

# CIMC 中集

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



# 2022

## 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
Documents Available for Inspection	3
Definitions	4
Glossary	8
Chapter I Corporate Profile	12
Chapter II Summary of Accounting Data and Financial Indicators	15
Chapter III Chairman's Statement	20
Chapter IV Report of the Board	27
Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules	58
Chapter VI Management Discussion and Analysis Prepared in Accordance with the Hong Kong Securities Regulatory Rules	93
Chapter VII Corporate Governance	102
Chapter VIII Environmental and Social Responsibilities	165
Chapter IX Significant Events	173
Chapter X Changes in Share Capital and Information on Shareholders	202
Chapter XI Bonds	212
Chapter XII Financial Statements Prepared in Accordance with CASBE	217

# IMPORTANT NOTICE

The 2022 annual report (hereinafter referred to as this “**Report**” or the “**2022 Annual Report**”) has been considered and approved at the fourth meeting of the tenth session of the Board in 2023. All Directors have attended the Board meeting to consider this Report. Mr. DENG Weidong (director) authorized Mr. HU Xianfu (Vice-chairman) to exercise voting rights on his behalf.

The Board, the Supervisory Committee and the Directors, Supervisors and senior management of the Company warrant that this 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 for 2022 of the Company 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 2022. A cash dividend of RMB0.18 (tax inclusive) per one share will be distributed to all Shareholders; no bonus shares will be issued and no shares will be converted from capital reserve into share capital. The proposed dividend is expected to be payable on or around 18 August 2023. The dividend distribution plan for 2022 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 for 2022 set out in the Report.

The financial statements of the Group for 2022 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.

# 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 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.
- II. The original copy of the audit report under the seal of Accountants Firms and under the hand and seal of Certified Public Accountants.
- III. The original copies of the documents and announcements of the Company published on the websites of "China Securities Journal", "Securities Times", "Shanghai Securities News", Cninfo and the Hong Kong Stock Exchange during the Reporting Period.

# 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>
“Company” or “CIMC”	China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司), a joint stock company incorporated in the PRC with limited liability, 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.
“CIMC Group” or “Group”	The Company and its subsidiaries.
“Director(s)”	The director(s) of the Company.
“Board”	The Board of the Company.
“Supervisor(s)”	The supervisor(s) of the Company.
“Supervisory Committee”	The supervisory committee of the Company.
“Shareholder(s)”	The holder(s) of A share(s) and H share(s) of the Company.
“Reporting Period” or “Year” or “Period”	The twelve months from 1 January 2022 to 31 December 2022.
“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.
“Articles of Association”	The Articles of China International Marine Containers (Group) Co., Ltd.
“Implementation Rules of the Audit Committee”	The Implementation Rules of the Audit Committee under the Board of China International Marine Containers (Group) Co., Ltd.
“Shenzhen Listing Rules”	The Rules Governing the Listing of Securities on the Shenzhen Stock Exchange.
“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.

## DEFINITIONS

“Model Code”	The Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Hong Kong Listing Rules.
“Corporate Governance Code”	The Corporate Governance Code contained in Appendix 14 of the Hong Kong Listing Rules.
“SFO”	The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong.
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
“PRC” or “China”	The People’s Republic of China.
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC.
“RMB”	Renminbi, the lawful currency of the PRC.
“USD” or “U.S. dollars”	United States dollars, the lawful currency of the United States of America.
“%”	Percentage.
“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.
“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.
“CSRC”	China Securities Regulatory Commission.
“Shenzhen Stock Exchange”	The Shenzhen Stock Exchange.
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited.
“HKSCC”	Hong Kong Securities Clearing Company Limited and HKSCC NOMINEES LIMITED.
“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.
“Shenzhen Capital (Hong Kong)”	Shenzhen Capital (Hong Kong) Container Investment Co., Ltd.

## DEFINITIONS

“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.
“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.
“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 Leasing”	CIMC Financial Leasing Co., Ltd., a company incorporated in the PRC in 2007, introduced the strategic investor in December 2021 and completed the change of industrial and commercial registration and equity delivery in May 2022, and became a holding subsidiary of Shenzhen Capital Group and an associated company 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 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.
“CIMC Transpack Technology”	CIMC Transpack Technology Co, Ltd., a company established in the PRC in 2019 and a holding subsidiary of the Company.
“Southern CIMC”	Shenzhen Southern CIMC Containers Manufacture Co., Ltd., a company incorporated in the PRC in 1995 and a holding subsidiary of the Company.
“C&C Trucks”	C&C Trucks Co., Ltd., a company established in the PRC in 2009. It has entered into the Strategic Restructuring Agreement with relevant parties in December 2022 and completed the change of industrial and commercial registration and equity transfer in March 2023, and became an associated company 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).
“Sinotrans & CSC”	Sinotrans & CSC Holdings Co., Ltd., together with its subsidiaries “Sinotrans & CSC Group”.
“China Merchants Port”	China Merchants Port Group Co., Ltd., together with its subsidiaries “China Merchants Port Group”.
“China Merchants RORO”	China Merchants Guangzhou Roro Shipping Company Limited (廣州招商滾裝運輸有限公司), together with its subsidiaries “China Merchants RORO Group”.
“Sinotrans”	Sinotrans Container Lines Co., Ltd. (中外運集裝箱運輸有限公司), together with its subsidiaries “Sinotrans Group”.
“SIPG”	Shanghai International Port (Group) Co., Ltd., together with its subsidiaries “SIPG Group”.
“Yantai Guofeng Group”	Yantai Guofeng Investment Holdings Group Co., Ltd., which is incorporated in the PRC.

# 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.

## GLOSSARY

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.
AGV	Automated Guided Vehicle.

## 2022 CIMC HONORS (Part)

MAI Boliang was awarded  
the Yuan Baohua  
Enterprise Management  
Gold Award

Awarding party

China Enterprise Management Science Foundation

Ranked 84th in  
Fortune China 500, up 35

Awarding party  
Fortunet

9 "Little Giant" Enterprises,  
6 single champions

Awarding party  
MIIT

Pioneer of  
National Workers

Awarding party  
All-China Federation of Trade Unions

Leader in the Application of  
Industrial Internet Platforms

Awarding party  
IDC

Leader of the Listed Companies in  
China for the Year;  
Top 100 Growth and ESG Listed  
Companies in China

Awarding party  
Securities Times

Exemplary Responsible  
Enterprise of the Year;  
Outstanding Responsible  
Enterprise of the Year

Awarding party  
Southern Weekend

# CIMC'S CONTRIBUTION TO BUILDING A MANUFACTURING POWER



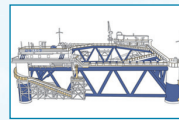
## 1 A Full Range of Multi-Variety Hydrogen Energy Equipment

2022 Beijing Winter Olympics



Hydrogen energy equipment contributed to the achievement of "carbon neutrality" at the Beijing Winter Olympics

## 2 Jinghai No. 004 (經海004號), the Intelligent Cage Nanhuangcheng Island (南隍城島), Yantai, Shandong



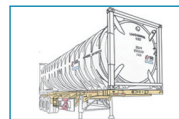
Cultivate 600 tonnes of fish per cage each year, like a "blue granary"

## 3 Yangzhou Intelligent Manufacturing Industrial Park Yangzhou



Leveraging technological innovation to drive high-end integrated manufacturing

## 4 Liquid Helium Tank Container Zhangjiagang



Fill the domestic liquid helium storage and transportation gap, reaching the "Mount Everest" of low-temperature storage and transportation at -273℃

## 6 Smart Bus Garage

Xiasha, Futian District, Shenzhen



The largest mechanical intelligent three-dimensional parking garage for new energy buses in China

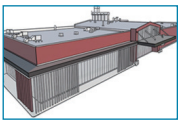
## 8 Unmanned Intelligent Boarding Bridge Chengdu Tianfu International Airport



Based on AI algorithms and high-precision sensors, the aircraft docking process can be completed safely and efficiently within one minute

## 5 Craft Brewery

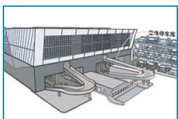
AB InBev Food Industrial Park, Hanjiang, Putian City, Fujian Province



Constructed and delivered the largest craft brewery in Asia Pacific region for Budweiser, with an annual production capacity of 10,000 tonnes of craft beer

## 7 The World's Largest Robotic Parking Garage

Hong Kong International Airport  
Hong Kong-Zhuhai-Macao Bridge  
Hong Kong Port



To assist mainland travelers in driving to Hong Kong and catching the flights within 30 minutes

## CHAPTER I

# CORPORATE PROFILE

The Company was incorporated in Shenzhen, Guangdong Province, the PRC 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 offering 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, semisubmersible 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 recycled load business, 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 Chinese Name:	中國國際海運集裝箱(集團)股份有限公司(abbreviated to “中集集團”)
English Name:	China International Marine Containers (Group) Co., Ltd. (abbreviated to “ <b>CIMC</b> ”)
Legal Representative:	MAI Boliang
Authorised Representatives to the Stock Exchange:	MAI Boliang, WU Sanqiang
Registered Address and Address of the 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
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
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 2669 1130, +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>
Official 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 Shops 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



## CHAPTER II

# SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

### I. RETROSPECTIVE ADJUSTMENT TO OR RESTATEMENT OF THE ACCOUNTING DATA 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					
	2022	2021	Changes from the previous year to this year	2020	2019	2018
Revenue	141,536,654	163,695,980	(13.54%)	94,159,083	85,815,341	93,497,622
Operating profit	7,505,208	13,471,549	(44.29%)	7,439,627	5,838,747	6,477,005
Profit before income tax	6,937,851	13,295,059	(47.82%)	7,290,406	5,613,874	6,683,558
Income tax expense	2,336,709	4,934,291	(52.64%)	1,278,666	3,103,761	2,615,103
Net profit	4,601,142	8,360,768	(44.97%)	6,011,740	2,510,113	4,068,455
Including:						
Net profit attributable to shareholders and other equity holders of the Company	3,219,226	6,665,323	(51.70%)	5,349,613	1,542,226	3,380,436
Profit or loss attributable to minority shareholders	1,381,916	1,695,445	(18.49%)	662,127	967,887	688,019
Net profit attributable to shareholders and other equity holders of the Company after deducting non-recurring profit or loss	4,283,631	5,473,060	(21.73%)	342,887	1,241,479	2,258,609

## CHAPTER II SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

Unit: RMB thousand

Consolidated Balance Sheet Items	As at 31 December					
	2022	2021	Changes from the previous year to this year	2020	2019	2018
Total current assets	<b>76,984,186</b>	81,457,379	(5.49%)	67,141,741	90,023,127	81,902,959
Total non-current assets	<b>68,915,763</b>	72,865,122	(5.42%)	79,069,770	82,084,394	76,981,004
Total assets	<b>145,899,949</b>	154,322,501	(5.46%)	146,211,511	172,107,521	158,883,963
Total current liabilities	<b>62,998,154</b>	69,422,602	(9.25%)	60,895,028	70,551,310	73,137,289
Total non-current liabilities	<b>20,245,711</b>	27,919,809	(27.49%)	31,462,639	46,518,233	33,343,686
Total liabilities	<b>83,243,865</b>	97,342,411	(14.48%)	92,357,667	117,069,543	106,480,975
Total equity attributable to Shareholders	<b>62,656,084</b>	56,980,090	9.96%	53,853,844	55,037,978	52,402,988
Equity attributable to shareholders and other equity holders of the Company	<b>48,613,429</b>	45,118,633	7.75%	44,017,516	39,253,886	37,324,999
Minority interests	<b>14,042,655</b>	11,861,457	18.39%	9,836,328	15,784,092	15,077,989

Unit: RMB thousand

Consolidated Cash Flow Statement Items	For the year ended 31 December					
	2022	2021	Changes from the previous year to this year	2020	2019	2018
Net cash flows from operating activities	<b>14,617,466</b>	20,574,655	(28.95%)	12,810,486	3,538,522	140,732
Net cash flows from investing activities	<b>(6,257,577)</b>	(2,843,021)	(120.10%)	(3,538,804)	(9,084,157)	(4,401,930)
Net cash flows from financing activities	<b>(9,763,357)</b>	(12,186,978)	19.89%	(6,539,564)	3,613,642	9,295,766

## CHAPTER II

### SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

Key Financial Indicators	2022	2021	Changes from the previous year to this year	2020	2019	2018
Basic earnings per share attributable to shareholders of the Company (RMB)	<b>0.59</b>	1.20	(50.83%)	0.94	0.25	0.61
Diluted earnings per share attributable to shareholders of the Company (RMB)	<b>0.57</b>	1.20	(52.50%)	0.94	0.25	0.61
Net cash flows from operating activities per share (RMB)	<b>2.71</b>	3.82	(29.06%)	2.38	0.66	0.03
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>9.01</b>	8.37	7.65%	8.16	7.28	6.92
Weighted average return on net assets (%)	<b>7%</b>	15%	(8%)	14%	4%	10%
Weighted average return on net assets after deducting non-recurring profit or loss (%)	<b>9%</b>	13%	(4%)	0.19%	3%	7%

Note: As the Company implemented the conversion of capital reserve in 2022, earnings per share, net cash flows from operating activities per share and net assets per share attributable to shareholders and other equity holders of the Company for 2018, 2019, 2020 and 2021 have been 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 and the fully-diluted earnings per share based on the latest share capital:

The total share capital of the Company as of the trading day preceding the date of disclosure (shares)	5,392,520,385
Dividends paid for preferred shares	—
Provision for interests on perpetual bonds (RMB thousand)	55,435
Fully-diluted earnings per share based on the latest share capital (RMB/share) (Note)	0.59

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 – provision for 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

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

Unit: RMB thousand

	2022			
	The first quarter	The second quarter	The third quarter	The fourth quarter
Revenue	35,558,688	36,567,570	37,006,831	32,403,565
Net profit attributable to Shareholders and other equity holders of the Company	1,706,270	832,242	579,089	101,625
Net profit attributable to Shareholders and other equity holders of the Company after deducting non-recurring profit or loss	1,555,198	1,142,380	1,804,526	(218,473)
Net cash flows from operating activities	6,064,956	(2,429,566)	4,583,518	6,398,558

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 LAST THREE YEARS

✓ Applicable    □ Not applicable

Unit: RMB thousand

Items	2022	2021	2020
Gains/(losses) on disposal of non-current assets	221,022	(179,995)	(91,808)
Government grants recognised in profit or loss for the current period	559,249	646,885	712,117
Gains or losses from changes in fair value arising from holding financial assets held for trading, and investment gains arising from disposal of investments in other equity instruments, other debt investments and other noncurrent 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 operating activities	(1,688,159)	1,344,952	544,929
Reversal of impairment provision for accounts receivable tested for impairment separately	32,947	-	27,385
Net (losses)/gains from disposal of long-term equity investment	(208,926)	20,550	4,427,236
Other non-operating income and expenses other than the above items	(563,512)	20,407	(28,845)
Effect of income tax	306,290	(401,972)	(335,163)
Effect of minority interests (after tax)	276,684	(258,564)	(249,125)
<b>Total</b>	<b>(1,064,405)</b>	<b>1,192,263</b>	<b>5,006,726</b>

Note: The above-mentioned non-recurring profit or loss items (except for the effect of minority interests (after tax)) are all presented as pre-tax. During the Reporting Period, the Company did not have any non-recurring profit or loss items, which were defined and listed in accordance with "Explanatory announcement No. 1 on information disclosure by companies offering securities to the public – non-recurring profit or loss", defined as recurring profit or loss items.

## CHAPTER III

# CHAIRMAN'S STATEMENT



**Mai Boliang**  
Chairman

### DEAR SHAREHOLDERS AND INVESTORS,

In 2022, with rising uncertainties in the international trade and global economy, difficulties and challenges increased significantly in all aspects. This year was also the 40th anniversary of CIMC's operation. Looking back to the beginning of our establishment, CIMC was founded in Shekou with the original aspiration and mission of "serving the country with industry and building a strong country with hard work" and supporting China to develop a strong industry with equipment manufacturing. Generations of CIMC's employees have been working hard amid adversity to overcome challenges and pass on the enterprise spirit of unremitting efforts, symbolizing CIMC's everlasting culture.

We continued our efforts in 2022. CIMC was recognized by Fortune as one of the "China's Most Admired Companies 2022", and was ranked 84th in the Fortune 500 China 2022, an increase of 35 places over the previous year. During the year, the Group recorded a revenue of RMB141.54 billion, with gross profit margin remained at 15.28% and net profit attributable to shareholders of the Company after deducting non-recurring profit or loss of RMB4.28 billion. Although the overall operating results decreased as compared with that in 2021, it still outperformed the results before 2020, which demonstrated the resilience of our operations.

## CHAPTER III CHAIRMAN'S STATEMENT

In 2022, adhering to the basic strategy of global operation, we were under the guidance of the “internal circulation” strategy and entered into strategic cooperation agreements with 15 external partners, including ZTE, JD.com and XCMG, to continuously expand partnership and actively develop our domestic business. Among which, there were over 100 projects under negotiation for strategic emerging businesses such as cold chain, clean energy, environmental protection and rural revitalization. During the Period, the share of domestic revenue increased steadily to 51.5%.

In 2022, as a leader in the manufacturing industry, we insisted on technology innovation to achieve self-improvement, focused on the four strategic emerging directions of “cold chain, clean energy, environmental protection and rural revitalization”, and carried out in-depth integration of equipment manufacturing and services, thereby achieving a number of achievements in green products, smart manufacturing, digitization, asset operation, and after-market operation and maintenance. In the future, we will actively capture the historical opportunity of high-quality development and endeavor to extend our business in areas where the market has needs, the industry has shortcomings and CIMC has advantages to further integrate enterprise development into the grand blueprint of national development.

### 1. Consolidating the manufacturing foundation to achieve green, intelligent and digitalized product upgrades

Equipment manufacturing capability is the foundation of CIMC. Over the past 40 years, CIMC has been on a journey to make the world see and respect “Made in CIMC” and “Made in China”. We have continued to consolidate our core strengths as a leader in various sub-sectors of the manufacturing industry, demonstrating our leadership in the industry. In 2022, we were awarded the title of 2021 IDC “Industrial Internet Platform Application Leader” in China, the highest honor for digital transformation and upgrading of the manufacturing industry.

The container sector entered the period of implementing a “Stars-driven” strategy. While consolidating the world’s top sales volume in the stellar and satellite businesses, the manufacturing sector continued to lead the green upgrade of the container industry through “digital workshop” and “future factory” in the manufacturing process. All production lines of dry containers and reefer containers have been upgraded from oil paints to water paints. During the year, the proportion of water paint container products remained at 70%, resulting in emissions reductions of over 88% of VOCs. The satellite business was also committed to the R&D of new materials and thermoplastic composite materials as well as the creation of bamboo chain products to assist downstream customers in achieving significant carbon reductions. In particular, with innovative development in the area of thermoplastic composite materials, CIMC Chuangying was selected into the 2022 provincial list of enterprises with the features of specialization, refinement, uniqueness and innovation (省級「專精特新」企業名單) of Shandong Province.

The road transportation vehicle segment maintained its leadership in terms of the sales of semitrailers in the global market and secured the top ranking in the domestic specialty vehicle market. Although the domestic market was significantly adjusted during the year, the effectiveness of the “Lighthouse Manufacturing Network” continued to be released with continuous expansion of our leading advantages. At the time when semi-trailer products were being produced and delivered in overseas markets, the whole industry also embraced opportunities for the development of new energy and cold chain logistics.

## CHAPTER III CHAIRMAN'S STATEMENT

The energy, chemical and liquid food segment achieved stable growth in the three main pillars of “energy equipment, chemical equipment and liquid food equipment” and maintained its leading position in the core business both at home and abroad. During the year, we actively responded to the green initiatives promoted by the International Maritime Council and the Ministry of Transport of the People's Republic of China, and continued to facilitate the application of clean energy technology solutions in the water transportation area. In the international market, we joined hands with Maersk and other green partners to develop the green methanol fuel market. On the other hand, in the domestic market, we focused on the three major water systems, namely the Xi River, the Yangtze River and the Beijing-Hangzhou Grand Canal. Leveraging on the advantages of the entire natural gas industry chain, we provided shipowners with a package of “vessel oil-to-gas conversion equipment + services” solutions to complete the preliminary development of the natural gas industry on the water.

The strategic transformation of the offshore engineering segment achieved remarkable results, capturing the opportunity of the development in both offshore oil and gas equipment and clean energy, with new orders and orders on hand significantly increasing by 77% and 122% respectively year-on-year, winning the battle to reverse the trend. During the year, CIMC Raffles also won the title of FPSO general contracting qualification and best supplier by Petrobras, which represented recognition from mainstream customers and made it one of the top offshore enterprises in the world.

Airports facilities and logistics, fire safety and rescue further strengthened the leading advantages of airports equipment, and officially delivered Asia's first driverless boarding bridge for use, promoting the intelligent revolution of China's airports.

Securing the business opportunities brought about by booming production and sales of energy vehicles, the recycled load segment supplied customized power battery packaging to the leading players in the power battery industry. The new phase of production capacity was officially put into operation in the second half of the year, securing our leading position in China.

In the revolution of replacing fossil energy with green energy, we are always ambitious in the new energy area and stay alert to changes in the technology advancement. We have made an all-round development of key equipment such as hydrogen energy, offshore photovoltaic, offshore wind power and energy storage. With respect to hydrogen energy, our market share of hydrogen energy “storage, transportation and refueling” equipment increased significantly. During the Period, we also strengthened the upstream hydrogen production capacity, reserved coke oven gas hydrogen production and electrolysis tank hydrogen production equipment technologies. With the advantage of the entire industry chain, we provided Beijing Winter Olympics and the hydrogen industry with electrolytic water hydrogen production solutions, hydrogen energy storage and transportation solutions, and regulating hydrogen supply system solutions, showcasing our great development potential. In terms of offshore photovoltaic and offshore wind power, we developed high-end equipment such as offshore wind power installation vessels and booster stations in an orderly manner, and actively secured orders in both domestic and overseas markets, with new orders of over RMB2.4 billion for wind power infrastructure and installation vessels in the offshore engineering segment. The offshore wind power operation and maintenance business achieved major customer breakthroughs in various businesses such as wind turbine and underwater corrosion inspection. With regard to energy storage, we were equipped with a full range of short- and long-term technologies, with our electrochemical storage business delivering integrated energy storage systems in volume to industry leaders.



## CHAPTER III CHAIRMAN'S STATEMENT

### 2. **Achieving progress amid stability and continuously increasing the growth of service revenue**

Service is key to the transformation and upgrade of the manufacturing industry. The Group is actively investing in the transformation of services to enhance the value of the industry segments in which it operates so as to create new momentum for development. During the year, the Group's service-related revenue exceeded RMB30.0 billion, accounting for approximately 21% of the total revenue.

The logistics services segment is one of the major focuses of the Group's transformation of its service industry, relying on the advantages of "equipment + technology" to penetrate horizontally and vertically into the value chain of the logistics and transportation industry. During the year, the logistics services business made strategic investment in the Hechuan Group, continued to consolidate the market and expand its global network development, constructed global core sea, land and air route products for concentrated logistics and professional logistics, created special multimodal transportation, and actively built an energy logistics platform, further enhancing our industry strength. CIMC Wetrans was ranked sixth in the overall ranking of freight logistics in China in 2021, and ranked third and fourth in marine and land transportation business respectively.

At the same time, the manufacturing segment also strengthened its service areas to develop higher value at the front and back of the smile curve. On one hand, the Company was committed to expanding assets operation business in road transportation vehicles, recycled load and other general equipment to meet the medium and long tail demand in an attempt to promote the quality development of the logistics industry, reasonably develop assets through data tracking management of the asset pool, optimize the quality of service on the customer side, and improve the efficiency of asset turnover. On the other hand, we enhanced customer stickiness and expanded sources of revenue by providing professional, digital and intelligent services in the after-market of specialty equipment products.

### 3. **Leveraging on technology innovation to develop enterprises with the features of specialization, refinement, uniqueness and innovation in an unceasing manner**

During the Year, under the product strategy of "maintaining product leadership, strengthening technology innovation and promoting intelligent manufacturing", the Group continued to increase its investment in R&D, with a rapid year-on-year increase of R&D expenses. The Group invested approximately RMB2.52 billion in R&D during the Year, representing a year-on-year increase of 12.48% and accounting for 1.78% of our revenue.

## CHAPTER III CHAIRMAN'S STATEMENT

Our R&D investment is dedicated to breaking overseas monopoly and facilitating the development of China's manufacturing industry with domestic products. In terms of logistics equipment, we developed airline reefer containers and obtained airworthiness certificates, breaking the long-term market blockade of international players. In terms of energy equipment, we overcame the difficulties of FPSO upper module design, ending the long-standing monopoly of FPSO construction by Japan and Korea. We have also successfully researched and developed the first domestic liquid helium tank container and uranium fluoride storage container, filling the gap of domestic storage and transportation products.

As of the end of 2022, the Group had nine "small giant" enterprises with the features of specialization, refinement, uniqueness and innovation at national level (國家級專精特新「小巨人」企業) and six champion enterprises (products) in the manufacturing industry at national level. In the same year, four patents of the Group were awarded the 23rd China Patent Award, namely, CIMC Cold Cloud, CIMC Raffles, CIMC Safeway Technologies and Nantong CIMC Energy, the largest number of patents ever awarded.

### 4. Joint development of investment and incubation, with capital operation to optimize business portfolio

During the year, we have been summing up, reflecting and reforming to gain a deeper understanding of the profound changes in the macro situation and the laws of industrial development, while bearing in mind the original intention of serving the country through the industry. The Group insisted on providing support to innovation and investing and incubating innovative enterprises, resulting in the emergence of new business types such as environmental protection plates, industrial ecological intelligent equipment, AGV intelligent parking, as well as land and marine intelligent fisheries.

A number of subsidiaries of the Group introduced many leading strategic investors in the industry. The introduction of strategic investors into CIMC Wetrans Logistics, CIMC Transpack Technology and CIMC Raffles Marine Technology Group has enabled the subsidiaries to obtain both resources and capital to support their businesses, laying a solid foundation for large-scale development. At the same time, the introduction of strategic investors into CIMC Financial Leasing and C&C Trucks also enabled the Group to focus more on the value creation of its advantageous business and enhance its asset efficiency.

### 5. ESG integration to promote business practices in good faith

We attach great importance to ESG and continue to upgrade our ESG management philosophy, striving to actively contribute to the realization of high-quality development and common prosperity in China. During the Year, the Group's sustainable development achievements were also recognized by the industry with Wind AA rating, ranking first in the machinery industry and the top 10 among all A-share companies. We took one of the Second Places among the "2022 Top 100 Chinese Enterprises in Sustainable Development", selected as one of the Top 100 Chinese Enterprises in Sustainable Development for the fourth consecutive year, and was again selected as a constituent stock of the Hang Seng A-share Sustainable Development Benchmark Index.

In addition, we established the CIMC Charitable Foundation in July 2022 with the vision of "becoming an outstanding charitable foundation in the business sector" in an attempt to contribute to the education in China. The number of beneficiaries is expected to be nearly 2,000 people by 2025, putting business initiatives in good faith into practice.

## CHAPTER III CHAIRMAN'S STATEMENT

### TOGETHER WE EMBRACE THE NEXT YEAR OF CIMC'S DEVELOPMENT

In 2023, the global economic outlook will still be full of challenges. Overseas inflation and Fed interest rate hikes have yet to witness a slowdown, while the domestic market is on its path of recovery. The Central Economic Work Conference has clearly placed "steady growth" as a top priority, which will create market development opportunities. In the new year, we need to be well prepared in response to challenges, maintain our strategic determination, focus on our core business and consolidate CIMC's moat. In the new year, under the strong leadership of the Party, we will continue to study and implement the spirit of the 20th National Congress, gain insight into and capture the opportunities of our advantageous business development, and actively participate in the implementation of the 14th Five-Year Plan with the Outline of the Vision 2035 as a guide for development. In the new year, we have to carry out new service-oriented development, focus on the new vision of "becoming a high-quality and respected world-class enterprise", and make unremitting efforts in the three aspects of growing "stronger, bigger and longer".

With forty years of unremitting efforts, we are in pursuit of excellence to create the future. We are well-prepared for the next decade. We will study and capture the opportunities in the future through learning from the development experience in the past forty years. CIMC will turn these beautiful memories into the motivation to pursue excellence with hard work. May we stay forever young with the original intention in mind after long journey, just like CIMC at the age of 40. Standing at the starting point of a new journey, let us pursue our dream and work hard to pass down the spirit of CIMC, be united, be of one heart and one mind towards a glorious brand new chapter of our journey!

**Mai Boliang**  
*Chairman and CEO*  
Shenzhen, the PRC  
March 2023

# MAIN BUSINESS SEGMENTS

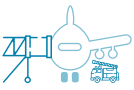
## Logistics



**Container Manufacturing Business**



**Road Transportation Vehicles Business**



**Airport Facilities and Logistics Equipment, Fire Safety and Rescue Equipment Business**



**Logistics Services Business**



**Recycled Load Business**

## Energy



**Energy, Chemical and Liquid Food Equipment Business**



**Offshore Engineering Business**

## Innovative Business



**Cold Chain Logistics Business**



**Energy Storage Technology Business**



**Modular Building Business**



**AGV Parking Business**

## 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, recycled load, heavy trucks<sup>1</sup>, 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.

<sup>1</sup> Commencing from 15 March 2023, C&C Trucks, the main operating entity of our heavy truck business, will cease to be consolidated in the Group, and become an associated company of the Company.

## CHAPTER IV REPORT OF THE BOARD

According to the latest 2022/23 Container Equipment Survey and Leasing Market Annual Report issued by Drewry, an industry authoritative analyst, the Group is ranked No. 1 in the world in terms of production volume of standard dry containers, reefer containers and special-purpose containers. According to the 2023 Global Tank Container Fleet Survey issued by the International Tank Container Organisation, the production volume of tank containers of the Group ranked No. 1 in the world. According to the 2022 Global OEM Ranking List published by the Global Trailer magazine, CIMC Vehicles, a subsidiary of the Group, was the world's No. 1 semi-trailer manufacturer. CIMC TianDa, a subsidiary of the Group, is one of the major suppliers of boarding bridges in the world, and the Group is also one of the high-end offshore engineering equipment enterprises in China.

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

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

### 1. Overview

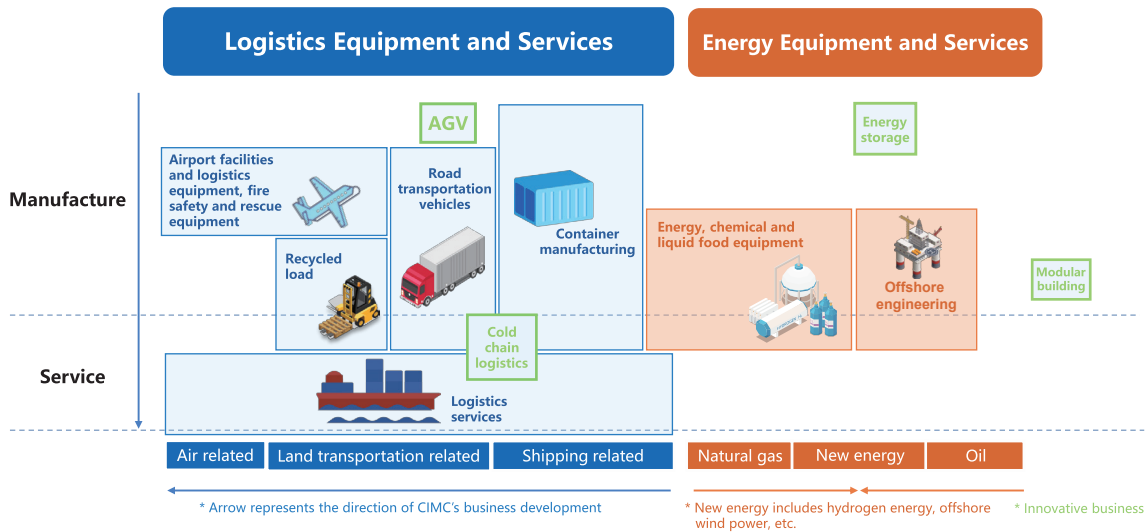
During the Reporting Period, the Group's revenue amounted to RMB141.537 billion (2021: RMB163.696 billion), representing a year-on-year decrease of 13.54%; the net profit attributable to shareholders and other equity holders of the Company amounted to RMB3.219 billion (2021: RMB6.665 billion), representing a year-on-year decrease of 51.70%; and the basic earnings per share amounted to RMB0.59 (2021: RMB1.20), representing a year-on-year decrease of 50.83%. Among the principal businesses of the Group, the energy, chemical and liquid food equipment business, and the offshore engineering business recorded an increase in revenue, the airport and logistics facilities and fire safety and rescue equipment business and the logistics services business recorded relatively stable revenue, while the container manufacturing business, the road transportation vehicles business, the recycled load business, and the finance and asset management business recorded a decline in revenue.

## CHAPTER IV REPORT OF THE BOARD

### 2. Review of the Principal 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.

#### Main Business Structure



(I) In logistics field:

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



The Group's principal business is container manufacturing, which has the capacity to produce a full series of container products with independent intellectual property rights, and mainly consists of standard dry containers, reefer containers and special-purpose containers. In particular, 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. Currently, the main operating entity of the container manufacturing business is CIMC Container Holding Co., Ltd. and its subsidiaries. The Company holds 100% equity interest in CIMC Container Holding Co., Ltd. as at 31 December 2022.

## CHAPTER IV REPORT OF THE BOARD

In 2022, the global economic and trade growth momentum weakened due to factors such as high overseas inflation and significant interest rate hikes in Europe and the United States, and the traditional marine container manufacturing market returned to normal. As a result of the slowdown in overall container demand, coupled with the impact of falling raw material prices and other factors, new container prices and sales volume for the year fell from a historical high in 2021, but remained at a relatively good level.

As a result, during the Reporting Period, the production and sales volume of the Group's container manufacturing business witnessed a decline compared to the historical high in 2021, but still maintained a relatively good profitability. Among which, the accumulated sales volume of dry containers reached 1,107,300 TEUs (same period in 2021: 2,511,300 TEUs), representing a year-on-year decrease of approximately 55.91%. The accumulated sales volume of reefer containers reached 131,400 TEUs (same period in 2021: 148,300 TEUs), representing a year-on-year decrease of approximately 11.40%. The container manufacturing business of the Group recorded a revenue of RMB45,711 million (same period in 2021: RMB65,967 million), representing a year-on-year decrease of 30.71%. The sales revenue of ordinary dry containers reached RMB28,240 million (2021: RMB49,715 million), representing a year-on-year decrease of 43.20%; the sales revenue of reefer containers amounted to RMB5,161 million (2021: RMB5,178 million), representing a year-on-year decrease of 0.33%; and the container manufacturing business of the Group achieved a net profit of RMB5,258 million (same period in 2021: RMB11,327 million), representing a year-on-year decrease of 53.58%.

In 2022, the Group implemented the concept of "excellent operation, innovation and breakthrough" in its container manufacturing business and carried out strategic and organizational upgrades. Through focusing on the container business and various innovative business fields, the Group kept abreast with the market and forged ahead, promoting various strategic initiatives, continuously optimizing the management foundation, so as to effectively implement the management work and continuously improve the quality of operations.

- **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, in which the Group held approximately 56.09% equity interest as at 31 December 2022. 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 semitrailers, 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.



## CHAPTER IV REPORT OF THE BOARD

During the Reporting Period, CIMC Vehicles recorded strong performance in overseas market due to the advantage of its overseas operations, while in the domestic market, it witnessed a decline in revenue due to the downturn in the commercial vehicle market, but the overall performance was solid. CIMC Vehicles achieved a revenue of RMB23,621 million (same period in 2021: RMB27,648 million), representing a year-on-year decrease of 14.57%; and a net profit of RMB1,114 million (same period in 2021: RMB988 million), representing a year-on-year increase of 12.75%. The main details are as follows:

- (1) **Global semi-trailer business:** In 2022, the sales of CIMC Vehicles' semi-trailers of various types amounted to 127,528 (same period in 2021: 138,166) around the world, and revenue from the global semi-trailer business amounted to RMB18,141 million (same period in 2021: RMB15,276 million), representing a year-on-year increase of 18.75%.
  - In terms of the domestic market, according to China Association of Automobile Manufacturers (CAAM), in 2022, CIMC Vehicles remained the top seller of semi-trailers in China for four consecutive years, with its market share continuing to expand. During the Reporting Period, the performance of commercial logistics vehicles was under pressure due to the sluggish demand for freight transportation. However, with the full recovery of the national freight logistics, the market demand will gradually pick up. In the long term, driven by both policy and market factors, there are opportunities for change in the domestic semi-trailer industry, with prominent concentration effect at the top level.
  - In terms of the overseas market, the sales volume of multi-category semi-trailers of CIMC Vehicles ranked at the forefront in the North American and European market. Thanks to the strong demand for freight transportation in overseas market, new demand and replacement demand drove a surge in orders for road logistics vehicles. CIMC Vehicles proactively captured business growth opportunities, with revenue from the North American semi-trailer business increasing by 134.27% to RMB9,605 million and gross profit margin increasing by 7.84 percentage points to 17.55%, resulting in a record high profit; and revenue from the European semi-trailer business grew steadily due to successful transformation.
- (2) **Specialty vehicles business:** CIMC Vehicles ranked at the forefront in terms of sales volume of concrete mixers and urban muck trucks in China. Although the industry demand was under pressure, the leading advantage of CIMC Vehicles remained stable. In 2022, truck bodies for specialty vehicles business and sales of fully-assembled vehicles realised a revenue of RMB2,367 million (same period in 2021: RMB9,210 million), representing a year-on-year decrease of 74.30%. During the period, due to the slowdown of domestic infrastructure and real estate investment, the demand of domestic construction machinery market remained at a low level. However, the new energy heavy truck market is growing against the trend, and CIMC Vehicles has actively carried out joint development strategies with OEMs to promote the application of new energy heavy trucks in short- and medium-distance transportation, engineering construction and urban traffic.

## CHAPTER IV REPORT OF THE BOARD

(3) **Light van bodies:** In 2022, 7,696 light van bodies (including refrigerated van bodies and dry cargo distribution van bodies) (same period in 2021: 9,115) were sold in China by CIMC Vehicles, and realised a revenue of RMB228 million (same period in 2021: RMB311 million), representing a year-on-year decrease of 26.88%. The logistics market remained sluggish, and the overall demand for light trucks slowed down under the influence of a series of factors such as environmental restrictions and excess transportation capacity. The TB (太字節) business group under CIMC Vehicles actively adjusted its target market and product structure to grasp the incremental opportunities for new energy products. During the year, it entered into strategic cooperation with a number of leading new energy companies and achieved sales growth in the new energy market despite the downturn.

- **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. As at 31 December 2022, the Group held approximately 58.33% equity interest in CIMC TianDa. Airport and logistics facilities mainly include passenger boarding bridges, airport ground support equipment, airport baggage handling systems, logistics handling systems and intelligent storage systems. The fire safety and rescue equipment business mainly covers comprehensive fire safety and rescue mobile equipment primarily based on various types of fire trucks, and also includes other fire safety and rescue equipment and services, such as various types of fire pump monitors, intelligent control and management systems for fire vehicles and various types of fire-fighting systems.

During the Reporting Period, the revenue and net profit of CIMC TianDa remained basically flat in 2022. The airport and logistics facilities and fire safety and rescue equipment businesses of the Group achieved a revenue of RMB6,672 million (2021: RMB6,842 million), representing a year-on-year decrease of 2.49%, and a net profit of RMB197 million (2021: RMB193 million) was recorded, representing a year-on-year increase of 2.21%.

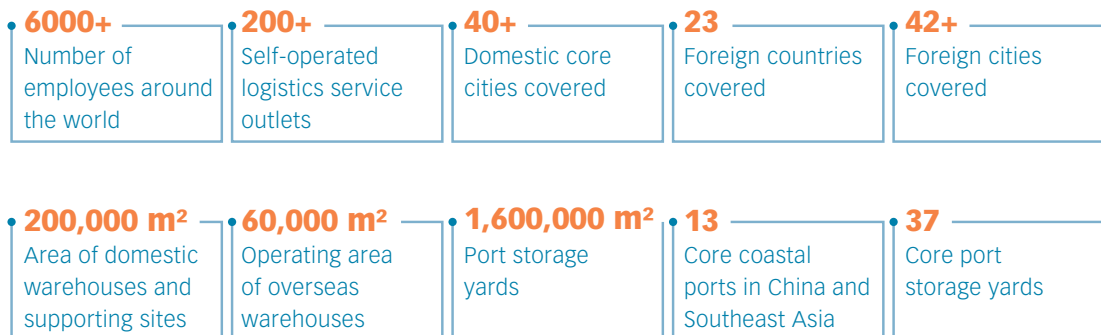
As the aviation and fire rescue industries continue to develop towards “smart airports” and “smart fire safety”, related equipment has entered a new round of competition for intelligent and electric upgrade. The world’s first unmanned boarding bridge developed by CIMC TianDa has been successfully installed at Amsterdam Airport Schiphol and Chengdu Tianfu Airport, demonstrating the leading level of intelligent technology products of CIMC TianDa in the industry. CIMC TianDa has also successfully developed the world’s first all-electric airport express fire truck, realising the high efficiency and energy saving of airport express fire trucks, which is in line with the market trend of comprehensive conversion of oil to electricity in airports. During the year, CIMC TianDa overcame the impact of the air access policy and actively explored the market, achieving steady growth in the number of orders on hand.

## CHAPTER IV REPORT OF THE BOARD

- **Leverage the logistics services business**



CIMC Wetrans, the main operating entity of the Group's logistics services business, is committed to becoming a leader in multimodal transport industry in the PRC with "equipment + technology" at its core. As at 31 December 2022, the Group held 62.70% equity interest in CIMC Wetrans. CIMC Wetrans provides shippers with reliable, professional, flexible and personalised integrated end-to-end logistics service solutions. Currently, the major customers of the Group's logistics services are mainly operated in the photovoltaic, energy and chemical, and machinery industries, etc.. In the future, this business will focus on developing major customers in the home appliance, new energy (photovoltaic), building materials, steel, automobile and chemical industries, and help customers with their overseas strategies through customised, professional and flexible integrated logistics solutions.



In 2022, there were fewer growth drivers for the global economy and trade as compared to 2021. In spite of this, the import and export trade of China maintained resilience in general and achieved stable growth. In terms of domestic policies, China issued the Development Plans for Modern Comprehensive Transport Hub System in the 14th Five-Year Plan Period (《現代綜合交通樞紐體系「十四五」發展規劃》), the Notice on Supporting the Consolidation and Improvement of Logistic Chains of Comprehensive National Freight Hubs (《關於支持國家綜合貨運樞紐補鏈強鏈的通知》) and the Opinions on Accelerating the Construction of Key Projects of Comprehensive National Transport Network (《關於加快建設國家綜合立體交通網主骨架的意見》), successively, to support the development of multimodal transport and speed up the construction of a modern logistic system. In terms of international development, the Regional Comprehensive Economic Partnership (RCEP) has officially come into effect, bring opportunities for China's export logistic in foreign trade.

## CHAPTER IV REPORT OF THE BOARD

During the Reporting Period, the logistics services business has taken the lead in China in terms of its layout of global network and operation scale. The logistics services business of the Group realised a revenue of RMB29,346 million (same period in 2021: RMB29,471 million), representing a year-on-year decrease of 0.42%. In particular, in respect of the multimodal transport business, the maritime shipping routes achieved global coverage, and possessed leading competitiveness in the industry, pushing up business volume of maritime shipping business to approximately 1.9 million TEU over the same period last year, a number of new self-operated sea-railway lines, and over a hundred of railway lines from China to Central Asia and Europe were added to the railway lines, the international railway business volume achieved a significant growth, with the overall railway business volume remaining at 300,000 TEU, and air transportation lines had a number of new quality overseas agencies to improve its overseas layout gradually and form a business size of over 90,000 tonnes. When it comes to specialised logistics, the Group made a strategic investment in Hechuan Logistics, which, in combination with its investment in reefer containers and cooperation with the government, laid a solid foundation for opening the two-way channel for cold chain cross-border logistics. For yard and value-added service business, the Group deepened its cooperation with leading shipping companies, ports and railways, accelerated the development of multimodal transport collection and distribution system and the establishment of global multilink network hubs, and implemented the Jiangmen Inland Port Project jointly developed with Yantian International to provide more convenient and flexible container pick up services to export companies in Jiangmen. In 2022, CIMC Wetrans recorded a net profit of RMB375 million (same period in 2021: RMB542 million), representing a year-on-year decrease of 30.72%.

During the Reporting Period, CIMC Wetrans ranked No. 6 among the Top 100 Freight Forwarding and Logistics Companies in terms of comprehensive strength, and ranked No. 3 in sea transportation and No. 4 in road transportation on the list of Top 50 Sea, Road and Air Transportation Companies officially released by China International Freight Forwarders Association, demonstrating the enhancing strength and recognition of CIMC Wetrans in the industry. Meanwhile, CIMC Wetrans continued to increase its investment in technology. The "Case for Intelligent Management of Containers" (集裝箱智能化管理案例) was selected as one of the "2022 Top 30 Innovative Cases in the Port and Shipping Industry (2022港航物流業TOP30創新案例)".

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 to facilitate carbon neutral, which mainly provides professional recycled load R&D and manufacturing, shared operation service and comprehensive solutions for customers in industries including automobile, new energy power battery, photovoltaics, household appliances, fresh agricultural products, rubber and bulk commodities, etc.. The recycled load business is carried out through CIMC Transpack Technology, in which the Group held approximately 63.58% equity interest as at 31 December 2022. In the context of carbon neutral, replacing traditional disposable packaging with recyclable packaging can provide a feasible carbon emission reduction logistics solution for the industry while reducing costs and increasing efficiency. Meanwhile, through the shared leasing operation model, enterprises can flexibly choose between dynamic leasing and static leasing, further reducing the threshold for their use of recycled loads, and activating the medium-and-long-tailed markets. During the period, the shared operation service business continued to penetrate into final assemblers and first-tier suppliers of the automobile, consumer, chemical and other industries. In order to meet the growing demand of the leasing market in future, CIMC Transpack Technology continued to launch recycled loads to the market during the year. During the period, CIMC Transpack Technology's service network followed the deployment of customers' supply chains, realized coverage of major cities in China and independently developed the "Tianluo" platform through application of Internet of Things and other technologies, so as to realize digital management and operation at the single-box level of resource pools and further enhance customer leasing experience.

In 2022, as Dalian CIMC Logistics Equipment Co., Ltd. was reclassified from the recycled load to the containers manufacturing due to the internal organizational structure adjustment of the Group, the recycled load business of the Group realised a revenue of RMB4,849 million (same period in 2021: RMB6,017 million), representing a year-on-year decrease of 19.40%, and recorded a net profit of RMB287 million (same period in 2021: RMB577 million), representing a year-on-year decrease of 50.21%. (1) In terms of R&D and manufacturing business: with respect to domestic business, we continued to get involved in new energy industries (such as power battery and energy storage battery) and the express industry. The problem of limited production capacity was resolved with the launch of new production lines in the third quarter. Overseas business has achieved good growth in the field of rubber containers. (2) In terms of shared operation services and comprehensive solutions and other services: affected by the stagnant commercial vehicle market in China, the recycled load business of automobile parts has declined. However, the Group actively expanded its business in the photovoltaic and household appliances industries, successfully introduced leading photovoltaic enterprises and achieved the large-scale operation of the household appliances industries with the percentage of revenue for the period exceeding 10%.

## 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 energy, chemical and liquid food equipment, as well as provision of relevant technical and maintenance services. The main operating entity is CIMC Enric, in which the Group held approximately 67.59% equity interest as at 31 December 2022.

During the Reporting Period, the Group's energy, chemical and liquid food equipment business recorded a revenue of RMB21,250 million (2021: RMB19,528 million), representing a year-on-year increase of 8.82%; the net profit amounted to RMB1,042 million (2021: RMB885 million), representing a year-on-year increase of 17.75%. In particular, operating performance segments of CIMC Enric, the main operating company, in 2022 were as follows:

1. Clean energy segment recorded a revenue of RMB10,591 million (2021: RMB11,210 million), representing a year-on-year decrease of 5.5%.

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, CIMC Enric expanded its business into the hydrogen energy industry, LPG, and industrial gas related equipment and engineering works.

## CHAPTER IV REPORT OF THE BOARD

- (1) In terms of LNG, LPG and methanol: In 2022, the increased volatility of global energy market and sharp rise in the price of oil and gas led to a decline in both supply and demand in the global natural gas market, and a major change in the supply and demand pattern. During the period, despite the declined apparent consumption of global natural gas and thanks to its advantages claiming full coverage of the industrial chain, the Group was able to actively capture business opportunities in structural development of the industry, and its overall performance remained stable: 1) in terms of upstream: The increase in production of domestically produced natural gas led to impressive revenue performance in related natural gas processing and distribution business; 2) in terms of midstream: Overseas business performed well during the year mainly driven by the LNG related demand in Europe. The Group won bids for several overseas large-scale cryogenic storage tank projects, delivered two LNG and LPG carriers respectively, and signed new orders for three vessels and entered into a memorandum of understanding for the building of an ammonia fuel bunkering vessel; 3) in terms of downstream: Domestic business delivered a total of 78 oil-to-gas transformation vessels (59 vessels in the Xijiang River basin and 19 vessels in the Yangtze River basin). The Group delivered an excellent performance in “Gasification of Pearl River” to the Department of Transport of Guangdong Province, and completed important strategic layout in the Pearl River and the Yangtze River and other major water system waterways.
- (2) In terms of hydrogen energy, the Group has explored in the hydrogen energy field for 16 years and is one of the leading providers of hydrogen energy equipment and engineering services in China with products covering various sub-sectors of hydrogen energy production, storage, transportation, refueling and utilization. In 2022, all parts in the industrial chain benefited from the overall favourable policy environment for hydrogen energy industry, and the demand for related equipment increased significantly. During the period, the hydrogen energy-related business recorded a revenue of RMB440 million, representing a year-on-year increase of 151.4%, mainly due to the increased market demand for the hydrogen energy storage and transportation equipment and hydrogen refuelling station equipment and engineering business.
2. The chemical environment segment recorded a revenue of RMB5,242 million (2021: RMB3,794 million), representing a year-on-year increase of 38.2%. With the gradual recovery of global supply chain, the market demand for tank containers has also gradually returned to normal levels. 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 expanded the aftermarket and intelligent product business, and deployed yard service outlets around logistics hubs or chemical agglomeration areas. CIMC Saiwei Tank Container Services (Lianyungang) Co., Ltd. (中集賽維罐箱服務(連雲港)有限公司) was put into operation during the year.

## CHAPTER IV REPORT OF THE BOARD

3. The liquid food segment recorded a revenue of RMB3,620 million (2021: RMB3,420 million), representing a year-on-year increase of 5.8%. The liquid food industry maintained a growing trend due to steady population growth, global economic prosperity, improved living standards and increased awareness on food safety and health. A number of global beer and hard seltzer turnkey projects of this segment have made good progress during the year. By the end of 2022, this segment could also secure a strong order backlog, especially in the non-beer market such as distilled spirits and juices, and has acquired several new major projects in the next few years.

- **On the other hand, carry out offshore engineering business relying on offshore resources:**



The Group is engaged in the offshore engineering business mainly through Yantai CIMC Raffles Marine Technology Group Co., Ltd. (the “**Marine Technology Group**”), in which the Group held approximately 83.3% equity interest as at 31 December 2022. The 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, making it one of the leading 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 manufacture of oil and gas equipment with a focus on FPSO, construction of offshore wind power equipment with a focus on wind power installation vessels and booster stations and operation and maintenance of wind farms, manufacture of other special vessels such as ro-ro ships, etc.

In 2022, the global offshore engineering market ushered in an upward cycle of oil and gas and clean energy. In terms of new orders received, the Group’s offshore engineering business recorded remarkable results in its initial strategic transformation. The business layout has gradually expanded from traditional oil and gas to new energy sources, and the quality of orders has continued to improve. It is striving to create a business portfolio that can stabilize the cycle. Judging from the amount of newly signed orders in 2022, the business portfolio and production capacity layout of 50% for oil and gas and 50% for non-oil and gas businesses are basically maintained. New effective orders increased by 77% year-on-year to US\$2,560 million (the same period in 2021: US\$1,450 million), including four oil and gas module projects with contract value of approximately US\$1,410 million, 10 special vessel projects with contract value of approximately US\$930 million (including seven ro-ro ship contracts (US\$590 million) and two wind power ships (US\$300 million)), and total orders for other clean energy and deep-sea fisheries of US\$220 million. As at the end of 2022, the accumulated value of orders on hand increased by 122% to US\$3,900 million (the same period in 2021: US\$1,760 million), of which the oil and gas business and the non-oil and gas business accounted for approximately 50%, respectively.



## CHAPTER IV REPORT OF THE BOARD

**In respect of construction commencement:** In April, the construction of the first “3060” series 2200T jack-up wind power installation vessel independently designed and built by CIMC Raffles for Shanghai Boqiang Heavy Industry Group Co., Ltd. commenced at the Yantai base; in July, the construction of the world’s largest latest-generation wind power installation vessel built for Van Oord of the Netherlands commenced; in August, the positioning and closure of the living quarters and the main hull for the FPSO hull renovation of the Mero project of the Brazilian state oil company (Petrobras) was completed, marking that the main ship renovation work has entered the system completion stage; and in November, the PCC 6500 car carrier built by LCRO for WALLENIOUS LINES AB officially started construction.

**In respect of delivery:** The oil and gas business of the Group delivered three oil and gas modules, including jack-up living platforms to BP and two water treatment modules to MISC. The offshore wind power business delivered three offshore booster stations, and the special ship business delivered one special ship (yacht carrier) and 2 ro-ro ships, while other businesses delivered the Jinghai No. 004 intelligent net cage and completed the first four cages of the “100 Cages Plan” of Jinghai Fishery.

During the Reporting Period, the revenue of the offshore engineering business of the Group was RMB5,771 million (same period in 2021: RMB5,440 million), with a net loss of RMB334 million (same period in 2021: net loss of RMB2,018 million), which was mainly due to the consolidation of companies holding jack-up drilling platforms into the offshore engineering segment and the provision for asset impairment for the same period of last year. In particular, the Group’s offshore engineering business scored a turnaround from loss to an operating profit before interest, tax, depreciation and amortization of approximately RMB200 million in 2022.

(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 are CIMC Finance Company and Offshore Engineering Asset Management Platform Company.

## CHAPTER IV REPORT OF THE BOARD

During the Reporting Period, the Group's finance and asset management business achieved revenue of RMB1,709 million (same period in 2021: RMB3,763 million), representing a year-on-year decrease of 54.59%, mainly due to the derecognition of CIMC Leasing, and net loss of RMB1,358 million (same period in 2021: net loss of RMB2,403 million), mainly due to the significant provision for asset impairment made by the offshore engineering asset management platforms on the then existing platforms.

- **CIMC Finance Company:**

CIMC Finance Company constantly increased its financial support to the industry and accurately grasped the needs of enterprises. In 2022, its new credit funds reached RMB8,400 million (same period in 2021: RMB7,200 million), helping member companies to achieve capital turnover efficiently and quickly. While actively ensuring the capital supply of member companies, CIMC Finance Company provided differentiated and characteristic comprehensive financial services for each sector, actively adopted various methods to increase the development of green finance and improved foreign exchange service capabilities to help the Group reduce exchange rate risks and transaction costs. CIMC Finance Company actively utilized financial technology to improve financial service quality and efficiency. The new-generation core system was successfully launched in May 2022, which has comprehensively improved the carrying capacity of the technology platform and the application level of the business system to provide a better financial service experience. CIMC Finance Company has continuously strengthened compliance risk management, and various regulatory ratings have been maintained at a good level, reaching the forefront of the same industry in Shenzhen.

- **Offshore engineering asset operation and management business of CIMC:**

As of the end of December 2022, 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 for 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 particular, a sale and purchase agreement in relation to one 300-foot jackup drilling platform has been entered into with the purchaser, and the platform will be delivered to the purchaser in 2023.

In 2022, in order to make up the shortfall of oil and natural gas import in Europe, coupled with the cyclical impact of reduced investment and retirement of old platforms in the past few years, the demand of the market for drilling platforms has increased, and the oil price remained stable in the range of US\$85-90/barrel. According to the industry report of Clarkson in 2022, the drilling market recovered dramatically: as of the end of 2022, the rental rate of global active jack-up drilling platforms increased to 86%, and the rental rate of global active floating drilling platforms increased to 82%, with an increase in overall rentals in the industry.

## CHAPTER IV REPORT OF THE BOARD

During the Reporting Period, the offshore engineering asset operation and management business of CIMC has been further improved, and we signed two new platform lease contracts with customers, namely “Perro Negro 11” (400-foot jack-up drilling platform) and “Blue Whale I” (ultra-deepwater semi-submersible drilling platform). As of the end of 2022, we acquired lease contracts for nine platforms for the offshore engineering asset operation and management business of CIMC with the term of ranged from approximately 13–80 months, representing a significant increase in months of the term on hand as compared to last year.

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

While focusing on its main business, the Group has adopted “exploration and innovation (開拓創新)” as its core value, insisted on technology as the first productivity, and used innovative business as a new driving force for the Group’s high quality development, integrated the advantageous resources of each segment, captured the possible opportunities in the industrial chain and competence circle, strengthened technological innovation and product innovation, and shaped the new competitive advantages of each business with technological innovation to create breakthroughs. The Group’s main innovative businesses are as follows:

- **Cold chain logistics:**



The Group’s cold chain business has one of the most extensive cold chain operations in China. The Group currently possesses a competitive advantage in portable cold chain equipment such as reefer containers, refrigerated vans, portable cold store and medical reefer containers, with the sales volume of reefer containers and refrigerated vans ranking at the forefront. The scale of our strategic business operations for transportation services of food cold chain and medical cold chain is also expanding.

During the year, the Group continued to promote the layout and development of its cold chain business and actively researched and developed a variety of new products suitable for modern agriculture and new energy vehicle scenarios, such as planting boxes, refrigeration and heat preservation integrated containers, new energy reefer containers and flight cases. In the field of cold chain service, food cold chain has achieved the goal of being the leader in the industry of two-way cold chain logistics service for import and export of “China-Southeast Asia”. Based on Mohan channel, the key point of Southeast Asia import and export, the Group has opened up multimodal transportation services such as cold chain railroad trains and enriched cold chain transportation categories to realize the import transportation of fresh products such as durian and longan, frozen products such as beef and seafood, and export transportation of “Yunnan products out of Yunnan (雲品出滇)” such as orah mandarin, grapes and pomegranate. In terms of pharmaceutical cold chain, the revenue from the Group’s pharmaceutical cold chain logistics service recorded a stable increase as compared with the corresponding period of last year. The “Cold Chain Transportation Box Based on Phase Change Materials”, a patent jointly applied by the Group and CIMC Cold Cloud, was honored with the China Patent Excellence Award.

## CHAPTER IV REPORT OF THE BOARD

In particular, the Group actively responded to the “14th Five-Year Plan for the Development of Cold Chain Logistics”, conducted in-depth research and business understanding on the production side, processing links and supply chain, and built a demonstration platform of cold chain application for CIMC fresh products from the field to the public’s table with the strength of CIMC’s “cold chain equipment + cold chain services”. At the same time, the Group also provided customers with a full cold chain “one-stop” loop packaging solution and portable cold store rental services, covering online e-commerce, large supermarkets and the fields of production, so as to fill the gap in China’s fresh supply chain services and help the high quality development of cold chain logistics.

- **Energy storage technology:**



In recent years, the global demand for new energy storage achieved explosive growth. According to CNESA, the installed capacity of new energy storage projects in China during the year reached 6.9GW with an increase of over 180% year-on-year, while the electrochemical energy storage was installed as the main technology route. Europe and the United States also achieved significant growth in the scale of new energy storage installations, the U.S. market mainly benefited from grid-connected demand brought about by new energy installations, while the European market was driven by the higher cost of electricity to explode the household storage market.

Benefiting from the growth of the electrochemical energy storage market scale, the Group’s containerized energy storage business continued its rapid development in 2022. The revenue reached a new high record, the added value of products continued to improve, and the brand effect began to show. The Group’s energy storage business follows the national new energy strategy in the energy sector, focusing mainly on energy storage and new energy and other equipment applications. By deepening cooperation with leader customers in the industry and strengthening its independent research and development capabilities and technological innovation strength, the Group has made important breakthroughs on the power generation side, grid side and user side, and also has improved the degree of integration. In the future, the energy storage business will continue to cultivate the energy field, actively explore new application scenarios, and further enhance the influence of CIMC brand.

CHAPTER IV  
REPORT OF THE BOARD• **Modular building business:**

In 2022, the Group's modular building business is customer-centric, technology-led and innovation-driven, providing customers with one-stop and diversified integrated solutions for industrialised finished buildings in respects of "consultation, design, manufacturing, construction and delivery".

Benefiting from policy promotion and labor shortage, assembled steel structure buildings have maintained steady growth in both domestic and overseas markets. The Group's modular building business keeps abreast of market demand and we continue to strengthen the technological research and development. During the Reporting Period, the Group obtained nearly 40 new patents, got IPA (In-Principle-Approval) for transitional housing in Hong Kong, and actively carried out research and development of modular products for high-rise concrete buildings and IPA access, and made significant progress in the research and development of assembled steel structure building systems. During the Reporting Period, the Group's modular building business vigorously explored domestic and international markets. At the same time, the Group promoted project implementation with high standards and quality, and made significant progress in a number of major projects such as the Swedish Talent Apartment (瑞典人才公寓), the Student Residence of City University of Hong Kong (香港城大學生公寓), the citizenM Facebook project Hotel in the United States (美國citizenM Facebook project酒店), the Gibraltar Wellness Residence (直布羅陀養生公寓) and the Transitional Housing at Yip Shing Street of Hong Kong Council of Social Service (香港社聯業成街過渡房), which were highly praised by customers, and delivered a total of over 150,000 square meters of industrialized finished buildings throughout the year.

• **AGV parking business:**

In 2022, the Group's AGV parking business focused on promoting the research and development and upgrading of double-deck AGV parking products and improving market competitiveness through product innovation and research and development. At present, the double-deck AGV products and systems developed independently have completed product finalization and testing, the AGV stand-alone machine and the whole system have passed the EU CE certification, and 11 patents have been granted. During the year, the AGV parking business has achieved breakthroughs in orders in airports, ports, hospitals, industrial parks, and has won and signed benchmark projects such as the Lianyungang International Automobile Green Intelligent Logistics Center project, Qilu Hospital and Hong Kong Airport AGV robot parking. The innovative products and technologies have gained market recognition. During the year, the intelligent bus garage in Xiasha, Futian, Shenzhen was completed and accepted, which was recognized by the owner and the competent unit and is the largest intelligent three-dimensional garage for new energy buses in China.

## CHAPTER IV REPORT OF THE BOARD

### (V) Capital Operations in relation to Main Businesses:

During the Reporting Period, the significant events of the Group in respect of capital operations are as follows: (1) In February 2022, the Company planned for the spin-off and domestic initial public offering of RMB ordinary shares (A shares) of CIMC Wetrans, a subsidiary of the Company, and the listing of CIMC Wetrans on the Shenzhen Stock Exchange, which has been considered and approved by the shareholders at the general meeting of the Company held on 3 August 2022. The listing process is currently underway. (2) In October 2022, the application for the issuance of A shares by CIMC Safeway Technologies Co., Ltd., a subsidiary of CIMC Enric, has been reviewed and approved by the Shenzhen Stock Exchange's GEM Listing Committee. The issuance of A shares still needs the approval and registration of the China Securities Regulatory Commission. (3) CIMC Transpack Technology, a subsidiary of the Company, proposed to introduce strategic investors and conducted two rounds of capital increase in April and August 2022, respectively. Two rounds of capital increase have been completed during the year, and shares of CIMC Transpack Technology held by the Company were reduced to 63.58%, but CIMC Transpack Technology remained a subsidiary of the Group. (4) In May 2022, the Company introduced strategic investors in the offshore engineering business, and jointly invested with Yantai Guofeng Group to register and incorporate the Marine Technology Group. Upon completion of the transaction, the Company will hold 83.3% of the shares of the Marine Technology Group which will become a subsidiary of the Group. (5) In October 2022, C&C Trucks, a subsidiary of the Company, proposed to introduce strategic investors for its strategic restructuring, and the agreements on the strategic restructuring of C&C Trucks were signed by the relevant parties in December 2022. The transaction was completed on 15 March 2023 and the Company's shareholding in C&C Trucks decreased from 73.89% to 35.42% and C&C Trucks became an associate of the Company.

## III. FUTURE DEVELOPMENT AND PROSPECTS

Focusing on the national strategy and considering the development trend of the industry and the actual development of the Group, at this historic point of the 40th anniversary of the Group's production, the Group clearly put forward its vision for future development: "to build CIMC into a world-class respectable high-quality enterprise". CIMC will strengthen and expand its logistics and energy equipment businesses, expand strategic new businesses in areas where the market has needs, the industry has shortcomings and CIMC has capabilities, and establish a business portfolio that minimises cyclical fluctuations and enhances profitability, so as to make long-term growth with stability and build an everlasting enterprise.

The Group will continue to enhance and integrate its advantages in "logistics, energy equipment manufacturing + services", and focus on consolidating its position as an industry leader, so as to promote the consolidation and improvement of the Group's overall performance in the future. On the one hand, the Group will continue to consolidate its main business of equipment manufacturing, integrate upstream and downstream industrial chain resources, provide more comprehensive and integrated services, and accelerate the promotion of green, digital, and intelligent transformation and upgrading of products, so as to build up its leadership in products through technological innovation. On the other hand, we will adhere to the national development strategy as the guide and seize the historical opportunities in the "smart logistics" and "clean energy" sectors to broaden the connotation scope of the existing advantageous main business, and will also focus on the four strategic themes of "cold chain", "clean energy", "clean water and lush mountains" and "rural revitalization" to build core competitiveness in emerging businesses.

## CHAPTER IV REPORT OF THE BOARD

### 1. Industrial Analysis and Corporate Operating Strategy of Major Business Segments

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

##### **Container Manufacturing Business**

Looking forward to 2023, according to the latest prediction made by CLARKSONS (a global authoritative industry analyst) in March 2023, the growth of global container trade and shipping capacity in 2023 will be - 1.2% and 6.7%, respectively. The growth of supply and demand in the container shipping market showed a differentiation. Considering that the new environmental regulations issued by the International Maritime Organization (IMO) together with the management and control measures implemented among the container shipping industry for responding to the decline in shipping rates will bring a positive effect, it is expected that the supply and demand in the container shipping market may maintain a slight balance in 2023, and the demand of containers, compared to the previous level, will also return to normal. In light of the large volume of over-aged old containers to be phased out and replaced, the replacement demand will provide continuous support for the market. In long term, the recovery of global trade will be promising, and the core segment of demand in the container market is expected to show a stable-to-rising trend. Container Manufacturing Business will optimise connotation, improve its comprehensive competitiveness and consolidate its leading position in the industry through continuous investment as well as management improvements in technology and equipment, such as the Dragon Project (龍騰計劃).

##### **Road Transportation Vehicles Business**

In 2023, with the demand for logistics and transportation in China gradually recovering, that for semi-trailers was also undergoing a rebound, which, in combination with the tightening implementation of the new national standards for semi-trailers, will certainly lead to an acceleration of the upgrading and iteration of semi-trailers in China. With the increase in demand for retail consumption of the North American residents, that for road transportation and semi-trailer equipment in North America is expected to remain buoyant. Since the introduction of the National VI emission standards, the impact of such a switch in emission standards on the special purpose vehicle industry has gradually diminished, which is expected to meet with a resurgence, with the penetration rate of new energy special purpose vehicles gradually increasing. With the ending of the transition period of the new regulations on the blue-plate light trucks, the trend of the light truck industry's compliant development is getting increasingly obvious, with new energy light trucks entering a fast lane of development.

In 2023, CIMC Vehicles will continue to promote the structural reform of its semi-trailer production organization, concentrate its efforts and resources in developing the business of truck bodies of specialty vehicles and lightweight van bodies, and deepen the construction of the "Light Tower Manufacturing Network". In addition, as the trend of new energy commercial vehicles emerges, CIMC Vehicles will enhance its R&D efforts in developing new energy products, while continuing to deepen its new retail reform and promote high-quality development.

## CHAPTER IV REPORT OF THE BOARD

### **Airport Facilities and Logistics Equipment, Fire Safety and Rescue Equipment Business**

**In respect of the airport facilities and logistics equipment business:** On the one hand, smart airport will continue to be a global trend, and intelligence will accelerate the electric upgrading and updating of obsolete equipment in the airports; meanwhile, as the continuing and rapid development of the air transportation industry as well as the increasing air cargo logistics projects, logistics equipment system provider will carry out comprehensive competition in terms of timeliness, reliability and mass production; on the other hand, in 2023, the domestic and overseas aviation logistics is expected to continue to recover, the number of air passengers and cargo transportation will increase significantly, and it is expected that a large number of delayed procurement needs in the early stage will also be made. The airport and logistics equipment of CIMC TianDa mainly serve the demand of aviation industry for airport construction and logistics construction, and it will continually invest resources and enhance its research and development (R&D) and production capabilities in the future, strive to achieve greater breakthroughs in the fields such as intelligent self-service equipment, intelligent baggage system, intelligent warehousing and automated logistics. Besides, it will also expand the production types and cover a broader service area, so as to maintain its competitive advantage to consolidate and increase its domestic and overseas market share.

**In respect of the safety and rescue equipment business:** Upon the establishment of the Ministry of Emergency Management, the fire rescue work converts from “single disaster” into “comprehensive rescue”, accompanied by higher demand for fire safety and rescue equipment as well as the increasing market needs in relevant industry. To respond the big-data construction of “smart fire safety” across China, the active development of intelligent, modular, unmanned and high-performance firefighting and rescue equipment, the enrichment of emergency products and technologies, the promotion of application of new technologies and new energies in the fire safety and rescue industry are trends of the development of the industry for a long time in the future. 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”, it also has established a cloud platform for managing the full life cycle of fire safety products. With the support of national and industrial policies, CIMC TianDa will continually invest more resources in the future to develop and explore various new products and services to meet the needs of the market with the help of information technology and big data.

### **Logistics Services Business**

Looking forward to 2023, it is expected that the container market will generally stay in normal, while the land and air logistics will recover apparently, and the domestic consumption and production needs will also recover gradually, which is conducive to supporting China’s domestic market and the export supply chain to maintain the resilience. In a medium to long term, the integrated management capability in supply chain established previously by the Chinese logistics enterprises and their investment in high-end logistics equipment have achieved outstanding results, representing that the Chinese logistics enterprises have possessed the ability to compete with the international logistics enterprises. Chinese logistics service enterprises are expected to rebuild a logistics pattern along with the expansion of cross-border trade of China.



## CHAPTER IV REPORT OF THE BOARD

The Group will enhance the domestic and foreign cargo collection capacity for its Logistics Services Business, continually provide reliable, professional, flexible, customized, integrated and end-to-end logistics service plans for its customers through 1) focusing on the key sector of multimodal transport, expanding the global landscape, strengthening the deployment of local service capacity in international ports of destination, and increase joint venture cooperation with railways, connecting the multimodal transport including “river, sea, land, railway, air” by domestic and international hub nodes, to enhance its cargo control capability at home and abroad; exploring and building green transportation resources, comprehensively enhancing its capability in serving the entire chain, and accelerating its layout in specialized logistics service fields such as fresh and cold chain logistics, clean energy logistics and special cargo logistics; 2) in terms of logistics technology, increasing investment in R&D, building a digital visualisation platform, enhancing standardised operation, exploring the application and operation platform of intelligent equipment, comprehensively enhancing its technological capability, and facilitating the green, digital intelligence and high-quality development of multimodal transport, to continually provide stable, excellent and smooth logistics service for its customers.

### **Recycled Load Business**

Looking forward to 2023, leveraging on the advantages of enhancing quality and reducing costs, the operation concept of recycled loads will continually permeate in the industrial sectors, and with the recovery of domestic consumption, the market demand for recycled loads will also increase. The new energy industry represented by the sectors of new energy battery and photovoltaic will continue to develop rapidly, and thereby, drive the rapid development of new energy recycled loads business.

Apart from strengthening the existing operations, the Group will continue to enhance its business expansion, optimise and improve the operation capacity for the recycled loads business. In terms of the R&D and manufacturing of recycled loads, the Group will build new R&D and manufacturing bases, enhance its technological innovation, optimise the production process, and improve the production capacity and efficiency. In terms of the recycled loads shared-operation business, the Group will actively expand the recycled loads shared-operation business of other industries, continually increase the business scale; continue to optimise the intelligent operation and management platform of recycled loads, and improve the operation efficiency of such asset.

## CHAPTER IV REPORT OF THE BOARD

(2) In the Energy Industries Field:

### **Energy, Chemical and Liquid Food Equipment Business**

**Clean Energy:** In the long run, benefiting from the carbon neutrality, the demand for and the proportion in primary energy consumption of natural gas still have more room for improvement. Accompanied by the gradual transformation of supply pattern of global energy, the demand for infrastructure of import and export terminals will continue to increase, and the storage, transportation and refueling equipment business may be expanded as a positive result of the increased proportion of natural gas consumption. Especially, as for hydrogen energy, 2023 will be the booming stage of hydrogen energy policies, and will be functioning as the bridge of the implementation of industrial commercialisation, promote the multidimensional and collaborative development of the upstream, midstream and downstream sectors of the industry. CIMC Enric will continue to take advantages of overall industrial layout surrounding the “production, storage, transportation, refueling” and the application scenarios, sensitively capture the opportunities arising from the structured development of the market, vigorously expand overseas markets in areas such as Asia-Pacific, Europe, North and South America and Africa while maintaining its leading position in the domestic market. Especially, in terms of green maritime transportation, CIMC Enric will continually promote the development of small-to-medium sized liquefied gas carriers and oil-to-gas conversion business, helping the shipping and inland river purification. Besides, in terms of new energy, the Group will enhance its layout of various new alternative fuels, such as green methanol, liquid ammonia and hydrogen energy, in particular, it will seek the breakthrough of new technologies for hydrogen energy industry, including the storage and transportation equipment of high pressure hydrogen and equipment of liquefied hydrogen with more efficiency in storage and transportation, as well as the advanced and efficient on-board hydrogen supply system.

**Chemical Environment:** Under the background of iterative upgrading of global industry as well as the stringent implementation of the laws and regulations related to safety and environmental protection, the chemical products gradually transformed from a low and primary level into a high-end and high-value-added level, leading to the diversifying demands for the tank containers. China, as the largest chemical production and consumption market in the world, is committed to promoting the professional and safe transportation of chemical products, advocating the construction of professional transportation and loading equipment and supporting facilities of chemical products, which provides more development opportunities for the application of tank containers. CIMC Enric will continue to increase its investment in the research and development of technology and other resources, and vigorously expand the application fields of tank containers while consolidating its leading position in the tank container market, it will also actively improve the intelligence of products and its after-sales services. Besides, the segment will focus on the resource utilization of non-ferrous metals and meanwhile, it will seek and seize the opportunity to enter the environmental protection equipment industry with promising prospect.

## CHAPTER IV REPORT OF THE BOARD

**Liquid Food:** According to the research report issued by Imarc Group on the global food and beverage processing equipment market, the scale of such market reached US\$58.2 billion in 2022, which is expected to achieve a growth rate of 5.3% each year (i.e. the compound annual growth rate (CAGR)) from 2023 to 2028, the global beer market is expected to grow at a CAGR of 3.7%, and the Asia-Pacific region will achieve the highest growth rate. The demand for Whisky and other spirits is also expected to grow rapidly in the future, including the mechanized and intelligent transformation of production lines of white wine under the continuous promotion of relevant industrial policies in China. CIMC Enric will focus on strengthening its existing business operation, enhancing its products portfolio, exploring the market of craft beer and spirits in Asia, especially in the field of non-beer businesses such as distilled liquor and white wine, and seeking the expansion opportunities (e.g. the expansion of industrial breweries in markets in Latin America) by virtue of broader global business scope, product and market diversification as well as the products innovation, whether through endogenous growth or outreach mergers and acquisitions.

### Offshore Engineering Business

Looking forward to 2023, in respect of the oil and gas platform business: higher oil prices and the trend of continuous exploration and production of oil and gas in ultra-deep water have made the traditional offshore oil and gas business gradually recover, among which the FPSO business has performed well. It is expected that, benefiting from Petrobras' oil production increase plan in the medium to long run, the number of orders newly signed in the FPSO market has grown strongly, and the capacity utilisation rate of offshore manufacturers will be greatly improved in the next three to five years. In respect of the clean energy business: carbon neutrality brings major development opportunities for the industry. Offshore wind power, hydrogen energy utilisation, offshore photovoltaics will form a huge industry scale, which will further consolidate the transformation of global offshore engineering equipment. Offshore wind power installation related equipment and operation and maintenance services will develop rapidly. In respect of the special vessels business: the continual growing sales of new energy vehicles worldwide promotes the expansion of global automobile seaborne trade volume, which, superimposed by factors such as environmental protection, will lead to strong demand for newly built ro-ro ships.

The Group will continue to actively carry out business transformation and layout of the offshore engineering business, actively introduce strategic investors, maintain the continuously qualitative growth of orders in general, and ensure the performance and delivery. At the same time, the Group strictly controls the risks and enhances the management to improve the quality and efficiency of the Company's operation. Following the development guidelines from the state on rural revitalization and marine new energy strategy, the Group actively expands the development opportunities of new business including marine protein, offshore hydrogen production and offshore photovoltaics.

## CHAPTER IV REPORT OF THE BOARD

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

#### **CIMC Finance Company**

China Banking and Insurance Regulatory Commission issued the newly revised “Measures for the Administration of Finance Companies of Enterprise Group (企業集團財務公司管理辦法)”, which further strengthens the supervision of finance companies of enterprise group. CIMC Finance Company will assist the Group to continuously improve its global capital management standard and comprehensive financial innovation service capability, increase its support for industrial finance, integrate and allocate financial resources in a targeted manner, provide diversified financial services of lower cost and higher quality to member enterprises, help the Group reduce costs and increase efficiency, and provide stronger synergy for deepening the integration of production and finance.

#### **Offshore engineering asset operation and management business of CIMC**

In 2023, it is expected that the drilling platforms leasing business will continue to benefit from the rebound of the oil and gas market. Offshore engineering asset operation and management business of CIMC will increase marketing efforts, consolidate customer relationships, comprehensively enhance asset utilization and profitability, and improve its ability to manage the contract performance of leased assets. In addition, the offshore engineering asset operation and management business of CIMC will achieve qualitative growth of new business based on improving the operation of the existing asset business in accordance with the working philosophy of “keeping expenditure within the limits of revenue, reducing costs and increasing efficiency, saving costs and generating revenue, expanding the market and improving profits”.

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

**Risk of economic periodic fluctuations:** the industries that the principal businesses of the Group are 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 industrial policies upgrade in China:** China’s economy entered into the new normal, 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.

## CHAPTER IV REPORT OF THE BOARD

**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.

**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. The continuous volatility of the global financial market may result in the exchange rate of RMB against USD fluctuating with increased frequency and volatility, and bring challenges for the Group to increase its foreign currencies and manage its capital.

**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.

**Risks of fluctuations in price of main raw materials:** raw materials account for a relatively high proportion in 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 the beginning of this year, the Fed's interest rate hike is expected to continue, resulting in tight commodity inventories. At the same time, the global economy is showing regional divergence, and supply and demand and prices will be complex and volatile, which will bring uncertainties to the Group's operating results.

## CHAPTER IV REPORT OF THE BOARD

### IV. ANALYSIS OF CORE COMPETITIVE ADVANTAGES

#### 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, 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.

#### 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.

#### 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.

## CHAPTER IV REPORT OF THE BOARD

### **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 optimised the market network of and introduced market resources for the relevant business through the capital cooperation with key partners. Besides, the Group promoted the internal and external resource collaboration and model innovation by strengthening cooperation with governments, customers and other parties, strove to provide one-stop overall solutions for downstream customers.

### **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. In 2022, 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 619 patents (of which 229 are invention patents), maintained 4,934 valid patents in total. During the Reporting Period, four patents including the storage and transportation container, the large-volume tank container, the nuclear power ship and the transport refrigerator based on phase change materials won the China Patent Excellence Award. As at the end of 2022, 9 companies under the Group were selected 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).

## CHAPTER IV REPORT OF THE BOARD

### V. OTHER MATTERS REPORTED BY THE BOARD AS REQUIRED BY THE HONG KONG STOCK EXCHANGE

#### 1. Fixed Assets

Changes to the fixed assets of the Group during the Reporting Period are summarised in note IV. 19 to “Chapter XII Financial Statements Prepared in Accordance with CASBE” in this Report.

#### 2. Land Value Appreciation Tax

Land value appreciation tax paid by the Group for 2022 was RMB2,553,000 (2021: RMB3,773,000).

#### 3. Reserves and Distributable Reserves

As of 31 December 2022, the reserves of the Group and the Company were RMB41,171,134,000 and RMB20,612,421,000 (same period last year: RMB41,523,619,000 and RMB17,066,401,000), respectively, and the distributable reserves of the Company were RMB14,657,717,000 (same period last year: RMB10,282,677,000). Movements in the reserves and the distributable reserves of the Group during the Reporting Period are set out in the consolidated statement of changes in shareholders’ equity and the statement of changes in shareholders’ equity in “Chapter XII Financial Statements Prepared in Accordance with CASBE” in this Report.

#### 4. Management Contract

During the Reporting Period, the Company did not enter into any contracts concerning the management or administration of all or a significant portion of its business with any persons other than the Directors or any full-time employees of the Company, 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. Breakdown of Indicators by Industry, Business Segment and Region” of “I. 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 interested in 5% or more of the Company’s equity) had any interest in any of the abovementioned top five largest suppliers and top five largest customers.



## CHAPTER IV REPORT OF THE BOARD

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

CIMC HK, a wholly-owned subsidiary of the Group, purchased in aggregate 27,052,600 H shares of CIMC Vehicles, at an average price of HK\$5.20 per share, amounting to approximately HK\$0.14 billion (excluding relevant transaction fee) by way of centralized bidding and block trades in the open market for the period from 20 December 2021 to 19 January 2023.

Save as disclosed above, the Company or any of its subsidiaries did not sell any listed securities of the Company or any of its subsidiaries, nor did it purchase or redeem any listed securities during the twelve months ended 31 December 2022.

### 7. 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.

### 8. Corporate Bonds and Medium-term Notes

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 XI Corporate Bonds" in this Report for details of corporate bonds by the Company.

### 9. Taxes

In accordance with the provisions of the "Individual Income Tax Law of the People's Republic of China" and its implementing regulations and Guo Shui Han No. [2011]348, 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.

## CHAPTER IV REPORT OF THE BOARD

### 10. Donation

During the Reporting Period, the Group has made a total donation of RMB15,668,000 (2021: RMB9,573,000).

### 11. 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.

### 12. Permitted Indemnity Provision

During the Reporting Period and up to the date of this Report, no permitted indemnity provision which benefits the Directors or Supervisors of the Company was in force or is currently in force (whether entered into by the Company or not), and no permitted indemnity provision which benefits the directors or supervisors of associated companies of the Company was in force or is currently in force (if entered into by the Company).

The Company has arranged appropriate liability insurance coverage for the potential legal risks faced by its Directors, Supervisors and senior management during their performance of duties.

### 13. Share Capital

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

	Par value per share	Number of shares issued (shares)	Percentage (%)
A Shares	RMB1.00	2,302,682,490	42.70%
H Shares	RMB1.00	3,089,837,895	57.30%
Total	–	5,392,520,385	100.00%

### 14. Dividend Distribution

Based on the Group's 2022 operation results and taking into account the Group's overall financial position and cash flows situation, the Board recommended a final dividend of RMB0.18 per one share (including taxes) for the year of 2022. No bonus share will be issued, and no new shares will be issued by conversion of capital reserve. The dividend payment plan for the year of 2022 is subject to Shareholders' consideration and approval on the general meeting of the Company.

### 15. 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 "V. Information on Directors, Supervisors and Senior Management" of "Chapter VII Corporate Governance" in this Report.

## CHAPTER IV REPORT OF THE BOARD

### 16. 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 Board's participation in and supervision on the ESG related matters of the Company are set forth in the Social Responsibility & Environmental, Social and Governance Report on an annual basis. The Company published the 2021 Social Responsibility & Environmental, Social and Governance Report and the 2022 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 28 March 2022 and 28 March 2023 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.

### 17. 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 XII 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

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

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

Yes  No

Industry classification	Item (Sales volume)	2022	2021	Year-on-year Change (%)
Containers manufacturing	Dry containers (ten thousand TEU)	<b>110.73</b>	251.13	(55.91)
	Reefer (ten thousand TEU)	<b>13.14</b>	14.83	(11.40)
Road transportation Vehicles	Semi-trailer (unit)	<b>127,528</b>	138,166	(7.70)
	Truck bodies for specialty vehicles (unit)	<b>15,354</b>	52,703	(70.87)
	Lightweight van bodies (unit)	<b>7,696</b>	9,115	(15.57)
Offshore engineering	OS products	<b>13</b>	10	30

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

- 1) Containers manufacturing: in 2022, due to such factors as high inflation in overseas markets and significant interest rate hikes in Europe and the U.S., the growth momentum of global economy and trade weakened with the traditional marine container manufacturing market returning to its normal level, resulting in a slowdown in overall demand for containers.
- 2) Road transportation vehicles: Sales volume of truck bodies for specialty vehicles of CIMC Vehicles declined 70.87%, mainly due to emission standard transition, the early release of market demand and the sluggish end demand in the heavy truck market.
- 3) Offshore engineering: in 2022, thanks to the recovery of the oil and gas industry and increase in demand for car carriers, our Offshore Engineering business delivered 13 products, including 1 special vessel (yacht carrier), 2 ro-ro ships, 3 oil-and-gas modules, 3 offshore booster stations and 4 intelligent aquaculture cages.

CHAPTER V

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

- (4) Performance of the Significant Sales and Procurement Contracts Entered into by the Company as of the Reporting Period

Applicable  Not Applicable

- (5) Composition of Cost of Sales

Unit: RMB thousand

Industry classification	Item	2022		2021		Year-on-year change of %
		Amount	% of cost of sales	Amount	% of cost of sales	
Container manufacturing	Direct materials	25,589,137	73.23%	41,714,384	85.04%	(11.81%)
Road transportation Vehicles	Direct materials	16,975,925	82.88%	21,263,545	86.43%	(3.55%)
Offshore engineering	Direct materials	2,637,363	49.08%	2,099,554	38.43%	10.65%

- (6) Changes in 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 XII 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 on the Major Customers and Major Suppliers

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

Total sales amount of the top five customers (Unit: RMB thousand)	17,474,706
% of the total sales amount of the top five customers in the annual total sales amount	12.35%
% of the total sales amount of related parties among the top five customers in the annual total sales amount	0.00%

**Information on 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	6,356,980	4.49%
2	Customer B	4,759,941	3.36%
3	Customer C	2,314,162	1.64%
4	Customer D	2,089,217	1.48%
5	Customer E	1,954,406	1.38%
Total		17,474,706	12.35%

**Other information on the 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 on the major suppliers of the Company

Total purchase amount of the top five suppliers (Unit: RMB thousand)	13,346,363
% of the total purchase amount of the top five suppliers in the annual total purchase amount	11.14%
% of the total purchase amount of related parties among the top five suppliers in the annual total purchase amount	0.00%

### Information on 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	4,419,444	3.69%
2	Supplier B	4,089,448	3.41%
3	Supplier C	1,745,641	1.46%
4	Supplier D	1,548,207	1.29%
5	Supplier E	1,543,623	1.29%
Total		13,346,363	11.14%

### Other information on the 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

	2022	2021	Year-on-year Change
Selling and distribution expenses	2,452,009	2,758,879	(11.12%)
General and administrative expenses	7,012,067	5,800,857	20.88%
Financial expenses	(23,518)	1,507,266	(101.56%)
Research and development expenses	2,463,228	2,252,355	9.36%
Income tax expenses	2,336,709	4,934,291	(52.64%)

Description for significant changes:

- (1) During the Reporting Period, the financial expenses recorded a year-on-year decrease of 101.56%, mainly due to significant exchange gains arising from the fluctuations in the exchanges rate of US dollar during the current year, as well as the net exchange gains for the year of the Group of RMB1,176.685 million (2021: net exchange losses of RMB367.345 million).
- (2) The income tax expenses recorded a year-on-year decrease of 52.64%, mainly due to the decrease in profit before tax during the current period.

### 4. R&D Investments

In 2022, 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 2022 was RMB2,520.396 million, representing an increase of 12.48% over that of 2021.

As at the end of 2022, the Group had three national-level R&D platforms, including the National Enterprise Technology Center, the National Energy Offshore Oil Drilling Platform R&D (Experiment) Center and the National Engineering Laboratory for General Assembly R&D and Design in Offshore Engineering, and more than 20 provincial and ministerial R&D platforms, including the provincial and ministerial engineering technology center and engineering laboratory, as well as six postdoctoral research stations.

The Group regards fostering single champions in the manufacturing industry as a crucial approach to promote the high-quality development of manufacturing industry. Currently, the Group has six national-level "Champion Enterprises (Products) in the Manufacturing Industry". At the same time, relying on its advantages in technology platform, the Group actively empowers its subsidiaries to grow in the direction of specialization, refinement, uniqueness and innovation and high-end manufacturing. By the end of 2022, the Group had more than 50 subordinate enterprises certified as national high-tech enterprises, with 9 of them included in the list of national "Little Giant" enterprise with the features of specialization, refinement, uniqueness and innovation, 11 provincial enterprises acknowledged as professional, precise, specialized and innovative enterprises, and another 9 enterprises named as "Provincial Demonstration Enterprises in Intelligent Manufacturing".

## CHAPTER V

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

National major titles/qualifications:

Company/product name	Title/qualification
Qingdao CIMC Reefer Container Manufacture Co., Ltd.	Single Champion Enterprise of Manufacturing Industry
Yantai CIMC Raffles Offshore Engineering Co., Ltd.	Single Champion Enterprise of Manufacturing Industry
Nantong CIMC Tank Equipment Co., Ltd.	Single Champion Enterprises of Manufacturing Industry
Boarding bridge (CIMC-TianDa)	Single Champion Product of Manufacturing Industry
Cargo trailers and semi-trailers (CIMC Vehicles)	Single Champion Product of Manufacturing Industry
Cryogenic liquefied gas storage and transportation pressure vessel (CIMC Enric)	Single Champion Product of Manufacturing Industry
CIMC Vehicle (Jiangmen) Co., Ltd.	National "Little Giant" enterprise with the features of specialization, refinement, uniqueness and innovation
Gansu CIMC Huajun Vehicle Co., Ltd.	National "Little Giant" enterprise with the features of specialization, refinement, uniqueness and innovation
Dalian CIMC Logistics Equipment Co., Ltd.	National "Little Giant" enterprise with the features of specialization, refinement, uniqueness and innovation
Zhumadian CIMC Huajun Casting Co., Ltd.	National "Little Giant" enterprise with the features of specialization, refinement, uniqueness and innovation
Enric (Bengbu) Compressor Co., Ltd.	National "Little Giant" enterprise with the features of specialization, refinement, uniqueness and innovation
Shenzhen Qianhai Ruiji Technology Co., Ltd.	National "Little Giant" enterprise with the features of specialization, refinement, uniqueness and innovation
Shijiazhuang Enric Gas Equipment Co., Ltd.	National "Little Giant" enterprise with the features of specialization, refinement, uniqueness and innovation
Yantai Tiezhongbao Steel Processing Co., Ltd.	National "Little Giant" enterprise with the features of specialization, refinement, uniqueness and innovation
Sichuan Chuanxiao Fire Trucks Manufacturing Co., Ltd.	National "Little Giant" enterprise with the features of specialization, refinement, uniqueness and innovation

3

National-level research and development platforms

20+

Provincial and ministerial research and development platforms

6

Postdoctoral research stations

6

National "single champion enterprises (products) of manufacturing industry"

50+

National high-tech enterprises

9

National "Little Giant" enterprises with the features of specialization, refinement, uniqueness and innovation

11

Provincial enterprises with the features of "specialization, refinement, uniqueness and innovation"

9

Provincial intelligent manufacturing demonstration enterprises

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

In 2022, CIMC actively developed technological innovation and systematically reviewed the upgrade direction of its products and technology for the next three to five years in various sectors. Simultaneously, it improved and optimized the system and mechanism of technical innovation and accelerated the green, intellectualization, and digitalization transformation of products, which enhanced the competitiveness of its products and profitability of the enterprise while helping to achieve the Group's goal of high-quality growth.

- (1) **In terms of green transformation**, each business primarily focuses on research and development and the transformation of achievements around “new materials, new technologies, and new processes”. In 2022, CIMC container segment released its container powder coating technology for the first time, and continued to explore the path of green container manufacturing : the thermoplastic composite materials independently developed by the container segment have achieved breakthroughs in various fields such as containers, oil pipelines, automobile parts, new energy batteries, green building materials, communication equipment, and high-speed trains, leading the development and industrial application of thermoplastic composite materials technology; at the same time, CIMC container segment integrated resources, increased its technology research and development and product innovation efforts in the new energy integrated equipment field, and completed several representative large-scale energy storage projects and jointly contribute to building a sustainable future for energy; and CIMC Vehicles actively researched and promoted new energy and lightweight green products and has developed a series of safe and energy-saving products such as new energy charging concrete mixer trucks, KOGEL-9.6-meter lightweight refrigerated vans, and CIMC•Geely Farizon Xingzhi 4.2-meter steel flatbed trucks (pure electric vehicle model).

Focusing on green transformation, the Group is also actively exploring the application and expansion of clean energy business. **In the field of land**, CIMC Enric provided dozens of hydrogen storage and refueling equipment for the Beijing Winter Olympics to help achieve the “carbon neutral” goal; Enric successfully developed China's first 40-foot liquid helium tank container, filling the gap in domestic liquid helium storage and transportation products; the self-developed small liquefied petroleum gas (commercial propane) vehicle tank truck with a liquid discharge pump was the first to pass China's ‘three new’ evaluation and made technical preparations for the comprehensive laying of rural micro-pipe networks and blue ocean markets for gas going to rural areas. **In the field of water**, CIMC Enric collaborated with Zhaoqing City to vigorously develop the “LNG promotion for Xijiang River (氣化西江)”; the first batch of LNG-powered cement tankers was dully delivered and launched, contributing to transform the bulk cement transportation method and make shipping in the Pearl River and Xijiang River basins more environmentally friendly and efficient; the self-developed world's largest 20,000m<sup>3</sup> LNG transport refueling vessel and China's first ammonia fuel refueling vessel promoted the decarbonization wave of world water transportation. CIMC Raffles has vigorously developed the development of offshore wind power equipment industry, independently built the “3060” series of the world's largest and latest generation wind power installation vessels and 30-meter offshore wind power operation and maintenance vessels to promote the offshore clean energy strategy and the sustainable development of the offshore wind power industry, and firmly committed to the path of “Green Practitioner”.

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

- (2) **In terms of high-end intelligent manufacturing**, CIMC-Tianda's independently developed first unmanned intelligent boarding bridge in Asia was officially put into use at Chengdu Tianfu Airport; at the same time, a series of intelligent equipment and solutions were launched to improve the level of intelligence and operational efficiency of civil aviation airports; CIMC-Tianda's independently developed new generation Z8 airport fire truck, the first of its kind, has also been delivered in Germany and passed the European Economic Commission R29-3 certification; CIMC Offshore Engineering independently developed and built the world's largest semi-submersible yacht transport ship and the world's largest dual-fuel ice-class ro-ro ship, continuously improving its independent construction capabilities for heavy marine engineering equipment. In addition, CIMC Container's independently developed "dual-cycle" aquaculture system helps promote rural revitalization. CIMC Offshore Engineering has cumulatively put into operation eight deep-sea intelligent cages, achieving technological breakthroughs in open sea farming and fishing.
- (3) **In terms of digital transformation**, under the new round of digital economic growth driven by mobile internet and other technologies, CIMC has also been accelerating its digital construction and information transformation. In 2022, CIMC Containers is determined to build a "digital workshop" and "future factory" for containers; the effectiveness of the "Light Tower Manufacturing Network" of CIMC Vehicles continues to be released, with its main products are growing rapidly in the Chinese, North American and European markets. QDCRC has successfully made it to the list of excellent intelligent manufacturing scenes for 2022, released by the Ministry of Industry and Information Technology, with its three intelligent manufacturing scenes of "Intelligent Online Inspection", "Lean Production Management", and "Digital Infrastructure Integration", which is another national-level honor earned by CIMC in the industrial manufacturing field, further demonstrating the Company's strong innovation and ongoing expansion capabilities in the digital intelligent transformation journey, as well as its pursuit of high-quality development. In addition, the Company has proposed the "Digital CIMC" framework, which aims to improve the level of informatization construction across the Group through introduction of world-class partners including SAP, which will lead to the intelligent upgrade of the business management system and accelerate the integration of industrialization and informatization, providing enterprises with informatization support and driving the implementation of enterprise value.

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

During the Reporting Period, the Group and its subsidiaries were recognized by a number of industry awards and authoritative certifications.

<b>Project/Product Name</b>	<b>Awards/certifications Received</b>
The "Blue Whale Series New Generation Ultra-Deepwater Semi-submersible Drilling Platform" project	The first prize in Shandong Province Science and Technology Progress Award
The "R&D and Industrialization of Ultra-Long, Ultra-Wide and Heavy-Duty Intelligent Storage and Transportation Equipment for Efficient and Safe Multimodal Transport of Liquid Hazardous Chemicals" project	The third prize in Jiangsu Province Science and Technology Progress Award
"Compressor (Equipment) IoT System Innovative Application" project	National Innovative Pilot Application Case of the MIIT
QDCRC's three major intelligent manufacturing scenes: "Intelligent Online Inspection", "Lean Production Management", and "Digital Infrastructure Integration"	2022 Excellent Scenes of Intelligent Manufacturing of the MIIT
CIMC Vehicles' TB KG hydrogen refrigerated vans Lingyu Automobile's new energy charging mixer trucks	"2022 First Hydrogen Refrigerated Vans" Award 2022 "China Engineering Machinery New Energy Equipment Star Product"
Continuous fibre reinforced thermoplastic composite materials have been explored for use in refrigerated trucks	Certified by the US FDA
The high-manganese steel LNG marine tank (high manganese austenitic cryogenic steel products)	CCS "Factory Approval Certificate" (the only one in China)

## 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	Intelligent welding equipment development towards traditional steel structure welding	Develop intelligent welding equipment that automatically identifies welding seams, automatically matches welding processes, and implements automatic robotic welding.	Intelligent welding workstation: marketable; Second-generation vision sensors: capable of commercial application.	Capable of satisfying the typical steel structure welding process scenes, realizing intelligent welding, and equipping with process library to provide customers with high quality welding process and implementation capability.	Expand new business areas and revolutionize traditional steel structure welding construction.
2	Research of the application of powder coating process in the field of container manufacturing	Improve the overall coating quality and eliminate the production of VOCs in the coating process.	Application promotion.	Full apply powder coating process on container manufacturing and coating line to improve quality and reduce cost.	Further improve product quality stability and the environmental level of the manufacturing plant.
3	Research of thermoplastic composite materials	Develop thermoplastic composite materials and key manufacturing processes and equipment to expand new businesses in composite materials and manufacturing equipment.	A number of material models have entered the market promotion stage, and the development progress of material manufacturing equipment is over halfway.	Complete the development of wide-band strip line and steel strip machine prototypes, and will generate hundreds of millions of revenue in scale by 2025.	Fill the industry gap; replace thermoset composite materials and increase the feasibility of promoting in areas such as vehicles and buildings.
4	Research on modular double trailer train standards	Research modular double trailer train transport mode and products, facilitate the pilot and demonstration operation of double trailer trains proposed by the Ministry of Transport, improve road transport efficiency, and address irregularities such as over-length container transport semi-trailer.	Project acceptance.	Complete the matching design of modular double trailer trains, and conduct research and testing on aspects such as passability, stability, braking, and power, benchmarking against European test data; Research on the modular double trailer trains standards.	Provide a new product portfolio and logistics solutions for CIMC's semi-trailer business, thereby enhancing the Company's operational capability and customer trust.

## 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	Joint research on the three types of semi-trailer terminology and parameters	Solve the problem on the classification and definition of the side trailers being included in the van trailers. Solve the problem on the overlength of the 45-feet-long container transport semi-trailer train. Promote the application and efficiency improvement of self-dumping semi-trailer in coal transportation and other industries.	Project acceptance.	Complete the separate definition of the side trailers in the amendment of GB/T 3730.1; Research and determine the dimensional parameters of GB 1589 on the distance from the front suspension, the traction pin to the rear end of the 45-foot container semi-trailers, as well as the regulations on the height of the railings of the semi-trailer dump trucks, and made reasonable suggestions for the amendment of GB 1589.	Lead customers to use the side semi-trailer products for efficient transportation; standardize the dimensional parameters of related products to facilitate marketing and increase the market share.
6	The high-end manufacturing ME digital system construction project	Realize the connection of PLM, CIMC Vehicles' TB business group, with SAP and MES, and the data sharing of PDM module in TB BG.	Completed.	Make the synchronous planning on the intelligent configuration system based on the Siemens sub-TC system in Zhenjiang TB and Jiangmen TB, to achieve the intelligent configuration/parametric drive/structural engineering of domestic van products, etc..	Improve the capability and efficiency of product design, procurement, production and product delivery, and provide pimples for the construction and application of the ME digital system in other business groups of the Group.
7	Smart tailgate series development	Research on the efficient loading and unloading equipment for automatic and intelligent vans to promote the expansion of the van business.	Product design and development.	Complete the development, verification and prototype manufacturing and test validation of each series of tailgates in the tailgate category. Make technical reserve for further exploration of efficient and intelligent logistics equipment, such as roller shutter doors and cage trucks.	Bring value-added effect to urban distribution vehicles and improve the competitiveness of CIMC's vehicle compartments.
8	The upgrading project of installing core modules on new energy mixing tanks	Further enhance the technical content and added value of the mixing tank products to solve the environmental pollution, safety and environmental protection problems.	The project research work has almost been completed.	Develop new energy concrete mixer products, verify the advantages of the new products to replace the traditional mixing tanks, and accumulate technologies for the mass production of the products.	Enhance the technical added value of our products and provide our customers with safer and more environmentally friendly mixing tank products to enhance our core competitiveness.



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	Key modules for cold energy utilization	Innovatively design the cold energy storage and discharge system for the LNG cold energy to realize the convenient transfer of cold energy in time and space, so as to meet the continuous demand for cold energy from the cooling equipment.	Complete validation test.	Refrigerated module product indicators meet expectations.	LNG cold energy utilization technology enables air separation, power generation, dry ice production and cold storage, further expanding the Company's businesses.
10	Research and development of liquid hydrogen storage and transportation equipment	Improve the storage and transportation link in the "production, storage, transportation, processing and use" of the hydrogen energy industry chain, and further enhance our influence in the industry.	Project development phase.	Complete project design and development, testing, etc..	Build a moat of technological capability around the hydrogen energy industry chain. We will be able to further capture the hydrogen energy market through equipment development.
11	Development of diaphragm compressor for hydrogen refueling station	Improve the refilling aspects of the "production, storage, transportation, processing and use" of the hydrogen energy industry chain, and further enhance our influence in the industry.	Marketing phase.	Complete the design and development and verification test of diaphragm compressors, pass the expert evaluation to obtain the intellectual property rights, and successfully make sales.	Build a moat of technological capability around the hydrogen energy industry chain. We will be able to further capture the hydrogen energy market through equipment development.
12	The combined supply of heat and power from fuel cells	Improve the energy-using aspects of the "production, storage, transportation, processing and use" of the hydrogen energy industry chain, and further enhance our influence in the industry.	Completion of product assembly.	Complete the design, development, trial production and type testing of liquid hydrogen tanks, spherical tanks, tanker trucks and tank boxes to have the intellectual property rights and successfully make sales.	Build a moat of technological capability around the hydrogen energy industry chain. We will be able to further capture the hydrogen energy market through equipment development.

## 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
13	The solution for the tank replacement mode of LNG power vessels	Form an overall solution for LNG fuel tank production, refilling, logistics and tank replacement, solving the shortcomings of long refilling time and many safety hazards.	Complete the manufacturing of the tanks for replacement and supporting equipment and the installation of vessels.	Determine the model and structural dimensions of fuel tanks to form a series and model of universal and standard tanks.	Establish a new LNG ship refueling mode, employ the whole LNG industry chain, and gain the advantage of industry synergy.
14	The offshore photovoltaic research and design project	Achieve key technology breakthroughs and cost bottlenecks in offshore floating PV, and develop competitive products, so as to make reserves for commercial applications.	Possess product design capability; and the iteratively optimized products are highly recognized by our customers and have the conditions for promotion.	Complete the development of core component technology and develop a cost-competitive floating PV solution.	Make good technical reserve in advance, gradually realize the cost reduction of floating PV, and promote the industrial development of CIMC Raffles in the field of offshore PV.
15	The floating fan D-floater product development project	Expand the participation of the floating wind turbines in China, providing the prerequisites for the design and construction of floating wind turbines to open up the international market.	A new type of installation engineering plan has been made.	Refine the detailed design and installation plan of floating fans to improve the economic benefits and further promote the D-Floater design to the international market.	Form a cost reduction strategy for the floating wind turbine industry chain to occupy a favorable position in the industry chain of the floating wind turbine market.
16	The development project of the 3060 wind turbine installation vessels	Enhance the performance and cost advantage of 3060 series products, laying the foundation for the implementation of EPC turnkey projects in the later stage.	Formulate the design optimisation solutions to support technical proposals for tenders for a number of projects.	The 3060 wind turbine installation vessel has been further optimised to improve its economic benefits and establish the domestic economic model (CIMC3060-1600XL).	Strengthen the design capability of offshore wind turbine installation vessels to open up CIMC Offshore's green energy business line.
17	The marine aquaculture equipment product development project	Develop economical offshore farming equipment to support market orders through project research.	Cultivator vessels: conceptual design submitted to the vessel assessment institution. Net cages: the schematic design stage.	Research and develop economic marine aquaculture equipment to achieve lower unit cost of aquaculture water.	Improve CIMC Raffles' offshore aquaculture equipment design capability, stockpile design solutions and data to help Shandong Province's marine fisheries industry to take the lead in China.

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
18	The fully automatic & remote pick-up research project	Further refine fully automatic & remote pick-up technology.	Launched into market.	Expand to adapt to different national/regional standards and the customisation demands for core devices and participate in national standards development.	Through advanced technology, the Company has led the development of intelligent boarding bridges and participate in the formulation of national standards, becoming a benchmark in the industry.
19	The airport checked baggage sorting system	A new flexible baggage sorting system based on AGVs, which can be used to replace the traditional linear sorting.	Under development.	Realize flexible and efficient resource deployment and task planning using navigation technology and planning algorithms, ultimately enabling efficient sorting.	Improve the competitiveness of the airport segment in the field of automated logistics systems.
20	Urban main fire engines	Responding to complex urban fire and rescue work	Complete sample inspection.	It can rapidly arrive at the site in the early stage of a fire and serve as a compressed air foam trucks, emergency vehicles, aerial trucks, ladder trucks, lighting trucks and many other rescue vehicles.	Improve Sichuan Chuanxiao's competitiveness in urban fire-fighting scenarios.

### R&D Personnel of the Company

	2022	2021	Proportion of changes
<b>Number of R&amp;D personnel (person)</b>	<b>4,989</b>	4,565	9.29%
<b>Proportion of R&amp;D personnel</b>	<b>9.68%</b>	8.82%	9.75%
<b>Education background of R&amp;D personnel</b>			
Bachelor's degree	<b>3,128</b>	2,992	4.55%
Master's degree	<b>458</b>	447	2.46%
<b>Age composition of R&amp;D personnel</b>			
Below 30	<b>1,190</b>	1,092	8.97%
Aged 30-40	<b>2,367</b>	2,162	9.48%
Above 40	<b>1,432</b>	1,311	9.23%

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

**Research and development investment of the Company**

	2022	2021	Proportion of changes
Research and development investments expressed as an amount (RMB'000)	<b>2,520,396</b>	2,240,779	12.48%
Research and development investments expressed as a percentage of revenue	<b>1.78%</b>	1.37%	0.41%
Capitalized research and development investments (RMB'000)	<b>21,389</b>	49,189	(56.52%)
Capitalized research and development investments as a percentage of research and development investments	<b>0.85%</b>	2.20%	(1.35%)

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

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

Applicable  Not Applicable

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

Applicable  Not Applicable

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

Applicable  Not Applicable

CHAPTER V

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

## 5. Cash Flow

Unit: RMB thousand

Item	2022	2021	Year-on-year Change
Sub-total of cash inflows from operating activities	149,371,423	167,014,837	(10.56%)
Sub-total of cash outflows from operating activities	134,753,957	146,440,182	(7.98%)
Net cash flow from operating activities	14,617,466	20,574,655	(28.95%)
Sub-total of cash inflows from investing activities	8,620,996	6,370,952	35.32%
Sub-total of cash outflows from investing activities	14,878,573	9,213,973	61.48%
Net cash flow from investing activities	(6,257,577)	(2,843,021)	(120.10%)
Sub-total of cash inflows from financing activities	15,571,183	24,282,188	(35.87%)
Sub-total of cash outflows from financing activities	25,334,540	36,469,166	(30.53%)
Net cash flow from financing activities	(9,763,357)	(12,186,978)	19.89%
Net (decrease)/increase in cash and cash equivalents	(617,688)	5,319,748	(111.61%)

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

Applicable    Not Applicable

During the Reporting Period, net cash flow from operating activities decreased by 28.95% as compared with the same period of last year, mainly due to the deconsolidation of CIMC Financial Leasing in 2022 and the receipt of land use rights of Industry & City in 2021.

During the Reporting Period, net cash flows from investing activities of the Group decreased by 120.10% as compared with the same period of last year, mainly due to new investments in 2022 and higher returns on foreign exchange derivatives in 2021.

### Description of the reasons for the significant difference between net cash flow from operating activities and net profit for the year 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

II. ANALYSIS OF NON-PRINCIPAL BUSINESSES

Applicable  Not Applicable

Unit: RMB thousand

Items	Amount	Percentage in total profit	Explanation on the formation	Sustainable or not
Asset impairment losses	458,625	6.61%	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 losses	318,328	4.59%	Mainly represents bad debt loss of trade receivables.	No
Investment income	(595,269)	(8.58%)	Mainly represents the loss arising from disposal of derivative financial instruments.	No
Losses on changes in fair value	(1,076,836)	(15.52%)	Mainly represents loss arising from change of fair value of derivative financial instruments.	No

CHAPTER V

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

### III. ASSETS AND LIABILITIES

#### 1. Significant Changes in Assets

Unit: RMB thousand

	As at the end of 2022		As at the end of 2021		Changes from previous year to this year (%)	Description of material changes
	Amount	% of total assets	Amount	% of total assets		
Financial assets held for trading	1,060,953	0.73%	445,432	0.29%	138.19%	Mainly due to monetary funds purchased and invested by Finance Company for the year.
Derivative financial assets	160,660	0.11%	562,027	0.36%	(71.41%)	Mainly due to changes in fair value of derivative financial instruments for the year.
Receivables financing	628,967	0.43%	1,048,244	0.68%	(40.00%)	Mainly due to the decrease in bank acceptance bills classified as receivables financing for the year.
Advances to suppliers	6,023,481	4.13%	3,447,421	2.23%	74.72%	Mainly due to the increase in operating prepayments for the year.
Contract assets	3,927,838	2.69%	2,821,340	1.83%	39.22%	Mainly due to the increase in the balance of offshore engineering contract assets for the year.
Current portion of non-current assets	88,906	0.06%	3,707,125	2.40%	(97.60%)	Mainly due to the deconsolidation of CIMC Financial Leasing for the year.
Long-term receivables	35,377	0.02%	7,918,001	5.13%	(99.55%)	Mainly due to the deconsolidation of CIMC Financial Leasing for the year.
Other equity investments	2,699,048	1.85%	1,167,141	0.76%	131.25%	Mainly due to the purchase of shares of Jade Bird Fire and CSG for the year.

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

	As at the end of 2022		As at the end of 2021		Changes from previous year to this year (%)	Description of material changes
	Amount	% of total assets	Amount	% of total assets		
Construction in progress	4,740,879	3.25%	9,071,776	5.88%	(47.74%)	Mainly due to that the construction in progress under offshore engineering was completed and transferred to fixed assets for the year.
Long-term prepaid expenses	913,177	0.63%	503,454	0.33%	81.38%	Mainly due to the increase in improvement of engineering vessel under offshore engineering for the year.
Other non-current assets	348,599	0.24%	80,652	0.05%	332.23%	Mainly due to the increase in prepayment for equipment for the year.
Derivative financial liabilities	1,318,327	0.90%	691,856	0.45%	90.55%	Mainly due to the changes in fair value of derivative financial instruments for the year
Notes payable	3,129,916	2.15%	5,215,721	3.38%	(39.99%)	Mainly due to the decrease in bank acceptance notes for the year.
Contract liabilities	12,191,280	8.36%	7,427,329	4.81%	64.14%	Mainly due to the increase in advances for construction for the year.
Taxes payable	4,903,749	3.36%	2,870,290	1.86%	70.85%	Mainly due to the transfer of deferred tax liabilities arising from Qianhai land preparation to income tax payable in 2022.
Current portion of non-current liabilities	4,191,030	2.87%	12,434,293	8.06%	(66.29%)	Mainly due to the repayment of debentures payable due within one year for the year.
Debentures payable	1,896,227	1.30%	1,234,980	0.80%	53.54%	Mainly due to the issuance of the medium term note for the year.



CHAPTER V

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

	As at the end of 2022		As at the end of 2021		Changes from previous year to this year (%)	Description of material changes
	Amount	% of total assets	Amount	% of total assets		
Lease liabilities	732,885	0.50%	442,036	0.29%	65.80%	Mainly due to the additions from lease contract for the year.
Deferred tax liabilities	290,953	0.20%	3,610,921	2.34%	(91.94%)	Mainly due to the transfer of deferred tax liabilities arising from Qianhai land preparation to income tax payable in 2022.
Advances to suppliers	6,023,481	4.13%	3,447,421	2.23%	74.72%	Mainly due to the increase in operating prepayments for the year.
Assets held for sale	2,166,440	1.49%	-	-	-	Mainly due to the transfer of shareholding restructuring of heavy trucks to shareholding held for sale for the year.
Divide into liabilities held for sale	1,984,154	1.36%	-	-	-	Mainly due to the transfer of shareholding restructuring of heavy trucks to shareholding held for sale for the year.
Other equity instruments	2,049,774	1.41%	-	-	-	Mainly due to the issuance of the perpetual bonds for the year.
Other receivables	3,252,724	2.23%	4,779,626	3.10%	(31.95%)	Mainly due to the decrease in assets purchased under reverse repurchase agreements by Finance Company for the year.
Short-term borrowings	4,370,714	3.00%	7,204,671	4.67%	(39.33%)	Mainly due to the repayment of short-term indebtedness for the year.
Other current assets	1,305,318	0.90%	1,927,159	1.25%	(32.27%)	Mainly due to the decrease in tax deductible/withheld 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

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 recognised in equity	Impairment provisions accrued for the Year	Balance at end of the Year
<b>Financial assets:</b>					
1. Financial assets held for trading	445,432	(23,799)	-	-	1,060,953
2. Derivative financial assets and other non-current financial assets	892,627	(605,907)	-	-	286,720
3. Investments in other equity instruments	1,167,141	-	638,526	-	2,699,048
4. Receivables financing	1,048,244	-	-	-	628,967
Sub-total of financial assets	3,553,444	(25,030)	638,526	-	4,675,688
<b>Investment properties</b>	1,386,085	(6,391)	-	-	1,453,007
Total	4,939,529	(31,421)	638,526	-	6,128,695
<b>Financial liabilities</b>	(729,990)	(440,739)	-	-	(1,364,942)
Total	4,209,539	(1,076,836)	638,526	-	4,763,753

## 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. 28 to "Chapter XII 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

## IV. 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
2,967,474	1,518,675	95.40%

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

Applicable  Not Applicable

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

Applicable  Not Applicable

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

### 4. Financial Asset Investments

#### (1) Securities Investments

Applicable  Not Applicable

Unit: RMB thousand

Type of security	Stock code	Stock abbreviation	Initial investment cost	Model of accounting measurement	Opening carrying amount	Profit or loss from change in fair value during the period	Cumulative change in fair value charged to equity	Purchases during the period	Disposal during the period	Gains or losses during the Reporting Period	Carrying amount as at the end of the period	Accounting items	Source of fund
Domestic and overseas shares	SSE: 601966	Linglong Tire	70,000	Measurement at fair value	-	(3,166)	-	70,000	-	(3,166)	66,834	Financial assets held for trading	Self-owned funds
Domestic and overseas shares	HKEX: 02418	Deewin Tianxia	41,361	Measurement at fair value	-	(18,501)	-	41,361	-	(18,501)	22,209	Financial assets held for trading	Self-owned funds
Domestic and overseas shares	SZSE: 002960	Jade Bird Fire	1,200,000	Measurement at fair value	-	-	198,917	1,200,000	-	-	1,398,917	Other equity investments	Self-owned funds
Domestic and overseas shares	SZSE: 000012	CSG A	67,407	Measurement at fair value	-	-	1,946	67,407	-	-	69,353	Other equity investments	Self-owned funds
Total			1,378,768	-	-	(21,667)	200,863	1,378,768	-	(21,667)	1,557,313	-	-
Disclosure date of announcement in relation to the consideration and approval of securities investments by the Board			Not applicable										
Disclosure date of announcement in relation to the consideration and approval of securities investments by the Shareholders' general meeting (if any)			Not applicable										

## CHAPTER V

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

#### (2) Other Listed Company Equities Held

Unit: RMB thousand

Stock code	Abbreviation of stock name	Initial investment amount	Number of shares held (thousand shares)	Percentage of shareholding (%)	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%	829	-	(46)	Other equity investments	Share acquisition
HKEX: 00697	Shoucheng	182,212	209,586	2.87%	355,712	-	90,109	Other equity investments	Share acquisition
HKEX: 206	CMIC Ocean	204,326	185,600	5.72%	47,764	8,098	3,360	Long-term equity investments	Share acquisition
STAR Market: 688315	Novogene	30,000	1,250	0.35%	32,988	(32,186)	-	Financial assets held for trading	Share acquisition
SZSE: 001213	CRSCL	161,563	40,000	0.90%	172,800	-	(69,600)	Other equity investments	Share acquisition
Total		591,581			610,093	(24,088)	23,823		

#### (3) Derivatives Investments

Applicable    Not Applicable

Derivatives investments for the purpose of hedging during the Reporting Period

Applicable    Not Applicable

Unit: RMB thousand

Type of derivatives investment	Initial investment amount	Profit or loss arising from changes in fair value for the Period	Cumulative changes in fair value recognised in equity	Purchase during the Reporting Period	Sale during the Reporting Period	Amount at the end of the Reporting Period	Proportion of investment amount at the end of the Reporting Period to the net assets of the Company at the end of the Reporting Period
Foreign exchange forward contracts	29,074,512	(595,849)	-	-	-	19,731,076	40.59%
Foreign exchange option contracts	1,454,082	5,417	-	-	-	426,512	0.88%
Interest rate swap contracts	8,609,694	(1,452)	-	-	-	1,741,150	3.58%
Steel future contracts	-	(280)	-	-	-	-	0.00%
Total	39,138,288	(592,164)	-	-	-	21,898,738	45.05%

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

Explanations on the accounting policies and specific accounting principles on the hedging business for the Reporting Period as well as whether there are any significant changes compared with those for the last reporting period	No
Explanations on the actual profit or loss during the Reporting Period	During the Reporting Period, the Group's losses arising from changes in fair values of the derivative financial instruments was RMB(592.164) million, which were gains or losses from fair value changes in the unsettled part. The Group conducted foreign exchange derivatives investment activities, mainly foreign exchange forward contracts and foreign exchange option contracts, for the purpose of exchange rate hedging, in order to smooth or reduce the impact of uncertainty caused by changes in exchange rates on the Company's operations, which effectively hedged the fluctuations in the Group's results of operations arising from exchange rate fluctuations.
Explanation on hedging effect	During the Reporting Period, the Group recorded net loss of RMB(1,271.849) million foreign exchange related derivatives investment activities, including gains or losses from settled part and gains or losses from fair value changes in the unsettled part. Meanwhile, net exchange gain of RMB1,176.685 million was recorded during the current period. The derivatives investment was better hedged against exchange gains and losses and the expected goal of risk-neutral exchange rate preservation and management was basically achieved.
Source of funds for derivatives investments	Self-owned funds, which do not involve the use of proceeds for derivatives transactions.
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.)	As at 31 December 2022, the derivative financial instruments held by the Group were mainly foreign exchange forward contracts, foreign exchange option contracts, interest rate swap contracts and steel future contracts. The risks of interest rate swap contracts were closely related to the fluctuations of interest rate. The risks carried 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 risk in steel futures contracts was related to fluctuations in raw material prices. The Group's control measures on the derivative financial instruments were mainly reflected in: making prudent selection and determination on the type and quantity of newly-added derivative financial instruments; as for derivatives transactions, the Group formulated rigorous internal approval systems and business operational processes, and clarified the approval and authorisation procedures for all levels involved, so as to control the associated risks.
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	From January to December 2022, the Group's loss arising from changes in fair values of the derivative financial instruments was RMB(592.164) million. Fair values of the derivative financial instruments of the Group were determined based on quoted market price of external financial institutions.
Litigation case (if applicable)	Nil
Disclosure date of announcement in relation to the consideration and approval of derivative investments by the Board (if any)	28 March 2022
Disclosure date of announcement in relation to the consideration and approval of derivative investments by the Shareholders' general meeting (if any)	Not applicable
Specific opinions of independent Directors on the derivatives investments and risk control of the Company	The Company carried on derivatives hedging business for the purpose of the day- to-day international business operations of the Company and the Company has prepared a feasibility report on the hedging business. The purpose of the business is 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 the Articles of Association and without prejudice to the interests of the Company and all shareholders, in particular, the minority shareholders.

## CHAPTER V

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

#### 5. Use of Raised Proceeds

Applicable  Not Applicable

## V. DISPOSAL OF SUBSTANTIAL ASSETS AND EQUITY INTERESTS

### 1. Disposal of Substantial Assets

Applicable  Not Applicable

### 2. Disposal of Substantial Equity Interests

Applicable  Not Applicable

Counterparty	Sold equity	Sale date	Transaction price (RMB thousand)	Net profit contributed by the equity to the listed company from the beginning of the current period to the date of sale (RMB thousand)	The impact of the sale on the Company	The net profit contributed by the equity sale to the listed company as a percentage of the total net profit	Equity sale pricing principles	Related party transaction or not	Relationship with counterparty	Whether the equity has been fully transferred	Whether the reasons and the measures the Company has taken should be explained	Disclosure date	Disclosure index
Shenzhen Capital Group and Shenzhen City Energy Group	CIMC Financial Leasing Co., Ltd. and its subsidiaries	27 May 2022	In the form of equity transfer and capital increase, please refer to the announcement CIMC 2021-103 for details	187,429	CIMC Financial Leasing Company is no longer included in the scope of consolidation of the Group	4.07%	Negotiated and determined based on the market value on the valuation base date	Yes	Significant shareholder of the Group and its subsidiaries	Yes	Yes	23 November 2021	www.cninfo.com.cn www.hkexnews.hk www.cimc.com

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

## VI. 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. For details of the joint ventures and associates of the Group during the Reporting Period, please refer to note IV. 17 and note VI to “Chapter XII 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

Name of company	Type of company	Principal business	Registered capital/ share capital	Total assets	Net assets	Revenue	Operating profit	Net profit
CIMC Vehicles (Note 1)	Subsidiary	Road Transportation Vehicles Business	2,017,600	22,217,230	13,360,481	23,620,612	1,472,639	1,113,607
Container Holding (Note 2)	Subsidiary	Mainly engaged in manufacturing and sale of containers	5,292,829	26,941,024	16,624,349	37,668,877	6,409,997	4,474,614
CIMC Enric (Note 3)	Subsidiary	Energy, Chemical and Liquid Food Equipment Business	18,521	22,214,474	9,527,507	19,601,761	1,472,288	1,084,938

Note 1: The financial data for CIMC Vehicles is extracted from its annual report for A shares for 2022.

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

Note 3: CIMC Enric is a company listed on the Hong Kong Stock Exchange, and the financial data in the above table is extracted from its results announcement for the year of 2022.



CHAPTER V

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

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

Applicable    Not Applicable

Name of company	Method of obtaining and disposing subsidiaries	Impact on overall production and operation and performance
CIMC Financial Leasing Co., Ltd.	Loss of control due to capital increase by other investors	No significant impact
CIMC WETRANS DELFIN LOGISTICS (HK) CO., LIMITED	Cash acquisition	No significant impact
CIMC WETRANS DELFIN LOGISTICS (SHANGHAI) CO., LIMITED (中集世聯達澤聯國際物流(上海)有限公司)	Cash acquisition	No significant impact
CIMC WETRANS DELFIN INTERNATIONAL LOGISTICS CO., LIMITED (中集世聯達亞聯國際物流有限公司)	Cash acquisition	No significant impact
Shenzhen Guoneng Chentai Technology Co., Ltd.	Cash acquisition	No significant impact
Guangdong Haizhong New Energy Equipment Co., Ltd. (廣東海中新能源設備股份有限公司)	Cash acquisition	No significant impact
Guangxi Southern CIMC Logistics Equipment Manufacturing Co., Ltd	Cash acquisition	No significant impact
Shenzhen Huangming Wanghe Metals Limited	Cash acquisition	No significant impact
Zuhai Tanhai Marine Technology Co., Ltd.	Cash acquisition	No significant impact
Shenzhen Caizhu Online Supply Chain Limited	Cash acquisition	No significant impact

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

Applicable    Not Applicable

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

VIII. RECEPTION OF RESEARCH, COMMUNICATIONS AND INTERVIEWS

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main contents discussed and information provided
11 January 2022	Shenzhen	Tele conference	Institutional investor	Zhitong Caijing (智通財經) & CGS Joint Strategy Meeting for the New Year	Principal business performance, investment progress, recent business development performance and industry outlook
13 January 2022	Shenzhen	Strategy meeting	Institutional investor	UBS Strategy conference	Same as above
25 January 2022	Shenzhen	Tele conference	Institutional investor	Morgan Stanley, Select Equity	Same as above
11 February 2022	Shenzhen	Tele conference	Institutional investor	Topsperity Securities Strategy Meeting	Same as above
25 February 2022	Shenzhen	Tele conference	Institutional investor	Maple Brown	Same as above
24 March 2022	Shenzhen	Tele conference	Institutional investor	Shenwan Hongyuan Online Strategy Meeting	Same as above
29 March 2022	Shenzhen	Offline meeting + online live streaming	Investor and media	UBS Securities, Guotai Junan Securities, CITIC Securities, GF Securities, CICC Securities, Morgan Stanley, Henan Yiluo Investment Management, CITIC – Prudential, etc.	Same as above
30 March 2022	Shenzhen	Tele conference	Institutional investor	CITIC Securities	Same as above
30 March 2022	Shenzhen	Tele conference	Institutional investor	CICC Securities	Same as above
30 March 2022	Shenzhen	Tele conference	Institutional investor	Morgan Stanley	Same as above
30 March 2022	Shenzhen	Tele conference	Institutional investor	UBS	Same as above
30 March 2022	Shenzhen	Tele conference	Institutional investor	Guotai Junan Securities	Same as above
31 March 2022	Shenzhen	Tele conference	Institutional investor	East Asia Qianhai Securities	Same as above
31 March 2022	Shenzhen	Tele conference	Institutional investor	ICA, etc.	Same as above
31 March 2022	Shenzhen	Online conference	Institutional investor	Tiger Securities	Same as above
8 April 2022	Shenzhen	Tele conference	Institutional investor	QHYJ Investment Management, CITIC Futures, Zhuoling Fund (卓嶺基金)	Same as above
15 April 2022	Shenzhen	Tele conference	Institutional investor	Franchise Capital	Same as above
19 April 2022	Shenzhen	Tele conference	Institutional investor	Yulan Capital (裕蘭資本)	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 contents discussed and information provided
28 April 2022	Shenzhen	Online conference	Institutional investor	UBS, Morgan Stanley, Guotai Junan, China Merchants Securities, Topsperity Securities, Yiluo Investment, etc.	Same as above
9 May 2022	Shenzhen	Tele conference	Institutional investor	Eastmoney Securities	Same as above
19 May 2022	Shenzhen	Strategy meeting	Institutional investor	Huatai Securities strategy conference	Same as above
19 May 2022	Shenzhen	Tele conference	Institutional investor	CSC Financial	Same as above
24 May 2022	Shenzhen	Online conference	Institutional investor	BOCOM International, IGWT Investment, Qianhai Tang Financial Capital, Beijing Jinhailing Capital Management (北京金海嶺資管), Ming Dai Investment, Vanho Securities, Huajiu Equity Investment (華玖股權投資), etc.	Same as above
9 June 2022	Shenzhen	Strategy meeting	Institutional investor	CITI-3rd Pan Asia Regional Investor Conference	Same as above
10 June 2022	Shenzhen	Strategy meeting	Institutional investor	HSBC 16th Annual Transport & Logistics Conference	Same as above
21 June 2022	Hangzhou	Strategy meeting	Institutional investor	Sinolink Securities Strategy Conference	Same as above
24 June 2022	Shenzhen	Strategy meeting	Institutional investor	Guotai Junan Strategy Conference	Same as above
28 June 2022	Shenzhen	Offline meeting	Institutions, media and individuals	Huatai Securities, Vanho Securities, ZTF Securities, Shanghai Securities News, Zhitong Caijing Shareholders' representative, etc.	Same as above
1 July 2022	Shenzhen	Strategy meeting	Institutional investor	Topsperity Securities Strategy Meeting	Same as above
4 July 2022	Shenzhen	Tele conference	Institutional investor	Morgan Stanley	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 contents discussed and information provided</b>
8 July 2022	Shenzhen	Strategy meeting	Institutional investor	UBS Asia Industrials and Infrastructure Day	Same as above
20 July 2022	Shenzhen	Offline meeting	Institutional investor	HUAXI Securities Interim Closed Exchange Meeting	Same as above
21 July 2022	Shenzhen	Strategy meeting	Institutional investor	TF Securities Overseas Strategy Conference	Same as above
24 August 2022	Shenzhen	Strategy meeting	Institutional investor	Morgan Stanley's Virtual Asia Shipping Corporate Day	Same as above
25 August 2022	Shenzhen	Strategy meeting	Institutional investor	Topsperity Securities Strategy Meeting	Same as above
30 August 2022	Shenzhen	Offline meeting	Institutions, media and individuals	Yiluo Investment, UBS, CICC Securities, Huatai Securities, Morgan Stanley, Topsperity Securities, China Knowledge, GF Securities, South Daily (南方日報), Securities Times, etc.	Same as above
31 August 2022	Shenzhen	Online conference	Institutional investor	Fullgoal Fund, Changan Funds, China AMC, Gaoyi Asset (高毅資產), etc.	Same as above
31 August 2022	Shenzhen	Tele conference	Institutional investor	UBS	Same as above
2 September 2022	Hangzhou	Strategy meeting	Institutional investor	GF Securities strategy conference	Same as above
6 September 2022	Shenzhen	Online conference	Institutional investor	CMS Capital, CITIC PE Fund, CICC Capital, Ping An Dingchuang, CCB Trust, 5Y Capital, JMC Capital, etc.	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 contents discussed and information provided
7 September 2022	Shenzhen	Strategy meeting	Institutional investor	Eastmoney securities online strategy conference	Same as above
20 September 2022	Shenzhen	Offline meeting	Institutional investor	BOTHWIN, JM Investment (君茂投資), Beyond Fund, Yujin Investment (鈺錦投資), Daqin Fund, etc	Same as above
1 November 2022	Shenzhen	Strategy meeting	Institutional investor	CITI strategy conference	Same as above
2 November 2022	Shenzhen	Tele conference	Institutional investor	UBS	Same as above
7 November 2022	Shenzhen	Online meeting	Institutional investor	2022 Listed Company Roadshow Conference: Essence International, BOCOM International, Qingdao Jinguang Zijin (青島金光紫金), Shuoshi Asset Management (燦石資管), etc.	Same as above
9 November 2022	Shenzhen	Online meeting	Institutions, media and individuals	The program of collective online reception day for investors of listed companies which are based in Shenzhen in 2022	Same as above
1 and 2 December 2022	Yangzhou, Suzhou	Offline meeting	Institutions and media	CICC, Everbright Securities Asset Management, Essence Securities, Guotai Junan Securities, Eastmoney, www.cls.cn, UBS Securities	Same as above
7 December 2022	Shenzhen	Online conference	Institutional investor	GF Securities, ACORN Asset Management, Shanghai Tianyu Investment (上海恬昱投資), Shanghai Chenxiang Private Equity (上海辰翔私募), etc.	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 contents discussed and information provided
9 December 2022	Shenzhen	Offline meeting	Institutions and media	Peanut Media, Hainan Feiheng Private Equity Fund (海南飛恒私募基金), Shenzhen Haifuling Asset Management (深圳海富凌資管), Galaxy Securities, Shenzhen Banyan Investment (深圳市榕樹投資), Guoyuan Securities, Huatai Securities, etc.	Same as above
15 December 2022	Yantai	Offline meeting	Institutions and media	Huatai Securities, Guotai Junan, CITIC Securities, Aladdin Investment, www.cls.cn, Securities Times, CICC Securities	Same as above
20 December 2022	Shenzhen	Online meeting	Institutions, media and individuals	Gelonghui • The 7th Global Investment Carnival • 2023 Listed Company Roadshow Conference	Same as above
21 December 2022	Shenzhen	Online conference	Institutional investor	Select Equity	Same as above

In 2022, the Group received a total of 45 online surveys and 7 offline surveys. For details of the reception of research, communications, interviews and other activities, please refer to the information on results briefings and road shows published by the Company on SZSE's irm.cninfo.com.cn (<http://irm.cninfo.com.cn/ircs/index>).

## 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

In 2022, the Group recorded revenue of RMB141,536.654 million (2021: RMB163,695.980 million) and profit attributable to Shareholders and other equity holders of the Company of RMB3,219.226 million (2021: RMB6,665.323 million), representing a year-on-year decrease of 13.54% and 51.70%, respectively. For details of segment results, please refer to “II. Review of the Principal Businesses During the Reporting Period” under “Chapter IV Report of the Board”, “2. Indicators by Industry, Business and Region” of “I. Analysis of Principal Businesses” of “Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules” and note IV. 51 to “Chapter XII Financial Statements Prepared in Accordance with CASBE” in this Report.

### COST OF SALES

For details, please refer to “2. Indicators by Industry, Business and Region” of “I. Analysis of Principal Businesses” of “Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules” and note IV. 51 to “Chapter XII Financial Statements Prepared in Accordance with CASBE” in this Report.

### GROSS PROFIT MARGIN AND PROFITABILITY

For details, please refer to “2. Indicators by Industry, Business and Region” of “I. Analysis of Principal Businesses” of “Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules” in this Report.

### 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 “I. Analysis of Principal Businesses” of “Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules” and note IV. 53, 54, 55 and 56 to “Chapter XII Financial Statements Prepared in Accordance with CASBE” in this Report.

### PROVISIONS FOR IMPAIRMENT LOSSES

During the Reporting Period, the asset impairment losses and credit impairment losses stated in the Group’s income statement totalling RMB776.953 million (2021: RMB4,954.725 million), representing a year-on-year decrease of 84.32%, mainly due to the provision for significant impairment on offshore engineering assets for the same period last year. For details, please refer to note IV. 62 and 63 to “Chapter XII 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

### INCOME TAX EXPENSE

During the Reporting Period, the income tax expenses paid by the Group amounted to RMB2,336.709 million (2021: RMB4,934.291 million), representing a year-on-year decrease of 52.64%, mainly due to the decrease in profit before income tax as a result of the decline in business scale for the year. For details, please refer to note IV. 66 to “Chapter XII Financial Statements Prepared in Accordance with CASBE” in this Report.

### PROFITS ATTRIBUTABLE TO MINORITY SHAREHOLDERS

In 2022, the Group’s profits attributable to minority shareholders amounted to RMB1,381.916 million (2021: RMB1,695.445 million), representing a year-on-year decrease of 18.49%, mainly due to the decrease in profit or loss attributable to minority shareholders calculated based on the shareholding proportion of minority shareholders.

### LIQUIDITY AND CAPITAL SOURCE

The Group’s cash at bank and on hand primarily consist of cash and bank deposits. As at 31 December 2022, the Group’s cash at bank and on hand amounted to RMB17,111.587 million (31 December 2021: RMB16,442.733 million). Details are set out in note IV. 1 to “Chapter XII 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 Flow” of “I. Analysis of Principal Businesses” of “Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules” and note IV. 68 and 69 to “Chapter XII Financial Statements Prepared in Accordance with CASBE” in this Report.

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 due bank loans and ensure the business development.

### BANK LOANS AND OTHER BORROWINGS

As at 31 December 2022, 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 RMB26,432.937 million (31 December 2021: RMB42,015.690 million). Details of bank loans and other borrowings of the Group as at 31 December 2022 are set out in note IV. 29, 38, 40 and 41 to “Chapter XII Financial Statements Prepared in Accordance with CASBE” in this report. During the Reporting Period, the Group did not have any overdue borrowings.



## CHAPTER VI

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

Unit: RMB thousand

	<b>As at 31 December 2022</b>	As at 31 December 2021
Short-term borrowings	<b>4,370,714</b>	7,204,671
Non-current borrowings due within one year	<b>3,952,077</b>	5,834,823
Debentures payable due within one year	–	6,089,486
Long-term borrowings	<b>16,213,919</b>	21,651,730
Debentures payable	<b>1,896,227</b>	1,234,980
<b>Total</b>	<b>26,432,937</b>	42,015,690

In 2022, interest capitalised by the Group was RMB20.940 million (2021: RMB49.474 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 2022, the Group's long-term interest-bearing debts were mainly USD-denominated contracts with floating rate linked to LIBOR amounting to USD2,331.571 million (31 December 2021: RMB14,978.040 million). The interest rate range of the Group's short-term borrowings is 0.05% to 5.65% (31 December 2021: 0.05% to 4.90%), and the interest rate range of long-term borrowings is 1.19% to 6.26% (31 December 2021: 1.19% to 5.25%). As at the end of the Reporting Period, the Group's fixed-rate bank borrowings amounted to approximately RMB5,540.233 million (31 December 2021: approximately RMB8,998.064 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. 29 and 40 and XVI. 1(2) to "Chapter XII Financial Statements Prepared in Accordance with CASBE" in this report.

The Group's issued debentures (including the convertible bonds issued by CIMC Enric) are mainly denominated in RMB and HKD, with the interest payments computed using fixed rates. As at 31 December 2022, the outstanding balance of fixed-rate debentures issued by the Group amounted to RMB1,896.227 million (31 December 2021: RMB7,324.466 million), with maturity dates mainly spreading over one to five years. For details, please refer to note IV. 41 to "Chapter XII Financial Statements Prepared in Accordance with CASBE" in this Report.

### OTHER EQUITY INSTRUMENTS

For details of other equity instruments of the Group during the Reporting Period, please refer to note IV. 46 to "Chapter XII Financial Statements Prepared in Accordance with CASBE" in this Report.

### CAPITAL STRUCTURE

The Group's capital structure consists of equity interest attributable to shareholders and liabilities. As at 31 December 2022, the Group's equity interest attributable to shareholders amounted to RMB62,656.084 million (31 December 2021: RMB56,980.090 million), total liabilities amounted to RMB83,243.865 million (31 December 2021: RMB97,342.411 million) and total assets amounted to RMB145,899.949 million (31 December 2021: RMB154,322.501 million). For the significant changes in the Group's assets and liabilities during the Reporting Period, please refer to "III. Assets and Liabilities" of "Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules" in this Report.

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

As at 31 December 2022, the Group's gearing ratio was 57% (31 December 2021: 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.)

### 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, 15 and 44 and XVI. 1. (1) to "Chapter XII 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 2022, the Group held 2 unsettled interest rate swap contracts denominated in U.S. dollars, the nominal value of which amounted to a total of USD250 million. Their fair value of RMB10.930 million was accounted as liabilities. These contracts will expire on 20 May 2027. For details, please refer to notes IV. 3 and 44 and XVI. 1(2) to "Chapter XII Financial Statements Prepared in Accordance with CASBE" in this Report.

### MARKET RISKS

For details of the Group's market risks, please refer to "2. Major Risk Factors in the Future Development of the Group" of "III. Future Development and Prospects" under "Chapter IV Report of the Board" in this Report.

### CREDIT RISK

The Group's exposures to credit risk are mainly attributable to cash at bank and on hand, notes receivables, accounts receivable and derivative financial instruments for the purpose of hedging. As at 31 December 2022, the Group was not engaged in any material lending business. 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 to "Chapter XII Financial Statements Prepared in Accordance with CASBE" in this Report, the Group does not provide any other guarantees which would expose the Group to credit risk. Management will monitor these credit risk exposures on an ongoing basis. For details, please refer to note XVI. 2 to "Chapter XII 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

### CAPITAL COMMITMENTS

As at 31 December 2022, the Group had capital expenditure commitments of approximately RMB131.846 million (31 December 2021: RMB7,197.686 million), which was mainly used for fixed assets purchase contracts. For details, please refer to note XI. 1(1) to “Chapter XII Financial Statements Prepared in Accordance with CASBE” in this Report.

### SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES OF THE GROUP

For the subsidiaries, joint ventures and associated companies of the Group as at 31 December 2022, please refer to note IV. 17 and note VI to “Chapter XII Financial Statements Prepared in Accordance with CASBE” in this Report for details.

### PLEDGE OF ASSETS

As at 31 December 2022, restricted assets of the Group amounted to a total of RMB1,361.585 million (31 December 2021: RMB5,633.991 million). For details of the Group’s pledge of assets, please refer to note IV. 28 to “Chapter XII Financial Statements Prepared in Accordance with CASBE” in this Report.

### SIGNIFICANT INVESTMENTS AND MAJOR ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

On 27 May 2022, CIMC Financial Leasing completed equity transfer and change in industrial and commercial registration, and was no longer consolidated into the consolidated statements of the Group and became an associated company of the Group. Please refer to “2. Disposal of Substantial Equity Interests” of “V. Disposal of Substantial Assets and Equity Interests” of “Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules” in this Report for details. Save as disclosed above, during the Reporting Period, the Group did not have any significant investment, major acquisition or disposal of subsidiaries, associated companies and joint ventures which accounted for 5% or more of the total assets of the Company at the balance sheet date. Please refer to notes IV. 17 and note V to “Chapter XII 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 RMB11.6 billion in 2023, 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.

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

### CONTINGENT LIABILITY

For details of the Group's contingent liabilities, please refer to note X to "Chapter XII Financial Statements Prepared in Accordance with CASBE" in this Report.

### EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group's total number of employees worldwide, including contract employees, employed retirees and part-time employees and others, was 62,194. In particular, the Group had 51,543 contract employees (31 December 2021: 51,746) across the globe. For information about the composition of our employees, please refer to "IX. Employees of the Company" of "Chapter VII 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 RMB13,285.340 million (2021: approximately RMB13,091.952 million). For details, please refer to note IV. 57 to "Chapter XII 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. 57 to "Chapter XII 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 and employee stock ownership 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 and employee stock ownership scheme of the Group, please refer to “XI. Implementation of the Company’s Share Option Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentive Measures” of “Chapter VII Corporate Governance” in this Report.

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

### (1) General Use of Raised Proceeds from A Share Issuance

#### Basic Information on Proceeds from A Share Issuance

The application for registration of shares in the Company’ 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. CIMC Vehicles was listed on the ChiNext Market of the Shenzhen Stock Exchange on 8 July 2021.

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

As at 31 December 2022, the raised proceeds utilized by CIMC Vehicles during the year of 2022 were RMB162.6844 million, the total raised proceeds cumulatively utilized were RMB730.0515 million, and the unutilised raised proceeds were RMB886.5534 million (including net interest income of raised proceeds of RMB32.8281 million exclusive of bank charges and account management fees). The use of the proceeds from A share issuance was not changed by CIMC Vehicles during the Reporting Period. For detailed information about the proceeds from A share issuance of CIMC Vehicles, please refer to the relevant announcement disclosed by CIMC Vehicles on 27 March 2023.

### Committed Projects Funded by Raised Proceeds from A Share Issuance

Unit: RMB ten thousand

Committed Investment Project and Investment of Surplus Proceeds	Whether the Project was Changed (Including Partial Change)	Total		Investment for the Reporting Period	Investment		Date on Which the Project is Ready for its Intended Use	Benefits Generated during the Reporting Period	Accumulated Benefits		Whether There are Significant Changes in the Project Feasibility
		Committed Investment of Raised Proceeds	Adjusted Total Investment (1)		Investment as at the end of the Period (2)	Progress as at the end of the Period (3) = (2)/(1)			Generated as at the end of the Reporting Period	Whether the Expected Benefits are Achieved	
Committed Investment Projects											
Digital Transformation, Research and Development Project	No	43,877.68	43,877.68	2,331.66	4,534.75	10%	July 2026	Not applicable	Not applicable	Not applicable	No
Project for Lighthouse Factory Upgrade and Construction	No	79,500.00	79,500.00	13,936.78	43,470.40	55%	January 2023	Not applicable	Not applicable	Not applicable	No
New Marketing and Construction Project	No	10,000.00	10,000.00	-	-	-	July 2024	Not applicable	Not applicable	Not applicable	No
Repayment of bank loans and replenishment of working capital	No	25,000.00	25,000.00	-	25,000.00	100%	Not applicable	Not applicable	Not applicable	Not applicable	No
Sub-total of committed investment projects	-	158,377.68	158,377.68	16,268.44	73,005.15	-	-	-	-	-	-
Investment of Surplus Proceeds											
Not applicable	-	-	-	-	-	-	-	-	-	-	-
Total	-	158,377.68	158,377.68	16,268.44	73,005.15	-	-	-	-	-	-

## (2) Utilization of Proceeds from the H share offering

Since the Listing Date of H Shares, 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 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 days for details.

CHAPTER VI

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

On 1 January 2022, the net proceeds from H shares carried forward by CIMC Vehicles from the previous year was approximately HK\$432.8 million. The use of the net proceeds from the H share offering and its utilization as of 31 December 2022, which are intended to be utilized in the next five years after the Listing Date of H shares, are as follows. For detailed information about the proceeds from H share issuance of CIMC Vehicles, please refer to the relevant announcement disclosed by CIMC Vehicles on 27 March 2023.

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

## CHAPTER VII

# 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 (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 standardized operation in strict compliance with the requirements of laws and regulations including the PRC Company Law, Corporate Governance Guidelines for Listed Companies, Guidelines on the Articles of Association of Listed Companies and Rules of General Meetings 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. 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 the series of rules and regulations of the Company such as the Articles of Association, the Rules of Procedure for General Meeting, the Rules of Procedure for the Board of Directors and the Rules of Procedure for the Supervisory Committee, the independent directors and the special committees under the Board gave full play to their roles to ensure that the functions and responsibilities of the General Meeting, the Board and the Supervisory Committee were properly performed and balanced, so as to protect the interests of the Company and its Shareholders and ensured the sustainable and healthy development of the Company. During the reporting period, the Company continued to enhance its management of key risks by launching special initiatives, focused on areas such as the operation of the General Meeting, the Board and the Supervisory Committee, segment management and authorization regulation, and continued to deepen the horizontal application of its corporate governance achievements. The Group has formulated policies to promote and support anti-corruption laws and regulations, and published corruption reporting channels on the Group’s official website. The Group and its member companies have adopted such measures as daily supervision, audit supervision and fraud investigation to supervise its officials and personnel in sensitive positions.

#### **Amendments made to the systems and rules during the Reporting Period:**

During the Reporting Period, the Company constantly improved its corporate governance system in accordance with the requirements of the securities regulators of Hong Kong and China by revising such systems and rules as the Articles of Association, the Rules of Procedure for General Meetings, the Rules of Procedure for the Board of Directors, the Rules of Procedure for the Supervisory Committee, the Investor Relation Management System and the Connected Transaction Management System. For relevant information, please refer to the announcements published by the Company on Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)), the Company’s website ([www.cimc.com](http://www.cimc.com)) and that of Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 29 August 2022, 28 September 2022, 21 October 2022 and 14 November 2022.



## CHAPTER VII CORPORATE GOVERNANCE

### Major external awards granted to the Group during the Reporting Period were as follows:

No.	Awards	Awarded by
1	Best Practice of Board Office of Listed Companies 2022	
2	Best Practice of Annual Results Presentation of Listed Companies	
3	Excellent ESG Practice Cases of Listed Companies 2022	
4	List of the Most Ambitious Supervisory Committees of Listed Companies	
5	Classic Cases of Capital Market M&A and Restructuring in the Last Decade	
6	List of A-share Listed Companies with Plentiful Returns	
7	the 24th Golden Bull Award for Listed Companies: The Most Valuable Investment Award 2021	China Securities Journal cls.cn
8	the 14th "China Corporate Social Responsibility (CSR) Annual Meeting": Outstanding Responsible Enterprise of the Year for the 4th time consecutively	
9	the 14th "China Corporate Social Responsibility (CSR) Annual Meeting": Exemplary Responsible Enterprise of the Year for the first time	Southern Weekend
10	"Ratings of Corporate Governance of Listed Companies in the Greater Bay Area": Corporate Governance Top 20	Shenzhen Research
11	"Ratings of Corporate Governance of Listed Companies in the Greater Bay Area": Green Governance Top 20	Association of Corporate Governance
12	the 16th Ratings of Value of China's Listed Companies: Growth of China's Listed Companies Top 100	
13	the 16th Ratings of Value of China's Listed Companies: ESG of China's Listed Companies Top 100	Securities Times
14	the 16th Ratings of Value of China's Listed Companies: MAI Boliang, Chairman and CEO of the Group, was named "Leader of China's Listed Companies"	

### 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 2022.

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

## CHAPTER VII 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 Company's largest shareholder is Shenzhen Capital Group. The Company has an independent and complete business system as well as the capacity of independent operation in the market. The Company is fully independent from its largest shareholder in respect of business, personnel, asset, organizational structure and finance, and they conduct audit and assume responsibilities and risks independently. (1) Assets: The Company and its largest shareholder possess clear title to the relevant assets with complete and proper supporting documents under independent management by the Company. Its largest shareholder did not occupy or dominate assets of the Group, and not interfere with the management of assets by the Group. (2) Personnel: The labor, personnel and salary management institutions of the Company are independent. The system is complete. The Company and its largest shareholder do not share staff or senior management. All of the Company's senior management are paid by the listed company. The financial staff of the Company do not hold any other positions in the 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) Organizational 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 its largest shareholder, and nor there was other non-compliance of governance.

### III. HORIZONTAL COMPETITIONS

Applicable    Not Applicable

## CHAPTER VII CORPORATE GOVERNANCE

### IV. RELEVANT SITUATIONS OF ANNUAL GENERAL MEETING AND EXTRAORDINARY GENERAL MEETINGS 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	Disclosure date	Resolution of the meeting
Annual general meeting for 2021	Annual general meeting	60.1254%	28 June 2022	28 June 2022	<ol style="list-style-type: none"> <li>1. Resolution Regarding the Working Report of the Board of CIMC for 2021;</li> <li>2. Resolution Regarding the Working Report of the Supervisory Committee of CIMC for 2021;</li> <li>3. 2021 Annual Report of CIMC;</li> <li>4. Resolution Regarding the Proposal on Profit Distribution for the Year 2021 and the High-proportion Transfer Plan;</li> <li>5. Resolution Regarding the Appointment of an Accounting Firm in 2022;</li> <li>6. Resolution Regarding the Purchase of Liability Insurance for Directors, Supervisors, and Senior Management;</li> <li>7. Resolution Regarding the Shareholders' Return Plan for the Next Three Years (2022-2024);</li> <li>8. Resolution Regarding the Core Employee Stock Ownership Scheme;</li> <li>9. Resolution Regarding the Election of Executive Directors and Non-executive Directors of the Tenth Session of the Board;</li> <li>10. Resolution Regarding the Election of Independent Non-executive Directors of the Tenth Session of the Board;</li> <li>11. Resolution Regarding the Election of Supervisors Representing Shareholders of the Tenth Session of the Supervisory Committee;</li> <li>12. Resolution Regarding the Guarantee Plan of CIMC in 2022;</li> <li>13. Resolution Regarding the Provision of Guarantee for Shenzhen CIMC Skyspace Real Estate Development Co., Ltd. and its subsidiaries by CIMC;</li> <li>14. Resolution Regarding the Provision of Guarantee for CIMC Financial Leasing Co., Ltd. and its subsidiaries by CIMC;</li> <li>15. Resolution Regarding the Request by the Board for General Mandate by the General Meeting on the Issuance of Shares;</li> <li>16. Resolution Regarding the Request by the Board for General Mandate by the General Meeting on the Repurchase of Shares.</li> </ol>

## CHAPTER VII CORPORATE GOVERNANCE

Session of meeting	Type of meeting	Proportion of investors' participation (note)	Date	Disclosure date	Resolution of the meeting
The first class meeting of the holders of A Shares for 2022	Class meeting	31.8001%	28 June 2022	28 June 2022	<ol style="list-style-type: none"> <li>1. Resolution Regarding the Proposal on Profit Distribution for the Year 2021 and the High-proportion Transfer Plan;</li> <li>2. Resolution Regarding the Request by the Board for General Mandate by the General Meeting on the Repurchase of Shares.</li> </ol>
The first class meeting of the holders of H Shares for 2022	Class meeting	81.2348%	28 June 2022	28 June 2022	<ol style="list-style-type: none"> <li>1. Resolution Regarding the Proposal on Profit Distribution for the Year 2021 and the High-proportion Transfer Plan;</li> <li>2. Resolution Regarding the Request by the Board for General Mandate by the General Meeting on the Repurchase of Shares.</li> </ol>
The first extraordinary general meeting for 2022	Extraordinary general meeting	59.4874%	3 August 2022	3 August 2022	<ol style="list-style-type: none"> <li>1. Resolution Regarding the Compliance of the Spin-off and Listing of the Controlling Subsidiary CIMC Wetrans Logistics Technology (Group) Co., Ltd. (中集世聯達物流科技(集團)股份有限公司) on the Shenzhen Stock Exchange with Relevant Laws and Regulations;</li> <li>2. Resolution Regarding the Plan on the Spin-off and Listing of the Controlling Subsidiary CIMC Wetrans Logistics Technology (Group) Co., Ltd. on the Shenzhen Stock Exchange;</li> <li>3. Resolution Regarding the Proposal on the Spin-off and Listing of the Controlling Subsidiary CIMC Wetrans Logistics Technology (Group) Co., Ltd. on the Shenzhen Stock Exchange;</li> <li>4. Resolution Regarding the Compliance of the Spin-off and Listing of the Controlling Subsidiary with the Rules on the Spin-off of Listed Companies (Trial);</li> <li>5. Resolution Regarding the Spin-off and Listing of the Controlling Subsidiary CIMC Wetrans Logistics Technology (Group) Co., Ltd. on the Shenzhen Stock Exchange which Benefits the Safeguarding of Legal Rights and Interests of Shareholders and Creditors;</li> <li>6. Resolution Regarding the Ability to Maintain Independence and Sustainable Operation of the Company;</li> </ol>

## CHAPTER VII CORPORATE GOVERNANCE

Session of meeting	Type of meeting	Proportion of investors' participation (note)	Date	Disclosure date	Resolution of the meeting
					7. Resolution Regarding the Capability of CIMC Wetrans Logistics Technology (Group) Co., Ltd. to Implement Regulated Operation; 8. Resolution Regarding the Explanation on the Completeness of and Compliance with Statutory Procedures of the Spin-off and Listing of the Controlling Subsidiary CIMC Wetrans Logistics Technology (Group) Co., Ltd. on the Shenzhen Stock Exchange and the Validity of Legal Documents Submitted; 9. Resolution Regarding the Analysis on the Objectives, Commercial Reasonableness, Necessity and Feasibility of the Spin-off and Listing of the Controlling Subsidiary CIMC Wetrans Logistics Technology (Group) Co., Ltd. on the Shenzhen Stock Exchange; 10. Resolution Regarding the Proposed Authorization of General Meeting to the Board and its Authorized Persons to Handle Matters Relating to the Spin-off and Listing; 11. Resolution Regarding the Shareholding of Directors, Senior Management and Their Related Parties of the Company in the Proposed Spinoff Controlling Subsidiary CIMC Wetrans Logistics Technology (Group) Co., Ltd.; 12. Resolution Regarding the Continuing Connected Transactions/ Ordinary Related-party Transactions with Sinotrans & CSC Holdings Co., Ltd. and its Subsidiaries.
The second extraordinary general meeting for 2022	Extraordinary general meeting	59.2788%	28 September 2022	28 September 2022	1. Resolution Regarding Amendments to the Articles of Association of China International Marine Containers (Group) Co., Ltd.; 2. Resolution Regarding Amendments to the Rules of Procedure for the General Meetings of China International Marine Containers (Group) Co., Ltd.; 3. Resolution Regarding Amendments to the Rules of Procedures for the Board of Directors of China International Marine Containers (Group) Co., Ltd.; 4. Resolution Regarding Amendments to the Rules of Procedures for the Supervisory Committee of China International Marine Containers (Group) Co., Ltd.; 5. Resolution Regarding Update to the Guarantee Plan of CIMC in 2022.

## CHAPTER VII CORPORATE GOVERNANCE

Session of meeting	Type of meeting	Proportion of investors' participation (note)	Date	Disclosure date	Resolution of the meeting
The third extraordinary general meeting for 2022	Extraordinary general meeting	59.2977%	14 November 2022	14 November 2022	<ol style="list-style-type: none"> <li>Resolution Regarding By-election of Mr. SUN Huirong as the Non-executive Director of the Tenth Session of the Board;</li> <li>Resolution Regarding Amendments to the Management System of Connected Transactions of China International Marine Containers (Group) Co., Ltd.;</li> <li>Resolution Regarding Further Update to the Guarantee Plan of CIMC in 2022.</li> </ol>

Note: The proportion of investor participation in the class meeting refers to the proportion of the number of shares held by participating investors to the total number of voting shares in that class, and the proportion of investor participation in the annual general meeting and the extraordinary general meeting refers to the proportion of the number of shares held by participating investors to the total share capital of the Company.

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

Applicable  Not Applicable

## V. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

- Brief Biography of the Directors, Supervisors and Senior Management of the Company

### (1) Directors

Information on the Directors as at 31 December 2022 is set out below:

Name	Gender	Age	Position	Term of office
MAI Boliang	Male	63	Chairman and executive Director	From 27 August 2020 to 2024 annual general meeting
ZHU Zhiqiang	Male	48	Vice-chairman and non-executive Director	From 7 April 2021 to 2024 annual general meeting
HU Xianfu	Male	53	Vice-chairman and non-executive Director	From 26 September 2017 to 2024 annual general meeting
SUN Huirong	Male	39	Non-executive Director	From 14 November 2022 to 2024 annual general meeting
DENG Weidong	Male	55	Non-executive Director	From 9 October 2020 to 2024 annual general meeting
YANG Xiong	Male	56	Independent nonexecutive Director	From 28 June 2022 to 2024 annual general meeting
ZHANG Guanghua	Male	65	Independent nonexecutive Director	From 28 June 2022 to 2024 annual general meeting
LUI FUNG Mei Yee, Mabel	Female	71	Independent nonexecutive Director	From 3 June 2019 to 2024 annual general meeting

## CHAPTER VII 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, being a member of the Communist Party of China, holds a master's degree in Public Administration of Fudan University. He was the deputy chief of the enterprises division I, deputy chief and chief of the strategic development division and chief of the strategic development research division 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 the deputy general manager and the deputy secretary of the Party Committee of Shenzhen Capital Holdings Co., Ltd. He has been served as a director, the general manager and the deputy secretary of the Party Committee of Shenzhen Capital Holdings Co., Ltd. since February 2021. He has been a non-executive director, the Vice Chairman, a member of the Strategy Committee and a member of the Nomination Committee of the Board of Directors of the Company since 7 April 2021.

**Mr. HU Xianfu (胡賢甫)**, born in 1969, holds a master's degree from Shanghai University of Finance and Economics and is qualified as an international accountant and senior engineer. Mr. HU once served as the Deputy General Manager and General Manager of the Finance Department of China Merchants Industry Holdings Co., Ltd.; Deputy General Manager and Chief Financial Officer of Yiu Lian Dockyards (Shekou) Limited and China Merchants Heavy Industry (Shenzhen) Co., Ltd. (招商局重工(深圳)有限公司); and Deputy General Manager and Chief Financial Officer of China Merchants Industry Holdings Co., Ltd. Since November 2017, he has been a director and the General Manager of China Merchants Industry Holdings Company Limited; he has been a non-executive director of the Company since 26 September 2017, and is currently the Vice Chairman and a member of the Strategy Committee of the Board of Directors of the Company.

**Mr. SUN Huirong (孫慧榮)**, born in 1983, a member of the Communist Party of China, holds a master's degree in Finance from Fudan University and is an engineer. He was a senior officer and project manager of Shenzhen Geotechnical Investigation & Surveying Institute Co., Ltd. (深圳市勘察測繪院有限公司); and an investment director of Shenzhen Horizon Investment Management Co., Ltd. (深圳市地平線投資管理有限公司). In June 2015, he joined Shenzhen Capital Holdings Co., Ltd. and successively served as the senior manager and deputy director of the strategic research & mergers and acquisitions department, and the deputy director of the asset management department. He is currently a supervisor, the director of the asset management department and the director of the audit department. He has been a non-executive director of the Company, the chairman of the Risk Management Committee of the Board and a member of the Remuneration and Appraisal Committee of the Board since 14 November 2022.

## CHAPTER VII CORPORATE GOVERNANCE

**Mr. DENG Weidong (鄧偉棟)**, born in 1967. Mr. DENG graduated from Nanjing University in 1994 with a doctorate degree in Physical Geography. Mr. Deng is currently the Chief Strategy Officer, the director of the Strategy and Development Department and the 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 from February 2015 to August 2021, the director of China Merchants Property Operation & Service Co., Ltd. (stock code: 001914) from December 2019 to April 2021. He has been a director of China Merchants Energy Shipping Co., Ltd. since April 2019. From October 2021 to December 2022, he served as a director of China Merchants Ports Holdings Company Limited. From April 2019 to December 2022, he served as a director of S.F. Holding Co., Ltd. From October 2021 to November 2022, he served as a director of China Merchants Shekou Industrial Zone Holdings Co., Ltd. He has been a director of Sinotrans Limited since November 2021, and a director of China Merchants Securities Co., Ltd. since April 2022. He has been a non-executive Director of the Company and also a member of both the Remuneration and Appraisal Committee and the Risk Management Committee of the Board since 9 October 2020.

**Mr. YANG Xiong (楊雄)**, born in 1966, holds a bachelor's degree and is a certified public accountant. Mr. YANG Xiong served as a vice chairman of Guizhou Office of Certified Public Accountants (貴州會計師事務所), the chief accountant of Guizhou Qianyuan Certified Public Accountants (貴州黔元會計師事務所), a director and a deputy chief accountant of Tianyi Certified Public Accountants (天一會計師事務所), the chief accountant of Zhonghe Zhengxin Certified Public Accountants (中和正信會計師事務所), the chief accountant of Ascenda Certified Public Accountants Ltd. (天健正信會計師事務所), a member of the managing committee and a senior partner of BDO China Shu Lun Pan Certified Public Accountant LLP (立信會計師事務所(特殊普通合夥)) and the general manager of Northern headquarters of BDO, an independent director of Rizhao Port Co., Ltd. (Shanghai Stock Exchange: 600017), an independent director of Beijing Shougang Company Limited (Shenzhen Stock Exchange: 000959), an independent director of Easecompeace Technology Co., Ltd. (Shenzhen Stock Exchange: 002017), an independent director of Rongfeng Holding Group Co., Ltd. (Shenzhen Stock Exchange: 000668), an independent director of Addisino Co., Ltd. (Shenzhen Stock Exchange: 000547) and an independent non-executive director of GF Securities Co., Ltd. (Shenzhen Stock Exchange: 000776). He is serving as a member of the managing committee, an executive partner and a chief accountant of Da Hua Certified Public Accountants (Special General Partnership) as well as an independent director of Kingfa Sci. & Tech. Co., Ltd. (Shanghai Stock Exchange: 600143), an independent director of JSTI Group Co., Ltd. (Shenzhen Stock Exchange: 300284) and an independent director of Bank of Guiyang Co., Ltd. (Shanghai Stock Exchange: 601997). He has been an independent Director of the Company, the chairman of the Audit Committee of the Board and also a member of each of the Strategic Development Committee, the Risk Management Committee, the Remuneration and Appraisal Committee and the Nomination Committee of the Board since 28 June 2022.



## CHAPTER VII CORPORATE GOVERNANCE

**Mr. ZHANG Guanghua (張光華)**, born in 1957, with a doctorate degree in economics, is a member of the group of chairmen of China Alliance of Social Value Investment (社會價值投資聯盟). He is serving as an independent director of Bank of Beijing Co., Ltd. (Shanghai Stock Exchange: 601169), an independent director of Focus Media Information Technology Co. Ltd. (Shenzhen Stock Exchange: 002027) and an independent director of Hexa Asset Management Co., Ltd. He served as a deputy director of the Policy Research Office and the head of the Planning Department of the State Administration of Foreign Exchange, the deputy general manager of PBOC Hainan Branch, the deputy general manager and the deputy secretary of the CPC committee of PBOC Guangzhou Branch, the president and the deputy secretary of the CPC committee of Guangdong Development Bank, the deputy secretary of the CPC committee, an executive director, the vice president and the vice chairman of China Merchants Bank, the vice chairman of Wing Lung Bank, the chairman of CIGNA & CMB Life Insurance Company Limited, the chairman of China Merchants Fund Management Co., Ltd., the chairman of CMB International Capital Corporation Limited, the chairman of CMB Financial Leasing Co., Ltd. and the chairman and the secretary of the CPC committee of Bosera Asset Management Co., Ltd. He has been an independent Director of the Company, the chairman of the Remuneration and Appraisal Committee of the Board and also a member of each of the Audit Committee, the Strategic Development Committee, the Risk Management Committee and the Nomination Committee of the Board since 28 June 2022.

**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: 00201), Shun Ho Property Investments Limited (Hong Kong stock code: 00219) and Shun Ho Holdings Limited (Hong Kong stock code: 00253); She has been an independent non-executive director of the Company since 3 June 2019. She is also the convener of the Nomination Committee of the Board of Directors, and a member of the Audit Committee, Remuneration and Evaluation Committee and Risk Management Committee of the Board of Directors of the Company, respectively. 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. He has been an independent Director of the Company, the convener of the Nomination Committee of the Board and also a member of each of the Remuneration and Appraisal Committee, the Audit Committee and the Risk Management Committee of the Board since 3 June 2019.

## CHAPTER VII CORPORATE GOVERNANCE

### (2) Supervisors

Information on the Supervisors as at 31 December 2022 is set out below:

Name	Gender	Age	Position	Term of office
SHI lan	Female	49	Chairman of the Supervisory Committee	From 7 April 2021 to 2024 annual general meeting
LOU Dongyang	Male	47	Supervisor	From 3 June 2019 to 2024 annual general meeting
MA Tianfei	Male	47	Supervisor	From 28 June 2022 to 2024 annual general meeting

Note: On 10 February 2023, Mr. LOU Dongyang tendered his resignation as a supervisor of the Company due to changes in his assignment. The by-election of Mr. LIN Changsen as a supervisor representing shareholder of the 10th session of the Supervisory Committee has been considered and approved at the general meeting held on 16 March 2023. Biographical details and other relevant information of Mr. LIN Changsen can be found in the announcements of the Company dated 10 February 2023, 16 February 2023 and 16 March 2023 published on [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)).

#### Brief biography of the Supervisors:

**Ms. SHI Lan (石瀾)**, born in 1974, being a member of the Communist Party of China, 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 II, the chief of the listed company supervision division, the chief of accounting supervision division of CSRC Shenzhen Branch, the department head of the audit department, the Shenzhen co-head of the investment banking integrated industry group of CITIC Securities and other positions. From December 2019 to August 2020, she served as the investment director of Shenzhen Capital Holdings Co., Ltd. She has been the deputy general manager of Shenzhen Capital Holdings Co., Ltd. since August 2020; and the chairman of the Supervisory Committee and a supervisor representing the shareholders of the Company since 7 April 2021.

**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. From December 2017 to December 2022, he served as the chief financial officer of China Merchants Industry Holdings. Since December 2022, he has been the chief financial officer of China Merchants Energy Shipping Co., Ltd. Mr. Lou Dongyang also served as the chairman of the board of directors of CMIC Ocean Holding (Stock code: 00206), and held multiple positions of director and supervisor in several subsidiaries of China Merchants Group; he served as a supervisor representing the shareholders of the Company from 3 June 2019 to 15 March 2023.

## CHAPTER VII CORPORATE GOVERNANCE

**Mr. MA Tianfei (馬天飛)**, born in 1975, has been the director of the Group Office of the Company since April 2021 and the chairman of the Labour Union of the Company since January 2022. Mr. MA joined the Company in March 2003 and has served as the head of Corporate Culture, manager of Administrative Affairs Department, manager of Brand Management Department, manager of Public Affairs Department, manager of General Management Department, assistant to director and deputy director of the President's Office (now the Group Office). Mr. MA has been a deputy to the National People's Congress of Nanshan District, Shenzhen since September 2021. In July 2012, Mr. MA obtained a master's degree in science from University of Greenwich in the United Kingdom.

### (3) Senior Management

Information on the members of the senior management as at 31 December 2022 is set out below:

Name	Gender	Age	Position	Term of office
MAI Boliang	Male	63	CEO	From 27 March 2019 to 2025 annual Board meeting
GAO Xiang	Male	57	President	From 27 August 2020 to 2023 half-year board meeting
LI Yinhui	Male	55	Vice President	From 13 March 2004 to 2025 annual Board meeting
HUANG Tianhua	Male	59	Vice President	From 27 March 2018 to 2024 annual Board meeting
YU Yuqun	Male	57	Vice President	From 27 March 2018 to 2024 annual Board meeting
ZENG Han	Male	47	Chief Financial Officer	From 26 March 2020 to 2023 annual Board meeting
WU Sanqiang	Male	52	Secretary to the Board/ joint company secretary	From 30 March 2021 to 2024 annual Board meeting

#### 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 "1. Brief Biography of the Directors, Supervisors and Senior Management of the Company" under "V. Directors, Supervisors and Senior management" 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.

## CHAPTER VII CORPORATE GOVERNANCE

**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 CIMC Cold Cloud 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.

**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.

## CHAPTER VII CORPORATE GOVERNANCE

**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 CIMC 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 informatization 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.

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

Yes  No

## CHAPTER VII CORPORATE GOVERNANCE

During the Reporting Period, there was no resignation of Directors, Supervisors or dismissal of senior management. On 4 July 2022, Mr. MING Dong resigned as a director of the Company due to change in his assignment and on 23 September 2022, Mr. KONG Guoliang resigned as a director of the Company due to change in his assignment.

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

Name	Position	Type	Date	Reason
MAI Boliang	Chairman, Executive Director	Elected	28 June 2022	Election upon expiry
	CEO	Appointed	28 March 2022	Re-appointment upon expiry
Zhu Zhiqiang	Vice-chairman, Non-executive Director	Elected	28 June 2022	Election upon expiry
HU Xianfu	Vice-chairman, Non-executive Director	Elected	28 June 2022	Election upon expiry
Kong Guoliang	Non-executive Director	Elected	28 June 2022	Election upon expiry
	Non-executive Director	Resigned	23 September 2022	Resignation due to changes in assignment
SUN Huirong	Non-executive Director	Elected	14 November 2022	Election
MING Dong	Non-executive Director	Elected	28 June 2022	Election upon expiry
	Non-executive Director	Resigned	4 July 2022	Resignation due to changes in assignment
DENG Weidong	Non-executive Director	Elected	28 June 2022	Election upon expiry
HE Jiale	Independent Non-executive Director	Resigned upon expiry	28 June 2022	Resignation upon expiry
PAN Zhengqi	Independent Non-executive Director	Resigned upon expiry	28 June 2022	Resignation upon expiry
LUI FUNG Mei Yee, Mabel	Independent Non-executive Director	Elected	28 June 2022	Election upon expiry
YANG Xiong	Independent Non-executive Director	Elected	28 June 2022	Election
ZHANG Guanghua	Independent Non-executive Director	Elected	28 June 2022	Election
SHI Lan	Chairman of the Supervisory Committee	Elected	28 June 2022	Election upon expiry
LOU Dongyang	Supervisor	Elected	28 June 2022	Election upon expiry
	XIONG Bo	Supervisor	Resigned upon expiry	28 June 2022
MA Tianfei	Supervisor	Elected	28 June 2022	Election
LI Yinhui	Vice president	Appointed	28 March 2022	Re-appointment upon expiry

## CHAPTER VII CORPORATE GOVERNANCE

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

Name	Position	Number of shares held at the beginning of the Reporting Period (shares)	Increase in the number of shares held during the Reporting Period (shares)	Decrease in the number of shares held during the Reporting Period (shares)	Other movement (shares)	Number of shares held at the end of the Reporting Period (shares)	Reason for the movement of shares
Mai Boliang	Chairman, executive director and CEO	593,643 (A Shares)	296,822 (A Shares)	0	0	890,465 (A Shares)	On 18 August 2022, the Company's 2021 annual equity distribution was completed, whereby 5 shares were transferred to each of our shareholders for every 10 shares they held by way of capitalization of capital reserve
Huang Tianhua	Vice president	540,000 (A Shares)	270,000 (A Shares)	0	0	810,000 (A Shares)	

On 1 June 2020, the operation scheme of the Company to establish a trust plan by utilizing the surplus funds from the bonus balance of the profit-sharing plan and make a contribution to the Partnership, which may be used by the Partnership to purchase H shares of the Company in the secondary market, was considered and approved at the 2019 annual general meeting of the Company (hereinafter referred as to the “**Operation Scheme**”). The total scale of the fund for the Operation Scheme shall not exceed RMB343 million, the valid period of which is ten years commencing from the date of approval at the general meeting. The participants of the Operation Scheme are the core key employees and senior/middle-level management personnel who play an important role in the overall performance and long-term development of the Company, including, among others, MAI Boliang, the Director and CEO of the Company, Gao Xiang, the president, Li Yinhui, the vice president, Huang Tianhua, the vice president, Yu Yuqun, the vice president, Zeng Han, Chief Financial Officer, and WU Sanqiang, the Secretary of the Board. On 19 January 2021, the Company completed the purchase of Shares under the First Phase of the Trust Plan and the lock-up period expired on 19 January 2021. As of 31 December 2022, the Partnership under the First Phase of the Trust Plan has purchased 40,731,100 (31 December 2021: 25,065,800) H Shares of the Company cumulatively through the Southbound Stock Connect in the secondary market. The main changes were due to the conversion from the Company's capital reserve into share capital and the increase in shareholding by dividend payments. On 18 June 2021, as considered and approved at the 16th meeting of the ninth session of the Board of the Company in 2021, the Second Phase of the Trust Plan was established by utilizing the surplus funds of RMB143 million from the bonus balance of the profit-sharing plan with a duration of 5 years in accordance with the Operation Scheme. On 8 October 2021, the Company completed the purchase of Shares under the Second Phase of the Trust Plan, and the lock-up period expired on 27 September 2022. As of 31 December 2022, the Partnership under the Second Phase of the Trust Plan has purchased 15,688,650 (31 December 2021: 9,669,900) H Shares of the Company cumulatively through the Southbound Stock Connect in the secondary market. The main changes were due to the conversion from the Company's capital reserve into share capital and the increase in shareholding by dividend payments. As of the date of disclosure of this report, both the First Phase of the Trust Plan and the Second Phase of the Trust Plan established by the Company under the Operating Scheme did not make any actual distribution.

During the Reporting Period, save as disclosed above, none of the Directors, Supervisors or Senior Management held shares of the Company.

## CHAPTER VII CORPORATE GOVERNANCE

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

As at 31 December 2022, 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	Type of the shares
Mai Boliang	Beneficial interest	890,465	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 2022, please refer to "XI. Implementation of the Company's Share Option Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentive Measures" of "Chapter VII Corporate Governance" in this Report.

#### (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)

In addition to the above information, for details of the number of options and shares of the Company's subsidiaries granted to the Senior Management of the Company as at 31 December 2022, please refer to Note VIII.8(1) to "Chapter XII Financial Statement Prepared in Accordance with the China Accounting Standards for Business Enterprises" in this Report.



## CHAPTER VII CORPORATE GOVERNANCE

### 5. 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. Directors, Supervisors and Senior Management” 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 Group	Director, General Manager, deputy secretary of the Party Committee	February 2021	-	Yes
HU Xianfu	China Merchants Industry Holdings Limited	Director, General Manager	November 2017	-	Yes
SUN Huirong	Shenzhen Capital Group	Supervisor, Director of Asset Management Department, Director of Audit Department	September 2022, April 2021, May 2022	Ceased to be Director of Audit Department in March 2023	Yes
DENG Weidong	China Merchants Group	Chief Strategy Officer, Director of Strategic Development/ Technology Innovation Department	August 2021	-	Yes
SHI Lan	Shenzhen Capital Group	Deputy General Manager	August 2020	-	Yes
	Shenzhen Capital (Hong Kong)	Director	September 2020	-	No

## CHAPTER VII 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
	CIMC Financial Leasing Co., Ltd.	Chairman	January 2022	–	No
DENG Weidong	China Merchants Energy Shipping Co., Ltd.	Director	April 2019	–	No
	China Merchants Investment Development Company Limited	Director, General Manager	February 2021	January 2022	No
	Shenzhen Zhaoguang Investment Co., Ltd.	Chairman, General Manager	May 2020	May 2022	No
	Sinomarine Limited	Director, General Manager	April 2020	September 2022	No
	China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Director	October 2021	November 2022	No
	Sinotrans Limited	Director	November 2021	–	No
	China Merchants Ports Holdings Company Limited	Director	October 2021	December 2022	No
	S.F. Holding Co., Ltd.	Director	April 2019	December 2022	No
	China Merchants Taiping Bay Development and Investment Co., Ltd.	Director	April 2020	–	No
	China Merchants Innovation Investment Management Co., Ltd.	Director	January 2022	August 2022	No
	China Merchants Securities Co., Ltd.	Director	April 2022	–	No
	China Merchants Testing Technology Holdings Co., Ltd.	Director	February 2022	September 2022	No

## CHAPTER VII 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
SUN Huirong	Shenzhen Newccess Industrial Co., Ltd.	Director	December 2020	–	No
	Shenzhen Nanshan Power Co., Ltd.	Director	April 2021	–	No
	Shenzhen Tagen Group Co., Ltd.	Director	May 2021	January 2023	No
	China Science and Technology Development Co., Ltd.	Supervisor	June 2020	–	No
	Shenzhen Huijin Intelligent Products Co., Ltd.	Chairman of Supervisory Committee	October 2022	–	No
	Shenzhen Pengkan Investment Co., Ltd.	Supervisor	November 2020	–	No
	Ganneng Investment Management Co. Ltd.	Director	September 2021	–	No
	ARTRON ART(Group) Co., Ltd.	Director	October 2022	–	No
	Shenzhen KaiHong Digital Industry Development Co., Ltd.	Director	December 2021	–	No
	Qianhai Reinsurance Co., Ltd.	Director	January 2022	–	No
	S.E.C Zhuhai Hongwan Power Co., Ltd.	Director	July 2021	–	No
	S.E.C Zhuhai Hongwan Power Co., Ltd.	Director	November 2021	–	No
	Shenzhen Clou Electronics Co., Ltd.	Director	June 2021	–	No
	Shenzhen Yilian Digital Technology Co., Ltd.	Chairman of Supervisory Committee	August 2022	–	No
	Shenzhen Wantong Post and Telecommunications Technology Co., Ltd.	Chairman of Supervisory Committee	August 2022	–	No
	Shenzhen Jingcheng Communication Technology Co., Ltd.	Chairman of Supervisory Committee	August 2022	–	No
	Shenzhen HTI Group Co., Ltd.	Director	May 2022	–	No
	Shenzhen Zhenye (Group) Co., Ltd.	Director	October 2022	–	No
	Shenzhen MTC Co., Ltd.	Director	November 2022	–	No

## CHAPTER VII 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	-	-	-
	Withers	Senior Executive Consultant	-	-	Yes
	Shun Ho Holdings Limited	Non-executive Director	-	-	-
ZHANG Guanghua	Bank of Beijing Co., Ltd.	Independent Director	December 2018	-	Yes
	Focus Media Information Technology Co., Ltd.	Independent Director	November 2021	-	Yes
	Hexa AMC Co., Ltd.	Independent Director	May 2021	-	Yes
YANG Xiong	Dahua Certified Public Accountants (Special General Partnership)	Member of the Management Committee, Managing Partner, Chief Accountant	October 2019	-	Yes
	Kingfa SCI. & Tech. Co., Ltd.	Independent Director	January 2021	-	Yes
	Jsti Group	Independent Director	September 2021	-	Yes
	Bank of Guiyang Co., Ltd.	Independent Director	July 2017	-	Yes
	Guiyang Tianheng Accounting Consulting Service Co., Ltd.	Executive Director, General Manager	August 2001	-	No
	Guizhou Qilin Investment Co., Ltd.	Executive Director	August 2001	-	No

## CHAPTER VII 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
SHI Lan	Shenzhen Yixin Technology Investment Co., Ltd.	General Manager, Executive Director	November 2020	–	No
	Shenzhen National Fintech Testing & Assessment Centre Co., Ltd.	Director	December 2020	–	No
	Wanhe Securities Co., Ltd.	Chairman of supervisory committee	March 2020	–	No
	Shenzhen Zhenye (Group) Co., Ltd.	Director	May 2022	–	No
	Shenzhen Yuanzhi Venture Capital Co., Ltd.	Chairman	March 2022	–	No
	CIMC Financial Leasing Co., Ltd.	Chairman of Supervisory Committee	January 2022	–	No
Lou Dongyang	CMIC Ocean En-Tech Holding Co., Ltd.	Chairman of the Board of Directors	February 2020	December 2022	No
	China Merchants Energy Shipping Co., Ltd.	Chief Financial Officer	December 2022	–	Yes
YU Yuqun	IMEIK Technology Development Co., Ltd.	Independent Director	November 2022	–	Yes

### 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 VII CORPORATE GOVERNANCE

### 6. 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". 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.

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 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 VII 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 Shareholders' company or other related parties
MAI Boliang (Note 1)	Chairman, executive Director and CEO	Male	63	Current	13,475	-
ZHU Zhiqiang	Vice-chairman, non-executive Director	Male	48	Current	-	Yes
HU Xianfu	Vice-chairman, non-executive Director	Male	53	Current	-	Yes
KONG Guoliang	Non-executive Director	Male	40	Resignation	-	Yes
SUN Huirong	Non-executive Director	Male	39	Current	-	Yes
MING Dong	Non-executive Director	Male	51	Resignation	-	Yes
DENG Weidong	Non-executive Director	Male	55	Current	-	Yes
HE Jiale	Independent non-executive Director	Male	68	Resignation	120	-
PAN Zhengqi	Independent non-executive Director	Male	69	Resignation	120	-
YANG Xiong	Independent non-executive Director	Male	56	Current	123	Yes
ZHANG Guanghua	Independent non-executive Director	Male	65	Current	123	-
LUI FUNG Mei Yee, Mabel	Independent non-executive Director	Female	71	Current	240	Yes
SHI Lan	Chairman of the Supervisory Committee	Female	49	Current	-	Yes
LOU Dongyang	Supervisor	Male	47	Current	-	Yes
XIONG Bo (Note 2)	Supervisor	Male	63	Resignation	645	-
MA Tianfei (Note 2)	Supervisor	Male	47	Current	503	-
GAO Xiang	President	Male	57	Current	6,382	-
LI Yinhui	Vice president	Male	55	Current	5,100	-
HUANG Tianhua	Vice president	Male	59	Current	5,975	-
YU Yuqun	Vice president	Male	57	Current	5,139	-
ZENG Han	Chief Financial Officer	Male	47	Current	3,953	-
WU Sanqiang	Secretary to the Board, joint company secretary	Male	52	Current	3,595	-
Total	-	-	-	-	45,493	-

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: Mr. XIONG Bo and Mr. MA Tianfei received remuneration from the Company due to the other position he held at the Company apart from his position as Supervisor.

For details of the top five highest paid employees of the Group in 2022, please refer to Note VIII. 9 under "Chapter XII Financial Statements Prepared in accordance with CASBE" of this report.

## CHAPTER VII CORPORATE GOVERNANCE

### VI. 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.

#### 2. Attendance of the Directors at the Board meetings and general meetings

Please refer to "(3) Board meetings" of "II. The Board" under "Part II: Corporate Governance Report (Prepared in accordance with the Requirements of the Hong Kong Listing Rules)" in this chapter for details of attendance of the Directors at the Board meetings and general meetings.

#### 3. 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.

#### 4. Other Descriptions to Duty Performance of the Independent Directors

Nil

### VII. 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.



## CHAPTER VII CORPORATE GOVERNANCE

(I) During the Reporting Period, the attendance of each member at special board committees:

Name	Number of attendance/Number of meetings to be attended				
	Remuneration and Appraisal Committee meeting	Nomination Committee meeting	Audit Committee meeting	Strategy Committee meeting	Risk Management Committee meeting
MAI Boliang	-	3/3	-	4/4	-
ZHU Zhiqiang	-	3/3	-	4/4	-
HU Xianfu	-	-	-	4/4	-
KONG Guoliang (resigned)	4/4	-	-	-	4/4
SUN Huirong	0/0	-	-	-	2/2
DENG Weidong	4/4	-	-	-	7/7
HE Jiale (resigned)	3/3	2/2	8/8	1/1	2/2
PAN Zhengqi (resigned)	3/3	2/2	8/8	1/1	2/2
YANG Xiong	1/1	1/1	6/6	3/3	5/5
ZHANG Guanghua	1/1	1/1	6/6	3/3	5/5
LUI FUNG Mei Yee, Mabel	4/4	3/3	14/14	-	7/7

(II) During the Reporting Period, the work of each special board committee is as follows:

	Session of meeting	Date	Resolutions of meeting
Remuneration and Appraisal Committee	The 1st meeting in 2022 of the 9th session	28 March 2022	Opinions on matters concerning the 1st meeting in 2021 (including 2 opinions)
	The 2nd meeting in 2022 of the 9th session	13 April 2022	Review opinion on the 2021 appraisal of appointed personnel by the Board
	The 3rd meeting in 2022 of the 9th session	16 May 2022	Opinion on the 2021 bonus distribution plan for personnel appointed by the Board
	The 1st meeting in 2022 of the 10th session	28 June 2022	Resolution on the election of the chairman of the Remuneration and Appraisal Committee of the 10th session of the Board

## CHAPTER VII CORPORATE GOVERNANCE

	Session of meeting	Date	Resolutions of meeting
Nomination Committee	The 1st meeting in 2022 of the 9th session	28 March 2022	Opinion on matters concerning the 1st meeting in 2022
	The 2nd meeting in 2022 of the 9th session	20 May 2022	Opinions on the nomination of Director candidates for the 10th session of the Board
	The 1st meeting in 2022 of the 10th session	28 September 2022	Opinion on the proposed nomination of Mr. SUN Huirong as a candidate for by-election as a non-executive Director of the 10th session of the Board
Audit Committee	The 1st meeting in 2022 of the 9th session	15 March 2022	None
	The 2nd meeting in 2022 of the 9th session	28 March 2022	Opinion on matters concerning the 2nd meeting in 2022
	The 3rd meeting in 2022 of the 9th session	14 April 2022	Opinion on introduction of strategic investors through capital increase and shares enlargement of CIMC Transpack Technology Co., Ltd
	The 4th meeting in 2022 of the 9th session	21 April 2022	None
	The 5th meeting in 2022 of the 9th session	27 April 2022	Auditing opinion of the Audit Committee on the first quarterly financial report in 2022
	The 6th meeting in 2022 of the 9th session	11 May 2022	Opinions on continuing connected transaction/ordinary related-party transaction with connected/related parties
	The 7th meeting in 2022 of the 9th session	17 June 2022	Opinions on continuing connected transaction/ordinary related-party transaction with Sinotrans & CSC Holdings Co., Ltd. and its subsidiaries
	The 8th meeting in 2022 of the 9th session	23 June 2022	Opinion of the Audit Committee on matters concerning the 8th meeting in 2022
	The 1st meeting in 2022 of the 10th session	28 June 2022	Resolution on the election of the chairman of the Audit Committee of the 10th session of the Board
	The 2nd meeting in 2022 of the 10th session	10 August 2022	Opinion on the formation of "CIMC Hongyuan Advanced Manufacturing Industry Fund" (tentative name)
	The 3rd meeting in 2022 of the 10th session	29 August 2022	Opinion of the Audit Committee of the 10th session of the Board on matters concerning the 3rd meeting in 2022
	The 4th meeting in 2022 of the 10th session	25 October 2022	None
	The 5th meeting in 2022 of the 10th session	27 October 2022	Auditing opinion of the Audit Committee on the third quarterly financial report in 2022
The 6th meeting in 2022 of the 10th session	20 December 2022	None	

## CHAPTER VII CORPORATE GOVERNANCE

	Session of meeting	Date	Resolutions of meeting
Strategy Committee	The 1st meeting in 2022 of the 9th session	28 March 2022	Opinion of the Strategy Committee of the 9th session of the Board on matters concerning the 1st meeting in 2022
	The 1st meeting in 2022 of the 10th session	28 June 2022	Resolution on the election of the chairman of the Strategy Committee of the 10th session of the Board
	The 2nd meeting in 2022 of the 10th session	29 August 2022	None
Risk Management Committee	The 3rd meeting in 2022 of the 10th session	20 December 2022	Opinion on the list of ESG materiality issues and key issues of the Board's statement
	The 1st meeting in 2022 of the 9th session	28 March 2022	Opinion on 2021 Internal Control Assessment Report of CIMC
	The 2nd meeting in 2022 of the 9th session	21 April 2022	Resolution on the election of the chairman of the Risk Management Committee of the 10th session of the Board
	The 1st meeting in 2022 of the 10th session	28 June 2022	None
	The 2nd meeting in 2022 of the 10th session	29 August 2022	None
	The 3rd meeting in 2022 of the 10th session	25 October 2022	Resolution on the election of the chairman of the Risk Management Committee of the 10th session of the Board
	The 4th meeting in 2022 of the 10th session	14 November 2022	None
	The 5th meeting in 2022 of the 10th session	20 December 2022	Resolution on the election of the chairman of the Risk Management Committee of the 10th session of the Board

## CHAPTER VII CORPORATE GOVERNANCE

### (III) 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

The Remuneration and Appraisal Committee comprises five Directors, including three independent non-executive Directors and two non-executive Directors. Current members include chairman, namely, Mr. ZHANG Guanghua and members, namely, Mr. YANG Xiong, Ms. LUI FUNG Mei Yee, Mabel, Mr. DENG Weidong and Mr. SUN Huirong.

#### 3. 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 E.1.2(c) in Appendix 14 of the Hong Kong Listing Rules is adopted for the procedures that determine the remuneration.

## CHAPTER VII CORPORATE GOVERNANCE

### (IV) 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.

#### 2. Members of the Nomination Committee

The Nomination Committee comprises five Directors, including three independent non-executive Directors, one executive Director and one non-executive Director. Current members include chairman, namely, Ms. LUI FUNG Mei Yee, Mabel and members, namely, Mr. MAI Boliang, Mr. ZHU Zhiqiang, Mr. YANG Xiong and Mr. ZHANG Guanghua.

## CHAPTER VII CORPORATE GOVERNANCE

### 3. 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.

In setting members of the Board, the Board and the Nomination Committee will select candidates based on diversified perspectives and measurable goals. The Company currently has one female Director on the Board; the number of independent non-executive Directors is not less than one third; the executive and non-executive Directors have extensive and abundant experience in business and management; and the independent non-executive Directors have professional qualifications and abundant experience in financial, fiscal, legal and other aspects. For the personal information of all Directors, please refer to "1. Brief Biography of the Directors, Supervisors and Senior Management of the Company" under "V. Information on Supervisors and Senior Management" under this chapter. The current diversified composition of the Board brings a broad vision and a high level of professional experience to the Board and maintains an independent element within the Board to ensure that the Board is able to effectively make independent judgments and scientific decision when studying and considering material issues. In 2022, the Nomination Committee has reviewed the composition, size and structure of the Board and the Nomination Committee, having considered the business needs of the Company, considered that the current composition of the Board has achieved a landscape of diversity. After review, the Board is of the view that the implementation of the policy on diversity of Board members is feasible and effective.

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

Pursuant to the Articles of Association, election and replacement of Directors shall be proposed to a general meeting for approval. 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.

## CHAPTER VII CORPORATE GOVERNANCE

### (V) 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, including but not limited to reviewing quarterly (if any), interim and annual results, to monitor the Company's financial reporting system and to review risk management and internal control procedures and the effectiveness of internal audit function.

#### 2. Members of the Audit Committee

The Audit Committee comprises three independent non-executive Directors. Current members include, chairman, namely, Mr. YANG Xiong and members, namely, Mr. ZHANG Guanghua and Ms. LUI FUNG Mei Yee, Mabel.

### (VI) 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 the Strategy Committee comprise one executive Director, two non-executive Directors and two independent non-executive Directors. Current members include chairman, namely, Mr. MAI Boliang, and members, namely, Mr. ZHU Zhiqiang, Mr. HU Xianfu, Mr. YANG Xiong and Mr. ZHANG Guanghua.

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.

## CHAPTER VII CORPORATE GOVERNANCE

### (VII) 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

During the Reporting Period, the Risk Management Committee comprised two non-executive Directors and three independent non-executive Directors. Current members include chairman, namely, Mr. SUN Huirong, and members, namely, Mr. DENG Weidong, Mr. YANG Xiong, Mr. ZHANG Guanghua and Ms. LUI FUNG Mei Yee, Mabel.

## VIII. 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 VII CORPORATE GOVERNANCE

### IX. EMPLOYEES OF THE COMPANY

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

Number of in-service employees of the Company at the end of the Reporting Period	276
Number of in-service employees of principal subsidiaries at the end of the Reporting Period	51,267
Total number of in-service employees at the end of the Reporting Period	51,543
Total number of employees who received salaries during the Reporting Period	51,543
Number of retired employees whose expense should be assumed by the Company and principal subsidiaries	223

Professional composition		Education background	
Professional composition	Number of employees	Education degree	Number of employees
Production personnel	24,572	PHD	40
Management personnel	4,076	Master	1,644
Sales personnel	4,053	Bachelor	12,466
Technical personnel	4,989	College	11,204
Financial personnel	1,495	Senior high school and below	26,189
Others	12,358	Total	51,543
<b>Total</b>	<b>51,543</b>		

As at 31 December 2022, the Group had 8,709 female regular contract employees, accounting for approximately 16.9% of the total number of our regular contract employees, while the number of our male regular contract employees was 42,834, accounting for approximately 83.1% of the total number of our regular contract employees, with which we have achieved gender diversity in our workforce.

#### 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 Program

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 VII CORPORATE GOVERNANCE

### X. 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 2022 to 2024 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 VII CORPORATE GOVERNANCE

2. 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

3. Description of profit 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) (including tax)	0.18
Number of shares converted for every 1 share (share)	0
Basis of share capital of distribution plan (share)	5,392,520,385
Amount of cash dividend (RMB thousand) (including tax)	970,654
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) (including tax)	970,654
Distributable profit (RMB thousand)	3,219,226
% of cash dividend in total (including amount in other ways) to total profit distribution	100%

### 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 2022 operation results and taking into account the Group's overall conditions of financial position and cash flows, the Company proposes to distribute RMB0.18 in cash (including tax) for every 1 share held by the entire shareholders based on the total share capital of 5,392,520,385 shares of the Company as at 31 December 2022, resulting in distribution of a total cash dividend of RMB970.654 million (including tax). No bonus shares will be issued; and without increasing share capital by way of transfer from capital reserves. 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 per share dividend amount will be adjusted with the total distribution amount unchanged.

## CHAPTER VII CORPORATE GOVERNANCE

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

1. Implementation of the Company's Share Option Incentive Scheme, Employee Stock Ownership Scheme or other employee incentive measures

#### **The Core Employee Stock Ownership Scheme of the Company**

On 28 June 2022, as approved at the 2021 annual general meeting of the Company, it was agreed that the "Core Employee Stock Ownership Scheme" (hereinafter referred to as the "**Stock Ownership Scheme**") is to be established with the legal remuneration and bonus amounts of the employees for the bonus drawn by the Company under the profit sharing scheme and the operation plan of purchasing A shares of the Company in the secondary market or transferring A shares repurchased by the Company is to be implemented; and it was also agreed that the "Core Employee Stock Ownership Scheme of China International Marine Containers (Group) Co., Ltd." (hereinafter referred to as the "**Scheme**") is to be formulated in accordance with the aforesaid operation plan. The duration of the Scheme is ten years, commencing from the date on which the Scheme is considered and approved at the shareholders' general meeting of the Company. The lock-up period of the A shares of CIMC purchased in the secondary market by Tranches of Stock Ownership Schemes under the Scheme or transferred from those repurchased by the Company is 12 months, and no trading can be conducted during the lock-up period.

#### **(1) Purpose of the Core Employee Stock Ownership Scheme**

By implementing the Scheme, the Company will further improve the modern corporate governance system, stimulate employees' sense of mission and responsibility, and guide employees to operate steadily, which is conducive to promoting the long-term, sustainable and healthy development of the Company, and boosting the confidence of the capital market in the Company.

#### **(2) Participants and Shareholding Limit**

The Participants of the Stock Ownership Scheme include senior management appointed by the Board of the Company, some members of the executive committee of the Company (excluding general managers of subsidiaries), and heads of functional departments at the Company's headquarters, etc. The funds of the Scheme come from the legal salary and bonus amount of the Participants under the Company's Bonus of Profit Sharing Plan, and there is no situation where the Company provides financial assistance or guarantees to the Participants. The total number of shares of the Company held by each subsisted Stock Ownership Scheme under the Scheme shall not, in aggregate, exceed 10% of the Company's total share capital and the total number of shares corresponding to shareholding interests obtained by individual Participant shall not, in aggregate, exceed 1% of the Company's total share capital.

## CHAPTER VII CORPORATE GOVERNANCE

### (3) Allocation of Interests

When Tranches of the Stock Ownership Schemes under the Scheme are established, the shareholding interests that can be enjoyed by the Participants of the Stock Ownership Scheme shall be determined by the legal salary and bonus amount of them under the Bonus of Profit Sharing Plan. Upon the expiration of the lock-up period of the Company's shares held by the Tranches of Stock Ownership Schemes, the Stock Ownership Scheme may, on the premise that it complies with laws and regulations and the relevant provisions of the Scheme, transfer A shares of the Company held by the Stock Ownership Scheme to the Participant's stock accounts through non-trading transfer, or sell the A Shares of the Company held by the Stock Ownership Scheme in the secondary market and distribute the proceeds to the Participants, or other legal means, according to the instructions of the Participants' Meeting Council.

### (4) Progress of the Core Employee Stock Ownership Scheme

As at the disclosure date of this Report, the Company has not yet implemented any phase of the Core Employee Stock Ownership Scheme.

2. Implementation of the Share Option Incentive Scheme, Employee Stock Ownership Scheme or other employee incentive measures by the Company's subsidiaries

There are no share schemes of major subsidiaries of the Company that are required to be disclosed under Chapter 17 of the Hong Kong Listing Rules.

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

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

There was no options granted to Directors, Supervisors and senior management of the Company during the Reporting Period. For details of the establishment of trust scheme with bonus balance under the Profit Sharing Scheme of the Company and employee stock ownership scheme of the Company, please refer to "XI. Implementation of the Company's share option incentive scheme, employee stock ownership scheme or other employee incentive measures" of this section.

4. Appraisal and incentives of senior management

In order to promote the Company's development in a standardized 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.

## CHAPTER VII CORPORATE GOVERNANCE

### XII. 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 such as production and operation, financial management, organisation, personnel management, ESG, 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 2022, the Company concentrated its internal control efforts in the following aspects: 1. strengthening construction of its regulatory system with the external regulation, relevant laws and regulations and the Company's priorities taken into account; 2. insisting on conducting quarterly self-screening and rectification of the internal and external key risks and promoting the closed-loop management of audit findings; 3. introducing a series of risk control guidelines such as "Risk Control Guidelines for Outsourcing Business" and "Risk Control Guidelines for Contract Management", and continuing to implement the strict requirements for adequate qualifications for personnel operating in key positions; 4. facilitating the implementation of core elements of the Company's risk control system at all organizational levels through the step-by-step implementation of risk control effectiveness evaluation. As at the date of this report, the Company's internal control mechanism is operating effectively.

#### 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 2022), 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 2022), the Company has not found any significant deficiency in internal controls over non-financial reporting.

## CHAPTER VII CORPORATE GOVERNANCE

### XIII. 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.

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

During the Reporting Period, the Group acquired new subsidiaries, including Guangxi Southern CIMC Logistics Equipment Co., Ltd., Shenzhen Guoneng Chentai Technology Co., Ltd. (深圳國能宸泰科技有限公司), Zhuhai Tanhai Ocean Technology Company Limited (珠海探海海洋科技有限公司), CIMC WETRANS DELFIN LOGISTICS (HK) CO., LIMITED, CIMC WETRANS DELFIN LOGISTICS (SHANGHAI) CO., LIMITED (中集世聯達澤聯國際物流(上海)有限公司), CIMC Wetrans International Logistics Co., Ltd. (中集世聯達國際物流有限公司), Shenzhen Material Master Online Supply Chain Co., Ltd. (深圳材主在線供應鏈有限責任公司), Guangdong Haizhong New Energy Equipment Co., Ltd. (廣東海中新能源設備股份有限公司) and Shenzhen Huangming Wanghe Metals Limited. The integration plan assists the subsidiaries in building up their management systems by appointing some of their senior management staff, including directors and financial controllers, and bringing their businesses, personnel and financial aspects under the management of CIMC. At present, the integration plan of the new subsidiaries has been substantially completed.

## CHAPTER VII CORPORATE GOVERNANCE

### XIV 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 2023
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 on 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 decision making, 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 VII 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 government authorities, which have not impacted negatively on the Company's regular reporting disclosure.</p>	

## CHAPTER VII CORPORATE GOVERNANCE

Category	Deficiency identification criteria	
	Financial reporting	Non-financial reporting
Quantitative benchmark	(The erroneously reported amounts X in financial statement falls between the following range)	Significant deficiency:
	<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>	<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 VII 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 2022.

Disclosure of internal control audit report	Disclosed
Disclosure date of full text of internal control audit report	28 March 2023
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 accountant firm is consistent with the self-assessment report of the Board**

Yes No

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

The corporate governance as a whole meets the requirements and there are no significant issues that need to be rectified.

## CHAPTER VII 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 Part II of Appendix 14 of the Hong Kong Listing Rules during the Reporting Period, except for deviation of code provisions C.5.1 and C.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, external guarantee, entrusted wealth management, connected transactions and external donation within the authorisation of the general meeting; (9) to determine the establishment of the Company's internal management structure; (10) to determine appointment or dismissal of the Company's Chief Executive Officer (CEO) and the secretary of the Board, and to decide on their remuneration, rewards and penalties; 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 Company's Chief Executive Officer (CEO) 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 VII 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 tenth session of the Board has set nine seats, and the existing Directors thereof are eight, including one chairman, two vice chairman and three independent non-executive Directors.

Among the existing Directors, all of the eight Directors have vast and extensive experience in business and management. In particular, the three independent non-executive Directors also own profound academic and professional qualifications and rich industry experience in finance, legal and management. Especially, Mr. Yang Xiong, an independent non-executive Director, has appropriate accounting and financial management expertise, independent non-executive Director Mr. Zhang Guanghua has appropriate management expertise, and independent non-executive Director Ms. Lui Fung Mei Yee, Mabel has appropriate legal affairs 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” of “1. Brief Biography of the Directors, Supervisors and Senior Management of the Company” under “V. Directors, Supervisors and Senior management” in 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, reaching 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 2022 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.

## CHAPTER VII CORPORATE GOVERNANCE

### (III) Board meeting

#### 1. Attendance

Pursuant to the Articles of Association, the Board shall convene at least four meetings each year. In 2022, the Board convened 29 meetings, including 3 on-site meetings and 26 meetings voting in written form. The attendance of all Directors to the meetings is as follows:

Name	Position	Number of board meetings to attend	Board meeting		Number of attendance by proxy	Rate of attendance in person (%)
			Number of Attendance in person	Correspondence voting		
Mai Boliang	Chairman, executive Director	29	3	26	0	100
Zhu Zhiqiang	Vice chairman, non-executive Director	29	3	26	0	100
Hu Xianfu	Vice chairman, non-executive Director	29	3	26	0	100
Kong Guoliang (Note)	Non-executive Director	20	2	18	0	100
Sun Huirong (Note)	Non-executive Director	3	0	2	1	66.7
Deng Weidong	Non-executive Director	29	1	26	2	93.1
Ming Dong (Note)	Non-executive Director	14	1	13	0	100
He Jiale (Note)	Independent non-executive Director	13	1	12	0	100
Pan Zhengqi (Note)	Independent non-executive Director	13	1	12	0	100
Yang Xiong (Note)	Independent non-executive Director	16	2	14	0	100
Zhang Guanghua (Note)	Independent non-executive Director	16	2	14	0	100
Lui Fung Mei Yee, Mabel	Independent non-executive Director	29	3	26	0	100

Note: On 4 July 2022, Mr. Ming Dong resigned from the position of director of the Company due to the change in job assignments. On 23 September 2022, Mr. Kong Guoliang resigned from the position of director of the Company due to the change in job assignments. On 14 November 2022, Mr. Sun Huirong was elected as a non-executive director to fill a casual vacancy on the tenth session of the Board. On 28 June 2022, Mr. He Jiale and Mr. Pan Zhengqi resigned from their positions due to expiry of terms of office, and Mr. Yang Xiong and Mr. Zhang Guanghua were selected as independent non-executive Directors.

During the year, no director of the Company was absent from the Board meetings or failed to attend Board meetings in person for two consecutive times.

## CHAPTER VII CORPORATE GOVERNANCE

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

The Board convened 29 Board meetings during the Reporting Period.

Board Meetings	Date of Board Meetings	Resolutions of Board Meetings
The first meeting of the Ninth Session of the Board of Directors in 2022	24 February 2022	Resolution on approving the spin-off and listing of CIMC Wetrans Logistics Technology (Group) Co., Ltd.
The second meeting of the Ninth Session of the Board of Directors in 2022	9 March 2022	Resolution on the change of shareholding and the payment of registered capital of CIMC Qianhai Financial Leasing (Shenzhen) Co., Ltd.
The third meeting of the Ninth Session of the Board of Directors in 2022	10 March 2022	Resolution on the introduction of strategic investors into CIMC Wetrans Logistics Technology (Group) Co., Ltd. (中集世聯達物流科技(集團)股份有限公司) and the Simultaneous Capital Increase and Transfer of Certain Equity Interests by CIMC
The fourth meeting of the Ninth Session of the Board of Directors in 2022	28 March 2022	<ol style="list-style-type: none"> <li>1. Resolutions on the Fourth meeting of the Board of Directors in 2022 (including 17 resolutions)</li> <li>2. Resolution on the financing arrangements for the year 2022;</li> <li>3. Resolution on the payment of the registered capital to CIMC Offshore Engineering Co., Ltd.;</li> <li>4. Written confirmation of the directors' opinions on the 2021 annual report</li> </ol>
The fifth meeting of the Ninth Session of the Board of Directors in 2022	14 April 2022	Resolution on the introduction of strategic investors into CIMC Transpack Technology Co, Ltd.
The sixth meeting of the Ninth Session of the Board of Directors in 2022	27 April 2022	<ol style="list-style-type: none"> <li>1. Resolution on the first quarterly report for 2022;</li> <li>2. The written confirmation of the directors' opinions on the first quarterly report for 2022</li> </ol>
The seventh meeting of the Ninth Session of the Board of Directors in 2022	11 May 2022	<ol style="list-style-type: none"> <li>1. Resolution on Continuing Connected Transactions/ Ordinary Related-party Transactions with relevant subsidiaries of China Merchants Group Limited;</li> <li>2. Resolution on Continuing Connected Transactions/ Ordinary Related-party Transactions with CIMC Financial Leasing Co., Ltd.;</li> <li>3. Resolution on the Risk Proposal on the Financial Services Provided by CIMC Finance Company Limited to Related Parties;</li> <li>4. Resolution on Requesting the General Meeting to Grant a General Mandate to the Board of Directors to Repurchase Shares</li> </ol>
The eighth meeting of the Ninth Session of the Board of Directors in 2022	16 May 2022	Resolution on Determining the Individual Consolidated Allocation Factors of the Profit-Sharing Scheme for 2021 for the Appointees of the Board of Directors

## CHAPTER VII CORPORATE GOVERNANCE

Board Meetings	Date of Board Meetings	Resolutions of Board Meetings
The ninth meeting of the Ninth Session of the Board of Directors in 2022	20 May 2022	Resolution on the Nomination of Candidates for the Tenth Session of the Board of Directors
The tenth meeting of the Ninth Session of the Board of Directors in 2022	23 May 2022	Resolution on the Payment of Bonus to the Appointee (Mr. MAI Boliang, CEO) of the Board of Directors for 2021
The eleventh meeting of the Ninth Session of the Board of Directors in 2022	27 May 2022	Resolution on Proposing to Convene the Annual General meeting for 2021 and the 2022 First Class Meeting of A/H Shareholders
The twelfth meeting of the Ninth Session of the Board of Directors in 2022	17 June 2022	Resolution on Continuing Connected Transactions/Ordinary Related-party Transactions with SINOTRANS & CSC Holdings Co., Ltd. and its Subsidiaries
The thirteenth meeting of the Ninth Session of the Board of Directors in 2022	23 June 2022	<ol style="list-style-type: none"> <li>Resolution on Continuing Connected Transactions with Shanghai International Port (Group) Co., Ltd. and its Subsidiaries;</li> <li>Resolution on the Provision of Factoring Business for CIMC Commercial Factoring Co., Ltd. and Shenzhen CIMC Industry &amp; City Development Group Co., Ltd. and its Subsidiaries</li> </ol>
The first meeting of the Tenth Session of the Board of Directors in 2022	28 June 2022	Resolution on Election of the Chairman, Vice-chairman and Members of the Relevant Special Committees of the Board of Directors
The second meeting of the Tenth Session of the Board of Directors in 2022	15 July 2022	Resolutions on the Spin-off and Listing of the Controlling Subsidiary CIMC Wetrans Logistics Technology (Group) Co., Ltd. on the Shenzhen Stock Exchange and the Continuing Connected Transactions with Sinotrans & CSC, etc.
The third meeting of the Tenth Session of the Board of Directors in 2022	15 July 2022	Resolution on Election of Directors to Chair the 1st Extraordinary General Meeting for 2022
The fourth meeting of the Tenth Session of the Board of Directors in 2022	10 August 2022	Resolution on the Agreement to the Establishment of "CIMC Hongyuan Advanced Manufacturing Industry Fund (Limited Partnership) (中集弘遠先進製造產業基金(有限合夥))" (Tentative Name)
The fifth meeting of the Tenth Session of the Board of Directors in 2022	29 August 2022	<ol style="list-style-type: none"> <li>Resolutions of the 5th Meeting of the Tenth Session of the Board in 2022;</li> <li>Written Confirmation of the Directors' Opinions on the Interim Report for 2022;</li> <li>Resolution on the Commencement of Wealth Management Business of CIMC and Amendments to the Measures for Regulation of Wealth Management Products of CIMC;</li> <li>Resolution on the Introduction of Strategic Investors by CIMC Transpack Technology Co., Ltd. through the Capital Increase (Second Round)</li> </ol>



## CHAPTER VII CORPORATE GOVERNANCE

Board Meetings	Date of Board Meetings	Resolutions of Board Meetings
The sixth meeting of the Tenth Session of the Board of Directors in 2022	7 September 2022	Resolution on Update to the Guarantee Plan of CIMC for 2022
The seventh meeting of the Tenth Session of the Board of Directors in 2022	22 September 2022	Resolution on Consent to Disclosure of the Voluntary Information Disclosure Announcement on Future Development Vision
The eighth meeting of the Tenth Session of the Board of Directors in 2022	28 September 2022	<ol style="list-style-type: none"> <li>1. Resolution on the Agreement on the By-election of Mr. SUN Huirong as the Candidate of Non-executive Director of the Tenth Session of the Board of Directors;</li> <li>2. Resolution on Election of Directors to Chair the 2nd Extraordinary General Meeting for 2022</li> </ol>
The ninth meeting of the Tenth Session of the Board of Directors in 2022	12 October 2022	<ol style="list-style-type: none"> <li>1. Resolution on the Introduction of Strategic Investors to C&amp;C Trucks Co., Ltd.;</li> <li>2. Resolution on Further Update to the Guarantee Plan of the Group for 2022</li> </ol>
The tenth meeting of the Tenth Session of the Board of Directors in 2022	21 October 2022	<ol style="list-style-type: none"> <li>1. Resolution on Consent to Sign the Supplemental Agreement to the Joint Venture Contract with Yantai Guofeng Investment Holdings Group Co., Ltd. etc.;</li> <li>2. Resolution of the Tenth Session of the Board of Directors on Matters Relating to the 10th Meeting in 2022</li> </ol>
The eleventh meeting of the Tenth Session of the Board of Directors in 2022	25 October 2022	Resolution on Consent to Participate in the Non-public Offering of A Shares of Jade Bird Fire Co., Ltd.
The twelfth meeting of the Tenth Session of the Board of Directors in 2022	27 October 2022	<ol style="list-style-type: none"> <li>1. Resolution of the Tenth Session of the Board of Directors on the Third Quarterly Report for 2022;</li> <li>2. Written Confirmation of the Directors' Opinions on the Third Quarterly Report for 2022</li> </ol>
The thirteenth meeting of the Tenth Session of the Board of Directors in 2022	11 November 2022	Resolution on Election of Vice-chairman to Chair the 3rd Extraordinary General Meeting for 2022
The fourteenth meeting of the Tenth Session of the Board of Directors in 2022	14 November 2022	Resolution on the By-election of Members of the Relevant Special Committees of the Board of Directors
The fifteenth meeting of the Tenth Session of the Board of Directors in 2022	20 December 2022	<ol style="list-style-type: none"> <li>1. Resolution on the List of Material ESG Issues and Statement of the Board of Directors on Key Issues for 2022;</li> <li>2. Resolution on Increasing the Registered Capital of CIMC Finance Company Co., Ltd.;</li> <li>3. Resolution on the CIMC's Qianhai Headquarters Project</li> </ol>
The sixteenth meeting of the Tenth Session of the Board of Directors in 2022	23 December 2022	Resolution on the Adjustments to Matters Relating to the Introduction of Strategic Investors to "C&C Trucks Co., Ltd."

## CHAPTER VII CORPORATE GOVERNANCE

Corporate Governance Code C.5.1 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 29 Board meetings, of which 3 meetings were 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.

### (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. 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 execution of Board resolutions; (3) executing share certificates, debentures and other quoted securities of the Company; (4) executing 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.

## CHAPTER VII CORPORATE GOVERNANCE

Corporate Governance Code C.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.

### (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 serve the position for more than six years. 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 staff considered and approved at general staff meeting.

The respective Directors and Supervisors have entered into service contracts with the Company. For details of the terms of office of the existing Directors and Supervisors, please refer to the section headed “1. Brief Biography of the Directors, Supervisors and Senior Management of the Company” under the section headed “V. Briefings about the Directors, Supervisors and Senior Management” under this chapter.

Save as disclosed above, none of the Directors or Supervisors has entered into or intend to enter into a service contract with any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

## CHAPTER VII CORPORATE GOVERNANCE

### (VII) Directors' remuneration

Among the eight existing Directors of the tenth session of the Board 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 "6. Remuneration of Directors, Supervisors and Senior Management" of "V. Information on Directors, Supervisors and Senior Management" under chapter "VII Corporate Governance" herein. 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 "(III) 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).

### (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 and Supervisors

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 chief strategy officer and the director of the strategic development department/technology innovation 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.

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

## CHAPTER VII CORPORATE GOVERNANCE

### (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 general manager of the auditing monitoring department) and the auditors of the Company.
2. The directors of the Company made sure of continuous professional development and update of their knowledge and skills by reading materials and attending online training, in an effort to better perform their duties. In 2022, all our Directors, i.e. MAI Boliang (Chairman) as an executive Director; ZHU Zhiqiang (Vice-chairman), HU Xianfu (Vice-chairman), SUN Huirong, and DENG Weidong as non-executive Directors; YANG Xiong, ZHANG Guanghua, and LUI FUNG Mei Yee, Mabel as independent non-executive Directors, participated through internet or by written means in the training for directors and supervisors of listed companies organized by Shenzhen Public Companies Association, China Association for Public Companies and Shenzhen Securities Regulatory Bureau. Our Directors also studied the accounting and auditing standards and requirements, the Hong Kong Listing Rules and the Hong Kong Taxation Ordinance, etc. by reading the "PwC Insights – Development of Standards and Requirements".
3. The Company shall engage auditors, independent financial advisers, lawyers and other relevant independent professionals for independent professional advice as required when considering and 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. The Company has established a mechanism whereby each director and supervisor is entitled to seek independent professional advice, at the Company's expense, on any matter relating to the performance of his or her duties, so as to ensure that the Board of Directors and the Supervisory Committee can obtain independent views and opinions.
5. The Company has taken out liability insurance for its directors, supervisors and senior management to protect them from possible legal risks in the performance of their duties.

## CHAPTER VII CORPORATE GOVERNANCE

### (X) 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 provisions, 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.

### 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. For particulars about the special committees of the Board during the Reporting Period, please refer to "VII. Duty Performance of Special Committees of the Board during the Reporting Period" of "Part I: Corporate Governance (Prepared in accordance with PRC Securities Regulatory Requirements)" under this chapter.

## CHAPTER VII CORPORATE GOVERNANCE

### IV. SHAREHOLDERS AND GENERAL MEETINGS

#### 1. Shareholders' right

##### **(1) Procedures for proposing to convene an extraordinary general meeting and for submitting proposals thereat**

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, or fails to respond within ten days upon receipt of such request, the Shareholders individually or jointly holding a total of 10% or more of the shares of the Company is (are) entitled to make written request to the Supervisory Committee for convening such extraordinary general meeting. If the Supervisory Committee agrees to convene such meeting, a notice of such meeting shall be issued within five days upon receipt of the proposal. Changes made to the original request shall be approved by the relevant Shareholders. 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 convening a general meeting or a class general meeting shall be borne by the Company and shall be deducted from the remuneration payable by the Company to the negligent Director(s).

##### **(2) Submit proposals to general meetings**

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 a general meeting to be convened by the Company.

##### **(3) Convene an extraordinary board meeting**

In case of proposing to convene an extraordinary board meeting by the Shareholder(s) representing more than ten percent of the voting right, the Board shall convene and chair such extraordinary board meeting within 10 days upon receipt of such proposal.

## CHAPTER VII CORPORATE GOVERNANCE

### (4) Make inquiry with the Board

Shareholders of the Company shall have the right to obtain relevant information in accordance with the provisions of the Articles of Association, including: if a Shareholder requests access to the relevant information or request such information as referred to in the preceding Article, he or she shall provide the Company with written documents proving the class of shares he or she holds in the Company and the number of such shares, and the Company shall provide the same to the Shareholder upon request after verifying his or her identity.

### (5) Safeguard the exercise of shareholders' rights

In order to ensure that all Shareholders of the Company are treated equally and are able to effectively exercise their rights as shareholders, the Company convenes annual general meeting in accordance with the provisions of the Articles of Association. For details of the convening of general meetings of the Company during the Reporting Period, please refer to "IV. Relevant Situations of Annual General Meeting and Extraordinary General Meeting Convened during the Reporting Period" under "Part I: Corporate Governance Work Report (Prepared In Accordance With PRC Securities Regulatory Requirements)" in this chapter.

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.

The Company has always maintained good communication with its shareholders and for the shareholder communication policy, please refer to "IX. Investor Relationship" under "Part II: Corporate Governance Report (Prepared in Accordance with the Requirements of the Hong Kong Listing Rules)" in this chapter.

## 2. Attendance of each Director at general meetings

Position	Name	General meeting attended
Chairman, executive Director and CEO	Mai Boliang	3
Vice chairman and non-executive Director	Zhu Zhiqiang	2
Vice chairman and non-executive Director	Hu Xianfu	0
Non-executive Director	Kong Guoliang (Resigned)	4
Non-executive Director	Sun Huirong	0
Non-executive Director	Deng Weidong	4
Non-executive Director	Ming Dong (Resigned)	0
Independent non-executive Director	He Jiale (Resigned)	3
Independent non-executive Director	Pan Zhengqi (Resigned)	0
Independent non-executive Director	Yang Xiong	1
Independent non-executive Director	Zhang Guanghua	3
Independent non-executive Director	Lui Fung Mei Yee, Mabel	3



## CHAPTER VII CORPORATE GOVERNANCE

### 3. Execution of resolutions of general meetings by the Board

All members of the Board of the Company were able to perform their duties as directors conscientiously and diligently in compliance with the relevant laws and regulations of the place where the Company is listed and the Articles of Association, and conscientiously implemented resolutions of general meetings and completed the various assignment authorized by general meetings.

## V. SUPERVISORS AND THE SUPERVISORY COMMITTEE

The Supervisory Committee of the Company is accountable to the general meetings. 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 the “Working Report of the Supervisory Committee for 2022” disclosed by the Company on the same date.

## VI. ACCOUNTABILITY, AUDIT AND CONTINUING OPERATIONS OF THE BOARD

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 2022 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 their opinion statements for the financial statements of the Company for the year ended 31 December 2022, please refer to the “Auditor’s Report” under “Chapter XII Financial Statements Prepared in Accordance with CASBE” 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 IX Significant Events” in this Report.

## CHAPTER VII CORPORATE GOVERNANCE

### VIII. COMPANY SECRETARY/JOINT COMPANY SECRETARY

Mr. Wu Sanqiang, the secretary to the Board/joint company secretary of the Company, was 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 “1. Brief Biography of the Directors, Supervisors and Senior Management of the Company” under “V. Directors, Supervisors and Senior Management” in this chapter. Ms. He Linying acted as a joint company secretary of the Company. In 2022, Mr. Wu and Ms. He all received trainings of more than 15 hours to advance their professional skills and knowledge.

### IX. INVESTOR RELATIONS

The Company placed great emphasis on investors, especially the protection of interest of minority investors. It adopted effective and innovative measures in daily work and settlement of major issues to strengthen all-around communication with Shareholders and investors. Meanwhile, effective channels were provided by the Company to collect comments to ensure exercise of legal rights by investors.

- (1) Amendments to the Company’s Articles of Association and related documents: the Company’s Articles of Association are reviewed and amended once a year under fixed schedule. In 2022, the Company amended its Articles of Association and Investor Relation Management System, the relevant information of which was available in the Company’s announcements dated 29 August 2022 and 28 September 2022 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 announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).
- (2) The Group’s Shareholder Communication Policy primarily includes: 1) Annual general meetings provide constructive platform for communication which enable the Group to maintain regular two-way communication with Shareholders. The Group will arrange the Chairman and the chairman or members of the various committees of the Board (including the Independent Board Committee in the case of connected transactions or any other transactions subject to independent approval, if applicable) to attend general meetings (or, if unable to attend for unexpected and/or uncontrollable reasons in person, their duly appointed proxies) to exchange views with Shareholders and answer Shareholders’ questions; 2) The Group provides Shareholders and the investment market with designated contact details, such as telephone and fax numbers, postal and email addresses, for Shareholders to raise any enquiries about the Group; 3) The Group regularly organises various activities, including analyst meetings, roadshows, investor briefings, site visits and discussion sessions, to facilitate communication between the Group and its Shareholders and investors. All communication activities with the capital markets are subject to the relevant disclosure obligations and requirements of the Group; 4) The Shareholder Communication Policy is regularly reviewed by the Board of the Group and revised from time to time, if applicable.

## CHAPTER VII CORPORATE GOVERNANCE

- (3) Implementation and effectiveness of Shareholder Communication Policy: During the Reporting Period, the Company held two results release presentations and one annual general meeting to realize live communication with Shareholders. Certain Directors and management of the Group attended the above-mentioned presentations of results and annual general meeting, and communicated with representatives of participating Shareholders, analysts and media reporters. In daily communications, the Group ensured smooth communication with investors to the maximum extent through telephone and on-site receptions. In 2022, the Group replied investors' questions nearly 80 times through its hotline and 110 times through EasyIR platform; a total of 45 online researches and 7 offline researches were received. For information on the Company's reception of investors during the year, please refer to "VIII. Reception of Research, Communications and Interviews" of "Chapter V Operation Discussion and Analysis Prepared in accordance with the Domestic Securities Regulatory Rules" of this report. At the same time, the Group took the initiative to solicit and collect shareholders' views and submitted them to the Company's management in the form of official documents, such as the monthly report on investor relation, to incorporate reasonable views and suggestions and actively study and implement proposals to empower operation and management.

In summary, the Group has strictly implemented the current shareholder communication policy during 2022, and the relevant system operates effectively. 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.

## 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.

## CHAPTER VII CORPORATE GOVERNANCE

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 Board is to ensure that the resources and budgets are adequate in the areas of accounting, internal audit, financial reporting functions and environmental, social and governance (“ESG”) performance and reporting and that our staff have the appropriate qualifications and experience and received adequate training. The Audit Committee and the Risk Management 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 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 and guidance of the Board, 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. The Audit Committee of the Board of Directors of the Company reviewed the effectiveness of the operation of the risk management and internal control systems of the Company and its subsidiaries and how to further improve them in 2022 in each of their four regular meetings in accordance with relevant laws and regulations, and reported the situation to the Board of Directors, such reviews included without limitation to finance, operation and compliance.

During the Reporting Period, the Company has adopted the target of “building a risk control system that features active risk control, pragmatism and efficiency” and the policy of “serve strategy, boost operation and create value” to promote establishment of risk control system, strengthen special management on key risks and results exhibition on a horizontal basis, propel modeling of digital risk control system, actively explore development of risk control system, try to conduct effectiveness assessment of risk control system and further consolidate the three defense lines for risk control and management.

1. The Company issued the Accountability Measures for Subject Matters (version 2.0) (《責任事件問責辦法2.0版》) with broader coverage and released a series of risk control guidelines, including the Guidelines on Risk Control of Mergers and Acquisitions (《併購風控指引》) and the Guidelines on Risk Control of Contract Management (《合同管理風控指引》), taking into account the relevant requirements under the external regulations, relevant laws and regulations and the Company’s major concerns;
2. By keeping close attention to the strategy and business deficiencies, collaborate with the business segments to complete special governance for over 10 key risks such as asset operation efficiency risk and customer credit management risk; carry out special corporate governance for entrepreneurship-innovation enterprises, output the manual of centralization and decentralization for key risk control issues, and establish reporting mechanism of innovation enterprises for major issues;
3. Continues to deepen digital risk control modelling with continuously iterated model functions and gradually expanded coverage areas. The Group also promotes the front-end management of risk control works, initially achieving rapid risk locking and rectification in areas such as procurement, sales and engineering management, and extending the application scenarios of the model from risk identification to assisting business decision-making;

## CHAPTER VII CORPORATE GOVERNANCE

4. Promoted the informatization of processes in important business/sensitive areas, completed the horizontal exhibition of the results of “online control of related party transactions” in a number of segments, realized optimization of the underlying database of the platform and proper management of the information database of related parties in the segments, facilitated the switch from passive control to active control for related party transactions, which reduced the risk exposure of related transactions to a certain extent;
5. Based on the COSO system and the characteristics of business segments, the Group selected pilot segments and build a pragmatic and effective risk control system featured with CIMC’s own characteristics, initially completed the upgrading and optimization of the effectiveness assessment method of CIMC’s risk control system and completed the effectiveness assessment of the risk control system of three enterprises on a pilot basis;
6. Insist on conducting quarterly internal and external key risk self-inspection and self-correction to promote closed-loop management of audit findings; continue to carry out quarterly video meetings across the Group in relation to risk control works, quarterly risk control seminars among those in charge of risk control affairs of the companies directly managed by the Group, and customize and develop a series of risk control dissemination and training materials;
7. Strengthen dissemination of the requirements from external regulatory authorities and the Group in relation to risk control, customize and develop a series of risk control dissemination and training materials to further implement the risk control responsibilities of personnel in core and sensitive positions; regularly promote vivid and easy-to-understand risk control information such as “Collection of Internal and External Risk Control Information\*(《境內外風控資訊集錦》)” and “Risk Control in Comic\*(《漫話風控》)” to promote rapid understanding of internal and external risk control related requirements and updates by organizations at all levels, and develop risk control works in a dynamic and prompt basis.

### (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, which are taken as the material inputs of the business plan strategy of the Group for the next year.

## CHAPTER VII CORPORATE GOVERNANCE

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

During the Reporting Period, the Company continued to promote and improve the effectiveness of risk management and internal control system on a regular basis. The review procedures include annual self-assessment on internal control, compliance check, risk control point inspection, internal audit and effectiveness assessment of risk control system, etc., At the same time, the Company applied the risk control information platform and bulletin to promote the rectification of internal control deficiencies.

### (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 adequate and 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 VIII

# 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

For specific details of the Group's administrative permits in respect of environmental protection, standards for industrial emission and the discharge of pollutants during production and operating activities, treatment of pollutants, administrative penalties imposed upon the Group for environmental issues during the reporting period and improvement on the disposal of the three wastes i.e. "waste gas, waste water and solid waste", please refer to the Company's Annual Report for 2022 disclosed to the public on 28 March 2023, i.e. the Annual Report of China International Marine Containers (Group) Co., Ltd. for 2022.

#### **Environmental protection-related policies and industrial standards**

The Group and its subsidiaries comply strictly with the Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Air Pollution, Law of the People's Republic of China on the Prevention and Control of Water Pollution, Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution, Law of the People's Republic of China on the Prevention and Control of Soil Pollution, Law of the People's Republic of China on the Prevention and Control of Noise Pollution, Law of the People's Republic of China on the Protection of Yangtze River, Law of the People's Republic of China on the Protection of Marine Environment, Law of the People's Republic of China on Energy Conservation, Law of the People's Republic of China on the Promotion of Cleaner Production, Law of the People's Republic of China on Environmental Impact Assessment, Law of the People's Republic of China on Environmental Protection Tax and such other laws, regulations and industrial and local standards of the places where the Group carry out its operations.

## CHAPTER VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### Environmental self-monitoring plan

All the key polluting units under the Group have started and strictly implemented self-monitoring work in accordance with the law and regulations, and have kept relevant accounts and made disclosure. With reference to the type of pollution emitted by the unit, the “General Self-monitoring Technical Guidelines for Pollution Emission Units” (HJ819-2017) and relevant industry guidelines and other regulatory requirements, enterprises have formulated the corresponding pollutant monitoring plan. In addition, the contents of the self-monitoring plan also satisfied the requirements of the discharge permit, environmental impact assessment approval and other documents to ensure that the actual discharge of pollutants from the emission units satisfy the relevant requirements.

The self-monitoring plan of the enterprises clearly stipulates the monitoring indicators, frequency of monitoring, monitoring methods, implementation of emission standards and standard limits of pollutants, etc. The information is also made available on the national pollution permit management information platform. At the same time, qualified third-party testing units are commissioned to conduct regular monitoring of wastewater, exhaust gas and noise.

Enterprises discharge their main responsibility for the quality of their own monitoring data, establish and implement quality assurance and control measures, standardize management and ensure the quality of monitoring data: (1) change the monitoring plan in a timely manner when there are changes in the pollution situation, etc.; (2) strengthen the supervision of the quality management of external monitoring organizations commissioned, with emphasis on strict confirmation of the qualifications of social environmental monitoring units, supervision of the whole process of on-site monitoring work by social environmental monitoring units and retention of evidence of supervision; (3) regularly assess the timeliness of self-monitoring, the representativeness and accuracy of self-monitoring data, the results of inspections by government environmental management departments and public feedback on self-monitoring data to identify problems with self-monitoring and take corrective measures in a timely manner; (4) for units that have installed automatic online monitoring equipment and use the data as self-monitoring data, they should state the name, model, quantity and monitoring project of the equipment, the network and acceptance status with the competent ecological and environmental authorities, as well as the operation and maintenance status. The operation and maintenance records of automatic monitoring equipment and all kinds of original record contents should be complete and signed by the relevant person, and preserved for a long period of time; (5) Monitoring data should be recorded, collated and archived.

### Contingency plan for environmental incidents

In 2022, all key polluting units under the Group had prepared the emergency plan for environmental emergencies and filed it with the relevant authorities. They all had formulated the relevant management practices and procedures for environmental emergencies, have equipped with the relevant emergency response facilities which were properly maintained, and organized and completed the emergency drills for environmental emergencies during the year.



## CHAPTER VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### Relevant information on investments in environmental management and protection and payment of environmental protection tax

The Group's total accumulated investments in environmental protection exceeded RMB229.67 million. For key polluting units, the cumulative total investments in environmental protection exceeded RMB204.68 million and the payment of cumulative environmental protection tax exceeded RMB830,000.

Measures taken to reduce its carbon emissions during the reporting period and their effectiveness

Yes  No

The Group continued to improve its low-carbon operations by formulating clear plans and schemes to achieve the dual carbon targets of "peak-carbon and carbon-neutral" in a scientific and orderly manner. In 2022, the Group's total greenhouse gas emissions were 828,668.92 tons of carbon dioxide equivalent, representing a 27.25% reduction in total carbon emissions as compared with the previous year; the emission intensity was 585.48 tons of carbon dioxide equivalent per RMB100 million of revenue, representing a 15.86% reduction in carbon intensity as compared with the previous year. In 2022, the Group's consolidated energy consumption was 208,526.06 tons of standard coal, and the consolidated energy consumption intensity was 147.33 tons of standard coal per RMB100 million of revenue, representing a 22.55% reduction in total consumption and a 10.43% reduction in consumption intensity as compared with the previous year, respectively. Details of the measures taken by the Group to reduce carbon emissions and their impacts are set out in the "Annual Social Responsibilities and Environmental, Social and Governance Report for 2022" published by the Company on the websites of CNINF (<http://www.cninfo.com.cn>), the Company ([www.cimc.com](http://www.cimc.com)) and the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 28 March 2023, respectively.

### Other environmental information that should be disclosed

None.

### Other relevant environmental information

- (1) A total of 76 subsidiaries of the Group have passed ISO14001 environmental management system certification, and 36 out of 41 key pollutant discharge enterprises (including 2 key emission enterprises that were written off and closed down during the reporting period) have been certified during the reporting period.
- (2) As at March 2023, a total of 27 enterprises under the Group were certified as the "green factories" at the national, provincial and municipal levels, of which 10 were national green factories (3 new ones were added in 2022).
- (3) Yantai CIMC Raffles City and Zhumadian CIMC Huajun were included on the List of the Green Supply Chain Management Enterprises for 2022 by the Ministry of Industry and Information Technology of the People's Republic of China.

## CHAPTER VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### Release of the social responsibility report

Since 2008, CIMC Group has been publishing the sustainability reports for 14 consecutive years, proactively disclosing to all stakeholders the Group's efforts in actively fulfilling social responsibilities and practicing ESG.

In recent years, the Group has been committed to promoting a win-win cooperation in economic, environmental and social development, and carrying out the main lines of work to create new values for various stakeholders through "deepening responsibility management, addressing climate change, contributing to global logistics and concentrating on development". Details of the Group's social responsibility performance in 2022 are set out in the "Annual Social Responsibilities and Environmental, Social and Governance Report for 2022" published by the Company on the websites of CNINF (<http://www.cninfo.com.cn>), the Company ([www.cimc.com](http://www.cimc.com)) and the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 28 March 2023, respectively.

Business Nature	Does it contain any environmental information?	Does it contain any social information?	Does it contain any information on corporate governance?	Social Responsibility Report	
				Report Disclosure Standards	
				Domestic Standards	Foreign Standards
Others	Yes	Yes	Yes	<p>The "Rules Governing the Listing of Stocks on Shenzhen Stock Exchange (Revised 2022)"</p> <p>The "Self-regulatory Guidelines No. 1 for Listed Companies on Shenzhen Stock Exchange – Standardized Operation of Main Board Listed Companies"</p> <p>The Guidelines for Environmental, Social and Governance Report in Appendix XXVII to the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited</p> <p>The "Guidelines on Social Responsibility for Industrial Enterprises and Industrial Associations in China" (GSRI-CHINA 2.0)</p> <p>The "CASS ESG 5.0 Reporting Guide" by Chinese Academy of Social Sciences</p>	The "Core" options of the GRI Standards

## CHAPTER VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### II. CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS IN POVERTY ALLEVIATION AND RURAL REVITALIZATION

Promoting the revitalization of villages is a responsibility entrusted to enterprises by the Party and the State, as well as an inherent need for CIMC Group to fulfill its social responsibilities and build a world-class enterprise. In 2022, CIMC Group made industrial development and rural revitalization a continuous and permanent undertaking, injected continuous endogenous momentum for common prosperity, and provided precise and solid supports through various measures, actively assisted the development of local communities, and pushed forward rural revitalization by a combination of various initiatives.

#### (I) Giving full play to the advantages of industries to promote local quality development

CIMC Group broke new ground in industrial support according to local conditions, enhancing the self-growth capability and forming a long-term support mechanism by driving the development upstream and downstream industries and local employment.

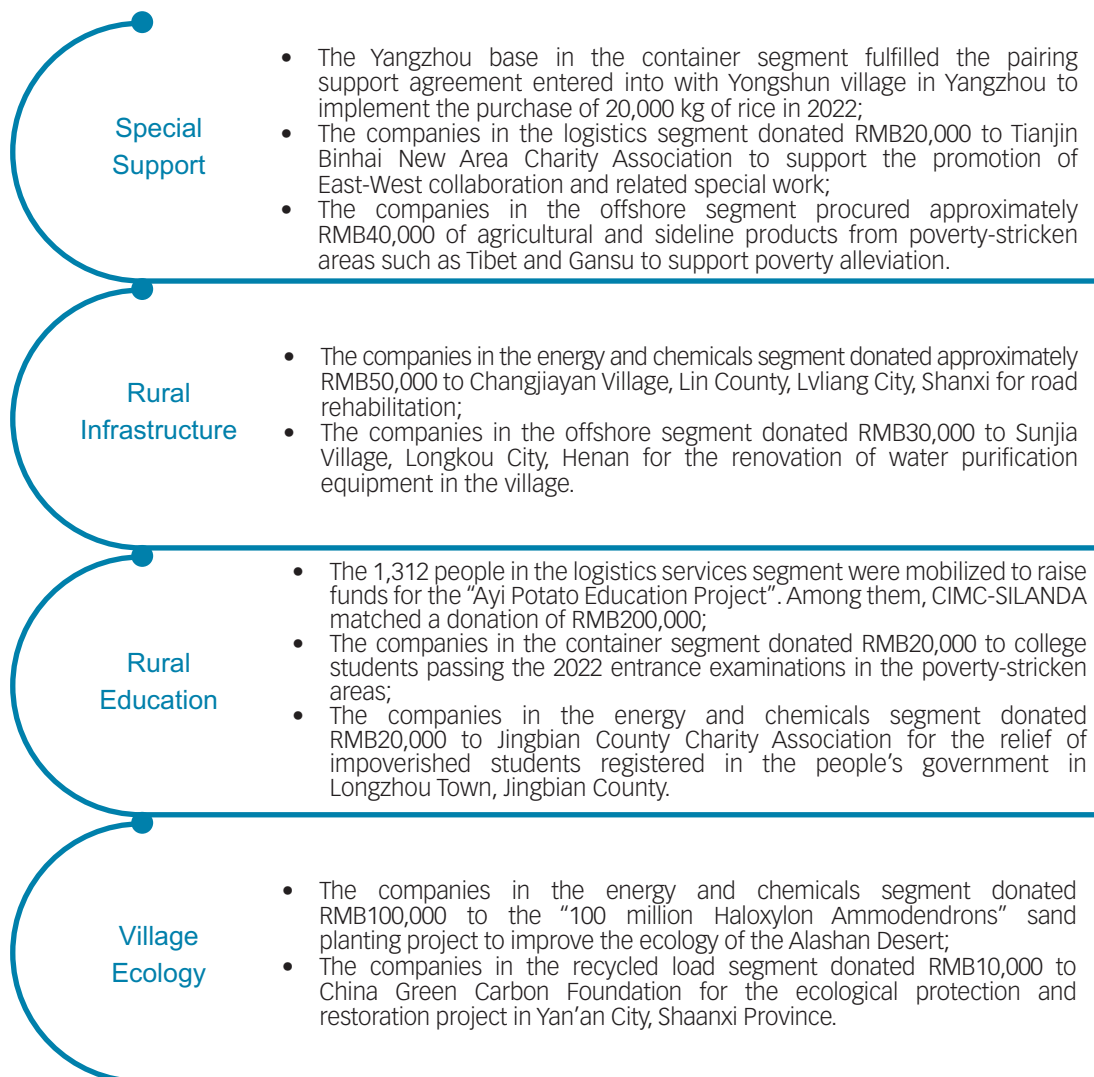
CIMC New Material vigorously developed the Nan bamboo industry and contributed to local economic growth. In 2022, CIMC New Material further accelerated the pace of building rural revitalization workshops, and continued to complete the listing and construction of 20 additional rural revitalization workshops in Anhui, Hunan and Fujian, in addition to the 15 rural revitalization workshops already built in the bamboo industry in 2021. Currently, CIMC New Material's three main production bases in Suining and Hengyang in Hunan, and Jinzhai in Anhui are actively developing highly loyal and reliable bamboo curtain suppliers, with its industrial influence radiating to the surrounding counties. In 2022, the cumulative annual demand for Nan bamboo from the three bases exceeded 300,000 tons with an annual purchase amount of over RMB150 million, supporting the bamboo curtain processing bases in the region, driving the development of bamboo curtain factories and offering approximately 1,600 jobs.

The "Gasification of Pearl River" project has achieved important demonstration results and the LNG clean energy tanker project was successfully kicked off in Zhaoqing City. The change of fuel for inland waterway vessels from heavily polluting diesel to clean LNG is an important national initiative to promote a green and low-carbon economy, which has led to a boom in the conversion and construction of new energy vessels. In September 2022, the first new LNG mono-fuel-powered cement tanker named "CIMC Runqing 107", which was invested and built jointly by CIMC Wetrans and Zhaoqing Runqing Water Transportation Limited, was successfully delivered in Zhaoqing City, Guangdong Province, which is the first LNG new energy cement tanker to be built under the green development demonstration project for inland waterway shipping in Guangdong Province, which is also the first of the first 20 new LNG-powered cement tankers to be built under the "LNG promotion for Xijiang River" project. The construction of new energy vessels provided by CIMC Group is a new business opportunity that will not only bring economic benefits to the Zhaoqing region and the surrounding inland shipbuilding enterprises, but also accumulate richer experience in the construction of new energy inland vessels, which will promote the development of the local shipbuilding industry and increase employment.

## CHAPTER VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### (II) Providing multi-faceted and proactive support to help build a beautiful village

In 2022, the enterprises under CIMC successively took practical actions to participate in rural revitalization work in various forms, such as carrying out targeted and special assistance, helping the construction of villages, supporting rural education and rural ecological construction, etc., with all the work done. Some of the cases are excerpted below.



## CHAPTER VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### (III) Serving national strategies with equipment advantages and helping promote agricultural and rural modernization

As a leading supplier of logistics and energy equipment in the world, CIMC provides high-quality and reliable equipment and services to customers and society around the world, while also taking advantage of its equipment expertise to serve the national strategies and help accelerate the modernization of China's agriculture and rural areas.

CIMC Enric helped to bring "gas to countryside". In April 2022, the small LPG vehicle tanker with a liquid discharge pump (i.e., the "**LPG trucks with a pump**") developed by CIMC Enric became one of the first LPG microtubing equipment to pass the national "New Material, New Technology and New Process" technical evaluation, filling in part of the technology gap in the field of rural energy clean-up. At present, two LPG tankers with pumps have been delivered to CGGL for use.

CIMC Vehicles made contributions to the development of "agriculture, farmers and rural area" and promoted the application of rural logistics and distribution scenarios. During the reporting period, CIMC Vehicles continued to make efforts in the segmented scenarios such as grain transporters and refrigerated transporters, providing efficient and convenient transportation, loading and unloading integrated solutions for the grain transport segmented scenarios, while strongly supporting the stable and economic development of the trunk cold chain logistics industry and promoting the supply and sales of agricultural products.

CIMC Unit Load relied on its recycling packaging services to help with the production and sales of local agricultural crops. During the reporting period, CIMC Unit Load provided fresh produce baskets to Yunnan Yunling Fresh Produce Central Processing Centre to replace disposable recycling packages, providing a viable carbon emission reduction logistics solution while reducing costs and increasing efficiency.

CIMC Cold Chain solved the problem of keeping agricultural products fresh during long-distance transportation and helped farmers achieve common prosperity. In July 2022, CIMC Cold Chain entered into a cooperation with Guangxi Supply and Marketing E-commerce Co., Ltd. (廣西供銷電子商務有限公司) to extend the freshness period of lychee with the innovative equipment technology of mobile cold storage (5 to 10 days longer than the freshness date under the traditional pre-cooling method), effectively reducing the decay loss of fruits and vegetables by 5 to 10% during circulation, enabling the Litchi in Lingshan County to be sold in a broader market and helped farmers to increase their income and get rich.

CIMC IOT introduced technologies such as Internet of Things and automated control to pig farming, empowering the agriculture and livestock industry. In June 2022, CIMC IOT entered into a strategic cooperation agreement with Sichuan Tianzow Breeding Technology Co., Ltd, and the first pig breeding project between the two companies was kicked off in Boli County, Qitaihe City, Heilongjiang Province. By the end of 2022, CIMC IOT completed the construction of several projects, including the Xinji project in Hebei, the Hongming project in Hainan, the Zhenyuan project in Guizhou, the 852 Second Farm project in Heilongjiang, and the Dexing project in Guangdong, forming a business closed loop from "pig farm planning and design, core breeding equipment selection to the completion and delivery of core production area", providing a comprehensive solution to reduce costs and increase efficiency in the intelligent farming and animal husbandry industries.

## CHAPTER VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

CIMC Fisheries (中集漁業) also developed a new scenario of “container +” to promote the transformation and upgrading of the traditional aquaculture industry. In March 2022, the first phase of Xinhui CIMC Fishery Technology Demonstration Base was completed, which motivated the surrounding farmers and cooperatives to carry out fry and raw fish farming to achieve common prosperity. At the same time, the “double-circulation aquaculture system” of the project can recycle the water used in aquaculture and reuse or discharge it after meeting relevant standards, thereby effectively solving the problem of aquaculture pollution and realizing green ecological aquaculture.

In the future, CIMC will continue to actively participate in the country’s great commitment to comprehensively promote rural revitalization, find the right position to serve rural revitalization and consolidate and expand the achievements of poverty eradication, promote the work to go deeper and more practical, demonstrate new actions and achieve new results: Firstly, we will insist on promoting local development through businesses, continue to strengthen industrial revitalization, help rural areas develop and increase the income of people who have shaken off poverty; secondly, we will focus on serving the construction of new villages, providing targeted and special assistance according to the actual situation and local conditions, and innovating assistance measures to achieve multi-faceted assistance; thirdly, we will give full play to the advantages of our equipment and resources, and provide quality equipment and services in various fields such as cold chain, fishery, bamboo chain, smart farming and “gas to the countryside”, so as to provide strong support for speeding up the process of agricultural and rural modernization.

## CHAPTER IX

# 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.	15 August 2012	Before domestic residents are free to buy overseas stocks.	In progress
	The Company	Shareholders' bonus return plan (2022 to 2024)	28 June 2022	2022 to 2024	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 IX SIGNIFICANT EVENTS

### II. APPROPRIATION OF THE LISTED COMPANY'S FUNDS BY CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES FOR NON-OPERATING PURPOSES

Applicable Not Applicable

For details of appropriation of the Company's funds by our related parties for non-operating purposes, please refer to the Special Report on Funds Occupied by Controlling Shareholders and Other Related Parties of China International Marine Containers (Group) Co., Ltd disclosed by the Company on 28 March 2023.

### 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 AUDING 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

### 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 XII Financial Statements Prepared in Accordance with CASBE" as set out in this Report for enterprise merger and newly set up companies.



## CHAPTER IX 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	Audit-related costs of RMB13.166 million (including: auditing fees for financial statements of RMB10.966 million, and auditing fees for internal control of RMB2.20 million) and non-audit costs of RMB2.515 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.

### 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.

## CHAPTER IX SIGNIFICANT EVENTS

### XI. MATERIAL LAWSUITS AND ARBITRATIONS

Applicable Not Applicable

During the Reporting Period, there were no material lawsuits or arbitrations related issues of the Company.

### XII. PENALTIES AND 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		Whether approved cap has exceeded	Settlement Method	Available market price of the same transaction category	Disclosure Date	Disclosure index
							Approved Cap	Cap					
Sinotrans & CSC	Subsidiary of substantial shareholder	Sale of goods, provision of services, etc.	Sale of goods, provision of services, etc.	Normal commercial terms	-	187,326	-	520,000	No	-	-	17 June 2022 and 3 August 2022	www.cninfo.com.cn www.hkexnews.hk www.cimc.com
		Receipt of services, etc.	Receipt of services, etc.	Normal commercial terms	-	1,084,920	-	4,200,000	No	-	-		
China Merchants Port Group	Subsidiary of substantial shareholder	Sale of goods, provision of services, etc.	Sale of goods, provision of services, etc.	Normal commercial terms	-	654	-	140,000	No	-	-	11 May 2022	
		Receipt of services, leasing business, etc.	Receipt of services, leasing business, etc.	Normal commercial terms	-	11,472	-	60,000	No	-	-		

CHAPTER IX  
SIGNIFICANT EVENTS

Related party	Relationship with the Group	Type of the related-party transaction	Details of the related-party transaction	Pricing Principle	Price	Amount	Proportion	Approved Cap	Whether approved cap has	Settlement Method	Available market price of the same	Disclosure Date	Disclosure index
							to transaction amount of the same category		been exceeded		transaction category		
Liaoning Port Group	Subsidiary of substantial shareholder	Sale of goods, provision of services, etc.	Sale of goods, provision of services, etc.	Normal commercial terms	-	2,577	-	140,000	No	-	-	11 May 2022	
		Receipt of services, leasing business, etc.	Receipt of services, leasing business, etc.	Normal commercial terms	-	15,209	-	60,000	No	-	-		
China Merchants RORO Group	Subsidiary of substantial shareholder	Sale of goods, provision of services, etc.	Sale of goods, provision of services, etc.	Normal commercial terms	-	15,558	-	170,000	No	-	-	11 May 2022	
		Receipt of services, etc.	Receipt of services, etc.	Normal commercial terms	-	-	-	30,000	No	-	-		
Sinotrans Group	Subsidiary of substantial shareholder	Sale of goods, provision of services, etc.	Sale of goods, provision of services, etc.	Normal commercial terms	-	93,983	-	170,000	No	-	-	11 May 2022	
		Receipt of services, etc.	Receipt of services, etc.	Normal commercial terms	-	3,152	-	30,000	No	-	-		
CIMC Financial Leasing Company and its subsidiaries (note)	Subsidiary of substantial shareholder	Sale of goods, provision of services, etc.	Sale of goods, provision of services, etc.	Normal commercial terms	-	638,619	-	1,550,000	No	-	-	11 May 2022	
		Receipt of services, etc.	Receipt of services, etc.	Normal commercial terms	-	35,913	-	200,000	No	-	-		
Total						2,089,383							

## CHAPTER IX 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)	As at 31 December 2022, the actual transaction amounts of the ordinary related-party transactions between the Group and the related parties had not exceeded the annual caps as agreed in the agreements relating to the ordinary related-party transactions signed between the Company and each of the related parties. For further details, please refer to “(2) Actual transaction amount from 1 December 2021 to 31 December 2021” of “A” of “2. Continuing Connected 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.
Reason for the substantial difference between transaction prices and referential market prices (if applicable)	Not Applicable

Note: The amounts of the related-party transactions herein were for 27 May 2022 to 31 December 2022 since CIMC Financial Leasing Company was no longer included in the consolidated statements of the Group and has become a related party of the Company since the 27 May 2022.

### 2. Related-party Transactions Relating to Assets or Equity Interest Acquisition and Disposal

Applicable Not Applicable

For details of the related-party transactions relating to assets or equity interest acquisition and disposal, please refer to “(1) CIMC Transpack Technology’s introduction of strategic investors” of “1. Connected Transactions” of “(II) Connected Transactions Defined in accordance with the Hong Kong Listing Rules” of “XIV. Material Related-party Transactions” of this section.

### 3. Related-party Transactions Relating to Joint External Investments

Applicable Not Applicable

For details of the related-party transactions relating to joint external investments, please refer to “(2) Joint establishment of an industry fund by a subsidiary and a professional institution” of “1. Connected Transactions” of “(II) Connected Transactions Defined in accordance with the Hong Kong Listing Rules” of “XIV. Material Related-party Transactions” of this section.

## CHAPTER IX SIGNIFICANT EVENTS

### 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 XII 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.

### 6. Transactions between Finance Companies Controlled by the Company and Related Parties

Applicable Not Applicable

1. 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 by the shareholders at the fourth extraordinary general meeting in 2021 held by the Company on 24 September 2021, and the services under the Financial Services Framework Agreement shall be valid for a period of three years from the date of approval by the shareholders at the general meeting. For relevant information, please refer to the relevant announcements published by the Company on China Securities Journal, Securities Times, Shanghai Securities News, Cninfo's website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and that of the Company ([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 IX SIGNIFICANT EVENTS

### (1) The deposit business of CIMC Industry & City and its subsidiaries with CIMC Finance Company:

Unit: RMB thousand

Related party	Relationship	Maximum daily deposit balance	Range of interest rate	Balance as at 1 January 2022	Amount for the period		Balance as at 31 December 2022
					Total amount deposited for the period	Total amount withdrawn for the period	
CIMC Industry & City	The Group's Directors, Supervisors and senior management holding positions	3,000,000	With reference to market rates	100,980	8,187,626	7,950,630	337,976

During the Reporting Period, the maximum daily deposit balance of CIMC Industry & City and its subsidiaries with CIMC Finance Company was RMB821,924,000, which did not exceed the agreed cap of RMB3,000,000,000.

### (2) Loans provided by CIMC Finance Company to CIMC Industry & City and its subsidiaries:

Unit: RMB thousand

Related party	Relationship	Credit limit	Range of interest rate	Balance as at 1 January 2022	Amount for the period		Balance as at 31 December 2022
					Total loans for the period	Total repayments for the period	
CIMC Industry & City	The Group's Directors, Supervisors and senior management holding positions	1,500,000	With reference to market rates	98,931	368,887	113,932	353,886

During the reporting period, the maximum balance of the principal of loans provided by CIMC Finance Company to CIMC Industry & City and its subsidiaries was RMB353,265,000, which did not exceed the agreed cap of RMB1,500,000,000.

## CHAPTER IX SIGNIFICANT EVENTS

- 2 On 11 May 2022, CIMC Finance Company entered into a Financial Services Framework Agreement with CIMC Financial Leasing Company, pursuant to which, CIMC Finance Company is to provide financial services, including deposit-taking services, to CIMC Financial Leasing Company and its subsidiaries. As agreed between the two parties in the Financial Services Framework Agreement: the maximum daily deposit balance of CIMC Financial Leasing Company and its subsidiaries with CIMC Finance Company shall not exceed RMB500 million, with the interest rate of the deposits determined with reference to the market rates. The Financial Services Framework Agreement should be valid for a period of three years commencing from the date of exclusion of CIMC Financial Leasing Company from the Group's consolidated financial statements on 27 May 2022. For further details, please refer to the Company's announcement published on Cninfo's website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and that of the Company ([www.cimc.com](http://www.cimc.com)) on 11 May 2022.

The deposit business of CIMC Financial Leasing Company and its subsidiaries with CIMC Finance Company:

Unit: RMB thousand

Related party	Relationship	Maximum daily deposit balance	Range of interest rate	Balance as at 27 May 2022	Amount from 27 May to 31 December		Balance as at 31 December 2022
					Total amount deposited	Total amount withdrawn	
CIMC Financial Leasing Company (note)	Subsidiary of substantial shareholder	500,000	With reference to market rates	280,239	4,474,664	4,616,108	138,795

Note: The amounts of the related-party transactions herein were for 27 May 2022 to 31 December 2022 since CIMC Financial Leasing Company was no longer included in the consolidated statements of the Group and has become a related party of the Company since the 27 May 2022.

From 27 May 2022 to 31 December 2022, the maximum daily deposit balance of CIMC Financial Leasing Company with CIMC Finance Company was RMB469,926,000, which did not exceed the agreed cap of RMB500,000,000.

## CHAPTER IX SIGNIFICANT EVENTS

3. On 23 June 2022, as considered and approved by the Directors at the 13th meeting of the Board in 2022, it was agreed that CIMC Commercial Factoring Co., Ltd. (“**CIMC Factoring**”), a holding subsidiary of the Company’s wholly-owned subsidiary, Shenzhen CIMC Investment Co. Ltd., should provide factoring services to CIMC Industry & City and its subsidiaries. It was also agreed that the aggregate balance of the principal and interest of the related-party transactions between CIMC Factoring and CIMC Industry & City and its subsidiaries should not exceed RMB220 million for each day. The above agreements are valid from the date of approval by the Board, i.e. 23 June 2022, till 23 September 2024.

The factoring business between CIMC Factoring and CIMC Industry & City and its subsidiaries:

Unit: RMB thousand

Related party	Relationship	Daily cap	Range of interest rate	Amount for the period			Balance as at 31 December 2022
				Balance as at 23 June 2022	Total increase for the period	Total decrease for the period	
CIMC Industry & City	Directors, Supervisors and senior management holding positions	220,000	With reference to market rates	-	52,519	-	52,519

During the Reporting Period, the maximum daily balance of the transactions between CIMC Factoring and CIMC Industry & City and its subsidiaries was RMB52,519,000 (there was only one transaction), which did not exceed the agreed cap of RMB220,000,000.

### 7. Other Material Related-party Transactions

Applicable Not Applicable

For further details, please refer to “1. Connected Transactions” in “(II) Connected Transactions Defined in Accordance with the Hong Kong Listing Rules” under “XIV. Material Related-party Transactions” of this chapter.



CHAPTER IX  
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 disclosable in this report:

## 1. Connected Transactions:

**(1) CIMC Transpack Technology's introduction of strategic investors**

On 14 April 2022, as considered and approved by the Directors at the fifth meeting of the ninth session of the Board of the Company in 2022, Shenzhen Yuanzhi Venture Capital Co., Ltd.\* (深圳市遠致創業投資有限公司) ("**Yuanzhi Venture Capital**"), Shenzhen Yuanzhi Ruixin Smart Airport Logistics Industry Private Equity Investment Fund Partnership (Limited Partnership)\* (深圳市遠致瑞信智慧空港物流產業私募股權投資基金合夥企業(有限合夥)) ("**Yuanzhi Ruixin**") and Shenzhen Xinfuhui XV Investment Partnership (Limited Partnership)\* (深圳市信福匯十五號投資合夥企業(有限合夥)) ("**Xinfuhui XV**"), as parties to the capital increase, increased the capital of CIMC Transpack Technology by entering into an agreement (the "**First Round of Capital Increase**"), whereby Yuanzhi Venture Capital, Yuanzhi Ruixin and Xinfuhui XV together increased the capital of CIMC Transpack Technology by RMB164,500,000. Upon completion of the First Round of Capital Increase, the Company's shareholding in CIMC Transpack Technology was reduced from 70.9238% to 67.3334%.

On 29 August 2022, HSUM, Yuanzhi Venture Capital, Yuanzhi Ruixin and Xinfuhui XV, as parties to the capital increase, agreed to increase the capital of CIMC Transpack Technology by entering into an investment agreement and shareholders' agreement (the "**Second Round of Capital Increase**"), whereby the above-mentioned parties together increased the capital of CIMC Transpack Technology by RMB220,500,000. Upon completion of the Second Round of Capital Increase, the Company's shareholding in CIMC Transpack Technology was reduced from 67.3334% to 63.5799%, and CIMC Transpack Technology remained a non-wholly owned subsidiary of the Group.

As (1) Yuanzhi Venture Capital is a wholly-owned subsidiary of Shenzhen Capital Group, the largest shareholder of the Company; and (2) the general partner of Yuanzhi Ruixin is Shenzhen Yuanzhi Ruixin Equity Investment Management Co., Ltd. (深圳市遠致瑞信股權投資管理有限公司), and Shenzhen Capital Group is the largest contributor to Shenzhen Yuanzhi Ruixin Equity Investment Management Co., Ltd., Yuanzhi Venture Capital (being an associate of Shenzhen Capital Group) is therefore a connected person of the Company, Yuanzhi Ruixin is deemed to be a connected person of the Company by the Hong Kong Stock Exchange, the First Round of Capital Increase and the Second Round of Capital Increase constitute connected transactions of the Company, and are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

For details, please refer to the relevant announcements and the 2022 interim report published by the Company on Cninfo's 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 14 April 2022 and 29 August 2022.

## CHAPTER IX SIGNIFICANT EVENTS

### (2) Joint establishment of an industry fund by a subsidiary and a professional institution

On 10 August 2022, it was considered and approved at the fourth meeting in 2022 of the tenth session of the Board of Company that, CIMC Capital Management Co., Ltd.\* (中集資本管理有限公司) (hereinafter referred to as “**CIMC Capital Management**”), an indirect controlling subsidiary of the Company, and the professional investment institution Vanho Capital Investment Co., Ltd.\* (萬和弘遠投資有限公司) (Note) (hereinafter referred to as “**Vanho Capital**”) entered into the Cooperation Framework Agreement for CIMC Hongyuan Advanced Manufacturing Industry Fund, proposing to cooperate to establish the “CIMC Hongyuan Advanced Manufacturing Industry Fund (中集弘遠先進製造產業基金)” (the “**Fund**”). The total size of the Fund is RMB1 billion, to be raised in two tranches: the first tranche to be RMB100 million, RMB30 million of which is to be contributed by contributors of the CIMC Group, accounting for 30%; the second tranche to be RMB900 million, RMB270 million of which is to be contributed by contributors of the CIMC Group, accounting for 30% (hereinafter referred to as the “**Joint Establishment of Fund**”). On the same day, CIMC Capital Management, CIMC Capital Holdings Co. Ltd. (the controlling shareholder of CIMC Capital Management), a wholly-owned subsidiary of the Company, Vanho Capital, Shenzhen Capital Group and Changsha Qianzhilong Microelectronics Co., Ltd.\* (長沙潛之龍微電子有限公司) entered into the Partnership Agreement for CIMC Hongyuan Advanced Manufacturing Industry Investment Partnership (Limited Partnership). As at 28 November 2022, the fundraising of the First Tranche Fund has been completed and the industrial and commercial registration and private investment fund filing procedures have also been completed.

Shenzhen Capital Group, the largest Shareholder of the Company, is the indirect controlling shareholder of Vanho Capital, which does not hold shares of the Company directly or indirectly. As a result, Shenzhen Capital Group and Vanho Capital are connected persons of the Company under relevant provisions of the Hong Kong Listing Rules, and the Joint Establishment of Fund constitutes a connected transaction of the Company.

As one or more applicable percentage ratios (within the meaning of the Hong Kong Listing Rules) in respect of the above-mentioned transactions are more than 0.1% but less than 5%, the Joint Establishment of Fund shall be subject to the reporting and announcement requirements, but exempt from the independent shareholders’ approval requirement under Chapter 14A of the Hong Kong Listing Rules.

On 10 March 2023, in respect of the first proposed fund of the second tranche of the CIMC Hongyuan Advanced Manufacturing Industry Investment Partnership (Limited Partnership), CIMC Capital Management, CIMC Capital Holdings, Vanho Capital, High Quality Development Fund for Manufacturing Sector in Luoyang (Limited Partnership), Luoyang Productivity Promotion Center Co., Ltd. and Luoyang Longfeng Construction Investment Co., Ltd. signed the Partnership Agreement of Luoyang Zhongtailong Chuang Technology Venture Capital Fund Partnership (Limited Partnership). The fund has a size of RMB100 million, of which CIMC Capital Management and CIMC Capital Holdings together contributed RMB30 million, accounting for 30% of the fund.

For details, please refer to the relevant announcements published by the Company on Cninfo’s 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 10 August 2022, 29 August 2022, 28 November 2022 and 10 March 2023.

## CHAPTER IX SIGNIFICANT EVENTS

### 2. Continuing Connected Transactions/Ordinary Related-party Transactions

#### (1) Continuing connected transactions/ordinary related-party transactions with Sinotrans & CSC

Based on the factors such as the recent actual transactions, economic environment of the market and expected prices to remain high, the Company and Sinotrans & CSC anticipate that the original 2022 annual cap and 2023 annual cap under the Original Framework Agreement (entered into on 9 December 2021) will not be able to meet the future transaction needs of the parties. In this regard, on 17 June 2022, as considered and approved by the Directors at the 12th meeting of the 9th session of the Board of Directors of the Company in 2022, the Company entered into a New Framework Agreement on Sale of Goods and Provision/Acceptance of Services (the “**Sinotrans & CSC Framework Agreement**”) with Sinotrans & CSC, which set forth the new transaction caps for both parties for 2022, 2023 and 2024 (the “**Proposed Caps**”).

Sinotrans & CSC is a wholly-owned subsidiary of China Merchants Group Limited, a substantial shareholder of the Company, and Sinotrans & CSC and its subsidiaries are connected persons of the Company under Chapter 14A of the Hong Kong Listing Rules and the transactions between the Group and Sinotrans & CSC under the Sinotrans & CSC Framework Agreement constitute continuing connected transactions for the Company. In addition, Sinotrans & CSC and its subsidiaries are related legal entities of the Company under Chapter 6 of the Shenzhen Listing Rules and the transactions between the Group and Sinotrans & CSC under the Sinotrans & CSC Framework Agreement constitute ordinary related-party transactions for the Company. On 3 August 2022, the issue was considered and approved by the Shareholders at the first extraordinary general meeting of the Company in 2022.

Set out below are the proposed caps for the continuing connected transactions/ordinary related-party transactions under the Sinotrans & CSC Framework Agreement for the three years ended 31 December 2022, 2023 and 2024 and the actual transaction amounts incurred in 2022:

Unit: RMB100 million

Scope of related-party transaction	Proposed cap			Actual amount
	For the year ended 31 December 2022	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2022
The Group sells goods and provides services to Sinotrans & CSC, etc.	5.2	5.5	5.8	1.9
The Group accepts services from Sinotrans & CSC, etc.	42	44	46	10.8

For further details, please refer to the Company’s announcements published on Cninfo’s website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and that of the Company ([www.cimc.com](http://www.cimc.com)) on 9 December 2021, 17 June 2022 and 3 August 2022.

## CHAPTER IX SIGNIFICANT EVENTS

### (2) **Continuing connected transactions/ordinary related-party transactions with the subsidiaries of China Merchants Group for 2022–2024**

On 11 May 2022, as considered and approved at the seventh meeting of the ninth session of the Board in 2022, the Company entered into relevant agreements with China Merchants Port, Liaoning Port, China Merchants RORO and Sinotrans, respectively. Pursuant to the agreements, the Group will continuously sell goods and provide services to, and receive services and/or leasing businesses from the other parties. All the parties have agreed on the annual caps for the transactions for the three years ended 31 December 2022, 2023 and 2024 (collectively, the **“Proposed Caps”**, the four agreements signed collectively referred to as the **“China Merchants Subsidiaries Framework Agreements”**, and the transactions referred to as the **“Connected/Related-party Transactions”**).

China Merchants Port, Liaoning Port, China Merchants RORO and Sinotrans are all subsidiaries of China Merchants Group, a substantial shareholder of the Company. Therefore, China Merchants Port, Liaoning Port, China Merchants RORO, Sinotrans and their respective subsidiaries are connected persons of the Company under Chapter 14A of the Hong Kong Listing Rules and the transactions under the China Merchants Subsidiaries Framework Agreements constitute continuing connected transactions for the Company. In addition, China Merchants Port, Liaoning Port, China Merchants RORO, Sinotrans and their respective subsidiaries are related legal entities of the Company under Chapter 6 of the SSE Listing Rules and the transactions under the China Merchants Subsidiaries Framework Agreements constitute ordinary related-party transactions for the Company. The Connected/Related-party Transactions are not subject to review by Shareholders at the general meeting of the Company.

## CHAPTER IX SIGNIFICANT EVENTS

The proposed caps for the continuing connected transactions/ordinary related-party transactions for the three years ended 31 December 2022, 2023 and 2024 and the actual amounts of transactions occurring in 2022 are as follows:

Unit: RMB thousand

Related party	Scope of related-party transaction	Proposed cap			Actual amount
		For the year ended 31 December 2022	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2022
China Merchants Port Group	Sale of goods and provision of services by the Group to China Merchants Port Group	140,000	140,000	140,000	654
	Receipt of services and leasing business by the Group from China Merchants Port Group	60,000	60,000	60,000	11,472
Liaoning Port Group	Sale of goods and provision of services by the Group to Liaoning Port Group	140,000	140,000	140,000	2,577
	Receipt of services and leasing business by the Group from Liaoning Port Group	60,000	60,000	60,000	15,209
China Merchants RORO Group	Sale of goods and provision of services by the Group to China Merchants RORO Group	170,000	170,000	170,000	15,558
	Receipt of services by the Group from China Merchants RORO Group	30,000	30,000	30,000	-
Sinotrans Group	Sale of goods and provision of services by the Group to Sinotrans Group	170,000	245,000	190,000	93,983
	Receipt of services by the Group from Sinotrans Group	30,000	30,000	30,000	3,152

For further details, please refer to the Company's announcement published on Cninfo's website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and that of the Company ([www.cimc.com](http://www.cimc.com)) on 11 May 2022.

## CHAPTER IX SIGNIFICANT EVENTS

### (3) Continuing connected transactions/ordinary related-party transactions with CIMC Leasing

On 23 November 2021, CIMC Leasing introduced the strategic investor. On 27 May 2022, CIMC Leasing completed change in industrial and commercial registration and equity transfer, became a holding subsidiary of Shenzhen Capital Group, and was no longer consolidated into the consolidated statements of the Group and became an associated company of the Group.

On 11 May 2022, as considered and approved by the seventh meeting in 2022 of the ninth session of the Board of the Company, the Company and CIMC Leasing signed the Framework Agreement on Sales of Commodities and Provision/Acceptance of Services (the “**Commodity and Service Framework Agreement**”), pursuant to which, the Group will continuously supply goods and provide services to CIMC Leasing and its subsidiaries, and receive services provided by CIMC Leasing and its subsidiaries. On the same day, CIMC Finance Company and CIMC Leasing entered into the Financial Service Framework Agreement.

According to Chapter 14A of the Hong Kong Listing Rules, CIMC Leasing and its subsidiaries are all connected persons of the Company, therefore, the transactions under the Commodity and Service Framework Agreement and the Financial Service Framework Agreement constitute continuing connected transactions of the Company. Meanwhile, according to Chapter 6 of the Shenzhen Listing Rules, CIMC Leasing and its subsidiaries are all affiliated legal persons of the Company, and the transactions under the Commodity and Service Framework Agreement and the Financial Service Framework Agreement constitute ordinary related-party transactions of the Company.

- a. The Commodity and Service Framework Agreement provided the proposed caps of ordinary related-party transactions from the effective date of the agreement to 31 December 2022 (the “**Proposed Caps**”). The Proposed Caps of continuing connected transactions/ordinary related-party transactions from the effective date of the Commodity and Service Framework Agreement to 31 December 2022 and the actual transaction amounts during 27 May 2022 to 31 December 2022 are shown below:

Unit: RMB100 million

<b>Proposed Caps</b>	<b>From the effective date of the agreement to 31 December 2022</b>	<b>Actual transaction amounts during 27 May 2022 to 31 December 2022</b>
Sale of goods and rendering of services by the Group to CIMC Leasing and its subsidiaries	15.5	6.4
Acceptance of services by the Group from CIMC Financial Leasing and its subsidiaries	2.0	0.4

## CHAPTER IX SIGNIFICANT EVENTS

- b. For details of the Financial Service Framework Agreement, please refer to “6. Transactions between Finance Companies Controlled by the Company and Related Parties” of “(I) Related-Party Transactions as Defined by Domestic Laws and Regulations” under “XIV. Material Related-Party Transactions” in this chapter.

For relevant information, please refer to the announcement published by the Company on Cninfo website (www.cninfo.com.cn) and the Company’s website (www.cimc.com) on 11 May 2022.

### (4) Continuing connected transactions with SIPG Group

On 23 June 2022, as considered and approved at the thirteenth meeting in 2022 of the ninth session of the Board of the Company, the Company entered into the SIPG Group Framework Agreement with SIPG to agree on the proposed caps in respect of the transactions for the three years from 1 January 2022 to 31 December 2024 (the “**Proposed Caps**”). The Group will continuously sell goods and provide services to SIPG Group, and receive services provided by SIPG Group. After the completion of the transaction regarding introduction of a strategic investor, SIPG, by CIMC Wetrans on 31 March 2022, SIPG holds 12% equity interests in CIMC Wetrans and is a substantial shareholder of CIMC Wetrans, which in turn is a significant subsidiary of the Company. Thus, SIPG and its subsidiaries have constituted connected persons of the Company at the subsidiary level since 31 March 2022. Therefore, the transactions between the Group and SIPG Group contemplated under the SIPG Group Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. The Proposed Caps of the continuing connected transactions agreed for the three years ended/ending 31 December 2022, 2023 and 2024 and the actual transaction amounts for 2022 are shown below:

Unit: RMB thousand

Scope of related-party transaction	Proposed caps			Actual transaction amounts (note)	
	For the year ended 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024	31 March to 31 December 2022	1 January to 31 December 2022
Sale of goods and provision of services by the Group to SIPG Group	400,000	400,000	500,000	25,756	40,627
Receipt of services by the Group from SIPG Group	1,300,000	1,300,000	1,400,000	374,874	527,034

Note: The actual transaction amounts from 31 March to 31 December 2022 are extracted from the financial report for the Year, and the actual transaction amounts from 1 January to 31 December 2022 are management data, none of which exceeds the agreed annual cap for 2022.

## CHAPTER IX SIGNIFICANT EVENTS

### (5) Pricing Policy:

As far as the Group or each related party/connected person (as applicable) is concerned, the prices and terms relating to the continuing connected transactions/ordinary related-party transactions among the Group and Sinotrans & CSC Group, China Merchants Port Group, Liaoning Port Group, China Merchants RORO Group, Sinotrans Group, CIMC Leasing and its subsidiaries, the continuing connected transactions between the Group and SIPG Group, the related-party transaction between CIMC Finance Company, which is a subsidiary of the Group, and CIMC Industry & City and its subsidiaries, the related-party transaction between CIMC Factoring, which is a subsidiary of the Group, and CIMC Industry & City and its subsidiaries, the connected transaction/related-party transaction between CIMC Finance Company, which is a subsidiary of the Group, and CIMC Leasing and its subsidiaries (the “**Transactions**”), will not deviate from the prices and terms offered by the Group or each related party/connected person (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 each related party/connected person (as applicable) 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.

### (6) Independent non-executive Directors’ confirmation:

In relation to 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;
- 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.



## CHAPTER IX SIGNIFICANT EVENTS

### (7) Auditor's confirmation:

Auditor of the Company reviewed the Transactions during the Reporting Period and confirmed that:

- (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.

### (8) 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. Others

Details of the Group's related-party transactions and connected transactions during the 2022 Annual Report period are set out in note VIII. 5 to "Chapter XII Financial Statements Prepared in Accordance with CASBE" in the 2022 Annual Report. Except for the connected transactions and continuing connected transactions as disclosed in "(II) Connected Transactions Defined in accordance with the Hong Kong Listing Rules" of "XIV. Material Related-party Transactions" in this section, in respect of the connected transactions set out in note VIII. 5 to "Chapter XII Financial Statements Prepared in Accordance with CASBE" in the 2022 Annual Report which do not constitute connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules, there are no other connected transactions required to be disclosed pursuant to Chapter 14A of the Hong Kong Listing Rules. The Company further confirms that the connected transactions or continuing connected transactions have complied with the disclosure requirements in accordance with Chapter 14A of the Hong Kong Listing Rules.

## CHAPTER IX SIGNIFICANT EVENTS

### XV. MATERIAL CONTRACTS AND THEIR PERFORMANCES

#### 1. Trusteeship, Contracting and 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 IX  
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 and distributors of subsidiaries of CIMC Vehicles (Group) Co., Ltd.	28 March 2022	3,600,000	1 January 2022	1,352,756	Warranty	Nil	Secured	1-2 years	No	No
Customers of Shaanxi CIMC Vehicles Industrial Park Investment Development Co., Ltd.	28 March 2022	20,000	1 January 2022	9,015	Warranty	Secured	Nil	1-2 years	No	No
Customers of Kunming CIMC Vehicle Park Development Co., Ltd.	28 March 2022	40,000	1 January 2022	0	Warranty	Nil	Nil	1-2 years	No	No
Customers of C&C Trucks Co., Ltd.	28 March 2022	1,000,000	1 January 2022	315,471	Warranty	Nil	Secured	1-2 years	No	No
Customers of CIMC Wetrans Logistics Technology (Group) Co., Ltd.	28 March 2022	200,000	1 January 2022	0	Warranty	Nil	Nil	1-2 years	No	No
Customers of CIMC IOT Technology Co., Ltd.	7 September 2022	15,000	7 September 2022	0	Warranty	Nil	Nil	1-2 years	No	No
Shenzhen CIMC Industry & City Development Group Co., Ltd. and its subsidiaries	28 March 2022	1,300,000	1 January 2022	282,851	Warranty	Nil	Secured	1-2 years	No	Yes
CIMC Financial Leasing Co., Ltd. and its subsidiaries	28 March 2022	4,800,000	1 January 2022	1,574,226	Warranty	Nil	Nil	1-2 years	No	Yes
Angang CIMC (Yingkou) New Energy Technology Co., Ltd.	28 March 2022	300,000	1 January 2022	0	Warranty	Nil	Nil	1-2 years	No	No
Yichuan Tianyun Clean Energy Co., Ltd.	28 March 2022	200,000	1 January 2022	34,051	Warranty	Nil	Secured	1-2 years	No	No
Zhaoqing Runqing Water Transportation Limited	7 September 2022	100,000	7 September 2022	0	Warranty	Nil	Nil	1-2 years	No	No
Total external guarantee facilities approved during the Reporting Period (A1)			11,575,000	Total actual amount of external guarantees during the Reporting Period (A2)						1,546,277
Total external guarantee facilities approved at the end of the Reporting Period (A3)			11,575,000	Total actual balance of external guarantees at the end of the Reporting Period (A4)						3,568,370

## CHAPTER IX 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%)	28 March 2022 7 September 2022	23,000,000	1 January 2022	14,594,954	Warrantice	Nil	Partially secured	1-2 years	No	No
Subsidiaries of CIMC (with gearing ratio of less than 70%)	28 March 2022 7 September 2022	4,000,000	1 January 2022	3,255,998	Warrantice	Nil	Partially secured	1-2 years	No	No
CIMC Fortune Holdings Limited	28 March 2022	30,000,000	1 January 2022	16,051,174	Warrantice	Nil	Nil	1-2 years	No	No
Total guarantee facilities for subsidiaries approved during the Reporting Period (B1)			57,000,000	Total actual amount of guarantees for subsidiaries during the Reporting Period (B2)						10,813,116
Total guarantee facilities for subsidiaries approved at the end of the Reporting Period (B3)			57,000,000	Total actual balance of guarantees for subsidiaries at the end of the Reporting Period (B4)						33,902,126

## CHAPTER IX 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%)	28 March 2022 7 September 2022	12,725,000	1 January 2022	7,439,478	Warrandice	Nil	Partially secured	1-2 years	No	No
Guarantee of one subsidiary for another (with gearing ratio of less than 70%)	28 March 2022 7 September 2022	3,700,000	1 January 2022	1,750,727	Warrandice	Nil	Partially secured	1-2 years	No	No
Total guarantee facilities for subsidiaries approved during the Reporting Period (C1)			16,425,000	Total actual guarantee amount for subsidiaries during the Reporting Period (C2)					8,166,155	
Total guarantee facilities for subsidiaries approved at the end of the Reporting Period (C3)			16,425,000	Total actual guarantee balance for subsidiaries at the end of the Reporting Period (C4)					9,190,205	
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)					20,525,548	
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)					46,660,701	
% of total actual guarantee amount (A4+B4+C4) in net assets of the Company									95.98%	
Of which:										
Guarantee balance provided to Shareholders, the de facto controller and related parties (D)									1,574,226	
Debt guarantee balance provided directly or indirectly to the guaranteed with a gearing ratio of over 70% (E)									38,368,457	
Amount of total guarantee amount in excess of 50% of net assets of the Company (F)									-	
Total amount of the above three guarantees (D+E+F)									39,942,683	
Guarantees which are not due but have incurred guarantee liability or are likely to incur joint settlement liability during the Reporting Period (if any)									Nil	
Guarantees provided to the external parties in violation of the procedures (if any)									Nil	

Note: CIMC Financial Leasing Company has been excluded from the Group's consolidated financial statements since 27 May 2022, and the statistics of guarantee for CIMC Financial Leasing Company have been adjusted from guarantees for subsidiaries in 2021 annual report to external guarantees.

Guarantees provided in a combined manner: No

## CHAPTER IX SIGNIFICANT EVENTS

### 3. Entrusted Cash or Assets Management

#### (1) Entrusted Wealth Management

Applicable Not Applicable

Unit: RMB

Type	Source of funds for entrusted wealth management	Actual amount under entrusted wealth management	Outstanding balance	Overdue and unrecovered amount	Overdue and unrecovered amount for which impairment is provided
Bank's wealth management products	Funds in hand	3.500 billion	-	-	-
Public fund products	Funds in hand	1.285 billion	921 million	-	-
Total		4.785 billion	921 million	-	-

#### (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

## CHAPTER IX SIGNIFICANT EVENTS

### XVI. EXPLANATION ON OTHER SIGNIFICANT EVENTS

1. The Company considered and approved the Resolution Regarding the Application for Registration and Issuance of Debt Financing Instrument of the Association of Financial Market Institutional Investors (《關於申請註冊發行銀行間市場交易商協會債務融資工具的議案》) at the annual general meeting of 2020 held on 2 June 2021, which approved the registration and issuance by the Company of multi-type debt financing instruments with the issuance size of each type not more than a total of RMB12 billion. According to the Notice of Acceptance of Registration (《接受註冊通知書》) (Zhong Shi Xie Zhu [2021] DFI No. 31) (“**No. 31 Notice of Acceptance**”) issued by the National Association of Financial Market Institution Investors, the Company has completed the issuance of the first tranche of medium term note for 2022 (the “**Tranche I Medium Term Note**”) on 18 February 2022. The proceeds raised from the Tranche I Medium Term Note were fully received on 18 February 2022. The issuance amount was RMB2 billion and the issue rate was 3.21% per annum. On 31 May 2022, the Company has completed the issuance of the first tranche green medium term note (blue bond) for 2022 (the “**Tranche I Green Medium Term Note (Blue Bond)**”) according to No. 31 Notice of Acceptance. The proceeds raised from the Tranche I Green Medium Term Note (Blue Bond) were fully received on 1 June 2022. The issuance amount was RMB0.5 billion and the issue rate was 2.60% per annum.
2. On 25 August 2022, as considered 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**”) entered into a share purchase agreement (the “**Transaction**”), while due to the huge uncertainty in the centralised review of operators, it may lead to the failure to achieve the conditions precedent to the Transaction stipulated in the share purchase agreement. Therefore, after comprehensive and prudent assessment, the parties decided to terminate the Transaction on 25 August 2022. The termination of the Transaction will not have a material adverse impact on the Group’s main business operations.

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, 2 June 2021, 18 February 2022 and 1 June 2022	www.cninfo.com.cn www.hkexnews.hk www.cimc.com
2 Issues regarding the termination of the acquisition of MCI	27 September 2021 and 25 August 2022	

## CHAPTER IX SIGNIFICANT EVENTS

### XVII. SIGNIFICANT EVENTS OF SUBSIDIARIES

1. At the first meeting in 2022 of the ninth session of the Board of the Company convened on 24 February 2022, 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**”). At the second meeting in 2022 of the tenth session of the supervisory committee of the Company convened on 15 July 2022, the Company considered and approved the Resolution Regarding the Proposal on the Spin-off and Listing of the Controlling Subsidiary CIMC Wetrans Logistics Technology (Group) Co., Ltd. on the Shenzhen Stock Exchange and other resolutions related to the Spin-off and Listing. The Spin-off and Listing has been considered and approved at the first extraordinary general meeting for 2022 of the Company on 3 August 2022.
2. On 23 May 2022, CIMC Raffles Marine Engineering (Singapore) Pte Ltd. (“**Singapore Raffles**”) (being a non-wholly owned subsidiary of the Company) and Southern CIMC (a wholly-owned subsidiary of the Company) officially entered into the Joint Venture Contract on Joint Establishment of Yantai CIMC Raffles Marine Technology Group Co., Ltd. (the “**Joint Venture Contract**”) with Yantai Guofeng Group. The parties will jointly fund the incorporation of the joint venture, 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). On 21 October 2022, as considered and approved at the tenth meeting in 2022 of the tenth session of the Board of directors of the Company, Singapore Raffles and Southern CIMC entered into the Supplemental Agreement to the Joint Venture Contract on Joint Establishment of Yantai CIMC Raffles Marine Technology Group Co., Ltd. with Yantai Guofeng Group, to partially adjust the capital contribution method, the subscribed capital contribution amount, the capital contribution ratio and the time of capital contribution.
3. On 27 May 2022, CIMC Leasing completed change in industrial and commercial registration and equity transfer, became a holding subsidiary of Shenzhen Capital Group, and was no longer consolidated into the consolidated statements of the Group and became an associated company of the Group. A three months transition period for the subsisting financing was set up between the Group and CIMC Leasing and its subsidiaries, commencing from the completion date of the Transaction. CIMC Leasing and its subsidiaries shall actively seek financing from third-party financial institutions, asset securitization or other channels to repay the subsisting financing provided by the Group before the expiry of the transition period for the subsisting financing. As of 27 May 2022, the amount of the Group’s existing borrowings to CIMC Leasing and its subsidiaries was approximately RMB4.16 billion. On 26 August 2022, CIMC Leasing had made full repayment of the aforementioned existing borrowings.
4. On 12 October 2022, as considered and approved at the ninth meeting in 2022 of the tenth session of the Board of the Company, C&C Trucks, a holding subsidiary of the Company, proposed to conduct strategic restructuring and introduce Chery Commercial Vehicle (Anhui) Co., Ltd. (“**Chery Commercial Vehicle**”), Wuhu Industrial Investment Fund Co., Ltd. (“**Wuhu Industrial Fund**”) and Wuhu Xingzhong Venture Capital Co., Ltd. (蕪湖市興眾風險投資有限公司) (“**Xingzhong VC**”) as the new strategic investors of C&C Trucks (the “**Restructuring Transaction**”). Upon completion of the Restructuring Transaction, Chery Commercial Vehicle, Wuhu Industrial Fund and Xingzhong VC will hold 35.42%, 17.50% and 11.66% equity interests in C&C Trucks respectively, and the shareholding of the Company in C&C Trucks will be decreased to 35.42% from 73.89%. Upon completion of the Restructuring Transaction, C&C Trucks will be an associated company of the Company, and will no longer be a holding subsidiary of the Company.



## CHAPTER IX SIGNIFICANT EVENTS

On 23 December 2022, as considered and approved at the sixteenth meeting in 2022 of the tenth session of the Board of the Company, according to the specific circumstances of the progress of the Restructuring Transaction, the shareholders agreed to adjust certain terms of the Equity Transfer Agreement and the Capital Increase Agreement as considered and approved by the Board on 12 October 2022, to adjust the signing party of the Equity Transfer Agreement from “Wuhu Tairui” to “Chery Holding”, so as to further determinate the approach for equity collection; to further specify the cash contribution of the Company in the Capital Increase Agreement from “the capital increase in cash shall not be less than RMB600 million” to “the capital increase in cash shall not be less than RMB700 million”. Meanwhile, due to a certain delay in the internal consideration time of the counterparty to the Restructuring Transaction, it is expected that the exclusion date will be postponed. Therefore, when it is excluded due to the restructuring, C&C Trucks will retain the shareholders’ loans with a total amount of no more than RMB150 million, or additional financial assistance of no more than RMB350 million.

- On 28 October 2022, in accordance with the review results of the meeting of the listing committee for ChiNext Market of Shenzhen Stock Exchange (the “**Listing Committee**”), the application for the initial public offering and listing of shares on ChiNext Market by 中集安瑞環科技股份有限公司 (CIMC Safeway Technologies Co., Ltd\*), a holding subsidiary of CIMC Enric Holdings Limited (the Company’s holding subsidiary) has been approved by the Listing Committee.

Summary of significant events	Disclosure date	Index for disclosure websites of temporary announcement
1 Spin-off and listing of CIMC Wetrans on the Shenzhen Stock Exchange	24 February 2022, 15 July 2022 and 3 August 2022	www.cninfo.com.cn www.hkexnews.hk www.cimc.com
2 Progress of entering into Joint Venture Contract with Yantai Guofeng Group	30 June 2021, 16 December 2021, 23 May 2022 and 21 October 2022	
3 CIMC Leasing completed equity transfer and repayment of borrowing	23 November 2021 and 31 August 2022	
4 Strategic restructuring of C&C Trucks	12 October 2022 and 23 December 2022	
5 Application for listing of 中集安瑞環科技股份有限公司 (CIMC Safeway Technologies Co., Ltd*) was approved by Shenzhen Stock Exchange	9 November 2021 and 28 October 2022	

## CHAPTER IX SIGNIFICANT EVENTS

### XVIII. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

1. On 17 January 2023, the Company has completed the issuance of the first tranche of super & short-term commercial papers for 2023 (the “**Tranche I Super & Short-term Commercial Papers**”). The proceeds raised from the Tranche I Super & Short-term Commercial Papers were fully received on 17 January 2023. The issuance amount was RMB0.5 billion and the issue rate was 2.21% per annum. Bank of Shanghai Co., Ltd. (上海銀行股份有限公司) is the lead underwriter of the issuance of the Tranche I Super & Short-term Commercial Papers.
2. On 24 February 2023, as considered and approved at the second meeting in 2023 of the tenth session of the Board of the Company, the Company entered into the ordinary related-party transactions framework agreements respectively with CIMC Leasing and Huijin Intelligent, both are subsidiaries of Shenzhen Capital Group, pursuant to which, the Group will continuously sell goods and/or provide services to CIMC Leasing and its subsidiaries and Huijin Intelligent and its subsidiaries, and receive goods and services provided by CIMC Leasing and its subsidiaries, as well as agreed on the proposed caps of ordinary related-party transactions for the three years ending 31 December 2023, 2024 and 2025.

In relation to the Shenzhen Capital Group mentioned in the announcement made on the same day, it is further explained that Shenzhen Capital Group is wholly-owned by the State-owned Assets Supervision and Administration Commission of the People’s Government of Shenzhen Municipal (深圳市人民政府國有資產監督管理委員會).

3. On 16 February 2023, as considered and approved at the first meeting in 2023 of the tenth session of the supervisory committee of the Company, the supervisory committee approved the nomination of Mr. LIN Changsen (林昌森) for election as the candidate of supervisor representing shareholders of the tenth session of the Supervisory Committee, with a term commencing from the date of approval at the general meeting of the Company and ending on the expiration of the term of the tenth session of the supervisory committee of the Company. On 16 March 2023, the appointment was considered and approved by the first extraordinary general meeting of the Company for 2023. On the same day, the resignation of Mr. LOU Dongyang from the position of supervisor of the Company became effective.
4. On 10 March 2023, for the first to-be-launched fund of the Second Tranche Fund of CIMC Hongyuan Advanced Manufacturing Industry Fund, CIMC Capital Management, CIMC Capital Holdings, Vanho Capital, Luoyang Manufacturing High Quality Development Fund (Limited Partnership)\* (洛陽製造業高質量發展基金(有限合夥)), Luoyang Productivity Promotion Center Co., Ltd.\* (洛陽市生產力促進中心有限公司) and Luoyang Longfeng Construction Investment Co., Ltd.\* (洛陽龍豐建設投資有限公司) entered into the Partnership Agreement for Luoyang Zhongtai Longchuang Technology Venture Fund Partnership (Limited Partnership)\* (洛陽中泰龍創科技創投基金合夥企業(有限合夥)). The total size of the Fund is RMB100 million, RMB30 million of which is to be contributed by CIMC Capital Management and CIMC Capital Holdings aggregately, accounting for 30%.

## CHAPTER IX SIGNIFICANT EVENTS

5. On 15 March 2023, the transaction in relation to the strategic restructuring of C&C Trucks was completed, and the shareholding of the Company in C&C Trucks decreased from 73.89% to 35.42%. C&C Trucks became an associated company of the Company, and was no longer a holding subsidiary of the Company.

Summary of significant events	Disclosure date	Index for disclosure websites of temporary announcement
1 Completion of the issuance of the Tranche I Super & Short-term Commercial Papers	17 January 2023	www.cninfo.com.cn www.hkexnews.hk
2 Ordinary related-party transactions with subsidiaries of Shenzhen Capital Group	24 February 2023	www.cimc.com
3 Candidate of supervisor	16 February 2023 and 16 March 2023	
4 Progress on the establishment of industrial fund by subsidiaries in conjunction with professional institutions	10 March 2023	
5 Completion of the transaction in relation to the strategic restructuring of C&C Trucks	16 March 2023	

## CHAPTER X

# CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### I. CHANGES IN SHAREHOLDINGS DURING THE REPORTING PERIOD

#### I. Changes in Shareholdings

Unit: Share

	Pre-movement		Increase/decrease (+/-) Conversion				Sub-total	Post-movement	
	Numbers of shares	Percentage	New issue	Bonus issue	from reserves	Others		Numbers of shares	Percentage
I. Shares with selling restrictions	850,232	0.02%	0	0	425,116	0	425,116	1,275,348	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	425,116	0	425,116	1,275,348	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	425,116	0	425,116	1,275,348	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	1,797,081,679	0	1,797,081,679	5,391,245,037	99.98%
1. RMB- denominated ordinary shares	1,534,271,428	42.68%	0	0	767,135,714	0	767,135,714	2,301,407,142	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	1,029,945,965	0	1,029,945,965	3,089,837,895	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	1,797,506,795	0	1,797,506,795	5,392,520,385	100.00%

## CHAPTER X

### CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

#### Reasons for changes in shares

During the Reporting Period, the Company implemented the profit distribution plan for 2021. 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 one 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.

#### Approval for changes in share capital

Applicable    Not applicable

The profit distribution plan for 2021 was considered and approved at the 2021 annual general meeting, the first A Share class meeting for 2022 and the first H share class meeting for 2022 held on 28 June 2022.

#### Transfer for changes in shares

Applicable    Not applicable

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
2022 Basic earnings per share	0.88	0.59
Diluted earnings per share	0.86	0.57
Net assets per share attributable to Shareholders and other owners of equity interests of the parent	13.52	9.01

#### Other matters that the Company deemed necessary to or required by the securities regulatory authority to be disclosed

Applicable    Not applicable

## CHAPTER X

## CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

## 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	222,616	667,848	Shares are subject to selling restrictions in accordance with relevant provisions of stock exchanges and clearing companies	Nil
Huang Tianhua	405,000	0	202,500	607,500	Same as above	Nil
Total	850,232	0	425,116	1,275,348		

In accordance with relevant provisions of stock exchanges and clearing companies, regarding the shares attributable to the senior management 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, as additional 5 new shares was issued by the Company to all Shareholders for every 10 shares held by way of conversion of capital surplus, and the Company's Chairman and CEO Mr. Mai Boliang and the vice president Mr. Huang Tianhua did not sell or increase their shares, and thus the number of the shares with selling restrictions attributable to executives held by them was changed to 667,848 shares and 607,500 shares, respectively.

## 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 "III. Assets And Liabilities" in "Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules" in this Report. For details of changes in the total number of shares and the shareholder structure of the Group during the Reporting Period, please refer to "1. Changes in Shareholdings" in "I. Changes in Shareholdings During the Reporting Period" and "III. Shareholders and De Facto Controller".

## 3. Existing Employee Shares

Applicable Not applicable

## CHAPTER X

### CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### III. SHAREHOLDERS AND DE FACTO CONTROLLER

#### 1. Number of Shareholders and Shareholdings of the Company

The total number of Shareholders of the Company as at 31 December 2022 was 119,034, including 119,004 holders of A Shares and 30 registered holders of H Shares. The total number of Shareholders of the Company as at 28 February 2023 (being the end of the month prior to the publication date of the 2022 Annual Report of the Company) was 121,141, including 121,111 holders of A Shares and 30 registered holders of H Shares.

Unit: Share

Total ordinary Shareholders at the end of the Reporting Period		119,034	Total ordinary Shareholders at the end of the month prior to the publication date of Annual Report		121,141			
<b>Shareholdings of the Shareholders who held 5% or above or the top ten Shareholders at the end of the Reporting Period</b>								
Name of Shareholders	Nature of Shareholders	Percentage of shareholding	Number of shares held at the end of the Reporting Period	Changes during the Reporting Period	Number of shares held with selling restrictions	Number of shares held without selling restrictions	Pledged, marked or frozen shares Status	Number
HKSCC (Note 1)	Foreign legal person	59.17%	3,190,858,423	1,058,649,843	-	3,190,858,423	-	-
Shenzhen Capital Group (Note 2)	State-owned legal person	9.74%	525,000,000	175,000,000	-	525,000,000	-	-
COSCO SHIPPING Development Co., Ltd.	State-owned legal person	1.41%	75,804,843	(12,988,857)	-	75,804,843	-	-
Shanghai Yiluo Private Equity Fund Management Co., Ltd. – Jun'an No.9 Yiluo private equity investment fund	Domestic non-state-owned legal person	1.20%	64,472,622	20,946,269	-	64,472,622	-	-
Miao Yanfen (苗艳芬)	Domestic natural person	0.84%	45,122,786	15,040,929	-	45,122,786	-	-
Shanghai Yiluo Private Equity Fund Management Co., Ltd. – Junxing No.10 private equity fund	Domestic non-state-owned legal person	0.70%	37,526,162	1,705,476	-	37,526,162	-	-
CITIC Prudential Life Insurance Co., Ltd. – participating products (Note 3)	Domestic non-state-owned legal person	0.55%	29,599,947	9,866,649	-	29,599,947	-	-
Shanghai Yiluo Private Equity Fund Management Co., Ltd. – Junxing No. 4 private equity fund	Domestic non-state-owned legal person	0.54%	29,189,807	9,705,702	-	29,189,807	-	-
Fu Xuan (付璇)	Domestic natural person	0.37%	20,107,882	6,381,140	-	20,107,882	-	-
Dacheng Fund – Agricultural Bank of China – Dacheng Fund & CSFC Asset Management Plan	Domestic non-state-owned legal person	0.31%	16,470,540	5,490,180	-	16,470,540	-	-
Strategic investors or ordinary legal persons who became top ten Shareholders due to placing of new shares (if any)	None							
Explanation on the relationship or concerted action of the above Shareholders	Unknown							
Explanation on above Shareholders' delegation of/ being entrusted with and waiver of voting rights	Not applicable							
Special explanation on the existence of repurchase dedicated accounts among the top ten Shareholders (if any)	Not applicable							

## CHAPTER X 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)	3,089,654,265	Overseas listed foreign shares	3,089,654,265
	101,204,158	RMB ordinary shares	101,204,158
Shenzhen Capital Group (Note 2)	525,000,000	RMB ordinary shares	525,000,000
COSCO SHIPPING Development Co., Ltd.	75,804,843	RMB ordinary shares	75,804,843
Shanghai Yiluo Private Equity Fund Management Co., Ltd. – Jun'an No.9 Yiluo private equity investment fund	64,472,622	RMB ordinary shares	64,472,622
Miao Yanfen (苗艷芬)	45,122,786	RMB ordinary shares	45,122,786
Shanghai Yiluo Private Equity Fund Management Co., Ltd. – Junxing No.10 private equity fund	37,526,162	RMB ordinary shares	37,526,162
CITIC Prudential Life Insurance Co., Ltd. – participating products (Note 3)	29,599,947	RMB ordinary shares	29,599,947
Shanghai Yiluo Private Equity Fund Management Co., Ltd. – Junxing No. 4 private equity fund	29,189,807	RMB ordinary shares	29,189,807
Fu Xuan (付璇)	20,107,882	RMB ordinary shares	20,107,882
Dacheng Fund – Agricultural Bank of China – Dacheng Fund & CSFC Asset Management Plan	16,470,540	RMB ordinary shares	16,470,540
Description of the connected relationship or concerted actions between the top 10 Shareholders of tradable shares not subject to selling restrictions, and between the top 10 Shareholders of tradable shares not subject to selling restrictions and the top 10 Shareholders	Unknown		
Information on the top 10 ordinary Shareholders participating in the margin trading and securities lending business (if any)	Nil		

Note 1: As at 31 December 2022, HKSCC holds 3,190,858,423 shares of the Company, comprising 101,204,158 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 3,089,654,265 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) 1,320,643,830 H shares held by China Merchants Group through its subsidiaries (including China Merchants (CIMC) Investment etc.), and the 1,078,634,297 H shares directly held by Shenzhen Capital Group through its wholly-owned subsidiary Shenzhen Capital (Hong Kong).

Note 2: As at 31 December 2022, Shenzhen Capital Group held 1,078,634,297 H shares of the Company which were registered under HKSCC NOMINEES LIMITED (see note 1 above) and 525,000,000 A shares of the Company.

Note 3: As at 31 December 2022, CITIC-Prudential Life Insurance Co., Ltd. held 29,599,947 A shares of the Company and another 265,990,770 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 X

## 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

Name of the corporate Shareholder	Legal representative/ Company leader	Date of establishment	Registered capital	Main business or management activities
Shenzhen Capital (Hong Kong)	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 X

## 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. REPURCHASE OF SHARES DURING THE REPORTING PERIOD

**Progress in the repurchase of shares**

Applicable Not applicable

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

Applicable Not applicable

## CHAPTER X

### CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

#### V. DISCLOSURE OF SHAREHOLDINGS OF THE SUBSTANTIAL SHAREHOLDERS UNDER THE SECURITIES AND FUTURES ORDINANCE OF HONG KONG

So far as the directors are aware, as at 31 December 2022, 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 shares	Number of shares	Capacity	Percentage of such shares in the issued shares of the same class (%)	Percentage of such shares in the total issued shares (%)
Shenzhen Capital Group (Note 1)	A Shares	525,000,000 (L)	Interest of corporation controlled by the substantial shareholder	22.80%	9.74%
	H Shares	1,078,634,297 (L)	Interest of corporation controlled by the substantial shareholder	34.91%	20.00%
China Merchants Group (Note 2)	H Shares	1,320,643,830(L)	Interest of corporation controlled by the substantial shareholder	42.74%	24.49%
CITIC Prudential Life Insurance Co., Ltd.	A Shares	29,599,947 (L)	Beneficial holder	1.29%	0.55%
	H Shares	265,990,770 (L)	Beneficial holder	8.61%	4.93%

(L) Long position

Note 1: Shenzhen Capital Group has an interest in A Shares of the Company, being 525,000,000 A Shares (L), and holds an interest in H shares of the Company, being 1,078,634,297 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 2022, 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 1,320,643,830 H Shares long position (L) are held in the capacity as interest of corporation controlled by the substantial shareholder.

Save as disclosed above and so far as the directors are aware, as at 31 December 2022, 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 X 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.

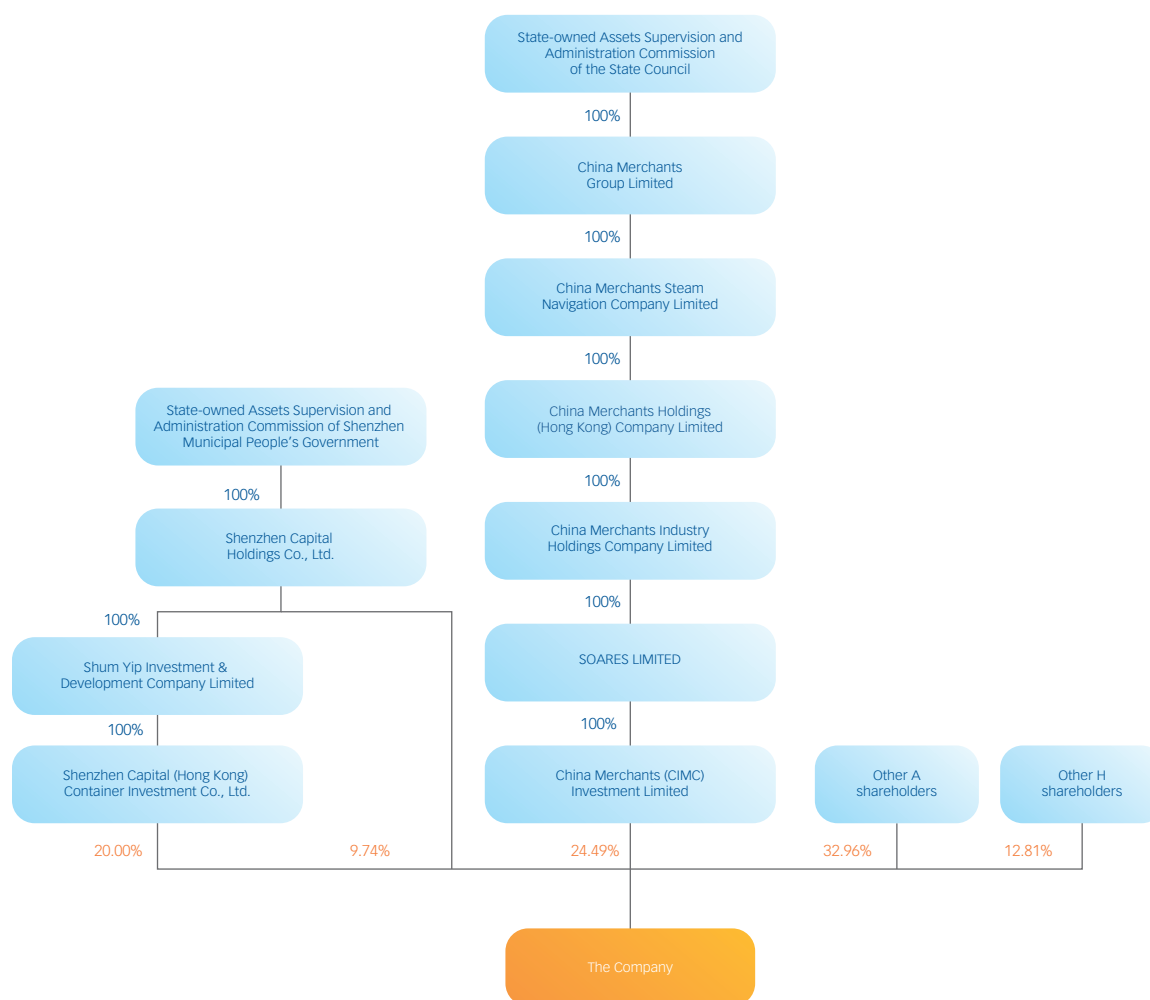
China Merchants Group was incorporated in October 1986 in the PRC. Its registered capital is RMB16.9 billion and its chairman of the board of directors is Mr. Miao Jianmin. China Merchants Group’s business focuses on transportation and logistics, comprehensive finance, comprehensive development of urban regions and industrial parks, as well as the new industries such healthcare and testing conducted recently. As of the end of the Reporting Period, China Merchants Group through its subsidiary China Merchants (CIMC) Investment Limited 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 X

### CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

#### VI. CHART OF SHAREHOLDING STRUCTURE BETWEEN THE COMPANY AND THE SUBSTANTIAL SHAREHOLDERS AS AT 31 DECEMBER 2022



#### 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.

## CHAPTER XI

# 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

Applicable Not applicable

The Company's 2019 public offering of corporate bonds to qualified investors (First Tranche) (Abbreviation of bonds: "19Haiji 01") became mature on 15 October 2022. On 17 October 2022, 19Haiji 01 was delisted and the interest and principal of the bonds for the period from 15 October 2021 to 14 October 2022 were paid.

### III. NON-FINANCIAL CORPORATE DEBT FINANCING INSTRUMENT

Applicable Not applicable

CHAPTER XI  
BONDS

## 1. BASIC INFORMATION OF NON-FINANCIAL CORPORATE DEBT FINANCING INSTRUMENT

Unit: RMB100 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
The 2023 First Tranche of Super & Short-term Commercial Papers of China International Marine Containers (Group) Co., Ltd.	23 Hai Yun Ji Zhuang SCP001	012380276.IB	2023/01/16	2023/01/17	2023/06/16	5	2.21%	The principals and interest for this tranche of super & short-term commercial papers will be paid in a lump sum when they become due.	Shanghai Clearing House
The 2022 First Tranche of Green Medium-term Notes (Blue Bonds) of China International Marine Containers (Group) Co., Ltd.	22 Hai Yun Ji Zhuang GN001 (Blue Bonds)	132280052.IB	2022/05/30	2022/06/01	2025/06/01	5	2.60%	The medium-term notes are payable annually and the principal is paid in a lump sum on the maturity date.	Shanghai Clearing House
The 2022 First Medium-term Notes of China International Marine Containers (Group) Co., Ltd.	22 Hai Yun Ji Zhuang MTN001	102280282.IB	2022/02/16	2022/02/18	No fixed expiry date	20	3.21%	The interest of the Bonds is paid in installments annually if the Issuer does not exercise the right of deferred payment of interest. There is no definite principal repayment date for the bonds, and the issuer will repay the principal and all outstanding interest on the redemption 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 XI BONDS

### 3. INTERMEDIARY

Name of Bonds	Name of intermediaries	Business address	The Certified Public Accountants as the Signatories:		
			Contact of intermediaries	Tel of contact	
The 2023 First Tranche of Super & Short-term Commercial Papers of China International Marine Containers (Group) Co., Ltd.	Lead underwriter: Bank of Shanghai Co., Ltd. (上海银行股份有限公司)	27/F, Bank of Shanghai, No.168 Yincheng Zhong Road, Shanghai	Not Applicable	Han Jiaqian	021-68476910
	Lawyer: Grandall Law Firm (Shenzhen)	42/F, Shenzhen Special Zone Press Tower, 6008 Shennan Blvd, Shenzhen		Niu Lu	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
The 2022 First Tranche of Green Medium-term Notes (Blue Bonds) of China International Marine Containers (Group) Co., Ltd.	Lead underwriter: Agricultural Bank of China Limited	No. 69 Jianguomennei Avenue, Dongcheng District, Beijing	Not Applicable	Tang Zhao	010-85108164
	Joint lead underwriter: Bank of China Limited	No.1 Fuxingmennei Avenue, Beijing		Li Xintong	010-66595024
	Lawyer: Grandall Law Firm (Shenzhen)	42/F, Shenzhen Special Zone Press Tower, 6008 Shennan Blvd, Shenzhen		Niu Lu	0755-83515666
The 2022 First Tranche of Medium-term Notes 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	Luo Yingying, Gan Yawen	0755-88023712
	Joint lead underwriter: China International Capital Corporation Limited	27th and 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing		Wu Shan, Yang Xi	010-65051166
	Lawyer: Grandall Law Firm (Shenzhen)	42/F, Shenzhen Special Zone Press Tower, 6008 Shennan Blvd, Shenzhen		Niu Lu	0755-83515666
The 2022 First Tranche of Medium-term Notes of China International Marine Containers (Group) Co., Ltd.	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
	Accountants: PricewaterhouseCoopers Zhong Tian LLP	6/F, DBS Bank Tower, 1318 Lu Jia Zui Ring Road, Pudong New Area, Shanghai 200120, PRC		Cao Cuili, Guo Suhong	021-23238888

Whether the above-mentioned intermediaries changed or not during the Reporting Period

Yes  No



CHAPTER XI  
BONDS

## 4. USE OF PROCEEDS

Unit: RMB

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
The 2023 First Tranche of Super & Short-term Commercial Papers of China International Marine Containers (Group) Co., Ltd.	500,000,000.00	500,000,000.00	0	Normal	Not Applicable	Yes
The 2022 First Tranche of Green Medium-term Notes (Blue Bonds) of China International Marine Containers (Group) Co., Ltd.	500,000,000.00	170,508,167.51	329,491,832.49	Normal	Not Applicable	Yes
2022 medium-term notes (MTN) first tranche of China International Marine Containers (Group) Co., Ltd.	2,000,000,000.00	2,000,000,000.00	0	Normal	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

## CHAPTER XI BONDS

### IV. CONVERTIBLE CORPORATE BONDS

Applicable Not applicable

The Company did not have any convertible corporate bonds during the Reporting Period. For details of the 5-year zero-coupon convertible bonds issued by Enric, a subsidiary of the Group, please refer to Note IV.41 to “Chapter XII Financial Statements Prepared in Accordance with CASBE” in this Report.

### 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	1.22	1.17	4.27%
Gearing ratio	57%	63%	(6.00%)
Quick ratio	0.84	0.84	0.00%

	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)	4,283,631	5,473,060	(21.73%)
Debt-to-EBITDA ratio	0.43	0.42	2.38%
Interest coverage ratio	6.10	10.34	(41.01%)
Cash interest coverage ratio	17.20	13.07	31.60%
EBITDA interest coverage ratio	8.69	12.69	(31.52%)
Loan repayment ratio	100%	100%	0.00%
Interest repayment ratio	100%	100%	0.00%

## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE



普华永道

PwC ZT Shen Zi (2023) No. 10036  
(Page 1 of 11)

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 2022;
- the consolidated and company income statements for the year then ended;
- the consolidated and company cash flow statements for the year then ended;
- the consolidated and company statements of changes in shareholders' equity for the year then ended; and
- notes to the financial statements.

#### Our opinion

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

#### BASIS FOR OPINION

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

We are independent of CIMC 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 XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

PWC ZT Shen Zi (2023) No. 10036  
(Page 2 of 11)

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

1. Impairment of relevant assets in the offshore engineering asset group
2. Impairment of account 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.28 – Held for sale and discontinued operations, Note II.32(2)(b)&amp;(c) – Critical accounting estimates and key judgements on impairment of long-term assets and provision for decline in the value of inventories, Note IV.9 – Inventories, Note IV.11 – Assets and liabilities held for sale, Note IV.19 – Fixed assets and Note IV.20 – Construction in progress to the financial statements.</p> <p>As at 31 December 2022, the carrying amount of offshore engineering project in inventories amounted to RMB753,017,000, the carrying amount of offshore engineering equipment in fixed assets amounted to RMB18,394,572,000, the carrying amount of offshore engineering equipment in construction in progress amounted to RMB3,390,994,000 and the carrying amount of offshore engineering equipment in assets held for sale amounted to RMB411,029,000.</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 XII

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

PwC ZT Shen Zi (2023) No. 10036  
(Page 3 of 11)

## 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 realisable value of the inventory and the carrying amount, the management did not recognise inventory impairment loss for the offshore engineering projects of the inventory in the consolidated income statement for the year ended 31 December 2022. The management has engaged an independent external valuer to perform the valuation on the fair value of relevant assets, which shows an indication of impairment in the offshore engineering asset group. Based on the valuation results, an impairment loss of RMB116,262,000 towards offshore engineering equipment in fixed assets was recognised during the year ended 31 December 2022 in the consolidated income statement.</p> <p>Based on the irrevocable transfer agreement, the management recognised an impairment loss of RMB110,560,000 towards offshore engineering equipment in assets held for sale during the year ended 31 December 2022 in the consolidated income statement.</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 market transaction price of the same type of inventories to evaluate the similarity of the market-traded inventories and the existing inventories, the authenticity and comparability of the public transaction price, and the rationality of the estimated selling price of the management.</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, the fair value determined by the management using recent transaction cases of the same or similar assets in the market as well as the breakdown of the estimated disposal costs, 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 reviewed the rationality of the fair value and disposal cost details provided by the management.</p>

## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

PWC ZT Shen Zi (2023) No. 10036  
(Page 4 of 11)

### 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>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 recognised 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>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 that the recoverable amount of the fixed asset or construction in progress is less than its carrying amount, the difference shall be accounted for as impairment provision 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>(2) We evaluated the rationality of valuation model used in the management testing by involving our internal valuation experts.</p> <p>(3) We compared the management's cash flow forecast related to assets of 2022 in 2021 impairment test worksheet against the actual performance in 2022 to check whether there was management bias in the impairment assessment process.</p> <p>(4) We assessed the rationality of the management's prediction on the rentals, utilisation rates and future 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 rationality of discount rates by involving our internal valuation experts.</p> <p>(7) We reviewed sensitivity analysis of key assumptions and evaluated potential impacts on test results.</p>

CHAPTER XII

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

PwC ZT Shen Zi (2023) No. 10036  
(Page 5 of 11)

## 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>The management conducted impairment tests on the fixed assets and construction in progress using the present value of the future cash flows. The key assumptions used by the management for impairment test include future rentals, utilisation rates, future cost and discount rates.</p> <p>When the management remeasures non-current assets held for sale at the balance sheet date, the carrying amount is reduced to the fair value less the selling expenses where the carrying amount is higher than the fair value less the selling expenses, and the amount of the reduce is recognised as the asset impairment losses, while provision for impairment of the assets held for sale was made.</p> <p>We focused on this area due to the fact that key assumptions and significant judgements were involved in impairment identification and assessment process of relevant assets in offshore engineering asset group.</p>	<p>– For the recoverable amount of assets held for sale, we obtained an irrevocable transfer agreement signed by the management to evaluate the rationality of the management’s classification of assets as held for sale; and assessed the accuracy of the provision for impairment by comparing the selling price less the disposal price in the agreement with the carrying amount of the assets.</p> <p>Based on our work performed, we found that the 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 XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

PWC ZT Shen Zi (2023) No. 10036

(Page 6 of 11)

### KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>2. Impairment of account receivables</b></p> <p>Refer to Note II.9 – Accounting policy of financial instruments, Note II.32(1) – Critical judgements in applying the accounting policies, Note II.32(2) (a) – Significant accounting estimates and key assumptions related to measurement of expected credit losses (“ECL”), Note IV.5 – Account receivables, Note IV.63 – Credit impairment losses.</p> <p>As at 31 December 2022, the carrying amount of account receivables of the Group in the consolidated balance sheet amounted to RMB22,286,602,000. In 2022, the Group recognised loss on bad debts of RMB273,169,000 towards account receivables in the consolidated income statement.</p> <p>To measure the lifetime ECL, account 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>We focused on this area due to the fact that key assumptions and significant judgements were involved in measuring ECL of account receivables.</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 over the assessment of the ECL of account receivables, including the management’s grouping on account 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 ECL estimates and the level of other inherent risk factors.</li> <li>– We obtained and tested the accuracy of ageing analysis worksheets of account receivables prepared by the management, by checking sales invoices on a sample basis.</li> <li>– We assessed the rationality of the management’s measurement of ECL 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> <li>– We evaluated the rationality of forward-looking factors applied by the management based on the macroeconomic scenario, industry trend and market development with the involvement of our internal valuation experts.</li> </ul> <p>Based on our work performed, we found that the management’s key assumptions on impairment provision of account receivables were supported by the evidence we gathered.</p>



CHAPTER XII

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

PwC ZT Shen Zi (2023) No. 10036  
(Page 7 of 11)

## 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 key judgements on impairment of long-term assets and Note IV.23 – Goodwill to the financial statements.</p> <p>As at 31 December 2022, the carrying amount of goodwill of the Group in the consolidated balance sheet amounted to RMB2,516,875,000. As at 31 December 2022, the accumulated provision for impairment of goodwill was RMB436,908,000. In 2022, the Group recognised impairment loss of RMB65,922,000 towards goodwill 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 which include the allocated goodwill. The key assumptions applied include revenue growth rates, gross margins, expense rates and discount rates.</p> <p>We focused on this area due to the fact that significant and complex judgements were involved in key assumptions of assessing the goodwill impairment.</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 the 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 the management’s forecast of 2022 in 2021 goodwill impairment worksheet against the actual performance in 2022 to check whether there was management bias in the goodwill impairment assessment process.</li> </ul>

## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

PWC ZT Shen Zi (2023) No. 10036  
(Page 8 of 11)

### KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>3. Impairment of goodwill (Continued)</b></p>	<ul style="list-style-type: none"> <li>– We analysed the rationality of the 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 and expense savings due to economies of scale.</li> <li>– We evaluated the rationality of discount rates by involving our internal valuation experts.</li> <li>– We reviewed the sensitivity analysis of key assumptions made by the management and evaluated its potential impacts on test results.</li> </ul> <p>Based on our work performed, we found that the management’s key assumptions in goodwill impairment test were supported by the evidence we gathered.</p>

### OTHER INFORMATION

The management of CIMC is responsible for the other information. The other information comprises all of the information included in 2022 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.

## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

PwC ZT Shen Zi (2023) No. 10036  
(Page 9 of 11)

### RESPONSIBILITIES OF THE MANAGEMENT AND AUDIT COMMITTEE FOR THE FINANCIAL STATEMENTS

The 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 the 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, the 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 the management either intends to liquidate CIMC or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing CIMC's financial reporting process.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

As part of an audit in accordance with CSAs, we exercise professional judgement 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.

## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

PWC ZT Shen Zi (2023) No. 10036  
(Page 10 of 11)

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the 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 financial statements. We are responsible for the direction, supervision and performance of CIMC audit. We remain solely responsible for our audit opinion.

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 related safeguards if applicable.

CHAPTER XII

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

PwC ZT Shen Zi (2023) No. 10036  
(Page 11 of 11)

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

From the matters communicated with audit committee, we determine those matters that are 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 Cuili  
(Engagement Partner)

Shanghai, the People's Republic of China  
28 March 2023

Certified Public Accountant

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Guo Suhong

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

AS AT 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## CONSOLIDATED BALANCE SHEET

	Note	31 December 2022	31 December 2021
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	IV.1	17,111,587	16,442,733
Financial assets held for trading	IV.2	1,060,953	445,432
Derivative financial assets	IV.3	160,660	562,027
Notes receivables	IV.4	639,162	947,968
Account receivables	IV.5	22,286,602	25,491,181
Receivables financing	IV.6	628,967	1,048,244
Other receivables	IV.7	3,252,724	4,779,626
Advance to suppliers	IV.8	6,023,481	3,447,421
Inventories	IV.9	18,331,548	19,837,123
Contract assets	IV.10	3,927,838	2,821,340
Assets held for sale	IV.11	2,166,440	–
Current portion of non-current assets	IV.12	88,906	3,707,125
Other current assets	IV.13	1,305,318	1,927,159
<b>Total current assets</b>		<b>76,984,186</b>	<b>81,457,379</b>
<b>Non-current assets:</b>			
Other equity investments	IV.14	2,699,048	1,167,141
Other non-current financial assets	IV.15	126,060	330,600
Long-term receivables	IV.16	35,377	7,918,001
Long-term equity investments	IV.17	10,531,627	8,469,457
Investment properties	IV.18	1,453,007	1,386,085
Fixed assets	IV.19	39,202,494	34,995,382
Construction in progress	IV.20	4,740,879	9,071,776
Intangible assets	IV.21	4,331,430	4,543,742
Development expenditures	IV.21	35,779	–
Right-of-use assets	IV.22	874,640	864,559
Goodwill	IV.23	2,516,875	2,268,466
Long-term prepaid expenses	IV.24	913,177	503,454
Deferred tax assets	IV.25	1,106,771	1,265,807
Other non-current assets	IV.26	348,599	80,652
<b>Total non-current assets</b>		<b>68,915,763</b>	<b>72,865,122</b>
<b>TOTAL ASSETS</b>		<b>145,899,949</b>	<b>154,322,501</b>

CHAPTER XII

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

AS AT 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## CONSOLIDATED BALANCE SHEET (Continued)

	Note	31 December 2022	31 December 2021
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Short-term borrowings	IV.29	4,370,714	7,204,671
Derivative financial liabilities	IV.3	1,318,327	691,856
Financial liabilities held for trading		35,685	38,134
Notes payables	IV.30	3,129,916	5,215,721
Account payables	IV.31	16,562,146	17,504,738
Advances from customers	IV.32	24,465	16,941
Contract liabilities	IV.33	12,191,280	7,427,329
Employee benefits payable	IV.34	5,332,059	4,534,703
Liabilities classified as held-for-sale	IV.11	1,984,154	-
Taxes payable	IV.35	4,903,749	2,870,290
Other payables	IV.36	7,016,863	9,382,139
Provisions	IV.37	1,387,532	1,424,793
Current portion of non-current liabilities	IV.38	4,191,030	12,434,293
Other current liabilities	IV.39	550,234	676,994
<b>Total current liabilities</b>		<b>62,998,154</b>	<b>69,422,602</b>
<b>Non-current liabilities:</b>			
Long-term borrowings	IV.40	16,213,919	21,651,730
Debentures payable	IV.41	1,896,227	1,234,980
Lease liabilities	IV.42	732,885	442,036
Long-term payables		85,634	829
Deferred income	IV.43	996,373	976,247
Deferred tax liabilities	IV.25	290,953	3,610,921
Other non-current liabilities	IV.44	29,720	3,066
<b>Total non-current liabilities</b>		<b>20,245,711</b>	<b>27,919,809</b>
<b>Total liabilities</b>		<b>83,243,865</b>	<b>97,342,411</b>
<b>Shareholders' equity:</b>			
Share capital	IV.45	5,392,521	3,595,014
Other equity instruments	IV.46	2,049,774	-
Including: Perpetual bonds		2,049,774	-
Capital reserve	IV.47	4,207,798	5,524,096
Other comprehensive income	IV.48	1,065,540	784,890
Surplus reserve	IV.49	4,300,255	3,587,597
Returned earnings	IV.50	31,597,541	31,627,036
Total equity attributable to shareholders and other equity holders of the Company		48,613,429	45,118,633
Non-controlling interests		14,042,655	11,861,457
<b>Total shareholders' equity</b>		<b>62,656,084</b>	<b>56,980,090</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>145,899,949</b>	<b>154,322,501</b>

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

Legal representative:

Person in charge of  
accounting function:

The head of the accounting  
department:

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

AS AT 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## BALANCE SHEET

	Note	31 December 2022	31 December 2021
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	XIX.1	562,612	3,096,658
Derivative financial assets	XIX.2	483	67,817
Account receivables		12,370	36,562
Other receivables	XIX.3	25,114,528	24,337,668
<b>Total current assets</b>		<b>25,689,993</b>	27,538,705
<b>Non-current assets:</b>			
Other equity investments	XIX.4	2,169,707	652,408
Long-term equity investments	XIX.5	13,570,205	13,042,921
Investment properties		126,181	118,573
Fixed assets	XIX.6	113,535	121,927
Construction in progress		15,321	35,208
Intangible assets		171,185	134,292
Long-term prepaid expenses		973	1,337
<b>Total non-current assets</b>		<b>16,167,107</b>	14,106,666
<b>TOTAL ASSETS</b>		<b>41,857,100</b>	41,645,371



CHAPTER XII

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

AS AT 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## BALANCE SHEET (Continued)

	Note	31 December 2022	31 December 2021
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Short-term borrowings	XIX.7	–	360,000
Derivative financial liabilities	XIX.2	518	939
Employee benefits payable		380,598	277,511
Taxes payable	XIX.8	5,221	14,970
Other payables	XIX.9	8,494,781	7,117,247
Current portion of non-current liabilities	XIX.10	1,677,186	9,355,935
<b>Total current liabilities</b>		<b>10,558,304</b>	17,126,602
<b>Non-current liabilities:</b>			
Long-term borrowings	XIX.11	2,733,000	3,850,904
Debentures payable	XIX.12	507,583	–
Deferred income		3,497	6,450
<b>Total non-current liabilities</b>		<b>3,244,080</b>	3,857,354
<b>Total liabilities</b>		<b>13,802,384</b>	20,983,956
<b>Shareholders' equity:</b>			
Share capital	IV.45	5,392,521	3,595,014
Other equity instruments	IV.46	2,049,774	–
Including: Perpetual bonds		2,049,774	–
Capital reserve	XIX.14	1,015,449	2,812,956
Other comprehensive income	XIX.15	639,000	383,171
Surplus reserve	IV.49	4,300,255	3,587,597
Returned earnings	XIX.16	14,657,717	10,282,677
<b>Total shareholders' equity</b>		<b>28,054,716</b>	20,661,415
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>41,857,100</b>	41,645,371

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

Legal representative:

Person in charge of  
accounting function:

The head of the accounting  
department:

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

# CONSOLIDATED INCOME STATEMENT

Item	Note	2022	2021
<b>I. Revenue</b>	IV.51	<b>141,536,654</b>	163,695,980
Less: Cost of sales	IV.51	<b>119,911,750</b>	134,175,949
Taxes and surcharges	IV.52	<b>550,968</b>	634,267
Selling and distribution expenses	IV.53	<b>2,452,009</b>	2,758,879
General and administrative expenses	IV.54	<b>7,012,067</b>	5,800,857
Research and development expenses	IV.55	<b>2,463,228</b>	2,252,355
Financial (income)/expenses	IV.56	<b>(23,518)</b>	1,507,266
Including: Interest expenses		<b>1,335,402</b>	1,368,524
Interest income		<b>322,352</b>	350,218
Asset impairment losses	IV.62	<b>458,625</b>	4,323,981
Credit impairment losses	IV.63	<b>318,328</b>	630,744
Add: Other income	IV.61	<b>540,871</b>	646,885
Investment (losses)/income	IV.59	<b>(595,269)</b>	1,268,093
Including: Share of profits/(losses) of associates and joint ventures		<b>152,738</b>	(235,331)
Losses on changes in fair value	IV.58	<b>(1,076,836)</b>	(72,013)
Gains on disposals of assets	IV.60	<b>243,245</b>	16,902
<b>II. Operating profit</b>		<b>7,505,208</b>	13,471,549
Add: Non-operating income	IV.64	<b>147,084</b>	123,969
Less: Non-operating expenses	IV.65	<b>714,441</b>	300,459
<b>III. Total profit</b>		<b>6,937,851</b>	13,295,059
Less: Income tax expenses	IV.66	<b>2,336,709</b>	4,934,291
<b>IV. Net profit</b>		<b>4,601,142</b>	8,360,768
<b>Classified by business continuity</b>			
Net profit from continuing operations		<b>4,869,031</b>	7,906,427
Net loss from discontinued operations		<b>(267,889)</b>	454,341
<b>Classified by ownership</b>			
Attributable to shareholders and other equity holders of the Company		<b>3,219,226</b>	6,665,323
Non-controlling interests		<b>1,381,916</b>	1,695,445

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
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# CONSOLIDATED INCOME STATEMENT (Continued)

Item	Note	2022	2021
<b>V. Other comprehensive income, net of tax</b>	IV.48	<b>262,044</b>	(236,094)
Attributable to shareholders and other equity holders of the Company		<b>280,650</b>	(135,879)
Items that will not be reclassified to profit or loss		<b>270,401</b>	(18,118)
Changes in fair value of other equity investments		<b>270,401</b>	(18,118)
Items that may be reclassified subsequently to profit or loss		<b>10,249</b>	(117,761)
Excess of fair value over carrying amount of investment properties at the date of transfer		<b>10,817</b>	-
Other comprehensive income that can be reclassified into profit or loss under the equity method	IV.17	<b>207,436</b>	(288)
Currency translation differences		<b>(208,004)</b>	(117,473)
Non-controlling interests		<b>(18,606)</b>	(100,215)
<b>VI. Total comprehensive income</b>		<b>4,863,186</b>	8,124,674
Attributable to shareholders and other equity holders of the Company		<b>3,499,876</b>	6,529,444
Non-controlling interests		<b>1,363,310</b>	1,595,230
<b>VII. Earnings per share</b>			
Basic earnings per share (RMB)	IV.67	<b>0.59</b>	1.20 (adjusted)
Diluted earnings per share (RMB)	IV.67	<b>0.57</b>	1.20 (adjusted)

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

Legal representative:

Person in charge of  
accounting function:

The head of the accounting  
department:

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## INCOME STATEMENT

Item	Note	2022	2021
<b>I. Revenue</b>	XIX.17	<b>275,951</b>	436,889
Less: Cost of sales	XIX.17	–	3,097
Taxes and surcharges		<b>7,495</b>	10,274
General and administrative expenses	XIX.19	<b>490,915</b>	624,931
Research and development expenses	XIX.19	<b>5,043</b>	2,185
Financial (income)/expenses	XIX.18	<b>(126,385)</b>	893,384
Including: Interest expenses		<b>537,425</b>	693,629
Interest income		<b>86,114</b>	20,873
Asset impairment losses		<b>60,000</b>	1,430,593
Credit impairment losses		<b>709,568</b>	285,813
Add: Other income		<b>1,281</b>	9,161
Investment income	XIX.20	<b>8,003,096</b>	5,447,274
Losses on changes in fair value		<b>(59,306)</b>	(33,809)
Gains on disposals of assets		<b>(46)</b>	(1,306)
<b>II. Operating profit</b>		<b>7,074,340</b>	2,607,932
Add: Non-operating income		<b>4,646</b>	18,849
Less: Non-operating expenses	XIX.21	<b>14,885</b>	5,470
<b>III. Total profit</b>		<b>7,064,101</b>	2,621,311
Less: Income tax expenses	XIX.22	<b>(62,473)</b>	–
<b>IV. Net profit</b>		<b>7,126,574</b>	2,621,311
<b>Classified by business continuity</b>			
Net profit from continuing operations		<b>7,126,574</b>	2,621,311
Net profit from discontinued operations		–	–
<b>V. Other comprehensive income, net of tax</b>	XIX.15	<b>223,174</b>	30,873
Items that will not be reclassified to profit or loss		<b>187,419</b>	30,873
Changes in fair value of other equity investments		<b>187,419</b>	30,873
Items that may be reclassified to profit or loss		<b>35,755</b>	–
Other comprehensive income that can be reclassified into profit or loss under the equity method		<b>35,755</b>	–
<b>VI. Total comprehensive income</b>		<b>7,349,748</b>	2,652,184

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

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CHAPTER XII

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
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## CONSOLIDATED CASH FLOW STATEMENT

Item	Note	2022	2021
<b>I. Cash flows from operating activities</b>			
Cash received from sales of goods or rendering of services		143,568,695	156,438,030
Refund of taxes and surcharges		4,904,465	6,368,331
Cash received relating to other operating activities	IV.68(1)	898,263	4,208,476
<b>Sub-total of cash inflows</b>		<b>149,371,423</b>	167,014,837
Cash paid for goods and services		114,386,900	125,264,769
Cash paid to and on behalf of employees		12,419,191	11,998,225
Payments of taxes and surcharges		4,057,409	4,578,363
Cash paid relating to other operating activities	IV.68(2)	3,890,457	4,598,825
<b>Sub-total of cash outflows</b>		<b>134,753,957</b>	146,440,182
<b>Net cash inflows from operating activities</b>	IV.69(1)	<b>14,617,466</b>	20,574,655
<b>II. Cash flows from investing activities</b>			
Cash received from disposals of investments		7,631,158	2,237,549
Cash received from returns on investments		409,332	1,738,009
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		580,506	858,803
Net cash received from disposal of subsidiaries		-	1,536,591
<b>Sub-total of cash inflows</b>		<b>8,620,996</b>	6,370,952
Net cash outflows from disposal of subsidiaries	IV.69(3)	254,858	-
Cash paid to acquire fixed assets, intangible assets and other long-term assets		3,560,827	6,683,162
Cash paid to acquire investments		10,401,047	2,508,029
Net cash paid to acquire subsidiaries	IV.69(2)	62,591	22,782
Cash paid relating to other investing activities		599,250	-
<b>Sub-total of cash outflows</b>		<b>14,878,573</b>	9,213,973
<b>Net cash outflows from investing activities</b>		<b>(6,257,577)</b>	(2,843,021)

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

# CONSOLIDATED CASH FLOW STATEMENT (Continued)

Item	Note	2022	2021
<b>III. Cash flows from financing activities</b>			
Cash received from capital contributions		3,004,057	2,389,431
Including: Cash received from capital contributions by non-controlling interests of subsidiaries		3,004,057	2,389,431
Cash received from borrowings		10,072,787	20,178,568
Cash received from issuing bond		2,494,339	1,356,055
Cash received relating to other financing activities	IV.68(3)	–	358,134
<b>Sub-total of cash inflows</b>		<b>15,571,183</b>	<b>24,282,188</b>
Cash repayments of borrowings		19,948,267	27,379,362
Cash payments for redemption of other equity instruments		–	4,318,396
Cash payments for distribution of dividends, profits or interest expenses		4,479,671	2,832,788
Including: Cash payments for dividends or profits to non-controlling interests of subsidiaries		871,969	599,073
Cash payments relating to other financing activities	IV.68(4)	906,602	1,938,620
<b>Sub-total of cash outflows</b>		<b>25,334,540</b>	<b>36,469,166</b>
<b>Net cash outflows from financing activities</b>		<b>(9,763,357)</b>	<b>(12,186,978)</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>785,780</b>	<b>(224,908)</b>
<b>V. Net (decrease)/increase in cash and cash equivalents</b>	IV.69(1)	<b>(617,688)</b>	<b>5,319,748</b>
Add: Cash and cash equivalents at the beginning of the year		16,529,988	11,210,240
<b>VI. Cash and cash equivalents at the end of the year</b>	IV.69(4)	<b>15,912,300</b>	<b>16,529,988</b>

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Legal representative:

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department:

CHAPTER XII

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## CASH FLOW STATEMENT

Item	Note	2022	2021
<b>I. Cash flows from operating activities</b>			
Cash received from sales of goods or rendering of services		300,004	559,905
Cash received relating to other operating activities		117,432	100,855
<b>Sub-total of cash inflows</b>		<b>417,436</b>	660,760
Cash paid to and on behalf of employees		193,407	347,697
Payments of taxes and surcharges		51,835	74,657
Cash paid relating to other operating activities		215,219	188,498
<b>Sub-total of cash outflows</b>		<b>460,461</b>	610,852
<b>Net cash flows (used in)/from operating activities</b>	XIX.23	<b>(43,025)</b>	49,908
<b>II. Cash flows from investing activities</b>			
Cash received from disposals of investments		19,205,370	18,791,849
Cash received from returns on investments		7,257,544	5,650,084
Net cash received from disposals of fixed assets		115	360
Net cash received from disposals of subsidiaries		645,967	1,522,111
<b>Sub-total of cash inflows</b>		<b>27,108,996</b>	25,964,404
Cash paid to acquire fixed assets and other long-term assets		29,762	35,432
Cash paid to acquire investments		7,155,896	1,571,428
Net cash paid to acquire subsidiaries		1,201,690	-
Cash paid relating to other investing activities		14,342,548	14,593,596
<b>Sub-total of cash outflows</b>		<b>22,729,896</b>	16,200,456
<b>Net cash flows from investing activities</b>		<b>4,379,100</b>	9,763,948
<b>III. Cash flows from financing activities</b>			
Cash received from borrowings		3,865,000	3,340,000
Cash received from issuing bonds		2,494,339	-
Cash received from other financing activities		3,150,000	4,784,660
<b>Sub-total of cash inflows</b>		<b>9,509,339</b>	8,124,660
Cash repayments of borrowings		12,926,000	7,628,548
Cash paid for redemption of other equity instruments		-	4,318,396
Cash payments for distribution of dividends, profits or interest expenses		3,112,087	1,807,756
Cash paid relating to other financing activities		329,597	2,001,881
<b>Sub-total of cash outflows</b>		<b>16,367,684</b>	15,756,581
<b>Net cash flows used in financing activities</b>		<b>(6,858,345)</b>	(7,631,921)
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>782</b>	(2,202)
<b>V. Net (decrease)/increase in cash and cash equivalents</b>	XIX.23	<b>(2,521,488)</b>	2,179,733
Add: Cash and cash equivalents at the beginning of the year		3,072,197	892,464
<b>VI. Cash and cash equivalents at the end of the year</b>	XIX.23	<b>550,709</b>	3,072,197

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

Legal representative:

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accounting function:

The head of the accounting  
department:

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Item	Note	2022							2021								
		Attributable to shareholders and other equity holders of the Company				Non-controlling interests			Attributable to shareholders and other equity holders of the Company				Total shareholders' equity				
		Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Non-controlling interests	Total shareholders' equity	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interests	Total shareholders' equity
<b>I. Balance at 31 December 2021</b>		3,595,014	-	5,524,096	784,890	3,587,597	31,627,036	11,861,457	56,980,090	3,595,014	4,308,042	5,463,205	920,769	3,387,597	26,142,889	9,836,328	53,853,844
Changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>II. Balance at 1 January 2022</b>		3,595,014	-	5,524,096	784,890	3,587,597	31,627,036	11,861,457	56,980,090	3,595,014	4,308,042	5,463,205	920,769	3,387,597	26,142,889	9,836,328	53,853,844
<b>III. Movements for the year</b>		-	55,435	-	-	-	3,163,791	1,381,916	4,601,142	-	175,272	-	-	-	6,490,051	1,695,445	8,360,768
(i) Total comprehensive income		-	-	-	280,650	-	-	(18,606)	282,044	-	-	-	(135,879)	-	-	(100,215)	(28,094)
1. Net profit	IV.48	-	55,435	-	-	-	3,163,791	1,381,916	4,601,142	-	175,272	-	-	-	6,490,051	1,695,445	8,360,768
2. Other comprehensive income		-	-	-	280,650	-	-	(18,606)	282,044	-	-	-	(135,879)	-	-	(100,215)	(28,094)
<b>Sub-total of 1&amp;2</b>		-	55,435	-	280,650	-	3,163,791	1,363,310	4,883,186	-	175,272	-	(135,879)	-	6,490,051	1,595,230	8,174,674
(ii) Capital contribution and withdrawal by shareholders		-	-	727,796	-	-	-	1,873,121	2,600,917	-	-	46,097	-	-	-	2,021,722	2,067,819
1. Contributions by non-controlling interests	IV.47, IV.1	-	-	727,796	-	-	-	1,873,121	2,600,917	-	-	46,097	-	-	-	2,021,722	2,067,819
2. Increase in non-controlling interests resulted from acquisition or establishment of subsidiary		-	-	-	-	-	-	45,079	45,079	-	-	-	-	-	-	282,940	282,940
3. Increase in non-controlling interests resulted from acquisition of subsidiary	IV.47	-	-	(404,748)	-	-	-	(239,129)	(643,877)	-	-	(154,414)	-	-	-	(1,250,235)	(1,404,649)
4. Disposals of subsidiaries (loss of control)	IV.47, IV.2	-	-	(175)	-	-	-	(358,312)	(358,487)	-	-	-	-	-	-	(53,426)	(53,426)
5. Disposals of subsidiaries (without loss control)	IV.47	-	-	70,354	-	-	-	282,344	352,698	-	-	-	-	-	-	-	-
6. Increase in capital reserve resulted from share option exercised by subsidiary	IV.47	-	-	3,265	-	-	-	2,098	5,363	-	-	(22,857)	-	-	-	61,629	38,672
7. Increase in shareholders' equity resulted from share-based payments	IV.47, IV.2	-	-	88,907	-	-	-	48,658	137,565	-	-	68,523	-	-	-	4,384	72,907
8. Issuance of other equity instruments	IV.46	-	1,994,339	-	-	-	-	-	1,994,339	-	(4,300,000)	(18,386)	-	-	-	-	(4,318,386)
9. Redemption of other equity instruments	IV.46	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10. Subsidiary issues convertible bonds	IV.41	-	-	-	-	-	-	-	-	-	123,944	-	-	-	-	-	123,944
11. Conversion of capital reserve into share capital	IV.45	1,797,507	-	(1,797,507)	-	-	-	-	(4,190)	-	18,094	-	-	-	-	-	18,094
12. Others		-	-	(4,190)	-	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Profit distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation to surplus reserve	IV.49	-	-	-	-	712,658	(712,658)	-	-	-	-	-	-	-	-	-	-
2. Profit distribution to shareholders	IV.50	-	-	-	-	(2,480,628)	(835,971)	(3,316,599)	-	-	-	-	-	(1,005,904)	-	(637,115)	(1,643,019)
3. Interest paid on other equity instruments	IV.46	-	-	-	-	-	-	-	-	-	(183,314)	-	-	-	-	-	(183,314)
<b>IV. Balance at 31 December 2022</b>		5,392,521	2,049,774	4,207,798	1,065,540	4,300,255	31,597,541	14,042,655	62,656,084	3,595,014	-	5,524,096	784,890	3,387,597	31,627,036	11,861,457	56,980,090

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

Legal representative: Person in charge of accounting function:

The head of the accounting department:



## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Item	Note	2022						2021							
		Share capital instruments	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Returned earnings	Total shareholders' equity	Share capital instruments	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Returned earnings	Total shareholders' equity
<b>I. 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
Changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>II. Balance at 1 January 2022</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
<b>III. Movements the year</b>															
(I) Total comprehensive income		-	55,435	-	-	7,071,139	7,126,574		-	175,272	-	-	2,446,039	2,621,311	
1. Net profit		-	-	-	-	7,071,139	7,126,574		-	175,272	-	-	2,446,039	2,621,311	
2. Other comprehensive income	XX.15	-	55,435	-	223,174	-	223,174		-	-	-	30,873	-	30,873	
<b>Sub-total of 1&amp;2</b>		-	55,435	-	223,174	7,071,139	7,349,748		-	175,272	-	30,873	2,446,039	2,652,184	
(II) Capital contribution and withdrawal by shareholders															
1. Issuance of other equity instruments	IV.46	-	1,994,339	-	-	-	1,994,339		-	-	-	-	-	-	
2. Redemption of other equity instruments	IV.46	-	-	-	-	-	-		-	(4,300,000)	(18,396)	-	-	(4,318,396)	
3. Conversion of capital reserve into share capital		1,797,507	-	(1,797,507)	-	-	-		-	-	-	-	-	-	
(III) Profit distribution															
1. Appropriation to surplus reserve	IV.49	-	-	-	-	712,658	(712,658)		-	-	-	-	-	-	
2. Profit distribution to shareholders	IV.50	-	-	-	-	(2,480,628)	(2,480,628)		-	-	-	-	(1,005,904)	(1,005,904)	
3. Interest paid on other equity instruments	IV.46	-	-	-	-	-	-		-	(183,314)	-	-	-	(183,314)	
(IV) Others															
1. Retrospective adjustments on equity method of changing subsidiaries as associates		-	-	-	32,655	497,187	529,842		-	-	-	-	-	-	
<b>IV. Balance at 31 December 2022</b>		5,392,521	2,049,774	1,015,449	639,000	4,300,255	14,657,717	28,054,716	3,595,014	-	2,812,956	383,171	3,587,597	10,282,677	20,661,415

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

Legal representative: Person in charge of accounting function:

The head of the accounting department:

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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] No. 1736” issued by the General Office of the People’s Government of Shenzhen and “Shen Ren Yin Fu Zi (1992) No. 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 (Group) Co., Ltd.” by the original corporate shareholders of the Company. On 31 December 1993 and 17 January 1994 respectively, the Company issued RMB ordinary shares (A shares) and domestically listed foreign shares (B shares) to the public at home and abroad, and commenced trading on Shenzhen Stock Exchange pursuant to “Shen Fu Ban Fu [1993] No. 925” issued by the General Office of the People’s Government of Shenzhen and “Shen Zheng Ban Fu [1994] No. 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, No. 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 were 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 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, manufacture and sales of various high-tech and high performance speciality 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; and 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.

## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 and the Growth Enterprise Market of the Shenzhen Stock Exchange. CIMC Vehicles primarily engages in the production, manufacture and sales 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 2023.

### II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group determines specific accounting policies and accounting estimates according to characteristics of its business operations, which include measurement of expected credit losses (“**ECL**”) of receivables and contract assets (Note II.9), the cost of inventories (Note II.10), the criteria for determining impairment of long-term assets (Note II.19), depreciation of fixed assets and amortisation of intangible assets and right-of-use assets (Note II.13, 16 and 27), measurement of provisions (Note II.21), measurement model of investment properties (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 XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 of the *Accounting Standards for Business Enterprises* issued by the Ministry of Finance on 15 February 2006, and the specific accounting standards and other relevant regulations issued thereafter (hereinafter collectively referred to as “**the Accounting Standards for Business Enterprises**” or “**CASs**”) 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 has been effective from 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 2022 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the consolidated and company’s financial position of the Company as at 31 December 2022 and their financial performance, cash flows and other information for the year then ended.

### 3. Accounting year

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

### 4. Recording currency

Renminbi (“**RMB**”) is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. The recording 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 XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 acquiree is acquired from a third party by the ultimate controlling party in a prior year, the consideration paid and net assets obtained by the acquirer are measured based on the carrying amounts of the acquiree's assets and liabilities (including the goodwill arising from the acquisition of the acquiree by the ultimate controlling party) presented in the consolidated financial statements of the ultimate controlling party. The difference between the carrying amount of the net assets obtained 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 to absorb the aforesaid difference, any excess is adjusted against retained earnings. Any costs directly attributable to the business 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 business 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 XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 at 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. 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 non-controlling interests 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 XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 non-controlling interests of a subsidiary exceeds the non-controlling interests' portion of the opening balance of shareholders' equity of the subsidiary, the excess is allocated against the non-controlling interests.

If the Company loses the control of the original subsidiary because of disposing of 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 disposals 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 intra-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 non-controlling interests, net profit and loss attributable to non-controlling interests as well as total comprehensive income attributable to non-controlling interests presented separately in the consolidated financial statements within shareholders' equity and net profit as well as total comprehensive income respectively. If the current loss attributable to the non-controlling interests of a subsidiary exceeds the non-controlling interests' share of the opening balance of owners' equity of the subsidiary, the excess is allocated against the balance of the non-controlling interests. Unrealised profits and losses resulting from the sales of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to owners of the parent. Unrealised profits and losses resulting from the sales of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to shareholders of the parent and net profit attributable to non-controlling interests in accordance with the allocation proportion of the parent in the subsidiary. Unrealised profits and losses resulting from the sales of assets by one subsidiary to another are eliminated and allocated between net profit attributable to shareholders of the parent and net profit attributable to non-controlling interests in accordance with the allocation proportion of the parent in the subsidiary.

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

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 "returned earnings" 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 disposals of all owners' equity in the Group's overseas operation or disposals 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 is presented separately in the cash flow statement.



## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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; (3) financial assets at fair value through profit or loss.

At initial recognition, the financial assets are measured at fair value. Transaction costs that are 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 account receivables and notes receivables arising from the sales of products or the provision of 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 categories:

###### 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 and cash equivalents, notes receivables, account 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 XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 rate method, which are recognised in profit or loss for the current period. Such financial assets mainly include receivables financing and other debt investments. 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 maturity of less than or equal to one year upon acquisition are 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 other comprehensive income, 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*

Investments in equity instruments, over which the Group has no control, joint control or significant influence, are measured at fair value through profit or loss under financial assets held for trading; investments in equity instruments expected to be held for more than one year as 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 XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 ECL for financial assets at amortised cost, debt investments at fair value through other comprehensive income, 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 ECL as the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to collect.

For notes receivables, account 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 provision according to the lifetime ECL. For lease receivables, the Group measures the loss provision according to the lifetime ECL.

At each balance sheet date, the ECL of financial instruments other than aforesaid notes receivables, account receivables, receivables financing, contract assets and lease receivables is measured based on 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 ECL. 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 ECL. 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 ECL.

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 those financial instruments at an amount equal to 12-month ECL.

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.

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 ECL cannot be evaluated according to the reasonable cost for individual financial asset, the Group divides account receivables, notes receivables, receivables financing and contract assets into several portfolios based on the credit risk characteristics, and calculates the ECL 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
Account receivables portfolio 1	Containers manufacturing business
Account receivables portfolio 2	Road transportation vehicles business
Account receivables portfolio 3	Energy, chemical and liquid food equipment business
Account receivables portfolio 4	Offshore engineering business
Account receivables portfolio 5	Airport, facilities, fire safety and automated logistics equipment business
Account receivables portfolio 6	Logistics services business
Account receivables portfolio 7	Recycled load business
Account receivables portfolio 8	Other business
Contract assets portfolio 1	Energy, chemical and liquid food equipment business
Contract assets portfolio 2	Airport, facilities, fire safety and automated logistics equipment business

For the account receivables, notes receivables and receivables financing incurred from daily business activities such as selling goods and providing services, which are classified as portfolios, the Group calculates the ECL 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 ECL rate.

## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 ECL 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 ECL 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 parties
Other receivables portfolio 2	Receivables from share capital increase/transfer
Other receivables portfolio 3	Loans
Other receivables portfolio 4	Financial assets held under resale agreements
Other receivables portfolio 5	Security deposits
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 receivable
Other receivables portfolio 10	Dividends receivable
Other receivables portfolio 11	Disbursements
Other receivables portfolio 12	Others
Long-term receivables portfolio 1	Lease receivables (customers are all from 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 ECL based on the exposure at default and the 12-month or lifetime ECL 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 ECL, 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 made or reversed 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 losses or gains are recognised in profit or loss.

## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, or (iii) the financial asset has been transferred to the transferee and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

When 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 as 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 financial liabilities at amortised cost, including notes payables, Account payables, other payables, borrowings and debentures payable. 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 for the current period.

## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 derivative financial instruments are recognised in profit or loss for the current period.

For a hybrid contract that contains both an embedded derivative financial instruments 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 derivatives 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 derivatives that are 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 satisfies the definition of the derivative; and
- (3) the hybrid instrument is not measured at fair value through profit or loss for the current period.

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 derivatives cannot be reliably measured in accordance with the terms and conditions of the embedded derivatives, they are 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 for the current period.

## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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) Valuation method of inventories

Cost of inventories is calculated using the weighted average method, which includes all purchase costs, processing costs, and other costs incurred before the inventory is shipped to the destination and in bringing them to 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 stocks and products 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 provision for decline in the value of inventories

Provision for decline in the value of inventories is determined as 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, the estimated costs of contract performance and the estimated expenses and related taxes necessary to make the sale.

#### (4) The Group adopts the perpetual inventory system.

#### (5) Amortisation of reusable materials including low-value consumables and packaging materials

Reusable materials include 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 XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 through joint venture arrangement and the Group enjoys the rights only on the net assets of investees based on legal forms, contractual terms and other facts and circumstances. 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 and recognition of profit and loss

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 the current period.

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 XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 and recognition of profit and loss (Continued)

For long-term equity investments accounted for using the equity method, the Group recognises the investment income or loss for the current period 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 at the amount it expects to undertake. The Group's share of changes in the investee's owners' equity other than those arising from the net profit or loss, other comprehensive income and profit distribution is recognised in capital reserve with a corresponding adjustment to the carrying amount of the long-term equity investment. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by 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 losses on the intra-group transaction amongst the Group and its investees attributable to asset impairment, any unrealised losses are 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 XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 property is disposed.

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 sales, 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.

#### 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.

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 (Continued)

#### (1) Recognition and initial measurement (Continued)

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 net 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:

Category	Estimated useful lives (years)	Estimated net residual value rate	Depreciation rate per annum
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 and wharf	20–50	10%	1.8–4.5%
Offshore engineering equipment	20–30	10%	4.5–6%

Estimated useful lives, estimated net residual values of a fixed asset 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 sales, 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 XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 (Note II.15) and other costs necessary to bring the construction in progress ready for its intended use.

Construction in progress is transferred to fixed assets when the asset is ready for its intended use, and depreciation is charged starting from the following month. The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is below 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 XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 and franchise rights, 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 intangible assets' 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 each 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
Sea area 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 XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 an intangible asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note II.19).

## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 enterprises 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 disposals 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)
Drilling platform mobilisation fee	3-5
Improvement expenditure of fixed assets under operating lease	2-10
Others	3-10



## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 impairment test, the carrying amount 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 groups 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 for the value recovered 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 XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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. 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 XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 ECL 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.

Distributions of dividends or 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 XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 to the cumulative fair value recognised in prior years is required as a result, the share-based employee compensation expense charged to the current year is deducted from this item and the reserve for share-based employee compensation is 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 XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 services received from employees are 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 XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 goods and obtain almost all of its economic benefits.

It's transferring control of goods over time, if one of the following criteria is met. Otherwise, it's transferring control of goods 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) Customers can control goods under construction during the Company's performance of contract;
- (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 XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 contract fulfilment costs and contract acquisition costs. 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 sales 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. As at the balance sheet date, based on whether the amortisation period of the contract fulfilment costs is less than one year or more than one year as determined upon initial recognition, the amount of the Group's contract fulfilment costs (net of related provision for asset impairment) is presented as inventories or other non-current assets respectively. For contract acquisition costs with an amortisation period more than one year as determined upon the initial recognition, the amount net of any related provision for asset impairment is presented as an other non-current asset.

#### (1) Revenue from sales of goods

The Group manufactures and sells containers, road transport vehicles and equipment, airport equipment, fire fighting equipment, energy chemical equipment and recycled carrier equipment. Revenue is recognised at a point in time when the control over the goods is transferred after the Group has delivered the goods to the location as specified in the sales contract and the customer has accepted the goods.

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.37). The Group does not provide any additional services or additional quality assurance, so the product quality assurance does not constitute a separate fulfilment 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 XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 fulfilment obligation is measured based on the Group's efforts or inputs to the satisfaction of the fulfilment 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 fulfilment 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, research and development, design and other services

The Group provides external installation, research and development, 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 fulfilment of the contract.

##### (4) Revenue from rendering of freight forwarding services

The Group determines whether the Group is the primary responsible person or agent when engaging in the transactions based on whether the Group has control over the goods or services before the transfer of goods or services to the customer. Where the Group has control over the goods or services before the transfer of goods or services to the customer, the Group is the principal responsible person and recognises revenue based on the total consideration received or receivable. 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.

The logistics services provided by the Group mainly include "integrated" multimodal transport business, professional logistics services, terminals and value-added services. The "integrated" multimodal transport business mainly refers to the Group's integration of global transportation resources to provide customers with comprehensive and standardised logistics services combining "river, sea, land, rail and air" transportation modes, which can be specifically divided into maritime business, air transportation business and land transportation business. In accordance with the requirements of the contract, revenue is recognised based on the completion of the services when the corresponding goods arrive and leave the port, obtain the corresponding receipts. The professional logistics services, terminals and value-added services provided by the Group are subject to the requirements of the contract, and the revenue is recognised based on the completion of the corresponding services.



## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 refer to the monetary or non-monetary assets obtained by the Group from the government, including refund of taxes and financial subsidies.

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 for the purposes of purchase, construction or acquisition of the long-term assets. 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 presentation 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 recorded 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 XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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. 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 profit or loss for the current period or in the cost of the underlying assets 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 prescribed by the Ministry of Finance. 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 to be shortened, the Group will correspondingly reduce the carrying amount of the right-of-use asset, and the relevant gains or losses from the partial or complete termination of the lease are included in profit and loss for the current period. If other lease changes cause the lease liability to be remeasured, the Group will adjust the carrying amount of the right-of-use asset accordingly.

## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 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 advances or lease receivables 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.

#### 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 parties 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.

## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 (Continued)

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

#### 29. Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or where two or more parties are subject to common control or joint control from another party, and one party is controlled or jointly controlled by a third party and the other party is significantly influenced by such third party, they are considered to be related parties. Conversely, enterprises that are only significantly affected by the same party are not 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 company;
- (b) the Company's subsidiaries;
- (c) enterprises that are controlled by the Company's parent company;
- (d) investors that have joint control or exercise significant influence over the Group;
- (e) enterprises or individuals under the same control, joint control as the Group;
- (f) joint ventures of the Group, including subsidiaries of joint ventures;
- (g) associates of the Group, including subsidiaries of associates;

## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 (Continued)

- (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's parent 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.

### 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 accounting 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 XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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

The Ministry of Finance released the Circular on Issuing *Interpretation No. 15 of Accounting Standards for Business Enterprises (Interpretation No. 15)* in 2021, and *Interpretation No. 16 of Accounting Standards for Business Enterprises (Interpretation No. 16)* and *Q&A on Implementation of Accounting Standards for Business Enterprises* in 2022 and 2023. The Interpretation No. 15 has not been applied by the Group and the Company in advance. The revisions have no significant impacts on the financial statements of the Group and the Company.

#### 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 significant increase in credit risk and credit-impaired*

Judgement of the Group for significant increase in credit risk and credit-impaired 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 ECL*

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

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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)***(a) Measurement of ECL (Continued)*

When considering forward-looking information, the Group has considered different macroeconomic scenarios. In 2022, the weights of “benchmark”, “unfavourable” and “favourable” economic scenarios are 16%, 68% and 16%, respectively. The Group regularly monitors and reviews important macroeconomic assumptions and parameters related to the calculation of ECL, including the risk of economic downturn, external market environment, technological environment, changes in customer conditions, the growth rate of Gross Domestic Product (“GDP”), inflation rate, China’s merchandise exports as a percentage of nominal GDP, U.S. nominal retail sales growth, GDP, China’s fiscal balance, Chinese money supply growth rate, the growth rate of China’s real imports, the exchange rate of RMB against the USD, European nominal GDP, European real fixed investment growth rate and Chinese fiscal balance as a percentage of nominal GDP.

*(b) Impairment of long-term assets*

As described in Note II.19, if a long-term asset (including fixed assets, construction in progress, long-term equity investments, intangible assets and right-of-use assets) and goodwill 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 of disposal and the present value of the future cash flows expected to be derived from it, which require use of estimates.

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.

If the 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 the management revises 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 needs to increase the provision for impairment of long-term assets.



CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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) *Impairment of long-term assets (Continued)*

If the management revises 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 needs to increase the provision for impairment of long-term assets.

If the actual growth rate and gross profit rate is higher or actual pre-tax discount rate is lower than the management's estimate, the Group cannot reverse the long-term asset impairment losses that have been previously accrued.

##### (c) *Provision for decline in the value of inventories*

As described in Note II.10, the net realisable value of inventories is under the management's regular review, and as a result, the decline in the value 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 profit or loss may then be affected in the current period when the provision for decline in the value 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.

## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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)

##### (e) *Warranty provisions*

As described in Note IV.37, the Group makes provisions under the warranties it gives on the sales of its products based mainly on the Group's recent maintenance experience. Because it is possible that the recent maintenance 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 accumulated actual contract costs incurred to the total estimated contract costs or actual 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 changes of estimated total contract revenue and total contract cost may have financial impact on future profit or loss.

##### (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.

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 (Continued)*

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 3 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 recognised deferred tax assets, deferred 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 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 carrying amount of deferred 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 XVII.1, several significant judgements and assumptions are used.

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## III. TAXATION

## 1. Main taxes categories and rates

Category	Tax basis	Tax rate
Value-added tax (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%
Enterprise income tax	Taxable income	Note 1
Sales tax/VAT in the United States/ Germany/United Kingdom	Calculated based on revenue arising from sales of goods and rendering of service, less deductible or refundable taxes for purchase of goods	6%–20%

- (a) In accordance with the *Announcement on Policies Concerning Deepening the Value-Added Tax Reform* issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs (MOF, STA, GACC Announcement [2019] No. 39) and related regulations, since 1 April 2019, the tax rate is adjusted to 13% for 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, which were subject to a tax rate of 16%; the original 10% tax rate applicable to transportation services, real estate leasing services, etc., 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 Company and the major subsidiaries for the year are as follows:

	2022	2021
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	25.8%	25%
Subsidiaries registered in Belgium	25%	25%
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%	20.6%
Subsidiaries registered in Cayman Islands	–	–
Subsidiaries registered in Malaysia	24%	24%

## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### III. TAXATION (Continued)

#### 2. Preferential tax treatments

In 2022, 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 following subsidiaries of the Group can enjoy the preferential enterprise income tax policies at the rate of 15% during the validity period:

Name of enterprises	Location Statutory tax rate	Preferential tax rate		Reasons
		2022	2021	
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%	15%	High-tech enterprises
CIMC Taicang refrigeration equipment logistics Co., Ltd.	25%	15%	15%	High-tech enterprises
Shenzhen Qianhai Ruiji Technology Co., Ltd.	25%	15%	15%	High-tech enterprises
Qingdao CIMC Special Reefer Co., Ltd.	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 XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## III. TAXATION (Continued)

## 2. Preferential tax treatments (Continued)

Name of enterprises	Location Statutory tax rate	Preferential tax rate		Reasons
		2022	2021	
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
Zhumadian CIMC Huajun Vehicle Trading Co., Ltd.	25%	15%	15%	High-tech enterprises
Gansu CIMC Vehicles Co., Ltd.	25%	15%	15%	High-tech enterprises
Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd.	25%	15%	15%	High-tech enterprises
Dongguan CIMC Special Vehicle Co., Ltd.	25%	15%	15%	High-tech enterprises
Zhumadian CIMC Huajun Vehicle Casting 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
Qingdao CIMC Reefer Trailer Co., Ltd.	25%	15%	25%	High-tech enterprises
Jiangsu Baojing Auto Parts Co., Ltd.	25%	15%	15%	High-tech enterprises

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### III. TAXATION (Continued)

#### 2. Preferential tax treatments (Continued)

Name of enterprises	Location Statutory tax rate	Preferential tax rate		Reasons
		2022	2021	
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 (Lang fang) 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
CIMC Enric Engineering Technology Co., Ltd.	25%	15%	15%	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
CIMC Enric Holvrieka Asia Co.,Ltd.	25%	15%	15%	High-tech enterprises
Nantong CIMC Pacific Ocean Engineering Co., Ltd.	25%	15%	15%	High-tech enterprises

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## III. TAXATION (Continued)

## 2. Preferential tax treatments (Continued)

Name of enterprises	Location Statutory tax rate	Preferential tax rate		Reasons
		2022	2021	
Anjiehui Internet of Things Information Technology (Suzhou) Co., Ltd.	25%	15%	15%	High-tech enterprises
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
Xinfa 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



## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### III. TAXATION (Continued)

#### 2. Preferential tax treatments (Continued)

Name of enterprises	Location Statutory tax rate	Preferential tax rate		Reasons
		2022	2021	
Sichuan Chuanxiao Fire Safety Vehicle Manufacturing Co., Ltd.	25%	15%	15%	High-tech enterprises
Shenzhen CIMC-Tianda Jirong Aviation Air-conditioning Co., Ltd.	25%	15%	15%	High-tech enterprises
Langfang CIMC Airport Support Co., Ltd.	25%	15%	15%	High-tech enterprises
CIMC Security Technology Co., Ltd.	25%	15%	15%	High-tech enterprises
Shenzhen CIMC Intelligent Parking Co., Ltd.	25%	15%	15%	High-tech enterprises
Qingdao CIMC Chuangying Composites Co., Ltd.	25%	15%	15%	High-tech enterprises
Guangdong Haizhong New Energy Equipment Co., Ltd.	25%	15%	15%	High-tech enterprises
Suzhou CIMC LiangCai Logistics Technology Co., Ltd.	25%	15%	25%	High-tech enterprises
Shanghai CIMC TGE Gas Engineering Co., Ltd.	25%	15%	25%	High-tech enterprises
Dalian CIMC Special Logistics Equipment Co., Ltd.	25%	15%	15%	High-tech enterprises

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 Note IV.17 for the definition of subsidiaries, associates and joint ventures.

## 1. Cash and cash equivalents

	31 December 2022	31 December 2021
Cash in hand	7,269	5,107
Bank deposits	15,919,146	15,621,490
Other cash balances	1,185,172	816,136
	<b>17,111,587</b>	<b>16,442,733</b>
Including: Total cash abroad	<b>2,667,613</b>	<b>1,344,165</b>

As at 31 December 2022, restricted cash and cash equivalents of the Group amounted to RMB1,315,238,000 (31 December 2021: RMB1,282,863,000), refer to Note IV.28 for details.

As at 31 December 2022, restricted cash and cash equivalents of the Group mentioned above included deposits of Finance Company, a subsidiary of the Group, in the People's Bank of China, amounting to RMB398,234,000 (31 December 2021: RMB466,727,000). Finance Company is a finance institution authorised by the People's Bank of China.

## 2. Financial assets held for trading

	31 December 2022	31 December 2021
Investments in equity instruments held for trading (i)	1,045,729	440,501
Contingent consideration	15,224	4,931
	<b>1,060,953</b>	<b>445,432</b>

(i) Investments in equity instruments held for trading are mainly monetary funds purchased by Finance Company. The fair value of the funds is determined according to the net asset value statement as at 31 December 2022 published by the fund company.

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 derivative financial liabilities

	Note	31 December 2022	31 December 2021
Derivative financial assets –			
Forward foreign exchange contracts	(1)	101,205	536,659
Foreign exchange option contracts	(2)	59,455	25,368
		160,660	562,027
Derivative financial liabilities –			
Forward foreign exchange contracts	(1)	239,685	22,999
Foreign exchange option contracts	(2)	–	3,385
Interest rate swap contracts		–	8,446
Commitment to non-controlling interests	(3)	1,078,642	657,026
		1,318,327	691,856

#### (1) Forward foreign exchange contracts

As at 31 December 2022, the Group had certain unsettled forward foreign exchange contracts, mainly denominated in USD, JPY, GBP, EUR, HKD and SEK. The nominal amount of these contracts amounted to USD2,677,977,000, JPY1,726,010,000, GBP1,000,000, EUR83,080,000, HKD212,600,000, SEK262,300,000, respectively. Pursuant to these forward foreign exchange contracts, the Group are required to buy/sell foreign currencies, such as USD, JPY, GBP, EUR, HKD and SEK of contracted nominal amount at agreed rates in exchange of RMB at the contract settlement dates. These forward foreign exchange 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 forward foreign exchange contracts range from 4 January 2023 to 30 August 2024.

#### (2) Foreign exchange option contracts

As at 31 December 2022, the Group had certain unsettled foreign exchange option contracts, mainly denominated in USD. The nominal amount of these contracts amounted to USD61,240,000. Pursuant to these foreign exchange option contracts, the Group are required to buy/sell USD of contracted nominal amount at agreed rates in exchange of RMB at the contract settlement dates. These foreign exchange option 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 foreign exchange option contracts range from 13 January 2023 to 31 March 2023.

#### (3) Commitment to non-controlling interests

CIMC Hong Kong, a wholly-owned subsidiary of the Group, shall compensate CIMC Offshore's non-controlling interests for the difference below the agreed amount when they exit through the sales of equity to a third party. The Group recognises derivative financial liabilities at fair value against its obligation to make up for this difference.

## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 4. Notes receivables

	31 December 2022	31 December 2021
Bank acceptance notes	445,085	685,874
Trade acceptance notes	195,520	263,721
Less: Provision for bad debts	(1,443)	(1,627)
	<b>639,162</b>	<b>947,968</b>

- (a) As at 31 December 2022, pledged notes receivables (Note IV.28) presented in the notes receivables of the Group are as follows:

	31 December 2022
Bank acceptance notes	3,225
	<b>3,225</b>

- (b) As at 31 December 2022, notes receivables endorsed or discounted but not due, presented as notes receivables of the Group are as follows:

	Derecognised	Not derecognised
Bank acceptance notes (i)	–	231,867
Trade acceptance notes	–	38,530
	–	<b>270,397</b>

- (i) Some subsidiaries of the Group discount and endorse some bank acceptance notes according to the needs of their daily fund management, so they are classified as financial assets at fair value through other comprehensive income and listed as receivables financing (Note IV.6).

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 notes receivables are all generated from daily business activities such as sales of goods and provision of labour services. Regardless of whether there is a significant financing component, the loss provision is measured based on the lifetime ECL. As at 31 December 2022, the Group's provision for bad debts based on lifetime ECL was RMB1,443,000 (31 December 2021: RMB1,627,000).

### 5. Account receivables

	31 December 2022	31 December 2021
Account receivables	23,277,217	26,931,012
Less: Provision for bad debts	(990,615)	(1,439,831)
	<b>22,286,602</b>	25,491,181

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

	31 December 2022	31 December 2021
Within 1 year (inclusive)	20,363,326	24,567,260
1 to 2 years (inclusive)	1,865,027	1,090,772
2 to 3 years (inclusive)	418,628	955,662
Over 3 years	630,236	317,318
	<b>23,277,217</b>	26,931,012

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 5. Account receivables (Continued)

- (b) As at 31 December 2022, the five largest balances of account receivables are analysed as follows, accumulated by arrearage parties:

	Book balance	Provision for bad debts	% of total account receivables
Total of the five largest account receivables	3,185,288	18,230	13.68%

- (c) Account receivables derecognised due to transfer of financial assets:

In 2022 and 2021, the Group has no account receivables derecognised due to transfer of financial assets.

- (d) Provision for bad debts

For the account receivables of the Group, whether there is a significant financing component or not, the loss provision is measured according to the lifetime ECL.

- (i) As at 31 December 2022, account receivables with amounts that the related provision for bad debts was set aside on the individual basis are analysed as follows:

	Book balance	Lifetime ECL rate	Provision for bad debts	Reason
Containers manufacturing	308,013	1.90%	5,849	
Energy, chemical and liquid food equipment	75,993	99.40%	75,537	
Airport, facilities, fire safety and automated logistics equipment	162,053	91.31%	147,977	Measured provision as lifetime ECL
Logistics services	18,663	100.00%	18,663	
	564,722		248,026	

CHAPTER XII

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 5. Account receivables (Continued)

#### (d) Provision for bad debts (Continued)

(ii) As at 31 December 2022, account receivables that are assessed for impairment on a collective group basis are as follows:

Collectively assessed 1 – Containers manufacturing business:

	31 December 2022			31 December 2021		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount	Amount	Lifetime ECL rate	Amount
Not overdue	3,620,587	0.02%	851	10,228,172	0.09%	9,204
Overdue within 1 month	284,149	0.23%	658	218,802	0.70%	1,530
Overdue for 1 to 3 months	1,090,325	0.57%	6,223	230,280	1.07%	2,462
Overdue for 3 to 12 months	683,708	2.28%	15,613	85,626	2.96%	2,538
Overdue for 1 to 2 years	137,231	5.59%	7,671	25,352	6.61%	1,676
Overdue for 2 to 3 years	-	-	-	47,171	100.00%	47,171
Overdue for 3 to 5 years	-	-	-	1,648	100.00%	1,648
	<b>5,816,000</b>		<b>31,016</b>	<b>10,837,051</b>		<b>66,229</b>

Collectively assessed 2 – Road transportation vehicles business:

	31 December 2022			31 December 2021		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount	Amount	Lifetime ECL rate	Amount
Not overdue	2,246,529	2.29%	51,376	1,937,308	2.16%	41,848
Overdue within 1 month	338,498	5.09%	17,243	195,196	3.84%	7,491
Overdue for 1 to 3 months	165,745	5.09%	8,442	120,993	3.84%	4,643
Overdue for 3 to 12 months	307,093	5.09%	15,643	550,858	3.84%	21,140
Overdue for 1 to 2 years	114,183	29.23%	33,377	63,293	24.42%	15,459
Overdue for 2 to 3 years	8,506	82.45%	7,013	21,490	81.68%	17,553
Overdue for 3 to 5 years	19,551	96.65%	18,896	13,803	99.18%	13,690
Overdue for more than 5 years	21,844	96.65%	21,112	26,023	99.18%	25,809
	<b>3,221,949</b>		<b>173,102</b>	<b>2,928,964</b>		<b>147,633</b>

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 5. Account receivables (Continued)

## (d) Provision for bad debts (Continued)

(ii) As at 31 December 2022, account 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 2022			31 December 2021		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount	Amount	Lifetime ECL rate	Amount
Not overdue	2,474,321	1.91%	47,184	2,086,386	3.23%	67,336
Overdue within 1 month	296,032	6.23%	18,430	162,250	4.40%	7,144
Overdue for 1 to 3 months	146,035	6.23%	9,091	74,583	4.40%	3,284
Overdue for 3 to 12 months	201,037	8.96%	18,017	130,828	6.03%	7,891
Overdue for 1 to 2 years	67,118	29.72%	19,948	124,035	33.84%	41,973
Overdue for 2 to 3 years	63,522	46.18%	29,337	55,467	47.52%	26,356
Overdue for 3 to 5 years	15,164	89.69%	13,601	39,973	78.70%	31,459
Overdue for more than 5 years	32,987	100.00%	32,987	51,550	100.00%	51,550
	<b>3,296,216</b>		<b>188,595</b>	<b>2,725,072</b>		<b>236,993</b>

Collectively assessed 4 – Offshore engineering business:

	31 December 2022			31 December 2021		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount	Amount	Lifetime ECL rate	Amount
Not overdue	1,756,411	0.34%	5,971	210,653	0.54%	1,138
Overdue within 1 month	–	–	–	533,568	1.00%	5,336
Overdue for 1 to 3 months	–	–	–	52,165	1.00%	522
Overdue for 3 to 12 months	–	–	–	86,318	1.20%	1,036
Overdue for 1 to 2 years	–	–	–	19,714	3.37%	664
Overdue for 2 to 3 years	19,714	75.15%	14,816	21,634	97.53%	21,100
Overdue for 3 to 5 years	21,634	100.00%	21,634	1,252	100.00%	1,252
Overdue for more than 5 years	1,252	100.00%	1,252	–	–	–
	<b>1,799,011</b>		<b>43,673</b>	<b>925,304</b>		<b>31,048</b>



CHAPTER XII

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 5. Account receivables (Continued)

#### (d) Provision for bad debts (Continued)

- (ii) As at 31 December 2022, account 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 2022			31 December 2021		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount	Amount	Lifetime ECL rate	Amount
Not overdue	1,892,118	0.85%	16,076	1,100,832	0.72%	7,946
Overdue within 1 month	141,180	5.50%	7,761	190,115	4.57%	8,692
Overdue for 1 to 3 months	112,457	5.50%	6,181	95,857	4.57%	4,382
Overdue for 3 to 12 months	589,146	5.50%	32,386	480,372	4.57%	21,962
Overdue for 1 to 2 years	244,551	16.78%	41,037	170,584	12.65%	21,572
Overdue for 2 to 3 years	75,532	42.85%	32,369	93,768	36.38%	34,114
Overdue for more than 3 years	89,229	69.04%	61,600	79,288	56.69%	44,952
	<b>3,144,213</b>		<b>197,410</b>	<b>2,210,816</b>		<b>143,620</b>

Collectively assessed 6 – Logistics services business:

	31 December 2022			31 December 2021		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount	Amount	Lifetime ECL rate	Amount
Not overdue	1,913,596	1.02%	19,529	3,071,892	0.92%	28,414
Overdue within 1 month	322,281	1.78%	5,740	248,664	1.77%	4,390
Overdue for 1 to 3 months	165,488	1.78%	2,947	111,730	3.96%	4,426
Overdue for 3 to 12 months	200,478	1.78%	3,570	49,794	11.99%	5,969
Overdue for 1 to 2 years	29,700	20.00%	5,940	40,063	46.62%	18,677
Overdue for 2 to 3 years	11,085	80.00%	8,868	13,900	100.00%	13,900
Overdue for more than 3 years	13,689	100.00%	13,689	3,389	100.00%	3,389
	<b>2,656,317</b>		<b>60,283</b>	<b>3,539,432</b>		<b>79,165</b>

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 5. Account receivables (Continued)

## (d) Provision for bad debts (Continued)

(ii) As at 31 December 2022, account receivables that are assessed for impairment on a collective group basis are as follows: (Continued)

Collectively assessed 7 – Recycled load business:

	31 December 2022			31 December 2021		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount	Amount	Lifetime ECL rate	Amount
Not overdue	575,850	1.03%	5,950	393,692	1.34%	5,283
Overdue within 1 month	24,194	3.23%	781	60,290	4.09%	2,463
Overdue for 1 to 3 months	65,772	3.72%	2,448	4,782	4.58%	219
Overdue for 3 to 12 months	41,500	9.30%	3,858	–	–	–
Overdue for 1 to 2 years	5,578	64.31%	3,587	589	43.63%	257
Overdue for more than 2 years	1,020	100.00%	1,020	431	100.00%	431
	<b>713,914</b>		<b>17,644</b>	<b>459,784</b>		<b>8,653</b>

Collectively assessed 8 – Others:

	31 December 2022			31 December 2021		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount	Amount	Lifetime ECL rate	Amount
Not overdue	1,736,200	0.05%	851	2,066,339	2.21%	45,586
Overdue within 1 month	212,922	1.03%	2,194	45,106	6.37%	2,871
Overdue for 1 to 3 months	43,675	5.36%	2,341	53,620	8.47%	4,542
Overdue for 3 to 12 months	47,846	8.13%	3,888	164,932	28.36%	46,767
Overdue for 1 to 2 years	20,664	87.23%	18,024	12,279	83.35%	10,234
Overdue for more than 2 years	3,568	100.00%	3,568	18,828	100.00%	18,828
	<b>2,064,875</b>		<b>30,866</b>	<b>2,361,104</b>		<b>128,828</b>

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 5. Account receivables (Continued)

- (e) The provision for bad debts this year amounted to RMB402,948,000 (2021: RMB473,944,000). A provision for bad debts amounted to RMB129,779,000 has been collected or reversed (2021: RMB164,395,000).
- (f) The account receivables amounted to RMB179,963,000 was written off in current year (2021: RMB67,642,000), the provision for bad debts amounted to RMB179,963,000 in current year (2021: RMB67,642,000).
- (g) As at 31 December 2022, the Group had no account receivables (2021: RMB6,400,000) which were pledged to the bank as a guarantee for short-term borrowings.

### 6. Receivables financing

	31 December 2022	31 December 2021
Bank acceptance notes	629,742	1,049,831
Less: Provision for bad debts	(775)	(1,587)
	<b>628,967</b>	<b>1,048,244</b>

Some subsidiaries of the Group discounted and endorsed bank acceptance notes and trade 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 fair value through other comprehensive income.

As at 31 December 2022, the Group measured the provision for bad debts of RMB775,000 according to the lifetime ECL (31 December 2021: RMB1,587,000). As the credit risk characteristics of these bank acceptance notes were similar, no provision for impairment was made individually. The Group believes that 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 2022, the amount of pledged bank acceptance notes receivables disclosed in receivables financing was RMB7,309,000 (31 December 2021: RMB58,623,000).

As at 31 December 2022, except for Note IV.4(b), the Group's bank acceptance notes endorsed or discounted but not yet due was RMB2,168,816,000 and all was derecognised.

	Derecognised	Not derecognised
Bank acceptance notes	2,168,816	-

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 2022	31 December 2021
Security deposits	908,622	1,032,333
Receivables arising from financing for related parties	429,690	420,835
	Note VIII.5(4)	
Disbursements	345,632	295,063
Dividends receivable	312,302	447,789
Loans	237,087	157,177
Tax refund receivables	153,487	184,481
Interest receivable	19,219	5,195
Government grants receivable	16,222	35,850
Receivables from demolition compensation	1,347	14,510
Receivables from share capital increase/transfer	120	81,961
Assets purchased under reverse repurchase agreements	–	1,370,118
Others	1,152,825	1,058,451
Sub-total	3,576,553	5,103,763
Less: Provision for bad debts	(323,829)	(324,137)
	3,252,724	4,779,626

(1) The aging analysis of other receivables was as follows:

	31 December 2022	31 December 2021
Within 1 year	3,220,634	4,471,231
1 to 2 years	153,638	139,683
2 to 3 years	22,180	86,516
Over 3 years	180,101	406,333
	3,576,553	5,103,763

## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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					
	ECL in the next 12 months (collectively assessed)		ECL in the next 12 months (individually assessed)		Sub-total	Lifetime ECL (suffered credit impairment) (collectively assessed)		Lifetime ECL (suffered credit impairment) (individually assessed)		Sub-total	Total
	Provision		Provision			Provision		Provision			
	Book balance	for bad debts	Book balance	for bad debts	Provision for bad debts	Book balance	for bad debts	Book balance	for bad debts	Provision for bad debts	Provision for bad debts
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
Increase in current year	21,870,001	31,682	7,216	9,855	41,537	15,354	4,182	41,659	41,093	45,275	86,812
Decrease in current year	(23,041,880)	(12,453)	(314,566)	(2,469)	(14,922)	(7,809)	(7,808)	(97,185)	(72,756)	(80,564)	(95,486)
Including: Write-off in											
current year	-	-	-	-	-	(7,614)	(7,614)	-	-	(7,614)	(7,614)
Transfer to the third stage	(8,366)	-	-	-	-	8,366	8,366	-	-	8,366	8,366
31 December 2022	2,145,102	95,052	1,112,149	24,923	119,975	34,033	18,038	285,269	185,816	203,854	323,829

(i) On 31 December 2022, the Group had no other receivables transferred to the first stage.

Except for changes in provision for bad debts caused by the increase and decrease in other receivables and conversion between the first and third stages, there was no reversals in provision for bad debts due to changes in parameters and data used in determining ECL.

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 2022 and 31 December 2021, other receivables that are assessed individually are as follows:

## (i) As at 31 December 2022, other receivables that are assessed individually are as follows:

First stage	Book balance	ECL rate in the next 12 months	Provision for bad debts	Reason
Receivables arising from financing for related parties	368,166	2.68%	9,856	
Security deposits	424,238	3.07%	13,015	Note: Measured provision as ECL in the next 12 months
Tax refund receivables	133,768	–	–	
Disbursements	107,574	0.10%	111	
Receivables from demolition compensation	574	–	–	
Others	77,829	2.49%	1,941	
	1,112,149		24,923	

Third stage	Book balance	Lifetime ECL rate	Provision for bad debts	Reason
Security deposits	64,111	99.18%	63,586	
Receivables arising from financing for related parties	60,510	65.50%	39,636	Note: Measured provision as lifetime ECL
Disbursements	2,200	100.00%	2,200	
Others	158,448	50.74%	80,394	
	285,269		185,816	

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 2022 and 31 December 2021, other receivables that are assessed individually are as follows: (Continued)

(ii) As at 31 December 2021, other receivables that are assessed individually are as follows:

First stage	Book balance	ECL rate in the next 12 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 parties	340,061	–	–	Note: Measured
Tax refund receivables	137,764	–	–	provision as ECL in
Receivables from share capital increase/transfer	75,501	–	–	the next 12 months
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 ECL rate	Provision for bad debts	Reason
Loans	36,039	84.21%	30,349	
Receivables arising from financing for related parties	60,549	65.46%	39,636	
Security deposits	44,875	95.79%	42,988	Note: Measured
Receivables from demolition compensation	3,231	100.00%	3,231	provision as lifetime ECL
Disbursements	45,247	35.36%	16,000	
Others	150,854	56.53%	85,275	
	340,795		217,479	

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 2022 and 31 December 2021, other receivables that are assessed collectively are as follows:

	31 December 2022			31 December 2021		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Amount	Accrual rate	Amount	Amount	Accrual rate
<b>First stage</b>						
Security deposits	420,273	6,697	1.59%	535,200	1,979	0.37%
Dividends receivable	312,302	–	–	447,789	–	–
Disbursements	235,858	521	0.22%	132,823	832	0.63%
Tax refund receivables	19,719	–	–	46,717	–	–
Interest receivable	19,219	–	–	5,195	–	–
Government grants receivable	16,222	734	4.52%	35,850	–	–
Receivables arising from financing for related parties	1,014	–	–	20,225	–	–
Receivables from demolition compensation	773	–	–	–	–	–
Receivables from share capital increase/transfer	120	–	–	6,460	–	–
Loans	211,420	4,757	2.25%	32,569	981	3.01%
Assets purchased under reverse repurchase agreements	–	–	–	1,370,118	–	–
Others	908,182	82,343	9.07%	692,401	72,031	10.40%
	<b>2,145,102</b>	<b>95,052</b>		<b>3,325,347</b>	<b>75,823</b>	

	31 December 2022			31 December 2021		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Amount	Accrual rate	Amount	Amount	Accrual rate
<b>Third stage</b>						
Security deposits	–	–	–	15,580	11,226	72.05%
Loans	25,667	9,672	37.68%	1,041	1,015	97.50%
Others	8,366	8,366	100.00%	1,501	1,057	70.42%
	<b>34,033</b>	<b>18,038</b>		<b>18,122</b>	<b>13,298</b>	



CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 RMB95,178,000 (2021: RMB312,320,000), among which RMB40,645,000 has been recovered or reversed (2021: RMB75,618,000).
- (4) Other receivables written off in current year amounted to RMB7,614,000 in carrying amount and amounted to RMB7,614,000 in provision for bad debts.
- (5) As at 31 December 2022, the five largest balances of other receivables are analysed as follows:

	Note	Nature	Book balance	Aging	% of total balance	Provision for bad debts
Yangzhou Jichuang Industrial Park Development Co., Ltd.	(i)	Receivables arising from financing for related parties	353,886	Within 1 year	10.88%	8,847
Yangzhou Jizhi Property Co., Ltd.		Loans	211,420	Within 1 year	6.50%	5,286
CMB Financial Leasing Co., Ltd.		Warranties	133,998	Within 1 year	4.12%	–
Dongguan CIMC Innovation Industrial Park Development Co., Ltd.		Reimbursed expenses	78,237	Within 1 year	2.41%	–
Ningxia Yuanshan		Receivables arising from financing for related parties	60,510	Within 1 year	1.86%	39,636
			838,051		25.76%	

(i) Yangzhou Jichuang Industrial Park Development Co., Ltd. is a subsidiary of CIMC Industry & City (Note VIII.6(2)).

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 8. Advance to suppliers

	31 December 2022	31 December 2021
Advance to suppliers	6,054,873	3,488,030
Less: Impairment provision	(31,392)	(40,609)
	<b>6,023,481</b>	3,447,421

(1) Aging analysis of advance to suppliers was as follows:

	31 December 2022		31 December 2021	
	Amount	% of total balance	Amount	% of total balance
Within 1 year (inclusive)	5,326,386	87.97%	2,840,635	81.44%
1 to 2 years (inclusive)	209,014	3.45%	145,129	4.16%
2 to 3 years (inclusive)	36,054	0.60%	41,825	1.20%
Over 3 years	483,419	7.98%	460,441	13.20%
Total	<b>6,054,873</b>	<b>100.00%</b>	3,488,030	100.00%

The aging is calculated from the date that advance to suppliers were recognised.

As at 31 December 2022, the advance to suppliers aged over one year amounted to RMB728,487,000 (31 December 2021: RMB647,395,000), mainly for the Group's prepayments for construction related to energy and chemical as well as raw materials and equipment related to the offshore engineering business. As the production cycle of projects in clean energy and chemical industries as well as offshore engineering projects is usually more than 1 year, these advance to suppliers have not yet been settled.

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 8. Advance to suppliers (Continued)

- (2) As at 31 December 2022, the five largest balances of advance to suppliers are analysed as follows, accumulated by arrearage parties:

	Amount	% of total balance
Total of the five largest advance to suppliers	1,548,671	25.58%

### 9. Inventories

- (1) Inventories summarised by categories are as follows:

	31 December 2022			31 December 2021		
	Book balance	Provision for decline in the value of inventories and impairment of contract fulfilment costs	Carrying amount	Book balance	Provision for decline in the value of inventories and impairment of contract fulfilment costs	Carrying amount
Raw materials	6,629,625	(193,322)	6,436,303	7,286,229	(199,393)	7,086,836
Products in progress	3,505,007	(70,012)	3,434,995	3,290,003	(29,892)	3,260,111
Finished goods and stocks	6,449,091	(70,858)	6,378,233	7,504,227	(135,047)	7,369,180
Consignment stocks	254,888	(65)	254,823	234,024	(65)	233,959
Spare parts	367,153	(4,712)	362,441	242,785	(4,994)	237,791
Low-valued consumables	54,161	(1,067)	53,094	30,045	(1,097)	28,948
Materials in transit	76,027	-	76,027	66,471	-	66,471
Completed products in the industrial park	30,663	(10,508)	20,155	48,357	(13,325)	35,032
Products under development in the industrial park	299,828	(3,064)	296,764	297,610	(3,064)	294,546
Offshore engineering project	1,814,976	(1,061,959)	753,017	2,049,991	(1,058,552)	991,439
Contract performance costs (i)	265,696	-	265,696	232,810	-	232,810
	<b>19,747,115</b>	<b>(1,415,567)</b>	<b>18,331,548</b>	<b>21,282,552</b>	<b>(1,445,429)</b>	<b>19,837,123</b>

- (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 2022, the amortisation of contract performance costs included in operating costs totalled RMB645,192,000 (2021: RMB636,130,000).

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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) Provision for decline in the value of inventories and impairment of contract fulfilment costs are as follows:

Category	31	Increase in current year	Decrease in current year				Currency translation differences	31
	December 2021		Reversal	Write-off	Disposals of subsidiaries	Transfer out to held for sale		December 2022
Raw materials	199,393	46,847	(44,147)	(3,717)	(4,143)	(11,208)	10,297	<b>193,322</b>
Products in progress	29,892	41,320	(2,740)	(2,833)	-	-	4,373	<b>70,012</b>
Finished goods and stocks	135,047	45,754	(12,287)	(48,031)	-	(54,383)	4,758	<b>70,858</b>
Consignment stocks	65	-	-	-	-	-	-	<b>65</b>
Spare parts	4,994	1,751	(253)	(1,963)	-	-	183	<b>4,712</b>
Low-valued consumables	1,097	-	(30)	-	-	-	-	<b>1,067</b>
Completed products in the industrial park	13,325	-	-	(2,817)	-	-	-	<b>10,508</b>
Products under development in the industrial park	3,064	-	-	-	-	-	-	<b>3,064</b>
Offshore engineering project	1,058,552	-	-	(41,501)	-	-	44,908	<b>1,061,959</b>
	<b>1,445,429</b>	<b>135,672</b>	<b>(59,457)</b>	<b>(100,862)</b>	<b>(4,143)</b>	<b>(65,591)</b>	<b>64,519</b>	<b>1,415,567</b>

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 decline in the value of inventories is as follows:

(a) In 2022, the provision for decline in the value of the Group's inventories was recognised mainly for the price drop of certain products and the slow-moving or waste materials.

Reversal/Write-off of provision for decline in the value of the Group's inventories during the year is as follows:

Category	Basis for determining net realisable value	Reason for reversal/write-off
Raw materials	Market price	Increase in net realisable value/usage or sales of inventories
Products in progress	The estimated selling price of the finished product less the estimated cost to completion, estimated selling and distribution expenses and related taxes	Increase in net realisable value/usage or sales of inventories
Finished goods and stocks	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
Products completed (under development) in the industrial park	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 and distribution expenses and related taxes	Increase in net realisable value/usage or sales of inventories

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 2022	31 December 2021
Contract assets	4,008,341	2,886,006
Less: Contract assets impairment provision	(80,503)	(64,666)
	<b>3,927,838</b>	2,821,340

Regardless of whether there is a significant financing component in the contract assets, the Group measures the loss provision based on the lifetime ECL.

The business related to airport and logistics equipment, firefighting and rescue equipment and customers usually agree to settle in stages. The typical settlement time points include: (1) prepay 10%–30% of the contract price after the contract is signed; (2) prepay 60%–70% of the contract price when the equipment arrives at the project site and passes the acceptance; (3) prepay 70%–85% of the contract price if the project passes the preliminary acceptance; (4) prepay 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 labour services, the excess part shall be recognised as contract liabilities, otherwise it shall be recognised 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 labour services, the excess part shall be recognised as contract liabilities, otherwise it shall be recognised 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 labour services, the excess part shall be recognised as contract liabilities, otherwise it shall be recognised as contract assets.

CHAPTER XII

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 2022, impairment provision of contract assets individually assessed is as follows:

	Book balance	Lifetime ECL rate	Impairment provision	Reason
Offshore engineering	1,779,125	0.05%	827	
Airport, facilities, fire safety and automated logistics equipment	1,596	37.72%	602	Note: Measured provision as lifetime ECL
Energy, chemical and liquid food equipment	138,302	36.54%	50,536	
	1,919,023		51,965	

As at 31 December 2021, impairment provision of contract assets individually assessed is as follows:

	Book balance	Lifetime ECL rate	Impairment provision	Reason
Offshore engineering	533,788	0.17%	897	Note: Measured provision as lifetime ECL
Energy, chemical and liquid food equipment	1,336,642	3.85%	51,414	
	1,870,430		52,311	

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 2022, impairment provision of contract assets collectively assessed is as follows:

	Book balance	Lifetime ECL rate	Impairment provision	Reason
Energy, chemical and liquid food equipment	1,042,334	2.05%	21,402	Note: Measured provision as lifetime ECL
Airport, facilities, fire safety and automated logistics equipment	1,046,984	0.68%	7,136	
	2,089,318		28,538	

As at 31 December 2021, impairment provision of contract assets collectively assessed is as follows:

	Book balance	Lifetime ECL rate	Impairment provision	Reason
Airport, facilities, fire safety and automated logistics equipment	1,015,576	1.22%	12,355	Note: Measured provision as lifetime ECL



CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 11. Assets and liabilities held for sale

(1) C&C Trucks

	31 December 2022		
	Carrying amount immediately before classifying as held for sale	Provision for impairment of assets held for sale	Carrying amount
<b>Assets held for sale –</b>			
Cash and cash equivalents	115,951	–	115,951
Notes receivables	2,455	–	2,455
Account receivables	243,499	–	243,499
Receivables financing	45,868	–	45,868
Inventories	329,308	–	329,308
Other receivables	34,696	–	34,696
Advance to suppliers	7,984	–	7,984
Other current assets	3,080	–	3,080
Long-term equity investments	48,332	–	48,332
Fixed assets	511,112	–	511,112
Construction in progress	1,964	–	1,964
Intangible assets	242,309	–	242,309
Development expenditures	2,734	–	2,734
Goodwill	38,814	–	38,814
Long-term prepaid expenses	13	–	13
Deferred tax assets	126,601	–	126,601
Other non-current assets	691	–	691
	<b>1,755,411</b>	<b>–</b>	<b>1,755,411</b>

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 11. Assets and liabilities held for sale (Continued)

## (1) C&amp;C Trucks (Continued)

	31 December 2022		
	Carrying amount immediately before classifying as held for sale	Provision for impairment of assets held for sale	Carrying amount
<b>Liabilities held for sale –</b>			
Short-term borrowings	593,623	–	593,623
Notes payables	477,350	–	477,350
Account payables	428,800	–	428,800
Other payables	146,755	–	146,755
Contract liabilities	100,418	–	100,418
Advances from customers	23,810	–	23,810
Employee benefits payable	22,886	–	22,886
Taxes payable	4,261	–	4,261
Derivative financial liabilities	34	–	34
Other current liabilities	9,348	–	9,348
Current portion of non-current liabilities	135,250	–	135,250
Provisions	18,578	–	18,578
Deferred income	23,041	–	23,041
	<b>1,984,154</b>	<b>–</b>	<b>1,984,154</b>

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 11. Assets and liabilities held for sale (Continued)

#### (1) C&C Trucks (Continued)

On 12 October 2022, the Board of Directors approved the restructuring of C&C Trucks (subsidiary of the Company) with Chery Commercial Vehicles (Anhui) Co., Ltd., Wuhu Industrial Investment Fund Co., Ltd. and Wuhu Xingzhong Venture Capital Co., Ltd. As at 31 December 2022, the restructuring agreement and equity transfer agreement had been entered into. According to the restructuring agreement, the restructuring transaction includes four transactions: the equity aggregation of C&C Trucks, CMIC Group's debt-to-equity swap regarding C&C Trucks, the transfer of old shares and the capital increase of all parties. After the completion of the transaction, the Company will hold the remaining 35.42% equity interest in C&C Trucks. The equity transfer transaction was completed on 15 March 2023 (Note XIII.3). The assets and liabilities of the subsidiary which will be transferred meet the criteria to be classified as held for sale and are therefore presented as assets held for sale and liabilities held for sale separately in the balance sheet.

#### (2) Gulf Driller V Pte. Ltd.

On 8 December 2022, Gulf Driller V Pte, a subsidiary of the Group, entered into an irrevocable transfer agreement with Tianjin Neptune Leasing Co., Ltd. to transfer H1293 offshore engineering equipment to Tianjin Neptune Leasing Co., Ltd. at a consideration of USD62,000,000. As at 31 December 2022, the Group classified the equipment as assets held for sale and the asset transfer will be completed within 2023.

	31 December 2022		
	Carrying amount immediately before classifying as held for sale	Provision for impairment of assets held for sale	Carrying amount
Construction in progress	521,589	(110,560)	411,029

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 12. Current portion of non-current assets

	31 December 2022	31 December 2021
Finance lease receivables (Note IV.16)	–	5,554,535
Sales of goods by installments	92,392	8,945
Others	–	165,016
Less: Unrealised financing income	–	(987,471)
Less: Impairment provision	(3,486)	(1,033,900)
	<b>88,906</b>	<b>3,707,125</b>

## 13. Other current assets

	31 December 2022	31 December 2021
Tax to be deducted/withheld	953,850	1,639,886
Others	351,468	287,273
	<b>1,305,318</b>	<b>1,927,159</b>

## 14. Other equity investments

	31 December 2022	31 December 2021
<b>Unlisted company equity</b>		
– Bank of Communications Schroder Fund Management Co., Ltd. (“ <b>BOCM Schroder</b> ”)	332,776	330,009
– China United International Rail Containers Co., Ltd. (“ <b>CR Intermodal</b> ”)	318,945	310,699
– Shenzhen CIMC Intelligent Technology Co., Ltd.	49,716	11,700
– Chiway Bilingual School Xiamen	–	5,855
<b>Listed company equity</b>		
– Jade Bird Fire (i)	1,398,917	–
– Shoucheng Holdings Limited (“ <b>Shoucheng Holdings</b> ”)	355,712	265,603
– China Railway Special Cargo Services Co., Ltd. (“ <b>China Railway Special Cargo</b> ”)	172,800	242,400
– CSG Holding Co., Ltd. (“ <b>CSG Holding</b> ”)	69,353	–
– Otto Energy Limited	829	875
	<b>2,699,048</b>	<b>1,167,141</b>

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 14. Other equity investments (Continued)

#### (1) Investment in non-trading equity instruments

	31 December 2022	31 December 2021
BOCM Schroder		
– Historical cost	8,125	8,125
– Accumulated changes in fair value	324,651	321,884
	<b>332,776</b>	330,009
	31 December 2022	31 December 2021
CR Intermodal		
– Historical cost	380,780	380,780
– Accumulated changes in fair value	(61,835)	(70,081)
	<b>318,945</b>	310,699
	31 December 2022	31 December 2021
Shenzhen CIMC Intelligent Technology Co., Ltd.		
– Historical cost	11,700	11,700
– Accumulated changes in fair value	38,016	–
	<b>49,716</b>	11,700
	31 December 2022	31 December 2021
Jade Bird Fire (i)		
– Historical cost	1,200,000	–
– Accumulated changes in fair value	198,917	–
	<b>1,398,917</b>	–

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 14. Other equity investments (Continued)

## (1) Investment in non-trading equity instruments (Continued)

	31 December 2022	31 December 2021
Shoucheng Holdings		
– Historical cost	191,383	191,383
– Accumulated changes in fair value	164,329	74,220
	<b>355,712</b>	<b>265,603</b>
	31 December 2022	31 December 2021
China Railway Special Cargo		
– Historical cost	161,563	161,563
– Accumulated changes in fair value	11,237	80,837
	<b>172,800</b>	<b>242,400</b>
	31 December 2022	31 December 2021
CSG Holding		
– Historical cost	67,407	–
– Accumulated changes in fair value	1,946	–
	<b>69,353</b>	<b>–</b>

- (i) The Group purchased restricted shares of Jade Bird Fire (with restricted share trade period of 6 months) from the open market on 21 November 2022, and the shareholding of the Group in Jade Bird Fire was 8.86%. 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 other equity investments.

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 15. Other non-current financial assets

	31 December 2022	31 December 2021
Financial assets that is measured at fair value and whose changes are included in the current profit and loss (i)	125,943	330,600
Foreign exchange forward contracts (Note IV.3(1))	117	–
	<b>126,060</b>	330,600

(i) It's equity investment by the Group.

If the debt instruments held by the Group 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.

### 16. Long-term receivables

	31 December 2022	31 December 2021
Finance lease receivables (i)	–	16,613,822
Sales of goods by installments	101,378	136,909
Others	28,076	320,435
Less: Unrealised financing income	(179)	(4,043,132)
	<b>129,275</b>	13,028,034
Less: Provision for bad debts	(4,992)	(1,402,908)
	<b>124,283</b>	11,625,126
Less: Current portion of non-current assets		
Including: Finance lease receivables	–	(5,554,535)
Sales of goods by installments	(92,392)	(8,945)
Others	–	(165,016)
Less: Unrealised financing income	–	987,471
Less: Provision for bad debts	3,486	1,033,900
	<b>35,377</b>	7,918,001

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 16. 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 prevailing on 31 December), are analysed as follows:

Minimum lease receipts	31 December 2022	31 December 2021
Within 1 year (inclusive)	–	5,554,535
1 to 2 years (inclusive)	–	2,319,727
2 to 3 years (inclusive)	–	1,505,911
Over 3 years	–	7,233,649
	–	16,613,822

(i) In 2022, the Group had no minimum lease receipts as at the balance sheet date (2021: RMB16,613,822,000).

In 2022, the Group has no long-term receivables derecognised due to transfer of financial assets (2021: RMB2,484,930,000).



## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 16. Long-term receivables (Continued)

#### (1) Loss provision and changes in book balance:

	First stage			Second stage			Third stage			Total			
	ECL in the next 12 months (collectively assessed)		ECL in the next 12 months (individually assessed)	Lifetime ECL (Credit risk has increased significantly but credit impairment has not yet occurred) (collectively assessed)		Lifetime ECL (suffered credit impairment) (collectively assessed)	Lifetime ECL (suffered credit impairment) (individually assessed)						
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Provision for bad debts	Book balance	Provision for bad debts	Book balance	Provision for bad debts				
	balance	bad debts	balance	bad debts	for bad debts	balance	bad debts	balance	bad debts				
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
Increase in current year	90,047	3,040	-	-	3,040	-	-	-	-	-	-	-	3,040
Decrease in current year	(4,818,108)	(203,839)	(6,854,708)	(131,400)	(335,239)	(318,770)	(217,612)	(386,076)	(326,585)	(611,144)	(521,338)	(847,923)	(1,400,774)
Including: Disposals of subsidiaries	(4,788,134)	(203,839)	(6,854,708)	(131,400)	(335,239)	(318,770)	(217,612)	(377,833)	(259,206)	(611,144)	(521,338)	(780,544)	(1,333,395)
Reversal of provision for bad debts in current year	-	(182)	-	-	(182)	-	-	-	-	-	-	-	(182)
31 December 2022	129,275	4,992	-	-	4,992	-	-	-	-	-	-	-	4,992

(i) As at 31 December 2022, the Group had no provision for long-term receivables individually assessed in the first stage.

As at 31 December 2022 and 31 December 2021, long-term receivables for which the related provision for bad debts was collectively assessed were in the first stage, which are analysed as follows:

	31 December 2022			31 December 2021		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Accrual rate	Amount	Amount	Accrual rate	Amount
<b>Collectively assessed:</b>						
Finance lease receivables	-	-	-	4,438,510	4.61%	204,445
Sales of goods by installments	128,742	3.88%	4,992	98,391	-	-
Others	533	-	-	320,435	0.48%	1,528
	129,275		4,992	4,857,336		205,973

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 16. Long-term receivables (Continued)

## (1) Loss provision and changes in book balance: (Continued)

(ii) As at 31 December 2022, the Group had no provision for bad debts for long-term receivables in the second or the third stage collectively and individually assessed.

(2) As at 31 December 2022, the Group had no long-term receivables used as collateral (as at 31 December 2021, the book balance was USD659,732,000 (equivalent to RMB4,207,509,000), and its underlying assets enjoying legal rights had been pledged as collateral for long-term borrowings of USD147,167,000 (equivalent to RMB938,560,000) and USD28,800,000 (equivalent to RMB183,677,000) of current portion of long-term borrowings (Notes IV. 40)).

## 17. Long-term equity investments

		31 December 2022	31 December 2021
Joint ventures	(1)	658,573	942,796
Associates	(2)	10,095,030	7,715,495
		<b>10,753,603</b>	8,658,291
Less: Impairment provision for long-term equity investments		<b>(221,976)</b>	(188,834)
		<b>10,531,627</b>	8,469,457

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 17. Long-term equity investments (Continued)

#### (1) Joint ventures

	Movements for the year						31 December 2022	Impairment provision
	31 December 2021	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")	55,490	(55,490)	-	-	-	-	-	-
Jiangsu Wanjing Technology Co., Ltd.	11,555	-	(3,032)	-	-	-	8,523	-
NYK Zhenhua Logistics (Tianjin) Co. Ltd. ("NKY Zhenhua")	68,130	-	1,771	-	(3,219)	-	66,682	-
Kawasaki Zhenghua Logistics (Tianjin) Co. Ltd.	20,045	-	730	-	(639)	-	20,136	-
Qingdao Jiefeng Baijian Container Maintenance Co., Ltd.	13,254	-	2,632	-	(1,639)	513	14,760	-
Dalian Jilong & Baijian Logistics Co., Ltd.	2,870	-	(164)	-	-	-	2,706	-
Shanghai Baijian Dewei Container Maintenance Co., Ltd.	13,608	-	(2,678)	-	-	205	11,135	-
Tianjin Jinshi Baijian Container Maintenance Co., Ltd.	4,964	-	100	-	-	75	5,139	-
Y&C Engine Co., Ltd. ("Y&C Engine")(iii)	81,313	(48,332)	(32,981)	-	-	-	-	-
Ningbo Meishan Bonded Port Area Chuangzhi Lian-cheng Investment Management Partnership (Limited Partnership)	50,066	-	(2)	-	-	-	50,064	-
New Horizon Shipping UG (ii)	32,619	(35,633)	-	-	-	3,014	-	-
Chemgas Schifffahrts UG (haftungsbeschränkt) & Co.MT (GASCHEMNARWHAL) KG (ii)	95,706	(98,400)	-	-	-	2,694	-	-
Shenzhen CIMC Lvmal Logistics and Intelligent Transportation Private Equity Investment Fund Partnership (Limited Partnership)	56,234	(24,770)	49	-	-	-	31,513	-
Bavaria Egypt	802	(802)	-	-	-	-	-	-
Shenzhen Xinghuo Chelian Technology Co., Ltd.	3,866	-	(2,998)	-	-	-	868	-
Yantai Jinghai Ocean Fishery Co., Ltd.	174,807	-	(26,857)	-	-	-	147,950	-
Shenzhen Tianyi Changmao Investment Partnership (Limited Partnership)	1,002	-	4	-	-	-	1,006	-
Gongqingcheng CIMC Water Investment Environmental Protection Industry Investment Partnership	68,594	-	503	-	-	-	69,097	-
Angang CIMC (Yingkou) New Energy Technology Co., Ltd.	100,000	-	5	-	-	-	100,005	-
Shenzhen Aerospace Smart City System Technology Research Institute Co., Ltd.	87,871	-	121	-	(800)	87,192	-	-
GoldSuwan Autoparts Manufacture Co., Ltd.	-	45,645	(2,413)	-	-	(1,435)	41,797	-
	942,796	(217,782)	(65,210)	-	(6,297)	5,066	658,573	-

Refer to Note VI.2 for equity in joint ventures.

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 17. Long-term equity investments (Continued)

## (2) Associates

	31 December 2021	Movements for the year						31 December 2022	Impairment provision
		Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Declared cash dividends	Provision for impairment	Currency translation differences		
Xinyang Wood Hong Kong Co., Ltd.	4,416	-	-	-	-	-	511	4,927	-
Xiamen CIMC Haitou Container Service Co., Ltd.	19,472	-	2,382	-	(2,080)	-	493	20,267	-
Dalian Jilong Logistics Co., Ltd.	17,905	-	2,278	-	-	(11,596)	557	20,740	(20,740)
Shenzhen CIMC Industrial City Development Group Co., Ltd. (i)	6,564,009	-	141,457	117,113	(185,087)	-	-	6,637,492	-
Ocean En-Tech	36,306	-	8,098	-	-	-	3,360	47,764	-
Marine Subsea & Consafe Limited	2	-	-	-	-	-	-	2	(2)
LiHua Gas Storage and Transportation Co., Ltd.	111,415	-	-	-	-	-	-	111,415	(111,415)
Jiuquan Enric Kunlun Cryogenic Machinery Co., Ltd.	2,608	(2,608)	-	-	-	-	-	-	-
Newtown Optoelectronics Technology (Shanghai) Co., Ltd.	16,084	(16,084)	-	-	-	-	-	-	-
Qingdao Port International Trade and Logistics Co., Ltd.	61,538	-	3,072	-	-	-	-	64,610	-
Jiahua Shipping Co., Ltd.	77,411	-	1,240	3,909	-	-	5,244	87,804	(57,283)
Xindu Freight Co., Ltd.	1,606	(1,606)	-	-	-	-	-	-	-
Chifeng Lvtianyuan Farm Co., Ltd.	6,924	-	396	-	-	-	-	7,320	(355)
North Sea Rigs AS	12,508	-	(8,235)	-	-	-	898	5,171	-
Shenzhen City Road Show China Internet Technology Co. Ltd.	6,106	-	(667)	-	-	-	-	5,439	-
Beijing Boxcool Exhibition Co., Ltd.	12,686	-	195	-	-	-	-	12,881	(6,169)
Shanghai Tanklink Supply Chain Technology Development Co., Ltd.	1,470	-	73	-	-	-	-	1,543	(910)
Fujian Qingchen Bamboo Industry Co., Ltd. ("Qingchen Bamboo Industry")	5,814	-	(1,084)	-	-	-	-	4,730	-
Mori (Shanghai) International Trade Co., Ltd.	435	-	191	-	-	-	-	626	-
Sichuan Zhongyixinwei Energy Co., Ltd. ("Zhongyixinwei")	28,274	-	(3,183)	-	-	-	-	25,091	-
Hengqin CIMC Ruidexin Innovative Venture Capital Fund, LP.	24,070	-	(107)	-	-	-	-	23,963	-

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 17. Long-term equity investments (Continued)

#### (2) Associates (Continued)

	Movements for the year							31 December 2022	Impairment provision
	31 December 2021	Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Declared cash dividends	Provision for impairment	Currency translation differences		
Qingdao Port International Trade Logistics Ltd.	9,835	-	2,846	-	(1,452)	-	-	11,229	-
Ningbo Huaxiang Automotive New Material Technology Co., Ltd.	1,463	(1,467)	4	-	-	-	-	-	-
Cela S.r.L.	27,274	-	7,139	-	-	-	4,852	39,265	-
OOS international Holding ("OOS international")	3,427	-	-	-	-	-	306	3,733	-
Ningbo Mediterranean Container Yard Co., Ltd. ("Ningbo Mediterranean")	24,243	-	3,185	-	-	-	-	27,428	-
Zhoushan Changhong International Ship Repair Co., Ltd. ("Zhoushan Changhong") (ii)	356,531	(300,000)	(56,531)	-	-	-	-	-	-
Nantong CIMC Yike New Material Development Co., Ltd. ("Yike New Material")	11,696	-	5,528	-	-	-	-	17,224	-
CIMC Donghan (Shanghai) Shipping Co., Ltd.	17,374	-	(2,456)	-	-	(12,589)	-	14,918	(12,589)
Shitie Special Goods (Beijing) International Logistics Co., Ltd.	24,219	(24,219)	-	-	-	-	-	-	-
Tianjin Binhai COSCO Container Logistics Co., Ltd.	29,598	-	124	-	(173)	-	-	29,549	-
Guizhou Yinke Environmental Resources Co., Ltd.	31,257	(7,620)	(2,682)	-	-	(11,565)	-	20,955	(12,513)
Yichuan Tianyun Clean Energy Co., Ltd.	43,241	(8,007)	7,163	-	-	-	-	42,397	-
Ningbo Beilun Donghua Container Service Co., Ltd.	3,995	-	2,545	-	(1,152)	-	-	5,388	-
Tianzhu (Shanghai) International Freight Agency Co., Ltd.	1,208	-	(30)	-	-	-	-	1,178	-
Shenzhen Zhonglian Industry-University-Research Technology Co., Ltd.	94	-	(23)	-	-	-	-	71	-
Chongqing Changzu Feiyue Technology Co., Ltd.	2,796	-	668	-	-	-	-	3,464	-
Qingdao Senkete Intelligent Instrument Co., Ltd.	12,827	-	2,068	-	-	-	-	14,895	-
Dafei Lutong (Tianjin) Logistics Co., Ltd.	9,546	-	8,923	-	(3,772)	-	-	14,697	-
Xuzhou Lugang Shilianda Logistics Development Co., Ltd.	1,960	2,940	530	-	-	-	-	5,430	-

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 17. Long-term equity investments (Continued)

## (2) Associates (Continued)

	Movements for the year							31 December 2022	Impairment provision
	31 December 2021	Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Declared cash dividends	Provision for impairment	Currency translation differences		
Hongjing Zhiye (Beijing) Multimodal Transport Consulting Co., Ltd.	2,000	-	860	-	(676)	-	-	2,184	-
Shanghai Ocean Engineering Equipment Manufacturing Innovation Center Co., Ltd.	6,526	-	(485)	-	-	-	-	6,041	-
Xinyu Tiangao Investment Management Partnership (Limited Partnership)	500	-	42	-	(18)	-	-	524	-
Zhongshiyun (Beijing) Investment Co., Ltd.	36,589	15,487	18,382	(567)	-	-	-	69,891	-
HuaSu Airport Air Service (Guangzhou) Co., Ltd.	2,800	-	871	-	-	-	-	3,671	-
ADS SUPPLY CHAIN (THAILAND) CO. LTD	1,070	1,831	(704)	-	-	-	-	2,197	-
Shanghai Hongji International Logistics Development Ltd.	2,450	-	282	-	-	-	-	2,732	-
Shenzhen Bay Angel Phase III Venture Capital Partnership (Limited Partnership)	29,760	-	(442)	-	-	-	-	29,318	-
Yantai Youtai Environmental Protection Technology Co., Ltd.	9,862	-	688	-	-	-	-	10,550	-
Shanghai Anji Marine Technology Co., Ltd.	295	-	139	-	-	-	-	434	-
ANDASHUN AMAZING LOGISTICS (VIETNAM) CO. LTD.	-	5,203	5,288	-	-	-	1,117	11,608	-
Guoke Yunji Chanrong Development (Shenzhen) Co., Ltd.	-	20,000	(1,314)	-	-	-	-	18,686	-
Shandong CIMC Green New Material Co., Ltd.	-	5,310	(2,276)	-	-	-	-	3,034	-
Dali Bohai Precious Metal Technology Co., Ltd.	-	6,000	-	-	-	-	-	6,000	-
Dongguan Ruizhutanxia Investment Co., Ltd.	-	5,000	17	-	-	-	-	5,017	-

## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 17. Long-term equity investments (Continued)

#### (2) Associates (Continued)

	Movements for the year							31 December 2022	Impairment provision
	31 December 2021	Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Declared cash dividends	Provision for impairment	Currency translation differences		
Shenzhen CIMC Hongyuan Advanced Intelligent Manufacture Private Equity Investment Fund Partnership (Limited Partnership)	-	30,000	(3)	-	-	-	-	29,997	-
Ant Supply Chain (Shanghai) Co., Ltd.	-	9,900	(384)	-	-	-	-	9,516	-
China Marine Engineering Equipment Technology Development Co., Ltd. (iv)	-	180,000	-	-	-	-	-	180,000	-
Yantai Guma New Material Co., Ltd.	-	640	-	-	-	-	-	640	-
CIMC-Hescom Hydrogen Technology Co., Ltd.	-	25,216	540	-	-	-	-	25,756	-
CIMC CAPITAL Ltd. (ii)	-	1,785,252	71,325	86,981	-	-	-	1,943,558	-
CIMC Xinde Leasing (Shenzhen) Co., Ltd.	389,365	-	-	-	-	-	389,365	-	-
Strømtangveien 38 AS	-	3,750	-	-	-	-	-	3,750	-
Zhejiang CIMC Tenglong Bamboo Industry Co., Ltd.	-	6,940	15	-	-	-	-	6,955	-
	7,715,495	2,131,223	217,948	207,436	(194,410)	(35,750)	17,338	10,095,030	(221,976)

- (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.
- (ii) On 23 November 2021, CIMC CAPITAL Co., Ltd. ("**CIMC Capital**"), a wholly-owned subsidiary of the Group, introduced Shenzhen Capital Holdings Co., Ltd. ("**Shenzhen Capital Group**"), Shenzhen Energy Group Co., Ltd. ("**Shenzhen Energy Group**") and Tianjin Kerry Kang Enterprise Management Consulting Partnership (Limited Partnership) ("**Tianjin Kerry Kang**") as strategic investors. On 27 May 2022, CIMC CAPITAL completed the change of industrial and commercial registration and equity settlement, and the Group's equity ratio in CIMC CAPITAL was passively diluted from 100% to 45.43%, and the Group lost control of CIMC CAPITAL. As CIMC CAPITAL is no longer included in the scope of the Group's consolidation, New Horizon Shipping Company Limited ("**New Horizon Shipping UG**"), Chemgas Schiffahrts UG (haftungsbeschränkt) & Co.MT (GASCHEMNARWHAL) KG and Zhoushan Changhong are no longer associates of the Group, as detailed in Note XII. Please refer to Note VI.2 for equity in associates.
- (iii) On 31 December 2022, Y&C Engine was classified as held for sale with C&C Trucks.
- (iv) On 27 August 2021, CIMC Offshore Engineering Co., Ltd., a subsidiary of the Company, as the main investor, participated in the establishment of "China Marine Engineering Equipment Technology Development Co., Ltd.", and agreed to contribute a registered capital of RMB1,800,000,000 with the initial capital contribution of RMB180,000,000 in place during the middle February 2022, and the remaining registered capital will be paid in full within 30 years from the date of issuing the business license.

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 18. Investment properties

	Buildings and relevant land use rights	Land use rights	Total
31 December 2021	1,133,242	252,843	1,386,085
Changes in fair value	12,993	(19,384)	(6,391)
The amount greater than the carrying amount on the conversion date when the self-use real estate was converted to investment properties using fair value measurement	10,817	–	10,817
Transferred from inventories	36,649	–	36,649
Transferred from fixed assets	31,832	–	31,832
Transfer to intangible assets	(7,882)	–	(7,882)
Currency translation differences	1,897	–	1,897
<b>31 December 2022</b>	<b>1,219,548</b>	<b>233,459</b>	<b>1,453,007</b>

In 2022 and 2021, no capitalisation was included in the borrowing costs of investment properties.

In 2022, the impact amount of changes in fair value of investment properties on the Group's current profit or loss was RMB6,391,000 (2021: RMB7,697,000).

As at 31 December 2022, the buildings and land use rights with carrying amount of about RMB198,366,000 (31 December 2021: RMB185,371,000) had not been entitled the property ownership certificates due to unfinished entitling procedures.

## 19. Fixed assets

	31 December 2022	31 December 2021
Fixed assets (a)	39,197,873	34,981,386
Disposals of fixed assets (b)	4,621	13,996
	<b>39,202,494</b>	<b>34,995,382</b>



CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 19. Fixed assets (Continued)

#### (a) Fixed assets

	Buildings		Machinery and equipment		Office and 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 rent use	For own use	
Original cost											
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
Increase in current year											
Additions	63,977	51,385	129,243	142,010	152,686	1,605	77,730	59,456	-	150,624	828,716
Business combination	-	-	30,526	47,736	48,162	-	19,142	-	-	-	145,566
Transferred from construction in progress	1,509,552	-	1,841,664	-	68,060	-	83,672	-	3,809,254	-	7,312,202
Decrease in current year											
Transferred to investment properties	(39,202)	(3,172)	-	-	-	-	-	-	-	-	(42,374)
Classified as held for sale	(462,756)	-	(507,106)	-	(185,022)	-	(3,873)	-	-	-	(1,158,757)
Disposals of subsidiaries	(111,051)	-	(428)	-	(378,350)	-	(945,980)	-	-	-	(1,435,809)
Disposals or scrapping	(349,689)	(7,070)	(312,175)	(12,119)	(93,953)	(6,288)	(64,488)	(14,102)	-	-	(859,884)
Currency translation differences	55,351	-	66,958	-	45,361	-	29,001	-	2,242,596	8,223	2,447,490
<b>31 December 2022</b>	<b>13,399,170</b>	<b>175,454</b>	<b>14,563,714</b>	<b>603,119</b>	<b>1,969,877</b>	<b>4,544</b>	<b>1,304,892</b>	<b>276,406</b>	<b>29,430,683</b>	<b>1,327,674</b>	<b>63,055,533</b>
Accumulated depreciation											
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
Depreciation recognised in current year	441,120	6,259	1,016,717	25,711	145,256	4,847	125,385	77,830	659,274	69,844	2,572,243
Decrease in current year											
Transferred to investment properties	(9,210)	(1,332)	-	-	-	-	-	-	-	-	(10,542)
Classified as held for sale	(151,601)	-	(362,781)	-	(130,148)	-	(3,115)	-	-	-	(647,645)
Disposals of subsidiaries	(5,383)	-	(357)	-	(229,489)	-	(129,561)	-	-	-	(364,790)
Disposals or scrapping	(149,982)	(1,045)	(221,404)	(3,228)	(61,692)	(5,001)	(55,537)	(7,318)	-	-	(505,207)
Currency translation differences	30,759	-	49,196	-	22,340	-	5,047	-	246,865	3,855	358,062
<b>31 December 2022</b>	<b>3,883,795</b>	<b>40,767</b>	<b>6,006,471</b>	<b>165,874</b>	<b>1,251,627</b>	<b>3,966</b>	<b>666,786</b>	<b>115,282</b>	<b>3,318,489</b>	<b>393,747</b>	<b>15,846,804</b>

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 19. Fixed assets (Continued)

## (a) Fixed assets (Continued)

	Buildings		Machinery and equipment		Office and 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 rent use	For own use	
Impairment provision											
31 December 2021	234,128	-	37,727	-	35,953	-	16,055	-	6,068,451	-	6,392,314
Depreciation recognised in current year	-	-	1,588	-	-	-	599	-	116,262	-	118,449
Transferred from construction in progress	-	-	-	-	-	-	-	-	937,248	-	937,248
Disposals or scrapping	(3,203)	-	(14,298)	-	-	-	(15,315)	-	-	-	(32,816)
Currency translation differences	-	-	-	-	-	-	-	-	595,661	-	595,661
31 December 2022	230,925	-	25,017	-	35,953	-	1,339	-	7,717,622	-	8,010,856
Carrying amount											
31 December 2022	9,284,450	134,687	8,532,226	437,245	682,297	578	636,767	161,124	18,394,572	933,927	39,197,873
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

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 19. Fixed assets (Continued)

#### (a) Fixed assets (Continued)

The disposals or scrapping of fixed assets in the current period are mainly the land and houses, machinery and equipment, and office equipment acquired by the government of Qingdao CIMC Special Vehicle Co., Ltd., a subsidiary of the Group. The remainder is mainly disposals or scrapping of equipment.

In 2022, depreciation of fixed assets recognised amounted to RMB2,572,243,000 (2021: RMB2,419,621,000), of which RMB2,274,128,000, RMB27,126,000, RMB209,768,000 and RMB61,221,000 (2021: RMB2,032,883,000, RMB40,895,000, RMB212,840,000 and RMB133,003,000) had been charged in cost of sales, selling and distribution expenses, general and administrative expenses, and research and development expenses, respectively.

In 2022, the original cost of fixed assets transferred from construction in progress was RMB7,312,202,000 (2021: RMB3,378,525,000).

#### (1) Temporarily idle fixed assets

As at 31 December 2022, the carrying amount of temporarily idle fixed assets, amounted to approximately RMB24,728,000 (original cost of RMB47,058,000) (31 December 2021: carrying amount of approximately RMB26,056,000 and original cost of RMB47,629,000). The following table presents the detail:

	Original amount	Accumulated depreciation	Impairment provision	Carrying amount
Buildings and structures	30,404	(7,294)	–	23,110
Machinery and equipment	15,620	(13,895)	(157)	1,568
Motor vehicles	86	(77)	–	9
Office and other equipment	948	(853)	(54)	41
	47,058	(22,119)	(211)	24,728

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 19. Fixed assets (Continued)

## (a) Fixed assets (Continued)

## (2) Fixed assets with certificates of ownership unsettled

	Carrying amount	Reason for pending
Factory	564,515	Put to use, certificate being in the progress
Workshop	167,154	Put to use, certificate being in the progress
Office building	33,962	Put to use, certificate being in the progress
Dormitory and canteen	30,150	Put to use, certificate being in the progress
Warehouse	21,381	Put to use, certificate being in the progress
Others	3,285	Put to use, certificate being in the progress
	820,447	

(3) The buildings, machinery and equipment, office and other equipment, and motor vehicles signed by the Group as the lessor have no residual value guarantee clauses.

## (b) Disposals of fixed assets

	31 December 2022	31 December 2021
Machinery and equipment	–	690
Motor vehicles	3,268	10
Office and other equipment	32	13,296
Offshore engineering equipment	1,321	–
	4,621	13,996

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 20. Construction in progress

#### (1) Construction in progress

	31 December 2022			31 December 2021		
	Original amount	Impairment provision	Carrying amount	Original amount	Impairment provision	Carrying amount
Ultra deep water drilling platform project	4,126,985	(1,547,715)	2,579,270	7,390,010	(2,305,699)	5,084,311
Raffles project	1,684,390	(872,666)	811,724	2,244,875	(1,020,385)	1,224,490
Enric low temperature plant renovation project	338,107	(42,122)	295,985	753,455	-	753,455
Dongguan southern CIMC Fenggang phase 2 project	147,008	-	147,008	59,635	-	59,635
CIMC Intelligent Logistics equipment project	111,965	-	111,965	241,810	-	241,810
Yangshan Logistics Longteng Plan Final Assembly Model Project	86,073	-	86,073	16,110	-	16,110
Adaptive transformation project	65,833	-	65,833	-	-	-
TAS Industrial Park Phase III Dormitory project	58,223	-	58,223	55,951	-	55,951
Hull special inspection project	44,985	-	44,985	-	-	-
Vanguard -Trenton & Monon GA Plant	39,821	-	39,821	23,657	-	23,657
TCCIMC relocation and reconstruction project	32,530	-	32,530	28,496	-	28,496
Taicang CIMC New Talent Apartment Project	28,036	-	28,036	-	-	-
Tianjin CIMC Special box line equipment renovation project	27,588	-	27,588	17,706	-	17,706
Equipment production line project for Huzhou Liangcai new energy battery cell recycling packaging vehicle series	27,176	-	27,176	1,035	-	1,035
Enric workshop construction project	24,697	-	24,697	18,388	-	18,388
Yangzhou CIMC new intelligent factory construction project	21,731	-	21,731	-	-	-
Shanghai Zhongji Baowei Industrial Co., LTD. Coating line upgrade project	20,481	-	20,481	47,393	-	47,393
A new production plant in Baoji, China	19,034	-	19,034	7,744	-	7,744
CIMCNB water-based paint coating line reconstruction and waste treatment project	17,991	-	17,991	187,163	-	187,163
Financial information system construction project	15,321	-	15,321	35,708	-	35,708
Raffles gantry crane project	12,851	-	12,851	-	-	-
Raffles Shipyard new construction and renovation projects	11,542	-	11,542	6,304	-	6,304

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 20. Construction in progress (Continued)

## (1) Construction in progress (Continued)

	31 December 2022			31 December 2021		
	Original amount	Impairment provision	Carrying amount	Original amount	Impairment provision	Carrying amount
Raffles Outfitting Project	11,484	-	11,484	104	-	104
XHCIMCS production line and sewage purification renovation	11,310	-	11,310	16,998	-	16,998
Lingang Road new yard construction project	10,636	-	10,636	57	-	57
Raffles Gate 2 Integrated Office Building Project	8,168	-	8,168	7,470	-	7,470
TCCRC workshop renovation project	8,042	-	8,042	105,249	-	105,249
New environmentally friendly pulping method by using bamboo fibre and corrugated paper manufacturing project	7,871	-	7,871	-	-	-
Kunming CIMC Vehicle Industrial Park project	6,025	-	6,025	22,746	-	22,746
LOM-CRTC-ON production line upgrade	5,968	-	5,968	-	-	-
Ningbo CIMC Longteng Twin Star Project	4,630	-	4,630	99,630	-	99,630
Huajun production maintenance investment project	4,607	-	4,607	5,910	-	5,910
Other construction projects of TAS Industrial Park Group	4,559	-	4,559	12,578	-	12,578
Huajun plant preparation project	4,017	-	4,017	3,740	-	3,740
Huaheng transportation ship maintenance project	2,829	-	2,829	2,595	-	2,595
Taicang CIMC Special Logistics Equipment Co., LTD. Special equipment painting line transformation and waste gas treatment project	2,225	-	2,225	291,156	-	291,156
Shanghai Jindun Phase II Expansion Project	2,143	-	2,143	776	-	776
Tiezhongbao new plant preparation project	1,461	-	1,461	35,708	-	35,708
Others	145,039	-	145,039	658,008	(305)	657,703
	7,203,382	(2,462,503)	4,740,879	12,398,165	(3,326,389)	9,071,776

## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 20. Construction in progress (Continued)

#### (2) Movement of significant projects of construction in progress during the year

	Budget amount	31 December 2021	Increase in current year	Transferred to fixed assets	Transferred to assets held for sale	Other decreases in current year (i)	Currency translation differences	31 December 2022	Proportion of project investment to budget (%)	Progress of construction	Cumulative capitalised interest	Including: Capitalised interest in current year	Capitalised interest ratio	Source of funds
Ultra deep water drilling platform project	4,168,672	7,390,010	-	(3,809,254)	-	-	546,229	4,126,985	99.00%	99.00%	1,633,432	-	-	Self-funding & bank loan
Raffles project	1,701,404	2,244,875	-	-	(767,124)	-	206,639	1,684,390	99.00%	99.00%	314,598	-	-	Self-funding & bank loan
Enric Low temperature plant renovation project	395,497	753,455	242,092	(652,778)	-	(4,662)	-	338,107	85.49%	85.49%	7,275	1,589	4.75%	Self-funding & bank loan
Dongguan southern CIMC Fenggang phase 2 project	711,865	59,635	221,528	(134,155)	-	-	-	147,008	91.62%	91.62%	-	-	-	Self-funding
CIMC Intelligent Logistics equipment project	456,000	241,810	148,655	(276,983)	-	(1,517)	-	111,965	89.81%	90.00%	-	-	-	Raising funds
Yangshan Logistics Longteng Plan Final Assembly Model Project	178,301	16,110	99,106	(29,143)	-	-	-	86,073	64.62%	64.62%	-	-	-	Self-funding
Adaptive transformation project	66,164	-	64,822	-	-	-	1,011	65,833	97.97%	97.97%	-	-	-	Self-funding
TAS Industrial Park Phase III Dormitory project	161,000	55,951	2,272	-	-	-	-	58,223	37.00%	37.00%	-	-	-	Self-funding
Hull special inspection project	45,966	-	44,294	-	-	-	691	44,985	96.36%	96.36%	-	-	-	Self-funding
Vanguard - Trenton & Monon GA Plant	94,068	23,657	29,427	(15,922)	-	-	2,659	39,821	82.08%	82.00%	-	-	-	Self-funding
TCCIMC relocation and reconstruction project	74,859	28,496	42,896	(38,862)	-	-	-	32,530	95.37%	95.37%	-	-	-	Self-funding
Taicang CIMC New Talent Apartment Project	90,860	-	28,036	-	-	-	-	28,036	40.68%	40.68%	-	-	-	Self-funding
Tianjin CIMC Special box line equipment renovation project	150,448	17,706	86,540	(76,400)	-	(258)	-	27,588	69.29%	69.29%	-	-	-	Self-funding
Equipment production line project for Huzhou Liangcai new energy battery cell recycling packaging vehicle series	273,000	1,035	28,505	(596)	-	(1,768)	-	27,176	9.95%	9.95%	-	-	-	Self-funding

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 20. Construction in progress (Continued)

## (2) Movement of significant projects of construction in progress during the year (Continued)

	Budget amount	31 December 2021	Increase in current year	Transferred to fixed assets	Transferred to assets held for sale	Other decreases in current year (i)	Currency translation differences	31 December 2022	Proportion of project investment to budget (%)	Progress of construction	Cumulative capitalised interest	Including: Capitalised interest in current year	Capitalised interest ratio	Source of funds
Eric workshop construction project	68,913	18,388	43,494	(37,185)	-	-	-	24,697	98.95%	98.95%	-	-	-	Self-funding
Yangzhou CIMC new intelligent factory construction project	330,000	-	21,731	-	-	-	-	21,731	6.59%	6.59%	-	-	-	Self-funding
Shanghai Zhongji Baowei Industrial Co., LTD. Coating line upgrade project	216,483	47,393	70,427	(97,339)	-	-	-	20,481	54.42%	54.42%	-	-	-	Self-funding
A new production plant in Baoji, China	45,000	7,744	23,014	(11,724)	-	-	-	19,034	68.35%	70.00%	-	-	-	Raising funds
CIMCNB water-based paint coating line reconstruction and waste treatment project	365,460	187,163	152,702	(317,811)	-	(4,063)	-	17,991	93.00%	93.00%	-	-	-	Self-funding
Financial information system construction project	210,419	35,708	35,816	(2,647)	-	(53,556)	-	15,321	33.75%	33.75%	-	-	-	Self-funding
Raffles gantry crane project	94,950	-	12,414	-	-	-	437	12,851	13.53%	13.53%	-	-	-	Self-funding
Raffles Shipyard new construction and renovation projects	37,764	6,304	8,877	(4,379)	-	-	740	11,542	40.20%	40.20%	-	-	-	Self-funding
Raffles Outfitting Project	22,860	104	10,985	-	-	-	395	11,484	49.74%	49.74%	-	-	-	Self-funding
XHCIMCS production line and sewage purification renovation	75,870	16,998	27,352	(33,040)	-	-	-	11,310	58.46%	58.46%	-	-	-	Self-funding
Lingang Road new yard construction project	13,241	57	10,579	-	-	-	-	10,636	80.33%	80.33%	-	-	-	Self-funding
Raffles Gate 2 Integrated Office Building Project	200,000	7,470	7	-	-	-	691	8,168	3.74%	3.74%	-	-	-	Self-funding
TCCRC workshop renovation project	210,414	105,249	95,168	(192,375)	-	-	-	8,042	95.25%	95.25%	-	-	-	Self-funding
New environmentally friendly pulping method by using bamboo fibre and corrugated paper manufacturing project	19,600	-	8,904	(1,033)	-	-	-	7,871	40.16%	40.16%	-	-	-	Self-funding



## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 20. Construction in progress (Continued)

#### (2) Movement of significant projects of construction in progress during the year (Continued)

	Budget amount	31		Transferred to fixed assets	Transferred to assets held for sale	Other decreases in current year (i)	Currency translation differences	31 December 2022	Proportion of project investment to budget (%)	Progress of construction	Cumulative capitalised interest	Including: Capitalised		Source of funds
		December 2021	Increase in current year									interest in current year	Capitalised interest ratio	
Kunming CIMC Vehicle Industrial Park project	133,950	22,746	68,245	(84,966)	-	-	-	6,025	62.68%	63.00%	-	-	-	Raising funds/ Self-funding
LOM-CRTC-ON production line upgrade	6,300	-	6,000	-	-	-	(32)	5,968	94.73%	98.00%	-	-	-	Self-funding
Ningbo CIMC Longteng Twin Star Project	680,000	99,630	83,809	(178,809)	-	-	-	4,630	26.98%	26.98%	-	-	-	Self-funding
Huajun production maintenance investment project	59,336	5,910	4,660	(5,963)	-	-	-	4,607	99.00%	99.00%	-	-	-	Self-funding
Other construction projects of TAS Industrial Park Group	34,000	12,578	7,362	(15,381)	-	-	-	4,559	68.00%	68.00%	-	-	-	Self-funding
Huajun plant preparation project	179,796	3,740	1,613	(1,336)	-	-	-	4,017	94.14%	94.00%	-	-	-	Self-funding
Huaheng transportation ship maintenance project	3,308	2,595	234	-	-	-	-	2,829	85.52%	85.52%	-	-	-	Self-funding
Taicang CIMC Special Logistics Equipment Co., LTD. Special equipment painting line transformation and waste gas treatment project	620,837	291,156	312,998	(601,929)	-	-	-	2,225	97.31%	97.31%	-	-	-	Self-funding
Shanghai Jindun Phase II Expansion Project	188,935	776	1,367	-	-	-	-	2,143	1.54%	1.54%	-	-	-	Self-funding
Tiezhongbao new plant preparation project	68,000	35,708	12,981	(47,228)	-	-	-	1,461	71.60%	71.60%	-	-	-	Self-funding
Others	-	658,008	161,463	(644,964)	(1,964)	(30,051)	2,547	145,039			-	-	-	Self-funding
		12,398,165	2,220,375	(7,312,202)	(769,088)	(95,875)	762,007	7,203,382			1,955,305	1,589		

(i) For other decreases in construction in progress during the year, RMB86,148,000 was transferred to intangible assets.

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 20. Construction in progress (Continued)

## (3) Impairment provision of construction in progress

	Impairment provision of construction in progress							Reason for provision
	31 December 2021	Increase in current year	Transferred to fixed assets in current year	Transferred to assets held for sale	Decrease in current year	Currency translation differences	31 December 2022	
Ultra deep water drilling platform project	2,305,699	-	(937,248)	-	-	179,264	1,547,715	The transfer of the ultra-deepwater rig GM4D-3 to fixed assets in current year resulted in a decrease in impairment provision for construction in progress
Raffles project	1,020,385	-	-	(245,535)	-	97,816	872,666	The transfer of the jack-up H1293 project to assets held for sale resulted in a decrease in impairment provision for construction in progress
Enric Low temperature plant renovation project	-	42,122	-	-	-	-	42,122	Decrease in the assessed recoverable amount of Enric's low temperature plant renovation project
Others	305	-	-	-	(305)	-	-	
	3,326,389	42,122	(937,248)	(245,535)	(305)	277,080	2,462,503	

CHAPTER XII

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 21. Intangible assets and development expenditures

#### (1) Intangible assets

	Land use rights	Technical know-how, trademarks and software	Timber concession rights	Customer relationships	Customer contracts	Sea area use rights	Franchise rights	Total
Original cost								
31 December 2021	4,467,944	2,886,055	133,202	455,813	338,829	109,553	123,218	8,514,614
Business combination	470	16	-	-	-	-	-	486
Additions	183,690	101,038	-	-	-	-	-	284,728
Transferred from construction in progress	16,104	70,044	-	-	-	-	-	86,148
Transferred from investment properties	7,882	-	-	-	-	-	-	7,882
Internal research and development expenses	-	21,389	-	-	-	-	-	21,389
Classified as held for sale	(239,821)	(812,499)	-	-	-	-	-	(1,052,320)
Disposals of subsidiaries	-	(15,990)	-	-	-	-	-	(15,990)
Disposals in current year	(28,693)	(80,541)	-	-	-	-	-	(109,234)
Currency translation differences	45,551	23,230	3,902	484	8,696	897	48	82,808
<b>31 December 2022</b>	<b>4,453,127</b>	<b>2,192,742</b>	<b>137,104</b>	<b>456,297</b>	<b>347,525</b>	<b>110,450</b>	<b>123,266</b>	<b>7,820,511</b>
Accumulated amortisation								
31 December 2021	1,003,778	1,799,095	31,806	395,929	280,067	36,268	21,510	3,568,453
Amortisation recognised in current year	131,438	194,713	-	17,488	5,602	2,646	10,083	361,970
Classified as held for sale	(50,382)	(578,611)	-	-	-	-	-	(628,993)
Disposals of subsidiaries	-	(129)	-	-	-	-	-	(129)
Other decreases	(4,895)	(80,342)	-	-	-	-	-	(85,237)
Currency translation differences	15,110	17,221	924	395	8,453	490	36	42,629
<b>31 December 2022</b>	<b>1,095,049</b>	<b>1,351,947</b>	<b>32,730</b>	<b>413,812</b>	<b>294,122</b>	<b>39,404</b>	<b>31,629</b>	<b>3,258,693</b>
Impairment provision								
31 December 2021	-	207,809	101,396	36,265	52,264	-	4,685	402,419
Depreciation recognised in current year	-	5,959	-	-	-	-	-	5,959
Classified as held for sale	-	(181,018)	-	-	-	-	-	(181,018)
Disposals in current year	-	-	-	-	-	-	-	-
Currency translation differences	-	50	2,978	-	-	-	-	3,028
<b>31 December 2022</b>	<b>-</b>	<b>32,800</b>	<b>104,374</b>	<b>36,265</b>	<b>52,264</b>	<b>-</b>	<b>4,685</b>	<b>230,388</b>
Carrying amount								
31 December 2022	<b>3,358,078</b>	<b>807,995</b>	<b>-</b>	<b>6,220</b>	<b>1,139</b>	<b>71,046</b>	<b>86,952</b>	<b>4,331,430</b>
31 December 2021	3,464,166	879,151	-	23,619	6,498	73,285	97,023	4,543,742

In 2022, amortisation expenses of intangible assets amounted to RMB361,970,000 (2021: RMB406,772,000).

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 21. Intangible assets and development expenditures (Continued)

- (2) As at 31 December 2022, the land use rights with a carrying amount of RMB190,898,000 (original price of RMB316,216,000) (31 December 2021: carrying amount of RMB51,070,000, original price of RMB72,020,000) had not been obtained due to the reason that it had not yet reached the state of use.
- (3) As at 31 December 2022, the net intangible asset with indefinite useful lives was gas station franchise and a trademark right, which amounted to RMB204,631,000 (31 December 2021: RMB115,148,000).
- (4) As at 31 December 2022, the carrying amount of intangible assets with limited ownership amounted to RMB35,813,000 with the details in Note IV.28 (31 December 2021: Nil).
- (5) Development expenditures are as follows:

	31		Decrease in current year		31 December 2022
	December 2021	Increase in current year	Current profits and losses	Recognised as intangible assets	
Project on container technology	–	663,369	(663,369)	–	–
Project on energy and chemical technology	–	561,217	(561,217)	–	–
Project on vehicle technology	–	305,578	(305,578)	–	–
Project on airport technology	–	221,899	(221,899)	–	–
Project on load technology	–	190,407	(190,407)	–	–
Project on offshore engineering technology	–	147,147	(147,147)	–	–
Project on logistics technology	–	24,039	(24,039)	–	–
Others	–	406,740	(349,572)	(21,389)	<b>35,779</b>
	–	2,520,396	(2,463,228)	(21,389)	<b>35,779</b>

In 2022, the Group's development expenditures amounted to RMB2,520,396,000 (2021: RMB2,240,779,000), among which RMB2,463,228,000 (2021: RMB2,252,355,000) was included in research and development expenses in current period, and RMB21,389,000 (2021: RMB49,189,000) was recognised as intangible assets in current period. As at 31 December 2022, intangible assets transferred from development expenditures within the Group accounted for 0.47% (2021: 1.08%) of the total carrying amount of intangible assets.

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 22. Right-of-use assets

	Buildings	Land use rights	Offshore engineering equipment	Machinery and equipment	Motor vehicles	Office and other equipment	Total
Original cost							
31 December 2021	669,721	407,809	13,137	157,061	105,815	49,670	1,403,213
Additions from lease contract	223,417	65,261	93,630	66,034	715	34,975	484,032
Decrease in current year	(171,254)	(74,384)	-	(36,343)	(105,332)	(71,486)	(458,799)
Lease changes	(89,105)	(60,591)	-	(16,718)	(13,693)	(23,012)	(203,119)
Other decreases	(82,149)	(13,793)	-	(19,625)	(91,639)	(48,474)	(255,680)
Currency translation differences	98,146	34,444	9,427	19,325	2,680	1,190	165,212
31 December 2022	<b>820,030</b>	<b>433,130</b>	<b>116,194</b>	<b>206,077</b>	<b>3,878</b>	<b>14,349</b>	<b>1,593,658</b>
Accumulated depreciation							
31 December 2021	273,898	140,958	3,071	100,573	7,481	12,673	538,654
Depreciation recognised in current year	219,846	79,058	45,186	59,505	1,071	4,217	408,883
Decrease in current year	(153,508)	(63,573)	-	(30,242)	(7,267)	(12,654)	(267,244)
Lease changes	(75,808)	(34,493)	-	(13,786)	(841)	(4,220)	(129,148)
Other decreases	(77,700)	(29,080)	-	(16,456)	(6,426)	(8,434)	(138,096)
Currency translation differences	23,469	6,685	5,636	2,552	121	262	38,725
31 December 2022	<b>363,705</b>	<b>163,128</b>	<b>53,893</b>	<b>132,388</b>	<b>1,406</b>	<b>4,498</b>	<b>719,018</b>
Carrying amount							
31 December 2022	<b>456,325</b>	<b>270,002</b>	<b>62,301</b>	<b>73,689</b>	<b>2,472</b>	<b>9,851</b>	<b>874,640</b>
31 December 2021	395,823	266,851	10,066	56,488	98,334	36,997	864,559

## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 23. Goodwill

	31 December 2021	Increase in current year	Decrease in current year	Currency translation differences	31 December 2022
Enric	635,513	–	–	–	<b>635,513</b>
Vehicles UK	333,670	–	–	(8,231)	<b>325,439</b>
TGE SA	162,938	–	–	4,586	<b>167,524</b>
C&C Trucks	132,145	–	(132,145)	–	–
Bassoe	125,806	–	–	–	<b>125,806</b>
CIMC Wetrans Zelian International Logistics (Hong Kong) Co. Ltd. and CIMC Wetrans Zelian International Logistics (Shanghai) Co., Ltd.	–	221,250	–	–	<b>221,250</b>
Others	1,377,097	85,202	(50,684)	66,636	<b>1,478,251</b>
Sub-total	2,767,169	306,452	(182,829)	62,991	<b>2,953,783</b>
Less: Impairment provision					
C&C Trucks	132,145	–	(132,145)	–	–
Bassoe	125,806	–	–	–	<b>125,806</b>
TGE SA	50,343	–	–	1,417	<b>51,760</b>
Others	190,409	65,922	–	3,011	<b>259,342</b>
Sub-total	498,703	65,922	(132,145)	4,428	<b>436,908</b>
Net value	2,268,466				<b>2,516,875</b>

## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 23. Goodwill

#### (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 2022. According to the Segment Reporting (Note XV), the allocation is summarised as follows:

	31 December 2022	31 December 2021
Energy, chemical and liquid food equipment asset group	1,028,225	961,431
Logistics services asset group	457,606	219,317
Road transportation vehicles asset group	400,290	408,521
Airport, facilities, fire safety and automated logistics equipment asset group	322,332	379,974
Containers manufacturing asset group	166,463	128,836
Recycled load business asset group	52,380	52,380
Asset groups with insignificant allocation percentage of goodwill group	89,579	118,007
	<b>2,516,875</b>	<b>2,268,466</b>

When doing goodwill impairment test, the Group compares the carrying amount of the relevant asset or combination of asset groups (including goodwill) with its recoverable amount. If the recoverable amount was less than the carrying amount, the related difference was recognised in current profit or loss (Note IV.62).

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 combination of asset groups.

The key assumption used in the significant cash generated units value-in-use calculations in year 2022 are as follows:

	Vehicles UK	TGE SA
Forecast period revenue growth rate	2%–7%	14%–49%
Stable period revenue growth rate	2%	3%
Gross profit rate	7.4%–7.9%	10%–13%
Pre-tax discount rate	16%	13%

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 23. 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 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%

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 at 31 December 2022, the Group determined the recoverable amount of Enric's combination of asset groups (including goodwill). The carrying amount of the combination of asset groups (including goodwill) is calculated to be less than the recoverable amount, and there is no need to calculate the impairment (31 December 2021: no need to calculate the impairment).

## 24. Long-term prepaid expenses

	31 December 2021	Increase in current year	Current year amortisation	Disposals of subsidiaries	Currency translation differences	31 December 2022
Yard facility expenses	7,254	40,796	(4,042)	–	7,586	51,594
Project insurance and commission	14,333	29,778	(2,304)	(14,021)	2,074	29,860
Drilling platform mobilisation fee (i)	285,252	49,804	(82,295)	–	–	252,761
Improvements to right-of-use assets	19,409	89,916	(8,874)	–	–	100,451
Improvement of engineering vessels	114,731	182,918	(36,837)	–	42,557	303,369
Others	62,475	139,949	(36,956)	(2,050)	11,724	175,142
	503,454	533,161	(171,308)	(16,071)	63,941	913,177

- (i) Drilling platform mobilisation fee refers to the crew's labour costs and platform operating expenses incurred before the platform arrives in the specific sea area as agreed in the contract.



CHAPTER XII

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 25. Deferred tax assets/deferred tax liabilities

(1) The pre-offsetting balances of deferred tax assets

	31 December 2022		31 December 2021	
	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Deferred tax assets:				
Provision for asset impairment	777,218	153,585	1,832,900	410,967
Provisions	812,973	154,495	856,306	176,945
Employee benefits payable	1,816,574	397,717	2,502,554	529,014
Accrued expenses	800,312	163,328	768,810	157,010
Deductible losses	1,820,672	425,826	1,578,897	464,279
Fair value changes of derivative financial assets	186,037	37,563	21	3
Intra-group unrealised revenue	201,328	48,927	13,334	1,775
Others	229,314	40,294	296,485	52,096
Sub-total	6,644,428	1,421,735	7,849,307	1,792,089
Including:				
Amount expected to be reversed within 1 year (inclusive)		435,280		529,017
Amount expected to be reversed over 1 year		986,455		1,263,072
		1,421,735		1,792,089

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 25. Deferred tax assets/deferred tax liabilities (Continued)

## (2) The pre-offsetting balances of deferred tax liabilities

	31 December 2022		31 December 2021	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Deferred tax liabilities:				
Fair value changes of derivative financial assets	(160,777)	(42,801)	(560,038)	(116,918)
Fair value changes of investment properties	(487,850)	(121,526)	(438,321)	(109,580)
Revaluation gain through combination	(413,068)	(70,752)	(412,550)	(71,042)
Gross profit of overseas projects (pay tax after completion)	(434,020)	(108,505)	(298,722)	(74,680)
Accelerated depreciation of long-term assets	(1,288,018)	(259,104)	(1,156,193)	(252,808)
Non-resident foreign companies pay dividends to the Mainland	–	–	(968,652)	(242,163)
Enterprise relocation income	–	–	(12,761,554)	(3,190,389)
Others	(13,471)	(3,229)	(457,336)	(79,623)
Sub-total	(2,797,204)	(605,917)	(17,053,366)	(4,137,203)
Including:				
Amount expected to be reversed within 1 year (inclusive)		(164,327)		(3,416,887)
Amount expected to be reversed over 1 year		(441,590)		(720,316)
		(605,917)		(4,137,203)

## (3) Unrecognised deferred tax assets:

	31 December 2022	31 December 2021
Deductible losses	3,358,729	3,199,273
Deductible temporary differences	420,878	309,586
	3,779,607	3,508,859

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 25. Deferred tax assets/deferred tax liabilities (Continued)

(4) Maturity of deductible losses that are not recognised as deferred tax assets:

	31 December 2022	31 December 2021	Note
2022	–	124,725	
2023	148,651	153,651	
2024	176,430	183,430	
2025	147,789	199,789	Note 1
2026	259,227	294,227	
After 2026	14,260,895	13,325,378	
	<b>14,992,992</b>	<b>14,281,200</b>	

Note 1: As at 31 December 2021 and 2022, unrecognised 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, Germany and Belgium can be offset with future profit indefinitely; deductible tax losses generated from the Netherlands can be offset in the subsequent six years.

(5) Taxable temporary differences for unrecognised deferred tax liabilities

As at 31 December 2022, for the possible tax impact of the accumulated returned earnings of its subsidiaries in Hong Kong and other overseas subsidiaries, the Group did not recognise the taxable temporary difference of RMB1,742,355,000 (31 December 2021: RMB2,222,231,000) as deferred tax liabilities, since the Group was able to determine its dividend distribution policy on its own initiative and had no plan for dividend distribution in the foreseeable future and also had no intention to dispose of such subsidiaries.

(6) The offsetting net balances of deferred tax assets and deferred tax liabilities are as below:

	31 December 2022		31 December 2021	
	Offsetting amount	Offsetting balances	Offsetting amount	Offsetting balances
Deferred tax assets	(314,964)	1,106,771	(526,282)	1,265,807
Deferred tax liabilities	314,964	(290,953)	526,282	(3,610,921)

### 26. Other non-current assets

	31 December 2022	31 December 2021
Prepayments for equipment	301,269	63,959
Prepayments for construction	17,091	5,812
Others	30,239	10,881
	<b>348,599</b>	<b>80,652</b>

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 27. Provision for asset impairment and losses

	31 December 2021	Increase in current year	Decrease in current year					Currency translation differences	31 December 2022
			Reversal	Write-off	Disposals of subsidiaries	Transferred from fixed assets/ (transferred to construction in progress)	Transferred to held for sale		
Provision for bad debts of note receivables	1,627	2,297	(2,629)	-	-	-	-	148	1,443
Provision for bad debts of receivables financing	1,587	-	(644)	(168)	-	-	-	-	775
Provision for bad debts of account receivables	1,439,831	402,948	(129,779)	(179,963)	(6,155)	-	(543,335)	7,068	990,615
Provision for bad debts of other receivables	324,137	95,178	(40,645)	(7,614)	(337)	-	(46,890)	-	323,829
Provision for bad debts of long-term receivables and current portion of non-current assets	1,402,908	3,040	(182)	(67,727)	(1,333,395)	-	-	348	4,992
Sub-total	3,170,090	503,463	(173,879)	(255,472)	(1,339,887)	-	(590,225)	7,564	1,321,654
Provision for bad debts of advance to suppliers	40,609	-	(265)	(8,952)	-	-	-	-	31,392
Impairment provision of inventories and contract performance costs	1,445,429	135,672	(59,457)	(100,862)	(4,143)	-	(65,591)	64,519	1,415,567
Impairment provision of contract assets	64,666	3,913	-	-	-	-	-	11,924	80,503
Impairment provision of long-term equity investments	188,834	35,750	-	(2,608)	-	-	-	-	221,976
Impairment provision of fixed asset	6,392,314	118,449	-	-	(32,816)	937,248	-	595,661	8,010,856
Impairment provision of construction in progress	3,326,389	42,122	-	(305)	-	(937,248)	(245,535)	277,080	2,462,503
Impairment provision of intangible assets	402,419	5,959	-	-	-	-	(181,018)	3,028	230,388
Impairment provision of goodwill	498,703	65,922	-	-	-	-	(132,145)	4,428	436,908
Provision for impairment of assets held for sale	-	110,560	-	-	-	-	-	-	110,560
Sub-total	12,359,363	518,347	(59,722)	(112,727)	(36,959)	-	(624,289)	956,640	13,000,653
	15,529,453	1,021,810	(233,601)	(368,199)	(1,376,846)	-	(1,214,514)	964,204	14,322,307

Please refer to the respective notes of the assets for reasons of the provision.

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 28. Restricted assets

As at 31 December 2022, assets with restrictions in their ownerships are as follows:

	Note	Carrying amount at the end of the year	Restricted reasons
Cash and cash equivalents	IV.1	1,315,238	Margin, deposit of statutory reserves of the central bank
Intangible assets	IV.21	35,813	No transfer without the permission from government
Receivables financing	IV.6	7,309	Pledge
Notes receivables	IV.4	3,225	Pledge
Total		1,361,585	

### 29. Short-term borrowings

	Note	31 December 2022	31 December 2021
Guaranteed	(a)		
USD		1,857,413	3,047,425
RMB		485,068	979,580
EUR		88,380	195,584
THP		–	57,521
Sub-total		2,430,861	4,280,110
Pledged	(b)		
RMB		–	6,448
Unsecured			
USD		775,855	1,493,897
EUR		94,090	61,038
GBP		93,234	318,549
RMB		802,897	946,751
AUD		–	137
Others		129,654	20,412
Sub-total		1,895,730	2,840,784
Discounted notes			
RMB		44,123	77,329
		4,370,714	7,204,671

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 29. Short-term borrowings (Continued)

- (a) As at 31 December 2022, the guaranteed borrowings of RMB2,430,861,000 (31 December 2021: RMB4,280,110,000) was guaranteed by the Group internally.
- (b) As at 31 December 2022, the Group did not have short-term pledged borrowings (31 December 2021: the short-term pledged borrowings of the Group were: CIMC Commercial Factoring Co., Ltd., the subsidiary, borrowed RMB6,448,000 from Kasikorn Bank with account receivables as pledges).
- (c) As at 31 December 2022, the interest rate of short-term borrowings ranged from 0.05% to 5.65% (31 December 2021: 0.05% to 4.90%).

## 30. Notes payables

	31 December 2022	31 December 2021
Bank acceptance notes	2,890,573	4,638,473
Trade acceptance notes	239,343	577,248
	<b>3,129,916</b>	5,215,721

## 31. Account payables

	31 December 2022	31 December 2021
Due to raw material suppliers	12,528,639	13,182,641
Integrated logistics charges	1,964,876	2,418,339
Equipment procurement charges	611,084	569,799
Project procurement charges	385,091	94,245
Transportation charges	203,689	48,315
Project contracts charges	154,616	662,646
Processing charges	153,146	170,304
Others	561,005	358,449
	<b>16,562,146</b>	17,504,738

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 31. Account payables (Continued)

(1) The ageing of Account payables according to the date of its entry is as follows:

	31 December 2022	31 December 2021
Within 1 year (inclusive)	15,613,357	16,846,937
1 to 2 years (inclusive)	527,616	262,336
2 to 3 years (inclusive)	260,452	181,432
Over 3 years	160,721	214,033
	<b>16,562,146</b>	<b>17,504,738</b>

As at 31 December 2022, Account payables over 1 year with a carrying amount of RMB948,789,000 (31 December 2021: RMB657,801,000) were mainly payables related to offshore engineering business, and energy and chemicals business. Since the production cycle of the offshore engineering business, and energy and chemicals business was usually more than 1 year, the payables have not yet been settled.

### 32. Advances from customers

	31 December 2022	31 December 2021
Rental advances	24,465	16,941

As at 31 December 2022, there is no advances from customers with an age of more than 1 year (31 December 2021: Nil).

### 33. Contract liabilities

	31 December 2022	31 December 2021
Advances for goods	5,472,752	4,976,805
Advances for construction	6,675,343	2,038,200
Advances for trade and logistics	43,185	412,324
	<b>12,191,280</b>	<b>7,427,329</b>

The contract liabilities of RMB7,071,731,000, included in the carrying amount as at 31 December 2021, were transferred to revenue in 2022. The remainder is expected to be transferred to revenue in 2023 according to respective project cycles.

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 34. Employee benefits payable

	Note	31 December 2022	31 December 2021
Short-term wages	(1)	5,252,063	4,489,684
Defined contribution plans	(2)	63,826	37,686
Dismission welfare	(3)	16,170	7,333
		<b>5,332,059</b>	<b>4,534,703</b>

## (1) Short-term wages

	31 December 2021	Increase in current year	Decrease in current year	Currency translation differences	31 December 2022
Wages or salaries, bonuses, allowances and subsidies	3,714,056	11,082,111	(10,413,357)	3,356	<b>4,386,166</b>
Profit-sharing and senior management bonus	396,794	110,575	(14,990)	–	<b>492,379</b>
Housing funds	5,412	350,127	(349,359)	13	<b>6,193</b>
Labour union funds and employee education funds	116,249	89,600	(68,985)	849	<b>137,713</b>
Social security contributions and others	14,917	348,618	(334,514)	913	<b>29,934</b>
Including: Medical insurance	12,781	306,062	(299,187)	786	<b>20,442</b>
Work injury insurance	1,157	33,988	(27,022)	125	<b>8,248</b>
Maternity insurance	979	8,568	(8,305)	2	<b>1,244</b>
Other short-term wages	242,256	511,050	(554,613)	985	<b>199,678</b>
	<b>4,489,684</b>	<b>12,492,081</b>	<b>(11,735,818)</b>	<b>6,116</b>	<b>5,252,063</b>



CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 34. Employee benefits payable (Continued)

#### (2) Defined contribution plans

	31 December 2021	Increase in current year	Decrease in current year	Currency translation differences	31 December 2022
Basic pensions	36,072	715,162	(685,057)	(2,204)	63,973
Unemployment insurance	1,627	21,219	(22,801)	(268)	(223)
Enterprise annuities	(13)	9,788	(9,708)	9	76
	37,686	746,169	(717,566)	(2,463)	63,826

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 labour and social security department. The payment cannot be used to offset the amount that the Group should deposit for employees in the future.

#### (3) Dismission welfare

	31 December 2022	31 December 2021
Others (i)	16,170	7,333

(i) As at 31 December 2022, the Group provided other compensation amounting to RMB47,090,000 (2021: RMB23,418,000) to compensate for the termination of employment relationship.

### 35. Taxes payable

	31 December 2022	31 December 2021
Corporate income tax payable	4,063,387	2,191,565
VAT payable	507,375	378,989
Urban maintenance and construction tax payable	82,347	107,940
Educational surcharge payable	60,737	74,530
Individual income tax payable	55,602	49,342
Property tax payable	38,103	31,164
Others	96,198	36,760
	4,903,749	2,870,290

## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 36. Other payables

	Note	31 December 2022	31 December 2021
Accrued expenses		3,015,425	3,073,867
Advance received		1,631,541	2,594,337
Warranties		734,676	886,825
Equipment or land use rights		587,890	401,993
Equity payable	(1)	258,609	–
Transportation charges		237,310	342,028
Equity incentive	(2)	139,719	139,719
Dividends due to non-controlling interests		58,004	94,001
Professional and training fees		48,776	7,000
External commission		44,580	13,953
Insurances		33,329	51,504
Restricted stock repurchase		38,706	47,704
Interest payable		8,512	2,794
Including: Interest of short-term borrowings		8,400	2,208
Interest payable on long-term borrowings (with interest payable by installments and bullet repayment of principals)		112	586
Restructuring liabilities payable		3,672	30,549
Advanced equity payments	(3)	–	1,469,467
Others		176,114	226,398
		<b>7,016,863</b>	<b>9,382,139</b>

(1) The equity payable of CIMC Wetrans Zelian International Logistics (Hong Kong) Co. Ltd. (“**Zelian Hong Kong**”) purchased by Asia Nova Freight Co., Ltd. (“**Asia Nova**”), a subsidiary of the Group, was RMB222,867,000 (Note V.1).

(2) The equity incentives (Note IX. 2) are mainly the payables of CIMC Safeway Technologies Co., Ltd. (“**CIMC Safe Tech**”), a subsidiary of the Group.

(3) As at 31 December 2022, the Group had no advanced equity payments, and the advanced equity payments in 2021 were RMB1,469,467,000 of the advances for disposals of equity payments of CIMC CAPITAL, and the transaction was completed in the year.

As at 31 December 2022, other payables aged more than 1 year were mainly unsettled warranties, deposits, etc.

## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 37. Provisions

	Note	31 December 2021	Increase in current year	Decrease in current year	Currency translation differences	31 December 2022
Product warranties	(1)	1,078,063	354,646	(434,696)	22,196	1,020,209
Loss of pending actions		6,941	1,420	(6,716)	–	1,645
Relocation and liquidation compensation	(2)	175,051	–	(1,643)	–	173,408
Loss contract	(3)	93,023	63,985	(61,069)	1,884	97,823
Car loan risk provision	(4)	48,565	60,304	(74,426)	–	34,443
Others		23,150	22,759	(19,901)	33,996	60,004
		1,424,793	503,114	(598,451)	58,076	1,387,532

- (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 equipment, 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 “Provisions – 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 CIMC Burg B.V., a subsidiary of the Group, due to relocation and liquidation.
- (3) As the construction cost exceeds the price agreed in the contract, it is expected that a loss will be incurred for some of them. Thus, Yantai Raffles accrued the estimated provision.
- (4) As at 31 December 2022, the Group’s subsidiaries provided financial guarantees for customers to buy vehicle products from these subsidiaries. According to the guarantee contract, the Group’s subsidiaries would accrue a provision for the ending balance of the loan guarantee, considering the credit quality. The Group expects that the credit risk of the loan commitment has not increased significantly since the initial recognition, and the loss provision is calculated according to the ECL in the next 12 months, which is RMB11,256,000 (2021: RMB9,714,000) representing the credit impairment loss at the first stage.

	Guarantee balance	ECL rate in the next 12 months	Impairment provision	Reason
Car loan guarantee	1,985,969	1.73%	34,443	Note: Measured provision as ECL in the next 12 months

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 38. Current portion of non-current liabilities

The Group's current portion of non-current liabilities are analysed by categories as follows:

	Note	31 December 2022	31 December 2021
Current portion of long-term borrowings	IV.40	3,952,077	5,834,823
Current portion of lease liabilities	IV.42	227,099	439,045
Current portion of long-term payables		11,854	70,939
Current portion of debentures payable	IV.41	–	6,089,486
<b>Total</b>		<b>4,191,030</b>	<b>12,434,293</b>

## 39. Other current liabilities

	31 December 2022	31 December 2021
VAT to be recognised (i)	304,908	260,675
Others	245,326	416,319
	<b>550,234</b>	<b>676,994</b>

- (i) VAT which is recognised as relevant revenue (or gains) or contract payments received but has not yet incurred VAT liability by the Group (as a general taxpayer) and will be recognised as output VAT in subsequent periods, and the Group includes it in the VAT to be recognised.

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 40. Long-term borrowings

	Note	31 December 2022	31 December 2021
Unsecured		<b>5,478,606</b>	8,598,889
Mortgaged	(i)	–	1,122,237
Guaranteed	(ii)	<b>14,600,212</b>	17,428,327
Pledged	(iii)	<b>87,178</b>	337,100
		<b>20,165,996</b>	27,486,553
Less: Current portion of long-term borrowings			
Unsecured		<b>(1,836,476)</b>	(3,601,880)
Mortgaged	(i)	–	(183,677)
Guaranteed	(ii)	<b>(2,090,693)</b>	(1,974,355)
Pledged	(iii)	<b>(24,908)</b>	(74,911)
		<b>(3,952,077)</b>	(5,834,823)
		<b>16,213,919</b>	21,651,730

- (i) As at 31 December 2022, the Group had no long-term mortgaged borrowings and no current portion of mortgaged borrowings. (As at 31 December 2021, the long-term mortgaged borrowings of the Group was a borrowing of USD175,967,000 (equivalent to RMB1,122,237,000) from the bank by CIMC CAPITAL, 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).
- (ii) As at 31 December 2022, the Group's bank guaranteed borrowings of RMB14,600,212,000 (31 December 2021: RMB17,428,327,000) was guaranteed by the Group internally.
- (iii) As at 31 December 2022, the Group's pledged borrowings were RMB87,178,000 borrowed from the bank with 60% equity of its subsidiary Shenyang Jietong and 100% equity of Shanghai Jindun Special Vehicle Equipment as collateral, of which the pledged borrowings that would expire within one year were RMB24,908,000 (As at 31 December 2021, the Group's pledged borrowings were RMB337,100,000 borrowed from the bank with 60% equity of its subsidiary Shenyang Jietong and 100% equity of Shanghai Jindun Special Vehicle Equipment as collateral, of which the pledged borrowings that would expire within one year were RMB74,911,000).
- (1) As at 31 December 2022, the interest rate of long-term borrowings ranged from 1.19% to 6.26% (31 December 2021: 1.19% to 5.25%).

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 41. Debentures payable

	Note	31 December 2021	Issuance in current year	Interest at par value	Repayment of principal in current year	Interest paid in current year	Currency translation differences	31 December 2022
Medium term notes	(1)	4,073,958	500,000	87,425	(4,000,000)	(153,800)	-	507,583
Corporate bonds		2,015,528	-	57,072	(2,000,000)	(72,600)	-	-
Convertible bond	(2)	1,234,980	-	37,716	-	-	115,948	1,388,644
		7,324,466	500,000	182,213	(6,000,000)	(226,400)	115,948	1,896,227
Less: Current portion of debentures payable		(6,089,486)						-
		1,234,980						1,896,227

## (1) Medium-term notes is as follows:

Debenture name	Par value	Issuance date	Maturity	Issuance amount
22 CIMC GN001 blue bonds (i)	500,000	30 May 2022	3 years	500,000

- (i) On 30 May 2022, the Company issued the first tranche of 2022 green medium-term notes (Blue Bonds) at par value for an issue amount of RMB500 million, with par value and issue price of RMB100 respectively per note and fixed interest rate of 2.6% per annum. Interest is to be paid on 1 June each year in the arrears until redemption and principal to be paid on 1 June 2025. The notes are unsecured and targets institutional investors in the national inter-bank market.

## (2) Convertible bond

On 30 November 2021, 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. Bondholders may convert their bonds into ordinary shares at any time on or after 10 January 2022 up to the 10th day prior to 30 November 2026. Conversion shares will be issued upon full or part conversion of the convertible bond based on the contracted conversion price of HKD11.78 per share.

On 20 May 2022, Enric adjusted the conversion price per share from HKD11.78 to HKD11.49 by resolution of the General Meeting of Shareholders in accordance with the terms and vesting conditions of the convertible bonds, which was effective from 7 June 2022. All other terms and vesting conditions of the convertible bond, except for the conversion price adjustment, remain unchanged.

## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 41. Debentures payable (Continued)

#### (2) Convertible bond (Continued)

As at the date of approval of the financial statements, no convertible shares have been issued under this convertible bond scheme.

Under the terms of the convertible bond, upon the event of a specified event, the bondholders will have the right to require Enric to redeem all or part of the bonds of such holders in principal amount on 30 November 2024, as well as unpaid default interest, if any.

Unless previously redeemed, converted or purchased and cancelled, Enric will redeem each bond at the principal amount together with its accrued and unpaid interest on 30 November 2026 or in the relevant circumstances set forth in the agreement.

In 2022, there are embedded derivatives in respect of the early redemption features of the 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 of the 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 convertible bonds has been carried at amortised cost using the effective interest method. The effective interest rate of the liability component of the 2022 convertible bonds was 2.9% per annum as at 31 December 2022. The movement of the liability component and the equity component of the convertible bonds for the year ended 31 December 2022 is set out below:

	Liability component	Equity component	Total
31 December 2021	1,234,980	123,944	1,358,924
Issuance	–	–	–
Interest	37,716	–	37,716
Exchange differences	115,948	–	115,948
31 December 2022	<b>1,388,644</b>	<b>123,944</b>	<b>1,512,588</b>

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 XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 42. Lease liabilities

	31 December 2022	31 December 2021
Lease liabilities	<b>959,984</b>	881,081
Less: Current portion of non-current liabilities (Note IV.38)	<b>(227,099)</b>	(439,045)
	<b>732,885</b>	442,036

- (1) As at 31 December 2022 and 31 December 2021, the events that were not included in lease liabilities but would lead to potential cash outflows of the Group are as follows:

As at 31 December 2022, the Group had no lease payments related to the lease contracts that were signed by the Group but had not yet taken effect (31 December 2021: RMB4,349,000) (Note XVI.3).

#### 43. Deferred income

	31 December 2021	Increase in current year	Decrease in current year	<b>31 December 2022</b>
Government grants	973,440	334,011	(317,350)	<b>990,101</b>
Others	2,807	19,007	(15,542)	<b>6,272</b>
	976,247	353,018	(332,892)	<b>996,373</b>



CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 43. Deferred income (Continued)

#### (1) Government grants

	31 December 2021	Increase in current year	Decrease in current year			31 December 2022	Asset related/ Income related
			Other income	Write-down of financial expenses	Transferred to assets held for sale		
Yantai Raffles National Development and Reform Commission on the release of industrial upgrading project	200,000	-	-	-	-	200,000	Asset related
Enric relocation compensation	149,142	-	(7,838)	-	-	141,304	Asset related
Enric new factory government grants	61,906	-	(2,326)	-	-	59,580	Asset & income related
Enric Peak-shaving station government grants	59,347	-	(7,035)	-	-	52,312	Income related
Change oil into powder project for Enric standardised tanks and carbon steel tanks	-	12,990	(236)	-	-	12,754	Asset related
Enric provincial Carbon Peaking and Carbon Neutrality Science and Technology Innovation Special Fund to support enterprise to purchase related equipment	-	12,000	(318)	-	-	11,682	Asset related
Dongguan Southern CIMC Logistics Equipment Manufacture intelligent production line project	39,420	-	-	-	-	39,420	Asset related
Land rebate for Shaanxi CIMC Vehicles Industry	37,668	-	(125)	-	-	37,543	Asset & income related
Qianhai innovation and entrepreneurship carrier special funds	33,688	-	(11,178)	-	-	22,510	Asset related
Raffles Maritime Satellite Launch and Recovery Project	24,721	-	(6,748)	-	-	17,973	Asset related
C&C Trucks government build donation	23,626	-	(923)	-	(22,703)	-	Income related
TAS industrial base project	23,384	-	(2,134)	-	-	21,250	Asset related
2020 the tenth Ningbo CIMC Industry and Technology development special funds	21,288	-	(592)	-	-	20,696	Asset related
QDCRC world bank foaming	18,294	-	(2,311)	-	-	15,983	Asset related
SYFFVF relocation compensation	15,691	3,045	(1,034)	-	-	17,702	Asset related
Chuzhou government grants for fixed asset	14,175	-	(441)	-	-	13,734	Asset related
Raffles' Research on Design Technology Offshore Permeable Structure	13,033	-	(6,814)	-	-	6,219	Asset related
Shenzhen Special Vehicle Grant for fixed assets Improvement	12,518	9,212	(2,126)	-	-	19,604	Asset related
Investment and renovation project of Yangzhou Bureau of Industry and Information Technology in 2021	-	5,359	(516)	-	-	4,843	Asset related
Land supporting funds and technical research and development funds obtained by Shandong Vehicles free of charge	-	6,459	(225)	-	-	6,234	Asset related
Three-dimensional warehouse project and atmospheric treatment project of CIMC Huajun	-	5,332	-	-	-	5,332	Asset related

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 43. Deferred income (Continued)

## (1) Government grants (Continued)

	31 December 2021	Increase in current year	Decrease in current year			31 December 2022	Asset related/ Income related
			Other income	Write-down of financial expenses	Transferred to assets held for sale		
Technological transformation project of Jiangmen Vehicle	-	10,363	(1,244)	-	-	9,119	Asset related
Intelligent manufacturing technology transformation for special-use vehicles of Gansu CIMC	-	3,820	(461)	-	-	3,359	Asset related
Support fund for infrastructure construction of Hengyang New Materials	12,500	-	(7,951)	-	-	4,549	Asset & income related
CIMC Offshore Holdings's research and development and application demonstration of high-performance offshore wind power operation and maintenance vessels and core equipment in the deep sea	12,055	-	(2,228)	-	-	9,827	Income related
QDSCR world bank foaming equipment project	8,957	-	(1,131)	-	-	7,826	Asset related
Discount on loan for construction of factory of YZTH	7,109	-	-	(7,109)	-	-	Asset & income related
Offshore test platform project of CIMC Offshore Holdings	1,923	-	(63)	-	-	1,860	Asset related
2022 provincial special funds to promote high-quality economic development for XHCIMCS	-	1,800	(647)	-	-	1,153	Income related
2021 provincial smart factory (digital workshop) project of Ningbo CIMC	-	50,000	(2,292)	-	-	47,708	Asset related
Intelligent upgrading project for container production lines of Longteng Project	-	3,460	-	-	-	3,460	Asset related
Special fund for the transformation and upgrading of TCCRC	-	5,960	(257)	-	-	5,703	Asset related
Others	182,995	188,520	(201,918)	(397)	(338)	168,862	Asset & income related
	973,440	318,320	(271,112)	(7,506)	(23,041)	990,101	

## 44. Other non-current liabilities

	Note	31 December 2022	31 December 2021
Rental advances		-	286
Interest rate swap contracts	(i)	10,930	-
Others		18,790	2,780
		29,720	3,066

- (i) As at 31 December 2022, the Group had 2 unsettled interest rate swap contracts denominated in USD, with a nominal value amounting to a total of USD250,000,000. Their fair value of RMB10,930,000 was accounted as liabilities. The settlement date of the aforesaid interest rate swap contracts was on 20 May 2027.

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 45. Share capital

	31 December 2021	Increase in current year	Decrease in current year	Unfreezing of shares subject to trading restriction	31 December 2022
<b>Shares subject to trading restriction</b>					
Held by domestic natural person	850	425	–	–	1,275
<b>Share not subject to trading restriction</b>					
RMB dominated ordinary shares	1,534,272	767,136	–	–	2,301,408
Foreign shares listed overseas	2,059,892	1,029,946	–	–	3,089,838
	3,595,014	1,797,507	–	–	5,392,521

On 28 June 2022, the Company held the 2021 Annual General Meeting of Shareholders, the First A-share General Meeting of 2022 and the First H-share General Meeting of 2022, and deliberated and approved the 2021 Annual Equity Distribution Plan: based on the total share capital of the Company on the equity registration date for equity distribution in 2021, the cash distributed per share is RMB0.69 (including tax), and the total dividend cash is expected to be RMB2,480,628,000; no bonus shares will be distributed this time, and the capital reserve will be transferred to share capital for all shareholders at every 10 shares for 5 shares, and the total share capital of the Company will be increased from 3,595,014,000 shares before equity distribution to 5,392,521,000 shares after equity distribution.

	31 December 2020	Increase in current year	Decrease in current year	Unfreezing of shares subject to trading restriction	31 December 2021
<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

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 46. Other equity instruments

	31 December 2021	Issuance in current year	Interest at par value	Paid in current year	31 December 2022
22 CIMC MTN001 (a)	–	1,994,339	55,435	–	2,049,774
	31 December 2020	Issuance in current year	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)	–

(a) Approved by the National Association of Financial Market Institutional Investors with Document (Zhong Shi Xie Zhu [2021] No. DFI 31), the Company issued a cumulative perpetual bond (“22 CIMC MTN001”) with no fixed repayment period on 16 February 2022, with a total book value of RMB2 billion and an initial fixed interest rate of 3.21%. Other key terms of the bond are listed as follows:

- (1) The bond in the current period has a maturity of 3+N (3) years, which lasts for a long period of time before the issuer redeems it in accordance with the terms of issuance and matures when the issuer redeems it in accordance with the terms of issuance.
- (2) The bond is subject to the issuer’s right to deferred interest payments. Unless any event that triggers the mandatory payment of interest occurs, on each of the distribution payment dates, the issuer may elect to defer any distribution including any arrears of distribution and any additional distribution amount which has been deferred to the next distribution payment date according to this term. The distribution deferral is not subject to any limit as to the number of times that distribution and arrears of distribution can be deferred.
- (3) The issuer is not allowed to distribute dividends to ordinary shareholders or reduce the registered capital within 12 months prior to the payment of interest before the deferred distribution and arrears of distribution are fully paid.

As the perpetual debt does not constitute a contractual obligation that the Company has to pay cash or other financial assets, it is classified as an equity instrument and presented as other equity instrument.

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 47. Capital reserve

	31 December 2021	Current year additions	Current year decreases	31 December 2022
Share premium	5,191,334	842,799	(2,247,079)	<b>3,787,054</b>
Including: Capital reserve due to minority shareholder's contribution (Note VI.1(5)(i)(ii)(iii))	1,900,737	729,192	(1,396)	<b>2,628,533</b>
Disposals of partial equity of subsidiary	915,936	70,354	(175)	<b>986,115</b>
Capital reserve due to acquiring non-controlling interests (Note VI.1(5)(iv))	(786,284)	43,253	(448,001)	<b>(1,191,032)</b>
Increase in non-controlling interests resulted from acquisition or establishment of subsidiary	(107,258)	–	–	<b>(107,258)</b>
Transfer from capital reserve to share capital (Note IV.45)	–	–	(1,797,507)	<b>(1,797,507)</b>
Others	3,268,203	–	–	<b>3,268,203</b>
Other capital reserve	332,762	92,172	(4,190)	<b>420,744</b>
Including: Equity settled share-based payments	529,599	88,907	–	<b>618,506</b>
Increase in non-controlling interests due to share option exercised by subsidiary	(15,112)	3,265	–	<b>(11,847)</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	101,126	–	(4,190)	<b>96,936</b>
	5,524,096	934,971	(2,251,269)	<b>4,207,798</b>

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 47. Capital reserve (Continued)

	31 December 2020	Current year additions	Current year decreases	31 December 2021
Share premium	5,299,651	227,135	(335,452)	5,191,334
Including: Capital reserve due to minority shareholder's contribution	1,854,640	47,858	(1,761)	1,900,737
Disposals of partial equity of subsidiary	915,936	–	–	915,936
Capital reserve due to acquiring minority shareholders' equity of subsidiary	(631,870)	179,277	(333,691)	(786,284)
Capital reserve due to acquisition or establishment of subsidiary	(107,258)	–	–	(107,258)
Others	3,268,203	–	–	3,268,203
Other capital reserve	163,554	210,561	(41,353)	332,762
Including: Equity settled share-based payments	461,076	68,523	–	529,599
Increase in non-controlling interests due to share option exercised by subsidiary	7,845	–	(22,957)	(15,112)
Subsidiary issuance of convertible bond	–	123,944	–	123,944
Exchange reserve on foreign currency capital	(406,795)	–	–	(406,795)
Others	101,428	18,094	(18,396)	101,126
	5,463,205	437,696	(376,805)	5,524,096

CHAPTER XII

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 48. Other comprehensive income

	Other comprehensive income in the balance sheet			Other comprehensive income in the 2022 income statement			
	31 December 2021	Post-tax amount attributable to the Company	31 December 2022	Pre-tax amount incurred	Less: Income tax expenses	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	368,125	270,401	638,526	332,874	62,473	270,401	–
Items that may be reclassified subsequently to profit or loss							
– Currency translation differences	23,852	(208,004)	(184,152)	(226,610)	–	(208,004)	(18,606)
– The share of other comprehensive income that will be reclassified into profit or loss under equity method	8,235	207,436	215,671	207,436	–	207,436	–
– The amount greater than the carrying amount on the conversion date when the self-use real estate was converted to investment properties using fair value measurement	384,678	10,817	395,495	10,817	–	10,817	–
	784,890	280,650	1,065,540	324,517	62,473	280,650	(18,606)

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 48. Other comprehensive income (Continued)

	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 expenses	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 carrying amount 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 XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 49. Surplus reserve

	31 December 2021	Increase in current year	Decrease in current year	<b>31 December 2022</b>
Statutory surplus reserve	1,797,505	712,658	–	<b>2,510,163</b>
Discretionary surplus reserve	1,790,092	–	–	<b>1,790,092</b>
	<b>3,587,597</b>	<b>712,658</b>	<b>–</b>	<b>4,300,255</b>

	31 December 2020	Increase in current year	Decrease in current year	31 December 2021
Statutory surplus reserve	1,797,505	–	–	1,797,505
Discretionary surplus reserve	1,790,092	–	–	1,790,092
	<b>3,587,597</b>	<b>–</b>	<b>–</b>	<b>3,587,597</b>

In accordance with the *Company Law of the People's Republic of China* and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve 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. According to the resolution of the Board of Directors, in 2022, the Company appropriated 10% of the net profit to the statutory surplus reserve, amounting to RMB712,658,000 (2021: no appropriation was made to the surplus reserve since the statutory surplus reserve accumulated to more than 50% of the registered capital).

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 50. Returned earnings

	Note	2022	2021
Returned earnings at the beginning of the year		<b>31,627,036</b>	26,142,889
Add: Net profit attributable to shareholders and other equity holders of the Company in current year		<b>3,219,226</b>	6,665,323
Less: Equity attributable to holders of other equity instruments in current year		<b>(55,435)</b>	(175,272)
Less: Appropriation to surplus reserve		<b>(712,658)</b>	–
Less: Ordinary share dividends payable	(1)	<b>(2,480,628)</b>	(1,005,904)
Returned earnings at the end of the year		<b>31,597,541</b>	31,627,036

## (1) Ordinary share dividends distributed in current year

	2022	2021
Total proposed dividends in the year	<b>2,480,628</b>	1,005,904

Approved by the shareholders' general meeting on 28 June 2022, the Company distributed cash dividends to ordinary shareholders on 18 August 2022, at RMB0.69 per share (2021: RMB0.28 per share), totalling RMB2,480,628,000 (2021: RMB1,005,904,000).

## 51. Revenue and cost of sales

	2022	2021
Revenue from main operations	<b>139,417,190</b>	160,410,075
Revenue from other operations	<b>2,119,464</b>	3,285,905
	<b>141,536,654</b>	163,695,980
Cost of sales from main operations	<b>118,174,854</b>	132,360,959
Cost of sales from other operations	<b>1,736,896</b>	1,814,990
	<b>119,911,750</b>	134,175,949

CHAPTER XII

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 51. Revenue and cost of sales (Continued)

(1) Revenue and cost of sales from main operations by industry

	2022		2021	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Containers manufacturing business	43,533,094	33,870,304	63,007,771	47,461,088
Logistics services business	29,129,307	27,475,270	29,179,188	25,854,925
Road transportation vehicles business	22,672,991	18,745,159	26,380,895	23,623,045
Energy, chemical and liquid food equipment business	20,666,331	17,274,766	18,701,630	15,249,956
Airport, facilities, fire safety and automated logistics equipment business	6,518,199	5,167,288	6,650,561	5,212,815
Offshore engineering business	5,261,084	4,929,277	4,887,626	4,993,844
Recycled load business	2,268,369	1,870,710	5,411,158	4,437,329
Finance and asset management business	1,541,344	1,669,435	1,691,121	835,013
Others	7,826,471	7,172,645	4,500,125	4,692,944
	<b>139,417,190</b>	<b>118,174,854</b>	160,410,075	132,360,959

(2) Revenue and cost of sales from main operations by location

	2022		2021	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
China	121,664,120	103,971,290	148,648,407	123,073,972
America	9,871,832	7,568,680	4,637,197	3,393,144
Europe	4,615,463	4,531,295	5,287,075	4,581,146
Asia (except for China)	2,890,179	1,970,851	1,547,296	1,074,630
Others	375,596	132,738	290,100	238,067
	<b>139,417,190</b>	<b>118,174,854</b>	160,410,075	132,360,959

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 XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 51. Revenue and cost of sales (Continued)

## (3) Revenue and cost of sales from other operations

	2022		2021	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Sales of raw materials	1,262,541	1,048,403	1,490,037	948,931
Rendering of services	761,611	660,582	1,083,691	831,099
Rental income (i)	95,312	27,911	35,320	34,960
Sales of financial leasing	–	–	676,857	–
	<b>2,119,464</b>	<b>1,736,896</b>	<b>3,285,905</b>	<b>1,814,990</b>

- (i) The Group's rental income comes from leasing its own houses and buildings, machinery and equipment and transportation vehicles. In 2022, there was no variable rent in the rental income based on a certain percentage of the lessee's sales (2021: Nil). In 2022, there was no significant change on financial leasing (2021: Nil).

## (4) Revenue of the Group by categories:

	2022									Total
	Containers manufacturing business	Road transportation vehicles business	Energy, chemical and liquid food equipment business	Offshore engineering business	Airport, facilities, fire safety and automated logistics equipment business	Logistics services business	Recycled load business	Finance and asset management business	Others	
Revenue from main operations										
Including:										
Recognised at a point in time	43,533,094	22,354,951	13,529,181	600,268	4,479,358	–	2,268,369	251,926	7,826,471	94,843,618
Recognised over time	–	318,040	7,137,150	4,660,816	2,038,841	29,129,307	–	1,289,418	–	44,573,572
Revenue from other operations (i)	387,881	711,805	361,639	238,788	105,343	112,065	17,586	9,102	175,255	2,119,464
	<b>43,920,975</b>	<b>23,384,796</b>	<b>21,027,970</b>	<b>5,499,872</b>	<b>6,623,542</b>	<b>29,241,372</b>	<b>2,285,955</b>	<b>1,550,446</b>	<b>8,001,726</b>	<b>141,536,654</b>

## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 51. Revenue and cost of sales (Continued)

#### (4) Revenue of the Group by categories: (Continued)

	2021									Total
	Containers manufacturing business	Road transportation vehicles business	Energy, chemical and liquid food equipment business	Offshore engineering business	Airport, facilities, fire safety and automated logistics equipment business	Logistics services business	Recycled load business	Finance and asset management business	Others	
Revenue from main operations										
Including:										
Recognised 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
Recognised 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
	63,563,501	27,382,852	19,156,364	5,055,086	6,746,488	29,225,142	5,457,816	2,019,177	5,089,554	163,695,980

(i) The Group's revenue from sales of materials and sales of financial leasing is recognised at a certain point in time. The revenue from rental income and rendering of services is recognised over time.

### 52. Taxes and surcharges

	2022	2021	Standard
City maintenance and construction tax	152,875	210,899	7% of VAT paid
Educational surcharge	123,678	164,771	3%–5% of VAT paid
Housing property tax	103,589	89,707	Real estate surplus or property rental income and applicable tax rate
Tenure tax	88,296	90,446	Actual using area of land and unit tax
Stamp duty	66,963	67,764	Amount or number of taxable voucher and applicable tax rate or unit tax
Land Appreciation Tax	2,553	3,773	Appreciation amount in transferring property and applicable tax rate
Others	13,014	6,907	
	550,968	634,267	

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 53. Selling and distribution expenses

	2022	2021
Employ fees	1,231,892	1,314,436
Selling operation expenses	309,910	360,949
Product warranty	223,052	315,397
External sales commission	212,278	220,396
Agency fees	81,618	90,787
Storage	68,112	60,833
Product maintenance fee	22,400	45,245
Transportation and distribution expenses	21,523	57,759
Advertising fee	19,535	82,404
Right-of-use assets depreciation	10,418	3,338
Others	251,271	207,335
	<b>2,452,009</b>	<b>2,758,879</b>

## 54. General and administrative expenses

	2022	2021
Employ fees	4,493,789	3,478,798
Agency fees	436,013	465,655
Amortisation	217,350	234,250
Depreciation	209,768	212,840
Entertainment fee	147,559	156,559
Share-based payments expenses (IX.1)	137,565	72,907
Right-of-use assets depreciation	92,596	68,761
Rental	90,767	128,113
Taxes and surcharges	90,149	100,626
System maintenance and software fee	87,365	17,296
Travel expenses	77,509	74,589
Materials consumed and low-value consumables	76,153	89,360
Audit fee	15,681	13,246
– Audit expenses	13,166	13,246
– Non-audit expenses	2,515	–
Insurance, external repairing expenses and others	839,803	687,857
	<b>7,012,067</b>	<b>5,800,857</b>

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

#### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 55. Research and development expenses

	2022	2021
Direct material consumption	1,078,240	1,047,479
Research and development labour costs	957,686	770,252
Depreciation and amortisation	144,833	144,579
Testing fee	66,802	106,355
Design fee	43,524	74,780
Right-of-use assets depreciation	1,197	706
Others	170,946	108,204
	<b>2,463,228</b>	<b>2,252,355</b>

##### 56. Financial (income)/expenses

	2022	2021
Interest expenses of borrowings	1,315,005	1,339,784
Add: Interest expenses on lease liabilities	41,337	78,214
Less: Capitalised interest expenses	(20,940)	(49,474)
Sub-total	<b>1,335,402</b>	<b>1,368,524</b>
Less: Interest income from bank deposits	(322,352)	(350,218)
Net foreign exchange (gains)/losses	(1,176,685)	367,345
Others	140,117	121,615
	<b>(23,518)</b>	<b>1,507,266</b>

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 57. 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:

	2022	2021
Consumption of raw materials and low-valued consumables, etc.	<b>79,163,613</b>	100,615,187
Transportation and distribution expenses	<b>28,717,487</b>	23,306,556
Salary and wages	<b>13,285,340</b>	13,091,952
Depreciation and amortisation expenses	<b>3,105,521</b>	3,014,649
Processing and repairing expenses	<b>1,758,623</b>	1,710,658
Power expenses	<b>844,065</b>	839,575
Finished goods and work in progress movement	<b>840,132</b>	(1,947,561)
Right-of-use assets depreciation	<b>408,883</b>	320,450
Selling operation expenses	<b>309,910</b>	360,949
Rental income (i)	<b>268,112</b>	295,076
Audit fee	<b>15,681</b>	13,246
– Audit expenses	<b>13,166</b>	13,246
– Non-audit expenses	<b>2,515</b>	–
Other expenses – other general and administrative expenses	<b>1,671,358</b>	1,389,958
Other expenses – other selling and distribution expenses	<b>795,699</b>	936,257
Other expenses – other manufacturing expenses	<b>400,392</b>	751,749
Other expenses – other research and development expenses	<b>254,238</b>	289,339
	<b>131,839,054</b>	144,988,040

- (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 2022, the amount was RMB268,112,000 (2021: RMB295,076,000).

## 58. Losses on changes in fair value

	2022	2021
Financial assets at fair value through profit or loss		
– Investments in equity instruments held for trading	<b>(23,799)</b>	48,509
Investment properties at fair value	<b>(6,391)</b>	7,697
Financial liabilities at fair value through profit or loss		
– Contingent consideration	<b>(33,298)</b>	–
Derivative financial instruments	<b>(1,013,348)</b>	(128,219)
	<b>(1,076,836)</b>	(72,013)



CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 59. Investment (losses)/income

	2022	2021
Income/(losses) from long-term equity investments under equity method	152,738	(235,331)
Dividend income from other equity investments	72,242	63,806
Investment income from disposals of financial assets/liabilities held for trading	25,715	33,992
Investment income from financial assets held for trading during the holding period	896	15,327
Investment (losses)/income from disposals of long-term equity investments	(208,926)	20,550
Investment (losses)/income from disposals of derivative financial instruments	(679,685)	1,382,973
Others	41,751	(13,224)
	<b>(595,269)</b>	<b>1,268,093</b>

### 60. Gains on disposals of assets

	2022	2021	Amount recognised in non-recurring profit or loss in 2022
Gains on disposals of fixed assets (i)	231,407	14,119	231,407
(Losses)/Gains on disposals of intangible assets	(754)	2,783	(754)
Gains on disposals of other assets	12,592	-	12,592
	<b>243,245</b>	<b>16,902</b>	<b>243,245</b>

(i) Gains on disposals of fixed assets were mainly the gains on disposals of assets of RMB233,784,000 arising from the expropriation of the plant of Qingdao CIMC Special Vehicle Co., Ltd. by the government.

### 61. Other income

	2022	2021	Asset related/ Income related
Financial subsidies	426,998	504,703	Asset/Income related
Tax refund	63,039	82,825	Income related
Others	50,834	59,357	Income related
	<b>540,871</b>	<b>646,885</b>	

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 62. Asset impairment losses

	2022	2021
Impairment losses on fixed assets	118,449	1,851,866
Impairment losses on assets held for sale	110,560	-
Impairment losses on inventories and costs incurred to fulfil a contract	76,215	952,196
Impairment losses on goodwill	65,922	12,731
Impairment losses on construction in progress	42,122	1,237,544
Impairment losses on long-term equity investments	35,750	36,334
Impairment losses on intangible assets	5,959	198,703
Impairment losses on contract assets	3,913	34,156
(Reversal of)/Losses on bad debts of advance to suppliers	(265)	451
	<b>458,625</b>	<b>4,323,981</b>

## 63. Credit impairment losses

	2022	2021
Losses on bad debts of account receivables	273,169	309,549
Losses on bad debts of other receivables	54,533	236,702
Losses on bad debts of long-term receivables (including current portion of non-current assets)	2,858	83,301
(Reversal of)/Losses on financial guarantee contracts	(11,256)	9,714
(Reversal of) bad debts of receivables financing	(644)	(203)
(Reversal of) bad debts of notes receivables	(332)	(8,319)
	<b>318,328</b>	<b>630,744</b>

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 64. Non-operating income

	2022	2021	Amount recognised in non-recurring profit or loss in 2022
Unpayable payables	47,898	60,347	47,898
Compensation income	23,785	40,787	23,785
Penalty income	14,394	12,984	14,394
Others	61,007	9,851	61,007
	<b>147,084</b>	123,969	147,084

### 65. Non-operating expenses

	2022	2021	Amount recognised in non-recurring profit or loss in 2022
Claims expenses (i)	620,640	55,393	620,640
Losses on scrapping of fixed assets	22,223	196,897	22,223
Donations	15,668	9,573	15,668
Penalty expenses	5,881	6,611	5,881
Others	50,029	31,985	50,029
	<b>714,441</b>	300,459	714,441

- (i) In 2022, the claims expenses were mainly settlement fees of RMB599,250,000 for terminating the purchase of Maersk Container Industry by CIMC.

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 66. Income tax expenses

	2022	2021
Current income tax calculated based on tax law and related regulations	5,497,641	4,797,150
Deferred income tax	(3,160,932)	137,141
Total	2,336,709	4,934,291

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the consolidated income statement to the income tax expenses is set out as below:

	2022	2021
Total profit	6,937,851	13,295,059
Income tax calculated at applicable tax rates (25%)	1,734,463	3,323,765
The effect of using different tax rates for subsidiaries	345,004	1,255,811
Effect of tax incentive	(136,456)	(353,610)
Cost, expenses and losses not deductible	195,788	313,694
Other income not subject to tax	(61,281)	(108,106)
Utilisation of previously unrecognised deductible losses	(38,629)	(73,083)
Deductible losses for which no deferred tax asset was recognised	198,085	529,888
Deductible temporary differences for which no deferred tax asset was recognised	112,745	64,616
Utilisation of previously unrecognised deductible temporary differences	(1,453)	(1,005)
Effect of tax rate change on deferred tax	(442)	1,121
Tax refund for income tax annual filing	(11,115)	(18,800)
Income tax expenses	2,336,709	4,934,291

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 67. 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:

	2022	2021 (adjusted)
Consolidated net profit attributable to shareholders of the Company	3,219,226	6,665,323
Less: Equity attributable to holders of other equity instruments	(55,435)	(175,272)
Consolidated net profit attributable to ordinary shareholders of the Company	3,163,791	6,490,051
Weighted-average number of ordinary shares outstanding ('000) (i)	5,392,521	5,392,521
Basic earnings per share (Yuan/share)	0.59	1.20
Including: Going concern basic earnings per share	0.64	1.12
Termination concern basic earnings per share	(0.05)	0.08

(i) According to the Company's 2021 equity distribution plan, the Company's total share capital was increased from 3,595,014,000 shares before equity distribution to 5,392,521,000 shares after equity distribution through transferring from capital reserve to share capital. The Company recalculated the earnings per share and diluted earnings per share for the comparison period in 2021 according to the adjusted number of shares.

#### (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:

	2022	2021 (adjusted)
Consolidated net profit attributable to shareholders of the Company	3,219,226	6,665,323
Impact of the issuing of the perpetual bonds by the Company	(55,435)	(175,272)
Impact of share-based payments by subsidiaries	(100,084)	(26,049)
Consolidated net profit (adjusted) attributable to ordinary shareholders of the Company	3,063,707	6,464,002
Weighted-average number of ordinary shares outstanding (diluted) ('000) (adjusted)	5,392,521	5,392,521
Diluted earnings per share (Yuan/share)	0.57	1.20

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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) Cash received relating to other operating activities

	2022	2021
Government grants received	497,958	362,646
Interest received	302,289	356,543
Compensation income received	23,785	40,787
Cash received from penalty income	14,394	12,984
Land payment received from CIMC Industry & City	–	3,337,353
Others	59,837	98,163
	<b>898,263</b>	<b>4,208,476</b>

## (2) Cash paid relating to other operating activities

	2022	2021
Cash paid for research and development expenses	1,359,512	1,336,818
Cash paid for insurance and other miscellaneous expenses related to sales	878,266	1,022,397
Cash paid for warranty	586,845	327,455
Cash paid for selling operation expenses	309,910	360,949
Cash paid for entertainment expenses	147,559	156,559
Others	608,365	1,394,647
	<b>3,890,457</b>	<b>4,598,825</b>

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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) Cash received relating to other financing activities

	2022	2021
Cash received from issuing asset-based securities	–	340,000
Others	–	18,134
	–	358,134

(4) Cash paid relating to other financing activities

	2022	2021
Cash paid for non-controlling interests	<b>643,877</b>	1,404,649
Cash paid for lease liabilities	<b>254,867</b>	452,175
Cash paid for restricted stock repurchase obligations	<b>7,858</b>	21,796
Cash paid for repurchasing asset-based securities	–	60,000
	<b>906,602</b>	1,938,620

In 2022, cash paid for lease related activities was RMB522,979,000 (2021: RMB747,251,000). Except for cash paid for lease liabilities as above, the rest of lease's cash paid out was operating activity related.

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 69. Notes to the cash flow statement

## (1) Supplementary information to the cash flow statement

Reconciliation from net profit to cash flows from operating activities:

	2022	2021
Net profit	4,601,142	8,360,768
Add: Asset impairment losses	458,625	4,323,981
Credit impairment losses	318,328	630,744
Depreciation of fixed assets	2,572,243	2,419,621
Right-of-use assets depreciation	408,883	320,450
Amortisation of intangible assets	361,970	406,772
Amortisation of long-term prepaid expenses	171,308	188,256
(Gains)/Losses on disposals of fixed assets, intangible assets and other long-term assets	(221,022)	179,995
Losses on changes in fair value	1,076,836	72,013
Financial (income)/expenses	(106,971)	1,832,061
Investment losses/(income)	595,269	(1,268,093)
Share-based payments expenses	137,565	72,907
(Increase)/Decrease in deferred tax assets	(209,318)	410,465
Amortisation of deferred income	(332,892)	(450,180)
Decrease in deferred tax liabilities	(3,003,917)	(274,937)
Decrease/(Increase) in inventories	980,049	(5,289,592)
Increase in operating receivables	(1,080,528)	(250,377)
Increase in operating payables	7,889,896	8,889,801
Net cash flows from operating activities	14,617,466	20,574,655

Major operating, investment and financing activities not involving cash receipts and payments

	2022	2021
The new additions of right-of-use assets	484,032	729,080
	484,032	729,080



CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 69. Notes to the cash flow statement (Continued)

#### (1) Supplementary information to the cash flow statement (Continued)

Net change of cash and cash equivalents:

	2022	2021
Cash and cash equivalents at the end of the year	<b>15,912,300</b>	16,529,988
Less: Cash and cash equivalents at the beginning of the year	<b>16,529,988</b>	11,210,240
Net (decrease)/increase in cash and cash equivalents	<b>(617,688)</b>	5,319,748

#### (2) Information on acquisition of subsidiaries during current year

	2022	2021
I. Information on acquisition of subsidiaries:		
Cash and cash equivalents paid for acquisition	<b>197,180</b>	260,304
Less: Cash and cash equivalents held by subsidiaries on acquisition date	<b>134,589</b>	237,522
Net cash paid to acquire subsidiaries	<b>62,591</b>	22,782
Consideration for acquisition of subsidiaries in 2022	<b>197,180</b>	260,304
Net assets of the acquired subsidiaries on acquisition date		
Current assets	<b>522,200</b>	1,335,383
Non-current assets	<b>160,531</b>	38,901
Current liabilities	<b>(432,277)</b>	(1,038,757)
Non-current liabilities	<b>(3,999)</b>	(30,877)
Non-controlling interests	<b>108,158</b>	93,530

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 69. Notes to the cash flow statement (Continued)

## (3) Information on disposals of subsidiaries during current year

	2022	2021
I. Information on disposals of subsidiaries during current year:		
Cash and cash equivalents received on disposals of subsidiaries	379,467	1,469,467
Less: Cash and cash equivalents remained on disposal date of disposed subsidiaries	634,325	-
Net cash outflows from disposals of subsidiaries	(254,858)	-
Price of disposed subsidiaries in 2022	379,467	-
Price of disposed subsidiaries in 2021 (i)	1,469,467	-
Net assets of disposed subsidiaries on disposal date		
Current assets	2,299,174	-
Non-current assets	13,097,784	-
Current liabilities	(8,896,096)	-
Non-current liabilities	(2,300,918)	-
Non-controlling interests	(379,672)	-

(i) In 2021, the net cash received by the Group on the disposals of subsidiaries was mainly the advanced equity payments of RMB1,469,467,000 arising from the transfer of CIMC CAPITAL.

## (4) Composition of cash and cash equivalents

	31 December 2022	31 December 2021
I. Cash		
Including: Cash on hand	7,269	5,107
Cash at bank that can be readily drawn on demand	15,789,080	15,154,763
II. Redemptive monetary capital for sale and withdrawal of funds by Finance Company	-	1,370,118
III. Cash and cash equivalents classified as held for sale	115,951	-
IV. Cash and cash equivalents at the end of the year	15,912,300	16,529,988

Note: The aforesaid cash and cash equivalents excluded restricted cash and cash equivalents.

CHAPTER XII

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 70. Monetary items dominated in foreign currency

	31 December 2022		
	Functional currency (‘000)	Exchange rate	In RMB (‘000)
Monetary fund –			
USD	691,192	6.9646	4,813,876
EUR	151,364	7.4229	1,123,560
HKD	693,881	0.8933	619,844
GBP	32,675	8.3941	274,275
JPY	857,672	0.0524	44,942
AUD	9,109	4.7138	42,936
THP	212,036	0.2014	42,704
Others			171,294
			<b>7,133,431</b>
Account receivables –			
USD	1,396,589	6.9646	9,726,684
EUR	67,400	7.4229	500,302
GBP	40,961	8.3941	343,829
JPY	1,117,882	0.0524	58,577
HKD	40,259	0.8933	35,963
AUD	6,183	4.7138	29,145
THP	141,187	0.2014	28,435
Others			406,887
			<b>11,129,822</b>
Other receivables –			
USD	486,754	6.9646	3,390,044
GBP	30,786	8.3941	258,420
HKD	189,176	0.8933	168,991
EUR	10,402	7.4229	77,210
THP	240,799	0.2014	48,497
AUD	6,268	4.7138	29,546
Others			114,984
			<b>4,087,692</b>

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 70. Monetary items dominated in foreign currency (Continued)

	31 December 2022		
	Functional currency (‘000)	Exchange rate	In RMB (‘000)
Long-term receivables –			
GBP	13,998	8.3941	117,503
AUD	97	4.7138	459
			117,962
Short-term borrowings –			
USD	378,093	6.9646	2,633,268
EUR	24,582	7.4229	182,470
GBP	11,107	8.3941	93,234
Others			129,654
			3,038,626
Account payables –			
USD	505,952	6.9646	3,523,753
EUR	55,494	7.4229	411,924
GBP	23,979	8.3941	201,280
THP	358,208	0.2014	72,143
AUD	5,160	4.7138	24,325
HKD	26,581	0.8933	23,745
JPY	1,527	0.0524	80
Others			460,821
			4,718,071
Other payables –			
USD	72,419	6.9646	504,372
EUR	23,938	7.4229	177,689
AUD	18,355	4.7138	86,520
GBP	9,401	8.3941	78,909
HKD	83,682	0.8933	74,753
THP	43,227	0.2014	8,706
JPY	4,504	0.0524	236
Others			269,949
			1,201,134

CHAPTER XII

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 70. Monetary items dominated in foreign currency (Continued)

	31 December 2022		
	Functional currency (‘000)	Exchange rate	In RMB (‘000)
Long-term borrowings –			
USD	1,771,524	6.9646	12,337,959
EUR	71,559	7.4229	531,178
HKD	200,451	0.8933	179,063
GBP	9,016	8.3941	75,680
			13,123,880
Long-term payables –			
AUD	604	4.7138	2,845
			2,845
Lease liabilities –			
EUR	13,348	7.4229	99,079
AUD	13,344	4.7138	62,899
USD	6,442	6.9646	44,868
GBP	4,321	8.3941	36,273
THP	11,951	0.2014	2,407
HKD	2,433	0.8933	2,173
Others			68,678
			316,377

The above-mentioned monetary items dominated in foreign currency refer to all currencies except RMB (The scope is different from the foreign currency items in Note XVI.1(1)).

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## V. CHANGES IN THE SCOPE OF CONSOLIDATION

## 1. Business combinations involving enterprises not under common control

Acquiree	Timing of acquisition	Acquisition cost	% of interest acquired	Method of acquisition	Acquisition date	Basis for determining the acquisition date to the end of the year	Income of the acquiree during the period from the acquisition date to the end of the year	Net profit of the acquiree during the period from the acquisition date to the end of the year	Cash flows from operating activities of the acquiree during the period from the acquisition date to the end of the year	Net cash flows of the acquiree during the period from the acquisition date to the end of the year
CIMC Wetrans Zelian International Logistics (Hong Kong) Co., Ltd. And CIMC Wetrans Zelian International Logistics (Shanghai) Co., Ltd. (1)	31/12/2022	240,011	60%	Purchase	31/12/2022	Investment agreement	-	-	-	-
CIMC Wetrans Yalian International Logistics Co., Ltd. and its subsidiaries (2)	31/01/2022	60,000	67%	Purchase	31/01/2022	Investment agreement	598,934	21,526	1,040	(512)

## (1) Zelian Asset Group

On 31 December 2022, CIMC Wetrans, a subsidiary of the Group, signed a cooperation agreement with the original shareholders of CIMC Wetrans Zelian International Logistics (Hong Kong) Co., Ltd. (“**Zelian Hong Kong**”) and CIMC Wetrans Zelian International Logistics (Shanghai) Co., Ltd. (“**Zelian Shanghai**”). According to the *Cooperation Agreement concerning Delfin Group*, after its original shareholders injected all their asset groups into Zelian Hong Kong and Zelian Shanghai, CIMC Wetrans invested a total of USD33,600,000 (RMB234,102,000) and RMB6,000,000 to acquire 60% of the equity of Zelian Hong Kong and Zelian Shanghai, respectively. The establishment of the above companies and business injection were completed on 31 December 2022. The identifiable net assets of Zelian Asset Group on the acquisition date were RMB18,760,000, and the difference between the consideration for the transferred equity and the identifiable net assets of the corresponding shares was recognised as Goodwill of RMB221,250,000. Zelian is mainly engaged in the international freight business for the air route from the Far East to South America.

## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## V. CHANGES IN THE SCOPE OF CONSOLIDATION (Continued)

### 1. Business combinations involving enterprises not under common control (Continued)

#### (2) CIMC Yalian

On 31 January 2022, CIMC Wetrans, a subsidiary of the Group, signed a cooperation agreement with the original shareholders of CIMC Yalian. CIMC Wetrans increased the capital to CIMC Yalian by RMB36,000,000, accounting for 60% of the equity of CIMC Yalian. According to the Cooperation Agreement, after its original shareholders inject all their asset groups into CIMC Yalian, the Company purchased 7% of the equity of CIMC Yalian at a transaction consideration of RMB24,000,000. The identifiable net assets of CIMC Yalian on the acquisition date were RMB60,202,000, and the difference between the consideration for the transferred equity and the identifiable net assets of the corresponding shares was recognised as goodwill of RMB19,665,000. CIMC Yalian is mainly engaged in technical services, technology development, technical consulting and domestic trade agency.

(3) In 2022, the enterprises acquired by CIMC Group through acquisition involving enterprises not under common control included Shenzhen Guoneng Chentai Technology Co., Ltd., Guangdong Haizhong New Energy Equipment Co., Ltd., Guangxi South CIMC Logistics Equipment Co., Ltd., Zhuhai Tanhai Marine Technology Co., Ltd., Shenzhen Caizhu Online Supply Chain Co., Ltd. and Shenzhen Huangming Wanghe Hardware Co., Ltd.

### 2. Disposals of subsidiaries

Name	Proceeds from disposal	Disposal proportion	Method of disposal	Timing of losing control	Basis for judgement of timing of losing control	Difference between proceeds from disposal and the fair value of corresponding shares of net assets in the consolidated financial statements	Amount transferred to investment income or losses from other comprehensive income related to initial equity investment in the subsidiary
CIMC CAPITAL Ltd. ("CIMC CAPITAL")	1,836,834	54.57%	Loss of control due to capital increases by other investors	27 May 2022	As at 31 May 2022, the investor has fully paid the purchase price and obtained the approval from the competent authority, and has completed the restructuring of the relevant rights of the Board of Directors	(184,383)	-

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## V. CHANGES IN THE SCOPE OF CONSOLIDATION (Continued)

## 2. Disposals of subsidiaries (Continued)

On 23 November 2021, CIMC CAPITAL, a wholly-owned holding subsidiary of the Company, introduced Shenzhen Capital Holdings Co., Ltd. (“**Shenzhen Capital**”), 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 the same day, the Company signed the Equity Transfer Agreement with Shenzhen Capital, Shenzhen City Energy Group and CIMC CAPITAL. The Company and its wholly-owned holding subsidiary China International Marine Containers (Hong Kong) Limited signed an Agreement on Capital Increase with Shenzhen Capital, Tianjin Kerry Kang and CIMC CAPITAL.

On 27 May 2022, in accordance with the above arrangement, CIMC CAPITAL obtained the approval from the competent authorities and completed the change of industrial and commercial registration and equity settlement, and the Group’s equity ratio in CIMC CAPITAL was passively diluted from 100% to 45.43%, and the Company lost control of CIMC CAPITAL. Due to the loss of control of CIMC CAPITAL, CIMC CAPITAL was no longer a major business of the Group and was presented as a discontinued operation (Note XII). The remaining equity is subsequently measured under the equity method as a long-term equity investment of the Company (Note IV.17). The remaining equity was remeasured at fair value at the date of loss of control, amounting to RMB1,785,252,000. The fair value of the remaining equity less the share of net assets of the original CIMC CAPITAL based on the original shareholding ratio is included in investment income of the period in which it loses control, and other comprehensive income related to the original CIMC CAPITAL is transferred into investment income in current period upon loss of control.

The information of profit or loss of the disposal is as follows:

	Amount
Price of the disposal	1,836,834
Fair value of 45.43% equity after dilution	1,785,252
Less: share of net assets of CIMC CAPITAL in the consolidated financial statements	(3,806,469)
Other comprehensive income transferred to profit or loss for current period	–
Investment income from disposal	(184,383)

## VI. EQUITY IN OTHER ENTITIES

## 1. Equity in subsidiaries

All subsidiaries of the Group were established or acquired through business combinations involving enterprises not under common control. There was no acquisition of subsidiaries through business combinations involving enterprises under common control.

As at 31 December 2022, the number of companies included in the scope of consolidation added up to 645. Except for the important subsidiaries listed below, the number of other subsidiaries held by the Group was 523. 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 XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 investment

##### (i) Domestic subsidiaries

	Name	Category	Registration Place	Main Premises	Business nature and operating scope	Registered capital	Shareholding percentage	
							Direct	Indirect
1	Shenzhen Southern CIMC Containers Manufacture Co., Ltd. (" <b>Southern CIMC</b> ")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Manufacture, repair and sales of container, container stockpiling business	RMB260,580,000	-	100.00%
2	Shenzhen Southern CIMC Logistics Equipment Manufacturing Co., Ltd. (" <b>SCIMCEL</b> ")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Manufacture and repair of container, design and manufacture of new-style special machinery equipment for road and port	USD80,000,000	-	100.00%
3	Xinhui CIMC Container Co., Ltd. (" <b>XHCIMC</b> ")	Business entity	Jiangmen, Guangdong	Jiangmen, Guangdong	Manufacture, repair and sales of container	USD24,000,000	-	90.00%
4	Nantong CIMC Shunda Containers Co., Ltd. (" <b>NTCIMC</b> ")	Business entity	Nantong, Jiangsu	Nantong, Jiangsu	Manufacture, repair and sales of container	USD9,060,000	-	60.35%
5	Dalian CIMC Special Logistics Equipment Co., Ltd. (" <b>DLCIMC</b> ")	Business entity	Dalian, Liaoning	Dalian, Liaoning	Manufacture and sales of container as well as relevant technical advisory and container stockpiling business	RMB254,100,000	-	100.00%
6	Shenzhen CIMC - TianDa Airport Support Co., Ltd. (" <b>TianDa Airport</b> ")	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. (" <b>NBCIMC</b> ")	Business entity	Ningbo, Zhejiang	Ningbo, Zhejiang	Manufacture and sales of container as well as relevant technical advisory and container stockpiling business	USD36,000,000	-	100.00%
8	Taicang CIMC Containers Co., Ltd. (" <b>TCCIMC</b> ")	Business entity	Taicang, Jiangsu	Taicang, Jiangsu	Manufacture and repair of container	USD31,000,000	-	100.00%

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 investment (Continued)

## (i) Domestic subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business nature and operating scope	Registered capital	Shareholding percentage	
							Direct	Indirect
9	Yangzhou Runyang Logistics Equipment Co., Ltd. ("YZRYL")	Business entity	Yangzhou, Jiangsu	Yangzhou, Jiangsu	Manufacture, repair and sales of container	RMB143,880,000	-	75.00%
10	Shanghai CIMC Yangshan Logistics Equipments Co., Ltd. ("SHYSLE")	Business entity	Shanghai	Shanghai	Manufacture and sales of container as well as relevant technical advisory	USD29,480,000	-	100.00%
11	Tianjin CIMC Containers Co., Ltd. ("TJCC")	Business entity	Tianjin	Tianjin	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, sales and repair of various trough, tank as well as various special storing and transporting equipment and parts	USD11,760,000	-	60.35%
13	Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd. ("XHCIMCS")	Business entity	Jiangmen, Guangdong	Jiangmen, Guangdong	Manufacture and sales of various containers, semi-finished container products and relevant components products; leasing and maintenance of these products	USD425,490,000	-	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	RMB16,070,000	-	56.29%
15	Dongguan Southern CIMC Logistics Equipment Manufacturing Co., Ltd. ("DLEM")	Business entity	Dongguan, Guangdong	Dongguan, Guangdong	Manufacture and sales of various containers, semi-finished container products	RMB600,000,000	-	100.00%

## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 investment (Continued)

##### (i) Domestic subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business nature and operating scope	Registered capital	Shareholding percentage	
							Direct	Indirect
16	Shanghai CIMC Vehicle Logistics Equipment Co., Ltd. (" <b>Equipment Park</b> ")	Business entity	Shanghai	Shanghai	Operation of storage and supporting facilities, property management and related services	RMB90,200,000	-	56.09%
17	Shenzhen CIMC Haigong Investment Co., Ltd. (" <b>Haigong Investment</b> ")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Marine engineering equipment and ship management and operation maintenance	RMB1,900,000,000	-	100.00%
18	Shenzhen Qianhai Ruiji Technology Co., Ltd. (" <b>Qianhai Ruiji Technology</b> ")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Technology development for machinery equipment, technology consulting and sales	RMB100,000,000	-	70.00%
19	Shenzhen Zhongji New Material Technology Development Co., Ltd. (" <b>Shenzhen New Material</b> ")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Manufacture and sales of various container wood floor and relevant products and provision of related services	RMB30,000,000	-	75.80%
20	CIMC Security Technology Co., Ltd. (" <b>CIMC Security</b> ")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Research, production and marketing of fire related products	RMB100,000,000	-	66.96%
21	Qingdao CIMC Chuangying Composite Material Technology Co., Ltd. (" <b>Qingdao Chuangying</b> ")	Business entity	Qingdao, Shandong	Qingdao, Shandong	Research and development, manufacture, sales, handling and detect of thermoplastic composites and their products	RMB70,000,000	-	80.00%
22	CIMC -SHAC (Xi'an) Special Vehicle Co., Ltd. (" <b>XASV</b> ")*	Business entity	Xi'an Shaanxi	Xi'an Shaanxi	Development and production of various special-use vehicles as well as components and parts, and provision of professional services	RMB88,000,000	-	42.07%
23	Wuhu CIMC Ruijiang Automobile Marketing Service Co., Ltd. (" <b>CIMC Ruijiang</b> ")*	Business entity	Wuhu, Anhui	Wuhu, Anhui	Sales and agency of various kinds of heavy truck, sales of used car, research and development in the field of special vehicles	RMB5,000,000	-	40.53%

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 investment (Continued)

## (i) Domestic subsidiaries (Continued)

No.	Name	Category	Registration Place	Main Premises	Business nature and operating scope	Registered capital	Shareholding percentage	
							Direct	Indirect
24	Shenzhen CIMC Sharing Logistics Service Co., Ltd. ("Sharing Logistics")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Logistics management services, cloud computing sharing services	RMB5,000,000	-	70.00%
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 and plastic alloy	RMB141,220,000	-	42.07%
26	Guangzhou CIMC Container Maintenance Service Co., Ltd. ("Guangzhou Service")*	Business entity	Guangzhou, Guangdong	Guangzhou, Guangdong	Maintenance and leasing of containers, maintenance of electrical equipment	RMB10,000,000	-	37.62%
27	Zhangzhou CIMC Containers Co., Ltd. ("Zhangzhou CIMC")	Business entity	Zhangzhou, Fujian	Zhangzhou, Fujian	Manufacture, repair and sales of container	USD23,000,000	-	100.00%
28	Zhumadian CIMC Huajun Vehicle Trading Co., Ltd. ("Huajun Vehicle")	Business entity	Zhumadian, Henan	Zhumadian, Henan	Special purpose vehicle modification, trailer and accessories, research and development and manufacturing of box type freight cars	RMB205,340,000	-	56.09%
29	Nantong CIMC Special Logistics Equipment Development Co., Ltd. ("NTSL")	Business entity	Nantong, Jiangsu	Nantong, Jiangsu	Manufacture and sales of container as well as relevant technical advisory	RMB5,000,000	-	60.35%
30	Hunan CIMC New Material Technology Co., Ltd. ("Hunan CIMC")	Business entity	Shaoyang, Hunan	Shaoyang, Hunan	Manufacturing and sales of bamboo and wood product and new material glue products	RMB28,000,000	-	75.80%
31	Shenzhen Jijameiyu Apartment Management Co., Ltd. ("Jijameiyu")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Apartment leasing and management, provision operation and management service for apartment and hotel	RMB3,000,000	-	100.00%

## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 investment (Continued)

##### (i) Domestic subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business nature and operating scope	Registered capital	Shareholding percentage	
							Direct	Indirect
32	Jiaxing CIMC New Material Technology Development Co., Ltd. <b>("CIMC New Material")</b> (Former name: Jiaxing CIMC Wood Co., Ltd.)	Business entity	Jiaxing, Zhejiang	Jiaxing, Zhejiang	Production and sales of container wood floors, and transport equipment	USD5,000,000	-	81.85%
33	Qingdao CIMC Lengfang Technology Co., Ltd. <b>("Lengfang Technology")</b> (Former name: CIMC Cold Chain Development Co., Ltd.)	Business entity	Qingdao, Shandong	Qingdao, Shandong	Research and development and manufacturing of refrigeration equipment, general machinery and equipment leasing, international freight agency	RMB70,000,000	-	51.00%
34	CIMC Commercial Factoring Co., Ltd. <b>("CIMC Factoring")</b>	Business entity	Tianjin	Tianjin	Trade financing, customer credit investigation and evaluation	RMB85,310,000	-	87.91%
35	Shenzhen Intelligent Ocean Engineering Innovation Centre Co., Ltd. <b>("Shenzhen Intelligent Ocean")</b>	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Manufacturing of offshore engineering equipment	RMB44,500,000	-	76.40%
36	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	100.00%	-
37	Shenzhen CIMC Intelligent Parking Co., Ltd. <b>("CIMC Parking")</b>	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Sales and technology services of autoparking system and equipment and products	RMB30,000,000	-	63.00%
38	CIMC Vehicles (Group) Co., Ltd. <b>("CIMC Vehicles")</b>	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Development, production and sales of various special series of vehicle and trailer	RMB2,017,600,000	36.10%	19.99%
39	Xuzhou CIMC Wood Co., Ltd. <b>("Xuzhou CIMC Wood")</b>	Business entity	Xuzhou, Jiangsu	Xuzhou, Jiangsu	Research and development and sales of new environmental protection materials	RMB15,000,000	-	75.80%

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 investment (Continued)

## (i) Domestic subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business nature and operating scope	Registered capital	Shareholding percentage	
							Direct	Indirect
40	Chuzhou CIMC Wood Co., Ltd. ("Chuzhou CIMC Wood")	Business entity	Chuzhou, Anhui	Chuzhou, Anhui	Production and sales of container wood floor	RMB40,000,000	-	75.80%
41	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%
42	Shanghai CIMC Ruiji Technology Co., Ltd. ("Shanghai Ruiji")	Business entity	Shanghai	Shanghai	Technology development of mechanical equipment	RMB20,000,000	-	70.00%
43	Zhengzhou Jinte Logistics Automation System Co., Ltd. ("Zhengzhou Jinte")	Business entity	Zhengzhou, Henan	Zhengzhou, Henan	Development, research and sales of logistics automation equipment	RMB20,000,000	-	58.33%
44	CIMC Yiketong Parts Co., Ltd. ("Yiketong")	Business entity	Shanghai	Shanghai	Trading of containers parts	RMB100,000,000	-	76.00%
45	CIMC Taicang Refrigeration Equipment Logistics Co., Ltd. ("TCCRC")	Business entity	Taicang, Jiangsu	Taicang, Jiangsu	Research and development, production and sales of reefer container and special container	RMB450,000,000	-	100.00%
46	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 and special vehicle and semi-trailer car	RMB559,880,000	-	56.09%
47	CIMC Jidong (Qinhuangdao) Vehicles Manufacture Co., Ltd. ("QHJV")*	Business entity	Qinhuangdao, Hebei	Qinhuangdao, Hebei	Sales of car and car components and parts	RMB70,000,000	-	42.07%
48	Shenzhen Qianhai Tongchuang New Metal Material Co., Ltd. ("Qianhai Tongchuang")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Research and development of new metal material technology, technical consulting services and sales of product	RMB10,000,000	-	85.56%

## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 investment (Continued)

##### (i) Domestic subsidiaries (Continued)

No.	Name	Category	Registration Place	Main Premises	Business nature and operating scope	Registered capital	Shareholding percentage	
							Direct	Indirect
49	Shenzhen CIMC Architectural Design Institute Co., Ltd. ("Shenzhen Architectural Design")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Modular architecture design and construction	RMB10,000,000	-	75.00%
50	CIMC New Environmental Protection Material Co., Ltd. ("CIMC Xincal")	Business entity	Dongguan, Guangdong	Dongguan, Guangdong	Development, production and sales of various modern transportation equipment	RMB130,170,000	-	75.80%
51	CIMC Tongchuang Pujiang (Shanghai) Trading Co., Ltd. ("Tongchuang Pujiang")	Business entity	Shanghai	Shanghai	Sales of steel, metal materials, metal products and metallurgical furnace charge	RMB50,000,000	-	85.56%
52	CIMC Finance Company Co., Ltd. ("Finance Company")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Providing financial service to fellow subsidiaries in the Group	RMB920,000,000	78.91%	21.09%
53	CIMC Transpack Technology Co., Ltd. ("Transpack Technology")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Leasing and maintenance of logistics equipment and related accessories	RMB1,267,020,000	63.58%	-
54	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	-	85.56%
55	CIMC Container Holding Co., Ltd. ("Container Holding")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Equity investment and investment management and related investment business	RMB5,292,830,000	100.00%	-
56	CIMC Tongchuang Changjiang (Zhoushan) Trading Co., Ltd. ("Zhoushan Tongchuang")*	Business entity	Zhoushan, Zhejiang	Zhoushan, Zhejiang	Investment holding	RMB50,000,000	-	51.33%

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 investment (Continued)

## (i) Domestic subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business nature and operating scope	Registered capital	Shareholding percentage	
							Direct	Indirect
57	Yantai CIMC Blue Ocean Technology Co., Ltd. ("Yantai Blue Ocean")	Business entity	Yantai, Shandong	Yantai, Shandong	Marine fishery culture, research and development, design and consulting services of fishery equipment and sales of fishery and related supporting equipment	RMB57,470,000	-	68.32%
58	Yantai Tiezhongbao Steel Processing Co., Ltd. ("Yantai Tiezhongbao")	Business entity	Yantai, Shandong	Yantai, Shandong	Research and development, processing of leg structure; sales of self-produced products	USD9,150,000	-	55.61%
59	Anhui United Feicai Vehicle Co., Ltd. ("United Feicai")	Business entity	Xuancheng, Anhui	Xuancheng, Anhui	Production and sales of various special-use vehicles and sales of engineering machinery	RMB158,000,000	-	73.89%
60	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	RMB380,270,000	-	56.09%
61	CIMC Wetrans Logistics Technology (Group) Co., Ltd. ("CIMC Wetrans Logistics")	Business entity	Tianjin	Tianjin	International and domestic freight transport agents, general and CIQ affairs	RMB1,741,110,000	62.70%	-
62	Shenzhen Three HuaZhuoYue Investment Co., Ltd. ("Three HuaZhuoYue")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Investment holding	RMB30,000,000	-	73.89%
63	Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. ("Shenzhen CIMC Tongchuang")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Investment holding	RMB362,100,000	-	85.56%



## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 investment (Continued)

##### (i) Domestic subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business nature and operating scope	Registered capital	Shareholding percentage	
							Direct	Indirect
64	Shenzhen CIMC Special Vehicles Co., Ltd. (" <b>CIMCSV</b> ")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Development, production and sales of various transportation vehicles as well as relevant components and parts	RMB450,000,000	-	56.09%
65	CIMC Wetrans Changjiang Logistics Co. Ltd. (" <b>Wetrans Changjiang</b> ") (Former name: CIMC Kaitong Logistics Development Co. Ltd.)	Business entity	Nanjing, Jiangsu	Nanjing, Jiangsu	Logistics service	RMB150,000,000	-	42.01%
66	CIMC Wetrans Shipping (Jiangsu) Co., Ltd. (" <b>Wetrans Shipping</b> ") (Former name: Jiangsu Kaitong Shipping Co. Ltd.)	Business entity	Nanjing, Jiangsu	Nanjing, Jiangsu	Logistics service	RMB20,000,000	-	42.01%
67	CIMC Wetrans Logistics Technology (Shanghai) Co., Ltd. (" <b>Wetrans Logistics Technology</b> ") (Former name: CIMC Jixin Logistics Development Co. Ltd.)	Business entity	Shanghai	Shanghai	Logistics service	RMB100,000,000	-	62.70%
68	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	-	27.31%
69	Jifeng New Energy Technology (Guangdong) Co., Ltd. (" <b>Jifeng New Energy</b> ")	Business entity	Shanwei, Guangdong	Shanwei, Guangdong	Wind power technical services	RMB200,000,000	-	51.00%

## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 investment (Continued)

###### (ii) Overseas subsidiaries

	Name	Category	Registration Place	Main Premises	Business nature and operating scope	Registered capital	Shareholding percentage	
							Direct	Indirect
70	CIMC Vehicle Europe Coöperatief U.A. ("Vehicle Europe Coöperatie U.A.")	Business entity	The Netherlands	The Netherlands	Sales of vehicle	USD50,000	-	56.09%
71	Mangrove Capital Limited ("Mangrove Capital")	Business entity	Hong Kong, China	Hong Kong, China	Financial services	HKD320,000	-	100.00%
72	CIMC Holdings (B.V.I.) Limited ("CIMC BVI")	Business entity	B.V.I.	B.V.I.	Investment holding	USD50,000	-	100.00%
73	CIMC Vehicle Investment Holdings Co., Ltd. ("CIMC Vehicle BVI")	Business entity	B.V.I.	B.V.I.	Investment holding	USD50,000	-	56.09%
74	Charm Wise Limited ("Charm Wise")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	USD70,000	-	100.00%
75	CIMC Air Marrel SAS ("Air Marrel")	Business entity	France	France	Aviation equipment	EUR1,200,000	-	58.33%
76	China International Marine Containers (Hong Kong) Limited ("CIMC Hong Kong")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD2,000,000	100.00%	-
77	Verbus International Limited ("Verbus")	Business entity	UK	UK	Holding company	GBP 1,108	-	100.00%
78	CIMC Offshore Holdings Limited ("CIMC Offshore")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD2,234,860,000 and USD50,510,000	-	85.00%
79	Hong Kong CIMC Tianda Airport Support Ltd. ("TAS Hong Kong")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD1,000,000	-	58.33%

## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 investment (Continued)

##### (ii) Overseas subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business nature and operating scope	Registered capital	Shareholding percentage	
							Direct	Indirect
80	Effective Time Investments Limited ("EFFECTIVE TIME")	Business entity	B.V.I	B.V.I	Investment holding	USD1	-	100.00%
81	CIMC Vehicles (Bahrain) Factory WLL ("Bahrain CIMC")*	Business entity	Bahrain	Bahrain	Vehicle equipment services	KWD 565,000	-	39.26%
82	CIMC MBS Hong Kong Limited ("MBS (HK)")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD50,000	-	100.00%
83	CIMC FORTUNE HOLDINGS LIMITED ("Fortune")	Business entity	Hong Kong, China	Hong Kong, China	Financial services	USD10,000,000	100.00%	-
84	Vanguard National Trailer Corporation ("Vanguard")	Business entity	USA	USA	Sales of vehicles	USD10	-	56.09%
85	CIMC TGE GAS INVESTMENT SA ("TGE SA")	Business entity	Luxembourg	Luxembourg	Investment holding	EUR50,000	-	60.00%
86	CIMC VEHICLES UK LIMITED ("Vehicles UK")	Business entity	UK	UK	Transport equipment	GBP 100	-	56.09%

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 business combinations involving enterprises under common control

(3) Subsidiaries acquired through business combinations involving enterprises not under common control

## (i) Domestic subsidiaries

	Name	Category	Registration		Business nature and operating scope	Registered 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	RMB122,750,000	-	40.09%
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	RMB348,180,000	-	40.53%
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	-	39.32%
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 parts and equipment	USD27,840,000	-	100.00%
5	Qingdao CIMC Reefer Container Manufacture Co., Ltd. ("QDCRC")	Business entity	Qingdao, Shandong	Qingdao, Shandong	Manufacture and sales of refrigeration and heat preservation device of reefer container, refrigerator car and heat preservation car; providing relevant services	USD86,850,000	-	100.00%
6	Shanghai CIMC Baowell Industries Co. Ltd. ("SBWI")	Business entity	Shanghai	Shanghai	Manufacture and sales of container as well as relevant technical advisory	USD28,500,000	-	94.74%

## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 business combinations involving enterprises not under common control (Continued)

##### (i) Domestic subsidiaries (Continued)

	Name	Category	Registration		Business nature and operating scope	Registered capital	Shareholding percentage	
			Place	Main Premises			Direct	Indirect
7	CIMC Vehicles (Shandong) Co., Ltd. ("Shandong Vehicles")*	Business entity	Zhangjiu, Shandong	Zhangjiu, Shandong	Development and manufacture of special-use cars and other series products	USD18,930,100	-	48.80%
8	Qingdao Lida Chemical Co., Ltd. ("Qingdao Lida Chemical")	Business entity	Qingdao, Shandong	Shandong	Manufacture and sales of sealant products, processing and sales of rubber parts, plastic parts and waterborne coatings	RMB30,000,000	-	53.06%
9	Qingdao CIMC New Material Co., Ltd. ("Qingdao Xincai")	Business entity	Qingdao, Shandong	Shandong	Manufacture and sales of rubber and plastic parts, and metal construction and research and development of container parts	RMB22,800,000	-	69.82%
10	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	USD4,500,000	-	43.89%
11	Yangzhou Tonglee Reefer Container Co., Ltd. ("TLC")	Business entity	Yangzhou, Jiangsu	Yangzhou, Jiangsu	Manufacture and sales of reefer container and special container; providing relevant technical advisory and maintenance service	RMB236,920,000	-	75.00%
12	CIMC Wetrans Logistics Management Co., Ltd. ("Wetrans Logistics Management") (Former name: Zhenhua Logistics Group Co., Ltd.)	Business entity	Tianjin	Tianjin	Container and cargo distribution, freight and repair in the Tianjin Port	USD51,960,000	-	62.70%
13	Senju (Jiangmen) Technology Materials Co., Ltd. ("Jiangmen Senju")	Business entity	Jiangmen, Guangdong	Jiangmen, Guangdong	Research and development, manufacturing and sales of environmentally friendly composite materials, metal matrix composite materials, metal layered composite materials	RMB66,980,000	-	53.28%

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 business combinations involving enterprises not under common control (Continued)

## (i) Domestic subsidiaries (Continued)

	Name	Category	Registration		Business nature and operating scope	Registered capital	Shareholding percentage	
			Place	Main Premises			Direct	Indirect
14	CIMC Wetrans Supply Chain Management (Tianjin) Co., Ltd. ("Wetrans Supply Chain Management") (Former name: Tianjin Zhenhua International Logistics Co. Ltd.)	Business entity	Tianjin	Tianjin	Non-vessel carrier, freight agent	RMB133,970,000	-	62.70%
15	Brigantine Services (Shenzhen) Co., Ltd. ("Shenzhen Brigantine")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Providing container and ship repair services and related technical consulting services	HKD7,500,000	-	43.89%
16	Brigantine Services (Shanghai) Co., Ltd. ("Shanghai Brigantine")	Business entity	Shanghai	Shanghai	Mechanical repair, maintenance services of container, ship and its parts	USD510,000	-	43.89%
17	C&C Trucks Marketing Service Co., Ltd. ("C&C Marketing Service")	Business entity	Wuhu, Anhui	Wuhu, Anhui	Sales and agency of various kinds of heavy truck special-use vehicles, engineering machinery, automobile chassis, engine and relevant components and parts	RMB500,000,000	-	73.89%
18	Wuhu 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	-	73.89%
19	Yantai CIMC Raffles offshore Ltd. ("CIMC Raffles")	Business entity	Yantai, Shandong	Yantai, Shandong	Construction of dock; design and production of ship; production and sales of pressure equipment and offshore oil platform	RMB7,482,070,000	-	79.61%

## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 business combinations involving enterprises not under common control (Continued)

##### (i) Domestic subsidiaries (Continued)

	Name	Category	Registration		Business nature and operating scope	Registered capital	Shareholding percentage	
			Place	Main Premises			Direct	Indirect
20	C&C Trucks Co., Ltd. (" <b>C&amp;C Trucks</b> ")	Business entity	Wuhu, Anhui	Wuhu, Anhui	Sales and agency of various kinds of heavy truck special-use vehicles, engineering machinery	RMB1,570,000,000	73.89%	-
21	Anhui Feicai (Group) Co., Ltd. (" <b>Anhui Feicai Group</b> ")	Business entity	Xuancheng, Anhui	Xuancheng, Anhui	Manufacture and sales of agricultural vehicles, agricultural machinery and relevant accessories	RMB158,000,000	-	73.89%
22	Yangzhou CIMC Tonghua Special Vehicles Co., Ltd. (" <b>YZTH</b> ")	Business entity	Yangzhou, Jiangsu	Yangzhou, Jiangsu	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series products	RMB434,300,000	-	56.09%
23	Yangzhou Taili Special Equipment Co., Ltd. (" <b>Yangzhou Taili</b> ")	Business entity	Yangzhou, Jiangsu	Yangzhou, Jiangsu	Manufacture, repair and sales of container	RMB70,000,000	-	100.00%
24	CIMC Wetrans International Supply Chain Co., Ltd. (" <b>Wetrans International Supply Chain</b> ") (Former name: CIMC ADS International Logistics Co., Ltd.)	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	International and domestic freight agency	RMB80,000,000	-	37.62%
25	CIMC Wetrans International Logistics Co., Ltd. (" <b>Wetrans International Logistics</b> ")* (Former name: CIMC Shichang International Logistics)	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	International and domestic freight agency	RMB65,000,000	-	62.70%
26	Shenzhen Guoneng Chentai Technology Co., Ltd. (" <b>Guoneng Chentai</b> ")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Research and development of products and materials in the energy field	RMB11,900,000	-	26.01%

## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 business combinations involving enterprises not under common control (Continued)

###### (i) Domestic subsidiaries (Continued)

	Name	Category	Registration		Business nature and operating scope	Registered capital	Shareholding percentage	
			Place	Main Premises			Direct	Indirect
27	Guangdong Haizhong New Energy Equipment Co., Ltd. (" <b>Haizhong New Energy</b> ")	Business entity	Dongguan, Guangdong	Dongguan, Guangdong	New energy equipment, automation machinery and spare parts	RMB28,110,000	-	55.00%
28	CIMC Wetrans Yalian International Logistics Co., Ltd. (" <b>CIMC Yalian</b> ")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	International and domestic freight agency	RMB40,200,000	-	42.01%
29	Albert Ziegler GmbH (" <b>Ziegler</b> ")	Business entity	Germany	Germany	Marine engineering design	EUR13,543,000	-	58.33%
30	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	SGD 594,417,000 and USD453,993,000	-	85.00%
31	Pteris Global Ltd (" <b>Pteris</b> ")	Business entity	Singapore	Singapore	Investment holding	SGD 104,781,000	-	58.33%
32	CIMC Enric Holdings Limited (" <b>Enric</b> ")	Business entity	Cayman Islands	Cayman Islands	Investment holding	HKD120,000,000	-	67.59%
33	CIMC-TianDa Holdings Company Limited (" <b>CIMC-TianDa</b> ")	Business entity	Cayman Islands	Cayman Islands	Investment holding	HKD166,380,000	-	58.33%
34	Brigantine International Holdings Limited (" <b>Brigantine International Holdings</b> ")	Business entity	Hong Kong	Hong Kong	Investment holding	HKD10,000,000	-	43.89%
35	Brigantine Services Limited (" <b>Hong Kong Brigantine Services</b> ")	Business entity	Hong Kong	Hong Kong	Container repair and renovation, container trade	HKD5,000,000	-	43.89%
36	CIMC Wetrans Zelian International Logistics (Hong Kong) Co., Ltd. (" <b>Zelian Hong Kong</b> ")	Business entity	Hong Kong	Hong Kong	International freight agency, non-vessel carrier business	USD1,600,000	-	37.62%

\* 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 XII

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 non-controlling interests

	Shareholding of non-controlling interests	Net loss or profit attributable to non-controlling interests in 2022	Dividends distributed to non-controlling interests in 2022 (i)	Grand total non-controlling interests as at 31 December 2022
Enric	32.41%	371,611	150,646	3,346,758
CIMC Vehicles	43.91%	486,544	240,643	6,237,173

(i) The dividends declared to be distributed to non-controlling interests in 2022 have been paid in current year.

Core financial information of aforementioned significant but not wholly-owned subsidiaries is as follows:

	31 December 2022					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Enric	16,655,137	5,559,337	22,214,474	10,535,736	2,151,231	12,686,967
CIMC Vehicles	14,673,353	7,543,877	22,217,230	8,128,159	728,590	8,856,749

	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

	2022			
	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Enric	19,601,761	1,084,938	996,466	2,561,009
CIMC Vehicles	23,620,612	1,113,607	1,314,509	1,153,908

	2021			
	Revenue	Net profit	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

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 transactions with non-controlling interests in current year

- (i) On 23 May 2022, Yantai Guofeng Group, a minority shareholder of Raffles Singapore, a subsidiary of the Group, purchased the 16.7% equity interest in Yantai CIMC Raffles Marine Technology Group Co., Ltd. ("**Ocean Technology Group**") held by the Group with a purchase consideration of RMB822,275,000 in cash, and the 16.53% equity interest in Yantai CIMC Raffles Shipbuilding Co., Ltd. held by the Group with a capital contribution of RMB12,725,000 and the difference between the purchase consideration and the carrying amount of the net assets of the transferred equity was recognised in capital reserve, with an amount of RMB306,620,000.
- (ii) In 2022, CIMC Transpack Technology Co, Ltd.. ("**CIMC Transpack Technology**"), a subsidiary of the Group, introduced strategic investors in way of capital increase and share increase, and the investors agreed to increase the capital in CIMC Transpack Technology by entering into an investment agreement and a shareholders' agreement. First round of capital increase: On 14 February 2022, HUSM XVI HK Holdings Limited ("**Hillhouse**") contributed RMB350,000,000. On 14 April 2022, Shenzhen Yuanzhi Venture Investment Co., Ltd. ("**Yuanzhi Venture Investment**") paid RMB42,000,000. Shenzhen Yuanzhi Ruixin Smart Airport Logistics Industry Private Equity Investment Fund Partnership (Limited Partnership) ("**Yuanzhi Ruixin**") paid RMB117,880,000 and Shenzhen Xinfuhui No. 15 Investment Partnership (Limited Partnership) ("**Xinfuhui No. 15**") paid RMB4,620,000. The total amount was RMB164,500,000 used to subscribe for the newly increased registered capital of CIMC Transpack Technology. Second round of capital increase: On 29 August 2022, HSUM increased capital by RMB150,000,000. Yuanzhi Venture Investment and Yuanzhi Ruixin increased a total of RMB70,500,000 and Xinfuhui No. 15 increased RMB50,520,000. After the completion of the two second round of capital increases, the equity of CIMC Transpack Technology held by the Group decreased from 67.33% to 63.58%, and the difference between the purchase consideration and the carrying amount of the net assets of the equity transferred by CIMC Transpack Technology was recognised in capital reserve, with an amount of RMB236,275,000.
- (iii) On 21 March 2022, CIMC Group, Shenzhen CIMC Investment Co., Ltd. (hereinafter "**CIMC Investment**"), Shanghai International Port (Group) Co., Ltd. (hereinafter "**SIPG**"), Shanghai Yinshan Zhineng Enterprise Management Partnership (Limited Partnership) (hereinafter "**Shanghai Yinshan**"), Jizhi Gongchuang and CIMC Wetrans signed an Investment Agreement, which stipulates that CIMC Group, CIMC Investment, SIPG, and Shanghai Yinshan shall purchase the 177,593,000 shares, 127,101,000 shares, 208,933,000 shares and 139,288,000 shares issued by the Company at RMB1.9941/share, respectively. The difference between the purchase consideration and the carrying amount of the net assets of the equity transferred by CIMC Transpack Technology was recognised in capital reserve, with an amount of RMB92,748,000.
- (iv) During current year, the Group purchased minority equity, reducing its capital reserve by RMB448,001,000, which was mainly the 40% minority equity in CIMC Wetrans International Logistics Co., Ltd., offsetting capital reserve by RMB162,471,000; 33% minority equity in Neptune Supply Chain Technology (Shanghai) Co., Ltd., offsetting capital reserve by RMB161,147,000; 9.09% minority equity in Dongguan CIMC Xiaofeiyu Logistics Technology Co., Ltd., increasing capital reserve by RMB1,304,000, and 3.83% minority equity in C&C Trucks, offsetting capital reserve by RMB114,909,000.

CHAPTER XII

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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>						
Yantai Jinghai Ocean Fishery Co., Ltd.	Yantai, Shandong	Yantai, Shandong	Aquaculture, processing	Yes	-	42.11%
<b>Associates -</b>						
CIMC Industry & City	Shenzhen, Guangdong	Shenzhen, Guangdong	Real estate	Yes	-	34.44%-62.14%
CIMC CAPITAL Ltd.	Shenzhen, Guangdong	Shenzhen, Guangdong	Financing lease	No	-	45.43%

The equity mentioned above is measured by equity method.

#### (2) Core financial information of major joint venture

	<b>Yantai Jinghai Ocean Fishery Co., Ltd.</b>	
	<b>31 December 2022</b>	31 December 2021
Cash and cash equivalents	<b>191,680</b>	227,066
Other current assets	<b>167,496</b>	80,416
Total current assets	<b>359,176</b>	307,482
Total non-current assets	<b>606,945</b>	337,217
Total assets	<b>966,121</b>	644,699
Current liabilities	<b>269,633</b>	56,397
Non-current liabilities	<b>297,223</b>	173,133
Total liabilities	<b>566,856</b>	229,530
Non-controlling interests	<b>47,882</b>	-
Total equity attributable to shareholders of the Company	<b>351,383</b>	415,169
Shareholding ratio	<b>42.11%</b>	42.11%
Net assets proportion calculated by shareholding ratio (i)	<b>147,950</b>	174,807
Carrying amount of equity investment in the joint ventures	<b>147,950</b>	174,807

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 (Continued)

	Yantai Jinghai Ocean Fishery Co., Ltd.	
	2022	2021
Revenue	28,159	1,859
Financial expenses	6,709	2,976
Income tax expenses	(54)	–
Net loss	(67,157)	(20,862)
Other comprehensive income	–	–
Total comprehensive income	(67,157)	(20,862)
Dividends received from the joint ventures in current year	–	–

## (3) Core financial information of major associates

	CIMC Industry & City	
	31 December 2022	31 December 2021
Cash and cash equivalents	1,927,228	1,729,448
Other current assets	24,870,283	24,529,626
Total current assets	26,797,511	26,259,074
Total non-current assets	16,385,229	14,270,978
Total assets	43,182,740	40,530,052
Current liabilities	12,079,404	14,872,698
Non-current liabilities	20,405,749	15,975,950
Total liabilities	32,485,153	30,848,648



## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 CAPITAL</b>
	<b>31 December 2022</b>
Cash and cash equivalents	1,326,105
Other current assets	5,811,099
Total current assets	7,137,204
Total non-current assets	15,010,099
Total assets	22,147,303
Current liabilities	6,914,065
Total liabilities	17,259,906

	<b>CIMC CAPITAL</b>
	<b>31 December 2022</b>
Non-controlling interests	668,973
Total equity attributable to shareholders of the Company	4,218,424
Adjustments according to fair value of identifiable net assets and goodwill	–
Total equity attributable to shareholders of the Company (adjusted)	4,218,424
Shareholding ratio	45.43%
Net assets proportion calculated by shareholding ratio (i)	1,916,430
Carrying amount of equity investment in the associates	1,943,558

	<b>CIMC CAPITAL</b>
	<b>From June to December 2022</b>
Revenue	916,698
Net profit	166,724
Other comprehensive income	281,603
Total comprehensive income	448,327
Dividends received from the associates in current year	–

## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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)

- (i) The Group calculated the portion of net 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.

#### (4) Summary of information of insignificant associates and joint ventures

	2022	2021
Joint ventures:		
Total carrying amount of investments on 31 December 2022	<b>510,623</b>	861,483
Sub-total amount of the following items calculated based on the Group's equity proportion in joint ventures		
Net profit (i)	<b>(38,353)</b>	26,135
Other comprehensive income (i)	-	-
Total comprehensive income	<b>(38,353)</b>	26,135
Associates:		
Total carrying amount of investments on 31 December 2022	<b>1,513,980</b>	794,955
Sub-total amount of the following items calculated based on the Group's equity proportion in associates		
Net profit (i)	<b>5,166</b>	25,668
Other comprehensive income (i)	<b>3,342</b>	(288)
Total comprehensive income	<b>8,508</b>	25,380

- (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 were no excess deficit of associates or joint ventures in 2022.

## VII. EQUITY OF THE STRUCTURED BODY NOT INCLUDED IN THE CONSOLIDATION SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS

There is no equity of the structured body not included in the consolidation scope of the consolidated financial statements.

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 Premises	Registration Place	Nature of business	Strategic for the Group or not	Shareholding percentage – Direct	Shareholding percentage – Indirect
Joint ventures –						
Jiangsu Wanjing Technology Co., Ltd. (“ <b>Jiangsu Wanjing</b> ”)	Zhenjiang	Zhenjiang	Research and development of components	No	–	23.99%
Qingdao Jiefeng Baijian Container Maintenance Co., Ltd. (“ <b>Qingdao Jiefeng</b> ”)	Shandong	Shandong	Container services	No	–	21.94%
Y&C Engine Co., Ltd. (“ <b>Y&amp;C Engine</b> ”)	Anhui	Anhui	Manufacturing	No	–	36.94%
Shenzhen Xinghuo Chelian Technology Co., Ltd. (“ <b>Xinghuo Chelian</b> ”)	Shenzhen	Shenzhen	Computer services	No	–	15.62%
Kawasaki Zhenghua Logistics (Tianjin) Co., Ltd. (“ <b>Kawasaki Zhenhua (Tianjin)</b> ”)	Tianjin	Tianjin	Storage and logistics	No	–	31.98%
NYK Zhenhua logistics (Tianjin) Co. Ltd. (“ <b>NKY Zhenhua (Tianjin)</b> ”)	Tianjin	Tianjin	International freight	No	–	31.98%
Angang CIMC (Yingkou) New Energy Technology Co., Ltd. (“ <b>AnSteel CIMC</b> ”)	Liaoning	Liaoning	Technology promotion and application services	No	–	50.00%



CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 Premises	Registration Place	Nature of business	Strategic Group or not	Shareholding percentage - Direct	Shareholding percentage - Indirect
Associates –						
Beijing Boxcool Exhibition Co., Ltd. (“ <b>Boxcool</b> ”)	Beijing	Beijing	Culture services	No	–	20.00%
Chengdu To Communication Equipment Co., Ltd. (“ <b>Chengdu To</b> ”)	Sichuan	Sichuan	Communication services	No	–	20.00%
Dafei Lutong (Tianjin) Logistics Co., Ltd. (“ <b>Dafei Lutong (Tianjin)</b> ”)	Tianjin	Tianjin	Road freight transportation	No	–	31.98%
Dali Bohai Precious Metal Technology Co., Ltd. (“ <b>Dali Bohai</b> ”)	Yunnan	Yunnan	Metal technology	Yes	–	13.52%
CIMC Ocean En-Tech Technology Holdings CO., Ltd. (“ <b>CIMC</b> ”) (i)	Huston	Huston	Onshore and offshore drilling platform operations	Yes	–	6.05%
Nantong New Atlantic Forest Industry Ltd. (“ <b>Nantong New Atlantic</b> ”)	Shanghai	Shanghai	Environmental protection board services	No	–	20.00%
Ningbo Beilun Donghua Container Service Co., Ltd. (“ <b>Ningbo Beilun</b> ”)	Ningbo	Ningbo	Container services	No	–	13.17%
Ningbo Mediterranean Container Yard Co., Ltd. (“ <b>Ningbo Mediterranean</b> ”)	Ningbo	Ningbo	Container services	No	–	30.72%

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 Premises	Registration Place	Nature of business	Strategic for the Group or not	Shareholding percentage - Direct	Shareholding percentage - Indirect
Fujian Qingchen Bamboo Industry Co., Ltd. (" <b>Qingchen Bamboo Industry</b> ")	Fujian	Fujian	Bamboo industry	No	-	22.74%
Qingdao Port International Trade Logistics Ltd. (" <b>Qingdao Ganglianhua</b> ")	Qingdao	Qingdao	International freight	No	-	25.08%
Senju (Shanghai) International Trade Co., Ltd. (" <b>Senju (Shanghai)</b> ")	Shanghai	Shanghai	International trade	No	-	16.74%
Shitie Special Goods (Beijing) International Logistics Co., Ltd. (" <b>Shitie Special Goods</b> ")	Beijing	Beijing	International freight	No	-	12.54%
Tianzhu (Shanghai) International Freight Agency Co., Ltd. (" <b>Tianzhu International</b> ")	Shanghai	Shanghai	International freight	No	-	18.81%
Xuzhou Lugang Shilianda Logistics Development Co., Ltd. (" <b>Xuzhou Lugang Shilianda</b> ")	Xuzhou	Xuzhou	International freight	No	-	20.58%
Yantai Youtai Environmental Protection Technology Co., Ltd. (" <b>Yantai Youtai</b> ")	Shandong	Shandong	Environmental protection technology	No	-	23.91%

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 Premises	Registration Place	Nature of business	Strategic for the Group or not	Shareholding percentage - Direct	Shareholding percentage - Indirect
Yichuan Tianyun Clean Energy Co., Ltd. ("Yichuan Tianyun")	Shaanxi	Shaanxi	Clean energy	No	-	29.06%
Nantong CIMC Yike New Material Development Co., Ltd. ("Yike New Material")	Nantong	Nantong	Development of new material	No	-	35.00%
Sichuan Zhongyixinwei Energy Co., Ltd. ("Zhongyixinwei")	Sichuan	Sichuan	Clean energy	No	-	13.95%
OOS international B.V.	The Netherlands	The Netherlands	Offshore engineering investment	Yes	-	35.00%
LiHua Gas Storage and Transportation Co., Ltd. (Lihua Energy) ("LiHua Energy")	Hebei	Hebei	Energy and chemical industry	Yes	-	15.58%
Tianjin Binhai COSCO Container Logistics Co., Ltd. ("Binhai COSCO Container") (i)	Tianjin	Tianjin	Container services	Yes	-	3.76%
Guizhou Yinke Environmental Resources Co., Ltd. ("Guizhou Yinke")	Guizhou	Guizhou	Chemical energy	No	-	16.99%
Guangxi Southern CIMC Logistics Equipment Manufacturing Co., Ltd. ("Guangxi Southern Logistics")	Guangxi	Guangxi	Logistic equipment	No	-	44.50%

- (i) The Group's proportion of investments in CIMC and Binhai COSCO Container is relatively low, and such investments are both strategic holding investment. 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.17 for details.

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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
Changzhou Suhang Logistics Co., Ltd. (" <b>Changzhou Suhang</b> ")	Non-controlling interests of subsidiaries of the Group
Suzhou International Train Freight Co., Ltd. (" <b>International Train Freight</b> ")	Non-controlling interests of subsidiaries of the Group
SIPG Group and its subsidiaries*	Non-controlling interests of subsidiaries of the Group
Ningxia Yuanshan New Energy Group Co., Ltd. (" <b>Ningxia Yuanshan</b> ")	Non-controlling interests of subsidiaries of the Group
Japan Asahi Trading Co., Ltd. (" <b>Japan Asahi Trading</b> ")	Non-controlling interests of subsidiaries of the Group
Sumitomo Corporation	Non-controlling interests of subsidiaries of the Group
Dalian Gangjifa Logistics Co., Ltd. (" <b>Dalian Gangjifa</b> ")	Subsidiary of the Group's significant shareholder
Dalian Port Wantong Logistics Co., Ltd. (" <b>Dalian Port Wantong</b> ")	Subsidiary of the Group's significant shareholder
Dalian Hongyu Mansion Co., Ltd. (" <b>Dalian Hongyu</b> ")	Subsidiary of the Group's significant shareholder
Shenzhen Haixing Harbour Development Co., Ltd. (" <b>Haixing Harbour</b> ")	Subsidiary of the Group's significant shareholder
Ningbo Daxie China Merchants International Container Terminal Co., Ltd. (" <b>Ningbo Daxie Merchants</b> ")	Subsidiary of the Group's significant shareholder
China Merchants (Shenzhen) Daojiahui Technology Co., Ltd. (" <b>Shenzhen Merchants Daojiahui</b> ")	Subsidiary of the Group's significant shareholder
Shenzhen Capital and its subsidiaries	Subsidiary of the Group's significant shareholder
China Merchants Landmark (Shenzhen) Co., Ltd. (" <b>Merchants Landmark (Shenzhen)</b> ")	Subsidiary of the Group's significant shareholder
Merchants Port Service (Shenzhen) Co., Ltd. (" <b>Merchants Port Service (Shenzhen)</b> ")	Subsidiary of the Group's significant shareholder
Shenzhen Merchants Apartment Development Co., Ltd. (" <b>Merchants Apartment (Shenzhen)</b> ")	Subsidiary of the Group's significant shareholder
China Merchants Shenzhen Roro Shipping Company Limited (" <b>Merchants RORO Shipping</b> ")	Subsidiary of the Group's significant shareholder

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 (Continued)

Company Name	Connection relationship
Zhangzhou Development Zone Co., Ltd. (" <b>Economic Development Bureau of Zhangzhou</b> ")	Subsidiary of the Group's significant shareholder
China Merchants Shekou Industrial Zone Co., Ltd. (" <b>CMSK</b> ")	Subsidiary of the Group's significant shareholder
China Merchants Zhangzhou Development Zone Power Supply Co., Ltd.	Subsidiary of the Group's significant shareholder
Shenzhen Investment Promotion Real Estate Management Co., Ltd. (" <b>Investment Promotion Real Estate (Shenzhen)</b> ")	Subsidiary of the Group's significant shareholder
Yiu Lian Dockyards (zhoushan) Limited (" <b>Zhejiang Yiu Lian</b> ")	Subsidiary of the Group's significant shareholder
Sinotrans & CSC Holdings Co., Ltd. (" <b>Sinotrans &amp; CSC and its subsidiaries</b> ")	Subsidiary of the Group's significant shareholder
Sinotrans Container Lines Co., Ltd. (" <b>Sinotrans Container Lines and its subsidiaries</b> ")	Subsidiary of the Group's significant shareholder
Liaoning Port Group Co., Ltd. (" <b>Liaoning Port and its subsidiaries</b> ")	Subsidiary of the Group's significant shareholder
China Merchants Port Group Co., Ltd. (" <b>Merchants Port and its subsidiaries</b> ")	Subsidiary of the Group's significant shareholder
New Horizon Shipping UG	Subsidiary of the Group's significant shareholder
Shenzhen Shekou New Era Real Estate Management Co., Ltd.	Subsidiary of the Group's significant shareholder
Florens Asset Management (USA) Limited (" <b>Florens Asset</b> ")	Subsidiary of the Group's former significant shareholder
Wallem Shipping (China) Ltd. (" <b>Shanghai Wallem</b> ")	Subsidiary of the Group's former significant shareholder
COSCO South-China International Freight Co., Ltd. (" <b>South-China COSCO</b> ")	Subsidiary of the Group's former significant shareholder
COSCO Shipping Lines (Jiangsu) Co., Ltd. Nantong Branch (" <b>Jiangsu COSCO</b> ")	Subsidiary of the Group's former significant shareholder
COSCO Shipping Lines (Qingdao) Co., Ltd. Weifang Branch (" <b>Qingdao COSCO</b> ")	Subsidiary of the Group's former significant shareholder
COSCO Shipping Lines (Tianjin) Co., Ltd. (" <b>Tianjin COSCO</b> ")	Subsidiary of the Group's former significant shareholder

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 (Continued)

Company Name	Connection relationship
COSCO SHIPPING Logistics (Zhenjiang) Co., Ltd. (" <b>Zhenjiang COSCO</b> ")	Subsidiary of the Group's former significant shareholder
COSCO Shipping Lines Co., Ltd (" <b>COSCO Shipping Line</b> ")	Subsidiary of the Group's former significant shareholder
COSCO Shipping Specialized Carriers Co., Ltd. (" <b>COSCO Shipping Specialised Carriers</b> ")	Subsidiary of the Group's former significant shareholder
COSCO Kansai Paint&Chemicals (Shanghai) Co., Ltd. (" <b>COSCO Kansai Paint (Shanghai)</b> ")	Subsidiary of the Group's former significant shareholder
Orient International Container (Lianyungang) Co., Ltd. (" <b>Orient International (Lianyungang)</b> ")	Subsidiary of the Group's former significant shareholder
Hongxin Venture Workshop Investment Group Co., Ltd. (" <b>Hongxin Venture Workshop</b> ")	Subsidiary of the Group's former significant shareholder
Huanyu Oriental International Container (Ningbo) Co., Ltd. (" <b>Huanyu Oriental International (Ningbo)</b> ")	Subsidiary of the Group's former significant shareholder
Orient International Container (Jinzhou) Co., Ltd. (" <b>Orient International (Jinzhou)</b> ")	Subsidiary of the Group's former significant shareholder
Huanyu Oriental International Container (Qingdao) Co., Ltd. (" <b>Huanyu Oriental International (Qingdao)</b> ")	Subsidiary of the Group's former significant shareholder
Huanyu Oriental International Container (Qidong) Co., Ltd. (" <b>Huanyu Oriental International (Qidong)</b> ")	Subsidiary of the Group's former significant shareholder
Shanghai PAN-ASIA Shipping Co., Ltd. (" <b>Shanghai PAN-ASIA</b> ")	Subsidiary of the Group's former significant shareholder

\* SIPG became a minority shareholder of the subsidiaries of the Group on 31 March 2022 through investment in CIMC Wetrans (Note VI.1, (5)(iii)).

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 parties	2022	2021
– Purchase of goods		
Qingchen Bamboo Industry	<b>103,333</b>	–
Yike New Materials	<b>5,808</b>	3,936
Senju (Shanghai)	<b>4,173</b>	–
Shenzhen Merchants Daojiahui	<b>3,562</b>	–
China Merchants Port and its subsidiaries	<b>2,489</b>	–
Boxcool	<b>2,107</b>	–
Shenzhen Capital and its subsidiaries	<b>460</b>	–
Y&C Engine	<b>157</b>	187,369
CIMC CAPITAL Group	<b>7</b>	–
COSCO Kansai Paint (Shanghai)	–	102,883
Japan Asahi Trading	–	42,830
Guizhou Yinke	–	202
Xinghuo Chelian	–	414
Jiangsu Wanjing	–	59,497
Other related parties	<b>723</b>	2,738
	<b>122,819</b>	399,869

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 parties	2022	2021
– Receiving of services		
Sinotrans & CSC and its subsidiaries	<b>1,084,920</b>	1,300,369
COSCO Container	–	132,405
Shanghai Wallem	–	122,967
South-China COSCO	–	97,390
Jiangsu COSCO	–	101,873
Qingdao COSCO	–	91,043
Tianjin COSCO	–	86,560
Merchants Port Service (Shenzhen)	–	16,580
Dafei Lutong (Tianjin)	<b>31,933</b>	9,606
Shitie Special Goods	–	6,892
Binhai COSCO Container	<b>2,396</b>	1,507
Ningbo Mediterranean	<b>15,363</b>	18,245
Qingdao Port Lianhua	<b>19,067</b>	12,290
Tianzhu International	<b>1,208</b>	1,976
SIPG and its subsidiaries	<b>374,874</b>	–
International Train Freight	<b>109,310</b>	–
Xuzhou Lugang Shilianda	<b>8,397</b>	–
Qingchen Bamboo Industry	<b>8,359</b>	–
Liaoning Port and its subsidiaries	<b>15,209</b>	–
China Merchants Port and its subsidiaries	<b>8,983</b>	–
CIMC Industry & City and its subsidiaries	<b>612</b>	–
Sinotrans Container Lines and its subsidiaries	<b>3,152</b>	–
CIMC CAPITAL Group	<b>35,906</b>	255,946
Other related parties	<b>37,816</b>	664,495
	<b>1,757,505</b>	2,920,144



CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 parties	2022	2021
– Sales of goods		
Sinotrans Container Lines and its subsidiaries	93,983	–
CIMC CAPITAL Group	637,709	119,717
Yantai Jinghai	295,415	2,309
Shenzhen Capital and its subsidiaries	5,221	–
Sinotrans & CSC and its subsidiaries	7,494	45,327
Y&C Engine	–	8,357
Ningbo Mediterranean	5,218	270
CIMC Industry & City and its subsidiaries	2,359	–
NKY Zhenhua (Tianjin)	3,439	–
SIPG and its subsidiaries	4,139	–
Qingdao Jiefeng	1,057	–
Dafei Lutong (Tianjin)	792	–
China Merchants Port and its subsidiaries	654	–
Liaoning Port and its subsidiaries	185	–
Orient International (Lianyungang)	–	27,336
Guangxi South CIMC Logistics	–	10,234
Ningxia Yuanshan	–	3,584
Yichuan Tianyun	–	3,230
Guizhou Yinke	–	1,053
Sumitomo Corporation	–	101,957
Jiangsu Wanjing	–	13,730
Huanyu Oriental International (Ningbo)	–	13,116
Orient International (Jinzhou)	–	52,525
Huanyu Oriental International (Qingdao)	–	13,875
Huanyu Oriental International (Qidong)	–	43,583
Other related parties	1,866	4,150
	<b>1,059,531</b>	<b>464,353</b>

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 parties	2022	2021
– Rendering of services		
Tianzhu International	<b>101,972</b>	90,833
Sinotrans & CSC and its subsidiaries	<b>179,832</b>	174,654
NKY Zhenhua (Tianjin)	<b>33,154</b>	28,623
CAM CGM (Tianjin)	<b>30,135</b>	9,640
SIPG Group and its subsidiaries	<b>21,617</b>	–
Merchants RORO Shipping	<b>15,558</b>	–
Shenzhen Capital and its subsidiaries	<b>14,438</b>	–
Qingdao Port Lianhua	<b>12,234</b>	6,466
International Train Freight	<b>11,342</b>	65,236
Xuzhou Lugang Wetrans	<b>6,728</b>	–
Ningbo Mediterranean	<b>3,580</b>	5,000
Liaoning Port and its subsidiaries	<b>2,392</b>	–
CIMC Industry & City and its subsidiaries	<b>2,355</b>	–
Yichuan Tianyun	<b>1,438</b>	–
CIMC CAPITAL Group	<b>910</b>	–
COSCO Zhenjiang	–	184,960
Shanghai PAN-ASIA	–	20,124
Qingchen bamboo industry	–	3,870
Shitie Special Goods	–	4,174
COSCO Container	–	2,703
Other related parties	<b>68,563</b>	57,820
	<b>506,248</b>	654,103

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 recognised by the Group as the lessor in current year:

Lessee's name	Types of leased assets	2022	2021
Ocean En-Tech	Jack-up drilling platform	125,201	111,430
CMA CGM (Tianjin)	Container yard	8,293	–
NKY Zhenhua (Tianjin)	Container yard	1,303	–
Y&C Engine	Leasing of tangible movable property	1,233	–
Qingdao Ganglianhua	Container yard	–	4,676
COSCO Kansai Paint (Shanghai)	Stainless steel cone	–	5,359
		<b>136,030</b>	121,465

The financial lease income recognised by the Group as the lessor in current year:

Lessee's name	Types of leased assets	2022	2021
New Horizon Shipping UG	Ship	45,439	55,604
Zhongyi Xinwei	Energy equipment	354	775
		<b>45,793</b>	56,379

The Group's increased right-of-use assets as lessee in current year:

Lessor's name	Types of leased assets	2022	2021
CIMC Industry & City and its subsidiaries	Buildings	20,284	12,943
CMSK	Buildings	20,410	–
		<b>40,694</b>	12,943

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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)

Interest expenses on lease liabilities assumed by the Group as the lessee in current year:

Lessor's name	2022	2021
SIPG and its subsidiaries	1,536	–
Liaoning Port and its subsidiaries	1,108	–
CIMC Industry & City and its subsidiaries	999	285
	<b>3,643</b>	<b>285</b>

The short-term lease expenses recognised by the Group as the lessee in current year:

Lessor's name	2022	2021
Dalian Hongyu	659	–
CIMC Industry & City and its subsidiaries	92	1,319
Florens Asset	–	1,845
CMSK	–	1,789
Xinghuo Chelian	–	852
Other related parties	510	301
	<b>1,261</b>	<b>6,106</b>

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 parties	Amount	Starting date	Ending date	Interest income/ expenses recognised in 2022	Note
Financing provided					
CIMC Industry & City and its subsidiaries	354,279	24 August 2022	21 August 2024	14,736	Financing
		29 September 2022	22 December 2026		Financing
		27 March 2018	Repayment date not fixed		Financing
Ningxia Yuanshan	60,510	18 June 2021	Repayment date not fixed	-	Financing
		31 March 2019	Repayment date not fixed		
'K' Line Zhenhua (Tianjin)	5,893	17 August 2022	28 November 2023	226	Financing
NKY Zhenhua (Tianjin)	9,318	29 September 2022	20 December 2025	69	Financing
	430,000				

#### (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	1,300,000	1 January 2022	8 December 2023	No
CIMC CAPITAL Group	4,800,000	1 January 2022	30 April 2026	No

#### (6) Loans provided by the Group to key management personnel

As at 31 December 2022, the Group had no loans to key management personnel (31 December 2021: Nil).

## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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) Account receivables

As at 31 December 2022, account receivables from related parties were analysed as follows:

Company name	Relationship with the Group	31 December 2022			31 December 2021		
		Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Yantai Jinghai	Joint venture	204,058	0.92%	82	–	–	–
Sinotrans Container Lines and its subsidiaries	Subsidiary of significant shareholder	106,187	0.48%	42	–	–	–
CIMC CAPITAL Group	Associate	54,339	0.24%	22	–	–	–
CIMC Industry & City and its subsidiaries	Associate	54,238	0.24%	22	10,124	0.04%	4
Yichuan Tianyun	Associate	41,057	0.18%	16	48,027	0.19%	19
Ocean En-Tech	Associate	40,925	0.18%	16	–	–	–
Sinotrans & CSC and its subsidiaries	Subsidiary of significant shareholder	22,228	0.10%	9	–	–	–
SIPG and its subsidiaries	Non-controlling interests of subsidiaries	15,503	0.07%	6	–	–	–
Dali Bohai	Associate	9,415	0.04%	4	–	–	–
Shenzhen Capital and its subsidiaries	Subsidiary of significant shareholder	8,518	0.04%	3	4,830	0.02%	–
NKY Zhenhua (Tianjin)	Joint venture	7,668	0.03%	3	5,558	0.02%	2
Tianzhu International	Associate	6,320	0.03%	3	6,746	0.03%	3
Dafei Lutong (Tianjin)	Associate	4,219	0.02%	2	8,381	0.03%	3
Liaoning Port and its subsidiaries	Subsidiary of significant shareholder	138	–	–	–	–	–
Ningbo Beilun	Associate	235	–	–	304	–	–
Shitie Special Goods	Associate	20	–	–	3,146	0.01%	–
Guangxi South CIMC Logistics	Former associate	–	–	–	11,389	0.04%	5
Jiangsu Wanjing	Joint venture	–	–	–	9,522	0.04%	4
COSCO Zhenjiang	Subsidiary of former significant shareholder	–	–	–	19,708	0.08%	8
COSCO Container	Subsidiary of former significant shareholder	–	–	–	112	–	–
Other related parties		10,984	0.11%	4	14,780	0.06%	9
		586,052	2.69%	234	142,627	0.56%	57

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 2022, other receivables from related parties were analysed as follows:

Company name	Relationship with the Group	31 December 2022				31 December 2021			
		Amount	Nature	% of total balance	Provision for bad debts	Amount	Nature	% of total balance	Provision for bad debts
CIMC Industry & City and its subsidiaries	Associate	354,279	Financing	10.89%	-	347,098	Financing	7.26%	-
CIMC Industry & City and its subsidiaries	Associate	136,036	Daily transfer	4.18%	-	415,368	Dividends receivable	8.69%	-
Ningxia Yuanshan	Non-controlling interests of subsidiaries	60,510	Financing	1.86%	39,636	60,549	Financing	1.27%	39,636
NKY Zhenhua (Tianjin)	Joint venture	9,318	Financing	0.29%	-	-	-	-	-
'K' Line Zhenhua (Tianjin)	Joint venture	5,893	Financing	0.18%	-	3,188	Financing	0.07%	-
SIPG and its subsidiaries	Non-controlling interests of subsidiaries	3,860	Daily transfer	0.12%	-	-	-	-	-
Sinotrans & CSC and its subsidiaries	Subsidiary of significant shareholder	3,716	Daily transfer	0.11%	-	-	-	-	-
Dafei Lutong (Tianjin)	Associate	3,153	Daily transfer	0.10%	-	3,601	Daily transfer	0.08%	-
CIMC CAPITAL Group	Associate	1,600	Daily transfer	0.05%	-	-	-	-	-

## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 (Continued)

As at 31 December 2022, other receivables from related parties were analysed as follows: (Continued)

Company name	Relationship with the Group	31 December 2022				31 December 2021			
		Amount	Nature	% of total balance	Provision for bad debts	Amount	Nature	% of total balance	Provision for bad debts
China Merchants Port and its subsidiaries	Subsidiary of significant shareholder	1,583	Daily transfer	0.05%	-	-	-	-	-
Liaoning Port Co., Ltd. and its subsidiaries	Subsidiary of significant shareholder	1,438	Daily transfer	0.04%	-	-	-	-	-
Sinotrans Container Lines and its subsidiaries	Subsidiary of significant shareholder	530	Daily transfer	0.02%	-	-	-	-	-
Ansteel CIMC	Joint venture	-	Financing	0.00%	-	10,000	Financing	0.21%	-
Chongqing Vehicle Test Research Institute	Subsidiary of significant shareholder	-	Daily transfer	0.00%	-	4,298	Financing	0.09%	-
Other related parties	Associate	5,759	Daily transfer	0.18%	-	5,348	-	0.11%	-
		<b>587,675</b>		<b>18.07%</b>	<b>39,636</b>	<b>849,450</b>		<b>17.78%</b>	<b>39,636</b>



CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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) Advance to suppliers

Advances to related parties are analysed as follows:

Company name	Relationship with the Group	31 December 2022			31 December 2021		
		Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Sinotrans & CSC and its subsidiaries	Subsidiary of significant shareholder	11,795	0.20%	-	-	-	-
SIPG and its subsidiaries	Non-controlling interests of subsidiaries	1,293	0.02%	-	-	-	-
China Merchants (Zhangzhou)	Subsidiary of significant shareholder	1,203	0.02%	-	-	-	-
Sinotrans Container Lines and its subsidiaries	Subsidiary of significant shareholder	861	0.01%	-	-	-	-
Changzhou Suhang	Non-controlling interests of subsidiaries	181	-	-	226	0.01%	-
CIMC CAPITAL Group	Associate	90	-	-	-	-	-
Binhai COSCO Container	Associate	82	-	-	49,925	1.43%	-
China Merchants Port and its subsidiaries	Subsidiary of significant shareholder	77	-	-	-	-	-
CIMC Industry & City and its subsidiaries	Associate	48	-	-	-	-	-
Liaoning Port and its subsidiaries	Subsidiary of significant shareholder	46	-	-	-	-	-
Japan Asahi Trading	Non-controlling interests of subsidiaries	-	-	-	18,315	0.53%	-
COSCO Shipping Specialised Carriers	Subsidiary of former significant shareholder	-	-	-	4,478	0.13%	-
Other related parties		667	-	-	5,579	0.16%	-
		<b>16,343</b>	<b>0.25%</b>	<b>-</b>	<b>78,523</b>	<b>2.26%</b>	<b>-</b>

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 2022, 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 2022	31 December 2021
Lihua Energy	Associate	–	170,105
Hongxin Venture Workshop Investment Group Co., Ltd. (“ <b>Hongxin Venture Workshop</b> ”)	Non-controlling interests of subsidiaries	–	61,178
New Horizon Shipping UG	Joint venture	–	15,583
Zhongyi Xinwei	Associate	–	3,423
		–	250,289

## (5) Long-term receivables

Company name	Relationship with the Group	31 December 2022	31 December 2021
New Horizon Shipping UG	Joint venture	–	483,449
Zhongyi Xinwei	Associate	–	3,655
		–	487,104

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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) Account payables

As at 31 December 2022, account payables owed to related parties were as follows:

Company name	Relationship with the Group	31 December 2022		31 December 2021	
		Amount	% of total balance	Amount	% of total balance
Sinotrans & CSC and its subsidiaries	Subsidiary of significant shareholder	49,457	0.30%	54,448	0.31%
CIMC CAPITAL Group	Associate	42,218	0.25%	104,027	0.59%
SIPG and its subsidiaries	Non-controlling interests of subsidiaries	42,191	0.25%	-	-
Y&C Engine	Joint venture	18,177	0.11%	83,776	0.48%
Qingchen bamboo industry	Associate	10,697	0.06%	-	-
Yantai Utex	Associate	9,740	0.06%	-	-
Nantong Xinyang	Associate	5,796	0.03%	-	-
Qingdao Ganglianhua	Associate	5,555	0.03%	435	-
Liaoning Port and its subsidiaries	Subsidiary of significant shareholder	4,910	0.03%	-	-
Dafei Lutong (Tianjin)	Associate	3,423	0.02%	-	-
Jiangsu Wanjing	Joint venture	2,478	0.01%	3,505	0.02%
Ningbo Mediterranean	Associate	2,345	0.01%	3,560	0.02%
Boxcool	Associate	2,190	0.01%	-	-
Xuzhou Lugang Wetrans	Associate	2,138	0.01%	-	-

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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) Account payables (Continued)

As at 31 December 2022, account payables owed to related parties were as follows: (Continued)

Company name	Relationship with the Group	31 December 2022		31 December 2021	
		Amount	% of total balance	Amount	% of total balance
China Merchants Port and its subsidiaries	Subsidiary of significant shareholder	2,035	0.01%	-	-
Sinotrans Container Lines and its subsidiaries	Subsidiary of significant shareholder	385	-	-	-
CIMC Industry & City and its subsidiaries	Associate	168	-	101,048	0.58%
Shitie Special Goods	Associate	-	-	6,714	0.04%
Tianzhu International	Associate	573	-	11	-
Ocean En-Tech	Associate	-	-	2,559	0.01%
Florens Asset	Subsidiary of former significant shareholder	-	-	1,379	0.01%
Yike New Materials	Associate	1,844	0.01%	827	-
Other related parties		11,678	0.07%	46,240	0.26%
		217,998	1.27%	408,529	2.32%

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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	Relationship with the Group	31 December 2022		31 December 2021	
		Amount	% of total balance	Amount	% of total balance
CIMC Industry & City and its subsidiaries	Associate	351,557	5.01%	2,491	0.03%
CIMC CAPITAL Group	Associate	233,127	3.32%	–	–
Zhongyi Xinwei	Associate	31,931	0.46%	1,740	0.02%
Goke Yunji	Associate	19,857	0.28%	–	–
OOS INTERNATIONAL B.V.	Associate	4,422	0.06%	–	–
Sinotrans & CSC and its subsidiaries	Subsidiary of significant shareholder	4,182	0.06%	1,014	0.01%
Ningbo Mediterranean	Associate	7,000	0.10%	4,000	0.04%
SIPG and its subsidiaries	Non-controlling interests of subsidiaries	2,521	0.04%	–	–
Chengdu Eldoroute	Associate	1,250	0.02%	–	–
Yike New Materials	Associate	644	0.01%	–	–
Y&C Engine	Joint venture	500	0.01%	100	–
China Merchants Port and its subsidiaries	Subsidiary of significant shareholder	246	–	–	–
Shenzhen Capital and its subsidiaries	Subsidiary of significant shareholder	46	–	1,469,467	15.66%
Lihua Energy	Associate	–	–	33,605	0.36%
NKY Zhenhua (Tianjin)	Joint venture	1	–	1,516	0.02%
Other related parties		2,136	0.03%	184	–
		<b>659,420</b>	<b>9.40%</b>	<b>1,514,117</b>	<b>16.14%</b>

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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)

## (8) Contract liabilities

As at 31 December 2022, contract liabilities owed to related parties were as follows:

Company name	Relationship with the Group	31 December 2022		31 December 2021	
		Amount	% of total balance	Amount	% of total balance
CIMC CAPITAL Group	Associate	37,671	0.31%	-	-
CIMC Industry & City and its subsidiaries	Associate	3,547	0.03%	-	-
Shenzhen Capital and its subsidiaries	Subsidiary of significant shareholder	791	0.01%	77	0.00%
NKY Zhenhua (Tianjin)	Joint venture	642	0.01%	-	-
Sinotrans & CSC and its subsidiaries	Subsidiary of significant shareholder	341	0.00%	-	-
Liaoning Port and its subsidiaries	Subsidiary of significant shareholder	252	0.00%	-	-
China Merchants Port and its subsidiaries	Subsidiary of significant shareholder	207	0.00%	-	-
SIPG and its subsidiaries	Non-controlling interests of subsidiaries	193	0.00%	-	-
Other related parties		132	0.00%	-	-
		43,776	0.36%	77	0.00%

## 7. Commitments of related parties

As at 31 December 2022, there were no commitments in relation to related parties contracted for but not yet necessary to be recognised on the balance sheet by the Group.

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 8. Benefits and significant interests of directors and senior management personnel

- (1) Share options and shares are granted to some key management personnel under share option plan, restricted share incentive plan, CIMC Safe Tech Award Scheme and CLPT Award Scheme of Enric (the Company' subsidiary) and share incentive plan of CIMC TianDa (the Company' subsidiary). As at 31 December 2022, the number and proportion of outstanding share options and shares in the corresponding company were as follows:

Name	Position	Enric and its subsidiaries						CIMC TianDa			
		Share option plan		Restricted share incentive plan		CIMC Safe Tech Award Scheme		CLPT Award Scheme		Share incentive plan	
		Number (10 thousand)	%	Number (10 thousand)	%	Number (10 thousand)	%	Number (10 thousand)	%	Number (10 thousand)	%
Gao Xiang	Chairman	40.00	0.02%	120.00	0.06%	170.00	0.33%	433.33	0.63%	-	-
Yu Yuqun	Vice Chairman	30.00	0.02%	80.00	0.04%	68.00	0.13%	-	-	9.40	0.02%
Zeng Han	Senior management personnel	-	-	60.00	0.03%	68.00	0.13%	72.22	0.10%	9.40	0.02%
Li Yinhui	Senior management personnel	-	-	-	-	-	-	-	-	18.80	0.05%
Total		70.00	0.04%	260.00	0.13%	306.00	0.59%	505.55	0.73%	37.60	0.09%

For detailed information for fair value of the granted share options aforesaid, please refer to Note IX.

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

## 8. Benefits and significant interests of directors and senior management personnel (Continued)

## (2) Emoluments of the directors, supervisors and senior management personnel of the Company

Emoluments of the directors, supervisors and senior management personnel for the year ended 31 December 2022 were 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	-	3,600	85	9,394	396	13,475	
Hu Xianfu	-	-	-	-	-	-	
Zhu Zhiqiang	-	-	-	-	-	-	
Kong Guoliang	Note (i)	-	-	-	-	-	
Deng Weidong	-	-	-	-	-	-	
Ming Dong	Note (ii)	-	-	-	-	-	
He Jiale	Note (iii)	120	-	-	-	120	
Pan Zhengqi	Note (iii)	120	-	-	-	120	
Yang Xiong	Note (iv)	123	-	-	-	123	
Zhang Guanghua	Note (iv)	123	-	-	-	123	
Sun Huirong	Note (v)	-	-	-	-	-	
Lui Fung Mei Yee, Mabel		240	-	-	-	240	
Sub-total		726	3,600	85	9,394	396	14,201

Note (i): On 28 June 2022, Mr. Kong Guoliang was elected as a non-executive director of the Board of Directors and on 23 September 2022, Mr. Kong Guoliang resigned due to job change.

Note (ii): On 4 July 2022, Mr. Ming Dong resigned as a non-executive director of the Company due to work arrangement.

Note (iii): On 28 June 2022, the term of office of the ninth Board of Directors of the Company expired, and Mr. He Jiale and Mr. Pan Zhengqi ceased to serve as independent non-executive directors of the Company due to the expiry of their terms of office.

Note (iv): On 28 June 2022, Mr. Yang Xiong and Mr. Zhang Guanghua were elected as independent non-executive directors of the tenth Board of Directors according to the resolutions of the annual general meeting of the Company in 2021.

Note (v): On 14 November 2022, Mr. Sun Huirong was elected as a non-executive director of the tenth Board of Directors according to the resolution of the third extraordinary general meeting of the Company in 2022.



CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 8. Benefits and significant interests of directors and senior management personnel (Continued)

#### (2) Emoluments of the directors, supervisors and senior management personnel of the Company (Continued)

Emoluments of the directors, supervisors and senior management personnel for the year ended 31 December 2022 were 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>						
Lou Dongyang		-	-	-	-	-
Xiong Bo	Note (vi)	-	111	-	534	645
Shi Lan		-	-	-	-	-
Ma Tianfei	Note (vii)	-	418	64	-	503
Sub-total		-	529	64	534	1,148

Note (vi): On 28 June 2022, the term of office of the ninth Board of Supervisors of the Company expired, and Mr. Xiong Bo ceased to serve as a supervisor representing the employees of the Company due to the expiry of his term of office.

Note (vii): On 28 June 2022, Mr. Ma Tianfei was elected as a supervisor representing the employees of the tenth Board of Supervisors according to the resolution of the general meeting of employees.

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

## 8. Benefits and significant interests of directors and senior management personnel (Continued)

## (2) Emoluments of the directors, supervisors and senior management personnel of the Company (Continued)

Emoluments of the directors, supervisors and senior management personnel for the year ended 31 December 2022 were 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 management personnel –</b>						
Gao Xiang	–	2,164	153	4,025	40	6,382
Li Yinhui	–	1,675	228	3,157	40	5,100
Huang Tianhua	–	1,660	153	4,122	40	5,975
Yu Yuqun	–	1,623	86	3,390	40	5,139
Zeng Han	–	1,444	153	2,316	40	3,953
Wu Sanqiang	–	1,210	149	2,196	40	3,595
Sub-total	–	9,776	922	19,206	240	30,144
Total	726	13,905	1,071	29,134	657	45,493

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 8. Benefits and significant interests of directors and senior management personnel (Continued)

#### (2) Emoluments of the directors, supervisors and senior management personnel of the Company (Continued)

Emoluments of the directors, supervisors and senior management personnel for the year ended 31 December 2021 were 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 Zhiqiang	Note (ii)	-	-	-	-	-
Kong Guoliang	Note (ii)	-	-	-	-	-
Ming Dong	-	-	-	-	-	-
Gao Xiang	Note (iii)	-	1,804	129	4,436	6,405
He Jiale	240	-	-	-	-	240
Pan Zhengqi	240	-	-	-	-	240
Lui Fung Mei Yee, Mabel	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 ninth Board of Directors and a member of the Strategy Committee of the Board of Directors of the Company due to job change. After Mr. Liu Chong resigned from the above positions of the Company, Mr. Liu Chong will not serve in the Company.

Note (ii): On 7 April 2021, Mr. Zhu Zhiqiang was elected as the director of the ninth Board of Directors and Mr. Kong Guoliang 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 as the president of the Company and subsidiaries of the Company remains unchanged.

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

## 8. Benefits and significant interests of directors and senior management personnel (Continued)

## (2) Emoluments of the directors, supervisors and senior management personnel of the Company (Continued)

Emoluments of the directors, supervisors and senior management personnel for the year ended 31 December 2021 were 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)	-	-	-	-	-
Sub-total		-	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 change. 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 according to the resolution of the second extraordinary general meeting of the Company in 2021.

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 8. Benefits and significant interests of directors and senior management personnel (Continued)

#### (2) Emoluments of the directors, supervisors and senior management personnel of the Company (Continued)

Emoluments of the directors, supervisors and senior management personnel for the year ended 31 December 2021 were 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 management personnel –</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 XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

**VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)****8. Benefits and significant interests of directors and senior management personnel (Continued)****(2) Emoluments of the directors, supervisors and senior management personnel of the Company (Continued)**

Other benefits mainly consist of housing funds, pensions, medical insurance, etc.

**(3) Termination benefits for directors**

In 2022, there was no compensation for directors with terminated appointment from the Company and the subsidiaries (2021: Nil).

**(4) Consideration paid to third parties for service of directors**

In 2022, there was no consideration paid to third parties for service of directors (2021: Nil).

**(5) Loans, quasi-loans offered to and other transactions with directors, legal entities controlled by directors and their related persons**

As at 31 December 2022, there were no loans, quasi-loans offered to and other transactions with directors, legal entities controlled by directors and their related persons (31 December 2021: Nil).

**(6) Guarantees for loans of directors, legal entities controlled by directors and their related persons**

As at 31 December 2022, there were no guarantees for loans of directors, legal entities controlled by directors and their related persons (31 December 2021: Nil).

**(7) Significant interest of directors in transactions, arrangement and contracts**

In 2022, 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 (2021: Nil).

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 of 1 director and executive officer, and 3 senior management personnel in 2022. Their emoluments have been reflected in Note VIII. 8(2)(ii); the emolument of other 1 staff is listed as follow:

	2022	2021
Remuneration, bonus, housing and other funds	5,335	7,725
Bonus	–	–
Pension	45	50
Sign-on bonus	–	–
Severance compensation	–	–
	<b>5,380</b>	<b>7,775</b>
	<b>Number of people</b>	
	2022	2021
Emoluments range (HKD): HKD9,500,000 – HKD10,500,000	1	1

## IX. SHARE-BASED PAYMENTS

### 1. Summary of the Group's major share-based payments

Expenses recognised for the year arising from share-based payments of the Group are as follows:

	2022	2021
Equity-settled share-based payments	137,565	72,907

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 payments

## (1) Information on equity-settled share-based payments of Enric

(a) *Share option plan*

Enric carried out another share option plan ("**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 Granter shall pay a consideration of HKD1 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 11 July 2016. Enric adopts a new stock option plan ("**Plan II**") from 12 July 2016. The validity period of Plan II is 10 years. As at 31 December 2022, the Company had not granted the stock option of Plan II.

(b) *Restricted share incentive plan (2018)*

The shareholders of Enric approved the Restricted Share Incentive Plan (2018) ("**2018 Incentive Plan**") on 10 August 2018 (the "**Grant Date**"). Subsequently, 46,213,000 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 participants on the vesting date subject to fulfilment of vesting conditions of the restricted shares.

The selected participants include certain directors, certain members of senior management and employees of Enric who under the terms of the 2018 Incentive Plan subscribed for the restricted shares at HKD3.71 per share. Under the terms of the 2018 Incentive Plan, 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 eligible participants who do not meet the vesting conditions, the remaining unvested restricted shares at the end of the 2018 Incentive Plan 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 for the year ended 31 December 2018 was HKD6.70 per share (equivalent to approximately RMB5.67 per share).



## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 payments (Continued)

##### (1) Information on equity-settled share-based payments of Enric (Continued)

###### (c) *Share award scheme (2020)*

The Board of Directors of Enric adopted the Share Award Scheme (2020) (“**2020 Award Scheme**”) on 3 April 2020. According to the 2020 Award Scheme, the Board of Directors of Enric has the sole discretion to select any Enric employee as a qualified participant of the scheme. The Board of Directors of Enric 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. The Board of Directors of Enric 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 at 31 December 2022, the trustee had purchased 39,198,000 shares of Enric according to the 2020 Award Scheme (31 December 2021: 39,198,000 shares).

On 17 November 2021 and 7 December 2022, the Company granted 33,324,000 and 2,537,000 shares to selected participants, respectively. 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 grant shares during the period from the date of the issue of the grant shares to the vesting date (both dates inclusive) of the grant 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, certain members of senior management and employees of Enric who under the terms of the 2020 Award Scheme subscribed for the restricted shares at HKD3.71 per share.

For shares granted on 17 November 2021, 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 shares granted on 7 December 2022, if the vesting conditions are fulfilled, the grant shares shall be vested by 72.1% and 27.9% by April 2023 and April 2024, respectively. For eligible participants who do not meet the vesting conditions, the remaining unvested restricted shares at the end of the 2020 Award Scheme will be forfeited.

The fair value of the awarded shares 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 awarded shares granted on 17 November 2021 and 7 December 2022 was HKD3.76 (equivalent to approximately RMB3.07) per share and HKD3.33 (equivalent to approximately RMB2.98) per share, respectively. Expenses arising from share-based payments recognised in 2022 under the 2020 Award Scheme were RMB66,897,000.

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 payments (Continued)

## (1) Information on equity-settled share-based payments of Enric (Continued)

- (d) On 27 November 2020, the Board of Directors of Enric adopted the CIMC Safe Tech Award Scheme ("**CIMC Safe Tech Award Scheme**"), an equity incentive plan of a subsidiary, CIMC Safe Tech, for the recognition of the past and present contributions of selected participants to the Chemicals and Environment business segment, motivating them to keep contributing in the future. Equity of CIMC Safe Tech will be distributed to the selected participants through a Partnership Platform upon completion of the increase in share capital of CIMC Safe Tech pursuant to the scheme. 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. As at 31 December 2022, the vesting conditions had not been fulfilled and the selected participants were not entitled to any distribution made by CIMC Safe Tech. Expenses arising from share-based payments recognised in 2022 under the CIMC Safe Tech Award Scheme were RMB15,604,000.
- (e) On 8 June 2022, the Board of Directors of Enric adopted the CLPT Award Scheme ("**CLPT Award Scheme**"), an equity incentive plan of a subsidiary, CIMC Liquid Process Technologies Co., Ltd. ("**CLPT**"), for the recognition of the past and present contributions of selected participants to the Liquid Food business segment. Equity of CLPT will be distributed to the selected participants through a Partnership Platform upon completion of the increase of share capital of CLPT pursuant to the scheme. The total capital contribution made by the participants (through the Partnership Platforms) of the CLPT Award Scheme was approximately RMB82,934,000, representing 6.33% of the enlarged share capital of CLPT. As at 31 December 2022, the vesting conditions had not been fulfilled and the selected participants were not entitled to any distribution made by CLPT. Expenses arising from share-based payments recognised in 2022 under the CLPT Award Scheme were RMB22,808,000.

## (2) Information on equity-settled share-based payments 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 RMB9.40 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 share incentive plan of CIMC TianDa participated by these employees is 5 years. CIMC TianDa determines the fair value of the restricted shares 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.

## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(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 payments (Continued)

#### (3) Information on equity-settled share-based payments of CIMC Wetrans

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 2022, 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 reserve.

#### (4) Information on equity-settled share-based payments of CIMC Transportation Technology

In 2022, a subsidiary of the Group, CIMC Transportation Technology Co., Ltd., using Ningbo Bochuang Xingxu Enterprise Management Partnership (Limited Partnership) as an employee shareholding platform, granted incentive equity to employees that met the incentive conditions by transferring the property share of the employee's shareholding platform company. In 2022, the original shareholders of Ningbo Bochuang Xingxu Enterprise Management Partnership (Limited Partnership) granted 0.2% 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 recognised in general and administrative expenses and capital reserve.

### 3. Summary of share-based payments

As at 31 December 2022, accumulated amount recognised in capital reserve for share-based payments

618,506

Total expenses recognised for share-based payments	2022	2021
Including:		
– attributed to Enric	105,309	35,920
– attributed to CIMC TianDa	30,085	24,922
– attributed to CIMC Wetrans	697	8,237
– attributed to CIMC Transportation Technology	480	–
– attributed to Beijing Fine Phase-changing Energy	–	3,828
– attributed to other companies	994	–
	<b>137,565</b>	<b>72,907</b>

## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### X. CONTINGENCIES

#### 1. Guarantees provided for external parties

CIMC Vehicles, a subsidiary of the Group, signed contracts with China Merchants Bank, China Guangfa Bank, Huishang Bank and Industrial Bank, which was granted to the distributors and customers of CIMC Vehicles and its subsidiaries arising from purchase of vehicle products. As at 31 December 2022, the aggregate amount of credit facilities in respect of which CIMC Vehicle and its subsidiaries provided guarantees to the distributors and customers was RMB1,352,756,000 (31 December 2021: RMB2,151,916,000). The Group expected that there was no significant increase in credit risk of such guarantee since initial recognition, and recognised the 12-month ECL (Note IV. 37).

C&C Trucks and its subsidiaries signed contracts with external banks, pursuant to which relevant banks provided guarantees in respect of banking facilities granted to the distributors and customers of C&C Trucks and its subsidiaries arising from purchase of vehicle products. As at 31 December 2022, the aggregate amount of credit facilities in respect of which C&C Trucks and its subsidiaries provided guarantees to the distributors and customers was approximately RMB315,471,000 (31 December 2021: RMB571,527,000). The Group expected that there was no significant increase in credit risk of such guarantee since initial recognition, and recognised the 12-month ECL (Note IV. 37).

The Group's subsidiaries, Shanxi CIMC Vehicles Industrial Park Investment Development Co., Ltd., cooperated with Shanxi Xianyang Qindu Rural Commercial Bank, respectively, in mortgage credit cooperation. It signed a loan guarantee contract, which provide guarantee to the customers of the company. As at 31 December 2022, the customer financing loans provided by the Shaanxi Vehicle Industrial Park were approximately RMB9,015,000 (31 December 2021: RMB11,459,000). After assessment, the Group expected a low credit risk of the guarantee, therefore did not make provision for ECL.

The Company entered into guarantee agreements with relevant banks to provide guarantees for the loans of CIMC Industry & City and its subsidiaries. As at 31 December 2022, the loans guaranteed by the Company amounted to RMB282,851,000 (31 December 2021: RMB605,002,000). After assessment, the Group expected a low credit risk of the guarantee, therefore did not make provision for ECL.

Subsidiaries of Enric signed guarantee contracts with China Everbright Bank ("**CEB**") to provide credit guarantees for loans to Yichuan Tianyun Clean Energy Co., Ltd. via relevant banks. As at 31 December 2022, the loans provided by subsidiaries of Enric were approximately RMB34,051,000 (31 December 2021: Nil). After assessment, the Group expected a low credit risk of the guarantee, therefore did not make provision for ECL.

The Company and its subsidiaries entered into guarantee agreements with relevant banks to provide guarantees for the loans of CIMC CAPITAL and its subsidiaries. As at 31 December 2022, the amount guaranteed by the Company and its subsidiaries was RMB1,574,226,000. After assessment, the Group expected a low credit risk of the guarantee, therefore did not make provision for ECL.

## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## X. CONTINGENCIES (CONTINUED)

### 2. Outstanding letter of credit issued but undue and outstanding performance guarantees issued but undue

The Group does not recognise letter of credit issued as deposits. As at 31 December 2022, the Group had outstanding letters of credit issued but undue of RMB35,887,000 (31 December 2021: RMB270,576,000).

As at 31 December 2022, the Company had outstanding balance of guarantees for the subsidiaries of the Group of RMB696,675,000, USD556,725,000 (equivalent to RMB3,877,368,000), GBP 4,295,000 (equivalent to RMB36,054,000) and HKD132,344,000 (equivalent to RMB118,219,000) respectively, totalling RMB4,728,316,000 (31 December 2021: RMB4,974,310,000).

As at 31 December 2022, the amount of the unexpired letter of guarantee of the Group's subsidiary issued by the bank was RMB2,603,264,000, of which the balance of the advance payment guarantee was RMB366,142,000, and the balance of the quality guarantee was RMB59,000,000. The balance of non-financing guarantees was RMB1,524,181,000, and the balance of performance guarantees was RMB628,572,000 (31 December 2021: RMB2,620,239,000).

## XI. COMMITMENTS

### 1. Capital commitments

- (1) Except for the events described in Note IV. 17, (2)(iv), the Group's capital expenditures contracted for but not yet necessary to be recognised on the balance sheet are summarised as follows:

	2022	2021
Foreign investment contract	–	6,909,984
Significant contracts entered into for ships to be manufactured for sales or lease	–	265,320
Fixed assets purchase and construction contract	<b>131,846</b>	22,382
	<b>131,846</b>	7,197,686

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## XII. DISCONTINUED OPERATIONS

On 27 May 2022, the Group lost control of CIMC CAPITAL due to the capital increase by other investors (Note V. 2).

As at 31 December 2022, the Group classified its subsidiary C&C Trucks as held for sale.

The disposed subsidiaries mentioned above meet the condition of discontinued operation. The financial performance of discontinued operations and the disposal gains or losses are set out below:

	2022	2021
Revenue from discontinued operations	1,274,552	3,609,447
Less: Costs and expenses of discontinued operations	(476,592)	(2,475,702)
Total (loss)/profit from discontinued operations	(107,005)	876,162
Less: Income tax of discontinued operations	(23,499)	421,821
Operating profit or loss of discontinued operations	(83,506)	454,341
Gains or losses on disposals of discontinued operations	(184,383)	–
Less: Income tax on gains or losses on disposals	–	–
Gains or losses after income tax on disposals of discontinued operations	(184,383)	–
Net (loss)/profit from discontinued operations	(267,889)	454,341
Net (loss)/profit from discontinued operations attributable to shareholders of the Company	(211,530)	561,015
Net profit from continuing operations attributable to shareholders of the Company	3,430,756	6,104,308

The cash flows of the disposed subsidiaries mentioned above are as follows:

	2022	2021
Net cash flows from operating activities	(180,062)	5,353,997
Net cash flows from investing activities	(4,986)	(437,762)
Net cash flows from financing activities	890,780	(4,516,930)

## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XIII. EVENTS AFTER THE BALANCE SHEET DATE

### 1. Dividend distribution after the balance sheet date

Dividend proposed (Note (1))	970,654
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#### (1) Dividend for ordinary shares proposed after the balance sheet date

On 28 March 2023, the Board of Directors proposed to distribute a cash dividend of RMB0.18 (including tax) per share to all the shareholders without bonus shares, and without new shares being issued by way of conversion of capital reserve. The amount of shares calculated as at 31 December 2022 was approximately RMB970,654,000. This proposal is yet to be 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 equity distribution plan of the Company in 2021 was as follows: the Board of Directors proposed to distribute a cash dividend of RMB0.69 (including tax) per share, without bonus shares, increase 5 shares for every 10 shares to all shareholders with capital reserve, totalling 1,797,506,795 shares. The amount of shares calculated as at 31 December 2021 was RMB2,480,628,000.

### 2. Issuance of the first tranche of super short-term financing bills of 2023 after the balance sheet date

On 17 January 2023, the Company completed the issuance of the first tranche of super short-term financing bills of 2022, and the funds raised with such bills were fully received on 17 January 2023. The principal amount of the super short-term financing bills issued was RMB500 million, with an annual interest rate of 2.21%. The term of the bills was 150 days, and the proceeds from the first tranche of super short-term financing bills would be used to repay the Company's matured debts.

### 3. Completion of strategic restructuring of C&C Trucks

On 12 October 2022, the Board of Directors approved the restructuring of C&C Trucks (subsidiary of the Company) with Chery Commercial Vehicles (Anhui) Co., Ltd., Wuhu Industrial Investment Fund Co., Ltd. and Wuhu Xingzhong Venture Capital Co., Ltd. As at 31 December 2022, the restructuring agreement and equity transfer agreement had been entered into. According to the restructuring agreement, the restructuring transaction includes four sub-transactions: the equity aggregation of C&C Trucks, the swap of debts owed to CIMC Group by C&C Trucks to equity, the transfer of old shares and the capital increase of all parties.

As at 15 March 2023, the Company completed the debt-to-equity swap of approximately RMB1.56 billion, the transfer of old shares and capital increase. The restructuring transaction of C&C Trucks was completed on 15 March 2023, and the Company's equity interests in C&C Trucks decreased from 73.89% to 35.42%. C&C Trucks thereafter became an associate of the Company and ceased to be a subsidiary of the Company.

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## XIV. OPERATING LEASE RECEIPTS AFTER THE BALANCE SHEET DATE

As the lessor, the Group's undiscounted amount of lease receipts receivable after the balance sheet date is summarised as follows:

	31 December 2022	31 December 2021
Within 1 year	1,008,126	1,289,911
1 to 2 years	1,033,739	761,693
2 to 3 years	634,739	369,636
3 to 4 years	206,038	186,437
4 to 5 years	210,882	116,357
Over 5 years	114,000	261,722
	<b>3,207,524</b>	<b>2,985,756</b>

## XV. SEGMENT REPORTING

In accordance with the Group's internal organisation structure, management requirement and internal reporting process, eight 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, logistics services, 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. Segment profits, losses, assets and liabilities

In order to assess the segment performance and resources allocation, the Group's management review segment assets, liabilities, revenue, expenses and financial performance of each segment regularly. The preparation basis of such information is detailed as follows:

Segment assets include tangible assets, intangible assets, other long-term assets and account receivables, etc, but exclude deferred tax assets and other un-allocated headquarter assets. Segment liabilities include payables, bank loans, provision, special payables and other liabilities, while deferred tax liabilities are excluded.

Segment profit represents revenue (including revenue from external customers and inter-segment revenue), offsetting segment expenses, depreciation and amortization, impairment losses, and net interest expense on bank deposits and bank borrowings directly attributable to individual segment. Transactions conducted among segments are under normal non-related party transaction commercial terms.



## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XV. SEGMENT REPORTING (Continued)

### 1. Segment profits, losses, assets and liabilities (Continued)

The information disclosed below for each reporting segment of the Group is that the management of the Group has used when measuring the profit/(loss), assets and liabilities of the reporting segment, or has not used the following data but provided to the management of the Group on a regular basis:

Item	Containers	Road	Energy,		Airport,		Finance	Recycled	Elimination		Total
	manufacturing	transportation	chemical and	Offshore	facilities, fire	logistics	and asset	load	Others	between	
	2022	2022	liquid food	engineering	safety and	equipment	management	2022	2022	segments	2022
			equipment	2022	automated	2022	services	2022	2022	2022	2022
Revenue from external customers	43,920,975	23,384,796	21,027,970	5,600,691	6,623,542	29,241,372	1,550,446	4,676,508	8,001,726	(2,491,372)	141,536,654
Inter-segment revenue	1,789,848	235,816	222,425	169,950	48,380	104,981	158,345	172,827	1,302,221	(4,204,793)	-
Cost of sales	34,942,427	20,483,415	17,636,553	5,373,997	5,228,335	27,776,704	1,669,435	4,053,497	8,224,162	(5,476,775)	119,911,750
Investment income/(loss) in associates and joint ventures	20,782	(8,688)	5,577	(25,865)	7,116	50,008	(12,043)	668	115,183	-	152,738
Asset impairment losses and credit impairment losses	4,278	68,893	137,380	1,681	90,517	7,401	231,094	3,032	211,787	20,890	776,953
Depreciation and amortisation expenses	583,828	549,559	401,869	244,171	147,414	204,057	1,241,761	201,347	278,220	(337,822)	3,514,404
Interest income	253,838	73,300	20,877	13,303	6,956	12,953	269,298	14,758	1,327,207	(1,670,138)	322,352
Interest expenses	23,614	50,325	80,159	295,930	59,084	57,063	1,109,529	16,444	1,282,205	(1,638,951)	1,335,402
Total profit/(loss)	6,649,944	1,474,779	1,281,183	(326,833)	257,577	576,435	(1,256,381)	355,247	3,335,497	(5,409,597)	6,937,851
Income tax expenses	1,391,770	361,172	239,298	7,000	60,284	201,079	101,463	67,768	(95,239)	2,114	2,336,709
Net profit/(loss)	5,258,174	1,113,607	1,041,885	(333,833)	197,293	375,356	(1,357,844)	287,479	3,430,736	(5,411,711)	4,601,142
Segment total assets	30,557,573	21,961,223	22,857,905	15,089,113	9,416,563	7,241,637	34,859,427	3,423,665	49,971,712	(49,478,869)	145,899,949
Segment total liabilities	12,164,931	8,736,027	13,374,003	17,314,781	6,245,503	4,353,801	39,379,060	1,280,710	42,857,485	(62,462,436)	83,243,865
Supplementary information:											
- Segment non-cash (income)/expenditures other than depreciation and amortisation	(326,698)	26	39,361	(46,567)	153,529	(80,748)	173,893	7,808	979,631	(223,132)	677,103
- Long-term equity investment of associates and joint ventures	651,997	81,135	183,233	359,870	36,310	403,318	72,257	3,464	8,740,043	-	10,531,627
- Increase in other non-current assets other than long-term equity investments, financial assets and deferred tax assets	2,064,604	640,218	550,263	201,026	190,477	218,030	16,766	356,205	329,187	(301,295)	4,265,481

## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XV. SEGMENT REPORTING (Continued)

#### 1. Segment profits, losses, assets and liabilities (Continued)

The information disclosed below for each reporting segment of the Group is that the management of the Group has used when measuring the profit/(loss), assets and liabilities of the reporting segment, or has not used the following data but provided to the management of the Group on a regular basis: (Continued)

Item	Containers manufacturing 2021	Road transportation vehicles 2021	Energy, chemical and liquid food equipment 2021	Offshore engineering 2021	Airport, facilities, fire safety and automated logistics equipment 2021	Logistics services 2021	Finance and asset management 2021	Recycled load 2021	Others 2021	Elimination between segments 2021	Total 2021
Revenue from external customers	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 revenue	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	49,053,590	24,600,777	16,517,674	5,463,000	5,396,581	27,393,038	2,289,917	4,874,520	6,016,870	(7,430,018)	134,175,949
Investment income/(loss) in associates and joint ventures	24,056	(3,916)	(9,266)	(8,133)	3,376	29,623	39,852	16,025	(326,948)	-	(235,331)
Asset impairment losses and credit impairment losses	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 amortisation 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:											
- Segment non-cash (income)/ expenditures 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 associates and joint ventures	667,294	47,080	174,110	204,316	33,525	405,832	538,267	58,288	6,340,745	-	8,469,457
- Increase in other non-current assets other than long-term equity investments, 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 XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XV. 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). Revenue from external customers are based on the location at which the services are provided or the goods are 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	
	2022	2021	31 December 2022	31 December 2021
China	72,874,486	78,767,602	53,294,827	51,696,339
Asia (except for China)	12,522,922	15,201,328	431,476	241,891
America	27,364,037	27,526,278	9,197,571	8,481,520
Europe	25,939,682	38,066,692	1,841,103	1,597,683
Others	2,835,527	4,134,080	183,530	166,140
<b>Total</b>	<b>141,536,654</b>	<b>163,695,980</b>	<b>64,948,507</b>	<b>62,183,573</b>

## XVI. FINANCIAL INSTRUMENTS AND RISKS

The Group'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 Risk Management Committee of the Group.

## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XVI. FINANCIAL INSTRUMENTS AND RISKS (Continued)

#### 1. Market risk

##### (1) Foreign exchange risk

The Group's major operational activities are carried out in the Chinese Mainland 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 IV. 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 2022				31 December 2021			
	USD	EUR	HKD	JPY	USD	EUR	HKD	JPY
Cash and cash equivalents	2,065,040	188,222	46,028	44,940	2,944,007	351,272	339,172	21,494
Receivables	6,794,076	129,251	61,116	58,577	11,171,090	63,846	55,811	33,517
Contract assets	8,059	4,570	7,636	-	38,560	-	-	-
Short-term borrowings	(629,434)	(74,410)	-	-	(2,123,865)	(31,267)	(179,155)	-
Lease liabilities	-	-	(428)	-	(1,421)	-	(5,771)	-
Long-term borrowings	(184,739)	-	(179,063)	-	(1,460,399)	-	-	-
Account payables	(1,255,466)	(52,851)	(16,133)	(80)	(1,097,723)	(99,395)	(1,515)	(140)
Current portion of non-current liabilities	(13,929)	-	(22,332)	-	(895)	-	(20,680)	-
Balance sheet Gross exposure	6,783,607	194,782	(103,176)	103,437	9,469,354	284,456	187,862	54,871

## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XVI. FINANCIAL INSTRUMENTS AND RISKS (Continued)

### 1. Market risk (Continued)

#### (1) Foreign exchange risk (Continued)

As at 31 December 2022, for the financial assets, contract assets, financial liabilities and lease liabilities denominated in USD held by the subsidiaries whose recording 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 RMB203,508,000 lower/higher; for the financial assets, financial liabilities and lease liabilities denominated in HKD held by the subsidiaries whose recording 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 RMB3,095,000 higher/lower.

As at 31 December 2022 and 31 December 2021, the financial assets, contract assets, financial liabilities and lease liabilities denominated in foreign currencies, which are held by the subsidiaries of the Group, whose recording currencies are USD, were expressed in RMB as follows:

	31 December 2022				31 December 2021			
	RMB	EUR	HKD	JPY	RMB	EUR	HKD	JPY
Cash and cash equivalents	925,729	16,689	11,833	-	273,158	2,171	5,577	-
Receivables	908,764	4,442	-	-	483,088	216	-	-
Receivables - financing	871	-	-	-	-	-	-	-
Short-term borrowings	(900,777)	(48,623)	-	-	(738,802)	(19,134)	-	-
Payables	(460,917)	(23,689)	-	-	(733,754)	(68,045)	-	-
Gross exposure	473,760	(51,181)	11,833	-	(716,310)	(84,792)	5,577	-

As at 31 December 2022, for financial assets, contract assets, financial liabilities and lease liabilities denominated in RMB held by the subsidiaries whose recording 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 USD2,040,000, equivalent to RMB14,210,000 (31 December 2021: approximately USD3,369,000, equivalent to RMB21,489,000, lower/higher) higher/lower.

## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## XVI. FINANCIAL INSTRUMENTS AND RISKS (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 debentures 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 2022, the Group's long-term interest bearing borrowings were mainly USD-denominated with floating rates linked to LIBOR, amounting to USD2,331,571,000. As at 31 December 2022, the Group was still yet to complete the replacement of benchmark interest rate; and USD-denominated contracts with floating rates linked to SOFR amounted to USD284,500,000.

The Group continuously monitors its interest rate position. 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.

As at 31 December 2022, if the interest rates on floating rate borrowings linked to LIBOR had risen/fallen by 50 basis points while all other variables held constant, the Group's net profit would be approximately USD9,810,000 lower/higher.

#### (3) Other price risks

The Group's other price risk arises mainly from various investments in equity instruments. As at 31 December 2022, the Group's investments in equity instruments held for trading amounted to RMB1,060,953,000, mainly representing investments in monetary funds; the Group's other equity investments amounted to RMB2,669,048,000, mainly representing 49,979,000 listed tradable shares of Jade Bird Fire, 209,586,000 listed tradable shares of Shoucheng Holdings, 40,000,000 listed tradable shares of China Railway Special Cargo and 10,336,000 listed tradable shares of CSG Holding.

As at 31 December 2022, if the expected price of investments in equity instruments had risen/fallen by 5% (2021: 5%) with all other variables held constant, the Group's net profit would be approximately RMB39,786,000 (31 December 2021: RMB35,433,000) higher/lower.

## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XVI. FINANCIAL INSTRUMENTS AND RISKS (Continued)

#### 2. Credit risks

The Group's credit risk mainly arises from cash and cash equivalents, notes receivables, account 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 X, 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 X.

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 large or medium size listed banks with good reputation and high credit rating. The Group does not expect that there will be almost no significant losses from non-performance by these banks.

In addition, the Group has policies to limit the credit exposure on notes receivables, account 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 2022, the Group had no significant collateral or other credit enhancements held as a result of the debtor's mortgage (31 December 2021: Nil).

#### 3. Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group. The Group monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs; continuously monitors whether the covenant terms in borrowing agreements are complied; and maintains sufficient headroom on the Group's committed undrawn banking facilities from major financial institutions so as to meet the short-term and long-term liquidity requirements.

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## XVI. FINANCIAL INSTRUMENTS AND RISKS (Continued)

## 3. Liquidity risk (Continued)

As at the balance sheet date, the undiscounted contractual cash flows of the Group's financial liabilities, analysed by their maturity dates, are as below:

	31 December 2022				Total	Carrying amount at balance sheet
	Undiscounted contractual cash flow					
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years		
Short-term borrowings	4,585,470	-	-	-	4,585,470	4,370,714
Derivative financial liabilities	1,318,327	-	-	-	1,318,327	1,318,327
Notes payables	3,129,916	-	-	-	3,129,916	3,129,916
Account payables	16,562,146	-	-	-	16,562,146	16,562,146
Debentures payable	5,410	5,410	2,227,379	-	2,238,199	1,896,227
Other payables	4,001,438	-	-	-	4,001,438	4,001,438
Current portion of non-current liabilities	4,894,520	-	-	-	4,894,520	4,191,030
Other current liabilities	245,326	-	-	-	245,326	245,326
Long-term borrowings	781,511	10,187,685	6,411,826	463,494	17,844,516	16,213,919
Lease liabilities	-	176,854	388,754	265,825	831,433	732,885
Long-term payables	-	85,648	-	-	85,648	85,634
Other non-current liabilities	-	29,720	-	-	29,720	29,720
	35,524,064	10,485,317	9,027,959	729,319	55,766,659	52,777,282



CHAPTER XII

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XVI. FINANCIAL INSTRUMENTS AND RISKS (Continued)

### 3. Liquidity risk (Continued)

As at the balance sheet date, the undiscounted contractual cash flows of the Group's financial liabilities, analysed by their maturity dates, are as below: (Continued)

	31 December 2021				Total	Carrying amount at balance sheet
	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
Account 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 XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## XVI. FINANCIAL INSTRUMENTS AND RISKS (Continued)

## 3. Liquidity risk (Continued)

- (i) As at the balance sheet date, the Group's financial guarantees provided to external parties were analysed below based on the maximum amounts and the earliest periods in which the guarantees could be called:

31 December 2022				
Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
<b>955,422</b>	<b>1,314,004</b>	<b>1,264,893</b>	<b>34,051</b>	<b>3,568,370</b>

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

- (ii) As at the balance sheet date, there were no cash flows of lease contracts that the Group had signed but not yet executed.
- (iii) Bank and other borrowings are analysed by repayment terms as follows:

	31 December 2022		31 December 2021	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Within 1 year	<b>8,322,791</b>	–	13,039,494	6,089,486
1 to 2 years	<b>9,826,965</b>	–	5,988,446	–
2 to 5 years	<b>5,937,297</b>	<b>1,896,227</b>	15,058,764	1,234,980
Over 5 years	<b>449,657</b>	–	604,520	–
	<b>24,536,710</b>	<b>1,896,227</b>	34,691,224	7,324,466

## XVII. 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 XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XVII. FAIR VALUE ESTIMATES (Continued)

### 1. Assets and liabilities 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 2022:

Assets	Note	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial assets held for trading –	IV.2				
Investments in equity instruments held for trading		891,820	153,909	–	1,045,729
Contingent consideration		–	–	15,224	15,224
Derivative financial assets –	IV.3				
Forward foreign exchange contracts		–	101,205	–	101,205
Foreign exchange option contracts		–	59,455	–	59,455
Receivables financing –	IV.6				
Bank acceptance notes		–	–	628,967	628,967
Other equity investments –	IV.14				
Unlisted company stock		–	–	701,437	701,437
Listed company stock		1,997,611	–	–	1,997,611
Other non-current financial assets –	IV.15				
Forward foreign exchange contracts		–	117	–	117
Equity investments		–	–	125,943	125,943
Total financial assets		2,889,431	314,686	1,471,571	4,675,688
<b>Non-financial assets</b>					
Investment properties	IV.18	–	–	1,453,007	1,453,007
Total		2,889,431	314,686	2,924,578	6,128,695
<b>Liabilities</b>					
<b>Financial liabilities</b>					
Financial liabilities held for trading		–	–	(35,685)	(35,685)
Derivative financial liabilities –	IV.3				
Forward foreign exchange contracts		–	(239,685)	–	(239,685)
Commitment to non-controlling interests		–	–	(1,078,642)	(1,078,642)
Other non-current liabilities –	IV.44				
Interest rate swap contracts		–	(10,930)	–	(10,930)
Total financial liabilities		–	(250,615)	(1,114,327)	(1,364,942)

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## XVII. FAIR VALUE ESTIMATES (Continued)

## 1. Assets and liabilities 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 2021:

Assets	Note	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial assets held for trading –	IV.2				
Investments in equity instruments					
held for trading		376,599	63,902	–	440,501
Contingent consideration		–	–	4,931	4,931
Derivative financial assets –	IV.3				
Forward foreign exchange					
contracts		–	536,659	–	536,659
Foreign exchange option contracts		–	25,368	–	25,368
Receivables financing –	IV.6				
Bank acceptance notes		–	–	1,048,244	1,048,244
Other equity investments –	IV.14				
Unlisted company stock		–	–	658,263	658,263
Listed company stock		508,878	–	–	508,878
Other non-current financial					
assets –	IV.15				
Equity investments		–	–	330,600	330,600
Total financial assets		885,477	625,929	2,042,038	3,553,444
<b>Non-financial assets</b>					
Investment properties	IV.18	–	–	1,386,085	1,386,085
Total		885,477	625,929	3,428,123	4,939,529
<b>Liabilities</b>					
<b>Financial liabilities</b>					
Financial liabilities held for trading		–	–	(38,134)	(38,134)
Derivative financial liabilities –	IV.3				
Forward foreign exchange					
contracts		–	(22,999)	–	(22,999)
Foreign exchange option contracts		–	(3,385)	–	(3,385)
Interest rate swap contracts		–	(8,446)	–	(8,446)
Commitment to non-controlling					
interests		–	–	(657,026)	(657,026)
Total financial liabilities		–	(34,830)	(695,160)	(729,990)

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XVII. FAIR VALUE ESTIMATES (Continued)

### 1. Assets and liabilities measured at fair value on a recurring basis (Continued)

The Group takes the date on which events causing the transfers between the levels take place as the timing specific for recognising the transfers. There is neither transfer between Level 1 and Level 2 nor transfer between Level 2 and Level 3 for 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, unit price, etc.

The following table presents the movement of the financial assets in Level 3:

	<b>Financial assets held for trading, receivables financing, other equity investments and other non-current financial assets</b>
1 January 2022	2,042,038
Additions	53,467
Decreases	(894,335)
– Gains or losses recognised in profit or loss	–
– Gains or losses recognised in other comprehensive income	270,401
31 December 2022	1,471,571
	<b>Financial assets held for trading, receivables financing, other equity investments and other non-current financial assets</b>
1 January 2021	2,565,537
Additions	264,519
Decreases	(769,900)
– Gains or losses recognised in profit or loss	–
– Gains or losses recognised in other comprehensive income	(18,118)
31 December 2021	2,042,038

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## XVII. FAIR VALUE ESTIMATES (Continued)

## 1. Assets and liabilities measured at fair value on a recurring basis (Continued)

The following table presents the movement of the non-financial assets in Level 3:

	Investment properties
1 January 2022	1,386,085
Transferred from inventories and fixed assets	68,481
Total gains for current period	4,426
– Gains or losses recognised in profit or loss	(6,391)
– Gains or losses recognised in other comprehensive income	10,817
Transfer to intangible assets	(7,882)
Translation difference of foreign currency statements	1,897
31 December 2022	1,453,007

	Investment properties
1 January 2021	1,437,970
Transferred from inventories, fixed assets and construction in progress	54,125
Additions for current period	25,927
Total gains for current period	7,697
– Gains or losses recognised in profit or loss	7,697
Disposals for current year	(138,702)
Translation difference of foreign currency statements	(932)
31 December 2021	1,386,085

The following table presents the movement of the financial liabilities in Level 3:

	Commitment to non-controlling interests
1 January 2022	(657,026)
Additions	(421,616)
31 December 2022	(1,078,642)

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 XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XVII. FAIR VALUE ESTIMATES (Continued)

### 1. Assets and liabilities measured at fair value on a recurring basis (Continued)

The following table presents the information of the assets and liabilities measured at fair value in Level 2:

	Fair value as at 31 December 2022	Valuation techniques	Inputs
Financial assets held for trading	153,909	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	160,660	Discounted cash flow	Expected interest rate; Expected foreign exchange forward rate; Contract interest rate; Risk-free interest rate
Other non-current financial assets	117	Discounted cash flow	Expected interest rate; Expected foreign exchange forward rate; Contract interest rate; Risk-free interest rate
Derivative financial liabilities	(239,685)	Discounted cash flow	Expected interest rate; Expected foreign exchange forward rate; Contract interest rate; Risk-free interest rate
Other non-current liabilities	(10,930)	Discounted cash flow	Expected interest rate; Expected foreign exchange forward rate; Contract interest rate; Risk-free interest rate
	<b>64,071</b>		

	Fair value as at 31 December 2021	Valuation techniques	Inputs
Financial assets held for trading	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>		

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## XVII. FAIR VALUE ESTIMATES (Continued)

## 1. Assets and liabilities 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		Significant unobservable inputs			
	31 December 2022	Valuation techniques	Name	Scope/weighted average	Relationship with fair value	Observable/Unobservable
Investment properties – Completed investment properties held for sale	1,219,548	Income model	Monthly rental (RMB/square meter/month)	7.08-80.83	(a)	Unobservable
			Rate of return/capitalisation rate			
Land use rights	233,459	Direct comparison	Market price (RMB/square meter)	444.06-927.68	(a)	Unobservable

	Fair value as at		Significant unobservable inputs			
	31 December 2021	Valuation techniques	Name	Scope/weighted average	Relationship with fair value	Observable/Unobservable
Investment properties – Completed investment properties held for sale	1,133,242	Income model	Monthly rental (RMB/square meter/month)	6.61-75.49	(a)	Unobservable
			Rate of return/capitalisation rate	4%-9%		
Land use rights	252,843	Direct comparison	Market price (RMB/square meter)	484.27-1,011.68	(a)	Unobservable



## CHAPTER XII

### FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XVII. FAIR VALUE ESTIMATES (Continued)

### 1. Assets and liabilities 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 their fair values are disclosed

Financial assets and liabilities in the Group measured at amortised cost mainly include receivables, short-term borrowings, payables, long-term borrowings, debentures payable and long-term payables.

As at 31 December 2022, the carrying amount of the financial assets and liabilities was not materially different from their fair value.

## XVIII. 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-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.

The Group manages capital status by controlling the Debt-Asset ratio not to exceed 70%. The Debt-Asset ratio as at 31 December 2022 and 31 December 2021 were as follows:

	31 December 2022	31 December 2021
Total liabilities	83,243,865	97,342,411
Total assets	145,899,949	154,322,501
Debt-Asset ratio	57%	63%

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

## 1. Cash and cash equivalents

	31 December 2022	31 December 2021
Bank deposits	522,622	3,072,197
Other cash balances	39,990	24,461
	<b>562,612</b>	<b>3,096,658</b>
Including: Total cash abroad	–	–

As at 31 December 2022, restricted cash and cash equivalents of the Company amounted to RMB11,903,000 (31 December 2021: RMB24,461,000).

As at 31 December 2022, the deposit of the Company in the Financial Company, a subsidiary of the Group, was RMB427,049,000 (31 December 2021: RMB1,515,465,000). The Company had no fixed deposits in the Financial Company (31 December 2021: Nil)

## 2. Derivative financial instruments

	31 December 2022	31 December 2021
Derivative financial assets –		
Forward foreign exchange contracts	–	67,697
Foreign exchange option contracts	483	120
	<b>483</b>	<b>67,817</b>
Derivative financial liabilities –		
Forward foreign exchange contracts	518	–
Foreign exchange option contracts	–	939
	<b>518</b>	<b>939</b>

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 3. Other receivables

(1) Other receivables are analysed by categories of customers as follows:

	31 December 2022	31 December 2021
Receivables from related parties (Note XIX, 3(6))	22,504,459	20,789,914
Dividends receivable	3,889,145	3,666,119
Interest receivable	69,762	69,535
Security deposits	116	210
Others	7,712	8,988
Sub-total	26,471,194	24,534,766
Less: Provision for bad debts	(1,356,666)	(197,098)
	25,114,528	24,337,668

(2) The ageing analysis of other receivables is as follows:

	31 December 2022	31 December 2021
Within 1 year	16,643,476	15,401,870
1 to 2 years	4,841,061	3,754,225
2 to 3 years	360,495	964,908
Over 3 years	4,626,162	4,413,763
	26,471,194	24,534,766

(3) Loss provision and changes in book balance

	First stage			Third stage			Total	
	12-month ECL (individually assessed)		Sub-total	Lifetime ECL (suffered credit impairment) (individually assessed)		Lifetime ECL (suffered credit impairment) (collectively assessed)		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	Book balance		Provision for bad debts
	Book balance	Provision for bad debts	Provision for bad debts	Book balance	Provision for bad debts	Book balance		Provision for bad debts
1 January 2022	23,992,648	-	-	537,538	192,518	4,580	4,580	197,098
Increase in current year (i)	24,201,709	-	-	1,668,846	1,159,568	-	-	1,159,568
Decrease in current year	(23,079,829)	-	-	(854,298)	-	-	-	-
Including: Write-off in current year	-	-	-	-	-	-	-	-
31 December 2022	25,114,528	-	-	1,352,086	1,352,086	4,580	4,580	1,356,666

## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 3. Other receivables (Continued)

##### (3) Loss provision and changes in book balance (Continued)

- (i) On 5 October 2022, the Company held a shareholders' meeting of C&C Trucks and approved the proposal to adjust the Company's investment in C&C Trucks of RMB450,000,000 to the Company's loans of RMB450,000,000 to C&C Trucks, and the impairment provision of RMB450,000,000 corresponding to this portion of equity interests was subsequently transferred to the provision for bad debts of other receivables.

As at 31 December 2022 and 31 December 2021, the Company had no other receivables that were recognised at the second stage. Other receivables recognised at the first and the third stage are as follows:

- (i) As at 31 December 2022 and 31 December 2021, the provision for bad debts of other receivables individually assessed in the first stage was as follows:

	31 December 2022			31 December 2021		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Amount	Accrual rate	Amount	Amount	Accrual rate
Receivables from related parties	21,152,373	-	-	20,252,376	-	-
Dividends receivable	3,889,145	-	-	3,666,119	-	-
Interest receivable	69,762	-	-	69,535	-	-
Security deposits	116	-	-	210	-	-
Others	3,132	-	-	4,408	-	-
	<b>25,114,528</b>	-	-	<b>23,992,648</b>	-	-

- (ii) As at 31 December 2022 and 31 December 2021, the individually and collectively assessed provision for bad debts of other receivables in the third stage is analysed as follows:

	Book balance	Lifetime ECL rate	Provision for bad debts	Reason
Individually assessed				
Receivables from related parties	1,352,086	100.00%	1,352,086	Loss provision is recognised at the amount of the
Collectively assessed				lifetime ECL.
Others	4,580	100.00%	4,580	

- (4) There was no provision for bad debts of other receivables that was written off in current year.

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 3. Other receivables (Continued)

(5) As at 31 December 2022, the five largest balances of other receivables were analysed as follows:

	Nature	Balance	Ageing	% of total balance	Provision for bad debts
CIMC Hong Kong	Fund transfer, daily transfer	12,492,774	Within 1 year, 1 to 2 years	47.18%	–
Southern CIMC Fortune	Fund transfer	2,551,986	Within 1 year, 1 to 3 years	9.64%	–
	Fund transfer, daily transfer	2,118,240	Within 1 year, 1 to 2 years	8.00%	–
SZ CIMC Investment	Fund transfer, daily transfer	1,217,334	Within 1 year, 1 to 3 years	4.60%	–
Haigong Investment	Fund transfer	542,769	Within 1 year	3.41%	–
		18,923,103		72.83%	–

As at 31 December 2021, the five largest balances of other receivables were analysed as follows:

	Nature	Balance	Ageing	% 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 CAPITAL	Fund transfer, daily transfer	2,283,599	Within 1 year, 1 to 2 years	9.31%	–
SZ CIMC Investment	Fund transfer	1,137,334	Within 1 year, 1 to 3 years	4.64%	–
Haigong Investment	Fund transfer	543,283	Within 1 year	2.21%	–
		18,660,338		76.06%	–

## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 3. Other receivables (Continued)

##### (6) Receivables from related parties

	Relationship with the Company	31 December 2022		31 December 2021	
		Amount	% of total balance	Amount	% of total balance
Associates	Associates	78,616	0.30%	149,784	0.61%
Total receivables from subsidiaries	Subsidiaries	22,425,843	84.72%	20,640,130	84.13%
		22,504,459	85.02%	20,789,914	84.74%

##### (7) Other receivables derecognised due to transfer of financial assets

As at 31 December 2022, there were no other receivables derecognised due to transfer of financial assets of the Company (31 December 2021: Nil).

##### (8) Amount of assets and liabilities recognised due to the continuing involvement of securitised other receivables

As at 31 December 2022, there were no securitised other receivables (31 December 2021: Nil).

#### 4. Other equity investments

	31 December 2022	31 December 2021
Unlisted company equity		
– BOCM Schroder	332,776	330,009
– CR Intermodal	318,945	310,699
– CIMC Intelligent Technology	49,716	11,700
	701,437	652,408
Listed company equity		
– Jade Bird Fire	1,398,917	–
– CSG Holding	69,353	–
	1,468,270	–

- (i) The Company purchased restricted shares of Jade Bird Fire (with restricted sale period of 6 months) from the open market on 21 November 2022, and the shareholding of the Company in Jade Bird Fire was 8.86%. The Company has not participated in or affected the financial and operating decisions of the above companies in any way, so the Group has no significant impact on them. For the consideration of strategic investment, it is accounted as other equity investments.

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 5. Long-term equity investments

(1) Long-term equity investments are analysed by categories as follows:

	31 December 2022	31 December 2021
Subsidiaries (2)	12,188,957	14,473,514
Associates (3)	1,381,248	–
Less: Provision for impairment of long-term equity investments (i)	–	(1,430,593)
	<b>13,570,205</b>	<b>13,042,921</b>

There is no restriction on sale of the long-term equity investments held by the Company.

- (i) As at 31 December 2022, the movement in the impairment of the Company's long-term equity investments, which originally represented the full impairment provision for C&C Trucks, was mainly due to the following three reasons:
- The Company's investment in C&C Trucks of RMB450,000,000 was adjusted to the Company's loans of RMB450,000,000 to C&C Trucks, and the corresponding impairment provision of RMB450,000,000 was simultaneously transferred to the provision for bad debts of other receivables (Note XIX. 3(3)).
  - The Company added a provision of RMB60,000,000 for impairment of long-term equity investments in C&C Trucks in 2022.
  - As a result of the restructuring of C&C Trucks, the Company presented all remaining equity interests of RMB1,040,593,000 and the corresponding provision for impairment of RMB1,040,593,000 in the balance sheet as assets held for sale with a value of RMB0 as at 31 December 2022.

## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 5. Long-term equity investments (Continued)

##### (2) Subsidiaries:

Investee	31 December 2021	Increase in investments	Decrease in investments	Classified as held for sale	31 December 2022	Shareholding (%)	Voting rights (%) (Direct+ Indirect)	Impairment provision at the end of the year	Cash dividends declared in current year
Southern CIMC	480,472	-	-	-	480,472	100.00%	100.00%	-	-
CIMC Hong Kong	1,690	-	-	-	1,690	100.00%	100.00%	-	-
CIMC SD	165,074	-	-	-	165,074	100.00%	100.00%	-	375,087
CIMC Vehicles	1,038,668	-	-	-	1,038,668	36.10%	56.09%	-	145,689
CIMC Training	48,102	-	-	-	48,102	100.00%	100.00%	-	-
MEA	111,703	-	111,703	-	-	-	80.13%	-	-
Finance Company	893,818	-	-	-	893,818	78.91%	100.00%	-	29,538
Shenzhen CIMC Investment Co., Ltd. ("SZ CIMC Investment")	140,000	-	-	-	140,000	100.00%	100.00%	-	-
SESKYC	190,000	-	190,000	-	-	-	100.00%	-	-
Container Holding	5,043,682	-	-	-	5,043,682	100.00%	100.00%	-	5,574,535
COOPERATIE CIMC U.A	205,022	-	-	-	205,022	99.00%	100.00%	-	-
CIMC Wetrans Logistics	862,150	354,144	-	-	1,216,294	62.70%	62.70%	-	-
C&C Trucks	1,430,593	60,000	-	1,490,593	-	73.89%	73.89%	-	-
CIMC Offshore Holding	261,800	180,000	-	-	441,800	100.00%	100.00%	-	-
Fortune	67,755	-	-	-	67,755	100.00%	100.00%	-	-
Guangdong Jiliu Investment Consulting Co., Ltd.	30,000	-	-	-	30,000	100.00%	100.00%	-	-
CIMC Modular Investment	406,080	-	406,080	-	-	-	100.00%	-	-
CIMC Technology	1,276,580	300,000	-	-	1,576,580	100.00%	100.00%	-	-
CIMC Capital	150,000	190,000	-	-	340,000	100.00%	100.00%	-	-
CIMC Unit Load	500,000	-	-	-	500,000	63.58%	63.58%	-	146,057
CIMC CAPITAL and its subsidiaries	1,170,325	-	1,170,325	-	-	-	-	-	236,704
<b>Total</b>	<b>14,473,514</b>	<b>1,084,144</b>	<b>1,878,108</b>	<b>1,490,593</b>	<b>12,188,957</b>			<b>-</b>	<b>6,507,610</b>



CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 5. Long-term equity investments (Continued)

#### (3) Associate

Investee	31 December 2021	Increased in current year	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Declared cash dividends or profits	Decrease in investments	31 December 2022	Shareholding (%) (Direct)	Voting rights (%) (Direct+ Indirect)	Impairment provision
CIMC CAPITAL Ltd.	-	871,087	73,217	35,755	-	-	980,059	21.32%	45.43%	-
CIMC Xinde Leasing (Shenzhen) Co., Ltd.	-	401,189	-	-	-	-	401,189	40.00%	67.26%	-
	-	1,272,276	73,217	35,755	-	-	1,381,248			

### 6. Fixed assets

	31 December 2022	31 December 2021
Fixed assets	112,244	121,095
Disposals of fixed assets	1,291	832
	113,535	121,927

## CHAPTER XII FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 6. Fixed assets (Continued)

##### (1) Fixed assets

	Buildings self-used	Motor vehicles self-used	Office and other equipment self-used	Total
<b>Original cost</b>				
31 December 2021	144,092	30,298	135,228	309,618
Transferred from construction in progress	–	–	2,647	2,647
Additions	–	1,818	2,024	3,842
Disposals	–	(1,221)	(4,553)	(5,774)
31 December 2022	<b>144,092</b>	<b>30,895</b>	<b>135,346</b>	<b>310,333</b>
<b>Accumulated depreciation</b>				
31 December 2021	66,278	19,149	103,096	188,523
Depreciation	4,294	2,748	7,688	14,730
Disposals	–	(1,098)	(4,066)	(5,164)
31 December 2022	<b>70,572</b>	<b>20,799</b>	<b>106,718</b>	<b>198,089</b>
<b>Net book value</b>				
31 December 2021	77,814	11,149	32,132	121,095
31 December 2022	<b>73,520</b>	<b>10,096</b>	<b>28,628</b>	<b>112,244</b>

The amount of depreciation accrued for fixed assets in 2022 was included in the general and administrative expenses, amounting to RMB14,730,000 (2021: RMB14,870,000).

The original cost transferred from construction in progress was RMB2,647,000 (2021: RMB7,918,000).

##### (2) Disposals of fixed assets

	31 December 2022	31 December 2021
Office and other equipment	1,291	832

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 7. Short-term borrowings

	31 December 2022	31 December 2021
Unsecured	–	360,000

### 8. Taxes payable

	31 December 2022	31 December 2021
Enterprise income tax payable	1,867	1,867
Withholding individual income tax	1,455	1,042
VAT payable	1,156	10,967
Others	743	1,094
	<b>5,221</b>	<b>14,970</b>

### 9. Other payables

(1) The analysis of the Company's other payables is as follows:

	31 December 2022	31 December 2021
Payables to subsidiaries	8,371,742	5,609,246
Payables to related parties	94,332	663
Accrued expenses	2,600	19,199
Warranties	150	234
Advanced equity payments	–	1,469,467
Others	25,957	18,438
	<b>8,494,781</b>	<b>7,117,247</b>

(2) Other payables aged over 1 year

Other payables aged over 1 year are mainly unpaid warranties.

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

**XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)****9. Other payables (Continued)**

(3) Payables to related parties:

Company name	Relationship with the Company	31 December 2022	31 December 2021
Payables to subsidiaries	Subsidiaries	8,371,742	5,609,246
Payables to related parties	Related parties	94,332	663

**10. Current portion of non-current liabilities**

Item		31 December 2022	31 December 2021
Current portion of long-term borrowings	XIX.11	1,677,186	3,263,450
Current portion of debentures payable	XIX.12	–	6,089,486
Current portion of provisions		–	2,999
		1,677,186	9,355,935

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 11. Long-term borrowings

	31 December 2022	31 December 2021
Unsecured	<b>4,410,186</b>	7,114,354
Less: Current portion of long-term borrowings		
Unsecured	<b>(1,677,186)</b>	(3,263,450)
	<b>2,733,000</b>	3,850,904

As at 31 December 2022, there were no overdue long-term borrowings of which the durations are extended (31 December 2021: Nil).

As at 31 December 2022, the interest rate of long-term borrowings ranged from 1.20% to 4.30% (31 December 2021: 1.20% to 4.30%).

### 12. Debentures payable

Information for the Company's debentures payable is disclosed in Note IV.41.

Note	31 December 2021	Current year issuance	Interest at par value	Repayment of principal in current year	Interest paid in current year	31 December 2022
Medium term notes	4,073,958	500,000	87,425	(4,000,000)	(153,800)	<b>507,583</b>
Corporate bonds	2,015,528	-	57,072	(2,000,000)	(72,600)	-
	6,089,486	500,000	144,497	(6,000,000)	(226,400)	<b>507,583</b>
Less: Current portion of debentures payable	(6,089,486)				-	
	-					<b>507,583</b>

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

## 13. Deferred tax assets

- (1) The offsetting balances of deferred tax assets or liabilities and corresponding deductible or taxable temporary differences

	31 December 2022		31 December 2021	
	Deductible/ (Taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (Taxable) temporary differences	Deferred tax assets/ (liabilities)
<b>Deferred tax assets:</b>				
Deductible losses	376,028	94,006	185,862	46,465
Offsetting amount	(376,028)	(94,006)	(185,862)	(46,465)
<b>Offsetting balances</b>	–	–	–	–
Including:				
Expected to be recovered within one year (inclusive)		–		–
	31 December 2022		31 December 2021	
	Deductible/ (Taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (Taxable) temporary differences	Deferred tax assets/ (liabilities)
<b>Deferred tax liabilities:</b>				
Derivative financial assets	483	121	67,817	16,954
Changes in fair value of investment properties	125,653	31,412	118,045	29,511
Changes in fair value of other equity investments	249,892	62,473	–	–
Sub-total	376,028	94,006	185,862	46,465
Offsetting amount	(376,028)	(94,006)	(185,862)	(46,465)
<b>Offsetting balances</b>	–	–	–	–
Including:				
Expected to be recovered within one year (inclusive)		–		–

CHAPTER XII

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 14. Capital reserve

	31 December 2021	Increase in current year	Decrease in current year	31 December 2022
Share premium	3,279,637	–	(1,797,507)	1,482,130
Other capital reserve:				
– Exchange differences arising from translation of foreign currency capital	687	–	–	687
– Donated non-cash assets reserve	87	–	–	87
– Share-based payments included in shareholders' equity	119,433	–	–	119,433
Others	(586,888)	–	–	(586,888)
	<b>2,812,956</b>	<b>–</b>	<b>(1,797,507)</b>	<b>1,015,449</b>

	31 December 2020	Increase in current year	Decrease in current year	31 December 2021
Share premium	3,279,637	–	–	3,279,637
Other capital reserve:				
– Exchange differences arising from translation of foreign currency capital	687	–	–	687
– Donated non-cash assets reserve	87	–	–	87
– Share-based payments included in shareholders' equity	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>

In accordance with the resolution at the shareholders' meeting on 28 June 2022, the Company increased 5 shares for every 10 shares to all shareholders with capital reserve, totalling 1,797,507,000 shares.

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

## 15. Other comprehensive income

	Other comprehensive income in the balance sheet			Other comprehensive income in the 2022 income statement			
	1 January 2022	Post-tax amount	31 December 2022	Pre-tax amount incurred	Less: transfer of other comprehensive income	Less: Income tax expenses	Post-tax amount
Items that will not be reclassified to profit or loss							
Changes in fair value of other equity investments	251,803	187,419	439,222	249,892	-	(62,473)	187,419
Items that may be reclassified subsequently to profit or loss							
Share of other comprehensive income of the investee accounted for using equity method which will be reclassified to profit or loss	-	35,755	35,755	35,755	-	-	35,755
Retrospective adjustment to a partial disposal of an interest in a subsidiary in which the parent company loses control but retains an interest as an associate under equity method	-	32,655	32,655	-	-	-	-
The amount greater than the carrying amount 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	-	-	-	-
	383,171	255,829	639,000	285,647	-	(62,473)	223,174
	Other comprehensive income in the balance sheet			Other comprehensive income in the 2021 income statement			
	1 January 2021	Post-tax amount	31 December 2021	Pre-tax amount incurred	Less: transfer of other comprehensive income	Less: Income tax expenses	Post-tax amount
Items that will not be reclassified to profit or loss							
Changes in fair value of other equity investments	220,930	30,873	251,803	30,873	-	-	30,873
Items that may be reclassified subsequently to profit or loss							
The amount greater than the carrying amount 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



CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 16. Returned earnings

	2022	2021
Returned earnings at the beginning of the year	10,282,677	8,842,542
Add: Net profit for current year	7,126,574	2,621,311
Add: Retrospective adjustment to a partial disposal of an interest in a subsidiary in which the parent company loses control but retains an interest as an associate under equity method	497,187	–
Less: Equity attribute to holders of other equity instruments in current year	(55,435)	(175,272)
Less: Appropriation to statutory surplus reserve	(712,658)	–
Ordinary share dividends payable	(2,480,628)	(1,005,904)
Returned earnings at the end of the year	14,657,717	10,282,677

Approved by the shareholders' general meeting on 28 June 2022, the Company distributed cash dividends to ordinary shareholders on 18 August 2022, at RMB0.69 per share (2021: RMB0.28 per share), totalling RMB2,480,628,000 (2021: RMB1,005,904,000).

### 17. Revenue and cost of sales

#### (1) Revenue and cost of sales

	2022	2021
Revenue from other operations	275,951	436,889
Cost of sales from other operations	–	3,097

#### (2) Revenue and cost of sales from other operations

	2022		2021	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Commission	242,896	–	411,423	–
Others	33,055	–	25,466	3,097
	275,951	–	436,889	3,097

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

## 18. Financial (income)/expenses

	2022	2021
Interest expenses of borrowings	537,425	693,629
Less: Interest income	(86,114)	(20,873)
Foreign exchange gains and losses	(581,515)	207,541
Others	3,819	13,087
	<b>(126,385)</b>	<b>893,384</b>

## 19. Expenses by nature

	2022	2021
Salary or wages	294,991	459,167
Operating and office expenditure	44,851	34,234
Agency fees	43,182	48,117
Software and system maintenance fee	37,243	30,194
Depreciation and amortisation expenses	31,259	31,505
Advertising and stock certificate fee	25,300	8,283
Travel and communication costs	10,212	12,243
Technical research and development expenditure	5,043	2,185
Other expenses	3,877	4,285
	<b>495,958</b>	<b>630,213</b>

## 20. Investment income

	2022	2021
Income from long-term equity investments under cost method	6,507,610	4,674,009
Gains/(Losses) from disposals of long-term equity investments	773,023	(114,100)
Interest income and others	564,968	686,169
Income from long-term equity investments under equity method	73,217	-
Income earned during the holding period of other equity investments	50,000	47,800
Investment income from disposals of derivative financial assets	15,643	153,396
Investment income from disposals of financial assets/liabilities held for trading	18,635	-
	<b>8,003,096</b>	<b>5,447,274</b>

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 21. Non-operating expenses

	2022	2021
Claims expenses	–	300
Others	14,885	5,170
	<b>14,885</b>	<b>5,470</b>

### 22. Income tax expenses

	2022	2021
Current income tax calculated based on tax law and related regulations	–	–
Deferred income tax	(62,473)	–
	<b>(62,473)</b>	<b>–</b>

The income tax based on the applicable profit rate is adjusted to income tax expenses based on the total profit of the income statement:

	2022	2021
Profit before income tax	7,064,101	2,621,311
Income tax expenses calculated at applicable tax rates	1,766,025	655,328
Expenses not deductible for tax purposes	4,450	2,217
The tax effect of current year's losses of unrecognised deferred tax assets	–	522,907
Utilisation of previously unrecognised deductible losses	(175,242)	–
Income not subject to tax	(1,657,706)	(1,180,452)
Income tax expenses	<b>(62,473)</b>	<b>–</b>

## CHAPTER XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

## XIX. NOTES TO THE PARENT 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:

	2022	2021
Net profit	7,126,574	2,621,311
Add: Asset impairment losses and credit impairment losses	769,568	1,716,406
Depreciation of fixed assets	14,730	14,870
Amortisation of intangible assets	16,164	12,844
Amortisation of long-term prepaid expenses	365	3,791
Amortisation of deferred income	(2,954)	(4,049)
Losses on disposals of fixed assets	46	1,306
Losses on changes in fair value	59,306	33,809
Financial (income)/expenses	(119,912)	207,541
Investment income	(8,003,096)	(5,447,274)
Decrease in deferred tax assets	(62,473)	–
Decrease/(Increase) in operating receivables	501,011	(712,689)
(Decrease)/Increase in operating payables	(342,354)	1,602,042
Net cash flows (used in)/from operating activities	(43,025)	49,908

## (b) Net change of cash and cash equivalents:

	2022	2021
Cash and cash equivalents at the end of the year	550,709	3,072,197
Less: Cash and cash equivalents at the beginning of the year	(3,072,197)	(892,464)
Net (decrease)/increase in cash and cash equivalents	(2,521,488)	2,179,733

## (2) Composition of cash and cash equivalents

	31 December 2022	31 December 2021
I. Cash		
Including: Bank deposits that can be readily drawn on demand	518,082	3,072,197
Other cash balances that can be readily drawn on demand	32,627	–
II. Balance of cash and cash equivalents that are readily convertible to cash at the end of the year	550,709	3,072,197

Note: The above disclosure of cash and cash equivalents does not include restricted cash and cash equivalents.

CHAPTER XII  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

# SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

## 1. STATEMENT OF NON-RECURRING PROFIT OR LOSS

	2022	2021
Gains/(Losses) on disposals of non-current assets	221,022	(179,995)
Government grants recognised in profit or loss for current period	559,249	646,885
Gains or losses on changes in fair value arising from holding financial assets held for trading, and investment gains arising from disposals of other equity investments, other debt investments and other non-current financial assets, as well as gains or losses on changes in fair value of investment properties subsequently measured by adopting the fair value model except for the effective hedging activities related to the Group's ordinary activities	(1,688,159)	1,344,952
Reversal of provision for impairment of receivables subject to impairment test separately	32,947	–
Net (losses)/income from disposals of long-term equity investments	(208,926)	20,550
Other non-recurring losses and gains items	(563,512)	20,407
Effect of income tax	306,290	(401,972)
Effect of non-controlling interests (after tax)	276,684	(258,564)
<b>Total</b>	<b>(1,064,405)</b>	<b>1,192,263</b>

Note: The above non-recurring profit or loss items are presented at the amount before tax.

### 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 XII

## FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 *the 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:

	Earnings per share					
	Weighted average return on net assets (%)		Basic earnings per share		Diluted earnings per share	
	2022	2021	2022	2021	2022	2021
Net profit attributable to ordinary shareholders of the Company	7%	15%	0.59	1.20	0.57	1.20
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	9%	13%	0.79	0.98	0.77	0.98

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