Shenzhen CIMC TianDa Logistics Systems Engineering Co., Ltd.	25%	15%	15%	High-tech enterprises
Shenyang Jietong Fire Truck Co., Ltd.	25%	15%	15%	High-tech enterprises
Sichuan Chuanxiao Fire Safety Vehicle Manufacturing Co., Ltd.	25%	15%	15%	High-tech enterprises

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Please refer to Note VI.1 and IV.16 for the definition of subsidiaries, associates and joint ventures.

## 1. Cash at bank and on hand

	31 December 2021	31 December 2020
Cash on hand	5,107	5,330
Bank deposits	15,621,490	11,283,374
Other cash balances	816,136	892,711
	<b>16,442,733</b>	<b>12,181,415</b>
Including: cash abroad	<b>1,344,165</b>	<b>1,297,888</b>

As at 31 December 2021, restricted cash at bank and on hand of the Group amounted to RMB1,282,863,000 (31 December 2020: RMB1,371,175,000), refer to Note IV.27 for details.

As at 31 December 2021, restricted cash at bank and on hand of the Group mentioned above included deposits of Finance Company in the People's Bank of China, amounting to RMB466,727,000 (31 December 2020: RMB478,464,000). Finance Company is a finance institution authorised by the People's Bank of China.

## 2. Financial assets held for trading

	31 December 2021	31 December 2020
Investments in equity instruments held for trading (i)	440,501	61,494
Investments in debt instruments held for trading	–	136,785
Contingent consideration	4,931	–
	<b>445,432</b>	<b>198,279</b>

- (i) Held-for-trading equity instrument investments are mainly monetary funds purchased and invested by Finance Company. The fair value of the funds is determined according to the net asset value statement as of December 31, 2021 published by the fund company.

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 3. Derivative financial assets and liabilities

	Note	31 December 2021	31 December 2020
Derivative financial assets -			
Forward foreign exchange contracts	(1)	536,659	767,965
Foreign exchange option contracts	(2)	25,368	93
		<b>562,027</b>	<b>768,058</b>
Derivative financial liabilities -			
Forward foreign exchange contracts	(1)	22,999	207,279
Foreign exchange option contracts	(2)	3,385	18
Interest rate swap contracts	(3)	8,446	74,923
Commitment to minority shareholders	(4)	657,026	465,561
		<b>691,856</b>	<b>747,781</b>

#### (1) Forward foreign exchange contracts

As at 31 December 2021, the Group had certain unsettled forward contracts, mainly denominated in USD, JPY, GBP, EUR, HKD and AUD. The nominal value of these contracts amounted to USD4,316,620,000, JPY 1,418,920,000, GBP22,000,000, EUR153,270,000, HKD185,870,000, AUD4,000,000, respectively. Pursuant to these forward contracts, the Group are required to buy/sell foreign currencies, such as USD, JPY, GBP, EUR, HKD, AUD of contracted nominal value at agreed rates in exchange of RMB at the contract settlement dates. These forwards contracts will be settled on a net basis by comparing the market rates at the settlement dates and the agreed rates. The settlement dates of the aforesaid forwards contracts range from 11 January 2022 to 27 December 2022.

#### (2) Foreign exchange option contracts

As at 31 December 2021, the Group had certain unsettled forward contracts, mainly denominated in USD. The nominal value of these contracts amounted to USD228,000,000. Pursuant to these future contracts, the Group are required to buy/sell USD of contracted nominal value at agreed rates in exchange of RMB at the contract settlement dates. These future contracts will be settled on a net basis by comparing the market rates at the settlement dates and the agreed rates. The settlement dates of the aforesaid forwards contracts range from 25 January 2022 to 10 May 2022.

#### (3) Interest rate swap contracts

As at 31 December 2021, the Group had 4 unsettled interest swap contracts denominated in USD, with a nominal value amounted to USD1,350,000,000 and fair value of RMB8,446,000. The settlement dates of the aforesaid interest swap contracts was on 30 March 2022.

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 3. Derivative financial assets and liabilities (Continued)

## (4) Commitment to minority shareholders

The company and its wholly-owned subsidiary CIMC Hong Kong shall compensate CIMC Offshore's minority shareholders for the difference below the agreed amount when they exit through the sale of equity to a third party. The Group's obligation to make up for this difference recognizes derivative financial liabilities at fair value.

## 4. Notes receivables

	31 December 2021	31 December 2020
Bank acceptance notes	685,874	307,852
Trade acceptance notes	263,721	63,043
Less : Provision for bad debts	(1,627)	(8,893)
	<b>947,968</b>	<b>362,002</b>

- (a) As at 31 December 2021, pledged bills receivable presented in the notes receivables of the group are as follows:

	31 December 2021
Bank acceptance notes	41,700
Trade acceptance notes	-
	<b>41,700</b>

- (b) As at 31 December 2021, notes endorsed or discounted but not due, presented as notes receivables of the Group was as follows:

	Derecognized	Not Derecognized
Bank acceptance notes (i)	626,907	215,569
Trade acceptance notes	-	41,911
	<b>626,907</b>	<b>257,480</b>

- (i) In 2021, only a few bank acceptance bills receivable were endorsed or discounted by some subsidiaries of the Group and derecognized, so they are still classified as financial assets measured at amortized cost. In addition, some subsidiaries of the Group discount and endorse some bank acceptance bills according to the needs of their daily fund management, so they are classified as financial assets measured at fair value and their changes are included in other comprehensive income and listed as receivables financing (Note IV.6).



CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 4. Notes receivables (Continued)

- (c) Provision for bad debts

The Group's bills receivable are all generated from daily business activities such as sales of goods and provision of labor services. Regardless of whether there is a significant financing component, the loss provision is measured based on the expected credit loss of the entire duration. As at December 31, 2021, the Group's provision for bad debts based on lifetime expected credit losses was RMB1,627,000 (December 31, 2020: RMB8,893,000).

### 5. Accounts receivables

	31 December 2021	31 December 2020
Accounts receivables	26,931,012	19,844,720
Less: Provision for bad debts	(1,439,831)	(1,208,955)
	<b>25,491,181</b>	<b>18,635,765</b>

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

	31 December 2021	31 December 2020
Within 1 year (inclusive)	24,567,260	17,274,835
1 to 2 years (inclusive)	1,090,772	1,451,498
2 to 3 years (inclusive)	955,662	518,065
Over 3 years	317,318	600,322
	<b>26,931,012</b>	<b>19,844,720</b>

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 5. Accounts receivables (Continued)

- (b) As at 31 December 2021, the five largest balances of accounts receivables are analysed as follows, accumulated by arrearage parties:

	Book balance	Provision for bad debts	% of total accounts receivables
Total of the five largest accounts receivables	6,973,351	10,570	25.89%

- (c) Accounts receivables derecognised due to transfer of financial assets:

In 2021 and 2020, 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 loss provision is measured according to the expected credit loss of the whole duration.

- (i) As at 31 December 2021, accounts receivables with amounts that the related provision for bad debts was set aside on the individual basis are analysed as follows:

	Book balance	Lifetime expected credit losses rate	Provision for bad debts	Reason
Containers Manufacturing	55,009	100.00%	55,009	
Energy, chemical and liquid food equipment	151,026	45.28%	68,392	
Offshore engineering	8,972	100.00%	8,972	Measured provision as lifetime expected credit losses
Airport, facilities, fire safety and automated logistics equipment	170,254	89.16%	151,802	
Logistics services	9,944	100.00%	9,944	
Others	548,280	55.36%	303,542	
	943,485		597,661	

CHAPTER XIV

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 5. Accounts receivables (Continued)

#### (d) Provision for bad debts (Continued)

- (ii) As at 31 December 2021, accounts receivables that are assessed for impairment on a collective group basis are as follows:

Collectively assessed 1 – Containers Manufacturing business:

	31 December 2021			31 December 2020		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime expected credit losses rate	Amount	Amount	Lifetime expected credit losses rate	Amount
Not overdue	10,228,172	0.09%	9,204	2,222,965	0.10%	2,329
Overdue within 1 month	218,802	0.70%	1,530	99,550	0.35%	349
Overdue for 1 to 3 months	230,280	1.07%	2,462	72,596	0.53%	388
Overdue 3 to 12 months	85,626	2.96%	2,538	32,363	1.94%	627
Overdue 1 to 2 years	25,352	6.61%	1,676	47,171	3.26%	1,537
Overdue 2 to 3 years	47,171	100.00%	47,171	33	100.00%	33
Overdue 3 to 5 years	1,648	100.00%	1,648	1,615	100.00%	1,615
Overdue for more than 5 years	-	-	-	118	100.00%	118
	<b>10,837,051</b>		<b>66,229</b>	<b>2,476,411</b>		<b>6,996</b>

Collectively assessed 2 – Road transportation vehicles business:

	31 December 2021			31 December 2020		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime expected credit losses rate	Amount	Amount	Lifetime expected credit losses rate	Amount
Not overdue	1,937,308	2.16%	41,848	2,106,876	2.72%	57,308
Overdue within 1 month	195,196	3.84%	7,491	271,165	4.76%	12,907
Overdue for 1 to 3 months	120,993	3.84%	4,643	202,684	4.76%	9,648
Overdue 3 to 12 months	550,858	3.84%	21,140	187,807	4.76%	8,940
Overdue 1 to 2 years	63,293	24.42%	15,459	33,800	17.27%	5,837
Overdue 2 to 3 years	21,490	81.68%	17,553	9,449	64.67%	6,111
Overdue 3 to 5 years	13,803	99.18%	13,690	20,504	81.67%	16,746
Overdue for more than 5 years	26,023	99.18%	25,809	27,797	100.00%	27,797
	<b>2,928,964</b>		<b>147,633</b>	<b>2,860,082</b>		<b>145,294</b>

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 5. Accounts receivables (Continued)

## (d) Provision for bad debts (Continued)

(ii) As at 31 December 2021, accounts receivables that are assessed for impairment on a collective group basis are as follows (Continued):

Collectively assessed 3 – Energy, chemical and liquid food equipment business:

	31 December 2021			31 December 2020		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
		Lifetime expected credit losses rate	Amount		Lifetime expected credit losses rate	Amount
Not overdue	2,086,386	3.23%	67,336	1,529,551	2.26%	34,623
Overdue within 1 month	162,250	4.40%	7,144	87,023	4.58%	3,986
Overdue for 1 to 3 months	74,583	4.40%	3,284	112,535	4.58%	5,154
Overdue 3 to 12 months	130,828	6.03%	7,891	217,335	6.84%	14,866
Overdue 1 to 2 years	124,035	33.84%	41,973	146,836	36.10%	53,008
Overdue 2 to 3 years	55,467	47.52%	26,356	26,461	48.92%	12,945
Overdue 3 to 5 years	39,973	78.70%	31,459	66,598	78.03%	51,966
Overdue for more than 5 years	51,550	100.00%	51,550	53,238	100.00%	53,238
	<b>2,725,072</b>		<b>236,993</b>	<b>2,239,577</b>		<b>229,786</b>

Collectively assessed 4 – Offshore engineering business:

	31 December 2021			31 December 2020		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
		Lifetime expected credit losses rate	Amount		Lifetime expected credit losses rate	Amount
Not overdue	210,653	0.54%	1,138	956,975	1.08%	10,291
Overdue within 1 month	533,568	1.00%	5,336	–	–	–
Overdue for 1 to 3 months	52,165	1.00%	522	–	–	–
Overdue 3 to 12 months	86,318	1.20%	1,036	54,693	1.10%	602
Overdue 1 to 2 years	19,714	3.37%	664	47,720	3.30%	1,575
Overdue for more than 2 years	22,886	97.67%	22,352	17,196	27.50%	4,729
	<b>925,304</b>		<b>31,048</b>	<b>1,076,584</b>		<b>17,197</b>

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 5. Accounts receivables (Continued)

#### (d) Provision for bad debts (Continued)

- (ii) As at 31 December 2021, accounts receivables that are assessed for impairment on a collective group basis are as follows (Continued):

Collectively assessed 5 – Airport, facilities, fire safety and automated logistics equipment business:

	31 December 2021			31 December 2020		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
		Lifetime expected credit losses rate	Amount		Lifetime expected credit losses rate	Amount
Not overdue	1,100,832	0.72%	7,946	1,746,553	1.14%	19,840
Overdue within 1 month	190,115	4.57%	8,692	227,719	4.95%	11,269
Overdue for 1 to 3 months	95,857	4.57%	4,382	44,836	4.95%	2,219
Overdue 3 to 12 months	480,372	4.57%	21,962	359,543	4.95%	17,792
Overdue 1 to 2 years	170,584	12.65%	21,572	164,292	14.52%	23,862
Overdue 2 to 3 years	93,768	36.38%	34,114	51,775	33.49%	17,342
Overdue for more than 3 years	79,288	56.69%	44,952	85,959	70.92%	60,965
	<b>2,210,816</b>		<b>143,620</b>	<b>2,680,677</b>		<b>153,289</b>

Collectively assessed 6 – Logistics Services business:

	31 December 2021			31 December 2020		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
		Lifetime expected credit losses rate	Amount		Lifetime expected credit losses rate	Amount
Not overdue	3,071,892	0.92%	28,414	1,601,805	0.34%	5,510
Overdue within 1 month	248,664	1.77%	4,390	47,559	6.91%	3,286
Overdue for 1 to 3 months	111,730	3.96%	4,426	59,101	11.23%	6,637
Overdue 3 to 12 months	49,794	11.99%	5,969	49,244	12.23%	6,023
Overdue 1 to 2 years	40,063	46.62%	18,677	21,325	49.33%	10,519
Overdue 2 to 3 years	13,900	100.00%	13,900	4,656	100.00%	4,656
Overdue for more than 3 years	3,389	100.00%	3,389	2,119	100.00%	2,119
	<b>3,539,432</b>		<b>79,165</b>	<b>1,785,809</b>		<b>38,750</b>

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 5. Accounts receivables (Continued)

## (d) Provision for bad debts (Continued)

(ii) As at 31 December 2021, accounts receivables that are assessed for impairment on a collective group basis are as follows (Continued):

Collectively assessed 7 – Recycled Load business:

	31 December 2021			31 December 2020		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
		Lifetime expected credit losses rate	Amount		Lifetime expected credit losses rate	Amount
Not overdue	393,692	1.34%	5,283	293,307	1.37%	4,017
Overdue within 1 month	60,290	4.09%	2,463	53,551	4.27%	2,285
Overdue for 1 to 3 months	4,782	4.58%	219	3,373	4.57%	154
Overdue 3 to 12 months	-	-	-	-	-	-
Overdue 1 to 2 years	589	43.63%	257	396	41.92%	166
Overdue for more than 2 years	431	100.00%	431	496	100.00%	496
	459,784		8,653	351,123		7,118

Collectively assessed 8 – Others:

	31 December 2021			31 December 2020		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
		Lifetime expected credit losses rate	Amount		Lifetime expected credit losses rate	Amount
Not overdue	2,066,339	2.21%	45,586	205,342	1.30%	2,673
Overdue within 1 month	45,106	6.37%	2,871	65,138	2.14%	1,397
Overdue for 1 to 3 months	53,620	8.47%	4,542	105,073	4.13%	4,344
Overdue 3 to 12 months	164,932	28.36%	46,767	124,525	11.61%	14,454
Overdue 1 to 2 years	12,279	83.35%	10,234	9,300	91.10%	8,472
Overdue for more than 2 years	18,828	100.00%	18,828	9,731	100.00%	9,731
	2,361,104		128,828	519,109		41,071

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 5. Accounts receivables (Continued)

- (e) The provision for bad debts this year amounted to RMB473,944,000 (2020: RMB393,756,000). A provision for bad debts amounted to RMB164,395,000 has been collected or reversed (2020: RMB148,313,000).
- (f) The accounts receivables amounted to RMB67,642,000 was written off in current year (2020: RMB162,097,000), the provision for bad debts was amounted to RMB67,642,000 in current year (2020: RMB162,097,000).
- (g) As at 31 December 2021, the accounts receivables amounted to RMB6,400,000 (2020: Nil) was pledged to the bank as a guarantee for short-term borrowings.

### 6. Receivables financing

	31 December 2021	31 December 2020
Receivables financing	1,049,831	1,546,753
Less: provision for bad debts	(1,587)	(2,576)
	<b>1,048,244</b>	1,544,177

Some subsidiaries of the group discounted and endorsed bank acceptance notes for the needs of daily fund management, and met the conditions of derecognition. Therefore, the bank acceptance notes and trade acceptance notes of the subsidiaries were classified as financial assets at FVOCI.

On December 31, 2021, the Group measure the bad debt provision RMB1,587,000 according to the expected credit loss of the whole duration (December 31, 2020: RMB2,576,000). The Group considers the credit risks of the bank acceptance notes were similar. The Group had no bank acceptance notes with single provision for impairment. In addition, there was no significant credit risk of the bank acceptance notes and will not cause significant losses due to bank default.

As at 31 December 2021, the amount of pledged bank acceptance notes receivable disclosed in receivables financing was RMB58,623,000 (31 December 2020: RMB192,662,000).

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

	Derecognized	Not Derecognized
Bank acceptance notes	5,061,576	-

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 7. Other receivables

		31 December 2021	31 December 2020
Assets purchased under reverse repurchase agreements	(i)	1,370,118	400,000
Security deposits		1,032,333	829,620
Dividends receivable		447,789	133,402
Receivables arising from financing for related parities	Note VIII.5(4)	420,835	542,410
Disbursements		295,063	124,713
Tax refund receivables		184,481	252,904
Loans		157,177	223,366
Receivables from share capital increase/transfer		81,961	169,113
Government grants receivable		35,850	25,084
Receivables from land project		14,510	3,351,863
Interest receivable		5,195	11,520
Others		1,058,451	879,161
Sub-total		5,103,763	6,943,156
Less: provision for bad debts		(324,137)	(195,618)
		4,779,626	6,747,538

(i) Assets purchased under reverse repurchase agreements mainly contained the interbank pledge-style repo transactions of Finance Company, one of the subsidiary of the Group.

## (1) The aging analysis of other receivables was as follows:

	31 December 2021	31 December 2020
Within 1 year	4,471,231	6,309,076
1 to 2 years	139,683	148,747
2 to 3 years	86,516	280,700
Over 3 years	406,333	204,633
	5,103,763	6,943,156



## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 7. Other receivables (Continued)

#### (2) Loss provision and changes in book balance

	First stage					Third stage					
	expected credit loss in the next twelve months (collectively assessed)		expected credit loss in the next twelve months (individually assessed)		Sub-total	Lifetime expected credit losses (suffered credit impairment) (collectively assessed)		Lifetime expected credit losses (suffered credit impairment) (individually assessed)		Sub-total	Total
	Provision for bad debts		Provision for bad debts			Provision for bad debts		Provision for bad debts			
	Book balance	for bad debts	Book balance	for bad debts	for bad debts	Book balance	for bad debts	Book balance	for bad debts	for bad debts	for bad debts
31 December 2020	1,930,506	29,663	4,839,354	15,461	45,124	43,373	27,224	129,923	123,270	150,494	195,618
Increase in current year	20,324,775	28,031	540,296	512	28,543	67,410	38,541	-	-	38,541	67,084
Reduction in current year	(18,925,309)	(26)	(3,591,294)	(1,901)	(1,927)	(84,501)	(45,490)	(149,945)	(136,384)	(181,874)	(183,801)
Including: Write-off in current year	-	-	-	-	-	(2,424)	(2,424)	(105,759)	(105,759)	(108,183)	(108,183)
Increase/Reversal of provision for bad debts in current year (i)	-	18,184	-	242,098	260,282	(12,785)	(7,006)	(8,040)	(8,040)	(15,046)	245,236
Transfer to the third stage	(4,625)	(29)	(368,857)	(238,633)	(238,662)	4,625	29	368,857	238,633	238,662	-
31 December 2021	3,325,347	75,823	1,419,499	17,537	93,360	18,122	13,298	340,795	217,479	230,777	324,137

(i) On December 31, 2021, the Group had no other receivables transferred to the first stage.

Except for changes in provision for bad debts caused by the increased and decreased in other receivables and conversion between the first and third stages, reversals in provision for bad debts due to changes in parameters and data used in determining expected credit losses were RMB245,236,000.

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 7. Other receivables (Continued)

## (2) Loss provision and changes in book balance (Continued)

As at 31 December 2021 and 31 December 2020, other receivables that are assessed individually is as follows:

(i) As at 31 December 2021, other receivables that are assessed individually is as follows:

First Stage	Book balance	Expected credit loss rate in the next twelve months	Provision for bad debts	Reason
Receivables from demolition compensation	11,279	–	–	
Security deposits	451,217	3.21%	14,480	
Receivables arising from financing for related parities	340,061	–	–	Measured provision as expected
Tax refund receivables	137,764	–	–	credit losses in the next twelve months
Receivables from share capital increase/transfer	75,501	–	–	
Loans	72,989	0.73%	532	
Disbursements	116,993	0.30%	348	
Others	213,695	1.02%	2,177	
	1,419,499		17,537	

Third Stage	Book balance	Lifetime expected credit loss rate	Provision for bad debts	Reason
Loans	36,039	84.21%	30,349	
Receivables arising from financing for related parities	60,549	65.46%	39,636	Measured provision as lifetime expected credit losses
Security deposits	44,875	95.79%	42,988	
Receivables from land project	3,231	100.00%	3,231	
Disbursements	45,247	35.36%	16,000	
Others	150,854	56.53%	85,275	
	340,795		217,479	

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 7. Other receivables (Continued)

#### (2) Loss provision and changes in book balance (Continued)

(ii) As at 31 December 2020, other receivables that are assessed individually was as follows:

First Stage	Book balance	Expected credit loss rate in the next twelve months	Provision for bad debts	Reason
Receivables from demolition compensation	3,336,755	–	–	
Security deposits	432,291	2.39%	10,330	
Receivables arising from financing for related parities	232,876	–	–	Measured provision as expected credit losses in the next twelve months
Tax refund receivables	163,651	–	–	
Receivables from share capital increase/transfer	72,150	–	–	
Loans	59,306	0.44%	259	
Others	542,325	0.90%	4,872	
	4,839,354		15,461	

Third Stage	Book balance	Lifetime expected credit loss rate	Provision for bad debts	Reason
Loans	80,225	93.43%	74,958	
Receivables from share capital increase/transfer	20,475	100.00%	20,475	Measured provision as lifetime expected credit losses
Security deposits	10,313	97.02%	10,006	
Receivables from demolition compensation	3,231	100.00%	3,231	
Others	15,679	93.12%	14,600	
	129,923		123,270	

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 7. Other receivables (Continued)

## (2) Loss provision and changes in book balance (Continued)

(iii) As at 31 December 2021 and 31 December 2020, other receivables that are assessed collectively was as follows:

	31 December 2021			31 December 2020		
	Book balance	Provision for loss		Book balance	Provision for loss	
	Amount	Amount	Accrual rate	Amount	Amount	Accrual rate
<b>First Stage</b>						
Assets purchased under reverse repurchase agreements	1,370,118	-	-	400,000	-	-
Security deposits	535,200	1,979	0.37%	384,714	2,055	0.53%
Receivables arising from financing for related parities	20,225	-	-	309,534	-	-
Dividends receivable	447,789	-	-	133,402	-	-
Tax refund receivables	46,717	-	-	89,253	-	-
Receivables from share capital increase/transfer	6,460	-	-	76,488	-	-
Loans	32,569	981	3.01%	56,101	61	0.11%
Government grants receivable	35,850	-	-	25,084	-	-
Receivables from demolition compensation	-	-	-	11,877	-	-
Interest receivable	5,195	-	-	11,520	-	-
Disbursements	132,823	832	0.63%	124,713	449	0.36%
Others	692,401	72,031	10.40%	307,820	27,098	8.80%
	<b>3,325,347</b>	<b>75,823</b>		<b>1,930,506</b>	<b>29,663</b>	

	31 December 2021			31 December 2020		
	Book balance	Provision for loss		Book balance	Provision for loss	
	Amount	Amount	Accrual rate	Amount	Amount	Accrual rate
<b>Third Stage</b>						
Loans	15,580	11,226	72.05%	27,734	21,313	76.85%
Security deposits	1,041	1,015	97.50%	2,302	1,401	60.86%
Others	1,501	1,057	70.42%	13,337	4,510	33.82%
	<b>18,122</b>	<b>13,298</b>		<b>43,373</b>	<b>27,224</b>	

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 7. Other receivables (Continued)

- (3) The provision for bad debts this year amounted to RMB312,320,000 (2020: RMB19,927,000), among which RMB75,618,000 has been recovered or reversed (2020: RMB28,046,000).
- (4) Other receivables written off in current year amounted to RMB108,183,000 in book value and amounted to RMB108,183,000 in bad debt provision.
- (5) As at 31 December 2021, the five largest balances of other receivables are analysed as follows:

	Nature	Book balance	Aging	% of total balance	Provision for bad debts
Centennial Life Insurance Co., Ltd	Assets purchased under reverse repurchase agreements	500,118	within 1 year	9.80%	-
Huisheng Fund Management Co., Ltd	Assets purchased under reverse repurchase agreements	320,000	within 1 year	6.27%	-
Xinyin Fund Management Co., Ltd	Assets purchased under reverse repurchase agreements	300,000	within 1 year	5.88%	-
Industrial Bank, Shenzhen Branch	Refundable Deposits	243,540	within 1 year	4.77%	-
Guoshou Security Fund Management Co., Ltd	Assets purchased under reverse repurchase agreements	100,000	within 1 year	1.96%	-
		1,463,658		28.68%	

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 8. Advances to suppliers

	31 December 2021	31 December 2020
Advance to suppliers	3,488,030	3,375,097
Less: provision for impairment	(40,609)	(40,484)
	<b>3,447,421</b>	<b>3,334,613</b>

(1) Aging analysis of advances to suppliers was as follows:

	31 December 2021		31 December 2020	
	Amount	% of total balance	Amount	% of total balance
Within 1 year (inclusive)	2,840,635	81.44%	2,765,957	81.95%
1 to 2 years (inclusive)	145,129	4.16%	119,059	3.53%
2 to 3 years (inclusive)	41,825	1.20%	34,144	1.01%
Over 3 years	460,441	13.20%	455,937	13.51%
Total	<b>3,488,030</b>	<b>100.00%</b>	<b>3,375,097</b>	<b>100.00%</b>

The aging is calculated from the date that advances to suppliers were recognized.

As at December 31, 2021, the prepayments aged over one year amounted to RMB647,395,000 (December 31, 2020: RMB609,140,000), mainly for the Group's prepayments for raw materials and equipment related to the offshore engineering business. As the production cycle of offshore engineering projects is usually more than 1 year, these prepayments have not yet been settled.

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 8. Advances to suppliers (Continued)

- (2) As at 31 December 2021, the five largest balances of advances to suppliers are analysed as follows, accumulated by arrearage parties:

	Amount	% of total balance
Total of the five largest advances to suppliers	839,485	24.07%

### 9. Inventories

- (1) Inventories summarised by categories are as follows

	31 December 2021			31 December 2020		
	Book balance	Impairment provision for inventories and costs incurred to fulfil a contract	Book value	Book balance	Impairment provision for inventories and costs incurred to fulfil a contract	Book value
Raw materials	7,286,229	(199,393)	7,086,836	4,891,548	(189,598)	4,701,950
Work in progress	3,290,003	(29,892)	3,260,111	4,263,942	(102,928)	4,161,014
Finished goods	7,504,227	(135,047)	7,369,180	4,558,185	(157,880)	4,400,305
Consignment stocks	234,024	(65)	233,959	154,491	(65)	154,426
Spare parts	242,785	(4,994)	237,791	248,399	(3,574)	244,825
Low-valued consumables	30,045	(1,097)	28,948	22,994	(1,194)	21,800
Materials in transit	66,471	-	66,471	51,424	-	51,424
Completed properties	48,357	(13,325)	35,032	50,967	(13,325)	37,642
Properties under development	297,610	(3,064)	294,546	306,505	(4,992)	301,513
Offshore engineering Project	2,049,991	(1,058,552)	991,439	1,619,837	(267,737)	1,352,100
Costs incurred to fulfil a contract	232,810	-	232,810	45,165	-	45,165
	21,282,552	(1,445,429)	19,837,123	16,213,457	(741,293)	15,472,164

- (i) The book balance of contract performance costs is mainly the transportation costs incurred before the control of the goods is transferred to the customer, and the transportation costs incurred for the performance of the sales contract and the engineering design expenses incurred for the completion of the engineering project. In 2021, the amortization of contract performance costs included in operating costs totaled RMB636,130,000 (2020: RMB656,639,000).

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 9. Inventories (Continued)

(2) Analysis of book balance movement of inventories for the year is as follows:

	31 December 2020	Increase in current year	Decrease in current year	Currency translation differences	31 December 2021
Raw materials	4,891,548	119,290,268	(116,811,478)	(84,109)	7,286,229
Work in progress	4,263,942	43,100,814	(44,007,527)	(67,226)	3,290,003
Finished goods	4,558,185	120,593,006	(117,625,410)	(21,554)	7,504,227
Consignment stocks	154,491	1,616,590	(1,537,045)	(12)	234,024
Spare parts	248,399	725,294	(725,254)	(5,654)	242,785
Low-valued consumables	22,994	457,162	(449,987)	(124)	30,045
Materials in transit	51,424	201,971	(186,613)	(311)	66,471
Completed properties	50,967	443	(3,053)	-	48,357
Properties under development	306,505	8,502	(17,397)	-	297,610
Offshore engineering Project	1,619,837	475,178	-	(45,024)	2,049,991
Costs incurred to fulfil a contract	45,165	823,775	(636,130)	-	232,810
	16,213,457	287,293,003	(281,999,894)	(224,014)	21,282,552



CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 9. Inventories (Continued)

(3) Provision for impairment of inventories and costs incurred to fulfil a contract are as follows:

Category	31 December 2020	Increase in current year Recognize	Decrease in current year		Currency translation differences	31 December 2021
			Reversal	Write-off		
Raw materials	189,598	52,503	(4,688)	(33,550)	(4,470)	199,393
Work in progress	102,928	12,253	(28,982)	(42,401)	(13,906)	29,892
Finished goods	157,880	122,463	(5,489)	(129,660)	(10,147)	135,047
Consignment stocks	65	-	-	-	-	65
Spare parts	3,574	2,006	(33)	(213)	(340)	4,994
Low-valued consumables	1,194	91	(184)	(2)	(2)	1,097
Completed properties	13,325	-	-	-	-	13,325
Properties under development	4,992	-	-	(1,928)	-	3,064
Offshore engineering Project	267,737	802,256	-	-	(11,441)	1,058,552
	741,293	991,572	(39,376)	(207,754)	(40,306)	1,445,429

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 9. Inventories (Continued)

(4) Provision for impairment of inventories are as follows:

- (a) The provision for impairment of the Group's inventories during the year was recognized mainly for the price drop of certain products and the slow-moving or waste materials.

Reversal/written off of provision for impairment of the Group's inventories during the year is as follows:

Category	Basis for provision	Reason for reversal/write-off
Raw materials	Market Price	Increase in net realisable value/usage or sales of inventories
Work in progress	The estimated selling price of the finished product less the estimated cost to completion, estimated selling expenses and related taxes	Increase in net realisable value/usage or sales of inventories
Finished goods	Market Price	Increase in net realisable value/usage or sales of inventories
Spare parts	Market Price	Increase in net realisable value/usage or sales of inventories
Low-valued consumables	Market Price	Increase in net realisable value/usage or sales of inventories
Completed properties	The estimated selling price of the finished product less the estimated costs to be incurred at completion, estimated selling expenses and related taxes	Increase in net realisable value/usage or sales of inventories
Offshore engineering Project	Market price and estimated selling price of finished goods less estimated costs to completion, estimated selling expenses and related taxes	Increase in net realisable value/usage or sales of inventories

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 10. Contract assets

	31 December 2021	31 December 2020
Contract assets	2,886,006	2,417,082
Less: contract assets impairment provision	(64,666)	(33,419)
	<b>2,821,340</b>	<b>2,383,663</b>

Regardless of whether there is a significant financing component in the contract assets, the Group measures the loss provision based on the expected credit loss for the entire duration.

The business related to airport and logistics equipment, fire fighting and rescue equipment and customers usually agree to settle in stages. The typical settlement time points include: (1) prepay to 10% – 30% of the contract price after the contract is signed; (2) prepay to 60% – 70% of the contract price when the equipment arrives at the project site and passes the acceptance; (3) prepay to 70% – 85% of the contract price if the project passes the preliminary acceptance; (4) prepay to 90% – 95% of the contract price when the project passes the final acceptance; (5) When the warranty period of the project ends, the remaining contract price shall be paid. During project implementation, when the received or receivable contract price exceeds the completed labor services, the excess part shall be recognized as contract liabilities, otherwise it shall be recognized as contract assets.

Offshore engineering related businesses are usually settled in stages as agreed in the contract. Typical settlement time points include: (1) prepay 5% – 30% of the contract price within 1–15 days after the contract takes effect/the contract is signed; (2) 15% – 60% of the contract price shall be paid after the commencement of the project and the steel plate is cut; (3) 45% – 70% of the contract price shall be paid after the laying and final position of the ship keel are confirmed by the classification society and the buyer's representative; (4) 90% – 95% of the contract price shall be paid after the project is launched and tested; (5) After the delivery protocol/the registration of the ship is completed, the remaining contract price shall be paid. During project implementation, when the received or receivable contract price exceeds the completed labor services, the excess part shall be recognized as contract liabilities, otherwise it shall be recognized as contract assets.

The businesses related to energy, chemical and liquid food equipment are usually settled in sections as agreed in the contract. The typical settlement time points include: (1) after the effective date of the contract, the advance payment shall be paid according to 20% – 30% of the total contract price; (2) When the equipment arrives at the project site and passes the acceptance, it shall be paid to 50% – 60% of the contract price; (3) 70% – 80% of the contract price will be paid if the project passes the preliminary acceptance; (4) 90% of the contract price will be paid if the project passes the final acceptance; (5) At the end of the project warranty period, the remaining contract price is paid, usually about 10%. During project implementation, when the received or receivable contract price exceeds the completed labor services, the excess part shall be recognized as contract liabilities, otherwise it shall be recognized as contract assets.

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 10. Contract assets (Continued)

As at 31 December 2021, impairment provision of contract assets individually assessed are as follows:

	Book balance	Lifetime expected credit losses rate	Impairment provision	Reason
Offshore engineering	533,788	0.17%	897	Measured provision as lifetime expected credit losses
Energy, chemical and food equipment	1,336,642	3.85%	51,414	
	1,870,430		52,311	

As at 31 December 2020, impairment provision of contract assets individually assessed are as follows:

	Book balance	Lifetime expected credit losses rate	Impairment provision	Reason
Offshore engineering	719,463	0.13%	917	Measured provision as lifetime expected credit losses
Energy, chemical and food equipment	1,037,352	2.54%	26,361	
	1,756,815		27,278	

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 10. Contract assets (Continued)

As at 31 December 2021, impairment provision of contract assets collectively assessed are as follows:

	Book balance	Lifetime expected credit losses rate	Impairment provision	Reason
Airport, facilities, fire safety and automated logistics equipment	1,015,576	1.22%	12,355	Measured provision as lifetime expected credit losses

As at 31 December 2020, impairment provision of contract assets collectively assessed are as follows:

	Book balance	Lifetime expected credit losses rate	Impairment provision	Reason
Airport, facilities, fire safety and automated logistics equipment	660,267	0.93%	6,141	Measured provision as lifetime expected credit losses

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 11. Current portion of non-current assets

	31 December 2021	31 December 2020
Finance lease receivables (NoteIV.15)	5,554,535	5,934,766
Sales of goods by installment	8,945	6,809
Others	165,016	357,548
Less: unrealised financing income	(987,471)	(1,261,351)
	4,741,025	5,037,772
Less: impairment provisions	(1,033,900)	(888,235)
	3,707,125	4,149,537

## 12. Other current assets

	31 December 2021	31 December 2020
Tax deductible/withheld	1,639,886	1,032,039
Others	287,273	281,659
	1,927,159	1,313,698

## 13. Other equity investments

	31 December 2021	31 December 2020
Unlisted company equity		
– Bank of Communications Schroder Fund Management Co., Ltd. (“ <b>BOCM Schroder</b> ”)	330,009	308,204
– China United International Rail Containers Co., Ltd. (“ <b>CR Intermodal</b> ”)	310,699	301,631
– Others	17,555	17,555
Listed company equity		
– Shoucheng Holdings Limited (“ <b>Shoucheng Holdings</b> ”)	265,603	388,057
– China Railway Special Cargo Services Co., LTD (“ <b>China Railway Special Cargo</b> ”)	242,400	155,300
– Others	875	611
	1,167,141	1,171,358

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 13. Other equity investments (Continued)

#### (1) Investment in non-trading equity instruments

	31 December 2021	31 December 2020
BOCM Schroder		
– Historical cost	8,125	8,125
– Accumulated changes in fair value	321,884	300,079
	<b>330,009</b>	308,204
CR Intermodal		
– Historical cost	380,780	380,780
– Accumulated changes in fair value	(70,081)	(79,149)
	<b>310,699</b>	301,631
China Railway Special Cargo		
– Historical cost	161,563	161,563
– Accumulated changes in fair value	80,837	(6,263)
	<b>242,400</b>	155,300
Shoucheng Holdings Limited		
– Historical cost	191,383	191,383
– Accumulated changes in fair value	74,220	196,674
	<b>265,603</b>	388,057

- (i) The Group does not participate in or influence the financial and operating decisions of the above-mentioned companies in any way, so the Group has no significant influence on them. For the consideration of strategic investment, it is accounted for as investment in other equity instruments.

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 14. Other non-current financial assets

	31 December 2021	31 December 2020
Financial assets that is measured at fair value and whose changes are included in the current profit and loss	330,600	101,885
Foreign exchange forward contract (Note IV.3(1))	-	605
	<b>330,600</b>	<b>102,490</b>

## 15. Long-term receivables

	31 December 2021	31 December 2020
Finance lease receivables	16,613,822	23,523,260
Sales of goods by installments	136,909	78,027
Others	320,435	457,119
Less: unrealised financing income	(4,043,132)	(6,591,986)
	<b>13,028,034</b>	<b>17,466,420</b>
Less: provision for bad debts	(1,402,908)	(1,339,607)
	<b>11,625,126</b>	<b>16,126,813</b>
Less: current portion of non-current assets		
Including: Finance lease receivables	(5,554,535)	(5,934,766)
Sales of goods by installments	(8,945)	(6,809)
Others	(165,016)	(357,548)
Less: unrealised financing income	987,471	1,261,351
Less: provision for loss	1,033,900	888,235
	<b>7,918,001</b>	<b>11,977,276</b>



CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 15. Long-term receivables (Continued)

The total future minimum lease receipts under finance lease after the balance sheet date, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date), are analysed as follows:

Minimum lease receipts	31 December 2021	31 December 2020
Within 1 year (inclusive)	5,554,535	5,934,766
1 and 2 years (inclusive)	2,319,727	3,248,077
2 and 3 years (inclusive)	1,505,911	2,187,576
Over 3 years	7,233,649	12,152,841
	<b>16,613,822</b>	23,523,260

In 2021, the long-term receivables derecognised due to transferring of financial assets in current year amounted RMB2,484,930,000 (2020: RMB773,526,000):

	Derecognition amount	The income from derecognition
Finance lease receivables	2,484,930	676,857

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 15. Long-term receivables (Continued)

## (1) Loss provision and changes in book balance:

	First stage			Second stage			Third stage				Sub-total	Total	
	Book balance	Provision for bad debts	Expected credit loss in the next twelve months (collectively assessed)	Book balance	Provision for bad debts	Provision for bad debts	Lifetime expected credit losses (Credit risk has increased significantly but credit impairment has not yet occurred) (collectively assessed)	Book balance	Provision for bad debts	Book balance			Provision for bad debts
31 December 2020	5,957,318	193,243	10,179,057	135,513	328,756	663,938	443,109	145,460	136,901	520,647	430,841	567,742	1,339,607
Increase in current year	2,176,453	71,292	168,830	-	71,292	18,814	13,808	-	-	-	-	-	85,100
Decrease in current year	(3,243,726)	(104,270)	(3,493,179)	(16,180)	(120,450)	(28,895)	(16,743)	(21,596)	(21,596)	(15,087)	(15,087)	(36,683)	(173,876)
Including: Write-off in													
current year	-	-	-	-	-	-	-	(20,000)	(20,000)	-	-	(20,000)	(20,000)
Derecognize	-	-	(2,484,930)	-	-	-	-	-	-	-	-	-	-
Increase/Reversal of provision for													
bad debts in current year (i)	-	55,263	-	12,067	67,330	-	55,461	-	29,286	-	-	29,286	152,077
Transfer to the third stage	(44,929)	(34,696)	-	-	(34,696)	(322,867)	(252,882)	262,212	181,994	105,584	105,584	287,578	-
Transfer back to the first stage	59,058	26,781	-	-	26,781	(59,058)	(26,781)	-	-	-	-	-	-
Transfer to the second stage	(46,838)	(1,640)	-	-	(1,640)	46,838	1,640	-	-	-	-	-	-
31 December 2021	4,857,336	205,973	6,854,708	131,400	337,373	318,770	217,612	386,076	326,585	611,144	521,338	847,923	1,402,908

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 15. Long-term receivables (Continued)

(1) Loss provision and changes in book balance: (Continued)

- (i) As at 31 December 2021, the provision for bad debts of long-term receivables that are individually assessed in the first stage are as follows:

	Book balance	Expected credit loss rate in the next twelve months	Provision for bad debts	Reason
<b>Individually assessed:</b>				
Finance lease receivables	6,854,708	1.92%	131,400	Measured provision as expected credit losses in the next twelve months

As at 31 December 2021 and 31 December 2020, the provision for bad debts of long-term receivables that are collectively assessed in the first stage are as follows:

	31 December 2021			31 December 2020		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Expected credit loss rate	Amount	Amount	Expected credit loss rate	Amount
<b>Collectively assessed:</b>						
Finance lease receivables	4,438,510	4.61%	204,445	5,525,609	3.45%	190,432
Sales of goods by installments	98,391	-	-	38,958	-	-
Others	320,435	0.48%	1,528	392,751	0.72%	2,811
	4,857,336		205,973	5,957,318		193,243

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 15. Long-term receivables (Continued)

## (1) Loss provision and changes in book balance: (Continued)

(ii) As at 31 December 2021, the provision for bad debts of long-term receivables that are collectively assessed in the second stage are as follows:

	31 December 2021			31 December 2020		
	Book balance	Provision for loss		Book balance	Provision for loss	
	Amount	Expected credit		Amount	Expected credit	
		loss rate	Amount		loss rate	Amount
<b>Collectively assessed:</b>						
Finance lease receivables	318,770	68.27%	217,612	602,110	69.48%	418,336
Others	-	-	-	61,828	40.07%	24,773
	<b>318,770</b>		<b>217,612</b>	<b>663,938</b>		<b>443,109</b>

(iii) As at 31 December 2021, the provision for bad debts of long-term receivables that are individually assessed in the third stage are as follows:

	Book balance	Lifetime expected credit loss rate	Provision for bad debts	Reason
<b>Individually assessed:</b>				
Finance lease receivables	611,144	85.31%	521,338	Measured provision as lifetime expected credit losses

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 15. Long-term receivables (Continued)

(1) Loss provision and changes in book balance: (Continued)

(iii) As at 31 December 2021, the provision for bad debts of long-term receivables that are individually assessed in the third stage are as follows (Continued):

As at 31 December 2021 and 31 December 2020, the provision for bad debts of long-term receivables that are collectively assessed in the third stage are as follows:

	31 December 2021			31 December 2020		
	Book balance	Provision for loss		Book balance	Provision for loss	
	Amount	Expected credit		Amount	Expected credit	
		loss rate	Amount		loss rate	Amount
<b>Collectively assessed:</b>						
Finance lease receivables	347,558	82.88%	288,067	107,784	92.06%	99,225
Sales of goods by installments	38,518	100.00%	38,518	37,676	100.00%	37,676
	<b>386,076</b>		<b>326,585</b>	<b>145,460</b>		<b>136,901</b>

(2) As at 31 December 2021, the underlying assets with legal rights corresponding to long-term receivables with book value of USD659,732,000 (equivalent to RMB4,207,509,000) have been used as collateral for long-term borrowings of USD147,167,000 (equivalent to RMB938,560,000) and long-term loans due within one year of USD28,800,000 (equivalent to RMB183,677,000) (Note IV.39).

### 16. Long-term equity investments

		31 December 2021	31 December 2020
Joint ventures	(1)	942,796	1,014,833
Associates	(2)	7,715,495	8,236,251
		<b>8,658,291</b>	9,251,084
Less: impairment provisions for long-term equity investments		(188,834)	(152,500)
		<b>8,469,457</b>	9,098,584

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 16. Long-term equity investments (Continued)

## (1) Long-term equity investments in joint ventures:

	31 December 2020	Movement in current year					31 December 2021	Impairment provisions
		Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Declared cash dividends or profits	Provision for impairment		
Guangxi Southern CIMC Logistics Equipment Manufacturing Co., Ltd. ("Guangxi Southern Logistics")	57,556	-	14,409	-	(16,475)	-	55,490	-
Jiangsu Wanjiang Technology Co., Ltd. ("Jiangsu Wanjiang")	12,824	-	(1,269)	-	-	-	11,555	-
NYK Zhenhua logistics (Tianjin) Co. Ltd. ("NKY Zhenhua")	68,170	-	(40)	-	-	-	68,130	-
Kawasaki Zhenghua logistics (Tianjin) Co. Ltd. ("Kawasaki Zhenghua logistics Tianjin")	21,504	-	1,423	-	(2,882)	-	20,045	-
Qingdao Jiefeng Baijian Container Maintenance Co., Ltd.	14,395	-	1,764	-	(2,702)	(203)	13,254	-
Dalian Jilong & Baijian Logistics Co., Ltd.	2,902	-	-	-	-	(32)	2,870	-
Shanghai Baijian Dewei Container Maintenance Co., Ltd.	14,527	-	(809)	-	-	(110)	13,608	-
Tianjin Jinshi Baijian Container Maintenance Co., Ltd.	5,676	-	(680)	-	-	(32)	4,964	-
Y&C Engine Co., Ltd. ("Y&C Engine")	245,856	-	(164,543)	-	-	-	81,313	-
Ningbo Meishan Bonded Port Area Chuangzhi Lian-cheng Investment Management Partnership	50,066	-	-	-	-	-	50,066	-
New Horizon Shipping UG Chemgas Schifffahrts UG (haftungsbeschränkt) & Co. MT (GASCHEMNARWHAL) KG	33,449	-	6,178	-	(6,292)	(716)	32,619	-
89,652	-	13,030	-	(4,926)	-	(2,050)	95,706	-
Shenzhen CIMC Lvmal Logistics and Intelligent Transportation Private Equity Investment Fund Partnership (Limited Partnership)	56,234	-	-	-	-	-	56,234	-
Guangxi Angel Education Investment Co., Ltd.	1,500	(1,500)	-	-	-	-	-	-
Bavaria Egypt	892	-	-	-	-	(90)	802	-
Shenzhen Xinghuo Chelian Technology Co., Ltd. ("Xinghuo Chelian")	3,947	-	(81)	-	-	-	3,866	-
Yantai Jinghai Ocean Fishery Co., Ltd.	87,591	96,000	(8,784)	-	-	-	174,807	-
Shenzhen CIMC Tianyi Equity Investment Management Partnership (Limited Partnership) ("Tianyi Equity Investment Management")	5,583	(5,500)	(83)	-	-	-	-	-
Shenzhen Tianyi Changmao Investment Partnership (Limited Partnership)	1,000	-	2	-	-	-	1,002	-
Gongqingcheng CIMC Water Investment Environmental Protection Industry Investment Partnership	67,519	-	1,075	-	-	-	68,594	-
Shenzhen Wangyue Equity Investment Fund Partnership (Limited Partnership) ("Wangyue Investment")	173,990	(173,990)	-	-	-	-	-	-
Angang CIMC (Yingkou) New Energy Technology Co., Ltd.	-	100,000	-	-	-	-	100,000	-
Shenzhen Aerospace Smart City System Technology Research Institute Co., Ltd.	-	87,871	-	-	-	-	87,871	-
	1,014,833	102,881	(138,408)	-	(33,277)	(3,233)	942,796	-

Refer to Note VI.2 for the Group's equity in joint ventures.

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 16. Long-term equity investments (Continued)

#### (2) Long-term equity investments in associates:

	Movement in current year							31 December 2021	Impairment provisions
	31 December 2020	Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Declared cash dividends or profits	Provision for impairment	Currency translation differences		
Xinyang Wood Hong Kong Co., Ltd. ("XYW")	8,005	-	(3,426)	-	-	-	(163)	4,416	-
Xiamen CIMC Haitou Container Service Co., Ltd. ("Xiamen CIMC Haitou")	18,824	-	2,286	-	(1,516)	-	(122)	19,472	-
Dalian Jilong Logistics Co., Ltd.	19,616	-	(1,167)	-	-	(9,144)	(544)	17,905	(9,144)
Senju (Jiangmen) Technology Material Co., Ltd. ("Senju Jiangmen")	41,111	(40,557)	(554)	-	-	-	-	-	-
Shenzhen CIMC Industrial City Development Group Co., Ltd. and its subsidiaries (i)	7,167,158	(55,840)	(144,995)	-	(402,314)	-	-	6,564,009	-
Ocean En-Tech ("CMIC Ocean")	42,726	-	-	-	-	-	(6,420)	36,306	-
Marine Subsea & Consafe Limited	2	-	-	-	-	-	-	2	(2)
LiHua gas storage and transportation Co., Ltd. ("LiHua Energy")	111,415	-	-	-	-	-	-	111,415	(111,415)
Jiuquan Enric Kunlun Cryogenic Machinery Co., Ltd.	2,608	-	-	-	-	-	-	2,608	(2,608)
Newtown Optoelectronics Technology (Shanghai) Co., Ltd.	16,163	-	(79)	-	-	-	-	16,084	-
Qingdao Port International Trade and Logistics Co., Ltd. ("Qingdao Port International")	52,984	-	8,554	-	-	-	-	61,538	-
Jiahua Shipping Co., Ltd.	78,378	-	-	-	-	(19,718)	(967)	77,411	(57,283)
Xindu Freight Co., Ltd.	1,511	-	95	-	-	-	-	1,606	-
Chifeng Lvtianyuan Farm Co., Ltd.	6,472	-	452	-	-	(355)	-	6,924	(355)
North Sea Rigs AS	12,802	-	-	-	-	-	(294)	12,508	-
Chengdu To Communication Equipment Co., Ltd.	842	(829)	(13)	-	-	-	-	-	-
Shenzhen Road Network Technology Co., Ltd.	6,233	-	(127)	-	-	-	-	6,106	-
Beijing Boxcool Exhibition Co., Ltd.	12,558	-	128	-	-	(6,169)	-	12,686	(6,169)
Shanghai Tanklink Supply Chain Technology Development Co., Ltd.	1,526	-	(56)	-	-	-	-	1,470	(910)

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 16. Long-term equity investments (Continued)

## (2) Long-term equity investments in associates: (Continued)

	31 December 2020	Movement in current year					31 December 2021	Impairment provisions
		Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Declared cash dividends or profits	Provision for impairment		
Fujian Qingchen Bamboo Industry Co., Ltd. ("Qingchen bamboo industry")	4,379	-	1,435	-	-	-	5,814	-
Mori (Shanghai) International Trade Co., Ltd.	570	-	(135)	-	-	-	435	-
Shenzhen Cadro Hydraulic Equipment Co., Ltd. ("Cadro Hydraulic")	27,605	(25,055)	(1,638)	-	(912)	-	-	-
Sichuan Zhongyixinwei Energy Co., Ltd. ("Zhongyixinwei")	33,331	-	(5,057)	-	-	-	28,274	-
Hengqin CIMC Ruidexin Innovative Venture Capital Fund, LP.	24,305	-	(235)	-	-	-	24,070	-
Qingdao Port International Trade Logistics Ltd.	9,294	-	1,549	-	(1,008)	-	9,835	-
Ningbo Huaxiang Automotive New Material Technology Co., Ltd.	1,463	-	-	-	-	-	1,463	-
Cela S.r.l.	26,736	-	3,390	-	-	(2,852)	27,274	-
OOS international Holding ("OOS international")	3,427	-	-	-	-	-	3,427	-
Ningbo Mediterranean Container Yard Co., Ltd. ("Ningbo Mediterranean")	21,265	-	6,743	-	(3,765)	-	24,243	-
Zhoushan Changhong International Ship Repair Co., Ltd. ("Zhoushan Changhong")	330,700	-	25,831	-	-	-	356,531	-
Nantong CIMC Yike New Material Development Co., Ltd.	8,718	-	2,978	-	-	-	11,696	-
CIMC Donghan (Shanghai) Shipping Co., Ltd.	17,432	-	230	(288)	-	-	17,374	-
Shitie Special Goods (Beijing) International Logistics Co., Ltd. ("Shitie Special Goods")	25,978	-	3,757	-	(5,516)	-	24,219	-
Tianjin Binhai COSCO Container Logistics Co., Ltd.	30,266	-	193	-	(861)	-	29,598	-
Guizhou Yinke Environmental Resources Co., Ltd.	30,142	6,000	(4,885)	-	-	(948)	31,257	(948)
Yichuan Tianyun clean energy Co., Ltd.	18,540	24,160	541	-	-	-	43,241	-
Ningbo Beilun Donghua Container Service Co., Ltd. ("Ningbo Beilun")	3,665	-	1,140	-	(810)	-	3,995	-



## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 16. Long-term equity investments (Continued)

#### (2) Long-term equity investments in associates: (Continued)

	Movement in current year							31 December 2021	Impairment provisions
	31 December 2020	Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Declared cash dividends or profits	Provision for impairment	Currency translation differences		
Tianzhu (Shanghai) International Freight Agency Co., Ltd. ("Tianzhu International")	1,522	-	(314)	-	-	-	-	1,208	-
Shenzhen Zhonglian Industry-University- Research Technology Co., Ltd.	111	-	(17)	-	-	-	-	94	-
Chongqing Changzu Feiyue Technology Co., Ltd.	4,624	(3,443)	1,615	-	-	-	-	2,796	-
Qingdao Senkete Intelligent Instrument Co., Ltd.	11,244	-	1,583	-	-	-	-	12,827	-
Dafei Lutong (Tianjin) Logistics Co., Ltd.	-	5,100	4,446	-	-	-	-	9,546	-
Xuzhou Lugang Shilianda Logistics Development Co., Ltd.	-	1,960	-	-	-	-	-	1,960	-
Hongjing Zhiye (Beijing) Multimodal Transport Consulting Co., Ltd.	-	2,000	-	-	-	-	-	2,000	-
Shanghai Ocean Engineering Equipment Manufacturing Innovation Center Co., Ltd.	-	8,264	(1,738)	-	-	-	-	6,526	-
Xinyu Tiangao Investment Management Partnership (Limited Partnership)	-	500	-	-	-	-	-	500	-
Zhongshiyun (Beijing) Investment Co., Ltd.	-	36,589	-	-	-	-	-	36,589	-
HuaSu Airport Air Service (Guangzhou) Co., Ltd.	-	2,800	-	-	-	-	-	2,800	-
ADS Supply Chain (Thailand) Co., Ltd.	-	1,070	-	-	-	-	-	1,070	-
Shanghai Hongji International Logistics Development Ltd.	-	2,450	-	-	-	-	-	2,450	-
Shenzhen Bay Angel Phase III Venture Capital Partnership (Limited Partnership)	-	30,000	(240)	-	-	-	-	29,760	-
Yantai Youtai Environmental Protection Technology Co., Ltd.	-	9,000	862	-	-	-	-	9,862	-
Shanghai Anji Marine Technology Co., Ltd.	-	350	(55)	-	-	-	-	295	-
	8,236,251	4,519	(96,923)	(288)	(416,702)	(36,334)	(11,362)	7,715,495	(188,834)

- (i) The Group's investment in CIMC Industry & City includes directly holding 45.92% of the equity in CIMC Industry & City and indirect holding of 34.44%-62.14% of the equity of CIMC Industry & City subsidiary project company.

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 17. Investment properties

	Buildings and relevant land use rights	Land use rights	Total
31 December 2020	1,200,130	237,840	1,437,970
Changes in fair value	7,130	567	7,697
Transferred from fix assets	39,137	–	39,137
Transferred from intangible assets	–	14,988	14,988
Purchase this year	25,927	–	25,927
Disposal this year	(138,702)	–	(138,702)
Currency translation differences	(380)	(552)	(932)
31 December 2021	<b>1,133,242</b>	<b>252,843</b>	<b>1,386,085</b>

(i) In 2021 and 2020, no capitalisation is included in the borrowing costs of investment real estate.

In 2021, the impact amount of changes in fair value of investment properties on the Group's current profit or loss was RMB7,697,000 (2020: RMB30,767,000).

The Group signed an agreement with an independent third party to sell the properties in Singapore held under its name in February 2021, and the disposal completed in July 2021.

As at 31 December 2021, the buildings with carrying amount of about RMB185,371,000 (31 December 2020: RMB182,306,000) had not been entitled the property ownership certificates due to unfinished entitling procedures.

## 18. Fixed assets

	31 December 2021	31 December 2020
Fixed assets (a)	<b>34,981,386</b>	35,284,483
Disposal of fixed assets (b)	<b>13,996</b>	27,178
	<b>34,995,382</b>	35,311,661

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 18. Fixed assets (Continued)

#### (a) Fixed assets

	Plants and buildings		Machinery and equipment		Office & other equipment		Motor vehicles		Offshore engineering equipment	Dock and wharf	Total
	For own use	For rent use	For own use	For rent use	For own use	For rent use	For own use	For rent use	For own use		
	Original cost										
31 December 2020	12,131,799	297,680	11,634,713	224,734	2,499,783	5,668	1,541,110	95,990	24,534,031	1,191,070	54,156,578
Increase this year											
Additions this year	147,475	326	727,026	234,605	95,918	4,206	187,307	135,466	676,127	1,086	2,209,542
Business combination	57,693	-	88,634	-	3,399	-	1,237	-	-	-	150,963
Transferred from construction in progress	1,003,728	-	1,577,103	-	134,057	-	660,334	-	-	3,303	3,378,525
Decrease this year											
Transferred to investment properties	(40,320)	-	-	-	-	-	-	-	-	-	(40,320)
Disposal or scrapping	(470,938)	(163,695)	(592,964)	(33,847)	(383,853)	(647)	(244,177)	(404)	(997,563)	-	(2,888,088)
Currency translation differences	(96,449)	-	(119,480)	-	(36,371)	-	(36,123)	-	(833,762)	(26,632)	(1,148,817)
31 December 2021	12,732,988	134,311	13,315,032	425,492	2,312,933	9,227	2,109,688	231,052	23,378,833	1,168,827	55,818,383
Accumulated depreciation											
31 December 2020	3,520,024	83,849	5,355,798	120,504	1,493,677	3,532	668,945	20,755	2,412,704	300,765	13,980,553
Depreciation recognised in current year	472,099	6,064	765,360	49,468	217,706	883	192,892	24,100	664,768	26,281	2,419,621
Decrease this year											
Transferred to investment properties	(1,183)	-	-	-	-	-	-	-	-	-	(1,183)
Disposal or scrapping	(219,746)	(53,028)	(504,828)	(26,581)	(175,153)	(295)	(122,083)	(85)	(615,556)	-	(1,717,355)
Currency translation differences	(43,102)	-	(91,230)	-	(30,870)	-	(15,187)	-	(49,566)	(6,998)	(236,953)
31 December 2021	3,728,092	36,885	5,525,100	143,391	1,505,360	4,120	724,567	44,770	2,412,350	320,048	14,444,683
Impairment provisions											
31 December 2020	234,766	-	35,816	-	6,435	-	16,386	-	4,598,139	-	4,891,542
Provisions	-	-	2,895	-	67,682	-	-	-	1,781,289	-	1,851,866
Disposal or scrapping	-	-	(148)	-	(37,518)	-	-	-	(193,265)	-	(230,931)
Currency translation differences	(638)	-	(836)	-	(646)	-	(331)	-	(117,712)	-	(120,163)
31 December 2021	234,128	-	37,727	-	35,953	-	16,055	-	6,068,451	-	6,392,314
Book value											
31 December 2021	8,770,768	97,426	7,752,205	282,101	771,620	5,107	1,369,066	186,282	14,898,032	848,779	34,981,386
31 December 2020	8,377,009	213,831	6,243,099	104,230	999,671	2,136	855,779	75,235	17,523,188	890,305	35,284,483

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 18. Fixed assets (Continued)

## (a) Fixed assets (Continued)

The houses and buildings in the disposal or scrapping of fixed assets in the current period are mainly the land and houses acquired by the government of Dalian CIMC Heavy Chemical Equipment Co., Ltd., a subsidiary of the Group. The machinery and equipment are mainly used for disposal, and the special equipment for marine engineering is mainly disposed of from Lifting H194 platform.

In 2021, depreciation of fixed assets recognised amounted to RMB2,419,621,000 (2020: RMB2,601,472,000), of which RMB2,032,883,000, RMB40,895,000, RMB212,840,000 and RMB133,003,000 (2020: RMB2,189,444,000, RMB43,083,000, RMB243,198,000 and 125,747,000) has been charged in cost of sales, selling and distribution expenses, general and administrative expenses, research and development expenses, respectively.

In 2021, the original cost of fixed assets transferred from construction in progress is RMB3,378,525,000 (2020: RMB1,100,278,000).

## (1) Temporarily idle fixed assets

As at 31 December 2021, the carrying amount of temporarily idle transportation, machinery and equipment, amounts to RMB26,056,000 (original cost of RMB47,629,000) (31 December 2020: carrying amount of RMB34,761,000 and original cost of RMB52,067,000). The following table presents the detail:

	Original amount	Accumulated depreciation	Impairment provisions	Carrying amount
Plants and buildings	30,404	(6,078)	–	24,326
Machinery and equipment	15,620	(13,873)	(157)	1,590
Motor vehicles	606	(545)	–	61
Office & other equipment	999	(866)	(54)	79
	47,629	(21,362)	(211)	26,056

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 18. Fixed assets (Continued)

#### (a) Fixed assets (Continued)

##### (2) Fixed assets with certificates of ownership unsettled

	Carrying amount	Reason for pending
Factory	923,539	Put to use, certificate being in the progress
Workshop	99,920	Put to use, certificate being in the progress
Dormitory and canteen	56,728	Put to use, certificate being in the progress
Warehouse	45,627	Put to use, certificate being in the progress
Office building	27,933	Put to use, certificate being in the progress
Others	14,678	Put to use, certificate being in the progress
	1,168,425	

(3) The plants and buildings, machinery and equipment, office & other equipment and motor vehicles signed by the Group as the lessor have no residual value guarantee clauses.

#### (b) Disposal of fixed assets

	31 December 2021	31 December 2020
Machinery and equipment	690	25,877
Motor vehicles	10	2
Office & other equipment	13,296	1,266
Special equipment for marine engineering	-	33
	13,996	27,178

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 19. Construction in progress

## (1) Construction in progress

	31 December 2021			31 December 2020		
	Original cost	Impairment provisions	Carrying amount	Original cost	Impairment provisions	Carrying amount
Ultra deep water drilling platform project	7,390,010	(2,305,699)	5,084,311	7,394,144	(1,450,382)	5,943,762
Raffles H273 and H1293 project	2,244,875	(1,020,385)	1,224,490	2,277,979	(674,737)	1,603,242
Enric Low temperature plant renovation project	753,455	-	753,455	339,819	-	339,819
Taicang CIMC Special Logistics Equipment Co., LTD. Special equipment painting line transformation and waste gas treatment project	291,156	-	291,156	-	-	-
Jiangmen TB digital cars project	241,810	-	241,810	-	-	-
CIMCNC water-based paint coating line reconstruction and waste treatment project	187,163	-	187,163	14,495	-	14,495
TCCRC workshop renovation project	105,249	-	105,249	8,005	-	8,005
Land project of Ningbo CIMC Logistics Equipment Co., LTD	98,800	-	98,800	1,719	-	1,719
YZTH factory relocation project	95,578	-	95,578	449,421	-	449,421
Raffles shore crane project	81,327	-	81,327	81,327	-	81,327
Dongguan southern CIMC Fenggang phase 2 project	59,635	-	59,635	280,668	-	280,668
TAS Industrial Park Phase III Dormitory project	55,951	-	55,951	58,021	-	58,021
Shanghai Zhongji Baowei Industrial Co., LTD. Coating line upgrade project	47,393	-	47,393	-	-	-
Tiezhongbao new plant preparation project	35,708	-	35,708	20,390	-	20,390
Financial information system construction project	35,207	-	35,207	16,710	-	16,710
Hengyang new material plant land project	32,778	-	32,778	-	-	-
Growth Fortune Steel structure plant construction project	28,983	28,983	17,465	17,465	-	-
TCCIMC relocation and reconstruction project	28,496	-	28,496	14,984	-	14,984
Vanguard -Trenton & Monon GA Plant	23,657	-	23,657	6,564	-	6,564
Kunming CIMC Vehicle Industrial Park project	22,746	-	22,746	753	-	753
Dongguan Multimodal Transport building project	18,483	-	18,483	18,483	-	18,483
Enric workshop construction project	18,388	-	18,388	24,325	-	24,325
Tianjin CIMC Special box line equipment renovation project	17,706	-	17,706	-	-	-
XHCIMCS production line and power facilities renovation	16,998	-	16,998	5,807	-	5,807
Yangshan Logistics Longteng Plan Final Assembly Model Project	16,110	-	16,110	28,931	-	28,931
Agitator drum line upgrade project	11,954	-	11,954	13,759	-	13,759
QDCRC Plant renovation project	4,868	-	4,868	3,577	-	3,577
CIMC Thailand Durian Factory Project	2,895	-	2,895	-	-	-
Financial leasing Maersk 2300TEU container ship project	-	-	-	63,846	-	63,846
Others	430,786	(305)	430,481	817,561	(305)	817,256
	12,398,165	(3,326,389)	9,071,776	11,958,753	(2,125,424)	9,833,329

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 19. Construction in progress (Continued)

#### (2) Movement of significant projects of construction in progress during the year

	Budget amount	31 December 2020	Current year additions	Transferred to fixed assets	Decrease this year	Currency translation differences	31 December 2021	Proportion of project investment to budget (%)	Progress of construction	Cumulative capitalised interest	Including:		Source of funds
											current year capitalised interest	Current year capitalised interest rate	
Ultra deep water drilling platform project	7,881,201	7,394,144	-	-	-	(4,134)	7,390,010	99.00%	99.00%	1,633,432	-	0.00%	Self-funding & bank loan
Raffles H273 and H1293 project	2,405,343	2,277,979	-	-	-	(33,104)	2,244,875	99.00%	99.00%	314,598	-	0.00%	Self-funding & bank loan
Enric Low temperature plant renovation project	806,183	339,819	722,378	(308,648)	(94)	-	753,455	93.46%	93.46%	5,685	2,298	4.75%	Self-funding & bank loan
Taicang CIMC Special Logistics Equipment Co., LTD. Special equipment painting line transformation and waste gas treatment project	525,088	-	307,839	(16,683)	-	-	291,156	55.45%	55.45%	-	-	0.00%	Self-funding
CIMC Intelligent Logistics equipment project	386,834	-	241,810	-	-	-	241,810	63.00%	65.00%	-	-	0.00%	Self-funding
CIMC NB water-based paint coating line reconstruction and waste treatment project	262,748	14,495	198,263	(24,468)	(1,127)	-	187,163	71.23%	71.23%	-	-	0.00%	Self-funding
TCCRC workshop renovation project	149,023	8,005	107,241	(9,997)	-	-	105,249	70.63%	70.63%	-	-	0.00%	Self-funding
Land project of Ningbo CIMC Logistics Equipment Co., LTD	176,965	1,719	116,084	(18,584)	(419)	-	98,800	55.83%	55.83%	-	-	0.00%	Self-funding
YZTH factory relocation project	916,080	449,421	134,038	(487,881)	-	-	95,578	98.00%	98.00%	-	-	0.00%	Self-funding
Raffles shore crane project	93,579	81,327	-	-	-	-	81,327	86.91%	86.91%	-	-	0.00%	Self-funding
Dongguan southern CIMC Fenggang phase 2 project	490,337	280,668	260,337	(451,098)	(30,272)	-	59,635	87.84%	87.84%	-	-	0.00%	Self-funding
TAS Industrial Park Phase III Dormitory project	161,000	58,021	-	-	(2,070)	-	55,951	34.75%	34.75%	-	-	0.00%	Self-funding
Shanghai Zhongji Baowei Industrial Co., LTD. Coating line upgrade project	216,483	-	135,897	(82,773)	(5,731)	-	47,393	21.89%	21.89%	-	-	0.00%	Self-funding
Tiezhongbao new plant preparation project	68,000	20,390	15,318	-	-	-	35,708	52.51%	52.51%	-	-	0.00%	Self-funding

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 19. Construction in progress (Continued)

## (2) Movement of significant projects of construction in progress during the year (Continued)

	Budget amount	31 December 2020	Current year additions	Transferred to fixed assets	Decrease this year	Currency translation differences	31 December 2021	Proportion of project investment to budget (%)	Progress of construction	Cumulative capitalised interest	Including: current year capitalised interest	Current year capitalised interest rate	Source of funds
Financial information system construction project	210,419	16,710	30,765	-	(12,268)	-	35,207	16.73%	16.73%	-	-	0.00%	Self-funding
Hengyang new material plant land project	120,614	-	52,495	(19,717)	-	-	32,778	27.18%	27.18%	-	-	-	Self-funding
Growth Fortune Steel structure plant construction project	29,838	17,465	11,917	-	-	(399)	28,983	90.00%	90.00%	-	-	-	Self-funding
TCCIMC relocation and reconstruction project	41,899	14,984	13,512	-	-	-	28,496	68.01%	68.01%	-	-	-	Self-funding
Vanguard -Trenton & Monon GA Plant	94,068	6,564	21,270	(3,695)	(122)	(360)	23,657	69.00%	65.00%	-	-	-	Self-funding
Kunming CIMC Vehicle Industrial Park project	133,950	753	21,993	-	-	-	22,746	17.00%	40.00%	-	-	-	Self-funding
Dongguan Multimodal Transport building project	23,000	18,483	-	-	-	-	18,483	80.36%	80.36%	-	-	-	Self-funding
Enric workshop construction project	25,419	24,325	18,460	(24,397)	-	-	18,388	72.34%	72.34%	-	-	-	Self-funding
Tianjin CIMC Special box line equipment renovation project	135,819	-	80,978	(63,272)	-	-	17,706	13.04%	13.04%	-	-	-	Self-funding
XHCIMCS production line and power facilities renovation	75,870	5,807	52,841	(41,650)	-	-	16,998	22.40%	22.40%	-	-	-	Self-funding
Yangshan Logistics Longteng Plan Final Assembly Model Project	178,301	28,931	62,499	(75,320)	-	-	16,110	9.03%	9.03%	-	-	-	Self-funding
Agitator drum line upgrade project	66,520	13,759	3,425	(5,230)	-	-	11,954	74.00%	75.00%	-	-	-	Self-funding
QDCRC Plant renovation project	135,963	3,577	131,460	(130,169)	-	-	4,868	3.58%	3.58%	-	-	-	Self-funding
CIMC Thailand Durian Factory Project	208,000	-	182,890	(179,780)	-	(215)	2,895	87.93%	88.00%	-	-	-	Self-funding
Financial leasing Maersk 2300TEU container ship project	579,384	63,846	496,584	(559,635)	-	(795)	-	100.00%	100.00%	-	-	-	Self-funding
Others	-	817,561	544,129	(875,528)	(50,773)	(4,603)	430,786	-	-	-	-	-	Self-funding
		11,958,753	3,964,423	(3,378,525)	(102,876)	(43,610)	12,398,165			1,953,715	2,298		



CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 19. Construction in progress (Continued)

#### (3) Impairment provisions of construction in progress

	Impairment provisions of construction in progress					Reason for provision
	31 December 2020	Current year additions	Current year decrease	Currency translation differences	31 December 2021	
Ultra deep water drilling platform project	1,450,382	873,116	-	(17,799)	<b>2,305,699</b>	The recoverable amount of ultra deep water drill platform project has decreased
Raffles H273 and H1293 Project	674,737	364,428	-	(18,780)	<b>1,020,385</b>	Assessed recoverable amount of jack-up H273 and H1293 projects decreased
Others	305	-	-	-	<b>305</b>	
	<b>2,125,424</b>	<b>1,237,544</b>	<b>-</b>	<b>(36,579)</b>	<b>3,326,389</b>	

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 20. Intangible assets and development expenditures

## (1) Intangible assets

	Land use rights	Technical know-how and trade marks	Timber concession rights	Customer relationships	Customer contracts	Maritime space use rights	Franchise rights	Total
Original cost								
31 December 2020	4,380,769	2,740,572	137,103	468,624	339,889	111,421	102,235	8,280,613
Business combination	14,512	1,843	-	-	-	-	-	16,355
Additions	223,123	183,733	-	1,612	-	-	21,000	429,468
Internal R&D expense	-	49,189	-	-	-	-	-	49,189
Transferred to investment properties	(20,127)	-	-	-	-	-	-	(20,127)
Disposal this year	(121,911)	(36,816)	-	(11,362)	-	-	-	(170,089)
Currency translation differences	(8,422)	(52,466)	(3,901)	(3,061)	(1,060)	(1,868)	(17)	(70,795)
31 December 2021	4,467,944	2,886,055	133,202	455,813	338,829	109,553	123,218	8,514,614
Accumulated amortisation								
31 December 2020	926,836	1,632,762	32,730	351,470	265,583	35,446	16,447	3,261,274
Provision	122,063	211,646	-	49,699	15,544	2,740	5,080	406,772
Transferred to investment properties	(5,139)	-	-	-	-	-	-	(5,139)
Disposal this year	(31,327)	(12,525)	-	(3,014)	-	-	-	(46,866)
Currency translation differences	(8,655)	(32,788)	(924)	(2,226)	(1,060)	(1,918)	(17)	(47,588)
31 December 2021	1,003,778	1,799,095	31,806	395,929	280,067	36,268	21,510	3,568,453
Impairment provisions								
31 December 2020	-	14,088	104,373	36,436	52,264	-	-	207,161
Provision	-	194,018	-	-	-	-	4,685	198,703
Disposal this year	-	-	-	-	-	-	-	-
Currency translation differences	-	(297)	(2,977)	(171)	-	-	-	(3,445)
31 December 2021	-	207,809	101,396	36,265	52,264	-	4,685	402,419
Carrying amount								
31 December 2021	3,464,166	879,151	-	23,619	6,498	73,285	97,023	4,543,742
31 December 2020	3,453,933	1,093,722	-	80,718	22,042	75,975	85,788	4,812,178

In 2021, amortisation expenses of intangible assets amounted to RMB406,772,000 (2020: RMB375,690,000).

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 20. Intangible assets and development expenditures (Continued)

- (2) As at December 31, 2021, the land use rights with a book value of RMB51,070,000 (original price of RMB72,020,000) (December 31, 2020: book value of RMB131,544,000, original price of RMB151,154,000) has not been obtained due to the reason that it has not yet reached the state of use.
- (3) As at 31 December 2021, the intangible asset with indefinite useful lives is gas station franchise and a trademark right, which amounted to RMB115,148,000 (31 December 2020: RMB120,030,000).
- (4) As at December 31, 2021, the Group has no intangible assets with limited ownership (December 31, 2020: RMB120,030,000)
- (5) Development expenditures are as follows:

	31 December 2020	Current year additions	Decrease this year		31 December 2021
			Current profits and losses	Recognised as intangible assets	
Project on vehicle technology	49,211	2,132,789	(2,134,924)	(47,076)	-
Others	11,554	107,990	(117,431)	(2,113)	-
	60,765	2,240,779	(2,252,355)	(49,189)	-

In 2021, the Group's development expenditures amounted to RMB2,240,779,000 (2020: RMB1,641,391,000), among which RMB2,252,355,000 (2020: RMB1,608,704,000) was included in the current research and development expenses, and RMB49,189,000 was recognised as intangible assets in current year (2020: RMB54,233,000). As at 31 December 2021, intangible assets transferred from development expenditures within the Group accounted for 1.08% (2020: 1.13%) of the book value of intangible assets.

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 21. Right-of-use assets

	Plants and buildings	Land use rights	Offshore engineering equipment	Machinery and equipment	Motor vehicles	Office & other equipment	Total
Original cost							
31 December 2020	513,942	398,821	79,529	78,183	3,220	49,651	1,123,346
Additions from lease contract	285,950	59,194	32,163	125,707	225,675	391	729,080
Decrease in current year	(116,525)	(40,029)	(59,159)	(45,817)	(122,566)	(349)	(384,445)
Lease changes	(80,192)	(38,697)	(59,159)	(43,325)	(117,810)	(235)	(339,418)
Other decreases	(36,333)	(1,332)	–	(2,492)	(4,756)	(114)	(45,027)
Currency translation differences	(13,646)	(10,177)	(39,396)	(1,012)	(514)	(23)	(64,768)
31 December 2021	669,721	407,809	13,137	157,061	105,815	49,670	1,403,213
Accumulated depreciation							
31 December 2020	198,985	87,036	10,795	29,109	1,535	10,842	338,302
Depreciation recognized in							
current year	124,507	61,610	26,992	72,936	32,318	2,087	320,450
Decrease in current year	(40,311)	(5,171)	(26,941)	(1,347)	(26,092)	(240)	(100,102)
Lease changes	(18,970)	(5,070)	(26,941)	–	(23,263)	(240)	(74,484)
Other decreases	(21,341)	(101)	–	(1,347)	(2,829)	–	(25,618)
Currency translation differences	(9,283)	(2,517)	(7,775)	(125)	(280)	(16)	(19,996)
31 December 2021	273,898	140,958	3,071	100,573	7,481	12,673	538,654
Book value							
31 December 2021	395,823	266,851	10,066	56,488	98,334	36,997	864,559
31 December 2020	314,957	311,785	68,734	49,074	1,685	38,809	785,044

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 22. Goodwill

	31 December 2020	Current year additions	Current year decrease	Currency translation differences	31 December 2021
Enric	635,513	–	–	–	<b>635,513</b>
Vehicles UK	344,677	–	–	(11,007)	<b>333,670</b>
TGE SA	174,417	–	–	(11,479)	<b>162,938</b>
C&C Trucks	132,145	–	–	–	<b>132,145</b>
Bassoe	125,806	–	–	–	<b>125,806</b>
Others	1,266,326	156,721	(32,319)	(13,631)	<b>1,377,097</b>
Sub-total	2,678,884	156,721	(32,319)	(36,117)	<b>2,767,169</b>
Less: impairment provisions					
C&C Trucks	132,145	–	–	–	<b>132,145</b>
Bassoe	125,806	–	–	–	<b>125,806</b>
TGE SA	50,343	–	–	–	<b>50,343</b>
Others	193,164	12,731	–	(15,486)	<b>190,409</b>
Sub-total	501,458	12,731	–	(15,486)	<b>498,703</b>
Net value	2,177,426				<b>2,268,466</b>

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 22. Goodwill (Continued)

## (1) Impairment test of goodwill allocated to asset groups

All goodwill belongs to the group has been allocated to relevant asset groups or combination of asset groups on the purchase date. There is no change in the allocation of goodwill in year 2021. According to the Segment Reporting (Note XIV), the allocation is summarized as follows:

	31 December 2021	31 December 2020
Energy, chemical and liquid food equipment asset group	961,431	953,040
Road transportation vehicles asset group	408,521	422,276
Airport, facilities, fire safety and automated logistics equipment asset group	379,974	379,974
Logistics services asset group	219,317	130,917
Containers manufacturing asset group	128,836	128,836
Recycled load business asset group	52,380	52,380
Asset groups with insignificant allocation percentage of goodwill group	118,007	110,003
	<b>2,268,466</b>	<b>2,177,426</b>

When doing goodwill impairment test, the Group compares the carrying amount of the relevant asset or asset group combination (including goodwill) with its recoverable amount. If the recoverable amount was less than the carrying amount, the related difference was recognized in the current profit or loss (Note IV.61).

The Group determines the growth rate and gross profit rate according to the historical experience and the forecast of market development. The growth rate in the forecast period is based on the three to five-year budget approved by the management. The growth rate in the stable period is the one that adopted after the forecast period, which is consistent with the forecast data in the industry report and does not exceed the long-term average growth rate of each product. The group adopts the pre-tax interest rate as the discount rate, which can reflect the specific risk of the relevant asset group and asset group portfolio.

The key assumption used in the significant cash generated units value-in-use calculations in year 2021 are as follows:

	Vehicles UK	TGE SA
Forecast period revenue growth rate	-3.8%–23.1%	8%–50%
Stable period revenue growth rate	2%	3%
Gross profit rate	7.1%–7.8%	8.5%–14%
Pre-tax discount rate	14.0%	13.0%

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 22. Goodwill (Continued)

#### (1) Impairment test of goodwill allocated to asset groups (Continued)

The key assumption used in the significant cash generated units value-in-use calculations in year 2020 are as follows:

	Vehicles UK	TGE SA	Pteris	Hashenleng
Forecast period revenue growth rate	7%–28%	12.5%–35%	16%–50%	1%
Stable period revenue growth rate	2%	2%	3%	3%
Gross profit rate	8%	10%–12%	18%	27%
Pre-tax discount rate	12.0%	13.0%	7.9%	15.0%

As at 31 December 2021, Enric, a subsidiary of the Group, is a listed company on the Stock Exchange of Hong Kong. According to the number of Enric shares held by the Group and its market price as of 31 December 2021, the recoverable amount of the asset groups (including goodwill) of Enric is determined, and the book value of such asset groups is lower than the recoverable amount after calculation, and there is no need to calculate the impairment (31 December 2020: no need to calculate the impairment).

### 23. Long-term prepaid expenses

	31 December 2020	Current year additions	Current year amortisation	Increase in business combination	Currency translation differences	31 December 2021
Yard facility expenses	4,629	6,571	(3,892)	–	(54)	7,254
Project insurance and commission	16,850	170	(2,682)	–	(5)	14,333
Drilling platform mobilisation fee (i)	364,152	–	(78,900)	–	–	285,252
Improvements to Right-of-use asset	41,518	10,500	(32,609)	–	–	19,409
Improvement of engineering vessel	93,963	40,226	(17,678)	–	(1,780)	114,731
Others	37,270	83,625	(52,495)	347	(6,272)	62,475
	558,382	141,092	(188,256)	347	(8,111)	503,454

(i) Drilling platform mobilization fee refers to the crew's labor costs and platform operating expenses incurred before the platform arrive in the specific sea area as agreed in the contract.

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 24. Deferred tax assets and deferred tax liabilities

## (1) The unoffset deferred tax assets

	31 December 2021		31 December 2020	
	Deductible temporary differences/ losses	Deferred tax assets	Deductible temporary differences/ losses	Deferred tax assets
Deferred tax assets:				
Provision for asset impairment	1,832,900	410,967	1,782,521	414,661
Accrued liability	856,306	176,945	799,129	162,998
Employee benefits payable	2,502,554	529,014	2,049,481	425,257
Accrued expenses	768,810	157,010	743,748	150,614
Deductible losses	1,578,897	464,279	3,496,463	867,074
Fair value changes of derivative financial assets	21	3	346	52
Right-of-use assets	3,298	766	3,749	660
Intra-group unrealised revenue	13,334	1,775	17,367	2,784
Others	293,187	51,330	754,040	91,625
Sub-total	7,849,307	1,792,089	9,646,844	2,115,725
Including:				
Amount expected to be reversed within 1 year (inclusive)		529,017		425,309
Amount expected to be reversed over 1 year		1,263,072		1,690,416
		1,792,089		2,115,725



CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 24. Deferred tax assets and deferred tax liabilities (Continued)

#### (2) The unoffset deferred tax liabilities offset

	31 December 2021		31 December 2020	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Deferred tax liabilities:				
Fair value changes of derivative financial assets	(560,038)	(116,918)	(551,003)	(121,544)
Fair value changes of Investment properties	(438,321)	(109,580)	(595,198)	(144,930)
Revaluation gain through combination	(412,550)	(71,042)	(781,184)	(148,222)
Debt restructuring income	-	-	(454,948)	(113,737)
Gross profit of overseas projects (pay tax after completion)	(298,722)	(74,680)	(614,182)	(202,680)
Accelerated depreciation of long-term assets	(1,156,193)	(252,808)	(1,105,767)	(264,473)
Non-resident foreign companies pay dividends to the Mainland	(968,652)	(242,163)	(199,037)	(49,759)
Enterprise relocation income	(12,761,554)	(3,190,389)	(12,761,554)	(3,190,389)
Others	(457,336)	(79,623)	(312,287)	(87,964)
Sub-total	(17,053,366)	(4,137,203)	(17,375,160)	(4,323,698)
Including:				
Amount expected to be reversed within 1 year (inclusive)		(3,416,887)		(266,474)
Amount expected to be reversed over 1 year		(720,316)		(4,057,224)
		(4,137,203)		(4,323,698)

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 24. Deferred tax assets and deferred tax liabilities (Continued)

## (3) Unrecognized deferred tax assets :

	31 December 2021	31 December 2020
Deductible losses	3,199,273	2,742,468
Deductible temporary difference	309,586	245,975
	<b>3,508,859</b>	<b>2,988,443</b>

## (4) Maturity of deductible losses that are not recognized as deferred tax assets :

	31 December 2021	31 December 2020	Note
2021	–	310,266	
2022	124,725	135,683	
2023	153,651	175,592	
2024	183,430	185,113	Note 1
2025	199,789	201,563	
After 2025	13,619,605	11,250,941	
	<b>14,281,200</b>	<b>12,259,158</b>	

Note 1 : As at 31 December 2020 and 2021, unrecognized deferred tax assets aged over 5 years (inclusive) arising from deductible tax losses resulted from foreign subsidiaries' operating losses. Deductible tax losses generated from Hong Kong, the United States of America, the United Kingdom of Great Britain and Belgium can be offset with future profit indefinitely; deductible tax losses generated from the Netherlands can be offset in the subsequent six years.

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 24. Deferred tax assets and deferred tax liabilities (Continued)

(5) Taxable temporary differences for unrecognized deferred tax liabilities

As at 31 December 2021, as for the tax effects may arising from the accumulated undistributed profits of Hong Kong and other overseas subsidiaries, since the Group can control the dividend distribution policy of its subsidiaries and has decided not to distribute dividends in the foreseeable future and has no intent to dispose such subsidiaries, the deferred income tax liabilities on such taxable temporary differences of RMB2,222,231,000 (31 December 2020: RMB2,037,011,000) was not recognized.

(6) The offsetting balances of deferred tax assets and deferred tax liabilities are as below:

	31 December 2021		31 December 2020	
	Offsetting amount	Offsetting balances	Offsetting amount	Offsetting balances
Deferred tax assets	(526,282)	1,265,807	(441,396)	1,674,329
Deferred tax liabilities	526,282	(3,610,921)	441,396	(3,882,302)

### 25. Other non-current assets

	31 December 2021	31 December 2020
Prepayment for equipment	63,959	49,516
Prepayment for construction	5,812	9,140
Others	10,881	10,322
	<b>80,652</b>	68,978

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 26. Provision for asset impairment and losses

	31 December 2020	Current year additions	Current year decrease		Currency translation differences	31 December 2021
			Reversal	Write-off		
Provision for bad debts of note receivables	8,893	236	(8,555)	–	1,053	1,627
Provision for bad debts of accounts receivable financing	2,576	1,725	(1,928)	(786)	–	1,587
Provision for bad debts of accounts receivables	1,208,955	473,944	(164,395)	(67,642)	(11,031)	1,439,831
Provision for bad debts of other receivables	195,618	312,320	(75,618)	(108,183)	–	324,137
Impairment provisions of long-term receivables	1,339,607	237,177	(153,876)	(20,000)	–	1,402,908
Sub-total	2,755,649	1,025,402	(404,372)	(196,611)	(9,978)	3,170,090
Provision for bad debts of advances to suppliers	40,484	451	–	(322)	(4)	40,609
Provision for impairment of inventories and impairment of costs incurred to fulfill a contract	741,293	991,572	(39,376)	(207,754)	(40,306)	1,445,429
Impairment provisions of contract assets	33,419	38,171	(4,015)	(2,636)	(273)	64,666
Impairment provisions of long-term equity investments	152,500	36,334	–	–	–	188,834
Impairment provisions of fixed asset	4,891,542	1,851,866	–	(230,931)	(120,163)	6,392,314
Impairment provisions of construction in progress	2,125,424	1,237,544	–	–	(36,579)	3,326,389
Impairment provisions of intangible assets	207,161	198,703	–	–	(3,445)	402,419
Impairment provisions of goodwill	501,458	12,731	–	–	(15,486)	498,703
Sub-total	8,693,281	4,367,372	(43,391)	(441,643)	(216,256)	12,359,363
	11,448,930	5,392,774	(447,763)	(638,254)	(226,234)	15,529,453

Please refer to the respective notes of the assets for reasons of the provision.

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 27. Restricted Assets

As at 31 December 2021, assets with restrictions in their ownerships are as follows :

	Note	31 December	
		2021	Restricted reasons
Cash at bank and on hand	IV.1	1,282,863	Margin, deposit of statutory reserves of the central bank and time deposits with maturity of more than three months, etc.
Notes receivables	IV. 4	41,700	Pledge
Accounts receivables	IV. 5	6,400	Pledge
Receivable financing	IV. 6	58,623	Pledge
Long-term receivables	IV. 15	4,207,509	The underlying assets with legal rights corresponding to long-term receivables have been used as collateral for long-term borrowings
Fixed asset	IV. 19	36,896	The transfer shall be approved by the Shenzhen Government and shall not be divided or leased
<b>Total</b>		<b>5,633,991</b>	

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 28. Short-term borrowings

	Note	31 December 2021	31 December 2020
Guaranteed	(a)		
USD		3,047,425	2,973,853
RMB		979,580	494,683
EUR		195,584	831,237
THP		57,521	–
Sub-total		4,280,110	4,299,773
Pledged	(b)		
RMB		6,448	49,710
Mortgaged			
RMB		–	1,500
Unsecured			
USD		1,493,897	211,379
EUR		61,038	76,814
GBP		318,549	365,475
RMB		946,751	3,243,431
AUD		137	326
HKD		–	134,662
Others		20,412	22,652
Sub-total		2,840,784	4,054,739
Rediscounted notes			
RMB		–	10,979
Discounted notes			
RMB		77,329	–
		7,204,671	8,416,701

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 28. Short-term borrowings (Continued)

- (a) As at 31 December 2021, the guaranteed loan of RMB4,280,110,000 (December 31, 2020: RMB4,299,773,000) was guaranteed by the Group internally.
- (b) As at December 31, 2021, the short-term pledged loans of the Group were: CIMC Commercial Factoring Co., Ltd., the subsidiary, borrowed RMB6,448,000 from Kasikorn Bank with accounts receivable as pledges (As at 31 December 2020, the Group's short-term pledged loans were: Yantai Raffles, a subsidiary, borrowed RMB49,710,000 from Bank of Kunlun with commercial acceptance bills as pledges).
- (c) As at 31 December 2021, the interest rate of short term borrowing ranged from 0.05% to 4.90% (31 December 2020: 1.11% to 4.90%).

### 29. Notes Payable

	31 December 2021	31 December 2020
Bank acceptance notes	4,638,473	3,365,988
Trade acceptance notes	577,248	463,522
	<b>5,215,721</b>	<b>3,829,510</b>

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 30. Accounts Payables

	31 December 2021	31 December 2020
Due to raw material suppliers	13,182,641	10,897,931
Integrated logistics services charges	2,418,339	1,080,937
Project contracts charges	662,646	497,090
Equipment procurement charges	569,799	419,613
Processing charges	170,304	171,207
Project procurement charges	94,245	32,956
Transportation charges	48,315	123,504
Others	358,449	223,836
	<b>17,504,738</b>	<b>13,447,074</b>

(1) The aging of accounts payables according to the date of its entry is as follows :

	31 December 2021	31 December 2020
Within 1 year (inclusive)	16,846,937	12,729,871
1 to 2 years (inclusive)	262,336	346,808
2 to 3 years (inclusive)	181,432	170,375
Over 3 years	214,033	200,020
	<b>17,504,738</b>	<b>13,447,074</b>

As at 31 December 2021, accounts payables over 1 year with a carrying amount of RMB657,810,000 (31 December 2020: 717,203,000) were mainly payables related to offshore engineering business, energy and chemicals business. Since the production cycle of the offshore engineering business, energy and chemicals business was usually more than one year, the payables have not yet been settled.



CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 31. Advances from customers

	31 December 2021	31 December 2020
Rental advances	16,941	4,070

As at 31 December, 2021, there is no advance receipts with an age of more than one year in the group (31 December, 2020: Nil).

### 32. Contract liabilities

	31 December 2021	31 December 2020
Advances for goods	4,976,805	4,660,046
Advances for construction	2,038,200	1,343,185
Advances for trade and logistics	412,324	96,493
Advances for property	-	2,041
	<b>7,427,329</b>	<b>6,101,765</b>

In 2021, the contract liabilities of RMB5,739,285,000 which were included in the carrying amount as at 31 December 2020 were transferred to revenue. The rest will be transferred to revenue in 2022 according to respective project cycles.

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 33. Employee benefits payable

	Note	31 December 2021	31 December 2020
Short-term wages	(1)	4,489,684	3,327,366
Defined contribution plans	(2)	37,686	33,139
Dismissal welfare	(3)	7,333	5,887
		<b>4,534,703</b>	<b>3,366,392</b>

## (1) Short-term wages

	31 December 2020	Current year additions	Current year decreases	Currency translation differences	31 December 2021
Wages and salaries, bonuses, allowances and subsidies	2,905,088	9,710,762	(8,891,103)	(10,691)	3,714,056
Profit-sharing and senior management bonus	227,309	377,511	(208,026)	-	396,794
Housing funds	5,360	252,844	(252,764)	(28)	5,412
Labor union funds and employee education funds	99,475	75,348	(58,009)	(565)	116,249
Social security contributions and others	19,490	226,255	(230,666)	(162)	14,917
Including: Medical insurance	17,024	203,924	(208,005)	(162)	12,781
Work injury insurance	1,462	15,645	(15,950)	-	1,157
Maternity insurance	1,004	6,686	(6,711)	-	979
Other short-term wages	70,644	1,891,017	(1,718,390)	(1,015)	242,256
	3,327,366	12,533,737	(11,358,958)	(12,461)	4,489,684

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 33. Employee benefits payable (Continued)

#### (2) Defined contribution plans

	31 December 2020	Current year additions	Current year decreases	Currency translation differences	31 December 2021
Basic pensions	31,096	512,925	(507,579)	(370)	36,072
Unemployment insurance	1,799	14,122	(14,294)	-	1,627
Enterprise annuities	244	7,750	(8,001)	(6)	(13)
	33,139	534,797	(529,874)	(376)	37,686

The Group pays the endowment insurance premium and unemployment insurance premium to relevant agencies on a monthly basis. The base and proportion are specified by the local labor and social security department. The payment cannot be used to offset the amount that the Group should deposit for employees in the future.

#### (3) Dismissal welfare

	31 December 2021	31 December 2020
Others (i)	7,333	5,887

(i) As at 31 December 2021, the Group provide other compensation amounting to RMB7,333,000 (2020: RMB5,887,000) to compensate for the termination of employment relationship.

### 34. Taxes payable

	31 December 2021	31 December 2020
Valued-added-tax payable	378,989	384,864
Corporate income tax payable	2,191,565	827,806
Withholding individual income tax	49,342	62,018
City maintenance and construction tax payable	107,940	37,292
Educational surcharge payable	74,530	26,366
Land appreciation tax	4,174	17,647
Others	63,750	127,216
	2,870,290	1,483,209

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 35. Other payables

	Note	31 December 2021	31 December 2020
Accruals		3,073,867	3,041,590
Advance received		2,594,337	2,290,460
Advanced equity payments	(2)	1,469,467	–
Quality guarantees		886,825	669,333
Equipment or land use rights		401,993	272,300
Transportation expenses		342,028	249,845
Equity incentive	(1)	139,719	139,719
Dividends due to minority shareholders		94,001	55,959
Insurances		51,504	27,170
Restricted stock repurchase		47,704	68,360
Restructuring provisions		30,549	63,076
External commission		13,953	8,985
Professional and training fees		7,000	48,716
Interest Payable		2,794	5,180
Including: Interest of short-term borrowings		2,208	5,180
Interest of long-term borrowings		586	–
Others		226,398	148,903
		9,382,139	7,089,596

- (1) The Equity incentive (Note IX. 2) are mainly the payables of CIMC Safeway Technology Co., Ltd (“**CIMC Safe Tech**”), a subsidiary of the Group.
- (2) As at 23 November 2021, the Company signed the equity transfer agreement with Shenzhen Capital Operation Group Co., Ltd. (hereinafter referred to as “**Shenzhen Capital Group**”), Shenzhen Energy Group Co., Ltd. (hereinafter referred to as “**Shenzhen Energy Group**”) and CIMC Financial Leasing. On the same day, the Company and its wholly-owned holding subsidiary CIMC HK signed an agreement on capital increase with Shenzhen Capital Group, Tianjin Kerry Kang Enterprise Management Consulting Partnership (limited partnership) (hereinafter referred to as “**Tianjin Kerry Kang**”) and CIMC Financial Leasing. The equity transfer agreement and the agreement on capital jointly agreed that Shenzhen Capital Group, Shenzhen Energy Group and Tianjin Kerry Kang, as strategic investors, intended to take shares in CIMC Financial Leasing through the acceptance of old shares and capital increase (hereinafter referred to as “**this transaction**”). After the completion of this transaction, the registered capital of CIMC Financial Leasing will increase from RMB1,428,652,000 to RMB1,481,377,000. Shenzhen Capital Group and Shenzhen Energy Group will jointly hold 53.3185% of its equity, Tianjin Kerry Kang will hold 1.2497% of its equity, and the total equity ratio of CIMC Financial Leasing held by the company and CIMC HK will decrease to 45.4318%. As of 31 December 2021, the transaction has not completed, and equity payment of RMB1,469,467,000 received in advance is categorized as other payables. Once the transaction completed, CIMC Financial Leasing will no longer be included in the consolidated statements of the Group and will become an associate of the Group.
- (3) As of 31 December 2021, other payables aged more than one year are mainly unsettled quality guarantee fund, deposits, etc.

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 36. Provisions

	Note	31 December 2020	Current year additions	Current year decreases	Currency translation differences	31 December 2021
Product warranties	(1)	1,060,950	576,311	(544,947)	(14,251)	1,078,063
Loss of pending actions		57,226	2,655	(52,940)	-	6,941
Relocation and liquidation compensation	(2)	186,821	24,366	(36,136)	-	175,051
Loss contract	(3)	32,420	69,862	(8,412)	(847)	93,023
Provisions for vehicle loan risks	(4)	38,966	87,320	(77,721)	-	48,565
Others		16,462	36,866	(20,707)	(9,471)	23,150
		1,392,845	797,380	(740,863)	(24,569)	1,424,793

- (1) The Group provides after-sales repair warranty to the customers, ranging from two to seven years for containers, one year for trailers, one to seven years for tank equipments, one to two years for airport ground facilities and one year for offshore business after delivery of vessels. The Group will provide repair and maintenance services in accordance with sales contracts during the warranty period in the event of any non-accidental breakdown or quality problems. The balance of "Product warranties" represents the Group's estimated obligation for such warranties of products sold out during the year and in the previous fiscal years.
- (2) It is mainly the relocation and liquidation compensation that accrued by SCIMCEL and CIMC Burg B.V., both are subsidiaries of the Group, due to relocation and liquidation.
- (3) Yantai Raffles undertakes construction contracts with customers. As the construction costs of some projects exceed the contracted prices, losses are expected to be incurred or the projects will be terminated and corresponding estimated loss are provided for based on the estimated loss amounts.
- (4) As at 31 December 2021, subsidiaries of the Group provided guarantees for consumers in respect of vehicle financing. Under the terms of the financial guarantee contracts, subsidiaries of the Group act as guarantors of vehicle financing for consumers of the vehicles sold and are required to discharge their debts or assume liabilities in the event of default of the debtors. The Group does not expect that the credit risk of the above loan commitments has significantly increased since initial recognition, thus measures the allowance for those commitments at an amount equal to 12-month expected credit losses, which is included in current profit or loss at an amount of RMB9.714 million (2020: RMB6.690 million), representing the credit impairment loss at the first stage.

	Balance of the guarantee	Expected credit loss rate in the next twelve months	Provision for impairment	Reason
Guarantee for vehicle loan	2,723,443	1.78%	48,565	Note: Measured provision for commitments as 12-month expected credit losses

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 37. Current portion of non-current liabilities

The Group's current portion of non-current liabilities are analysed by categories as follows:

	Note	31 December 2021	31 December 2020
Current portion of long-term borrowings	IV. 39	5,834,823	12,358,104
Debentures payable due within one year	IV. 40	6,089,486	2,017,874
Current portion of lease liability	IV. 41	439,045	192,511
Current portion of long-term payables		70,939	16,884
<b>Total</b>		<b>12,434,293</b>	<b>14,585,373</b>

## 38. Other current liabilities

	31 December 2021	31 December 2020
VAT to be sold out (i)	260,675	333,635
Others (ii)	416,319	77,077
	<b>676,994</b>	<b>410,712</b>

(i) Other non-current liabilities are mainly the amount of value-added tax contained in the Group's VAT to be sold out.

(ii) As at 31 December 2021, the others are mainly the 2021 Phase 1 Asset-Backed Securitization (ABS) issued by CIMC Financial Leasing, a subsidiary of the Group, as the originator, with an amount of RMB288,255,000.

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 39. Long-term borrowings

	Note	31 December 2021	31 December 2020
Unsecured		<b>8,598,889</b>	7,808,027
Mortgaged	(i)	<b>1,122,237</b>	1,772,247
Guaranteed	(ii)	<b>17,428,327</b>	22,048,327
Pledged	(iii)	<b>337,100</b>	291,829
		<b>27,486,553</b>	31,920,430
Less: current portion of long-term borrowings			
Unsecured		<b>(3,601,880)</b>	(2,055,378)
Mortgaged	(i)	<b>(183,677)</b>	(628,848)
Guaranteed	(ii)	<b>(1,974,355)</b>	(9,623,878)
Pledged	(iii)	<b>(74,911)</b>	(50,000)
		<b>(5,834,823)</b>	(12,358,104)
		<b>21,651,730</b>	19,562,326

- (i) As at 31 December, 2021, the long-term mortgage loan of the Group was a loan of USD175,967,000 (equivalent to RMB1,122,237,000) from the bank by CIMC Financial Leasing, the subsidiary of the Group, with the contractual object of its finance lease as collateral, and an amount of USD28,800,000 (equivalent to RMB183,677,000) will expire within one year. (As at 31 December, 2020, the Group's long-term mortgage loan was a loan of USD271,613,000 (equivalent to RMB1,772,247,000) from the bank by CIMC Financial Leasing, the subsidiary of the Group, with the contractual subject matter as collateral, of which the mortgage due within one year was amounted to USD96,377,000 (equivalent to RMB628,848,000)).
- (ii) As at 31 December, 2021, the Group's bank guaranteed borrowings of RMB17,428,327,000 (31 December, 2020: RMB22,048,327,000) was guaranteed by the Group.
- (iii) As at 31 December 2021, the Group's long-term pledged borrowing was subsidiary China Fire Safety borrowed RMB337,100,000 from bank with 60% equity of its subsidiary Shenyang Jietong and 100% equity of Shanghai Jindun Special Vehicle Equipment as collateral of which the pledged loan that expire within one year were RMB74,911,000 (As at 31 December 2020, the Group's long-term pledged borrowing was subsidiary China Fire Safety borrowed RMB291,829,000 from bank with 60% equity of its subsidiary Shenyang Jietong as collateral of which the pledged loan that expire within one year were RMB50,000,000).
- (1) As at 31 December 2021, the interest rate of long-term borrowings ranged from 1.19% to 5.25% (31 December 2020: 1.20% to 6.87%).

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 40. Debentures payable

	Note	31 December 2020	Issued this year	Interest accrued at face value	Principal repaid this year	Interest repaid this year	Currency translation differences	31 December 2021
Medium-term notes	(1)	6,091,832	-	221,726	(2,000,000)	(239,600)	-	4,073,958
Corporation bonds	(2)	2,015,528	-	72,600	-	(72,600)	-	2,015,528
Convertible bond	(3)	-	1,232,160	3,348	-	-	(528)	1,234,980
		8,107,360	1,232,160	297,674	(2,000,000)	(312,200)	(528)	7,324,466
Less: debentures payable due within one year		(2,017,874)						(6,089,486)
		6,089,486						1,234,980

## (1) Medium-term notes is as follows:

Debenture name	Par value	Issuance date	Maturity	Issuance amount
19 CIMC MTN001 (i)	2,000,000	15/04/2019	3 years	2,000,000
19 CIMC MTN002 (ii)	2,000,000	10/10/2019	3 years	2,000,000
	4,000,000			4,000,000

- (i) The Company issued medium-term notes (MTN) with amount of RMB2 billion on 15 April 2019; with par value and issue price of RMB100 respectively per note and fixed interest rate of 4.05% per annum. Interest is to be paid on 15 April each year in the arrears until redemption and par value to be paid on 15 April 2022. The notes are unsecured and targets institutional investors in the national inter-bank market.
- (ii) The Company issued medium-term notes (MTN) with amount of RMB2 billion on 10 October 2019; with par value and issue price of RMB100 respectively per note and fixed interest rate of 3.64% per annum. Interest is to be paid on 10 October each year in the arrears until redemption and par value to be paid on 10 October 2022. The notes are unsecured and targets institutional investors in the national inter-bank market.



CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 40. Debentures payable (Continued)

#### (2) Corporation bonds

Debenture name	Par value	Issuance date	Maturity	Issuance amount
China International Marine Containers (Group) Co., Ltd. Publicly Issued Corporate Bonds to Qualified Investors in 2019 (Tranche I)	2,000,000	15/10/2019	3 years	2,000,000

The Company issued 2019 Public Offering of Corporate Bonds (Tranche I) to qualified investors with an amount of RMB2 billion on 15 October 2019; with par value and issue price of RMB100 respectively per bond and fixed interest rate of 3.63% per annum. Interest was to be paid annually and par value to be paid on 15 October 2022.

#### (3) Convertible bond

On 30 November 2021, CIMC Enric, the subsidiary of the Group, issued 5-year zero coupon convertible bond at a principal amount of HKD1,680,000,000 pursuant to the relevant subscription agreement dated on 16 November 2021. The maturity date of the bonds is 30 November 2026. Under the terms of the convertible bonds, bondholders may convert their bonds into ordinary shares of CIMC Enric Holdings Limited at any time on or after 10 January 2022 up to the 10th day prior to 30 November 2026 based on the conversion price of HKD11.78 per share.

Upon the occurrence of certain events specified in the agreement, the bondholders will have the right to require CIMC Enric to redeem all or some of such holder's bonds on 30 November 2024 at their principal amount, together with unpaid default interest thereon (if any).

Unless previously redeemed, converted or purchased and cancelled, CIMC Enric will redeem each bond at its principal amount, together with accrued and unpaid interest thereon, on 30 November 2026 or in certain circumstances specified in the agreement.

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 40. Debentures payable (Continued)

## (3) Convertible bond (Continued)

There are embedded derivatives in respect of the early redemption features of the 2021 convertible bond. Such embedded derivatives are deemed to be clearly and closely related to the host contract and therefore do not need to be separately accounted for.

As at the date of issue, the fair value of the liability component and the equity component of the 2021 convertible bonds was disclosed as below:

Principal amount	1,374,106
Transaction cost	(18,002)
Liability component	(1,232,160)
Equity component	123,944

Subsequent to the initial recognition, the liability component of the 2021 convertible bonds has been carried at amortised cost using the effective interest method. The effective interest rate of the liability component of the 2021 convertible bonds was 2.9% per annum as at 31 December 2021. The movement of the liability component and the equity component of the 2021 convertible bonds for the year ended 31 December 2021 is set out below:

	Liability component	Equity component	Total
As at 1 January 2021			
Issuance	1,232,160	123,944	1,356,104
Interest	3,348	–	3,348
Currency translation differences	(528)	–	(528)
As at 31 December 2021	1,234,980	123,944	1,358,924

The equity component will remain in convertible bond equity reserve until the embedded conversion option is exercised or the convertible bonds reach its maturity in 2026.

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 41. Lease Liabilities

	31 December 2021	31 December 2020
Lease liabilities	<b>881,081</b>	810,305
Less: Current portion of lease liabilities due within one year (Note IV (37))	<b>(439,045)</b>	(192,511)
	<b>442,036</b>	617,794

- (1) As of 31 December 2021, the events that not included in lease liabilities but will lead to potential cash outflow of the Group are as follows:

As of 31 December 2021, the lease payments related to the lease contracts that signed by the Group but not yet taken effect are RMB4,349,000 (31 December 2020: RMB13,435,000) (Note XV(3)).

### 42. Deferred Income

	31 December 2020	Current year additions	Current year decreases	31 December 2021
Government grants	1,176,001	239,016	(441,577)	<b>973,440</b>
Others	1,660	9,750	(8,603)	<b>2,807</b>
	1,177,661	248,766	(450,180)	<b>976,247</b>

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 42. Deferred income (Continued)

## (1) Government grants

	31 December 2020	Increase in the current year	Decrease in the current year			31 December 2021	Assets related/ income related
			Other income	Write down financial expenses	Other decrease		
Yantai Raffles National Development and Reform Commission on the release of industrial upgrading project	200,000	-	-	-	-	200,000	Assets related
Enric relocation compensation	157,464	-	(8,322)	-	-	149,142	Assets related
Enric new factory government grants	66,519	-	(4,613)	-	-	61,906	Assets & income related
Enric Peak-shaving station government grants	55,200	4,147	-	-	-	59,347	Income related
Dongguan Southern CIMC Logistics Equipment Manufacture intelligent production line project	39,420	-	-	-	-	39,420	Assets related
Shaanxi CIMC Vehicles Industry	41,402	-	(3,734)	-	-	37,668	Assets & income related
Qianhai Innovation and entrepreneurship carrier special funds	37,523	12,365	(16,200)	-	-	33,688	Assets related
Raffles Maritime Satellite Launch and Recovery Project	-	25,462	(741)	-	-	24,721	Assets related
C&C Trucks government build donation	24,550	-	(924)	-	-	23,626	Income related
TAS industrial base project	24,095	-	(711)	-	-	23,384	Assets related
Ningbo CIMC Industry and Technology development special funds	21,881	-	(593)	-	-	21,288	Assets related
QDCRC world bank foaming	20,605	-	(2,311)	-	-	18,294	Assets related
SYFFVF relocation compensation	16,095	-	(404)	-	-	15,691	Assets related
Chuzhou government grants for fixed asset	14,460	-	(285)	-	-	14,175	Assets related
Raffles' Research on Design Technology Offshore Permeable Structure	-	23,202	(10,169)	-	-	13,033	Assets related
Shenzhen Special Vehicle Grant for fixed assets improvement	-	13,079	(561)	-	-	12,518	Assets related
Hengyang New Materials Infrastructure Construction Support Fund	-	12,500	-	-	-	12,500	Assets & income related
CIMC Offshore Holdings' Development and application demonstration of deep-sea high-performance offshore wind power operation and maintenance vessels and core equipment	-	12,500	(445)	-	-	12,055	Income related

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 42. Deferred income (Continued)

#### (1) Government grants (Continued)

	31 December 2020	Decrease in the current year				31 December 2021	Assets related/ income related
		Increase in the current year	Other income	Write down financial expenses	Other decrease		
QDSCR world bank foaming equipment project	10,089	-	(1,132)	-	-	8,957	Assets related
YZTH discount on loan for construction of factory	16,994	-	-	(9,885)	-	7,109	Assets & income related
CIMC Offshore Holdings offshore test platform project	10,260	-	(8,337)	-	-	1,923	Assets related
Taicang CIMC Special Logistics Equipment government grants	10,182	-	(10,182)	-	-	-	Assets related
CIMC Offshore Holdings natural gas hydrate drilling and mining equipment research and development project	47,387	-	-	-	(47,387)	-	Income related
YZTH relocation compensation	46,441	-	(46,441)	-	-	-	Assets related
CIMC Offshore Holdings marine engineering intelligent key technology research and system development project	43,245	-	-	-	(43,245)	-	Assets related
Yantai Raffles Industrialization of marine multifunctional composite platform	19,920	237	(20,157)	-	-	-	Assets related
Yantai Raffles New Material Production and Application Demonstration Platform Construction Project	14,819	4,108	(18,927)	-	-	-	Assets related
Others	237,450	131,416	(185,871)	-	-	182,995	Assets/income related
	1,176,001	239,016	(341,060)	(9,885)	(90,632)	973,440	

### 43. Other non-current liabilities

	Note	31 December 2021	31 December 2020
Rental advances		286	4,120
Interest rate swap contract	IV. 3(3)	-	19,744
Others		2,780	37,212
		3,066	61,076

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 44. Share capital

	31 December 2020 '000	Current year additions '000	Current year decreases '000	Change of Shares subject to selling restriction '000	31 December 2021 '000
<b>Shares subject to trading restriction</b>					
Held by domestic natural person	850	-	-	-	850
<b>Share not subject to trading restriction</b>					
RMB dominated ordinary shares	1,534,272	-	-	-	1,534,272
Foreign shares listed overseas	2,059,892	-	-	-	2,059,892
	3,595,014	-	-	-	3,595,014

	31 December 2019 '000	Current year additions '000	Current year decreases '000	Change of Shares subject to selling restriction '000	31 December 2020 '000
<b>Shares subject to trading restriction</b>					
Held by domestic natural person	850	-	-	-	850
<b>Share not subject to trading restriction</b>					
RMB dominated ordinary shares	1,523,762	10,510	-	-	1,534,272
Foreign shares listed overseas	2,059,892	-	-	-	2,059,892
	3,584,504	10,510	-	-	3,595,014

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 45. Other equity instruments

	31 December 2020	Current year issuance	Interest at par value	Paid in current year	31 December 2021
18 CIMC MTN002(a)	2,006,165	–	84,499	(2,090,664)	–
18 First phase renewable corporate bond (a)	2,001,380	–	89,960	(2,091,340)	–
Perpetual debt investment contract (a)	300,497	–	813	(301,310)	–
	4,308,042	–	175,272	(4,483,314)	–

	31 December 2019	Current year issuance	Interest at par value	Paid in current year	31 December 2020
18 CIMC MTN002	2,006,165	–	103,400	(103,400)	2,006,165
18 First phase renewable corporate bond	2,001,380	–	97,000	(97,000)	2,001,380
Perpetual debt investment contract	–	2,000,000	73,579	(1,773,082)	300,497
	4,007,545	2,000,000	273,979	(1,973,482)	4,308,042

(a) As of 31 December 2021, the Group's other equity instruments all reached redemption date and repaid.

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 46. Capital reserve

	31 December 2020	Current year additions	Current year decreases	31 December 2021
Capital surplus	5,299,651	227,135	(335,452)	<b>5,191,334</b>
Including: Capital reserve due to minority shareholder's contribution (Note VI. 1(5)(i))	1,854,640	47,858	(1,761)	<b>1,900,737</b>
Disposal of partial equity of subsidiary	915,936	–	–	<b>915,936</b>
Capital reserve due to acquiring minority shareholders' equity (Note VI. 1(5)(ii)(iii)(iv))	(631,870)	179,277	(333,691)	<b>(786,284)</b>
Capital reserve due to acquisition or establishment of subsidiary	(107,258)	–	–	<b>(107,258)</b>
Others	3,268,203	–	–	<b>3,268,203</b>
Other capital reserve	163,554	210,561	(41,353)	<b>332,762</b>
Including: Equity settled share-based payment	461,076	68,523	–	<b>529,599</b>
Capital reserve due to share option exercised by subsidiary	7,845	–	(22,957)	<b>(15,112)</b>
Subsidiary issuance of convertible bond	–	123,944	–	<b>123,944</b>
Exchange reserve on foreign currency capital	(406,795)	–	–	<b>(406,795)</b>
Others	101,428	18,094	(18,396)	<b>101,126</b>
	5,463,205	437,696	(376,805)	<b>5,524,096</b>



CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 46. Capital reserve (Continued)

	31 December 2019	Current year additions	Current year decreases	31 December 2020
Capital surplus	4,758,233	786,205	(244,787)	5,299,651
Including: Capital reserve due to minority shareholder's contribution	1,353,548	602,115	(101,023)	1,854,640
Disposal of partial equity of subsidiary	915,936	-	-	915,936
Capital reserve due to acquiring minority shareholders' equity	(527,927)	39,821	(143,764)	(631,870)
Capital reserve due to acquisition or establishment of subsidiary	(107,258)	-	-	(107,258)
Others	3,123,934	144,269	-	3,268,203
Other capital reserve:	123,078	112,493	(72,017)	163,554
Including: Equity settled share-based payment	428,265	103,958	(71,147)	461,076
Capital reserve due to share option exercised by subsidiary	8,608	-	(763)	7,845
Exchange reserve on foreign currency capital	(406,795)	-	-	(406,795)
Others	93,000	8,535	(107)	101,428
	4,881,311	898,698	(316,804)	5,463,205

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 47. Other comprehensive income

	Other comprehensive income in the balance sheet			Other comprehensive income in the 2021 income statement			
	31 December 2020	Post-tax amount attributable to the Company	31 December 2021	Pre-tax amount incurred	Less: Income tax	Post-tax amount attributable to the Company	Post-tax amount attributable to the minority
Items that will not be reclassified to profit or loss							
- Changes in fair values of other equity investments	386,243	(18,118)	368,125	(18,118)	-	(18,118)	-
Items that may be reclassified subsequently to profit or loss							
- Currency translation differences	141,325	(117,473)	23,852	(217,688)	-	(117,473)	(100,215)
- The share of other comprehensive income that will be reclassified into profit or loss under equity method	8,523	(288)	8,235	(288)	-	(288)	-
- The amount greater than the book value on the conversion date when the self-use real estate was converted to investment properties using fair value measurement	384,678	-	384,678	-	-	-	-
	920,769	(135,879)	784,890	(236,094)	-	(135,879)	(100,215)

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 47. Other comprehensive income (Continued)

	Other comprehensive income in the balance sheet			Other comprehensive income in the 2020 income statement			
	31 December 2019	Post-tax amount attributable to the Company	31 December 2020	Pre-tax amount incurred	Less: Income tax	Post-tax amount attributable to the Company	Post-tax amount attributable to the minority
Items that will not be reclassified to profit or loss							
- Changes in fair values of other equity investments	517,418	(131,175)	386,243	(165,481)	34,306	(131,175)	-
Items that may be reclassified subsequently to profit or loss							
- Cash flow hedges	2,578	(2,578)	-	(2,578)	-	(2,578)	-
- Changes in fair value of other debt investments	2,282	(2,282)	-	(2,280)	(2)	(2,282)	-
- Currency translation differences	439,872	(298,547)	141,325	(369,584)	-	(298,547)	(71,037)
- The share of other comprehensive income that will be reclassified into profit or loss under equity method	16,448	(7,925)	8,523	(7,925)	-	(7,925)	-
- The amount greater than the book value on the conversion date when the self-use real estate was converted to investment properties using fair value measurement	736,728	(352,050)	384,678	(537,601)	39,676	(352,050)	(145,875)
	1,715,326	(794,557)	920,769	(1,085,449)	73,980	(794,557)	(216,912)

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 48. Surplus reserve

	31 December 2020	Current year additions	Current year decreases	31 December 2021
Statutory surplus reserve	1,797,505	–	–	<b>1,797,505</b>
Discretionary surplus reserve	1,790,092	–	–	<b>1,790,092</b>
	3,587,597	–	–	<b>3,587,597</b>

	31 December 2019	Current year additions	Current year decreases	31 December 2020
Statutory surplus reserve	1,792,251	5,254	–	1,797,505
Discretionary surplus reserve	1,790,092	–	–	1,790,092
	3,582,343	5,254	–	3,587,597

In accordance with the Company Law and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year (including shareholder and other equity holders of the Company) to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the paid in capital. The Company's surplus reserve has reached 50% of the registered capital and is no longer being accrued.

The Company appropriates for the discretionary surplus reserve after the shareholders' meeting approves the proposal from the Board of Directors. The discretionary surplus reserve can be used to make up for the loss or increase the paid in capital after approval from the appropriate authorities.

## 49. Undistributed profits

	Note	2021	2020
Undistributed profit at the beginning of the year		<b>26,142,889</b>	21,482,857
Add: net profit attributable to the shareholders and other equity holders of the company for the current year		<b>6,665,323</b>	5,349,613
Add: income from disposal of other equity investments		–	20,000
Less: equity attribute to holders of other equity investments in current year		<b>(175,272)</b>	(273,979)
Less: appropriation for surplus reserve		–	(5,254)
Less: ordinary share dividends payable	(1)	<b>(1,005,904)</b>	(430,348)
Undistributed profits at the end of the year		<b>31,627,036</b>	26,142,889

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 49. Undistributed profits (continued)

(1) Dividends of ordinary shares declared during the year

	2021	2020
Dividends proposed but not declared	–	–
Total proposed dividends in the year	<b>1,005,904</b>	430,348

Approved by the shareholders' general meeting on 2 June 2021, the Company distributed cash dividends to ordinary shareholders on 20 July 2021, at RMB0.28 per share (2020: RMB0.12 per share), totaling RMB1,005,904,000 (2020: RMB430,348,000).

### 50. Revenue and cost of sales

	2021	2020
Revenue from main operations	<b>160,410,075</b>	92,186,310
Revenue from other operations	<b>3,285,905</b>	1,972,773
	<b>163,695,980</b>	94,159,083
Cost of sales from main operations	<b>132,360,959</b>	79,644,980
Cost of sales from other operations	<b>1,814,990</b>	1,069,891
	<b>134,175,949</b>	80,714,871

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 50. Revenue and cost of sales (Continued)

## (1) Revenue and cost of sales from main operations by industries and by products

	2021		2020	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Container manufacturing service	63,007,771	47,461,088	21,104,040	18,561,595
Road transport vehicle service	26,380,895	23,623,045	26,045,464	22,806,190
Energy, chemical and liquid food equipment business	18,701,630	15,249,956	12,840,265	10,620,596
Logistics services	29,179,188	25,854,925	10,530,479	9,789,786
Airport facilities and logistics equipment, fire safety and rescue equipment business	6,650,561	5,212,815	5,920,846	4,690,905
Finance and asset management	1,691,121	835,013	1,567,975	788,778
Offshore engineering	4,887,626	4,993,844	4,879,427	5,108,237
Recycled load business	5,411,158	4,437,329	2,598,825	2,038,799
Industrial city development	–	–	2,155,976	1,339,803
Others	4,500,125	4,692,944	4,543,013	3,900,291
	<b>160,410,075</b>	<b>132,360,959</b>	<b>92,186,310</b>	<b>79,644,980</b>

## (2) Revenue and cost of sales from main operations by locations

	2021		2020	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
China	148,648,407	123,073,972	82,127,056	71,324,451
Europe	5,287,075	4,581,146	5,401,309	4,647,845
America	4,637,197	3,393,144	3,550,808	2,758,373
Asia (excluding China)	1,547,296	1,074,630	911,659	755,717
Others	290,100	238,067	195,478	158,594
	<b>160,410,075</b>	<b>132,360,959</b>	<b>92,186,310</b>	<b>79,644,980</b>

The main business's operating income and operating costs are divided according to the location of the company that provides the service or sells the product.

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 50. Revenue and cost of sales (Continued)

#### (3) Revenue and cost of sales from other operations

	2021		2020	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Sale of raw materials	1,490,037	948,931	900,715	573,519
Rental income (i)	35,320	34,960	173,925	117,838
Rendering of services	1,083,691	831,099	898,133	378,534
Sales of financial leasing	676,857	-	-	-
	<b>3,285,905</b>	<b>1,814,990</b>	<b>1,972,773</b>	<b>1,069,891</b>

(i) The Group's rental income comes from leasing its own houses and buildings, machinery and equipment and transportation vehicles. In 2021, there is no variable rent in the rental income based on a certain percentage of the lessee's sales (2020: Nil). In 2021, there is no significant change on financial leasing (2020: Nil).

#### (4) Revenue by categories:

	2021									
	Container manufacturing service	Road transport vehicle service	Energy, chemical and liquid food equipment business	Offshore engineering	Airport facilities and logistics equipment, fire safety and rescue equipment business	Logistics services	Recycled load business	Finance and asset management	Others	Total
Revenue from main operations										
Including:										
Recognized at a point in time	63,007,771	26,428,406	13,051,882	557,658	4,604,158	-	5,411,158	219,396	4,500,125	117,780,554
Recognized over time	-	301,290	5,649,748	4,329,968	2,046,403	29,179,188	-	1,122,924	-	42,629,521
Revenue from other operations (i)	555,730	653,156	454,734	167,460	95,927	45,954	46,658	676,857	589,429	3,285,905
	<b>63,563,501</b>	<b>27,382,852</b>	<b>19,156,364</b>	<b>5,055,086</b>	<b>6,746,488</b>	<b>29,225,142</b>	<b>5,457,816</b>	<b>2,019,177</b>	<b>5,089,554</b>	<b>163,695,980</b>

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 50. Revenue and cost of sales (Continued)

## (4) Revenue by categories: (Continued)

	2020										
	Container manufacturing service	Road transport vehicle service	Energy, chemical and liquid food equipment business	Offshore engineering	Airport facilities and logistics equipment, fire safety and rescue equipment	Logistics services	Recycled load business	Industrial city development	Finance and asset management	Others	Total
Revenue from main operations											
Including:											
Recognized at a point in time	21,104,040	25,836,931	8,782,335	556,722	5,154,240	-	2,598,825	2,155,976	10,439	4,543,013	70,742,521
Recognized over time	-	208,533	4,057,930	4,322,705	766,606	10,530,479	-	-	1,557,536	-	21,443,789
Revenue from other operations (i)	358,473	249,873	357,932	168,812	133,697	38,242	28,429	13,242	143,618	480,455	1,972,773
	21,462,513	26,295,337	13,198,197	5,048,239	6,054,543	10,568,721	2,627,254	2,169,218	1,711,593	5,023,468	94,159,083

The Group's material sales and sales of financial leasing revenue are recognized at a certain point in time. The rental income and rendering of services revenue are recognized over time.

## 51. Taxes and surcharges

	2021	2020	Standard
City maintenance and construction tax	210,899	126,067	7% of VAT
Educational surcharge	164,771	95,444	3% – 5% of VAT paid
Tenure tax	90,446	92,229	Actual using area of land and unit tax
Land appreciation tax	3,773	242,268	Appreciation amount in transferring property and applicable tax rate
Housing property tax	89,707	95,492	Real estate surplus or property rental income and applicable tax rate
Stamp Duty	67,764	49,584	Amount or number of taxable voucher and applicable tax rate or unit tax
Others	6,907	7,932	
	634,267	709,016	



CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 52. Selling and distribution expenses

	2021	2020
Employ benefits	1,314,436	984,875
Selling operation	360,949	343,078
Warranty	315,397	230,168
External sales commission	220,396	62,489
Agency fees	90,787	44,771
Advertising	82,404	77,172
Storage	60,833	42,847
Transportation and distribution expenses	57,759	10,860
Product maintenance fee	45,245	38,620
Right of use assets depreciation	3,338	5,579
Others	207,335	149,617
	<b>2,758,879</b>	<b>1,990,076</b>

### 53. General and administrative expenses

	2021	2020
Employ fees	3,478,798	2,778,839
Agency fees	465,655	372,755
Amortisation	234,250	209,961
Depreciation	212,840	243,198
Entertainment fee	156,559	113,515
Rental	128,113	108,534
Taxes and surcharges	100,626	78,042
Low-value consumables and materials consumed	89,360	89,503
Travel expenses	74,589	64,070
Share-based payment expenses	72,907	104,495
Right of use assets depreciation	68,761	74,103
Audit fee	13,246	12,170
Insurance, external repairing expenses and others	705,153	647,156
	<b>5,800,857</b>	<b>4,896,341</b>

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 54. Research and development expenses

	2021	2020
Direct material consumption	1,047,479	585,094
Research and development labor costs	770,252	593,772
Depreciation and amortisation	144,579	125,747
Testing fee	106,355	81,150
Design fee	74,780	135,526
Right of use assets depreciation	706	384
Others	108,204	87,031
	<b>2,252,355</b>	<b>1,608,704</b>

## 55. Financial expenses

	2021	2020
Interest expenses	1,339,784	2,275,696
Add: Interest expense on lease liabilities	78,214	63,147
Less: capitalised borrowing costs	(49,474)	(746,740)
Sub-total	1,368,524	1,592,103
Less: interest income	(350,218)	(319,578)
Net exchange losses	367,345	648,699
Others	121,615	175,329
	<b>1,507,266</b>	<b>2,096,553</b>

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 56. Expenses by nature

Costs of sales, selling and distribution expenses, general administrative expenses and research and development expenses in income statement presented by nature are analysed as follows :

	2021	2020
Finished goods and work-in-progress movement	109,905,652	67,692,792
Consumption of raw materials and low priced and easily worn articles, etc	14,016,091	3,397,403
Salary and wages	13,091,952	8,828,911
Depreciation and amortisation	3,014,649	3,228,241
Processing and repairing expenses	1,710,658	900,609
Power expenses	839,575	661,901
Selling operation expenses	360,949	343,078
Right of use assets depreciation	320,450	269,579
Rental (i)	295,076	236,040
Audit fee	13,246	12,170
Finished goods and work-in-progress movement	(1,947,561)	715,554
Other expenses-other general and administrative expenses	1,389,958	1,556,581
Other expenses-other selling and distribution expenses	936,257	563,981
Other expenses-other manufacturing expenses	751,749	499,444
Other expenses-other research and development expenses	289,339	303,708
	<b>144,988,040</b>	<b>89,209,992</b>

- (i) As mentioned in Note II. 27, 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 may include the lease payment in the profit or loss for the current period. In 2021, the amount is RMB295,076,000 (In 2020, RMB236,040,000).

### 57. Fair value gains/(losses)

	2021	2020
Financial assets at fair value through profit or loss		
– Equity instruments held for trading	48,509	(87,192)
Debt instruments held for trading	–	10,263
Investment properties at fair value	7,697	(30,767)
Financial liabilities at fair value through profit or loss		
– Financial guarantee contracts	–	11,264
Derivative financial instruments	(128,219)	241,285
	<b>(72,013)</b>	<b>144,853</b>

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 58. Investment income

	2021	2020
Income from disposal of derivative financial instruments	<b>1,382,973</b>	321,988
Dividend income from investments in other equity instruments	<b>63,806</b>	39,555
Income from disposal of financial assets/liabilities held for trading	<b>33,992</b>	37,566
Income from disposal of long-term equity investment and subsidiary	<b>20,550</b>	4,427,236
Income from Financial assets held for trading during the holding period	<b>15,327</b>	8,030
(Losses)/income from long-term equity investments under equity method	<b>(235,331)</b>	473,599
Others	<b>(13,224)</b>	(7,094)
	<b>1,268,093</b>	5,300,880

## 59. Gains on disposals of assets

	2021	2020	Amount recognized In non-recurring profit or loss in 2021
Gains on disposals of fixed asset	<b>14,119</b>	87,068	14,119
Gains on disposals of Intangible assets	<b>2,783</b>	28,435	2,783
	<b>16,902</b>	115,503	16,902

## 60. Other income

	2021	2020	Asset related/ Income related
Financial subsidies	<b>504,703</b>	594,307	Asset related/ Income related
Tax refund	<b>82,825</b>	61,734	Income related
Others	<b>59,357</b>	56,076	Income related
	<b>646,885</b>	712,117	

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 61. Asset impairment losses

	2021	2020
Fixed asset	1,851,866	50,285
Construction in progress	1,237,544	63,525
Inventories and costs incurred to fulfill a contract	952,196	342,268
Intangible assets	198,703	8,000
Long-term equity investments	36,334	2,277
Contract asset	34,156	28,377
Goodwill	12,731	83,654
Advances to suppliers	451	4,051
	<b>4,323,981</b>	<b>582,437</b>

### 62. Credit losses

	2021	2020
Bad debt loss of accounts receivable	309,549	245,443
Other receivables loss/(reversal)	236,702	(8,119)
Long-term receivables (including current portion of non-current assets) loss	83,301	140,763
Financial guarantee loss for vehicle loans	9,714	6,690
Receivables financing bad debt (reversal)/loss	(203)	2,576
Notes receivables (reversal)/loss	(8,319)	7,458
	<b>630,744</b>	<b>394,811</b>

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 63. Non-operating income

	2021	2020	Amount recognized in non-recurring profit or loss in 2021
Unpayable payables	60,347	128,009	60,347
Compensation income	40,787	23,313	40,787
Penalty income	12,984	17,733	12,984
Gained by donation	–	6,129	–
Others	9,851	73,431	9,851
	123,969	248,615	123,969

## 64. Non-operating expenses

	2021	2020	Amount recognized in non-recurring profit or loss in 2021
Losses of disposals of fixed asset	196,897	207,311	196,897
Compensation expenses	55,393	25,033	55,393
Donations	9,573	3,730	9,573
Penalty expenses	6,611	2,233	6,611
Relocation compensation and liquidation fees	–	102,270	–
Others	31,985	57,259	31,985
	300,459	397,836	300,459

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 65. Income tax expenses

	2021	2020
Current income tax calculated based on tax law and related regulations	4,797,150	1,222,326
Deferred income tax	137,141	56,340
<b>Total</b>	<b>4,934,291</b>	<b>1,278,666</b>

Reconciliation between tax expense and accounting profit at applicable tax rates:

	2021	2020
Profit before tax	13,295,059	7,290,406
Income tax calculated at applicable tax rates (25%)	3,323,765	1,822,602
Effect of using different tax rates for subsidiaries	1,255,811	194,966
Effect of tax incentive	(353,610)	(196,355)
Cost, expenses and losses not deductible	313,694	131,121
Other income not subject to tax	(108,106)	(1,341,866)
Deductible losses in previously unrecognized deferred income	(73,083)	(49,419)
Deductible losses in unrecognized deferred income tax assets	529,888	688,947
Deductible temporary differences in unrecognized deferred tax asset	64,616	83,946
Deductible temporary differences for which no deferred tax asset was recognized in previous years	(1,005)	(9,107)
Effect of tax rate change on deferred tax differences	1,121	808
Tax refund for income tax annual filing	(18,800)	(46,977)
<b>Income tax expenses</b>	<b>4,934,291</b>	<b>1,278,666</b>

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 66. Calculation of basic earnings per share and diluted earnings per share

## (1) Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding:

	2021	2020
Consolidated net profit attributable to shareholders of the Company	6,665,323	5,349,613
Less: Equity attributable to holders of other equity instruments	(175,272)	(273,979)
Consolidated net profit attributable to ordinary shareholders of the Company	6,490,051	5,075,634
Weighted-average number of ordinary shares outstanding ('000)	3,595,014	3,588,283
Basic earnings per share (RMB/share)	1.81	1.41
Including: Going concern basic earnings per share	1.81	0.12
Termination concern basic earnings per share	-	1.29

## (2) Diluted earnings per share

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

	2021	2020
Consolidated net profit attributable to shareholders of the Company	6,665,323	5,349,613
Influence of the issuing of the perpetual bonds by the Company	(175,272)	(273,979)
Influence of share option program by subsidiaries	(26,049)	(1,371)
Consolidated net profit (adjusted) attributable to ordinary shareholders of the Company	6,464,002	5,074,263
Weighted-average number of ordinary shares outstanding (diluted) ('000) (adjusted)	3,595,014	3,588,283
Diluted earnings per share (RMB/share)	1.80	1.41



CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 66. Calculation of basic earnings per share and diluted earnings per share (Continued)

#### (2) Diluted earnings per share (Continued)

(a) Calculation of weighted average number of ordinary shares (diluted):

	2021	2020
Weighted-average number of ordinary shares outstanding ('000)	3,595,014	3,588,283
Effect of share options ('000)	–	–
Weighted-average number of ordinary shares outstanding (diluted) ('000)	3,595,014	3,588,283

### 67. Information to cash flow statement

#### (1) Cash received related to other operating activities

	2021	2020
Cash received from CIMC Industry & City	3,337,353	–
Cash received from government grants	362,646	731,439
Interest received	356,543	330,051
Cash received from compensation income	40,787	23,313
Cash received from penalty income	12,984	17,733
Others	98,163	540,749
	4,208,476	1,643,285

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 67. Information to cash flow statement (Continued)

## (2) Cash paid related to other operating activities

	2021	2020
Cash paid for research expenses	1,336,818	888,801
Cash paid for insurance and other miscellaneous expenses related to sales	1,022,397	645,684
Cash paid for sales expenses	360,949	343,078
Cash paid for warranty	327,455	95,359
Cash paid for entertainment expenses	156,559	113,515
Others	1,394,647	1,351,831
	<b>4,598,825</b>	<b>3,438,268</b>

## (3) Cash received related to other financing activities

	2021	2020
Cash received from issuing Asset-based securities	340,000	393,000
Cash received from loan from minority shareholders	-	1,054,143
Cash received from non-republic directional debt financing instruments	-	900,000
Cash received from employee equity incentive fund (Note IX. 2(1))	-	139,719
Others	18,134	-
	<b>358,134</b>	<b>2,486,862</b>

## (4) Cash paid related to other financing activities

	2021	2020
Cash paid for minority shareholders	1,404,649	660,088
Cash paid for lease liabilities	452,175	253,692
Cash paid for repurchasing Asset-based securities	60,000	-
Cash paid for restricted stock repurchase obligations	21,796	44,089
	<b>1,938,620</b>	<b>957,869</b>

In 2021, Cash paid for lease related activities was RMB747,251,000 (In 2020: RMB489,732,000). Except for cash paid for leasing liabilities as above, the rest of lease's cash paid out was operating activity related.

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 68. Information to cash flow statement

#### (1) Supplementary information to the cash flow statement

Reconciliation from net profits to cash flows from operating activities:

	2021	2020
Net Profit	8,360,768	6,011,740
Add: impairment loss for assets	4,323,981	582,437
Impairment loss for credit	630,744	394,811
Depreciation of fixed asset	2,419,621	2,601,472
Depreciation of right-of-use assets	320,450	269,579
Amortization of intangible assets	406,772	375,690
Amortization of long-term prepaid expenses	188,256	251,079
Losses on disposal of fixed asset, intangible assets and other long-term assets	179,995	91,808
Losses/(gains) on changes in fair value	72,013	(144,853)
Financial expense	1,832,061	2,160,795
Investment income	(1,268,093)	(5,300,880)
Share-based payment expenses	72,907	104,495
Decrease/(increase) in deferred tax assets	410,465	(79,443)
Deferred income amortization	(450,180)	(288,490)
(Decrease)/increase in deferred tax liabilities	(274,937)	108,162
Increase in inventories	(5,289,592)	(384,046)
(Increase)/decrease in operating receivables	(250,377)	72,562
Increase in operating payables	8,889,801	5,983,568
Net cash flows from operating activities	20,574,655	12,810,486

Major operating, investment and financing activities not involving cash receipts and payments

	2021	2020
The new additions of right-of-use assets	729,080	1,529,975
	729,080	1,529,975

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 68. Information to cash flow statement (Continued)

## (1) Supplementary information to the cash flow statement (Continued)

Net increase in cash and cash equivalents:

	2021	2020
Cash and cash equivalents at the end of the year	<b>16,529,988</b>	11,210,240
Less: cash and cash equivalents at the beginning of the year	<b>11,210,240</b>	8,659,885
Net increase in cash and cash equivalents	<b>5,319,748</b>	2,550,355

## (2) Information on acquisition of subsidiaries during the year

	2021	2020
I. Information on acquisition of subsidiaries		
Cash and cash equivalents paid for acquisition	<b>260,304</b>	186,631
Less: Cash and cash equivalents held by subsidiaries on acquisition date	<b>237,522</b>	96,930
Net cash paid for the acquisition	<b>22,782</b>	89,701
Consideration for acquisition of subsidiaries in 2021	<b>260,304</b>	186,631
Net assets held by the acquired subsidiaries at acquisition date		
Current assets	<b>1,335,383</b>	275,151
Non-current assets	<b>38,901</b>	130,287
Current liabilities	<b>(1,038,757)</b>	(211,981)
Non-current liabilities	<b>(30,877)</b>	(16,309)
Minority interests	<b>93,530</b>	69,441

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 68. Information to cash flow statement (Continued)

#### (3) Information on disposal of subsidiaries or other undertakings during the year

In 2021, the net cash received from disposal of subsidiaries is RMB1,469,467,000 (Note IV. 35(2)), the advanced equity payment arising from disposal of CIMC financial leasing.

Information on disposal of subsidiaries by the Group in 2020 is as follows:

	2020
Cash and cash equivalents received on disposal of subsidiaries or other undertakings	555,427
Less: Cash and cash equivalents remained on disposal date of disposed subsidiaries or other undertakings	1,753,191
Net cash outflow on disposals of subsidiaries or other undertakings	(1,197,764)
Price of disposed subsidiaries in 2020	49,500
Price of disposed subsidiaries in previous years	505,927
Net asset of disposal subsidiaries at disposal date	
Current asset	30,596,958
Non-current asset	11,512,641
Current liabilities	(20,265,674)
Non-current liabilities	(12,938,595)
Minority interest	5,978,840

#### (4) Cash and cash equivalents

	31 December	
	2021	31 December 2020
I. Cash		
Including: Cash on hand	5,107	5,330
Cash at bank that can be readily drawn on demand	15,154,763	10,804,910
II. Redemptory monetary capital for sale and withdrawal of funds by Finance Company	1,370,118	400,000
III. Cash and cash equivalents at the end of the year	16,529,988	11,210,240

Note: Aforesaid "Cash and cash equivalents" excluded restricted cash.

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 69. Monetary items dominated in foreign currency

	31 December 2021		
	Functional currency ('000)	Exchange Rate	In RMB ('000)
Monetary fund –			
USD	796,203	6.3776	5,077,864
EUR	156,283	7.2202	1,128,394
HKD	309,024	0.8176	252,658
THB	112,463	0.1912	21,503
GBP	41,941	8.6059	360,943
AUD	2,946	4.6211	13,613
JPY	200,794	0.0554	11,124
Others			121,437
			<b>6,987,536</b>
Accounts receivables –			
USD	2,335,359	6.3776	14,893,984
EUR	37,409	7.2202	270,097
GBP	27,422	8.6059	235,992
JPY	605,000	0.0554	33,517
HKD	127,882	0.8176	104,556
AUD	1,263	4.6211	5,835
THB	368,938	0.1912	70,541
Others			382,784
			<b>15,997,306</b>
Other receivables –			
USD	17,666	6.3776	112,665
HKD	621,327	0.8176	507,997
EUR	26,860	7.2202	193,931
THB	202,945	0.1912	38,803
AUD	16,757	4.6211	77,434
Others			394,985
			<b>1,325,815</b>

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 69. Monetary items dominated in foreign currency (Continued)

	31 December 2021		
	Functional currency (‘000)	Exchange Rate	In RMB (‘000)
Long term receivables –			
USD	1,066,123	6.3776	6,799,307
AUD	706	4.6211	3,262
GBP	13,998	8.6059	120,467
			6,923,036
Short-term borrowings –			
USD	557,164	6.3776	3,553,366
EUR	36,536	7.2202	263,798
GBP	40,403	8.6059	347,705
Others			87,352
			4,252,221
Accounts payables –			
USD	561,615	6.3776	3,581,758
EUR	31,954	7.2202	230,714
GBP	52,572	8.6059	452,429
AUD	3,415	4.6211	15,779
HKD	40,875	0.8176	33,419
THB	394,404	0.1912	75,410
Others	2,527	0.0554	140
			4,389,649
Other payables –			
USD	85,214	6.3776	543,463
EUR	23,695	7.2202	171,084
GBP	6,339	8.6059	54,550
AUD	1,454	4.6211	6,719
HKD	29,543	0.8176	24,154
THB	364,205	0.1912	69,636
Others			463,380
			1,332,986

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 69. Monetary items dominated in foreign currency (Continued)

	31 December 2021		
	Functional currency (‘000)	Exchange Rate	In RMB (‘000)
Long-term borrowings –			
USD	2,287,349	6.3776	14,587,795
EUR	60,225	7.2202	434,836
HKD	400,000	0.8176	327,040
			15,349,671
Long-term payables –			
USD	2,814	6.3776	17,950
			17,950
Lease liabilities –			
USD	9,943	6.3776	63,415
HKD	3,034	0.8176	2,481
Others			50,209
			116,105

The above-mentioned foreign currency monetary items refer to all currencies except RMB (The scope is different from the foreign currency items in Note XV. 1(1)).



## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## V. CHANGES IN THE SCOPE OF CONSOLIDATION

### 1、Business combinations involving enterprise not under common control

#### (1) Andashun Supply Chain

On 6 August 2021, CIMC Wetrans Logistics, the subsidiary of the Group, signed a cooperation agreement with Andashun Supply Chain and its original investors. CIMC Wetrans Logistics increased its capital investment to Andashun Supply Chain with RMB44,000,000. After the transaction, CIMC Wetrans Logistics hold 55% of its equity. Subsequently, CIMC Wetrans Logistics acquired another 5% of its equity with RMB70,000,000. On the acquisition date, the identified net assets of Andashun Supply Chain were RMB99,949,000, and CIMC Wetrans Logistics recognized goodwill of RMB65,003,000 for the difference between the acquisition consideration and the identified net assets of corresponding shares. Andashun Supply Chain is mainly engaged in the agent of international air freight.

#### (2) CIMC Shichang

On April 2021, CIMC Wetrans Logistics, the subsidiary of the Group, signed a cooperation agreement with CIMC Shichang's original investors. CIMC Wetrans Logistics increased its capital investment to CIMC Shichang with RMB35,000,000. After the transaction, CIMC Wetrans Logistics holds 53.85% of its equity. Subsequently, CIMC Wetrans Logistics acquired registered capital of RMB4,000,000 with RMB60,000,000. After the transaction, CIMC Wetrans Logistics hold 60% of its equity. On the acquisition date, the identified net assets of CIMC Shichang were RMB75,271,000, and CIMC Wetrans logistics recognized goodwill of RMB55,368,000 for the difference between the acquisition consideration and the identified net assets of corresponding shares. CIMC Shichang is mainly engaged in the agent of international air freight and logistic scheme design.

#### (3) In 2021, the enterprise acquired by CIMC group that not under common control include CIMC Baochuang (Wuxi) Steel Processing Co., Ltd. ("**Wuxi baochuang**"), Jingbian Talengtong Natural Gas Co., Ltd. ("**talengtong**"), Yulin Wanxintai Industry and Trade Co., Ltd. ("**wanxintai**"), etc

## VI. EQUITY IN OTHER ENTITIES

### 1、Equity in subsidiaries

All subsidiaries of the Group were established or acquired through combination not under common control. There was no acquisition of subsidiaries through combination under common control.

As at 31 December 2021, the number of companies included in the scope of consolidation added up to 755. Except for the important subsidiaries listed below, the number of other subsidiaries held by the Group was 628. Other subsidiaries mainly included those engaged in manufacturing or service provision, which have relatively small scale of operation. Other subsidiaries also included those investment holding companies with no operating activities registered in Hong Kong, British Virgin Islands or other overseas countries.

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (Continued)

## 1. Equity in subsidiaries (Continued)

## (1) Subsidiaries obtained through establishment or business combination

## (i) Domestic subsidiaries

	Name	Category	Registration		Business scope	Share capital	Shareholding percentage	
			Place	Main Premises			Direct	Indirect
1	Shenzhen Southern CIMC Containers Manufacture Co., Ltd. ("SCIMC")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Manufacture, repair and sale of container, container stockpiling business	RMB137,698,700	100.00%	100.00%
2	Shenzhen Southern CIMC Logistics Equipment Manufacturing Co., Ltd. ("SCIMCEL")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Manufacture and repair of container, design and manufacture of new-style special road and port equipment	USD80,000,000	-	100.00%
3	Xinhui CIMC Container Co., Ltd. ("XHCIMC")	Business entity	Jiangmen Guangdong	Jiangmen Guangdong	Manufacture, repair and sale of containers	USD24,000,000	-	90.00%
4	Nantong CIMC Shunda Containers Co., Ltd. ("NTCIMC")	Business entity	Nantong Jiangsu	Nantong Jiangsu	Manufacture, repair and sale of containers	USD9,060,000	-	60.35%
5	Dalian CIMC Containers Co., Ltd. ("DLCIMC")	Business entity	Dalian Liaoning	Dalian Liaoning	Manufacture and sale of container as well as relevant technical advisory, container stockpiling business	RMB254,100,000	-	75.00%
6	Shenzhen CIMC - TianDa Airport Support Co., Ltd. ("TianDa Airport")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Sales of airport and port electromechanical products Automatic logistics storage system and equipment	USD13,500,000	-	58.33%
7	Ningbo CIMC Logistics Equipment Co., Ltd. ("NBCIMC")	Business entity	Ningbo Zhejiang	Ningbo Zhejiang	Manufacture and sales of containers and related technological consultancy; container storage	USD36,000,000	-	100.00%
8	Taicang CIMC Containers Co., Ltd. ("TCCIMC")	Business entity	Taicang Jiangsu	Taicang Jiangsu	Manufacture and repair of container	USD31,000,000	-	100.00%
9	Yangzhou Runyang Logistics Equipments Co., Ltd. ("YZRYL")	Business entity	Yangzhou Jiangsu	Yangzhou Jiangsu	Manufacture, repair and sales of container	RMB143,880,000	-	75.00%

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (Continued)

### 1. Equity in subsidiaries (Continued)

#### (1) Subsidiaries obtained through establishment or business combination (Continued)

##### (i) Domestic subsidiaries (Continued)

	Name	Category	Registration		Business scope	Share capital	Shareholding percentage	
			Place	Main Premises			Direct	Indirect
10	Shanghai CIMC Yangshan Logistics Equipments Co., Ltd. ("SHYSLE")	Business entity	Shanghai	Shanghai	Manufacture and sale of container as well as relevant technical advisory	USD29,480,000	-	100.00%
11	Tianjin CIMC Containers Co., Ltd. ("TJCC")	Business entity	Tianjing	Tianjing	Manufacture of container	USD50,000,000	-	100.00%
12	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd. ("NTCIMCS")	Business entity	Nantong Jiangsu	Nantong Jiangsu	Manufacture, sale and repair of various trough, tank as well as various special storing and transporting equipments and parts	USD11,760,000	-	60.35%
13	Xinhui CIMC Special Transportation Equipment Co., Ltd. ("XHCIMCS")	Business entity	Jiangmen Guangdong	Jiangmen Guangdong	Manufacture and sale of various container, semi-finished container product and relevant components and maintenance service	USD425,493,400	-	100.00%
14	CIMC Cold Cloud (Beijing) Technology Co., Ltd. ("Cold Cloud (Beijing)")	Business entity	Beijing	Beijing	Technology development, business management consulting, import and export of goods, chemical products wholesale	RMB12,240,000	-	56.29%
15	Dongguan Southern CIMC Logistics Equipment Manufacture Co. Ltd. ("DLEM")	Business entity	Dongguan Guangdong	Dongguan Guangdong	Manufacture and sale of various container, semi-finished container product	RMB600,000,000	-	100.00%
16	Shanghai CIMC vehicle logistics equipment Co., Ltd	Business entity	Shanghai	Shanghai	Operation of storage and supporting facilities, property management and related services	RMB90,200,000	-	55.48%
17	Shenzhen CIMC Haigong Investment Co., Ltd ("Haigong Investment")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Marine engineering equipment and ship managements and operation and maintenance	RMB1,900,000,000	-	100.00%

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (Continued)

## 1. Equity in subsidiaries (Continued)

## (1) Subsidiaries obtained through establishment or business combination (Continued)

## (i) Domestic subsidiaries (Continued)

	Name	Category	Registration		Business scope	Share capital	Shareholding percentage	
			Place	Main Premises			Direct	Indirect
18	Qianhai Ruiji Technology Co., Ltd ("Qianhai Ruiji Technology")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Technology development in machinery equipment, Technology consulting and sales	RMB8,000,000	-	70.00%
19	Shenzhen Zhongji new material technology development Co., Ltd ("Shenzhen new material")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Manufacture and sale of wood container floor and its relevant products and relevant services	RMB30,000,000	-	75.80%
20	CIMC Security Technology Co., Ltd. ("CIMC Security")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Research, production and marketing of fire related products	RMB100,000,000	-	65.02%
21	Qingdao CIMC Chuangying Composite Material Technology ("Qingdao Chuangying")	Business entity	Qingdao Shandong	Qingdao Shandong	Development, manufacture, sale, handling and detect of thermoplastic composites	RMB70,000,000	-	80.00%
22	CIMC -SHAC (Xi'an) Special Vehicle Co., Ltd. ("XASV")*	Business entity	Xi'an Shanxi	Xi'an Shanxi	Development and production of various special-use vehicles as well as components and parts	RMB50,000,000	-	41.60%
23	Wuhu CIMC Ruijiang Automobile Marketing Service Co., Ltd. ("CIMC Ruijiang")*	Business entity	Wuhu Anhui	Wuhu Anhui	Sale and agency of various kinds of heavy truck special-use vehicles, engineering machinery, automobile chassis engine and relevant components and parts	RMB5,000,000	-	39.89%
24	Shenzhen CIMC Sharing Logistics Service Co., Ltd ("Sharing Logistics")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Logistics management services, Cloud sharing services	RMB5,000,000	-	70.00%

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (Continued)

### 1. Equity in subsidiaries (Continued)

#### (1) Subsidiaries obtained through establishment or business combination (Continued)

##### (i) Domestic subsidiaries (Continued)

	Name	Category	Registration		Business scope	Share capital	Shareholding percentage	
			Place	Main Premises			Direct	Indirect
25	CIMC vehicle (Jiangmen) Co., Ltd ("Jiangmen vehicle")	Business entity	Jiangmen Guangdong	Jiangmen Guangdong	Production, development, processing and sales of various composite plate products such as plastics, plastic alloy	RMB141,220,000	-	42.29%
26	Guangzhou CIMC Container Service Co., Ltd ("Guangzhou Service")	Business entity	Guangzhou Guangdong	Guangzhou Guangdong	Maintenance and leasing of containers, maintenance of electrical equipments maintenance of electrical equipments	RMB10,000,000	-	50.40%
27	CIMC Financing and Leasing Co., Ltd. ("CIMC Financing and Leasing")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Finance lease business; disposal and maintenance for residual value of eased property; advisory and warranty for leasing transaction	USD70,000,000	75.00%	25.00%
28	Zhangzhou China Merchants Containers Co. LTD ("Zhangzhou CIMC")	Business entity	Zhangzhou Fujian	Zhangzhou Fujian	Manufacture, repair and sale Containers	USD23,000,000	-	100.00%
29	Zhumadian CIMC Huajun Vehicle Trading Co., Ltd. ("Huajun Vehicle")	Business entity	Zhumadian Henan	Zhumadian Henan	Special purpose vehicle modification, trailer and accessories R & D and manufacturing of box type freight cars	RMB205,340,000	-	55.21%
30	NanTong CIMC Special Logistics Equipment Co. Ltd. ("NTSL")	Business entity	Nantong Jiangsu	Nantong Jiangsu	Manufacture and sale of container as well as relevant technical advisory	RMB5,000,000	-	60.35%
31	Hunan CIMC Bamboo Industry Development ("Hunan Woods")	Business entity	Shaoyang Hunan	Shaoyang Hunan	Manufacturing and sale of bamboo and wood product	RMB28,000,000	-	75.80%
32	Shenzhen jijameiyu Apartment Management Co., Ltd ("jijameiyu")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Apartment leasing and management and provision of operation service for apartment and hotel	RMB3,000,000	-	100.00%

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (Continued)

## 1. Equity in subsidiaries (Continued)

## (1) Subsidiaries obtained through establishment or business combination (Continued)

## (i) Domestic subsidiaries (Continued)

	Name	Category	Registration		Business scope	Share capital	Shareholding percentage	
			Place	Main Premises			Direct	Indirect
33	Jiaxing CIMC Wood Co., Ltd. (" <b>JXW</b> ")	Business entity	Jiaxing Zhejiang	Jiaxing Zhejiang	Production and sales of container wood floors, wood products for transport equipments and other wood products	USD5,000,000	-	81.85%
34	CIMC Cold Chain Technology Co., Ltd. (" <b>CIMC Cold Chain Technology</b> ")	Business entity	Qingdao Shandong	Qingdao Shandong	Cold chain equipment design, leasing, logistics services and technical consultation	RMB70,000,000	-	51%
35	CIMC commercial factoring Co., Ltd (" <b>CIMC factoring</b> ")	Business entity	Tianjin	Tianjin	Factoring, financing and customer credit investigation and evaluation	RMB77,190,000	-	89.50%
36	Shenzhen intelligent Ocean Engineering Innovation Center Co., Ltd (" <b>Shenzhen intelligent Ocean</b> ")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Marine engineering equipment manufacturing	RMB44,500,000	-	81.93%
37	CIMC Shenfa Development Co., Ltd. (" <b>CIMC SD</b> ")	Business entity	Shanghai	Shanghai	Investment, construction and operation for infrastructure; real estate development and operation	RMB204,120,000	98.53%	1.47%
38	Shenzhen CIMC Auto parking System Co., Ltd (" <b>CIMC Parking</b> ")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Autoparking system and equipment sale of products, technology services	RMB30,000,000	-	63.00%
39	CIMC Vehicles (Group) Co., Ltd. (" <b>CIMC Vehicles</b> ")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Development, production and sales of various high-tech and high-performance special vehicle and trailer series	RMB1,765,000,000	36.10%	19.11%
40	Xuzhou CIMC Wood Co., Ltd. (" <b>Xuzhou CIMC Wood</b> ")	Business entity	Xuzhou Jiangsu	Xuzhou Jiangsu	R & D and sales of new environmental protection materials	RMB15,000,000	-	75.80%

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (Continued)

### 1. Equity in subsidiaries (Continued)

#### (1) Subsidiaries obtained through establishment or business combination (Continued)

##### (i) Domestic subsidiaries (Continued)

No.	Name	Category	Registration		Business scope	Share capital	Shareholding percentage	
			Place	Main Premises			Direct	Indirect
41	Chuzhou CIMC Wood Co., Ltd. ("Chuzhou CIMC Wood")	Business entity	Chuzhou Anhui	Chuzhou Anhui	Manufacture and sales of container wood floor	RMB40,000,000	-	75.80%
42	CIMC IOT Technology Co., Ltd ("CIMC IOT")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Sales of agricultural, forestry, animal husbandry and fishery machinery	RMB150,000,000	-	90.00%
43	Qingdao CIMC intelligent logistics equipment Co., Ltd ("Qingdao CIMC intelligent")	Business entity	Qingdao Shandong	Qingdao Shandong	Production and sales of environmental protection equipment Self owned housing leasing; warehousing services	RMB21,780,000	-	55.48%
44	Shanghai CIMC Ruiji Technology Co., Ltd ("Shanghai Ruiji")	Business entity	Shanghai	Shanghai	Technology development of mechanical equipment	RMB20,000,000	-	70.00%
45	Zhengzhou Jinte logistics automation system Co., Ltd ("Zhengzhou Jinte")	Business entity	Zhengzhou Henan	Zhengzhou Henan	Develop, research and sell logistics automation equipment	RMB20,000,000	-	58.09%
46	CIMC Yiketong Parts Co., Ltd. ("Yiketong")	Business entity	Shanghai	Shanghai	Trading of containers parts	RMB100,000,000	-	90.00%
47	CIMC Taicang refrigeration equipment ("TCCRC")	Business entity	Taicang Jiangsu	Taicang Jiangsu	Research and development, production and sale of refer container and special container logistics Co., Ltd.	RMB450,000,000	-	100.00%
48	Jiangmen CIMC Vehicles Terabyte Car Compartment Manufacturing Co., Ltd. ("Jiangmen Terabyte")	Business entity	Jiangmen Guangdong	Jiangmen Guangdong	Production and sales of new intelligent logistics machinery and equipment Special vehicle	RMB300,000,000	-	55.21%
49	CIMC Jidong (Qinhuangdao) Vehicles Manufacture Co., Ltd ("QHDV")*	Business entity	Qinhuangdao Hebei	Qinhuangdao Hebei	Sale of car and car components and parts	RMB70,000,000	-	41.41%

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (Continued)

## 1. Equity in subsidiaries (Continued)

## (1) Subsidiaries obtained through establishment or business combination (Continued)

## (i) Domestic subsidiaries (Continued)

	Name	Category	Registration		Business scope	Share capital	Shareholding percentage	
			Place	Main Premises			Direct	Indirect
50	Shenzhen qianhaitong innovation metal material Co., Ltd ("Qianhai Tongchung")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Research and development of new metal material technology, technical consulting services and product sales	RMB10,000,000	-	74.860%
51	CIMC Architectural Design Institute ("Shenzhen Architectural Design")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Modular architecture design and construction	RMB10,000,000	-	75.00%
52	CIMC New Environmental Protection Material Co., Ltd ("CIMC Xincai")	Business entity	Dongguan Guangdong	Dongguan Guangdong	Development, production and sales of wood products for various modern transportation equipment	RMB130,173,300	-	75.80%
53	CIMC Tongchuang Pujiang (Shanghai) Trading Co., Ltd ("Tongchuang Pujiang")	Business entity	Shanghai	Shanghai	Sales of steel and metal materials Metal products, metallurgical furnace charge	RMB50,000,000	-	74.80%
54	CIMC Finance Company ("Finance Company")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Providing financial service to fellow subsidiaries in the Group	RMB920,000,000	78.91%	21.09%
55	CIMC Transportation Technology Co., Ltd ("Transportation Technology")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Leasing and maintenance of logistics equipment and related accessories	RMB805,570,000	80.00%	-
56	CIMC Tongchuang Intelligent Clothing Protection Technology (Zhejiang) Co., Ltd. ("Zhejiang Tongchuang")	Business entity	Ningbo Zhejiang	Ningbo Zhejiang	Production and sales of gas mask and other plastic productions	RMB10,000,000	-	81.82%
57	CIMC Container Holding Co., Ltd. ("Container Holding")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Equity investment and management and related investment business	RMB5,292,830,000	100.00%	-



## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (Continued)

### 1. Equity in subsidiaries (Continued)

#### (1) Subsidiaries obtained through establishment or business combination (Continued)

##### (i) Domestic subsidiaries (Continued)

No.	Name	Category	Registration		Business scope	Share capital	Shareholding percentage	
			Place	Main Premises			Direct	Indirect
58	CIMC Tongchuang Changjiang (Zhoushan) Trading Co., Ltd. ("Zhoushan Tongchuang")*	Business entity	Zhoushan Zhejiang	Zhoushan Zhejiang	Investment holding	RMB50,000,000	-	44.88%
59	Yantai CIMC Blue Ocean Technology Co., Ltd ("Yantai Blue Ocean")	Business entity	Yantai Shandong	Yantai Shandong	Marine fishery culture, development, design and consulting services of fishery equipment and structure sale of fishery related equipment	RMB50,000,000	-	81.57%
60	Yantai Tiejhongbao steel processing Co., Ltd ("Yantai Tiejhongbao")	Business entity	Yantai Shandong	Yantai Shandong	R&D, manufacturing leg structure; sales of products	USD9,150,200	-	65.00%
61	Anhui United Feicai Vehicle Co., Ltd. ("United Feicai")	Business entity	Xuancheng Anhui	Xuancheng Anhui	Production and sales of various special-use vehicles and engineering machinery	RMB158,000,000	-	70.06%
62	Dongguan CIMC Special Vehicle Co., Ltd. ("Dongguan CIMC Special Vehicle")	Business entity	Dongguan Guangdong	Dongguan Guangdong	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series	RMB300,000,000	-	55.21%
63	CIMC Wetrans Logistics Technology (Group) Co., Ltd. ("CIMC Wetrans Logistics")	Business entity	Tianjin	Tianjin	International and domestic freight transport agents, general and CIQ affairs	RMB1,088,190,000	84.00%	-
64	Shenzhen Three HuaZhuoYue Investment ("Three HuaZhuoYue")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Investment holding	RMB30,000,000	-	70.06%
65	Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. ("Shenzhen CIMC Tongchuang")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Investment holding	RMB200,000,000	-	74.80%

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (Continued)

## 1. Equity in subsidiaries (Continued)

## (1) Subsidiaries obtained through establishment or business combination (Continued)

## (i) Domestic subsidiaries (Continued)

	Name	Category	Registration		Business scope	Share capital	Shareholding percentage	
			Place	Main Premises			Direct	Indirect
66	Shenzhen CIMC Cold Chain Technology Co., Ltd. (" <b>Shenzhen CIMC Cold Chain Technology</b> ")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Cold chain equipment design, R&D, sales, leasing, logistics services and technical consultation	RMB20,000,000	-	51.00%
67	Shenzhen CIMC special car Co., Ltd. (" <b>CIMCSV</b> ")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Development, production and sales of various special-use vehicles, as well as relevant components and parts	RMB450,000,000	-	55.21%
68	CIMC Kaitong Logistics Development Co. Ltd. (" <b>CIMC Kaitong</b> ")	Business entity	Nanjing Jiangsu	Nanjing Jiangsu	Logistics service	RMB150,000,000	-	56.28%
69	Jiangsu Kaitong Shipping Co. Ltd. (" <b>Jiangsu Kaitong</b> ")	Business entity	Nanjing Jiangsu	Nanjing Jiangsu	Logistics service	RMB20,000,000	-	56.28%
70	CIMC Jixin logistics development co. LTD (" <b>CIMC Jixin</b> ")	Business entity	Shanghai	Shanghai	Logistic Service	RMB100,000,000	-	84.00%
71	CIMC Kaitong Jiangsu International Multimodal Transport Co., Ltd (" <b>Kaitong Jiangsu International Multimodal Transport</b> ")*	Business entity	Nanjing Jiangsu	Nanjing Jiangsu	Logistics service	RMB20,000,000	-	36.58%

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (Continued)

### 1. Equity in subsidiaries (Continued)

#### (1) Subsidiaries obtained through establishment or business combination (Continued)

##### (ii) Overseas subsidiaries

	Name	Category	Registration		Business scope	Share capital	Shareholding percentage	
			Place	Main Premises			Direct	Indirect
72	CIMC Vehicle Europe Coöperatie U.A. (" <b>Vehicle Europe Coöperatie U.A.</b> ")	Business entity	Netherlands	Netherlands	Sales of Vehicle	USD50,000	-	55.21%
73	Mangrove Capital Limited (" <b>Mangrove Capital</b> ")	Business entity	Hong Kong China	Hong Kong China	Financial Services	HKD2,000,000	-	100.00%
74	CIMC Holdings (B.V.I.) Limited (" <b>CIMC BVI</b> ")	Business entity	B.V.I	B.V.I	Investment holding	USD500,000,000	-	100.00%
75	Powerlead Holdings Ltd (" <b>Powerlead Holdings</b> ")	Business entity	B.V.I	B.V.I	Financial Leasing	USD10	-	100.00%
76	CIMC Vehicle Investment Holdings Co., Ltd. (" <b>CIMC Vehicle BVI</b> ")	Business entity	B.V.I	B.V.I	Investment holding	USD1	-	55.48%
77	PERFECT VICTOR INVESTMENTS (" <b>Perfect victor investments</b> ")	Business entity	B.V.I	B.V.I	Financial Leasing	USD10	-	100.00%
78	Charm Wise Limited (" <b>Charm Wise</b> ")	Business entity	Hong Kong China	Hong Kong China	Investment holding	USD50,000	-	100.00%
79	CIMC Air Marrel SAS (" <b>Air Marrel</b> ")	Business entity	France	France	Aviation equipment	EUR1,200,000	-	57.99%
80	China International Marine Containers (Hong Kong) Limited (" <b>CIMC Hong Kong</b> ")	Business entity	Hong Kong China	Hong Kong China	Investment holding	HKD2,000,000	100.00%	-
81	Verbus International Limited (" <b>Verbus</b> ")	Business entity	UK	UK	Holding company	GBP 1,108	-	100.00%

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (Continued)

## 1. Equity in subsidiaries (Continued)

## (1) Subsidiaries obtained through establishment or business combination (Continued)

## (ii) Overseas subsidiaries (Continued)

	Name	Category	Registration		Business scope	Share capital	Shareholding percentage	
			Place	Main Premises			Direct	Indirect
82	CIMC Financial Leasing (HK) Co Ltd. ("Financial Leasing (HK)")	Business entity	Hong Kong China	Hong Kong China	Financial leasing	USD70,510,000	-	100.00%
83	CIMC Offshore Holdings Limited ("CIMC Offshore")	Business entity	Hong Kong China	Hong Kong China	Investment holding	HKD2,234,855,000 & USD50,510,000	-	85.00%
84	Hong Kong CIMC Tianda Airport Support Ltd. ("TAS Hong Kong")	Business entity	Hong Kong China	Hong Kong China	Investment holding	HKD1,000,000	-	58.09%
85	Effective Time Investments Limited ("EFFECTIVE TIME")	Business entity	B.V.I	B.V.I	Investment holding	USD1	-	100.00%
86	CIMC Vehicles (Bahrain) Factory WLL ("Bahrain CIMC")*	Business entity	Bahrain	Bahrain	Vehicle equipment services	KWD 565,000	-	38.65%
87	CIMC MBS Hong Kong Limited ("MBS (HK)")	Business entity	Hong Kong China	Hong Kong China	Investment holding	HKD50,000	-	100.00%
88	CIMC FORTUNE HOLDINGS LIMITED ("Fortune")	Business entity	Hong Kong China	Hong Kong China	Financial Services	USD10,000,000	100.00%	-
89	Vanguard National Trailer Corporation ("Vanguard")	Business entity	USA	USA	Sales of Vehicles	USD10	-	55.21%
90	CIMC TGE GAS INVESTMENT SA ("TGE SA")	Business entity	Luxembourg	Luxembourg	Investment holding	EUR50,000	-	60.00%
91	CIMC VEHICLES UK LIMITED ("Vehicles UK")	Business entity	UK	UK	Transport equipment	GBP 100	-	55.21%

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (Continued)

### 1. Equity in subsidiaries (Continued)

(2) The Group does not have subsidiaries obtained through combination under common control

(3) Subsidiaries acquired through combinations under non-common control

(i) Domestic subsidiaries

	Name	Category	Registration		Business scope	Share capital	Shareholding percentage	
			Place	Main Premises			Direct	Indirect
1	Luoyang CIMC Lingyu Automobile CO., LTD. ("LYV")*	Business entity	Luoyang Henan	Luoyang Henan	Production and sales of passenger car, tank car; machining; operation of import and export business	RMB122,745,700	-	39.46%
2	Wuhu CIMC Ruijiang Automobile CO LTD ("WHVS")*	Business entity	Wuhu Anhui	Wuhu Anhui	Development, production and sales of various special vehicles, ordinary mechanical products and metal structure parts	RMB209,790,000	-	39.89%
3	Liangshan Dongyue Vehicle Co., Ltd. ("LSDYV")*	Business entity	Liangshan Shandong	Liangshan Shandong	Production and sales of mixing truck, special vehicle and components and parts	RMB90,000,000	-	38.70%
4	Qingdao CIMC Container Manufacture Co., Ltd ("QDCC")*	Business entity	Qingdao Shandong	Qingdao Shandong	Manufacture and repair of container, processing and manufacture of various mechanical parts, structures and equipment	USD27,840,000	-	100.00%
5	Qingdao CIMC Reefer Container Manufacture Co., Ltd ("QDCRC")	Business entity	Qingdao Shandong	Qingdao Shandong	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and heat preservation car; providing maintenance service	USD86,846,680	-	100.00%
6	Shanghai CIMC Baowell Industries Co. Ltd ("SBWI")	Business entity	Shanghai	Shanghai	Manufacture and sale of container as well as relevant technology consulting	USD28,500,000	-	94.74%
7	CIMC Vehicles (Shandong) Co. Ltd. ("KGR")*	Business entity	Zhangjiu Shandong	Zhangjiu Shandong	Development and manufacture of special cars and other series products	USD18,930,100	-	48.04%
8	Qingdao Lida Chemical Co., Ltd. ("Qingdao Lida Chemical")	Business entity	Shandong	Shandong	Manufacture and sale of sealant products. Production and sales of rubber parts, plastic parts and waterborne coatings	RMB30,000,000	-	53.06%

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (Continued)

## 1. Equity in subsidiaries (Continued)

## (3) Subsidiaries acquired through combinations under non-common control (Continued)

## (i) Domestic subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital	Shareholding percentage	
							Direct	Indirect
9	Qingdao CIMC New Material Co., Ltd ("Qingdao Xincal")	Business entity	Shandong	Shandong	Manufacture and sale of plastic and rubber parts, and metal construction Development of container parts	RMB6,000,000	-	53.06%
10	Hong Kong Hongji Containers Development Co. Ltd. ("Hongji Hong Kong")	Business entity	Hong Kong	Hong Kong	Financial services	HKD8,380,000	-	51.00%
11	Donghua Container Transportation Service Co., Ltd. ("DHCTS")	Business entity	Shanghai	Shanghai	Container cargo devanning, vaning; canvass for cargo; allotment and customs declaration; container maintenance and stockpiling; supply of components	USD4,500,000	-	58.80%
12	Yangzhou Tonglee Reefer Container Co., Ltd. ("TLC")	Business entity	Yangzhou Jiangsu	Yangzhou Jiangsu	Manufacture and sale of reefer container and special container; providing relevant technical advisory and maintenance service	RMB236,920,000	-	75.00%
13	Zhenhua Logistics Group Co., Ltd. ("Zhenhua Group")	Business entity	Tianjin	Tianjin	Container and cargo Distribution, freight and repair	USD51,960,000	-	63.00%
14	Xiamen Hongxin Berg Leasing Co. Ltd. ("Hongxin Berg")	Business entity	Xiamen Fujian	Xiamen Fujian	Financial leasing and leasing business	USD21,300,000	-	51.00%
15	Tianjin Zhenhua International Logistics Co. Ltd. ("Zhenhua IL")	Business entity	Tianjin	Tianjin	Non-vessel carrier, freight agent	RMB133,970,000	-	63.00%
16	Brigantine Services (Shenzhen) Co., Ltd. ("Shenzhen Brigantine")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Provision of container and ship repair services and related technical consulting services	HKD7,500,000	-	58.80%
17	Brigantine Services (Shanghai) Co., Ltd. ("Shanghai Brigantine")	Business entity	Shanghai	Shanghai	Container ship and its parts, mechanical repair, maintenance services	USD510,000	-	58.80%

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (Continued)

### 1. Equity in subsidiaries (Continued)

#### (3) Subsidiaries acquired through combinations under non-common control (Continued)

##### (i) Domestic subsidiaries (Continued)

	Name	Category	Registration		Business scope	Share capital	Shareholding percentage	
			Place	Main Premises			Direct	Indirect
18	C&C Trucks Marketing Service Co., Ltd. ("C&C Marketing Service")	Business entity	Wuhu Anhui	Wuhu Anhui	Sale and agency of various kinds of heavy truck special-use vehicles, engineering machinery, automobile chassis engine and relevant components and parts	RMB500,000,000	-	70.06%
19	Jiajing Technology Co., Ltd. ("Jiajing Technology")	Business entity	Wuhu Anhui	Wuhu Anhui	Industrial design and new technology development mainly about automobile and its accessories	RMB10,000,000	-	70.06%
20	Yantai CIMC Raffles offshore Ltd. ("CIMC Raffles")	Business entity	Yantai Shandong	Yantai Shandong	Construction of dock; Designation, production of ship; production of equipment of pressure and offshore oil platform	RMB2,291,190,000	-	83.20%
21	C&C Trucks Co., Ltd. ("C&C Trucks")	Business entity	Wuhu Anhui	Wuhu Anhui	Sale and agency of various kinds of heavy truck special-use vehicles, engineering machinery	RMB1,570,000,000	70.06%	-
22	Anhui FeiCai (Group) co., LTD ("Anhui FeiCai (Group)")	Business entity	Xuancheng Anhui	Xuancheng Anhui	Manufacture and sale of agricultural vehicles, agricultural machinery and relevant accessories	RMB158,000,000	-	70.06%
23	Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd. ("YZTH")	Business entity	Yangzhou Jiangsu	Yangzhou Jiangsu	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series	RMB434,300,000	-	55.21%
24	Yangzhou Taili Special Equipment Co., Ltd. ("Yangzhou Taili")	Business entity	Yangzhou Jiangsu	Yangzhou Jiangsu	Manufacture, fix and sale of containers	RMB70,000,000	-	100.00%
25	Tianjin Hongxin Berg Leasing Co. Ltd. ("Tianjin Hongxin Berg")	Business entity	Tianjin	Tianjin	Financial Services	RMB300,000,000	-	100.00%
26	CIMC ADS International Logistics Co., Ltd. ("ADS Logistics")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	International and domestic freight forwarder	RMB80,000,000	-	55%
27	CIMC Shichang International Logistics Co., Ltd. ("CIMC Shichang")*	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	International and domestic freight forwarder	RMB65,000,000	-	48%
28	Senju (Jiangmen) Technology Materials Co., Ltd. ("Jiangmen Senju")	Business entity	Jiangmen Guangdong	Jiangmen Guangdong	R&D, manufacturing and sales of environmentally friendly composite materials, metal layered composite materials	RMB66,980,000	-	52.88%

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (Continued)

## 1. Equity in subsidiaries (Continued)

## (3) Subsidiaries acquired through combinations under non-common control (Continued)

## (ii) Overseas subsidiaries

	Name	Category	Registration		Business scope	Share capital	Shareholding percentage	
			Place	Main Premises			Direct	Indirect
29	Brigantine International Holdings Limited (" <b>Brigantine International Holdings</b> ")	Business entity	Hong Kong	Hong Kong	Investment holding	HKD10,000,000	-	58.80%
30	Brigantine Services Limited (" <b>Hong Kong Brigantine Services</b> ")	Business entity	Hong Kong	Hong Kong	Container repair and renovation, container trade	HKD5,000,000	-	58.80%
31	Albert Ziegler GmbH (" <b>Ziegler</b> ")	Business entity	Germany	Germany	Marine engineering design	EUR13,543,000	-	58.33%
32	CIMC Raffles Offshore (Singapore) Limited (" <b>Offshore (Singapore)</b> ")	Business entity	Singapore	Singapore	Production of various ship for offshore oil and gas, including jack-up drilling platforms, semi-submersible drilling Platforms, FPSOs, FSOs	SGD594,416,915 & USD453,993,377	-	85.00%
33	Pteris Global Ltd (" <b>Pteris</b> ")	Business entity	Singapore	Singapore	Investment holding	SGD104,781,000	-	57.99%
34	Enric Energy Equipment Holdings Limited (" <b>Enric</b> ")	Business entity	Cayman Islands	Cayman Islands	Investment holding	HKD120,000,000	-	67.61%
35	CIMC-TianDa Holdings Company Limited (" <b>CIMC-TianDa</b> ")	Business entity	Cayman Islands	Cayman Islands	Investment holding	HKD166,380,461.6	-	58.33%

\* The Group has more than half of the voting rights on the company's board of directors, which can be controlled and included in the scope of consolidation of the Group.



CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (Continued)

### 1. Equity in subsidiaries (Continued)

#### (4) Subsidiaries with significant minority interests

	Minority interests	Net profit attribute to minority interests in 2021	Dividends distributed to minority interests in 2021(i)	Grand total minority interests on 31 December 2021
Enric	32.39%	311,003	78,833	2,926,303
CIMC Vehicles	44.79%	490,360	328,904	5,905,530

(i) The dividends declared to be distributed to minority shareholders in 2021 have been paid in the current year.

Core financial information of aforementioned significant but not wholly-owned subsidiaries are as follows:

	As at 31 December 2021					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Enric	13,583,195	5,441,478	19,024,673	8,511,269	2,013,727	10,524,996
CIMC Vehicles	14,233,856	7,547,477	21,781,333	8,623,414	771,345	9,394,759

	As at 31 December 2020					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Enric	11,227,725	4,846,995	16,074,720	7,651,065	952,297	8,603,362
CIMC Vehicles	12,965,531	6,859,629	19,825,160	8,558,978	817,483	9,376,461

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (Continued)

## 1. Equity in subsidiaries (Continued)

## (4) Subsidiaries with significant minority interests (Continued)

	2021			
	Revenue	Net profit/ (loss)	Total Comprehensive income	Cash flows from operating activities
Enric	18,424,763	908,392	928,879	434,651
CIMC Vehicles	27,647,763	987,663	866,262	174,428
	2020			
	Revenue	Net profit/ (loss)	Total Comprehensive income	Cash flows from operating activities
Enric	12,289,567	566,208	537,708	969,924
CIMC Vehicles	26,498,965	1,269,347	1,141,201	2,746,938

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (Continued)

### 1. Equity in subsidiaries (Continued)

#### (5) Significant transaction with non-controlling interests in current year

- (i) The Group's subsidiary, CIMC Vehicles was listed and traded on the ChiNext Board of the Shenzhen Stock Exchange on 8 July 2021. CIMC Vehicles initially offered 252,600,000 public ordinary shares (A shares) with a par value of RMB1 per share and an issue price of RMB6.96 per share, raised net proceeds amount to RMB1,583,777,000. The part of the raised funds higher than the corresponding minority shareholders' equity was increased to the capital reserve, amounting to RMB43,241,000.
- (ii) On 21 September 2021, CIMC HK purchased 100,538,500 H shares of CIMC Vehicles through open market block transactions, accounting for 4.983% of the company's total share capital. From 22 November 2021 to 31 December 2021, CIMC HK purchased 5,428,000 H shares of CIMC Vehicles through centralized bidding on the Stock Exchange of Hong Kong, accounting for 0.269% of the total share capital of CIMC Vehicles. The total consideration for the repurchase was approximately RMB594,025,000, and the portion higher than the minority shareholders' equity was increased to the capital reserve, amounting to RMB46,856,000.
- (iii) In September 2021, CIMC Wetrans Logistics, subsidiary of the Group, signed an equity transfer agreement with Zhenhua Logistics and its shareholders to acquire a 25% stake in Zhenhua Logistics at a price of RMB374,038,000. After the acquisition, CIMC Wetrans Logistics' shareholding in Zhenhua Logistics increased from 75% to 100%. The portion of the transaction consideration lower than the fair value of the corresponding minority shareholders' equity offsets the capital reserve, amounting to RMB95,049,000.
- (iv) In September 2021, CIMC Wetrans Logistics signed an equity transfer agreement with Neptune Supply Chain Technology (Shanghai) Co., Ltd. ("**Neptune**") and its shareholders to acquire 28.64% of the equity of Neptune at a price of RMB192,759,000, and increased Neptune's capital at a consideration of RMB40,000,000. After the transaction was completed, CIMC Wetrans Logistics' shareholding in Neptune increased to 67%. The portion of the transaction consideration lower than the fair value of the corresponding minority shareholders' equity offsets the capital reserve, amounting to RMB128,053,000.

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (Continued)

## 2. Equity in associates and joint ventures

## (1) Basic information of major associates and joint ventures

	Main Premises	Registration Place	Nature of business	Strategic for the Group or not	Shareholding percentage - Direct	Shareholding percentage - Indirect
<b>Joint ventures -</b>						
Y&C Engine	Wuhu Anhui	Wuhu Anhui	Manufacture and sales of heavy-duty engines and components and parts	Yes	-	50.00%
<b>Associates -</b>						
CIMC Industry & City	Shenzhen Guangdong	Shenzhen Guangdong	Real estate	Yes	-	34.44%-62.14%
Zhoushan Changhong	Zhoushan Zhejiang	Zhoushan Zhejiang	Maintenance of ship	No	-	30.00%

The equity mentioned above is measured by equity method.

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (Continued)

### 2. Equity in associates and joint ventures(Continued)

#### (2) Core financial information of major joint venture

	Y&C Engine	
	31 December 2021	31 December 2020
Cash at bank and on hand	159,796	224,300
Other current assets	838,239	1,222,733
Total current assets	998,035	1,447,033
Total non-current assets	681,293	721,543
Total assets	1,679,328	2,168,576
Current liabilities	1,194,379	1,296,363
Non-current liabilities	322,323	380,501
Total liabilities	1,516,702	1,676,864
Minority shareholders' equity	-	-
Total equity attributable to shareholders of the Company	162,626	491,712
Share holding ratio	50%	50%
Net assets proportion calculated by shareholding ratio (i)	81,313	245,856
Carrying amount of equity investment in the joint ventures	81,313	245,856

	Y&C Engine	
	2021	2020
Revenue	2,074,005	3,125,978
Financial costs	54,196	41,382
Income tax expenses	-	-
Net losses	(329,086)	(44,640)
Other comprehensive income	-	-
Total comprehensive income	(329,086)	(44,640)
Dividends received from the joint ventures this year	-	-

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (Continued)

## 2. Equity in associates and joint ventures (Continued)

## (3) Core financial information of major associates

	CIMC Industry & City	
	31 December 2021	31 December 2020
Cash at bank and on hand	1,729,448	2,836,198
Other current assets	24,529,626	29,518,659
Total current assets	26,259,074	32,354,857
Total non-current assets	14,270,978	12,652,573
Total assets	40,530,052	45,007,430
Current liabilities	14,872,698	20,597,658
Non-current liabilities	15,975,950	11,904,567
Total liabilities	30,848,648	32,502,225

	CIMC Industry & City	
	31 December 2021	31 December 2020
Minority shareholders' equity	1,119,082	4,918,641
Total equity attributable to shareholders of the Company	8,562,322	7,586,563
Adjustments according to fair value of net identifiable assets and goodwill	12,923,860	12,923,860
Total equity attributable to shareholders of the Company (adjusted)	21,486,182	20,510,423
Share holding ratio	34.44%-62.14%	34.44%-62.14%
Net assets portion calculated by share holding ratio (i)	7,662,749	7,161,158
Adjustments		
– Goodwill	–	–
– Others (ii)	(1,098,740)	–
Carrying amount of equity investment in the associates	6,564,009	7,161,158

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (Continued)

### 2. Equity in associates and joint ventures (Continued)

#### (3) Core financial information of major associates (Continued)

	<b>CIMC Industry &amp; City</b>	
	2021	November- December 2020
Revenue	4,437,226	129,487
Net profits	1,210,777	655,847
Other comprehensive income	179,342	-
Total comprehensive income	1,390,119	655,847
Dividends received from the associates this year	402,314	-

	<b>Zhoushan Changhong</b>	
	31 December 2021	31 December 2020
Cash at bank and on hand	493,337	547,892
Other current assets	2,446,077	2,218,567
Total current assets	2,939,414	2,766,459
Total non-current assets	4,356,248	4,379,918
Total assets	7,295,662	7,146,377
Current liabilities	6,141,196	6,106,777
Total liabilities	6,141,196	6,106,777

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (Continued)

## 2. Equity in associates and joint ventures (Continued)

## (3) Core financial information of major associates (Continued)

	Zhoushan Changhong	
	31 December 2021	31 December 2020
Minority shareholders' equity	–	–
Total equity attributable to shareholders of the Company	<b>1,154,466</b>	1,039,600
Adjustments according to fair value of net identifiable assets and goodwill	–	–
Total equity attributable to shareholders of the Company (adjusted)	<b>1,154,466</b>	1,039,600
Share holding ratio	<b>30%</b>	24.91%
Net assets portion calculated by share holding ratio (i)	<b>346,340</b>	258,964
Carrying amount of equity investment in the associates	<b>356,530</b>	330,700

	Zhoushan Changhong	
	2021	2020
Revenue	<b>2,235,274</b>	2,570,165
Net profits	<b>115,838</b>	166,415
Other comprehensive income	–	–
Total comprehensive income	<b>115,838</b>	166,415
Dividends received from the associates this year	–	–

- (i) The Group calculated the portion of assets by shareholding ratio, on the basis of the amount attributable to the Company in consolidated financial statements of the associates. The amount in consolidated financial statements of associates takes the fair value of assets and liabilities of the associates, and the effects of the uniform accounting policies into consideration. The assets involved in the transactions between the Group and its associates do not constitute business.
- (ii) Other adjustments are mainly the amount of the value-added part of the Group's equity in CIMC Industry & City, which corresponds to the fair value on the date of loss of control, and the corresponding carry-over amount after the corresponding value-added items are sold or used externally.



CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (Continued)

### 2. Equity in associates and joint ventures (Continued)

#### (4) Summary of information of insignificant associates and joint ventures

	2021	2020
Joint ventures:	–	–
Total carrying amount of investments on 31 December 2021	<b>861,483</b>	594,987
Sub-total amount of the following items calculated in the Group's equity proportion in joint ventures		
Net profits (i)	<b>26,135</b>	14,932
Other comprehensive income (i)	–	–
Total comprehensive income	<b>26,135</b>	14,932
Associates:		
Total carrying amount of investments on 31 December 2021	<b>794,955</b>	738,393
Sub-total amount of the following items calculated in the Group's equity proportion in joint ventures		
Net profits (i)	<b>25,668</b>	289,158
Other comprehensive income (i)	<b>(288)</b>	(7,925)
Total comprehensive income	<b>25,380</b>	281,233

(i) The amount of net profit and other comprehensive income takes the fair value of identifiable assets and liabilities, and the effects of the uniform accounting policies into consideration.

#### (5) Excess deficit of associates and joint ventures

There are no excess deficit of associates or joint ventures in 2021.

## VII. EQUITY OF THE STRUCTURED BODY NOT INCLUDED IN THE CONSOLIDATION RANGE OF THE CONSOLIDATED FINANCIAL STATEMENTS

There is no equity of the structured body not included in the consolidation range of the consolidated financial statements.

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. The Company does not have any holding company.
2. For the information on the subsidiaries of the Company, refer to Note VI.1.
3. For the information about the joint ventures and associates of the Company, refer to Note VI.2.

In addition to the important the joint ventures and associates have been disclosed in to Note VI, the rest of joint ventures and associates are as follows:

	Main place of business	Registered Address	The nature of the business	The Group activity is strategic	Shareholding percentage - direct	Shareholding percentage - indirect
Joint ventures -						
NKY Zhenhua	Tianjin	Tianjin	Logistic services	No	-	51.00%
Xinghuo Chelian	Shenzhen	Shenzhen	Information Technology	No	-	28.00%
Jiangsu Wanjiang	Zhenjiang	Zhenjiang	Vehicle production	No	-	42.67%
Yantai Jinghai	Shandong	Shandong	Fishery	No	-	40.00%
AnSteel CIMC	Liaoning	Liaoning	Technology promotion and application services	No	-	50.00%
Associates -						
Nantong New Atlantic	Nantong	Nantong	Environmental protection board business	No	-	20.00%
Xinyang Wood	Hongkong	Hongkong	Wood industry	No	-	20.00%
Sengju Jiangmen	Jiangmen	Jiangmen	Material production	No	-	20.00%
Xuzhou CIMC Wood	Xuzhou	Xuzhou	Wood industry	No	-	35.00%
Qingchen bamboo industry	Fujian	Fujian	Bamboo industry	No	-	30.00%
Ningbo Mediterranean	Ningbo	Ningbo	Container services	No	-	49.00%
Qingdao Ganglianhua	Qingdao	Qingdao	Logistic services	No	-	40.00%
Tianzhu International	Shanghai	Shanghai	Logistic services	No	-	30.00%
Xiamen CIMC Haitou	Xiamen	Xiamen	Logistic services	No	-	45.00%

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 3. For the information about the joint ventures and associates of the Company, refer to Note VI.2. (Continued)

	Main place of business	Registered Address	The nature of the business	The Group activity is strategic	Shareholding percentage - direct	Shareholding percentage - indirect
Shitie Special Goods	Beijing	Beijing	Logistic services	No	-	20.00%
Zhejiang Xinlong	Zhejiang	Zhejiang	Bamboo industry	No	-	30.00%
Ocean En-Tech (i)	Houston	Caymans	Onshore and offshore drilling platform operations	Yes	-	6.05%
Nantong CIMC Yike New Materials	Nantong	Nantong	Sales of Materials	No	-	35.00%
Guizhou Yinke	Guizhou	Guizhou	Chemical Industry	No	-	30.80%
CMA CGM (Tianjin)	Tianjin	Tianjin	Logistics Services	No	-	51.00%
Tianjin Binhai COSCO Container Logistics (i)	Tianjin	Tianjin	Handling and warehousing	Yes	-	6.00%
Guangxi South CIMC Logistics Equipment	Guangxi	Guangxi	Logistics Services	No	-	50.00%
Yichuan Tianyun	Shaanxi	Shaanxi	Electricity, heat and supply industry	No	-	43.00%

- (i) The Group's investment in Ocean En-Tech and Tianjin Binhai COSCO Container Logistics is less than 20%. However, since the Group has appointed directors in the companies, the Group believes that it can exert significant influence on the companies. Therefore, the Group regards it as an associate for subsequent measurement based on the equity method, refer to Note IV.16 for details.

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

## 4. Information of other related parties

Company Name	Connection relationship
SUMITOMO CORPORATION	Minority shareholder of subsidiary
Orient International Container (Lianyungang) Co., Ltd. (" <b>Orient International (Lianyungang)</b> ")	Subsidiary of investor with significant influence
Orient International Container (Jinzhou) Co., Ltd. (" <b>Orient International (Jinzhou)</b> ")	Subsidiary of investor with significant influence
Japan Asahi Trading Co., LTD. (" <b>Japan Asahi Trading</b> ")	Minority shareholder of subsidiary
Hongxin Venture Workshop Investment Group Co., Ltd. (" <b>Hongxin Venture Workshop</b> ")	Minority shareholder of subsidiary
Huanyu Oriental International Container (Ningbo) Co., Ltd. (" <b>Huanyu Oriental International (Ningbo)</b> ")	Subsidiary of investor with significant influence
Huanyu Oriental International Container (Qingdao) Co., Ltd. (" <b>Huanyu Oriental International (Qingdao)</b> ")	Subsidiary of investor with significant influence
Huanyu Oriental International Container (Qidong) Co., Ltd. (" <b>Huanyu Oriental International (Qidong)</b> ")	Subsidiary of investor with significant influence
Florens Asset Management (USA) Limited (" <b>Florens Asset</b> ")	Subsidiary of investor with significant influence
Changzhou Suhang Logistics Co., Ltd.	Minority shareholder of subsidiary
Ningxia Yuanshan New Energy Group	Minority shareholder of subsidiary
COSCO Kansai Paint&Chemicals (Shanghai) Co.,Ltd	Subsidiary of investor with significant influence
Sinotrans and its subsidiaries	Subsidiary of significant shareholder
Ningbo Penavico-CCL International Freight Forwarding Co.,Ltd.	Subsidiary of investor with significant influence
COSCO Shipping Specialized Carriers Co., Ltd	Subsidiary of investor with significant influence
Wallem Shipping (China) Ltd.	Subsidiary of investor with significant influence
COSCO South-China International Freight Co.,Ltd.	Subsidiary of investor with significant influence
COSCO Shipping Lines (Jiangsu) CO.,LTD. Nantong Branch	Subsidiary of investor with significant influence
COSCO Shipping Lines (Qingdao) Co.,Ltd. Weifang Branch	Subsidiary of investor with significant influence
COSCO Shipping Lines (Tianjin) Co.,Ltd.	Subsidiary of investor with significant influence
China Merchants Port Service (Shenzhen) Co.,Ltd.	Subsidiary of significant shareholder
COSCO SHIPPING Logistics (Zhenjiang) Co., Ltd.	Subsidiary of investor with significant influence
Shanghai PAN-ASIA Shipping Co.,Ltd.	Subsidiary of investor with significant influence
Chongqing Vehicle Inspection and Research Institute	Subsidiary of significant shareholder
Shenzhen Capital Operation Group and its subsidiaries	Subsidiary of significant shareholder
Shenzhen Haixing Harbor Development Co.,Ltd.	Subsidiary of significant shareholder

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 5. Related party transactions

The following transactions with related parties were conducted under normal commercial terms or relevant agreements

#### (1) Purchase of goods and receiving of services

Related party name	2021	2020
-Purchase of goods		
Y&C Engine	187,369	429,454
COSCO Kansai Paint&Chemicals (Shanghai)	102,883	-
Jiangsu Wanjing	59,497	90,125
Japan Asahi Trading	42,830	156,007
Nantong CIMC Yike New Materials	3,936	-
Xinghuo Chelian	414	783
Guizhou Yinke	202	-
Qingchen bamboo industry	-	92,118
Zhejiang Xinlong	-	50,082
Ningguo Guangshen	-	26,517
Xuzhou CIMC Wood	-	14,491
Others	2,738	37,297
	<b>399,869</b>	<b>896,874</b>

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

## 5. Related party transactions (Continued)

## (1) Purchase of goods and receiving of services (Continued)

Related party name	2021	2020
-Receiving of services		
Sinotrans and its subsidiaries	1,128,600	374,709
Zhoushan Changhong	255,946	-
Ningbo Penavico-CCL	171,769	-
COSCO Shipping Specialized Carriers	132,405	-
Wallem Shipping (China) Ltd.	122,967	-
COSCO Shipping Lines (Jiangsu) CO.,LTD.	101,873	-
COSCO South-China International Freight Co.,Ltd.	97,390	-
COSCO Shipping Lines (Qingdao) Co.,Ltd.	91,043	-
COSCO Shipping Lines (Tianjin) Co.,Ltd.	86,560	-
Ningbo Mediterranean	18,245	14,480
China Merchants Port Service (Shenzhen) Co.,Ltd.	16,580	-
Qingdao Ganglianhua	12,290	9,892
CMA CGM (Tianjin)	9,606	-
Shitie Special Goods	6,892	-
Tianzhu International	1,976	15,035
Tianjin Binhai COSCO Container Logistics	1,507	-
Guangdong Longyue Construction	-	23,005
Guangdong Teng an	-	17,028
CMIC Ocean	-	13,636
Tianyi Equity Investment Management	-	2,102
Others	664,495	5,134
	<b>2,920,144</b>	<b>475,021</b>

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 5. Related party transactions (Continued)

#### (2) Sales of goods and rendering of services

Related party name	2021	2020
–Sale of goods		
Zhoushan Changhong	119,717	124,988
SUMITOMO CORPORATION	101,957	136,136
Orient International (Jinzhou)	52,525	6,390
Sinotrans and its subsidiaries	45,327	–
Huanyu Oriental International (Qidong)	43,583	3,654
Orient International (Lianyungang)	27,336	10,662
Huanyu Oriental International (Qingdao)	13,875	4,974
Jiangsu Wanjing	13,730	38,211
Huanyu Oriental International (Ningbo)	13,116	28,580
Guangxi South CIMC Logistics Equipment	10,234	–
Y&C Engine	8,357	12,468
Ningxia Yuanshan	3,584	–
Yichuan Tianyun	3,230	–
Yantai Jinghai	2,309	–
Guizhou Yinke	1,053	–
Ningbo Mediterranean	270	1,662
Wide Shine Development	–	22,336
Orient International (Guangzhou)	–	14,155
Zhejiang Xinlong	–	12,595
NKY Zhenhua	–	6,972
Xiamen CIMC Haitou	–	3,150
Others	4,150	7,470
	<b>464,353</b>	<b>434,403</b>

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

## 5. Related party transactions (Continued)

## (2) Sales of goods and rendering of services (Continued)

Related party name	2021	2020
– Rendering of services		
COSCO Zhenjiang	184,960	–
Sinotrans and its subsidiaries	162,617	94,345
Tianzhu International	90,833	42,392
Suzhou International Train Freight Co., Ltd.	65,236	–
NKY Zhenhua	28,623	27,179
Shanghai PAN-ASIA	20,124	–
Ningbo Penavico-CCL	12,037	–
CMA CGM (Tianjin)	9,640	–
Qingdao Ganglianhua	6,466	1,758
Ningbo Mediterranean	5,000	8,225
Shitie Special Goods	4,174	1,930
Qingchen bamboo industry	3,870	–
Cosco Container	2,703	2,314
Others	57,820	19,218
	<b>654,103</b>	<b>197,361</b>



CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 5. Related party transactions (Continued)

#### (3) Leasing

The short-term lease income recognized by the group as the lessor in the year:

Lessee's name	Types of leased assets	2021	2020
COSCO Kansai Paint&Chemicals	Stainless steel cone	5,359	–
Qingdao Ganglianhua	Container Yard	4,676	5,770
Ocean En-Tech	Jack-up drilling platform	111,430	153,651
Shitie Special Goods	Real estate	–	861
		<b>121,465</b>	<b>160,282</b>

The financial lease income recognized by the Group as the lessor in the year:

Lessee's name	Types of leased assets	2021	2020
New Horizon Shipping UG	Ship	55,604	49,397
Zhongyi Xinwei	Energy equipment	775	1,315
Hongxin Venture Workshop	Commercial factoring	–	3,065
Lihua Energy	Energy equipment	–	3
		<b>56,379</b>	<b>53,780</b>

The Group's increased right-of-use assets as lessee in the current year:

Lessor's name	Types of leased assets	2021	2020
CIMC Industry & City and its subsidiaries	Houses and Buildings	12,943	4,697
Shekou Real Estate	Houses and Buildings	–	5,634
		<b>12,943</b>	<b>10,331</b>

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

## 5. Related party transactions (Continued)

## (3) Leasing (Continued)

The interest expense of the lease liability assumed by the Group as the lessee in the current year:

Lessor's name	2021	2020
CIMC Industry & City and its subsidiaries	285	65
Shekou Real Estate	–	182
	<b>285</b>	<b>247</b>

The short-term lease expenses recognized by the Group as the lessee in the current year:

Lessor's name	2021	2020
Florens Asset	1,845	13,010
CIMC Industry & City and its subsidiaries	1,319	–
Xinghuo Chelian	852	–
CMSK	1,789	1,728
Senju Jiangmen	–	475
Other related parties	301	312
	<b>6,106</b>	<b>15,525</b>

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 5. Related party transactions (Continued)

#### (4) Financing

Related party name	Amount	Starting date	Ending date	Interest income Earned/ interest expense recognized in 2021	Note
<b>Financing provided</b>					
CIMC Industry & City and its subsidiaries	347,098	31 January 2019	31 January 2022	7,159	Loans for shareholder operation
		25 June 2019	25 June 2022		Loans for shareholder operation
		27 March 2018	Repayment date not fixed		Loans for shareholder operation
Ningxia Yuanshan	60,549	18 June 2021	Repayment date not fixed	-	Funding
		31 March 2019	Repayment date not fixed		
AnSteel CIMC	10,000	9 November 2021	9 November 2022	-	Loans for shareholder operation
Kawasaki Zhenhua Logistics (Tianjin)	3,188	28 December 2021	28 June 2022	-	Loans for shareholder operation
	420,835				

#### (5) Guarantee

The Group as the guarantor:

Guaranteed party name	Guarantee amount	Starting date	Ending date	Whether the guarantee has been fulfilled
CIMC Industry & City and its subsidiaries	1,500,000	1 January 2021	8 December 2023	No

#### (6) Loans provided by the Group to key management personnel

As at 31 December 2021, the Group had no loans to key management personnel (31 December 2020: Nil).

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

## 6. Balance of related parties

## (1) Accounts receivables

*Accounts receivables from related parties*

Company name	Relationship with the Group	31 December 2021			31 December 2020		
		Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Yichuan Tianyun	Associate	48,027	0.19%	19	-	-	-
COSCO Zhenjiang	Subsidiary of investor with significant influence	19,708	0.08%	8	-	-	-
Guangxi South CIMC Logistics Equipment	Joint venture	11,389	0.04%	5	-	-	-
Sinotrans and its subsidiaries	Subsidiary of significant shareholder	10,124	0.04%	4	9,753	0.05%	-
Jiangsu Wanjiang	Joint venture	9,522	0.04%	4	20,139	0.11%	547
CMA CGM (Tianjin)	Associate	8,381	0.03%	3	-	-	-
Tianzhu International	Associate	6,746	0.03%	3	-	-	-
NKY Zhenhua	Joint venture	5,558	0.02%	2	5,577	0.03%	19
Zhoushan Changhong	Associate	4,830	0.02%	-	10,769	0.06%	-
Shitie Special Goods	Associate	3,146	0.01%	-	-	-	-
Ningbo Beilun	Associate	304	0.00%	-	1,008	0.01%	3
COSCO Shipping Lines Co., Ltd ("COSCO Shipping Line")	Subsidiary of investor with significant influence	112	0.00%	-	705	-	-
Ocean En-Tech	Associate	-	-	-	84,990	0.46%	913
SUMITOMO CORPORATION ("SUMITOMO")	Minority shareholders of subsidiaries	-	-	-	21,341	0.11%	-
Zhejiang Xinglong	Associate	-	-	-	10,724	0.06%	-
Wangyue Investment	Joint venture in 2020	-	-	-	1,687	0.01%	-
Orient International Container (Jinzhou) Co., Ltd. ("Orient International (Jinzhou)")	Subsidiary of investor with significant influence	-	-	-	551	-	-
Other related parties		14,780	0.06%	9	4,247	0.02%	15
		142,627	0.56%	57	171,491	0.92%	1,497

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 6. Balance of related parties (Continued)

#### (2) Other receivables

As at 31 December 2021, other receivables from related parties were analysed as follows

Company name	Relationship with the Group	31 December 2021				31 December 2020			
		Amount	Nature	% of total balance	Provision for bad debts	Amount	Nature	% of total balance	Provision for bad debts
CIMC Industrial & City and its subsidiaries	Associate	347,098	Funding	7.26%	-	3,875,063	Funding and demolition compensation	55.82%	-
		415,368	Dividends receivable	8.69%	-	99,864	Dividends receivable	1.43%	-
Ningxia Yuanshan	Minority shareholders of subsidiaries	60,549	Funding	1.27%	39,636	-	-	-	-
AnSteel CIMC	Joint venture	10,000	Funding	0.21%	-	-	-	-	-
Chongqing Vehicle Inspection and Research Institute	Subsidiary of significant shareholder	4,298	Daily transfer	0.09%	-	-	-	-	-
CMA CGM (Tianjin)	Associate	3,601	Daily transfer	0.08%	-	-	-	-	-
Kawasaki Zhenhua Logistics (Tianjin)	Joint venture	3,188	Funding	0.07%	-	-	-	-	-
Shenzhen China Merchants Real Estates Holding Co., Ltd.	Subsidiary of significant shareholder	-	-	0.00%	-	70,650	Transfer of equity	1.02%	-
OOS International	Associate	-	-	0.00%	-	14,104	Daily transfer	0.20%	-
Other related parties		5,348		0.11%	-	7,337		0.11%	-
		849,450		17.78%	39,636	4,067,018		58.58%	-

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

## 6. Balance of related parties (Continued)

## (3) Advances to suppliers

Advances to related parties are analysed as follows:

Company name	Relationship with the Group	31 December 2021			31 December 2020		
		Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
COSCO Shipping Lines (Tianjin) Co., Ltd.	Subsidiary of investor with significant influence	49,925	1.43%	-	-	-	-
Japan Asahi Trading	Minority shareholders of subsidiaries	18,315	0.53%	-	-	-	-
COSCO Shipping Specialized Carriers	Subsidiary of investor with significant influence	4,478	0.13%	-	-	-	-
Changzhou Suhang Logistics Co., Ltd.	Minority shareholders of subsidiaries	226	0.01%	-	226	0.01%	-
Other related parties		5,579	0.16%	-	-	-	-
		<b>78,523</b>	<b>2.26%</b>	<b>-</b>	<b>226</b>	<b>0.01%</b>	<b>-</b>

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 6. Balance of related parties (Continued)

#### (4) Current portion of non-current assets

As at 31 December 2021, the balance of the long-term receivables from related parties due within one year of the Group was as below:

Company name	Relationship with the Group	31 December 2021	31 December 2020
LiHua Energy	Associate	170,105	157,802
Hongxin Venture Workshop Investment Group Co., Ltd. (" <b>Hongxin Venture Workshop</b> ")	Minority shareholders of subsidiaries	61,178	-
New Horizon Shipping UG	Joint Venture	15,583	14,621
Zhongyi Xinwei	Associate	3,423	3,206
		<b>250,289</b>	175,629

#### (5) Long-term receivables

Company name	Relationship with the Group	31 December 2021	31 December 2020
New Horizon Shipping UG	Joint venture	483,449	510,711
Zhongyi Xinwei	Associate	3,655	7,078
Hongxin Venture Workshop Investment Group Co., Ltd. (" <b>Hongxin Venture Workshop</b> ")	Minority shareholders of subsidiaries	-	76,776
		<b>487,104</b>	594,565

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

## 6. Balance of related parties (Continued)

## (6) Accounts payables

As at 31 December 2021, accounts payables owed to related parties are as follows:

Company name	Relationship with the Group	31 December 2021		31 December 2020	
		Amount	% of total balance	Amount	% of total balance
Zhoushan Changhong	Associate	104,027	0.59%	–	–
CIMC Industry & City and its subsidiaries	Associate	101,048	0.58%	129,111	0.96%
Y&C Engine	Joint venture	83,776	0.48%	103,944	0.77%
Sinotrans and its subsidiaries	Subsidiary of significant shareholder	48,060	0.27%	–	–
Shitie Special Goods	Associate	6,714	0.04%	–	–
Ningbo Penavico-CCL	Subsidiary of investor with significant influence	6,388	0.04%	–	–
Ningbo Mediterranean	Associate	3,560	0.02%	2,903	0.02%
Jiangsu Wanjing	Joint venture	3,505	0.02%	37,349	0.28%
Ocean En-Tech	Associate	2,559	0.01%	3,032	0.02%
Florens Asset Management (USA) Limited (“ <b>Florens Asset</b> ”)	Subsidiary of investor with significant influence	1,379	0.01%	999	0.01%
Nantong CIMC Yike New Material Development Co., Ltd.	Associate	827	0.00%	18,639	0.14%
Qingdao Ganglianhua	Associate	435	0.00%	520	–
Tianzhu (Shanghai) International Freight Agency Co., Ltd.	Associate	11	0.00%	3,744	0.03%
Japan Asahi Trading Co., Ltd. (“ <b>Japan Asahi Trading</b> ”)	Minority shareholders of subsidiaries	–	–	24,512	0.18%
Qingchen bamboo industry	Associate	–	–	12,296	0.09%
Nantong Xinyang	Associate	–	–	4,448	0.03%
Xuzhou CIMC Wood	Associate	–	–	1,522	0.01%
Ningguo Guangshen	An associate from January 2020 to August 2020	–	–	126	–
Others		46,240	0.26%	612	0.00%
		<b>408,529</b>	<b>2.32%</b>	<b>343,757</b>	<b>2.56%</b>



CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 6. Balance of related parties (Continued)

#### (7) Other payables

Company name	Note	Relationship with the Group	31 December 2021		31 December 2020	
			Amount	% of total balance	Amount	% of total balance
Shenzhen Capital Operation Group and its subsidiaries	IV.35(2)	Subsidiary of significant shareholder	1,469,467	15.66%	-	-
Lihua Energy		Associate	33,605	0.36%	33,605	0.47%
Ningbo Mediterranean		Associate	4,000	0.04%	4,000	0.06%
CIMC Industry & City and its subsidiaries		Associate	2,491	0.03%	18,043	0.25%
Zhongyi Xinwei		Associate	1,740	0.02%	5,240	0.07%
NKY Zhenhua		Joint venture	1,516	0.02%	1,516	0.02%
Shenzhen Haixing Port		Subsidiary of significant shareholder	764	0.01%	-	-
Sinotrans and its subsidiaries		Subsidiary of significant shareholder	250	0.00%	-	-
Y&C Engine		Joint venture	100	0.00%	103	0.00%
OOS International		Associate	-	-	12,355	0.00%
Shandong CIMC Environmental Protection Technology Co., Ltd.		Joint venture during 2020	-	-	7,151	0.10%
Others			184	0.00%	746	0.01%
			<b>1,514,117</b>	<b>16.14%</b>	<b>82,759</b>	<b>1.17%</b>

#### (8) Contract liabilities

As at 31 December 2021, contract liabilities owed to related parties are as follows:

Company name	Relationship with the Group	31 December 2021		31 December 2020	
		Amount	% of total balance (%)	Amount	% of total balance (%)
Zhoushan Changhong	Joint venture	77	0.00%	26,674	0.44%
LiHua Energy	Joint venture	-	-	159	0.00%
		<b>77</b>	<b>0.00%</b>	<b>26,833</b>	<b>0.44%</b>

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

## 7. Commitments of related parties

As at 31 December 2021, there are no commitments in relation to related parties contracted for but not yet necessary to be recognized on the balance sheet by the Group.

## 8. Directors' interests and interests

- (1) The Company adopted a new share options scheme since 28 September 2010. The Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. has reviewed and confirmed that the company has completed the cancellation of expired stock options on November 19, 2020 (see Note IX). As of December 31, 2020, key management personnel have no outstanding options.

Some key management personnel were not only granted the above share options of the Company but also were granted share options of Enric, the subsidiary of the Company. Details of unexercised share options granted to key management personnel as at 31 December 2021 are as follows:

Name	Position	Number of granted share options (in'0000)
Gao Xiang	Chairman	40
Yu Yuqun	Vice Chairman	30
Total		70

For detailed information for fair value of the granted share options aforesaid, please refer to Note IX.

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 8. Directors' interests and interests (Continued)

#### (2) Emoluments of the directors, supervisor and senior management of the Company

Directors', supervisors' and key management personnel's emoluments for the year ended 31 December 2021 are as follows:

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total	
		Salary and allowance	Pension	Bonus	Others		
<b>Directors</b>							
Mai Boliang	-	3,180	76	13,658	456	17,370	
Hu Xianfu	-	-	-	-	-	-	
Liu Chong	Note (i)	-	-	-	-	-	
Deng Weidong	-	-	-	-	-	-	
Zhu Zhi Qiang	Note (ii)	-	-	-	-	-	
Kong Guo Liang	Note (ii)	-	-	-	-	-	
Ming Dong	-	-	-	-	-	-	
Gao Xiang	Note (iii)	-	1,804	129	4,436	36	6,405
He Jiale	240	-	-	-	-	240	
Pan Zhengqi	240	-	-	-	-	240	
Lv Fengmeiyi	240	-	-	-	-	240	
Sub-total	720	4,984	205	18,094	492	24,495	

Note (i): On 9 March 2021, Mr. Liu Chong proposed to resign as a director and vice chairman of the 9th board of directors and a member of the strategy committee of the board of directors of the company due to job change. Mr. Liu Chong resigned from the above positions of the company, and Mr. Liu Chong will not serve in the company.

Note (ii): On 7 April 2021, Mr. Zhu Zhi Qiang was elected as the director of the ninth board of directors and Mr. Kong Guo liang was elected as the director of the ninth board of directors according to the resolution of the second extraordinary general meeting of the company in 2021.

Note (iii): On 9 March 2021, Mr. Gao Xiang proposed to resign as the ninth director of the company due to job change. After Mr. Gao Xiang resigned from the above position, other positions of Mr. Gao Xiang in the president of the company and subordinate companies of the company remained unchanged.

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

## 8. Directors' interests and interests (Continued)

## (2) Emoluments of the directors, supervisor and senior management of the Company (Continued)

Directors', supervisors' and key management personnel's emoluments for the year ended 31 December 2021 are as follows (continued):

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total
		Salary and allowance	Pension	Bonus	Others	
<b>Supervisors</b>						
Lin Feng	Note (iv)	-	-	-	-	-
Lou Dongyang		-	-	-	-	-
Xiong Bo		-	222	-	416	638
Shi Lan	Note (v)	-	-	-	-	-
<b>Total</b>		-	222	-	416	638

Note(iv): On 9 March 2021, Mr. Lin Feng proposed to resign as the ninth chairman of the board of supervisors and supervisor representing shareholders of the company due to job changes. After Mr. Lin Feng resigned from the above position, Mr. Lin Feng will not serve in the company.

Note(v): On 7 April 2021, Ms. Shi Lan was elected as the supervisor representing the shareholders of the ninth board of supervisors by the resolution of the second extraordinary general meeting of the company in 2021.

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 8. Directors' interests and interests (Continued)

#### (2) Emoluments of the directors, supervisor and senior management of the Company (Continued)

Directors', supervisors' and key management personnel's emoluments for the year ended 31 December 2021 are as follows (continued):

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total	
		Salary and allowance	Pension	Bonus	Others		
<b>Other Senior Executives</b>							
Li Yinhui	-	1,518	127	3,291	36	4,972	
Huang Tianhua	-	1,420	129	4,468	36	6,053	
Yu Yuqun	-	1,475	76	4,223	36	5,810	
Zeng Han	-	1,205	127	3,752	36	5,120	
Wu Sanqiang	Note (vi)	564	78	3,829	27	4,498	
Sub-total	-	6,183	537	19,562	171	26,453	
Total		720	11,389	742	38,072	663	51,586

Note(vi): On 29 March 2021, Mr. Wu Sanqiang was appointed as the Secretary of the board of directors/Joint Company Secretary of the company according to the resolution of the seventh meeting of the ninth board of directors of the company in 2021.

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

## 8. Directors' interests and interests (Continued)

## (2) Emoluments of the directors, supervisor and senior management of the Company (Continued)

Directors', supervisors' and key management personnel's emoluments for the year ended 31 December 2020 are as follows:

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total	
		Salary and allowance	Pension	Bonus	Others		
<b>Directors</b>							
Mai Boliang	-	3,180	34	6,400	448	10,062	
Wang Hong	Note (i)	-	-	-	-	-	
Hu Xianfu	-	-	-	-	-	-	
Liu Chong	-	-	-	-	-	-	
Deng Weidong	Note (ii)	-	-	-	-	-	
Ming Dong	-	-	-	-	-	-	
Gao Xiang	Note (ii)	-	1,839	101	2,100	32	4,072
He Jiale	240	-	-	-	-	240	
Pan Zhengqi	240	-	-	-	-	240	
Lv Feng Meiyi	240	-	-	-	-	240	
Sub-total	720	5,019	135	8,500	480	14,854	

Note (i): On 27 August 2020, the term of office of Mr. Wang Hong's board of directors expired. Upon resolution of the 12th meeting of the ninth board of directors in 2020, the current chairman of the ninth board of directors of the company, Mr. Wang Hong, resigned as chairman of the company. Mr. Wang Hong ceased to serve as a director of the company.

Note (ii): On October 9, 2020, Mr. Deng Weidong was elected as a non-executive director of the ninth session of the board of directors by the resolutions of the first A-share general meeting of the company in 2020 and the first H-share general meeting of 2020. Mr. Gao Xiang is the ninth executive director.

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 8. Directors' interests and interests (Continued)

#### (2) Emoluments of the directors, supervisor and senior management of the Company (Continued)

Directors', supervisors' and key management personnel's emoluments for the year ended 31 December 2020 are as follows (Continued):

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total
		Salary and allowance	Pension	Bonus	Others	
<b>Supervisors</b>						
Lin Feng	-	-	-	-	-	10,062
Lou Dongyang	-	-	-	-	-	-
Xiong Bo	-	246	-	217	-	463
Sub-total	-	246	-	217	-	463

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total
		Salary and allowance	Pension	Bonus	Others	
<b>Other Senior Executives</b>						
Li Yinhui	-	1,434	98	1,172	32	2,736
Huang Tianhua	-	1,419	101	3,000	32	4,552
Yu Yuqun	-	1,476	35	2,200	32	3,743
Zeng Han	-	1,203	82	2,162	32	3,479
Sub-total	-	5,532	316	8,534	128	14,510
Total	720	10,797	451	17,251	608	29,827

Other benefits mainly consist of housing funds, pensions, medical insurance, etc.

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

**VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)****8. Directors' interests and interests (Continued)****(3) Termination benefits for directors**

In 2021, there was no compensation for directors with terminated appointment from the Company and the subsidiaries. (2020: Nil).

**(4) Consideration paid to third parties for service of directors**

In 2021, there was no consideration paid to third parties for service of directors (2020: Nil).

**(5) Loans, quasi-loans offered and other transactions with directors, legal entities controlled by directors and their related persons**

As at 31 December 2021, there were no loans, quasi-loans and guarantees offered to directors, legal entities controlled by directors and their related persons (31 December 2020: Nil).

**(6) Guarantees for loans of directors, legal entities controlled by directors and their related persons**

As at 31 December 2021, there were no Guarantees for loans of directors, legal entities controlled by directors and their related persons (31 December 2020: Nil).

**(7) Significant interest of directors in transactions, arrangement and contracts**

In 2021, the Company did not enter into any agreement that related to the business of the Group, in which the directors have significant interest in transactions, arrangement and contracts directly or indirectly (2020: Nil).



CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 9. Top 5 of the Emoluments

The top 5 of the emoluments consists 1 director, 3 senior executives. Their emoluments have been reflected in Note VIII. 8(ii); the emolument of other 1 staff is listed as follow:

	2021	2020
Remuneration, bonus, housing and other funds	7,725	8,199
Pension	50	52
	<b>7,775</b>	<b>8,251</b>
	<b>Number of people</b>	
	2021	2020
Emoluments range: HKD9,500,000–10,500,000	1	1

## IX. SHARE-BASED PAYMENTS

### 1. Summary of the Group's major share-based payments

Expenses recognized for the year arising from share-based payments are as follows:

	2021	2020
Equity-settled share-based payment	72,907	104,495

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IX. SHARE-BASED PAYMENTS (Continued)

## 2. Information on equity-settled share-based payment

## (1) Information on equity-settled share-based payment of Enric

(a) *Share option*

Enric carried out another share options plan (the “**Plan I**”), which was approved by the shareholders’ meeting on 12 July 2006. According to Plan I, the board of directors of the Company was authorised to grant share options to the key management personnel and other employees of Enric to subscribe for shares of Enric. And the Grantor shall pay a consideration of HK \$1 when granting stock options. Each option gives the holder the right to subscribe for one ordinary share in Enric. The grant period is 10 years from the date of grant. Plan I expires on July 11, 2016. Enric adopts a new stock option plan (“**Plan II**”) from July 12, 2016. The validity period of Plan II is 10 years. As of December 31, 2021, the company has not granted the stock option of Plan II.

(b) *Restricted share award scheme*

The shareholders of Enric approved the Restricted Share Award Scheme (2018) (the “**Award Scheme**”) on 10 August 2018. Subsequently 46,212,500 restricted shares were issued and allotted to a trustee which holds the restricted shares on behalf of the selected participants until the restricted shares were vested. Selected participants are entitled to the related distribution derived from the relevant restricted shares during the period from the date of the issue of the restricted Shares to the vesting date (both dates inclusive) of such restricted shares, which shall however only be vested by the relevant selected participant on the vesting date subject to fulfilment of vesting conditions of the restricted shares.

The selected participants include certain directors of Enric, certain members of senior management and employees of Enric who under the terms of the Award Scheme subscribed for the restricted shares at HKD3.71 per share. Under the terms of the Award Scheme, if the vesting conditions are fulfilled, the restricted shares shall be vested by 30%, 30% and 40% by April 2019, April 2020 and April 2021, respectively. For the selected participants who do not meet the vesting conditions, the unvested restricted shares remaining at the end of the Award Scheme in 2018 will be forfeited.

The fair value of the restricted shares issued was assessed based on the market price of the Company’s shares at the grant date. The expected dividends and time value of money for the expected dividends during the vesting period were taken into account when assessing the fair value of the awarded shares. The weighted average fair value of awarded shares granted during the year ended 31 December 2018 was HKD6.70 per share (equivalent to approximately RMB5.67 per share).

## CHAPTER XIV FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

### IX. SHARE-BASED PAYMENTS (Continued)

#### 2. Information on equity-settled share-based payment (Continued)

##### (1) Information on equity-settled share-based payment of Enric (Continued)

###### (c) 2020 Share Incentive Plan

The board of directors of Enric, a subsidiary of the Group, adopted the 2020 Share Incentive Plan ("**2020 Incentive Plan**") on April 3, 2020. According to the 2020 Incentive Plan, Enric's board of directors has the sole discretion to select any Enric employee as a qualified participant of the plan. Enric's board of directors can also determine the number of shares to be granted in the future (subject to any unlocking conditions) and the consideration (if any) that eligible participants need to pay. Enric's board of directors has appointed a trustee to use Enric's resources to purchase Enric's shares on the Hong Kong Stock Exchange. The trustee will hold these shares in accordance with the terms of the trust contract and transfer these shares to the relevant participants after the relevant unlocking conditions are fulfilled.

As of December 31, 2021, the trustee has purchased 39,198,000 shares of Enric according to the 2020 Incentive Plan (2020: 37,074,000 shares)

On 17 November 2021 (the Grant Date), Enric granted 33,324,006 shares to selected participants. The shares are held by the trustee on behalf of the selected participants until the grant shares are vested. Selected participants are entitled to the related distribution derived from the relevant restricted shares during the period from the date of the issue of the grant shares to the vesting date (both dates inclusive) of such restricted shares, which shall however only be vested by the relevant selected participant on the vesting date subject to fulfilment of vesting conditions of the grant shares.

The selected participants include certain Directors of Enric, certain members of senior management and employees of Enric who under the terms of the 2020 Incentive Plan subscribed for the grant shares at HKD3.71 per share. Under the terms of the 2020 Incentive Plan, if the vesting conditions are fulfilled, the grant shares shall be vested by 35.8%, 32.2% and 32.0% by April 2022, April 2023 and April 2024, respectively. For eligible participants who do not meet the unlocking conditions, the remaining unlocked restricted shares at the end of the 2020 Incentive Plan will be forfeited.

The fair value of the restricted shares issued was assessed based on the market price of Enric's shares at the grant date. The expected dividends and time value of money for the expected dividends during the vesting period were taken into account when assessing the fair value of the awarded shares.

The weighted average fair value of restricted shares granted during the year ended 31 December 2021 was HKD3.76 per share (equivalent to approximately RMB3.07 per share).

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## IX. SHARE-BASED PAYMENTS (Continued)

## 2. Information on equity-settled share-based payment (Continued)

## (1) Information on equity-settled share-based payment of Enric (Continued)

- (d) On November 27, 2020, Enric's board of directors approved CIMC Safe Tech's share award plan ("**CIMC Safe Tech Award Scheme**"), to recognize the past and present contributions of the incentive recipients to the chemical and environmental business segments and to encourage those who will continue to contribute in the future. Under the scheme, equity interests in Enric will be granted to incentive recipients through a partnership platform upon subscription of new share capital in Enric. The total capital contribution made by the participants (through the Partnership Platforms) of the CIMC Safe Tech Award Scheme was approximately RMB139,719,000, representing 10% of the enlarged share capital of CIMC Safe Tech upon completion of the increase of the share capital pursuant to the scheme. As at 31 December 2021, the vesting conditions had not been fulfilled and the selected participants were not entitled to any distribution made by CIMC Safe Tech. The expenses arising from the CIMC Safe Tech Award Scheme recognised during the year were RMB22,734,000.

## (2) Information on equity-settled share-based payment of CIMC Tianda

On 9 March 2005, 9 employees of Tianda Airport together with the Labour Union of Tianda Airport (hereinafter "**Tianda Labour Union**") established Shenzhen TGM Limited (hereinafter "**Employee Shareholding Platform**") with a registered capital of RMB9.4 million, in which Tianda Labour Union holds 61.3% of the equity interests. Since 2005, Shenzhen TGM Limited has granted the reserved shares held by Tianda Trade Union to the employees of Tianda Airport as a reward in batches on an annual basis. The waiting period of the restricted shares incentive plan of CIMC Tianda participated by these employees is 5 years. CIMC Tianda determines the fair value of the restricted stock units based on the price of the ordinary shares on the grant date. The difference between the fair value of each restricted share and the capital increase price of each share held by the incentive recipients is amortised and credited to the expenses of share-based payments during the waiting period.

## (3) Information on equity-settled share-based payment of Beijing Fine Phase-changing Energy

In 2020, pursuant to the *Core Employee Stock Ownership Plan of CIMC Wetrans Logistics Technology (Group) CO., Ltd.*, a shareholding platform was established, through which the employees eligible for the incentive were granted incentive shares. In 2021, the difference between the consideration of the equity granted to eligible employees through the shareholding platform within CIMC Wetrans Logistics Technology (Group) CO., Ltd. and the fair value of the net assets shared by the granted equity was recognised in general and administrative expenses and capital surplus.

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## IX. SHARE-BASED PAYMENTS (Continued)

### 2. Information on equity-settled share-based payment (Continued)

#### (4) Information on equity-settled share-based payment of Beijing Fine Phase-changing Energy

In 2020, the board of directors of Beijing CIMC Fine Phase-changing Energy Co., Ltd., (former name: Beijing CIMC Jingxin Xiangneng Technology Co., Ltd.) approved the "Equity Incentive Management Measures of Beijing CIMC Jingxin Xiangneng Technology Co., Ltd.", using Ningbo Jingxin Shengshi Enterprise Management Partnership (Limited Partnership) as an employee shareholding platform, the company granted incentive equity to employees that met the incentive conditions by transferring the property share of the employee's shareholding platform company. In 2021, the original shareholders of Ningbo Jingxin Shengshi Enterprise Management Partnership (Limited Partnership) granted 2.02% of the equity to eligible employees, and the difference between the consideration for the equity obtained by the employees and the fair value of the net assets corresponding to this part of the equity was included in management expenses and capital accumulation.

### 3. Summary of equity-settled share-based payment

As at 31 December 2021, accumulated amount recognized in capital reserve for equity-settled share-based payments

529,599

Total expenses recognized for equity-settled share-based payments for current year

	2021	2020
Including:	<b>7,725</b>	8,199
– attributed to Enric	<b>35,920</b>	7,961
– attributed to Tianda	<b>24,922</b>	–
– attributed to CIMC Wetrans Logistics	<b>8,237</b>	86,935
– attributed to Beijing Fine Phase-changing Energy	<b>3,828</b>	9,599
	<b>72,907</b>	104,495

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## X. CONTINGENCIES

### 1. Guarantees provided for external parties

CIMC Vehicle, a subsidiary of the Group, signed contracts with China Merchants Bank, China Guangfa Bank, Huishang Bank and Industrial Bank, for the buyer credit business and loan guarantees, to provide guarantees for the facilities of vehicle purchase offered by such banks to distributors and customers of the Group and its subsidiaries. As at 31 December 2021, the aggregate amount of credit facilities in respect of which the Group and its subsidiaries provided guarantees to the distributors and customers was RMB2,151,916,000 (31 December 2020: RMB1,709,171,000).

The Group's subsidiary, C&C Trucks and its subsidiaries carried out vehicle buyer credit business and signed vehicle loan guarantee contracts with external banks, providing credit guarantee to the relevant banks for their financing to the distributors and customers of C&C Trucks and its subsidiaries arising from purchase of vehicle products. As at 31 December 2021, the aggregate amount of credit facilities of the distributors and customers in respect of which C&C Trucks and its subsidiaries provided guarantees was approximately RMB571,527,000 (31 December 2020: RMB791,927,000).

The Group does not expect that the credit risk of the above guarantees has significantly increased since initial recognition, thus measures the allowance for those commitments at an amount equal to 12-month expected credit losses (Note IV(36)).

The Group's subsidiary, Shaanxi CIMC Vehicles Industrial Park Investment Development Co., Ltd. cooperated with Shaanxi Xianyang Qindu Rural Commercial Bank in mortgage credit cooperation and signed a property loan guarantee contract, providing phased guarantees for the loans that the customers of the company obtained from the relevant banks for purchasing properties. As of 31 December 2021, the aggregate customer financing loans for which Shaanxi Vehicles Industrial Park provided guarantees, were approximately RMB11,459,000 (31 December 2020: RMB13,022,000). The credit risk of the guarantee is assessed to be low and the Group has not made any provision for expected credit losses.

The Company entered into a guarantee agreement with the relevant banks to provide guarantee for the loans of CIMC Industry & City and its subsidiaries. As of 31 December 2021, the amount for which the Company provided guarantees was RMB605,002,000. The credit risk of the guarantee is assessed to be low and the Group has not made any provision for expected credit losses.

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## X. CONTINGENCIES (Continued)

### 2. Notes payables issued but not accounted for, outstanding letters of credit issued and outstanding performance guarantees issued

The Group does not recognise notes payables or letter of credit issued as deposits. Corresponding inventories, advances to suppliers and notes payables are recognised at the earlier of the date of delivery of goods and the maturity date of the notes issued. As at 31 December 2021, the Group had notes payables issued but not accounted of RMB117,445,000 (31 December 2020: RMB146,785,000) and had issued outstanding letters of credit RMB270,576,000 (31 December 2020: RMB465,345,000).

As at 31 December 2021, the Company had outstanding balance of guarantees issued for subsidiaries of the Group of RMB2,091,438,000, USD383,947,000 (equivalent to RMB2,447,930,000), GBP5,670,000 (equivalent to RMB48,798,000) and EUR53,485,000 (equivalent to RMB386,144,000), respectively, totaling RMB4,974,310,000 (31 December 2020: RMB5,001,041,000).

As at 31 December 2021, the outstanding balance of guarantees of the Group's subsidiary issued by the bank was RMB2,620,239,000, mainly including the balance of advance payment guarantees of RMB1,418,997,000, the balance of quality guarantees (including foreign guarantees) of RMB217,101,000, the balance of other non-financing guarantees of RMB193,844,000 and the balance of performance guarantees of RMB725,076,000 (31 December 2020: RMB1,853,669,000).

## XI. COMMITMENTS

### 1. Capital expenditure commitments

- (1) Capital expenditure commitments contracted for but not yet necessary to be recognized on the balance sheet

	2021	2020
Foreign investment contracts (i)	6,909,984	36,369
Vessels manufactured for sales or lease	265,320	-
Fixed assets purchase and construction contracts	22,382	82,566
	<b>7,197,686</b>	118,935

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

**XI. COMMITMENTS (Continued)****1. Significant commitments (Continued)****(1) Capital commitments (Continued)**

- (i) On 27 September 2021, the Company and A.P. Møller - Mærsk A/S (“**APMM**”) entered into the *Share Purchase Agreement-Maersk Container Industry*. The Company proposed to purchase Maersk Container Industry (“**MCI**”) of APMM, and MIC comprises two entities: Maersk Container Industry A/S, and Maersk Container Industry Qingdao Ltd. The purchase consideration of the entire equity interest of the target companies was USD1,083.8 million (approximately RMB6,909,984,000). Pursuant to the agreement, if either of the Company and APMM terminates the agreement due to the circumstances referred to in the agreement, including the failure to obtain investment and competition law clearance for the agreement prior to the long stop date, the Company shall pay a breakup fee of US\$85,000,000 (approximately RMB547,400,000) to APMM no later than 2 days.

**XII. EVENTS AFTER THE BALANCE SHEET DATE****1. Dividend distribution after the balance sheet date**

Dividend proposed (Note (1))	2,480,559
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**(1) Dividend for ordinary shares proposed after the balance sheet date**

On 28 March 2022, the board of directors of the Company proposed to distribute a dividend of RMB0.69 per share (inclusive of tax) in cash to all shareholders without bonus shares and additional 5 new shares will be issued to all Shareholders for every 10 shares held by way of conversion of capital surplus, with the accumulative converted shares totalling 1,797,506,795 Shares. The amount of dividend calculated based on the number of shares as at 31 December 2021 was RMB2,480,559,000. This proposal is yet to be considered and approved by the shareholders meeting. The dividend distribution plan is based on the number of shares on the dividend registration date. Dividends proposed after the balance sheet date are not recognised as liabilities at the balance sheet date.

The Company’s profit distribution plan for 2020 was as follows: to distribute RMB0.28 (including tax) for every share, no bonus shares will be issued, and no shares will be issued by way of conversion of capital reserve. Based on the number of Shares as at 31 December 2020, the dividend amounted to approximately RMB1,006,604,000.



CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## XII. EVENTS AFTER THE BALANCE SHEET DATE (Continued)

### 2. Issuance of the first tranche of medium term note for 2022 after the balance sheet date

On 18 February 2022, the Company has completed the issuance of the first tranche of medium term note for 2022. The proceeds raised from the Tranche I Medium Term Note were fully received on 18 February 2022. The issuance amount of Tranche I Medium Term Note was RMB2.0 billion and the annualised rate for the issuance was 3.21%. The Tranche I Medium Term Note has a term of 3+N (3) years, perpetual in nature prior to redemption as agreed in the issue terms, and matures upon redemption as agreed in the issue terms.

### 3. Spin-off and listing of CIMC Wetrans

On 24 February 2022, the first meeting in 2022 of the ninth session of the Board of the Company considered and approved the proposed spin-off and domestic initial public offering of RMB ordinary shares (A shares) of CIMC Wetrans, a controlling subsidiary, and the listing of CIMC Wetrans on the Shenzhen Stock Exchange; and authorised the management of the Company and CIMC Wetrans to commence the preliminary preparatory work for the spin-off and listing of CIMC Wetrans.

## XIII. OPERATING LEASE RECEIPTS AFTER THE BALANCE SHEET DATE

The undiscounted amounts of total future lease receipts receivable by the Group, as a lessor, after the balance sheet date are as follows:

	31 December 2021
Within 1 year	1,289,911
1 to 2 years	761,693
2 to 3 years	369,636
3 to 4 years	186,437
4 to 5 years	116,357
Over 5 years	261,722
	<b>2,985,756</b>

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## XIV. SEGMENT REPORTING

In accordance with the Group's internal organization structure, management requirement and internal reporting process, ten reportable segments are identified by the Group including: Containers manufacturing, Road transportation vehicles, Energy, chemical and liquid food equipment, Offshore engineering, Airport, facilities, fire safety and automated logistics equipment, Heavy truck, Logistics services, Real estate, Finance and asset management and recycled load business. Each reportable segment is an independent business segment providing different products and services. Independent management is applied to individual business segment as different technical and market strategy are adopted. The Group reviews the financial information of individual segment regularly to determine resources allocation and performance assessment.

### 1. Profits, losses, assets and liabilities of reportable segments

In order to assess the segment performance and resources allocation, the Group's management reviews assets, liabilities, revenue, expenses and operating results of each segment regularly. The preparation basis of such information is detailed as follows:

Segment assets include current assets of each segment, such as tangible assets, intangible assets, other long-term assets and receivables, but exclude deferred income tax assets and other un-allocated headquarters assets. Segment liabilities include payables, bank borrowings, provisions, special payables and other liabilities of each segment, while deferred tax liabilities are excluded.

Segment operating results represents revenue (including external revenue and inter-segment revenue), offsetting segment expenses, depreciation and amortisation and impairment losses attributable to assets of each segment, net interest expenditure generated from bank deposits and bank borrowings directly attributable to each segment. Transactions conducted among segments are under similar non-related party transaction commercial terms.

## CHAPTER XIV FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

### XIV. SEGMENT REPORTING (Continued)

#### 1. Profits, losses, assets and liabilities of reportable segments (Continued)

The information disclosed below for each reportable segment of the Group is that the management of the Group has used when measuring the profit/(loss), assets and liabilities of the reportable segment, or has not used the following data but provided to the management of the Group on a regular basis:

Item	Containers	Road transportation	Energy, chemical and liquid food equipment	Offshore engineering	Airport, facilities, fire safety and automated logistics equipment	Logistics services	Finance and asset management	Recycled load	Others	Elimination between segments	Total
	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021
External transaction	63,563,501	27,382,852	19,156,364	5,055,086	6,746,488	29,225,142	3,653,561	5,457,816	5,089,554	(1,634,384)	163,695,980
Inter segment transaction	2,403,810	264,910	371,705	385,406	95,494	245,765	109,870	558,704	1,630,233	(6,065,897)	-
Cost of sales from main operations	49,029,169	24,422,440	15,916,979	5,283,957	5,310,795	27,373,277	2,141,809	4,857,301	5,828,866	(7,803,634)	132,360,959
Investment income/(loss) in joint ventures and associates	24,056	(3,916)	(9,266)	(8,133)	3,376	29,623	39,852	16,025	(326,948)	-	(235,331)
Impairment loss for the year	25,493	67,548	118,439	1,503,601	208,581	81,260	3,245,789	1,286	417,770	(715,042)	4,954,725
Depreciation and amortization expenses	402,437	516,356	394,779	545,144	180,156	243,053	1,107,263	122,413	174,614	(351,116)	3,335,099
Interest income	203,077	62,039	80,164	49,376	10,263	10,334	221,679	12,961	1,639,709	(1,939,384)	350,218
Interest expenses	97,951	45,887	115,602	923,974	62,499	34,122	212,513	28,539	1,606,773	(1,759,336)	1,368,524
Total profit/(loss)	14,752,166	1,176,166	1,106,720	(1,925,420)	218,815	776,287	(1,975,896)	670,090	(16,335)	(1,487,534)	13,295,059
Income tax expenses	3,425,618	188,503	221,922	92,840	25,790	234,456	427,334	92,706	405,917	(180,795)	4,934,291
Net profit/(loss)	11,326,548	987,663	884,798	(2,018,260)	193,025	541,831	(2,403,230)	577,384	(422,252)	(1,306,739)	8,360,768
Segment total assets	35,047,821	21,539,862	19,457,925	36,241,755	8,663,681	8,171,244	51,766,290	3,785,917	42,940,380	(73,292,374)	154,322,501
Segment total liabilities	15,606,275	9,260,084	11,160,078	41,104,210	5,993,657	6,286,158	51,958,553	2,214,989	45,817,817	(92,059,410)	97,342,411
Supplementary information:											
- Other non-cash (income)/expenses other than depreciation and amortisation	286,892	104,961	109,962	1,482,462	150,419	92,025	3,215,370	3,409	590,273	(641,692)	5,394,081
- Long-term equity investment of joint ventures and associates	667,294	47,080	174,110	204,316	33,525	405,832	538,267	58,288	6,340,745	-	8,469,457
- Amount of additions to non-current assets other than long-term equity investment, financial assets and deferred tax assets	2,418,796	1,281,260	1,130,830	123,329	312,492	707,004	8,292,449	499,390	470,747	(7,206,162)	8,030,135

## CHAPTER XIV FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

### XIV. SEGMENT REPORTING (Continued)

#### 1. Profits, losses, assets and liabilities of reportable segments (Continued)

The information disclosed below for each reportable segment of the Group is that the management of the Group has used when measuring the profit/(loss), assets and liabilities of the reportable segment, or has not used the following data but provided to the management of the Group on a regular basis (Continued):

Item	Containers manufacturing 2020	Road transportation vehicles 2020	Energy, chemical and liquid food equipment 2020	Offshore engineering 2020	Airport, facilities, fire safety and automated logistics equipment 2020	Logistics services 2020	Real estate 2020	Finance and asset management 2020	Recycled load 2020	Others 2020	Elimination between segments 2020	Total 2020
External transaction	21,462,513	26,295,337	13,198,197	5,048,239	6,054,543	10,568,721	2,169,218	1,711,593	2,810,019	5,023,468	(182,765)	94,159,083
Inter segment transaction	701,110	203,628	93,376	377,155	34,177	67,180	4,203	466,246	225,921	665,590	(2,838,586)	-
Cost of sales from main operations	18,816,494	22,982,799	10,855,221	5,354,656	4,757,192	9,861,247	1,354,668	1,155,935	2,600,238	4,857,119	(2,950,589)	79,644,980
Investment income/ (loss) in joint ventures and associates	306,202	5,644	(3,178)	(766)	3,499	(3,583)	279,917	38,596	9,663	(162,395)	-	473,599
Impairment loss for the year	(2,894)	148,601	240,886	122,135	69,536	25,094	94	296,380	(779)	114,970	(36,775)	977,248
Depreciation and amortization expenses	477,335	426,216	427,910	889,842	183,079	181,551	72,960	659,608	116,994	278,323	(215,998)	3,497,820
Interest income	125,236	49,834	60,311	57,061	12,439	18,133	75,957	259,638	4,501	2,038,415	(2,381,947)	319,578
Interest expenses	97,800	64,316	69,382	1,231,203	78,659	22,024	41,607	163,304	20,916	1,978,628	(2,175,736)	1,592,103
Total profit/(loss)	2,404,539	1,517,700	506,648	(1,893,794)	390,790	287,936	581,558	417,029	112,265	47,355	2,918,380	7,290,406
Income tax expenses	417,206	248,353	146,340	49,248	66,841	22,221	165,902	104,636	17,929	65,387	(25,397)	1,278,666
Net profit/(loss)	1,987,333	1,269,347	360,308	(1,943,042)	323,949	265,715	415,656	312,393	94,336	(18,032)	2,943,777	6,011,740
Segment total assets	20,242,507	19,680,995	16,431,767	35,627,658	9,398,839	4,980,842	-	47,892,797	2,356,393	53,630,850	(64,031,137)	146,211,511
Segment total liabilities	11,007,587	9,248,698	9,162,645	38,787,773	5,631,713	2,898,880	-	44,067,746	1,563,384	50,166,909	(80,177,668)	92,357,667
Supplementary information:												
- Other non-cash (income)/expenses other than depreciation and amortisation	(10,743)	248,397	275,764	116,586	121,098	20,325	96	318,235	5,228	243,513	142,594	1,481,093
- Long-term equity investment of joint ventures and associates	913,560	87,520	49,298	98,834	32,645	376,815	-	504,719	62,180	6,973,013	-	9,098,584
- Amount of additions to non-current assets other than long-term equity investment, financial assets and deferred tax assets	779,392	1,687,536	716,555	326,826	143,651	269,613	-	104,371	1,157,023	6,036,296	(1,167,428)	10,053,835

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## XIV. SEGMENT REPORTING (Continued)

### 2. Geographic information

The following table sets out information about the geographical information of the Group's revenue from external customers and the Group's non-current assets (excluding financial assets and deferred tax assets, same for the below). The geographical locations of customers are based on the location at which the services were provided or the goods were delivered. The geographical locations of the specified non-current assets are based on the physical location of the assets (for fixed assets), or the location of the business to which they are allocated (for intangible assets and goodwill), or the location of operations of the associates and joint ventures.

Geographic information (according to the receiving party division)

	Revenue from external customers		Total non-current assets	
	2021	2020	31 December 2021	31 December 2020
PRC	78,767,602	56,729,195	51,696,339	52,156,469
Asia (exclusive of PRC)	15,201,328	3,641,678	241,891	237,925
America	27,526,278	17,759,293	8,481,520	9,919,494
Europe	38,066,692	14,354,186	1,597,683	1,662,082
Others	4,134,080	1,674,731	166,140	168,347
<b>Total</b>	<b>163,695,980</b>	<b>94,159,083</b>	<b>62,183,573</b>	<b>64,144,317</b>

## XV. FINANCIAL INSTRUMENTS AND RELATED RISKS

The Company's activities expose it to a variety of financial risks: market risk (primarily including foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk. The above financial risks and the Group's risk management policies to mitigate the risks are as follows:

The Board of Directors is responsible for planning and establishing the Group's risk management framework, formulating the Group's risk management policies and related guidelines, and supervising the implementation of risk management measures. The Group has established risk management policies to identify and analyse the risks faced by the Group. These risk management policies put forward clear provisions for the risks such as market risk, credit risk and liquidity risk management. The Group regularly evaluates the market environment and changes in the Group's operating activities to determine whether to update the risk management policies and systems. The Group's risk management is carried out by the Risk Management Committee under policies approved by the Board of Directors. The Risk Management Committee closely cooperates with other departments of the Group to identify, evaluate and avoid relevant risks. The internal audit department of the Group conducts periodical audit to the controls and procedures for risk management and reports the audit results to the Audit Committee of the Group.

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## XV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (Continued)

## 1. Market risk

## (1) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are settled in RMB. The Group is exposed to foreign exchange risk arising from the recognised assets and liabilities denominated in foreign currencies (mainly USD and HKD), and future businesses settled in foreign currencies (mainly USD and HKD). The Group continuously monitors the amount of assets and liabilities denominated in foreign currencies, and volume of transactions settled 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 VI(3)).

As at 31 December, the Group's foreign exchange risk exposure with respect to assets or liabilities denominated in foreign currencies is presented below. The items listed below related to foreign exchange risk exposure mainly represent the assets or liabilities denominated in foreign currencies held by the subsidiaries of the Company whose recording currency is RMB. For presentation purposes, amounts of exposures are presented in RMB and translated at spot exchange rates at the balance sheet date. Difference on translation of foreign currency financial statements are not included.

	31 December 2021				31 December 2020			
	USD	EUR	HKD	JPY	USD	EUR	HKD	JPY
Cash at bank and on hand	2,944,007	351,272	339,172	21,494	3,312,441	704,654	351,344	59,394
Receivables	11,171,090	63,846	55,811	33,517	6,381,495	155,655	23,372	52,602
Contract Assets	38,560	-	-	-	61,662	-	-	-
Short-term borrowings	(2,123,865)	(31,267)	(179,155)	-	(2,460,303)	(296,586)	(119,047)	-
Lease liabilities	(1,421)	-	(5,771)	-	(6,864)	-	(4,967)	-
Long-term borrowings	(1,460,399)	-	-	-	(1,736,634)	-	-	-
Payables	(1,097,723)	(99,395)	(1,515)	(140)	(1,798,344)	(9,063)	(3,552)	(264)
Current portion of non-current liabilities	(895)	-	(20,680)	-	(577)	-	(2,849)	-
Gross balance sheet exposure	9,469,354	284,456	187,862	54,871	3,752,876	554,660	244,301	111,732

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## XV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (Continued)

### 1. Market risk (Continued)

#### (1) Foreign exchange risk (Continued)

As at 31 December 2021, for the financial assets, contract assets, financial liabilities and lease liabilities denominated in USD held by the subsidiaries whose functional currencies are RMB, if the RMB had strengthened/weakened by 4% against the USD with all other variables held constant, the Group's net profit for the year would be approximately RMB284,081,000 lower/higher; for the financial assets, financial liabilities and lease liabilities denominated in HKD held by the subsidiaries whose functional currencies are RMB, if the RMB had strengthened/weakened by 4% against the HKD with all other variables held constant, the Group's net profit for the year would be approximately RMB5,636,000 lower/higher.

On December 31, 2021 and December 31, 2020, the amount converted into RMB of foreign currency financial assets, foreign currency contract assets, foreign currency financial liabilities and foreign currency lease liabilities held by companies with the bookkeeping base currency of US dollars in the group is shown as follows:

	31 December 2021				31 December 2020			
	RMB	EUR	HKD	JPY	RMB	EUR	HKD	JPY
Cash at bank and on hand	273,158	2,171	5,577	-	586,724	19,855	35,235	-
Receivables	483,088	216	-	-	146,991	-	-	-
Receivables financing	-	-	-	-	82,274	-	-	-
Short-term borrowings	(738,802)	(19,134)	-	-	(349,710)	(269,331)	-	-
Payables	(733,754)	(68,045)	-	-	(880,915)	-	-	-
Current portion of non-current liabilities	-	-	-	-	-	-	(2,474)	-
Gross balance sheet exposure	(716,310)	(84,792)	5,577	-	(414,636)	(249,476)	32,761	-

As at 31 December 2021, for financial assets, contract assets, financial liabilities and lease liabilities denominated in RMB held by the subsidiaries whose functional currencies are USD, if the USD had strengthened/weakened by 4% against the RMB with all other variables held constant, the Group's net profit for the year would be approximately USD3,369,000, equivalent to RMB21,489,000 (31 December 2020: approximately USD1,907,000, equivalent to RMB12,439,000) lower/higher.

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## XV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (Continued)

### 1. Market risk (Continued)

#### (2) Interest rate risk

The Group's interest rate risk arises from long-term interest bearing debts including long-term bank borrowings and bonds payable. 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 2021, the Group's long-term interest bearing borrowings were mainly RMB-denominated with floating rates linked to SHIBOR, amounting to RMB14,978,040,000 (31 December 2020: RMB12,222,594,000).

The Group continuously monitors its interest rate position. 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 2021 and 2020, the Group did not enter into any interest rate swap agreements.

As at 31 December 2021, if the interest rates on floating rate borrowings linked to SHIBOR had risen/fallen by 50 basis points (31 December 2020: 50 basis points) while all other variables held constant, the Group's net profit would be approximately RMB56,168,000 (31 December 2020: approximately RMB45,835,000) lower/higher.

#### (3) Other price risks

The Group's other price risk arises mainly from various investments in equity instruments. As at 31 December 2021, the Group's investments in equity instruments held for trading amounted to RMB440,501,000, mainly representing investments in monetary funds; the Group's investments in other equity instruments amounted to RMB1,167,141,000, mainly representing 209,586,000 listed tradable shares of Shoucheng Holdings and 40,000,000 listed tradable shares of China Railway Special Cargo Logistics Co., Ltd.

As at 31 December 2021, if the expected price of investments in equity instruments had risen/fallen by 5% (2020: 5%) with all other variables held constant, the Group's net profit would be approximately RMB35,433,000 (2020: approximately RMB23,059,000) higher/lower.



## CHAPTER XIV FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

### XV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (Continued)

#### 2. Credit risks

The Group's credit risk mainly arises from cash at bank, notes receivables, accounts receivables, receivables financing, other receivables, contract assets, debt investments, other debt investments, financial guarantee contracts and loan commitments, etc., and investments in debt instrument and derivative financial assets at fair value through profit or loss that are not included in the impairment assessment scope. Except for the financial guarantees provided by the Group as stated in Note 10, the Group has not provided any other guarantees that may expose the Group to credit risk. The maximum credit risk exposures in relation to the above financial guarantee obligations as at the balance sheet date are disclosed in Note 10.

The Group expects that there is no significant credit risk associated with cash at bank since they are deposited at state-owned banks and other medium or large size listed banks with good reputation and high credit rating. The Group does not expect that there will be significant losses from non-performance by these banks.

In addition, the Group has policies to limit the credit exposure on notes receivables, accounts receivables, contract assets, 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 2021, the Group had no significant collateral or other credit enhancements held as a result of the debtor's mortgage (31 December 2020: 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 maintains sufficient cash and securities that can be realized at any time, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institution 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.

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## XV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (Continued)

## 3. Liquidity risk (Continued)

As at the balance sheet date, the financial liabilities of the Group were analysed by their maturity date at their undiscounted contractual cash flows as follows:

	31 December 2021					Total	Carrying amount at balance sheet date
	Undiscounted contractual cash flow						
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years			
Short-term borrowings	7,433,780	-	-	-	7,433,780	7,204,671	
Derivative financial liabilities	691,856	-	-	-	691,856	691,856	
Notes payables	5,215,721	-	-	-	5,215,721	5,215,721	
Accounts payables	17,504,738	-	-	-	17,504,738	17,504,738	
Debentures payable	47,922	-	1,425,901	-	1,473,823	1,234,980	
Other payables	6,308,272	-	-	-	6,308,272	6,308,272	
Current portion of non-current liabilities	12,756,755	-	-	-	12,756,755	12,434,293	
Other current liabilities	416,319	-	-	-	416,319	416,319	
Long-term borrowings	688,525	6,683,727	16,830,281	626,246	24,828,779	21,651,730	
Lease liabilities	-	87,827	188,997	241,959	518,783	442,036	
Long-term payables	-	1,105	-	-	1,105	829	
Other non-current liabilities	-	2,780	-	-	2,780	2,780	
	51,063,888	6,775,439	18,445,179	868,205	77,152,711	73,108,225	

CHAPTER XIV

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## XV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (Continued)

### 3. Liquidity risk (Continued)

	31 December 2020					Carrying amount at balance sheet date
	Undiscounted contractual cash flow					
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total	
Short-term borrowings	8,516,376	-	-	-	8,516,376	8,416,701
Derivative financial liabilities	747,781	-	-	-	747,781	747,781
Notes payables	3,829,510	-	-	-	3,829,510	3,829,510
Accounts payables	13,447,074	-	-	-	13,447,074	13,447,074
Debentures payable	226,400	6,136,833	-	-	6,363,233	6,089,486
Other payables	4,048,006	-	-	-	4,048,006	4,048,006
Current portion of non-current liabilities	15,197,371	-	-	-	15,197,371	14,585,373
Other current liabilities	15,800	-	-	-	15,800	15,800
Long-term borrowings	889,236	6,639,329	13,977,925	1,447,441	22,953,931	19,562,326
Lease liabilities	-	135,601	271,791	258,379	665,771	617,794
Long-term payables	-	135,356	-	-	135,356	71,994
Other non-current liabilities	-	40,649	20,248	-	60,897	56,956
	46,917,554	13,087,768	14,269,964	1,705,820	75,981,106	71,488,801

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## XV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (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 2021				
Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
342,224	851,286	1,541,392	–	2,734,902

31 December 2020				
Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
464,992	758,398	1,310,730	–	2,534,120

- (ii) As at the balance sheet date, the cash flows of lease contracts that the Group has signed but not yet executed are listed as follows based on the maturity date:

	31 December 2021				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Future contractual cash flows not included in lease liabilities	5,758	–	–	–	5,758

	31 December 2020				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Future contractual cash flows not included in lease liabilities	7,677	5,758	–	–	13,435

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## XV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (Continued)

### 3. Liquidity risk (Continued)

(iii) Bank and other borrowings are analysed by repayment terms as follows:

	31 December 2021		31 December 2020	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Within 1 year	13,039,494	6,089,486	20,774,805	2,017,874
1 to 2 years	5,988,446	–	6,016,485	6,089,486
2 to 5 years	15,058,764	1,234,980	12,319,914	–
over 5 years	604,520	–	1,225,927	–
	<b>34,691,224</b>	<b>7,324,466</b>	40,337,131	8,107,360

## XVI. FAIR VALUE ESTIMATES

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety:

- 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 (that is, as prices) or indirectly (that is, derived from prices);
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## XVI. FAIR VALUE ESTIMATES (Continued)

## 1. Assets measured at fair value on a recurring basis

The following table presents the Group's assets and liabilities that are measured at fair value in the above three levels as at 31 December 2021:

Assets	Note	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial assets held for trading –	IV.2				
Investments in equity instrument held for trading		376,599	63,902	–	440,501
Contingent consideration		–	–	4,931	4,931
Derivative financial assets –	IV.3				
Foreign exchange forward contract		–	536,659	–	536,659
Foreign exchange option contract		–	25,368	–	25,368
Receivables financing –	IV.6				
Bank's Acceptance Bill		–	–	1,048,244	1,048,244
Other equity investments –	IV.13				
Unlisted company stock		–	–	658,263	658,263
Listed company stock		508,878	–	–	508,878
Other non-current financial assets –	IV.14				
Equity Investment		–	–	330,600	330,600
Financial assets total		885,477	625,929	2,042,038	3,553,444
<b>Non-financial assets</b>					
Investment properties	IV.17	–	–	1,386,085	1,386,085
Total		885,477	625,929	3,428,123	4,939,529
<b>Liabilities</b>					
<b>Financial liabilities</b>					
Trading financial liabilities		–	–	(38,134)	(38,134)
Derivative financial liabilities –	IV.3				
Foreign exchange forward contract		–	(22,999)	–	(22,999)
Foreign exchange option contract		–	(3,385)	–	(3,385)
Currency swap contract		–	(8,446)	–	(8,446)
Commitment to minority shareholders		–	–	(657,026)	(657,026)
Financial liabilities total		–	(34,830)	(695,160)	(729,990)

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## XVI. FAIR VALUE ESTIMATES (Continued)

### 1. Assets measured at fair value on a recurring basis (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value in the above three levels as at 31 December 2020:

Assets	Note	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial assets held for trading –	IV.2				
Investments in equity instrument held for trading		–	61,494	–	61,494
Investments in debt instrument		–	–	136,785	136,785
Derivative financial assets –	IV.3				
Foreign exchange forward contract		–	767,965	–	767,965
Foreign exchange option contract		–	93	–	93
Receivables financing –	IV.6				
Bank acceptance bill		–	–	1,544,177	1,544,177
Investment in other equity instruments –	IV.13				
Unlisted company stock		–	–	782,690	782,690
Shares of listed companies		388,668	–	–	388,668
Other non current financial assets –	IV.14				
Foreign exchange forward contract		–	605	–	605
Equity investment		–	–	101,885	101,885
<b>Total financial assets</b>		<b>388,668</b>	<b>830,157</b>	<b>2,565,537</b>	<b>3,784,362</b>
<b>Non financial assets</b>					
Investment real estate	IV.17	–	–	1,437,970	1,437,970
<b>Total</b>		<b>388,668</b>	<b>830,157</b>	<b>4,003,507</b>	<b>5,222,332</b>
<b>Liabilities</b>					
<b>Financial liabilities</b>					
Held-for-trading financial liabilities		–	–	(20,000)	(20,000)
Derivative financial liabilities –	IV.3	376,599	63,902	–	440,501
Foreign exchange forward contract		–	(207,279)	–	(207,279)
Foreign exchange option contract		–	(18)	–	(18)
Interest rate swap		–	(74,923)	–	(74,923)
Commitment to minority shareholders		–	–	(465,561)	(465,561)
Other non-current liabilities –	IV.44				
Interest rate swap contract		–	(19,744)	–	(19,744)
<b>Financial liabilities total</b>		<b>–</b>	<b>(301,964)</b>	<b>(485,561)</b>	<b>(787,525)</b>

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## XVI. FAIR VALUE ESTIMATES (Continued)

## 1. Assets measured at fair value on a recurring basis (Continued)

The Group takes the date on which events causing the transfers between the levels take place as the timing specific for recognising the transfers. There is neither transfer between Level 1 and Level 2 nor transfer between Level 2 and Level 3 for 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. The valuation models used mainly comprise discounted cash flow model and market comparable corporate model. The inputs of the valuation technique mainly include risk-free interest rate, benchmark rate, exchange rate, credit spread, liquidity premium, EBITDA multiplier and liquidity discount, etc.

The Group evaluates the fair value of investment properties. The methods primarily comprise rental income model and cost approach. The inputs mainly include rental growth rate, capitalisation rate and unit price, etc.

The above changes in Level 3 financial assets are analysed below:

	Financial assets held for trading, Other equity investments and Other non-current financial assets
1 January 2021	2,565,537
Addition	264,519
Decrease	(769,900)
– Gains or losses recognized in profit or loss	–
– Gains or losses recognized in other comprehensive income	(18,118)
31 December 2021	2,042,038
	Financial assets held for trading, Other equity investments and Other non-current financial asset
1 January 2020	1,224,883
Addition	1,657,762
Decrease	(194,238)
– Gains or losses recognized in profit or loss	1,595
– Gains or losses recognized in other comprehensive income	(124,465)
31 December 2020	2,565,537



CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## XVI. FAIR VALUE ESTIMATES (Continued)

### 1. Assets measured at fair value on a recurring basis (Continued)

The following table presents the movement of the non-financial assets in Level 3:

	<b>Investment properties</b>
1 January 2021	1,437,970
Transferred from inventories, fixed assets and construction in progress	54,125
Total gains for the current period	25,927
Total current profits	7,697
– Gains recognized in profit or loss	7,697
Disposals	(138,702)
Translation difference of foreign currency statements	(932)
31 December 2021	1,386,085
	Investment properties
1 January 2020	2,769,715
Transferred from inventories, fixed assets and construction in progress	4,423,026
Total gains for the current period	(41,502)
– Gains recognized in profit or loss	(41,502)
Transfer to fixed assets	(57,970)
Disposals	(176,900)
Disposal of subsidiaries	(5,478,399)
1 January 2020	1,437,970

The changes of financial liabilities in Level 3 are as follows:

	<b>Commitment to minority shareholders</b>
1 January 2021	(465,561)
Addition	(191,465)
31 December 2021	(657,026)

Gains or losses recognised in profit or loss are included in the income statement under the items of gains on changes in fair value, investment income and credit impairment losses respectively.

The Group's finance department is responsible for the valuation of financial assets, the independent verification and accounting of the valuation results, and the preparation of disclosure information related to fair value based on the verified valuation results.

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## XVI. FAIR VALUE ESTIMATES (Continued)

## 1. Assets measured at fair value on a recurring basis (Continued)

The following table presents the information of the assets measured at fair value in Level 2:

	31 December 2021 Fair value	Valuation techniques	Input value
Trading financial assets	63,902	Discounted cash flow	Expected interest rate; Contract interest rate; Risk free interest rate; Discount rate reflecting the credit risk of the issuer
Derivative financial assets	562,027	Discounted cash flow	Expected interest rate; Expected foreign exchange forward rate; Contract interest rate; Risk free interest rate
Derivative financial liabilities	(34,830)	Discounted cash flow	Expected interest rate; Expected foreign exchange forward rate; Contract interest rate; Risk free interest rate
	<b>591,099</b>		

	31 December 2020 Fair value	Valuation techniques	Input value
Trading financial assets	61,494	Discounted cash flow	Expected interest rate; Contract interest rate; Risk free interest rate; Discount rate reflecting the credit risk of the issuer
Derivative financial assets	768,058	Discounted cash flow	Expected interest rate; Expected foreign exchange forward rate; Contract interest rate; Risk free interest rate
Other non-current financial assets	605	Discounted cash flow	Expected interest rate; Expected foreign exchange forward rate; Contract interest rate; Risk free interest rate
Derivative financial liabilities	(282,220)	Discounted cash flow	Expected interest rate; Expected foreign exchange forward rate; Contract interest rate; Risk free interest rate
Other non-current liabilities	(19,744)	Discounted cash flow	Expected interest rate; Expected foreign exchange forward rate; Contract interest rate; Risk free interest rate
	<b>528,193</b>		

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## XVI. FAIR VALUE ESTIMATES (Continued)

### 1. Assets measured at fair value on a recurring basis (Continued)

The following table presents the information of the assets measured at fair value in Level 3:

	Fair value as at 31 December 2021	Valuation techniques	Significant unobservable inputs			
			Name	Scope/weighted average	Relationship with fair value	Observable/ Unobservable
Investment properties –			Rate of return/capitalisation rate	4%-9%		
Completed investment properties held for sale	1,133,242	Income model	Monthly rental (RMB/square meter/month)	6.61-75.49	(a)	Unobservable
Land use rights	252,843	Direct comparison	Market price (RMB/square meter)	484.27-1,011.68	(a)	Unobservable

	Fair value as at 31 December 2020	Valuation techniques	Significant unobservable inputs			
			Name	Scope/weighted average	Relationship with fair value	Observable/ Unobservable
Investment properties –			Rate of return/capitalisation rate	4%-9%		
Completed investment properties held for sale	1,200,130	Income model	Monthly rental (RMB/square meter/month)	7.02-80.22	(a)	Unobservable
Land use rights	237,840	Direct comparison	Market price (RMB/square meter)	457.14-955.01	(a)	Unobservable

**CHAPTER XIV****FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE**

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

**XVI. FAIR VALUE ESTIMATES (Continued)****1. Assets measured at fair value on a recurring basis (Continued)**

(a) The relationship of unobservable inputs to fair value are as follows:

- The higher of the rate of return/capitalisation rate, the lower of fair value;
- The higher of the monthly rental, the higher of the fair value;
- The higher of the market price, the higher of the fair value;

**2. Assets and liabilities not measured at fair value but for which the fair value is disclosed**

Financial assets and liabilities in the Group measured by the amortized cost method of including: accounts receivables, short-term borrowings, accounts payables, long-term borrowings, and debentures payable, long-term payables etc.

As at 31 December 2021, all financial instruments are carried at amounts not materially different from their fair value.

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## XVII. CAPITAL MANAGEMENT

The Group's objectives of managing capital are to safeguard the Group's ability of sustainable development 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, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total capital of the Group is shareholders' equity shown in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements, and use debt to asset ratio to monitor capital.

The Group monitors capital on the basis of Debt-Asset ratio. This ratio is calculated as total liabilities divided by total assets.

In 2019, the Group manages capital status by controlling the Debt-Asset ratio not to exceed 70%. The Debt-Asset ratio as at 31 December 2021 and 31 December 2020 were as follows:

	31 December 2021	31 December 2020
Total Liabilities	97,342,411	92,357,667
Total Assets	154,322,501	146,211,511
Debt-Asset ratio	63%	63%

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## XVIII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS

## 1. Cash at bank and on hand

	31 December 2021	31 December 2020
Bank deposits	3,072,197	892,464
Other cash balances	24,461	20,868
	<b>3,096,658</b>	913,332
Including: cash abroad	-	-

As at 31 December 2021, restricted cash at bank and on hand of the Company amounted to RMB24,461,000 (31 December 2020: RMB20,868,000).

As at 31 December 2021, the deposit of the Company in the Financial Company, a subsidiary of the Group, was RMB1,515,465,000 (31 December 2020: RMB531,210,000). The Company had no fixed deposit in the Financial Company (31 December 2020: Nil)

## 2. Derivative financial instruments

	31 December 2021	31 December 2020
Derivative financial assets -		
Forward foreign exchange contracts	67,697	100,995
Forward foreign exchange options contracts	120	-
Derivative financial liabilities -		
Forward foreign exchange options contracts	939	-

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## XVIII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (Continued)

### 3. Other receivables

(1) Other receivables are analysed by categories of customers as follows:

	31 December 2021	31 December 2020
Amounts due from related parties (Note XVIII,3(6))	20,789,914	22,718,417
Dividends receivable	3,666,119	3,823,048
Interest receivable	69,535	69,587
Security deposits	210	225
Others	8,988	27,977
Sub-total	24,534,766	26,639,254
Less: provision for bad debts	(197,098)	(4,580)
	24,337,668	26,634,674

(2) The ageing analysis of other receivables is as follows:

	31 December 2021	31 December 2020
Within 1 year	15,401,870	11,320,999
1 to 2 years	3,754,225	9,923,772
2 to 3 years	964,908	958,873
Over 3 years	4,413,763	4,435,610
	24,534,766	26,639,254

(3) Loss provision and changes in book balance:

	First stage				Third stage			
	Expected credit loss in the next twelve months (individually assessed)		Sub-total	Lifetime expected credit losses rate (suffered credit impairment) (individually assessed)		Lifetime expected credit losses rate (suffered credit impairment) (collectively assessed)		Total
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	Book balance	Provision for bad debts	
1 January 2021	26,634,674	-	-	-	-	4,580	4,580	4,580
Increase in current year	19,494,421	192,518	192,518	-	-	93,295	93,295	285,813
Reversal in current year	(21,598,909)	-	-	-	-	(93,295)	(93,295)	(93,295)
Including: write off in current year	-	-	-	-	-	(93,295)	(93,295)	(93,295)
Move to third stage	(537,538)	(192,518)	(192,518)	537,538	192,518	-	-	-
<b>31 December 2021</b>	<b>23,992,648</b>	<b>-</b>	<b>-</b>	<b>537,538</b>	<b>192,518</b>	<b>4,580</b>	<b>4,580</b>	<b>197,098</b>

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## XVIII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (Continued)

## 3. Other receivables (Continued)

## (3) Loss provision and changes in book balance (Continued)

As at 31 December 2021 and 31 December 2020, the Company had no other receivables that were recognized at the second stage. Other receivables recognised at the first and the third stage are as follows:

- (i) As at 31 December 2021 and 31 December 2020, the provision for bad debts of other receivables in the first stage is as follows:

	31 December 2021			31 December 2020		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Amount	Accrual ratio	Amount	Amount	Accrual ratio
Amounts due from related parties	20,252,376	-	-	22,718,417	-	-
Dividends receivable	3,666,119	-	-	3,823,048	-	-
Interest receivable	69,535	-	-	69,587	-	-
Security deposits	210	-	-	225	-	-
Others	4,408	-	-	23,397	-	-
	23,992,648	-	-	26,634,674	-	-

- (ii) As at 31 December 2021 and 31 December 2020, the other receivables for the provision of bad debts in the portfolio are all in the third stage, as analysed below:

	Book balance	Lifetime expected credit losses rate	Provision for bad debts	Reason
Individually assessed				
Due from Related parties	537,538	36%	192,518	Loss reserves are recognized according to the amount of expected credit losses throughout the duration.
collectively assessed				
Others	4,580	100%	4,580	

- (4) There is no reversal or recovery of provision for the current year.



CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

### XVIII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (Continued)

#### 3. Other receivables (Continued)

(5) As at 31 December 2021, the five largest other receivables are analysed as follows:

	Nature	Amount	Aging	% of total balance	Provision for bad debts
CIMC Hong Kong	fund transfer, daily transfer	11,233,604	Within 1 year, 1 to 2 years	45.79%	-
CIMC Raffles	fund transfer	3,462,518	Within 1 year, 1 to 3 years	14.11%	-
CIMC Financing and leasing	fund transfer, daily transfer	2,283,599	Within 1 year, 1 to 2 years	9.31%	-
Shenzhen CIMC Investment Holdings Limited ("SZ CIMC Investment")	fund transfer	1,137,334	Within 1 year, 1 to 3 years	4.64%	-
CIMC Haigong Investment	fund transfer	543,283	Within 1 year	2.21%	-
		18,660,338		76.06%	-

As at 31 December 2020, the five largest other receivables are analysed as follows:

	Nature	Amount	Aging	% of total balance	Provision for bad debts
CIMC Hong Kong	fund transfer, daily transfer	10,815,343	Within 1 year, 1 to 2 years	44.08%	-
CIMC Raffles	fund transfer	3,869,311	Within 1 year, 1 to 3 years	15.77%	-
CIMC Financing and Leasing	fund transfer, daily transfer	3,505,306	Within 1 year, 1 to 2 years	14.29%	-
SZ CIMC Investment	fund transfer	1,127,334	Within 1 year, 1 to 3 years	4.59%	-
C&C Trucks	fund transfer	1,027,535	Within 1 year, 1 to 2 years	4.19%	-
		20,344,829		82.92%	-

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## XVIII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (Continued)

## 3. Other receivables (Continued)

## (6) Receivables from related parties

	Relationship with the Company	31 December 2021		31 December 2020	
		Amount	% of total balance	Amount	% of total balance
Associates	Associates	149,784	0.61%	151,613	0.57%
Subsidiaries	Subsidiaries	20,640,130	84.13%	22,566,804	84.71%
		<b>20,789,914</b>	<b>84.74%</b>	22,718,417	85.28%

## (7) Other receivables derecognized due to transfer of financial assets

In 2021, there were no other receivables derecognized due to transfer of financial assets of the Company in the current year (2020: Nil).

## (8) Amount of assets and liabilities recognized due to the continuing involvement of securitised other receivables

As at 31 December 2021, there were no securitised other receivables.(31 December 2020: Nil).

## 4. Other equity investments

	31 December 2021	31 December 2020
Unlisted company equity		
– BOCM Schroder Stolt Fund Management	330,009	308,204
– China Railway United Logistics	310,699	301,631
– CIMC Intelligent Technology	11,700	11,700
	<b>652,408</b>	621,535

- (i) The Company has not participated in or affected the financial and operating decisions of the above companies in any way, so the Company has no significant impact on them. For the consideration of strategic investment, it is accounted as investment in other equity instruments.

## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## XVIII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (Continued)

### 5. Long-term equity investments

(1) Long-term equity investments are analysed by categories as follows:

	31 December 2021	31 December 2020
Subsidiaries (2)	<b>14,473,514</b>	14,375,923
Less: impairment provisions	<b>(1,430,593)</b>	(424,637)
	<b>13,042,921</b>	13,951,286

There is no restriction on sale of the long-term equity investments held by the Company.

(2) Subsidiaries:

Company name	31 December 2020	Increase in current year	Decrease in current year	31 December 2021	Share holding (%)  (Direct)	Voting rights (%)  (Direct+ Indirect)	Impairment provided in the current year	Cash dividend declared
SCIMC	359,978	122,882	2,388	480,472	100%	100%	-	3,074,520
Tianjin CIMC North Ocean Container Co., Ltd.	77,704	-	77,704	-	-	100%	-	14,883
Chongqing CIMC Logistics Equipments Co., Ltd.	39,499	-	39,499	-	-	100%	-	-
CIMC Hong Kong	1,690	-	-	1,690	100%	100%	-	-
CIMC SD	162,686	2,388	-	165,074	100%	100%	-	105,427
CIMC Vehicles	1,038,668	-	-	1,038,668	36%	57%	-	218,533
CIMC Management Training (Shenzhen) Co., Ltd.	48,102	-	-	48,102	100%	100%	-	-
Dalian CIMC Heavy Logistics Equipments Co., Ltd.	525,136	-	525,136	-	-	100%	-	-
CIMC Marine Engineering Academe Co., Ltd.	111,703	-	-	111,703	75%	100%	-	-
SZ CIMC Investment	71,926	-	71,926	-	-	100%	-	-
Finance Company	482,590	411,228	-	893,818	79%	100%	-	30,621

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## XVIII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (Continued)

## 5. Long-term equity investments (Continued)

## (2) Subsidiaries (Continued):

Company name	31 December 2020	Increase in current year	Decrease in current year	31 December 2021	Share holding (%) (Direct)	Voting rights (%) (Direct+ Indirect)	Impairment provided in the current year	Cash dividend declared
Shenzhen CIMC Investment Co., Ltd. ("SZ CIMC Investment")	140,000	-	-	140,000	100%	100%	-	-
Shenzhen Sky Capital Co., Ltd.	190,000	-	-	190,000	95%	100%	-	-
Container Holding	5,043,682	-	-	5,043,682	100%	100%	-	770,351
COOPERATIE CIMC U.A.	205,022	-	-	205,022	99%	100%	-	-
Modern Logistic	803,904	58,246	-	862,150	100%	100%	-	234,674
C&C Trucks	1,430,593	-	-	1,430,593	70%	70%	(1,430,593)	-
CIMC Offshore Holdings	125,000	136,800	-	261,800	100%	100%	-	-
Fortune	67,755	-	-	67,755	100%	100%	-	-
Dongguan Jiwang Industrial Park Co., Ltd.	30,000	-	-	30,000	100%	100%	-	-
CIMC Modular Building Investment Co., Ltd.	406,080	-	-	406,080	100%	100%	-	-
CIMC Technology	1,276,580	-	-	1,276,580	100%	100%	-	-
CIMC Capital	80,000	70,000	-	150,000	100%	100%	-	-
CIMC Unit Load	500,000	-	-	500,000	100%	100%	-	-
CIMC Financing and Leasing and subsidiaries	1,157,625	12,700	-	1,170,325	75%	100%	-	225,000
Total	14,375,923	814,244	716,653	14,473,514			(1,430,593)	4,674,009

## 6. Fixed assets

	31 December 2021	31 December 2020
Fixed assets	121,095	127,284
Disposal of fixed assets	832	534
	121,927	127,818

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## XVIII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (Continued)

### 6. Fixed assets (Continued)

#### (1) Fixed assets

	Plants and buildings Self-used	Machinery and equipment Self-used	Office and other equipment Self-used	Total
<b>Original cost</b>				
31 December 2020	144,092	31,260	143,954	319,306
Transferred from construction in progress	–	2,828	5,090	7,918
Additions	–	1,103	1,698	2,801
Disposals	–	(4,893)	(15,514)	(20,407)
31 December 2021	<b>144,092</b>	<b>30,298</b>	<b>135,228</b>	<b>309,618</b>
<b>Accumulated depreciation</b>				
31 December 2020	61,984	21,244	108,794	192,022
Depreciation	4,294	2,308	8,268	14,870
Disposals	–	(4,403)	(13,966)	(18,369)
31 December 2021	<b>66,278</b>	<b>19,149</b>	<b>103,096</b>	<b>188,523</b>
<b>Net book value</b>				
31 December 2020	82,108	10,016	35,160	127,284
31 December 2021	<b>77,814</b>	<b>11,149</b>	<b>32,132</b>	<b>121,095</b>

The amount of depreciation accrued for fixed assets in 2021 was included in the administrative expenses amounting to RMB14,870,000 (2018: RMB15,170,000).

The original cost transferred from construction in progress was RMB7,918,000 (2020: RMB7,887,000).

#### (2) Disposal of fixed assets

	31 December 2021	31 December 2020
Office and other equipment	832	534

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## XVIII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (Continued)

## 7. Short-term borrowings

The analysis of the Company's short-term borrowings is as follows:

	31 December 2021	31 December 2020
- Unsecured	360,000	3,255,949

As at 31 December 2021, the short-term loan interest rate is 3.50% (31 December 2020: 2.90% to 3.75%)

## 8. Taxes payable

	31 December 2021	31 December 2020
Income tax payable	10,967	13,342
Withholding individual income tax	1,867	1,867
VAT payable	1,042	2,554
Others	1,094	1,042
	14,970	18,805

## 9. Other payable

(1) The analysis of the Company's other payables is as follows:

	31 December 2021	31 December 2020
Current account with subsidiaries	5,609,246	1,241,086
Equity payment received in advance	1,469,467	-
Accruals	19,199	4,370
Quality guarantees	663	2,491
Software use rights	234	109
Others	18,438	11,577
	7,117,247	1,259,633

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## XVIII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (Continued)

### 9. Other payable (Continued)

#### (2) Significant other payables aged over one year

Other payables aged over 1 year are mainly unpaid warranty.

#### (3) Other payables to related parties:

Company name	Relationship with the Company	31 December 2021	31 December 2020
Total amount due to subsidiaries	Subsidiaries	5,609,246	1,241,086

### 10. Current portion of non-current liabilities

Item	Note	31 December 2021	31 December 2020
Current portion of debentures payable	XVIII.12	6,089,486	2,017,874
Current portion of long-term borrowings	XVIII.11	3,263,450	1,701,772
Current portion of accruals		2,999	18,680
		<b>9,355,935</b>	<b>3,738,326</b>

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## XVIII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (Continued)

## 11. Long-term borrowings

	31 December 2021	31 December 2020
– Unsecured	7,114,354	6,509,707
Less: Current portion of long-term borrowings		
Unsecured	(3,263,450)	(1,701,772)
	<b>3,850,904</b>	<b>4,807,935</b>

As at 31 December 2021, there were no overdue long-term borrowings of which the durations are extended (31 December 2020: Nil).

As at 31 December 2021, the interest rate of long-term borrowing ranged from 1.20% to 4.30% (31 December 2020: 1.20% to 4.30%).

## 12. Debentures payable

Information for the Company's debentures payable is disclosed in Note IV.40.

	31 December 2020	Accrued interest at par value	Repayment of principal this year	Interest paid this year	31 December 2021
Medium term note	6,091,832	221,726	(2,000,000)	(239,600)	4,073,958
Corporate bonds	2,015,528	72,600	–	(72,600)	2,015,528
	8,107,360	294,326	(2,000,000)	(312,200)	6,089,486
Less: bonds payable due within one year	(2,017,874)				(6,089,486)
	6,089,486				–



CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## XVIII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (Continued)

### 13. Deferred tax assets

- (1) The offsetting balances of deferred tax assets and liabilities offset and corresponding deductible or taxable temporary differences

	31 December 2021		31 December 2020	
	Deductible/ (taxable) Temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) Temporary differences	Deductible/ (taxable) Temporary differences
<b>Deferred tax assets:</b>				
Deductible losses	185,862	46,465	159,386	39,846
Employee benefits payable	-	-	59,346	14,837
Sub-total	185,862	46,465	218,732	54,683
Offsetting amount	(185,862)	(46,465)	(218,732)	(54,683)
<b>Offsetting balances</b>	-	-	-	-
Including:				
Amount expected to be reversed within 1 year (inclusive)		-		-

	31 December 2021		31 December 2020	
	Deductible/ (taxable) Temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) Temporary differences	Deductible/ (taxable) Temporary differences
<b>Deferred tax liabilities :</b>				
Derivative financial assets:	67,817	16,954	100,995	25,249
Fair value gain on transfer day of investment properties	118,045	29,511	117,737	29,434
Sub-total	185,862	46,465	218,732	54,683
Offsetting amount	(185,862)	(46,465)	(218,732)	(54,683)
<b>Offsetting balances</b>	-	-	-	-
Including:				
Amount expected to be reversed within 1 year (inclusive)		-		-

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## XVIII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (Continued)

## 14. Capital reserve

	31 December 2020	Increase in current year	Decrease in current year	31 December 2021
Capital surplus	3,279,637	–	–	3,279,637
Other capital reserve:				
– Exchange reserve on foreign currency capital	687	–	–	687
– Donated non-cash assets reserve	87	–	–	87
– Equity settled share-based payment	119,433	–	–	119,433
Others	(568,492)	–	(18,396)	(586,888)
	<b>2,831,352</b>	<b>–</b>	<b>(18,396)</b>	<b>2,812,956</b>
	31 December 2019	Increase in current year	Decrease in current year	31 December 2020
Capital surplus	3,135,368	144,269	–	3,279,637
Other capital reserve:				
– Exchange reserve on foreign currency capital	687	–	–	687
– Donated non-cash assets reserve	87	–	–	87
– Equity settled share-based payment	190,580	–	(71,147)	119,433
Others	(568,492)	–	–	(568,492)
	<b>2,758,230</b>	<b>144,269</b>	<b>(71,147)</b>	<b>2,831,352</b>

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## XVIII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (Continued)

### 15. Other comprehensive income

	Other comprehensive income in balance sheet			Other comprehensive income in income statement of 2021			
	1 January 2021	Post-tax amount attributable to the Company	31 December 2021	Pre-tax amount incurred in current year	Less: transfer of other comprehensive income	Less: Income tax expenses	Post-tax amount attributable to the Company
Items that will not be reclassified to profit or loss							
Changes in value of other equity investments							
Changes in fair value of other equity investments	220,930	30,873	251,803	30,873	-	-	30,873
Item that may be reclassified subsequently to profit and loss							
The amount greater than the book value on the conversion date when the self-use real estate is converted to investment properties using fair value measurement	87,614	-	87,614	-	-	-	-
Property revaluation reserve	43,754	-	43,754	-	-	-	-
	352,298	30,873	383,171	30,873	-	-	30,873

	Other comprehensive income in balance sheet			Other comprehensive income in income statement of 2020			
	1 January 2020	Post-tax amount attributable to the Company	31 December 2020	Pre-tax amount incurred in current year	Less: transfer of other comprehensive income	Less: Income tax expenses	Post-tax amount attributable to the Company
Items that will not be reclassified to profit or loss							
Changes in value of other equity investments							
Changes in fair value of other equity investments	339,132	(118,202)	220,930	(118,202)	-	-	(118,202)
Item that may be reclassified subsequently to profit and loss							
The amount greater than the book value on the conversion date when the self-use real estate is converted to investment properties using fair value measurement	87,614	-	87,614	-	-	-	-
Property revaluation reserve	43,754	-	43,754	-	-	-	-
	470,500	(118,202)	352,298	(118,202)	-	-	(118,202)

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## XVIII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (Continued)

## 16. Undistributed profits

	2021	2020
Undistributed profits at the beginning of the year	8,842,542	6,991,814
Add: net profit attributable to the Company for the current year	2,621,311	2,560,309
Less: influence of issuance of perpetual bonds	(175,272)	(273,979)
Less: appropriation for surplus reserve	–	(5,254)
Ordinary share dividends payable	(1,005,904)	(430,348)
Undistributed profits at the end of the year	10,282,677	8,842,542

Approved by the shareholders' general meeting on 2 June 2021, the Company distributed cash dividends to ordinary shareholders on 20 July 2021, at RMB0.28 per share (2020: RMB0.12 per share), totaling RMB1,005,904,000 (2020: RMB430,348,000).

## 17. Revenue and cost of sales

## (1) Revenue and cost of sales

	2021	2020
Revenue from other operations	436,889	238,648
Cost of sales from other operations	3,097	–

## (2) Revenue and cost of sales from other operations

	2021		2020	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Commission	411,423	–	206,417	–
Others	25,466	3,097	32,231	–
	436,889	3,097	238,648	–

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## XVIII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (Continued)

### 18. Financial incomes

	2021	2020
Interest expenses	693,629	770,096
Less: Interest income	(20,873)	(38,405)
Exchange losses	207,541	424,417
Others	13,087	15,840
	<b>893,384</b>	<b>1,171,948</b>

### 19. Expenses by nature

	2021	2020
Salary and wages	459,167	44,593
Agency fees	48,117	36,205
Office expenditure and operating expenditure	34,234	23,898
Software and system maintenance fee	30,194	25,712
Depreciation and amortization	31,505	31,574
Travel and communication costs	12,243	9,478
Advertising and stock certificate fee	8,283	7,775
Technical development expenditure	2,185	3,168
Other expenses	4,285	4,306
	<b>630,213</b>	<b>186,709</b>

### 20. Investment income

	2021	2020
Income from long-term equity investment under cost method	4,674,009	2,853,515
Income earned during the holding period of other equity investments	47,800	14,300
(Losses)/gains from disposal of long-term equity investment	(114,100)	101,980
Interest income and others	686,169	651,927
Income/(losses) from disposal of derivative financial instruments	153,396	(8,899)
	<b>5,447,274</b>	<b>3,612,823</b>

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## XVIII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (Continued)

## 21. Non-operating expenses

	2021	2020
Claims expenses	300	–
Others	5,170	376
	<b>5,470</b>	<b>376</b>

## 22. Income tax credits

	2021	2020
Current income tax calculated based on tax law and related regulations	–	–
Deferred income tax	–	56,075
	–	56,075

The income tax based on the applicable profit rate is adjusted to income tax expense based on the total profit of the consolidated income statement :

	2021	2020
Profit before income tax	2,621,311	2,616,384
Income tax expenses calculated at applicable tax rates	655,328	654,096
Expenses not deductible for tax purposes	2,217	864
The tax effect of the current year's loss of unrecognized deferred income tax assets	522,907	118,069
Income not subject to tax	(1,180,452)	(716,954)
Income tax expenses for the year	–	56,075

CHAPTER XIV  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## XVIII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (Continued)

### 23. Notes to the cash flow statement

(1) Supplementary information to the cash flow statement:

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

	2021	2020
Net profit	2,621,311	2,560,309
Add: Impairment provision for assets	1,716,406	–
Depreciation of fixed assets	14,870	15,170
Amortization of intangible assets	12,844	9,429
Amortization of long-term prepaid expenses	3,791	6,975
Amortization of deferred income	(4,049)	(4,180)
Losses/(gains) on disposal of fixed assets	1,306	(3,177)
Losses/(gains) on fair value changes	33,809	(100,512)
Financial expenses	207,541	424,417
Investment income	(5,447,274)	(2,960,895)
Decrease in deferred tax assets	–	56,075
Increase in operating receivables	(712,689)	(1,100,127)
Increase in operating payables	1,602,042	293,168
Net cash flows from operating activities	49,908	(803,348)

(b) Net change of cash and cash equivalents:

	2021	2020
Cash and cash equivalents at the end of the year	3,072,197	892,464
Less: cash and cash equivalents at the beginning of the year	(892,464)	(452,966)
Net increase/(decrease) in cash and cash equivalents	2,179,733	439,498

(2) Composition of cash and cash equivalents

	31 December 2021	31 December 2020
I. Cash		
Including: Cash at bank that can be liquidated at any time on demand	3,072,197	892,464
Other monetary fund that can be readily drawn on demand	–	–
II. Cash and cash equivalents at the end of the year that can be liquidated at any time on demand	3,072,197	892,464

Note: Aforesaid "Cash at bank and on hand" excluded restricted cash.

## CHAPTER XIV

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

# SUPPLEMENTARY TO THE FINANCIAL STATEMENTS

## 1. STATEMENT OF NON-RECURRING PROFIT OR LOSS

	2021	2020
Losses from disposal of non-current assets	(179,995)	(91,808)
Government grants recognized in profit or loss for the current period	646,885	712,117
Gains from changes in fair value arising from holding financial assets held for trading, and investments gains arising from disposal of other equity instrument investments, other debt investments and other non-current financial assets except for the effective hedging activities related to the Group's ordinary activities	1,344,952	544,929
Reversal of provision for impairment of receivables subject to impairment test separately	-	27,385
Income from disposal of long-term equity investment	20,550	4,427,236
Other non-recurring gains and losses items	20,407	(28,845)
Effect of income tax	(401,972)	(335,163)
Effect of minority interests (after tax)	(258,564)	(249,125)
<b>Total</b>	<b>1,192,263</b>	<b>5,006,726</b>

Note: Aforesaid non-recurring profit or loss was presented at amount before taxation.

### Basis for preparation of statement of non-recurring profit or loss

Under the requirements in Explanatory announcement No. 1 on information disclosure by companies offering securities to the public – non-recurring profit or loss [2008] from CSRC, non-recurring profit or loss refer to those arises from transactions and events that are not directly relevant to ordinary activities, or that are relevant to ordinary activities, but are extraordinary and not expected to recur frequently that would have an influence on users of financial statements making economic decisions on the financial performance and profitability of an enterprise.



## CHAPTER XIV

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## 2. Return on net assets and earnings per share

In accordance with Interpretive Pronouncement on the Preparation of Information Disclosures of Companies Issuing Public Shares No. 9 – Earnings per share and return on net assets (2010 revised) and relevant requirements of accounting standard, the calculation of earnings per share and return on net assets of the Company is listed as follows:

	Weighted average return on net assets (%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	2021	2020	2021	2020	2021	2020
Net profit attributable to ordinary shareholders of the Company	15%	14%	1.81	1.41	1.80	1.41
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	13%	0.19%	1.47	0.02	1.47	0.02

## CHAPTER XV

### DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the headquarters of the Company in Shenzhen upon request by the relevant regulatory authorities and Shareholders in accordance with PRC laws and regulations or the Articles of Association:

- I. The annual report signed by the legal representative.
- II. The financial statements under the hand and seal of the legal representative, the person in charge of accounting affairs and the head of the accounting department (accounting officer).
- III. The original copy of the audit report under the seal of Accountants Firms and under the hand and seal of Certified Public Accountants.
- IV. The original copies of the documents and announcements of the Company published during the Reporting Period.
- V. A copy of the Articles of Association.

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