

CIMC 中集

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

2023 INTERIM REPORT



Important Notice

The 2023 interim report (hereinafter referred to as this “Report” or the “2023 Interim Report”) has been considered and approved at the thirteenth meeting of the tenth session of the Board in 2023. All Directors have attended the meeting to consider and approve this Report, and Director DENG Weidong authorized Vice-chairman HU Xianfu to attend the meeting and exercise voting rights on his behalf.

The Board, the Supervisory Committee and the Directors, Supervisors and senior management of the Company warrant that this Report is true, accurate and complete and does not contain any misrepresentations, misleading statements or material omissions and jointly and severally take legal responsibility.

The financial statements of the Group have been prepared in accordance with China Accounting Standards for Business Enterprises (“CASBE”). The interim financial statements and notes thereto for the period starting from 1 January 2023 and ended on 30 June 2023 (hereinafter referred to as the “2023 Interim Financial Report”) in this Report have not been audited.

Mr. MAI Boliang, person-in-charge of the Company, Chairman of the Board and CEO, and Mr. ZENG Han, Vice President and Chief Financial Officer, person-in-charge of accounting affairs and head of the accounting department, hereby warrant the truthfulness, accuracy and completeness of the 2023 Interim Financial Report in the Report.

The Company does not intend to distribute any interim cash dividend, issue bonus shares or convert shares from capital reserve into share capital for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

The forward-looking statements in the 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.

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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 original copy and summary of the 2023 Interim Report of the Company signed by the Company's legal representative.
- (II) The original copy of the financial report duly signed and under the seal of the legal representative of the Company, the person in charge of accounting affairs and the head of the accounting department.
- (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:

Items	Definitions
"Company"	China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司), a joint stock company incorporated in the PRC with limited liability, the A shares of which are listed on the Shenzhen Stock Exchange and the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange.
"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 "Period"	The six months from 1 January 2023 to 30 June 2023.
"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.
"Rules of Procedure for the Board"	The Rules of Procedures for the Board of China International Marine Containers (Group) Co., Ltd.
"Articles of Association"	The Articles of Association of China International Marine Containers (Group) Co., Ltd.
"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.
"Model Code"	The Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Hong Kong Listing Rules.

Definitions

“Corporate Governance Code”	The Corporate Governance Code contained in Appendix 14 of the Hong Kong Listing Rules.
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
“SFO”	The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong.
“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.
“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.
“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.
“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 the second largest Shareholder of the Company.
“CIMC Container (Group) Co., Ltd.”	CIMC Container (Group) Co., Ltd., (formerly known as “CIMC Container Holding Co., Ltd.”, with the name changed on 5 June 2023), a holding subsidiary 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. Its shares were listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 445), and on 25 January 2021, the listing of the shares of CIMC TianDa on the Hong Kong Stock Exchange was withdrawn after privatisation by way of a scheme of arrangement.

Definitions

“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 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.
“CIMC Transportation Technology”	CIMC Transportation 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 associate 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 Wetrans”	CIMC Wetrans 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.
“CMIC”	CM Energy Tech Co., Ltd., (formerly known as “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”.

Definitions

“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”.
“CMOEI”	China Merchants Offshore Engineering Investment Shen Zhen Co., Ltd. (深圳市招商局海工投資有限公司), together with its subsidiaries “CMOEI 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.

Items	Definitions
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.
Modular Building	The building manufactured in a factory environment and transported to a prepared project site to be installed.
ONE Model	Optimization Never Ending, the lean management system of the Group.
QHSE	A management system that guides and controls an organisation in respect of Quality, Health, Safety and Environmental aspects.
Semi-submersible Drilling Platform	A semi-submersible drilling platform is a mobile oil rig; the upper part of the hull structure is the working deck and the lower part comprises two lower hulls, with the parts connected by support columns. When in operation, the lower hulls are submerged into the water. A semisubmersible platform is generally used in deep seas with water depths ranging from 600–3,600m. The platform typically uses a dynamic positioning system for positioning.
TEU	Twenty-foot equivalent unit, also known as a standard unit (a container with a length of 20 feet, a height of 8 feet and 6 inches and a width of 8 feet), being used to measure the volume of a container.
LPG	Liquefied Petroleum Gas.
AGV	Automated Guided Vehicle.

Chapter I Corporate Profile

I. COMPANY INFORMATION

Legal Chinese Name:	中國國際海運集裝箱(集團)股份有限公司 (Abbreviated as “中集集團”)
English Name:	China International Marine Containers (Group) Co., Ltd. (Abbreviated as “CIMC”)
Legal Representative:	MAI Boliang
Authorised representatives:	MAI Boliang, Wu Sanqiang
Registered Address and Address of Head Office:	8th Floor, CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, the PRC
Postal Code:	518067
Principal Place of Business in Hong Kong:	3101-2 Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong
Company Website:	http://www.cimc.com
Email Address:	ir@cimc.com
Unified social credit code:	91440300618869509J

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, the 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. 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:	2039 ∙ 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.

There were no changes in the Company's registered address, the Company's office address and its postal code, Company website, e-mail, stock exchange website, media or website of disclosure of interim report of the company, places at which this interim report is available and other relevant information during the Reporting Period. For details, please refer to the 2022 Annual Report.

Chapter II Summary of Accounting Data and Financial Indicators

I. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

Whether the Company needs to make retrospective adjustments to or restate the accounting data of previous years

Yes No

Unit: RMB thousand

Consolidated Income Statement Items	January – June 2023 (unaudited)	January – June 2022 (unaudited)	Changes from
			the same period of the previous year to the Reporting Period
Revenue	60,573,968	72,126,258	(16.02%)
Operating profit	1,645,039	4,453,521	(63.06%)
Profit before income tax	1,651,971	4,498,100	(63.27%)
Income tax expense	661,589	1,264,012	(47.66%)
Net profit	990,382	3,234,088	(69.38%)
Net profit attributable to shareholders and other equity holders of the Company	398,556	2,538,512	(84.30%)
Profit or loss attributable to minority shareholders	591,826	695,576	(14.92%)
Net profit attributable to shareholders and other equity holders of the Company after deducting non-recurring profit or loss	976,599	2,697,578	(63.80%)

Unit: RMB thousand

Consolidated Balance Sheet Items	30 June 2023 (unaudited)	31 December 2022 (audited)	Changes from
			the end of previous year to the end of the Reporting Period
Total current assets	81,369,269	76,984,186	5.70%
Total non-current assets	72,682,912	68,915,763	5.47%
Total assets	154,052,181	145,899,949	5.59%
Total current liabilities	68,686,090	62,998,154	9.03%
Total non-current liabilities	22,948,088	20,245,711	13.35%
Total liabilities	91,634,178	83,243,865	10.08%
Total equity attributable to shareholders	62,418,003	62,656,084	(0.38%)
Equity attributable to shareholders and other equity holders of the Company	47,281,476	48,613,429	(2.74%)
Minority interests	15,136,527	14,042,655	7.79%

Chapter II Summary of Accounting Data and Financial Indicators

Unit: RMB thousand

Consolidated Cash Flow Statement Items	January –	January –	Changes from
	June 2023 (unaudited)	June 2022 (unaudited)	the same period of the previous year to the Reporting Period
Net cash flows from operating activities	(2,008,282)	3,635,390	(155.24%)
Net cash flows from investing activities	(4,072,863)	(1,876,542)	(117.04%)
Net cash flows from financing activities	6,904,668	3,573,706	93.21%

Key Financial Indicators

	January –	January –	Changes from
	June 2023 (unaudited)	June 2022 (unaudited)	the same period of the previous year to the Reporting Period
Basic earnings per share attributable to shareholders of the Company (RMB)	0.07	0.47	(85.11%)
Diluted earnings per share attributable to shareholders of the Company (RMB)	0.07	0.46	(84.78%)
Weighted average return on net assets (%)	0.79%	5.44%	(4.65%)
Weighted average return on net assets after deducting non-recurring profit or loss (%)	2.03%	5.78%	(3.75%)
Net cash flows from operating activities per share (RMB)	(0.37)	0.67	(155.22%)

	30 June	31 December	Changes from
	2023 (unaudited)	2022 (audited)	the end of previous year to the end of the Reporting Period
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 period)	8.77	9.01	(2.66%)

Note: As the Company implemented the conversion of capital reserve in 2022, earnings per share and net cash flows from operating activities per share for 2022 have been adjusted for the latest share capital pursuant to the relevant accounting standards.

Chapter II Summary of Accounting Data and Financial Indicators

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)	32,100
Fully-diluted earnings per share based on the latest share capital (RMB/share) (Note)	0.07

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.

II. 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

III. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

Applicable Not applicable

Chapter II Summary of Accounting Data and Financial Indicators

Unit: RMB thousand

Items	January – June 2023 (unaudited)
Gains/(losses) on disposal of non-current assets	3,538
Government grants recognised in profit or loss for the current period	231,645
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 non-current financial assets and gains or losses from changes in fair values of investment properties subsequently measured at fair value, except for the effective hedging activities relating to the Group's ordinary operating activities	(1,443,868)
Reversal of impairment provision for accounts receivable tested for impairment separately	980
Net gains/(losses) from disposal of long-term equity investment	200,615
Other non-operating expenses and income other than the above items	13,694
Effect of income tax	186,539
Effect of minority interests (after tax)	228,814
Total	(578,043)

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.

IV. CHANGES IN ACCOUNTING POLICIES FOR THE REPORTING PERIOD

There were no changes in accounting policies, accounting estimates or calculation methods, or accounting discrepancies during the Reporting Period.

Chapter III Management Discussion and Analysis

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 loads, heavy trucks¹, 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.

According to the latest 2023/24 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.

The Group continued to consolidate its strategy of globalised deployment, with its research and development centres and manufacturing bases located in nearly 20 countries and regions around the world, and more than 30 overseas entities and enterprises, mainly in Europe, America and Southeast Asia. Benefiting from the continuously consolidating foundation of its global operation platforms, the Group has been able to smooth out the risk fluctuations in a single region and achieve stable and quality development. During the Reporting Period, the Group's domestic revenue accounted for approximately 51.61% and its overseas revenue accounted for approximately 48.39%, which was basically flat as compared with the same period last year, maintaining a sound market landscape. On one hand, the Group has been actively expanding its industrial layout in the domestic market based on the domestic circulation; on the other hand, the Group has been seizing the market space for upgrading in the global logistics and energy sectors through overseas local manufacturing, so as to build up dual engines for the Group's development by adopting a dual-operation strategy focusing on both domestic and external demands.

¹ 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 associate of the Company.

Chapter III Management Discussion and Analysis

II. REVIEW OF THE PRINCIPAL BUSINESSES DURING THE REPORTING PERIOD

1. Overview

During the Reporting Period, the Group's revenue amounted to RMB60,573.968 million (same period in 2022: RMB72,126.258 million), representing a year-on-year decrease of 16.02%. During the Reporting Period, the Group's net profit attributable to shareholders and other equity holders of the Company amounted to RMB398.556 million (same period in 2022: RMB2,538.512 million), representing a year-on-year decrease of 84.30%. During the Reporting Period, the products and businesses contributing 10% or more to the Group's revenue included container manufacturing business, road transportation vehicles business and energy/chemical/liquid food equipment business and logistics services business. Business analysis of each segment is as follows:

2. Review of Operations of Major Business Segments

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

(1) In logistics field:

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



The Group's container manufacturing business has been leading the world in terms of production and sales volume since 1996, and as a leader in the global container industry, its production bases cover all major coastal and inland ports in China. It has the capacity to produce a full series of container products with independent intellectual property rights, which 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 (Group) Co., Ltd. (中集集裝箱(集團)有限公司) and its subsidiaries. The Company holds 100% equity interest in CIMC Container (Group) Co., Ltd. as at 30 June 2023.

During the Reporting Period, the growth of global goods trade slowed down and demand in the container shipping market weakened, which led to sluggish demand for new containers. As a result, during the Reporting Period, the production and sales volume of the Group's container manufacturing business witnessed a significant year-on-year decline. In particular, the accumulated sales volume of dry containers reached 263,100 TEUs (same period in 2022: 675,000 TEUs), representing a year-on-year decrease of approximately 61.02%. The accumulated sales volume of reefer containers reached 51,500 TEUs (same period in 2022: 68,400 TEUs), representing a year-on-year decrease of approximately 24.71%.

During the Reporting Period, benefited from sound cost management, the Group's container manufacturing business still maintained a stable profitability. The container manufacturing business of the Group recorded a revenue of RMB13,667.707 million (same period in 2022: RMB22,767.965 million), representing a year-on-year decrease of 39.97%, and a net profit of RMB767.528 million (same period in 2022: RMB3,053.381 million), representing a year-on-year decrease of 74.86%.

Chapter III Management Discussion and Analysis

- Expand the road transportation vehicles business



CIMC Vehicles, the main operating entity of the Group's road transportation vehicles business, is the world's leader in the sophisticated manufacturing of semi-trailers and specialty vehicles, a pioneer in the high-quality development of road transport equipment in China, and an explorer and innovator in new energy specialty vehicles in China. The Group held approximately 56.78% equity interests in CIMC Vehicles as at 30 June 2023.

In the new development stage of its third venture, CIMC Vehicles has overwhelmingly attained another milestone breakthrough in operating results, with net profit hitting the highest record for the same period in history. During the Reporting Period, CIMC Vehicles achieved revenue of RMB13,469.630 million (same period in 2022: RMB11,195.842 million), representing a year-on-year increase of 20.31%; achieved a net profit of RMB1,891.943 million (same period in 2022: RMB370.305 million), representing a significant year-on-year increase of 410.91%. Details of the principal operations are as follows:

- Global semi-trailer business:** CIMC Vehicles operates seven key types of semi-trailer products in four major markets around the world, comprising container skeletal semitrailers, flatbed semitrailers and their derivatives, curtain side semitrailers, van semitrailers, refrigerated semitrailers, tank semitrailers, and other special semitrailers. During the Reporting Period, CIMC Vehicles sold 62,243 semitrailers globally (same period in 2022: 61,627), and recorded a revenue of RMB10,268 million from its global semitrailer business (same period in 2022: RMB8,190 million), representing a year-on-year growth of 25.37%. As for the Chinese semitrailer market, CIMC Vehicles consolidated its domestic market fundamentals, efficiently implemented its "Star Chain Program", promoted structural reforms in the manufacturing organizations of its domestic semi-trailer business, and initiated the "CIMC-Shaanxi Automobile Semi-trailer" cooperation model, which has maintained the first place in the domestic market in terms of market share. In terms of overseas market, the North American semi-trailer business, carrying on last year's trend of rising product prices and declining ocean freight rate, coupled with the exchange gains brought by the strengthening US dollar, sustained its growing momentum; the European semi-trailer business gained quality growth in an adverse environment thanks to the implementation of cost reduction and efficiency improvement strategies; meanwhile, CIMC Vehicles actively grasped the opportunities of strong demand in the emerging markets, vigorously explored the emerging markets and has achieved satisfactory business growth in the emerging markets.
- Truck bodies for specialty vehicles business:** CIMC Vehicles operates the truck bodies for specialty vehicles business, which include the manufacture of urban dump truck bodies and concrete mixer truck bodies and sales of fully-assembled vehicles. During the Reporting Period, the domestic heavy truck market and the real estate infrastructure industry suffered from low demand, and the industry as a whole was in a downturn. As a result, revenue from the business of truck bodies for specialty vehicles and sales of fully-assembled vehicles amounted to RMB1,348 million (same period in 2022: RMB1,491 million), representing a year-on-year decrease of 9.61%. To respond to the rising demand for special new-energy vehicles, CIMC Vehicles, based on its cooperation with core OEMs, actively developed integrated new energy products in order to further cooperation on ancillary services for new energy vehicles, thus creating synergy among different industries. Currently, the business of truck bodies for specialty vehicles and sales of fully-assembled vehicles is expanding its market shares in the market segments of concrete mixer trucks, new-energy concrete mixer trucks and urban dump trucks.
- Lightweight van truck bodies:** CIMC Vehicles engages in production of bodies of and sales of lightweight van trucks. During the Reporting Period, CIMC Vehicles reported a revenue of RMB193 million (same period in 2022: RMB93 million) from manufacturing and sales of the lightweight van truck bodies amidst the sluggish market demand, representing a year-on-year growth of 107.91%, by virtue of its leading innovative technologies and high-quality products.

Chapter III Management Discussion and Analysis

- *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 facilities and logistics equipment, fire safety and rescue equipment. As at 30 June 2023, the Group held approximately 58.34% equity interests in CIMC TianDa. The airport facilities and logistics equipment business 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 airport facilities and logistics equipment, fire safety and rescue equipment businesses of the Group achieved a revenue of RMB2,282.085 million (same period in 2022: RMB2,588.085 million), representing a year-on-year decrease of 11.82%, and a net profit of RMB7.882 million (same period in 2022: RMB16.943 million), representing a year-on-year decrease of 53.48%.

Revenue and net profit recognised for the Reporting Period declined as compared with the same period in 2022 as most of the orders for airport equipment for the year will be delivered in the second half of the year. With stable development in various businesses of CIMC Tianda, it will invest more resources in the research and development of high-end technologies, strive to develop more outstanding products, and work with its excellent service team to maintain its leading position in the industry and to open up a wider market space.

- *Leveraging the logistics services business*



CIMC Wetrans, the main operating entity of the logistics services business of the Group, is committed to “becoming a high quality and trustworthy world-class multimodal transport enterprise”. As at 30 June 2023, the Group held 62.7% equity interests in CIMC Wetrans. With its global network, CIMC Wetrans has established a multimodal transport product matrix that integrates “river, sea, land, railway and air transportation”, kept exploring ways to provide efficient, low-carbon and visual logistics services to customers, and provided professional and personalized logistics solutions to specific customers. CIMC Wetrans was awarded the “2023 Top 50 Logistics Enterprises in China” by the China Federation of Logistics & Purchasing in August 2023 once again.

During the Reporting Period, China’s economy continued to recover, driving the pick-up in domestic demand for logistics, and overseas logistics demand showed a weak trend in general with falling volumes and rates of global container and air transportation during the period, but demand for cross-border railway transportation along the “belt and road” initiative saw an increase.

During the Reporting Period, the logistics services business of the Group realised a revenue of RMB9,131.975 million (same period in 2022: RMB17,278.702 million), representing a year-on-year decrease of 47.15%, a gross profit of RMB618.213 million (same period in 2022: RMB1,023.693 million), representing a year-on-year decrease of 39.61%, and a net profit of RMB54.538 million (same period in 2022: RMB300.263 million), representing a year-on-year decrease of 81.84%. The logistics services business of the Group achieved growth in the volumes of container and railway freights in the first half of the year, but the sea and air transport markets operated at a low rate during the same period led to a decline in performance.

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During the Reporting Period, the strategy of the Group's logistics service business was further upgraded, specifying the direction of "further developing the multimodal transport market (深耕多式聯運賽道)" and setting the target of "global and whole process logistics and leading products (全球全程、產品領先)". (1) For the "integrated" multimodal transport business: in respect of sea transportation, the Group improved its global network layout to cover a number of advantageous sea and air routes with a focus on the improvement of the network layout in the Asia-Pacific region, which drove the fast growth of its business in the Asia-Pacific region, deepened its cooperation with main shipping companies and made innovation on the new profit model of centralized procurement, thus enhancing the competitiveness of routes; in respect of railway transportation, the Group operated over 20 sea-railway and international railway lines in a regular way, actively developed along the China-Laos railway and deepened cooperation with the government of Yunnan Province, which have extended inland sourcing destinations and improved the international cross-border whole-process service capability of the Group; in respect of air transportation, the Group upgraded its customer base for air transportation and continued to explore ways of multimodal transport; (2) when it comes to specialized logistics, the Group's cold chain export capability was reinforced to create a dual-loop advantage for cold chain import and export; (3) in terms of the logistics infrastructure business, the Group strengthened its cooperation with airlines, improved the construction of domestic hubs and network, and enhanced its before-airport service capability, which contributed to a big year-on-year improvement in profit. Meanwhile, internal operation capability was further enhanced to deal with the severe external situations, and a rapid increase in the efficiency of employees has been achieved.

- *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 neutrality, 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, liquid chemicals, rubber and bulk commodities, etc. The recycled load business of the Group is carried out through CIMC Transportation Technology, in which the Group held approximately 63.58% equity interests as at 30 June 2023.

As a result of fluctuations in its recycled load business during the Reporting Period, the Group saw a year-on-year decline of 57.90% in its revenue from the business to RMB1,428.313 million (same period in 2022: RMB3,392.834 million), mainly due to the year-on-year change in caliber as a result of the disposal of its equity interests in a subsidiary Dalian CIMC Special Logistics Equipment Co., Ltd. by CIMC Transportation Technology within the Group in last August; and reported net losses of RMB28.414 million (same period in 2022: net profit of RMB304.015 million), which was mainly due to the decline in orders for the operation business with fixed costs as affected by the continued downturn in domestic commercial vehicle market, the slowdown in downstream demand for rubber derivatives and regional power cut policy.

During the Reporting Period, in terms of the expansion of the Group's recycled load business in new industries, the Group gained a satisfactory growth of its business of research, development and manufacturing of recycled packaging in the new energy battery segment. Moreover, CIMC successively won the bids for load manufacturing from the leading express delivery enterprises and the recycled packaging of the power battery from the top new energy players, and the finished products will be delivered in the second half of 2023. In terms of the operation business, CIMC will continue to actively expand in other industries, and has currently entered into business cooperation with a top dairy company and a leading company in the chemical fiber sector to provide products necessary for the dairy industry and textile and chemical fiber industry.

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(2) In Energy field:

- On 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 67.60% equity interests as at 30 June 2023.

During the Reporting Period, the Group achieved a revenue of RMB11,388.087 million from energy, chemical and liquid food equipment business (same period in 2022: RMB9,594.446 million), representing a year-on-year increase of 18.69%, and reported net profits of RMB435.411 million (same period in 2022: RMB468.297 million), representing a year-on-year decrease of 7.02%. In particular, CIMC Enric, the main operating entity, achieved a revenue of RMB10,760 million (same period in 2022: RMB8,950 million), representing a year-on-year increase of 20.2%. The segment results of CIMC Enric are as follows:

- Clean energy segment. There was a growth recovery of revenue from the segment. The Group realized a revenue of RMB6,290 million from the segment (same period in 2022: RMB4,680 million), a significant year-on-year increase of 34.4%. When it comes to onshore clean energy field, the Company recorded promising growth in its gas storage and peak shaving projects, LNG storage tanks, CNG trucks, and onboard LNG tanks since LNG prices returned to normal from high level, and players along the industry chain posed more demands for the relevant equipment to respond to the rising natural gas consumption attributable to the domestic economic recovery. In terms of the offshore clean energy field, benefiting from the ship replacement cycle and the tightening environmental protection and emission reduction requirements, the liquefied natural gas ship market heated up in the first half of the year, and the price of new ships also rose steadily. CIMC Enric has consecutively won orders for eight new buildings and alternative orders for four new vessels, including 2+2 1450-TEU clean energy dual-fuel container vessels, 2+2 40,000m³ LPG/liquid ammonia carriers and four 12,500-ton dual-fuel dry bulk carriers. During the Reporting Period, CIMC Enric further increased its presence along the industry chain and enhanced its integrated service capability in the hydrogen business so that it could offer "production, storage, transportation, refueling and utilization" of hydrogen. In this regard, the company successfully rolled out core equipment such as 1200Nm³/h alkaline electrolyzer, 40-foot liquid hydrogen tank, 390-liter type III onboard hydrogen storage cylinder, and 45MPa diaphragm compressor, thus laying a foundation for establishing its leading position in the domestic hydrogen field. During the Reporting Period, the hydrogen-related business recorded a revenue of RMB270 million, representing a year-on-year increase of 59.1%, mainly due to the growth of demand for storage and transportation equipment such as spherical hydrogen storage tanks and tube trailers driven by the accelerated implementation of green hydrogen projects as well as the sound sales of type III onboard hydrogen storage cylinders and hydrogen supply systems in the area of terminal application.
- Chemical and environment segment. Thanks to its prudent operations, CIMC achieved a revenue of RMB2,450 million (same period in 2022: RMB2,550 million) from the segment, a slight year-on-year decline of 3.9%. As a balance was struck between supply and demand of tank container at global level, the demand for new standard tank containers is on the track to the normal level, while the Company still saw significant demands for special tank containers thanks to the thriving new energy and chip industries. Besides, the Company is also actively exploring business segments such as medical equipment and environmental protection.

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- Liquid food segment. Progress was made in the segment as revenue from the segment amounted to RMB2,010 million (same period in 2022: RMB1,710 million), a steady year-on-year increase of 17.3%. Leveraging its expertise in the design, manufacture and project engineering of liquid food processing equipment, the segment continued to promote its business layout and integrated solutions in various industries such as beer, spirits, fruit juices and biopharmaceuticals. During the Reporting Period, steady strides were also made in beer, spirits and other equipment and turnkey projects and services, including those in Mexico, the United States, Thailand and China.
- *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 interests as at 30 June 2023. 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 construction of various types of drilling platforms and production platforms, construction of offshore wind power equipment and operation and maintenance of wind farms, manufacture of special vessels, etc.

During the Reporting Period, the global shipping and offshore engineering market environment continued to improve: the number of orders of ships increased significantly year on year, shipyards were subject to capacity constraints, and dry-dock resources reached their bottlenecks; international oil prices were at a high level, which still has a promoting effect on the oil and gas production platforms, the continuous growth in marine operation activities drove the utilisation ratio of and the rental for offshore engineering equipment to be on the rise, and the offshore engineering equipment market continued to recover. During the Reporting Period, as new orders for offshore engineering entered the construction period successively, the offshore engineering business of the Group recorded a revenue of RMB4,119.44 million (same period in 2022: RMB2,568.098 million), representing a year-on-year increase of 60.41%, and a net loss of RMB182.153 million (same period in 2022: net loss of RMB240.857 million), representing a year-on-year decrease in loss of 24.37%.

In terms of new orders: The Group acquired effective orders/won bids for orders with the value of USD1,490 million (including awarded orders to be effective with value of USD401 million) as of the end of June, including three wind power ships with the value of USD851 million, three ro-ro ships with the value of USD261 million, two oil and gas module orders with the value of USD254 million, and other clean energy products orders with the value of USD120 million, realising an increase of 144% as compared with USD610 million for the same period last year. The value of accumulated orders on hand reached USD5.11 billion, representing an increase of 141% as compared with to USD2.12 billion for the same period last year, of which the proportion of oil and gas business and non-oil and gas business maintained at approximately 4:6, which had effectively eased the periodic fluctuation of oil and gas, demonstrating that successful strategic transformation had been achieved.

In respect of project construction and delivery: In January, the third car carrier of the PCTC series officially started construction at LCRO; in February, the main hull project for the P80 FPSO constructed for Singapore Keppel (the general contractor of P80 project of Brazilian state oil company) started construction; in March, the delivery of No. 005 net cage constructed for Jinghai was successfully completed, with a total of eight deep-sea net cages in operation at present; in April, China's second offshore mobile self-installed wellhead platform successfully completed the delivery of station piles in the South China Sea; in May, the system commissioning process for the first car carrier of the PCTC series officially started; in June, China Railway Construction Jack-up Wind Power Installation Platform and Huaxia Financial Leasing 1,500-tonne Self-propelled Jack-up Wind Power Installation Platform held keel-laying ceremony at Haiyang base.

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(3) 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 Group's finance and asset management business achieved a revenue of RMB802.038 million (same period in 2022: RMB1,149.645 million), representing a year-on-year decrease of 30.24%, and a net loss of RMB1,124.995 million (same period in 2022: net profit of RMB4.658 million), representing a significant decline year on year, mainly due to the increase in the interest expenses of offshore engineering asset operation and management business resulting from the rise in US interest rates and the absence of the profit of CIMC Leasing before deconsolidation for the same period in 2022. But excluding impacts of the above, benefited from the increase in average rental prices, there was an improvement in the operations of the offshore engineering asset operation and management business, which achieved a year-on-year revenue growth of over 10%, with significant improvement in the marginal contributions of project operations.

CIMC Finance Company:

During the Reporting Period, CIMC Finance Company insisted on cultivating the existing businesses by adhering to its basic functional positioning, continued to deepen the centralized management of funds for the Group, promoted the opening of super online banking business to dynamically monitor the Group's capital position and to prevent and control capital risk. CIMC Finance Company further integrated itself into the overall strategic planning of the Group and the development of its main businesses, integrated and configured financial resources in a targeted manner, and continuously strengthened its financial support for the development of industries. In the first half of the year, CIMC Finance Company provided members of the Group with credit facilities of more than RMB3.7 billion to help them realise capital turnover in a highly efficient and expeditious manner. At the same time, CIMC Finance Company continued to improve and optimize financial products and services, enhanced the ability of comprehensive financial innovation services, provided high-quality, distinctive and international financial services for members of the Group, reduced the occupation of corporate funds, reduced transaction costs, and effectively promoted the improvement of the efficiency and effectiveness of the Group's capital management.

Offshore engineering asset operation and management business of CIMC:

As of the end of June 2023, 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 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, market demands for drilling platforms increased, while the oil price remained fluctuating at USD80/barrel, which effectively supported the exploration and exploitation activities of offshore drilling activities. According to a report issued by Westwood Global Energy, the fundamentals of global offshore drilling platforms continued to show strong improvement. The occupation and rate of jack-up platforms maintained at high levels since the recovery, and the active platform occupancy of global floating drilling platforms further improved, with strong demand for high-specification semi-submersible drilling platforms. The utilisation rate of the sixth-generation semi-submersible drilling platforms for harsh environment in the market increased by approximately 14% during the period with rental rates further increasing to USD350,000-460,000 per day. In July, Transocean, a leading international drilling contractor, secured a lease contract for Deepwater Proteus, its seventh-generation ultra-deepwater drillship, at a daily rate of USD480,000 per day, leading the industry.

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In the first half of 2023, benefited from the recovering market, the Group acquired 2 new lease contracts for its offshore engineering asset operation and management business, namely the 3+1-year lease contract with Saipem, a well-known Italian offshore engineering service provider, in relation to the “Perro Negro 12” 300-foot jack-up drilling platform, which had come into effect in March 2023. The platform had been shipped to a shipyard in the Middle East where it will operate for adaptability improvement; the 2+1-year lease contract with China Oilfield Services Limited in relation to “Gulf Driller III” 300-foot jack-up drilling platform, which had come into effect in April 2023. The platform is currently operating in the Beibu Gulf of the South China Sea. The new lease contracts have good economic effectiveness as compared with past lease contracts owing to improved market environment. By the end of June 2023, out of the existing 14 leasable offshore engineering platforms, we acquired lease contracts for 10 platforms in self-operated wet lease, dry lease and other leasing model, of which all 6 jack-up platforms were leased out and 4 semi-submersible platforms (including 2 living platforms) were leased out, and the remaining term of the lease contracts ranged from 7–74 months. For the remaining leasable drilling platforms, the Group will, leveraging the recovering market environment, take action and make prudent research and judgement to achieve high-quality use of its 2 sixth-generation semi-submersible drilling platforms for harsh environment and 1 seventh-generation ultra-deepwater drilling platform.

(4) Innovative Businesses that highlight the advantage of CIMC:

- *Cold Chain Business*



During the Reporting Period, in addition to continuing to consolidate its core advantages in the field of cold chain equipment manufacturing, the Group has further strengthened the strategic layout of its cold chain business in the pharmaceutical cold chain, fresh supply chain and other aspects. In terms of reefer containers, the Group has increased the industry layout of special reefer containers such as planting boxes, flight cases and others of equipment integration categories. In terms of pharmaceutical cold chain, CIMC Cold Cloud, relying on its unique structured advantage of “production + research + transportation” in the industry, ranked first on the “Top 10 Key Enterprises in China Medical Device Cold Chain Transportation of 2023* (2023年度中國醫療器械冷鏈運輸十家重點企業)” list with its professional cold chain transportation services and industry influence. In terms of fresh supply chain, Guangxi Supply and Marketing & CIMC Cold Chain Co., Ltd.* (廣西供銷中集冷鏈有限公司), a joint venture of CIMC Cold Chain and Guangxi Supply and Marketing* (廣西供銷), has officially operated, where the two parties will give full play to their respective advantages and carry out strategic and business cooperation focusing on the strategic themes of “cold chain” and “rural revitalization”, aiming to build a high-speed rail like cold chain backbone network. As the first pilot project of the joint venture, the Full Cold Chain Mango Processing Demonstration Center* (芒果全程冷鏈加工示範中心) built in Baise City was completed at the end of May this year, which will effectively solve pectin, bacteria and other industry pain points, reduce losses and extend the shelf life of mango. The new cold chain model will be replicated and promoted in Guangxi, and gradually radiated and promoted to the Guangdong-Hong Kong-Macao Greater Bay Area in future.

- *Energy Storage Technology*



During the Reporting Period, with the outbreak of terminal demand in the global energy storage industry and the strong support from domestic energy allocation and reserve policies, the scale of the Group’s energy storage business continued to maintain steady growth and the value of orders on hand currently reaches over RMB1,000 million. The Group have gathered the resources and capabilities of our subordinate high-quality factories, strengthened technological research and innovation investment and built integrated specialized workshops, so as to provide customers with efficient and safe integrated products. In terms of energy storage equipment integration services, the Group continued to integrate various advantageous resources and further deepened the comprehensive cooperation with domestic and foreign industry giants. Based on CIMC’s unique large-scale industrial equipment production capacity, key equipment automation production, all-green factory energy consumption control system, and integrated and coordinated production-logistics solutions, the Group has provided industrial customers with large-scale, efficient, low-carbon and collaborative equipment manufacturing solutions from various aspects such as container R&D and design, integrated production line investment, quality system transformation and whole process services.

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- *Modular Building Business*



CIMC Construction Technology Company Limited (中集建築科技有限公司) 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”, and striving to become a global technological leader in terms of green industrialised finished buildings. Modular building business: the Group continued to vigorously explore domestic and international markets, strengthen the technological research and development as well as management improvement. During the Reporting Period, the Group’s revenue from modular building business increased by 64% as compared with the corresponding period of last year, with newly signed orders amounting to approximately RMB0.47 billion. In particular, the Hong Kong market was further consolidated, with new contracts exceeding RMB0.2 billion. Major projects such as the Hong Kong Legislative Council Complex, the Transitional Housing on Po Yap Road and the Transitional Housing at Kai Tak Muk On Street was progressing in an orderly manner, and the product technology and quality were highly recognized by customers.

- *AGV and other robot business*



During the Reporting Period, the Group’s AGV and other robot 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, CIMC IOT’s double-deck AGV parking robots will be widely used in airports, ports, hospitals, industrial parks and other fields, and may achieve intelligent parking, visualized vehicle management and efficient operation through the integrated application of technologies such as the Internet of Things, big data, automatic driving, etc.. The intelligent bus garage in Xiasha, Futian, Shenzhen was officially put into operation in February this year, which is one of the first demonstration projects on three-dimensional parking lots for new energy buses in Shenzhen, and is the largest intelligent three-dimensional garage for new energy buses in China.

(5) 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) On 15 March 2023, the strategic restructuring of C&C Trucks Co., Ltd. was completed, upon which the equity interests of the Company in C&C Trucks Co., Ltd. were reduced from 73.89% to 35.42%. C&C Trucks Co., Ltd. became an associate of the Company and was no longer a controlling subsidiary of the Company. (2) On 26 May 2023, according to the results of the Listing Review Committee meeting of the Shenzhen Stock Exchange, the application of CIMC-TianDa for the initial public offering and listing of shares on the ChiNext Board of the Shenzhen Stock Exchange has been approved by the Listing Review Committee. CIMC-TianDa’s A-share offering is still subject to the registration procedures with the CSRC.

In addition, on 27 July 2023, according to the Approval for Registration of Shares in Initial Public Offering of CIMC Safeway Technologies Co., Ltd. issued by the CSRC, the CSRC approved the registration application of CIMC Safeway Technologies Co., Ltd. for the shares issued in initial public offering on the ChiNext Board of the Shenzhen Stock Exchange (SZSE). CIMC Safeway Technologies Co., Ltd. will carry out follow-up work in accordance with the relevant regulations and requirements of the CSRC and the SZSE.

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III. FUTURE DEVELOPMENT AND PROSPECTS OF THE COMPANY

Focusing on the national strategy and considering the development trend of the industry and the actual development of the Group, the Group confirmed 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 minimizes 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.

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

(1) In the Logistics Field:

Container Manufacturing Business

Affected by factors such as the weakening of global economic and trade growth momentum, coupled with the backlog of containers that customers have overbought due to the recovery of supply chain efficiency, demand for containers this year has fallen to its lowest point since the financial crisis. For now, industry inventories are being steadily drawn down, and the demand for containers is on the track of recovery. According to the prediction made by CLARKSONS (a global authoritative industry analyst) in July 2023, the growth of global container trade in 2023 and 2024 will be 1.0% and 3.4%, respectively, the expected demand for container transportation this year will shift from negative to positive, and the market expectation will show a significant rebound trend in the future. It is expected that the steady recovery of global trade will provide strong support for the recovery of demand for containers in the future.

In the second half of 2023, CIMC Container, on the one hand, will deepen its internal optimization to continuously strengthen its core competitive advantages by upgrading the quality assurance system, improving intelligent manufacturing, and advancing research, development and wider application of new materials and processes, thus enabling the Group to be well-positioned to embrace the rebound of demand for containers. On the other hand, CIMC Container will actively develop market opportunities in logistics equipment segments. To do so, CIMC Container will explore opportunities in areas such as trucking containers, self-loading and unloading containers, and special railroad containers, and will develop a number of series of products with independent intellectual property rights to address the market demand and pain points of the industry, thus contributing to the continuous growth of the new “Container+” business.

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Road Transportation Vehicles Business

In the second half of 2023, China's transportation industry will maintain a recovery trend. It is expected that the volume of logistics freight will continue to increase, and the semi-trailer market in China may embrace a new landscape featuring continuing recovery, supply-side reform and accelerating head effect. As the demand for logistics and transportation is under pressure in Europe and the United States, the semi-trailer market in Europe and the United States may face downward pressure. With the promotion of the "Belt and Road" initiative and the comprehensive development of China's go abroad strategy for commercial vehicles, there is room for the high growth of semi-trailers in emerging markets. Meanwhile, as China continues to introduce policies to support the development of new energy light trucks, China's new energy light trucks are in the blue ocean market and are expected to become the main force for a new round of development.

In the second half of 2023, CIMC Vehicles will implement the strategy of starting a business for the third time through carrying out panoramic exploration: firstly, it will implement the "Star Chain Plan" effectively to set an good example for the supply-side reform in the domestic semi-trailer industry; secondly, the construction of "Light Tower Manufacturing Network 2023" will be deepened to achieve professional production; thirdly, with the continued empowerment of the "Sophisticated Manufacturing System" and the "new management infrastructure", its operation strategy will be implemented efficiently; fourthly, development in the field of new energy will be accelerated to make innovation on products and business model; fifthly, the "Deep-space Exploration Plan" will be launched to create a new landscape for the operation in North America; sixthly, the "Champion Development Plan" will be promoted to form a united operation of the tanker business under strategic guidance; seventhly, the "Starlight" Plan will be promoted to improve the overall operation of TB Business Group through resetting strategic direction and optimised organizational structure. CIMC Vehicles will strengthen its various businesses in the "national unified commercial vehicle and specialty vehicle market" with concentrated resources and enter the field of new energy commercial vehicles with innovative technologies and business models. By relying on innovation-driven development, it has achieved connotation growth as well as a steady improvement in the quality of operations. CIMC Vehicles is committed to creating an innovative and venture platform that supports new energy tractor-trailers and improves the integrated solutions for conventional fuel tractor-trailers, thereby making its way to the "ocean of stars" under the third venture.

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

In respect of the airport facilities and logistics equipment business: According to the data from Civil Aviation Administration of China (CAAC), the size of domestic passenger air traffic in the first quarter of 2023 has recovered to 90% of that of the same period of 2019, and according to Airports Council International (ACI), it is projected that the size of global passenger air traffic in 2024 can recover to the same level as that of 2019. With the increase in flights, coupled with the wider application of artificial intelligence and big data to promote the accelerated development of smart airports around the world as well as the upgrading of airport equipment, there will be greater growth space for the airport equipment business in the coming years. In terms of logistics equipment, the automatic sorting center of the second phase of Kunshan No.1 Smart Industrial Park of JD Group, which was constructed by CIMC TianDa, was formally put into operation this year. The completion of this project marks the growing maturity of CIMC TianDa's technology in the design, production and installation of smart warehousing and smart sorting system, and in the stage of rapid development of e-commerce & express delivery, the future of CIMC TianDa's logistics equipment business is promising.

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In respect of the safety and rescue equipment business: The development of the safety and rescue equipment business has always been a priority for the state, as it is related to the safety of people's lives and property. With the ever-changing urban landscape, coupled with the rapid development of high-fire-risk industries and the rapid increase of flammable and explosive places, the more complex the work of disaster relief and rescue, the higher the demand for sophisticated firefighting and rescue equipment and management systems. Since the state promotes the development of smart firefighting and encourages the use of big data of internet of things for remote monitoring, hidden danger identification, disaster relief command, etc., establishes a sound emergency rescue system with no dead-end and comprehensive coverage at the aid of automatic fire extinguishing system, fire alarm equipment, and various types of disaster relief and rescue fire trucks, CIMC TianDa has been actively investing in the development and exploration of new products and services required by the market with the help of informatization and big data, in order to seek a breakthrough in the steady development of the industry.

Logistics Services Business

In the second half of 2023, the world economic situation will become more complicated and severe. It is expected that the momentum of overseas economies will continue to weaken and the process of de-inflation will maintain. China's economic growth will be challenged by the contraction of external demand, the countries related to the "Belt and Road" are expected to form a supportive role, and the overall situation will continue to recover and become better. The logistics services business of the Group will actively face changes in the industry and adjust its market strategies in a timely manner, so as to continue to provide customers with higher-quality integrated multimodal transportation logistics solutions.

In the second half of 2023, the Group's logistics services business will vigorously strengthen the development and creation of multimodal transportation products. It will put effort into the integration of maritime business lines, rapidly promote the layout of hubs and outlets, focus on the construction of overseas delivery capabilities, cultivate industry customers while deepen cooperation with governments, and strengthen the ability of scientific and technological innovation to drive operations and development.

Recycled Load Business

In the second half of 2023, there will be an optimistic recycled load use and leasing market in the context of the national strategy of carbon peaking and carbon neutrality amid the tough situations inside and outside China.

In the second half of 2023, with easing regional power cut and gradual increase in the production capacity of rubber derivatives, the Group will continue to enhance its business expansion, optimize and improve the operation capacity for the recycled load business apart from strengthening the existing operations. It will continue to intensify cooperation with leading express delivery enterprises and new energy enterprises, actively expand its recycled packaging business to serve, among others, the photovoltaic, heavy machinery and coiled material industries, accelerate the construction of its production bases, release its recycled packaging manufacturing capacity, and continue to expand the scale of its business. CIMC Unit Load will continue to seize the opportunity arising from the replacement of disposable packaging with recycling packaging and the rapid development of new energy in the context of the national dual-carbon strategy, to increase product operation and management capabilities and business expansion efforts persistently. On the one hand, CIMC Unit Load will accelerate the integration of internal operation network and service outlets, and continue to optimize the smart leasing operation and management platform for recycling packaging to promote cost reduction and efficiency improvement in respects of operation and management. On the other hand, CIMC Unit Load will focus on the shared operation business of recycled load, and continue to enhance our business expansion based on the existing automotive, chemical, bulk commodities and rubber, optimize the shared operation and management capabilities, and leverage on the advantageous resources of the Group to strengthen external cooperation and expand the recycling packaging business in industries such as new energy battery, chemical fiber and dairy product industries.

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(2) In the Energy Industries Field:

Energy, Chemical and Liquid Food Equipment Business

Clean energy segment: Carbon reduction have been receiving attention and support from the global market, and International Energy Agency (IEA) predicts that LNG will replace coal to be the world's second-largest energy source in the global energy mix in 2030–2035. Domestically, natural gas market demand is expected to further recover. For the onshore clean energy sector, natural gas storage and peak shaving capacity will lead to more demands for midstream equipment and industrial business. The economic recovery will also drive the downstream LNG vehicle bottles and other terminal equipment to continue to grow. In the offshore clean energy sector, the demand for ship replacement and green shipping upgrades in the shipping industry is expected to continue, stimulating demand for newbuilding and reconstruction of ships fueled by LNG, LPG and methanol. CIMC Enric will capitalize on its presence throughout the industry chain in LNG, LPG and other clean energy sources to increase shares of various alternative clean fuels such as green methanol, liquid ammonia and hydrogen in its energy source portfolio. In the hydrogen field, the policy continues to boost the development of the industry, and the national standard of "Automotive Compressed Hydrogen Gas Cylinder With Plastic Liner and Carbon Fiber Winding" has been formally introduced. The advancement in industrial technology will pave the way for the commercialization of the terminals, and CIMC Enric will deepen its efforts to become involved in the whole industrial chain comprising "production, storage, transportation, refueling and application", and to provide integrated solutions. CIMC Enric will keep a watchful eye on the changes and opportunities in the hydrogen market.

Chemical and environment segment: Tank container is a safe and efficient chemical logistics equipment. In the long run, the gradual promotion of multimodal transportation policy, the increasingly stringent chemical safety requirements, cross-regional investment in the chemical industry and other factors are conducive to enhancing the penetration of tank container in the field of chemical logistics as well as to promoting the continuous growth of the chemical logistics industry, and also allow the tank container industry market to maintain a long-term growth. On the other hand, driven by the promising prospect of electrolytes and semiconductors industries, the demand for electrolyte tank containers and high-end lined tank containers will continue to grow. While consolidating its leading position in the tank container market, the Company will vigorously expand applications of tank containers and will also actively manufacture more intelligent tank containers in order to provide better value-added services to customers. The segment will also continue to explore the resource recycling of industrial hazardous waste and general solid waste and will seek development in other related industries in the environmental protection field.

Liquid food segment: GDP growth in emerging countries, consumer preference for craft and premium beers, and demand for lower-calorie beverages will drive the long-term growth of the segment. In addition, increased customer demand for technological upgrades and sustainable solutions is creating new market potential. The Company will also continue to keep a watchful eye on and capitalize on the opportunities arising from upgrading and innovation taken by craft beer, liquor, biopharmaceuticals, spirits and other factories inside and outside China with a view to further increasing share of the revenue from its business in China.

Offshore Engineering Business

In respect of the oil and gas platform business: Higher oil prices still have a boosting effect on oil and gas production platforms. Considering the supply and demand outlook of the market, there is a clear trend for the drilling platform construction market to enter an upward cycle, and there is high certainty of short-term demand in the FPSO market, with adequate long-term project reserves. It is expected that the capacity utilization 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 in the industry. Offshore wind power, hydrogen energy utilization, offshore photovoltaics will form a huge industry scale, which will further consolidate the transformation of global offshore engineering equipment. Global offshore wind power will maintain long-term sustainable development with high speed. In respect of the ro-ro ship 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 newbuilding of ro-ro ships.

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In the second half of 2023, the Group's offshore engineering business will continue to actively promote transformation, introduce strategic investors, and integrate the industry mapping. Taking offshore oil and gas as the foundation, the Group will gradually expand to new energy sources to form a business portfolio that dilutes the impacts of industrial cycle. On the whole, the oil and gas platform business has obtained the general contracting qualification for engineering procurement construction (EPC) of Petrobras's offshore oil and gas platform, and will steadily advance towards the strategic direction of EPC general contracting in the future. The clean energy business will continue to take advantage of the strengths in design and construction of high-end offshore engineering equipment, focusing on offshore wind power assembly and wind power operation and maintenance businesses. In respect of the ro-ro ship business, CIMC Raffles of the Group will seize market opportunities to expand its advantages in the market. Risks will be strictly controlled and lean management will be implemented while maintaining the fundamental of continuous and quality growth of orders and ensuring contract fulfillment and delivery, so as to improve the quality and efficiency of operations.

(3) Finance and Asset Management Business:

CIMC Finance Company

In the second half of 2023, against the backdrop of a number of major financial reform measures being launched by China, China's financial sector will enter a new stage of the two-tier "institutional + functional" supervision, and China's financial market is expected to maintain sound operation, with the supply of funds remaining stable and sufficient, the financing environment expected to remain stable and relaxed, and the market interest rate to remain at a relatively low level. Base on its own functions and platform advantages, CIMC Finance Company will deeply focus on the Group's core business areas, take the initiative to buttress and serve the Group's major strategies and pay attention to the financial needs of its members and the requirements of market development. It will support the Group in restructuring its financial resources, improving the efficiency of capital operation, preventing and controlling capital risks, and gather strength to promote the efficient integration of finance and technology, so as to provide stronger impetus and greater momentum for deepening the integration of industry development and financing.

Offshore Engineering Asset Operation and Management Business of CIMC

In the second half of 2023, energy strategic security has become the focus of attention in various countries as a result of their concerns about energy shortages caused by geopolitical events. According to the report of the U.S. Energy Information Administration (EIA), Brent crude oil is expected to remain above US\$80/barrel in the next two years. In terms of oil exploitation, demand in offshore drilling market was strong, and investment in offshore oil and gas exploitation around the world increased significantly. Investment in major offshore oil and gas production areas such as Gulf of Mexico, Brazil, West Africa, Norway and Northwest Europe increased significantly, and the overall investment plan will increase 16% ~ 24% by 2024. By the end of 2024, the global rig utilization rate is expected to reach 93%, close to the highest level in 2014. At the same time, the daily rates for leasing of drilling platforms have rebounded to their best level since 2015, with the Clarksons Floating Platform Rental Index showing a record high of 78%. Westwood Global Energy forecasts that the daily rates will continue to grow across the board over the next five years as market activity continues to increase. In addition, benefited from tight market supply and demand, the values of new and second-handed platforms also show a rising trend.

In the second half of 2023, the offshore engineering asset operation and management business of CIMC will continue to promote the lean management. It will give full play to its existing project experience and business capabilities, and seize market opportunities to increase asset occupancy rates and project profitability. It will further consolidate cooperative relationships with domestic and overseas customers and leverage the excellent offshore platform operation and management capabilities to integrate resources and strengthen upstream and downstream cooperation.

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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 industry policy 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.

Risk of trade protectionism and anti-globalisation: the rise of global trade protectionism disrupted national policy stances and posed a threat to the growth of global trade. 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 increased volatility and frequency of the exchange rate of RMB against USD which may be resulted from the continuous fluctuation of the global financial market will pose new challenges to the foreign currency and capital management of the Group.

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 of the cost structure of the Group's products. At the same time, the Group's major finished products are metal products and its raw materials include steel, aluminium and timber. Since the first half of this year, the Federal Reserve has shown no signs of pausing rate hike which leads to tight commodity inventory. Meanwhile, the global economy presents a trend of regional differentiation, and supply and demand and price will also become complicated and volatile, which bring uncertainties to the Group's operating result.

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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 for 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, fully introduced and actively pushed forward the lean management system to the entire Group, firmly enhanced the implementation progress of regulation compliance at 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.

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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. The Group, through the capital cooperation with key partners, optimised the market network of and introduced market resources for the relevant business; besides, the Group promoted the internal and external resource collaboration and model innovation by strengthening cooperation with governments, customers and other parties, striving 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 the first half of 2023, 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 251 patents (of which 114 are invention patents), maintained 5,226 valid patents in total. In July 2023, a reinforced container door sealing mechanism and dry bulk containers with it won the China Patent Excellence Award. In the first half of 2023, the Group was honored with 5 provincial and ministerial awards for scientific and technological advancement, 4 subordinate enterprises of the Group were selected into the national list of "Little Giant" enterprises with the features of specialization, refinement, uniqueness and innovation, and 2 subordinate enterprises of the Group were acknowledged as specialized, refined, unique and innovative enterprises at the provincial level.

By the end of June 2023, 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 June 2023, the Group had more than 50 subordinate enterprises being certified as national high-tech enterprises, with 13 of them being included in the list of national "Little Giant" enterprise with the features of specialization, refinement, uniqueness and innovation, 20 enterprises being acknowledged as specialized, refined, unique and innovative enterprises at the provincial level, and another 9 enterprises being honoured with the title of "Provincial Demonstration Enterprises in Intelligent Manufacturing".

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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 Enterprise 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
Nantong CIMC Energy Equipment Co, Ltd.	National "Little Giant" enterprise with the features of specialization, refinement, uniqueness and innovation
Qingdao CIMC Chuangying Composites Co., Ltd.	National "Little Giant" enterprise with the features of specialization, refinement, uniqueness and innovation
CIMC Yangzhou Tonglee Reefer container Co., Ltd.	National "Little Giant" enterprise with the features of specialization, refinement, uniqueness and innovation
Haiyang CIMC Raffles Offshore Co., Ltd.	National "Little Giant" enterprise with the features of specialization, refinement, uniqueness and innovation

3	20+	6	6
National-level research and development platforms	Provincial and ministerial research and development platforms	Postdoctoral research stations	National "single champion enterprises (products) of manufacturing industry "
50+	13	20	9
National high-tech enterprises	National "Little Giant" enterprises with the features of specialization, refinement, uniqueness and innovation	Provincial enterprises with the features of "specialization, refinement, uniqueness and innovation"	Provincial intelligent manufacturing demonstration enterprises

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In the first half of 2023, 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**, CIMC actively explored the application and expansion of new materials, new processes and clean energy business. **In the field of land**, the container segment of the Group accelerated its layout in green material industries such as bamboo flooring, renewable fibre development and continuous fibre thermoplastic composites, and kept exploring the potentials of the industries, thus contributing to the green and low-carbon development of the country and enterprises; the Group insisted on the research of the application of powder coating technology in the field of container manufacturing and developed the "Powder Green Container" products which have been launched to the market, leading the industry to develop in a green, low-carbon and environment-friendly way in the area of coating technologies. CIMC Vehicles delivered the first batch of sample new energy refrigerated semi-trailers in North America, which saved large amounts of fuels for transport companies and reduced carbon emissions significantly; the Champion Tanker Business Group of CIMC Vehicles has created a new landscape for the industry with its new generation of powder and particle material tank equipment, which greatly promoted the fast upgrading of the bulk powder and particle material transportation market. The first green hydrogen production equipment of CIMC Enric has rolled off the line, helping it realize scale hydrogen production with green electricity; the first domestic phosphine and hydrogen mixer tube bundle container with "zero leakage" which is independently developed by CIMC Enric has greatly improved product safety; the second generation of liquid helium tank containers met the technical indicators of America and German, and have reached a leading level in the world. **In the field of water**, the "Lianghai 101" offshore wind power operation and maintenance vessel constructed by Jifeng New Energy Technology (Guangdong) Co., Ltd. was launched successfully, contributing to the operation and maintenance of offshore wind farms in Guangdong Province during the "14th Five-year Plan" period and the development of China's clean energy and marine economy; the first semi-submersible offshore photovoltaic power generation platform in China which was developed and manufactured by the offshore engineering segment of CIMC was delivered, which explored and led the promotion of "semi-submersible photovoltaic power generation in the deep and high seas"; CIMC Offshore Engineering has launched the "Research and Development of Marine Membrane Carbon Capture Device and Membrane Technology", a key project on technological breakthroughs of Shenzhen City, to provide a technical solution for post-combustion flue gas cleaning and carbon capture to ocean vessels and various offshore engineering platforms, aiming to reduce harmful emissions; The 10 11,500 TEU LNG dual fuel container vessels developed and designed by CIMC ORIC for MSC are cost-effective in fuel consumption, and can turn into green ammonia fuel container vessels with zero carbon emission after simple modifications; The two 8,200m³ LNG bunkering vessels constructed by Nantong CIMC Pacific Ocean Engineering Co., Ltd. have achieved two milestones of launching and keel laying, respectively, on the same day, helping China's shipping industry to achieve the "dual carbon" targets.
- (2) **In terms of high-end intelligent manufacturing**, to facilitate the development of the "Container+" business, the container segment of CIMC independently developed its "black technology" – dual-cycle aquaculture system, which can not only greatly improve water quality and effectively reduce diseases, but also increase the survival rate of fish and greatly increase production; CIMC Vehicles' independently developed K2 dual-mode foaming technology for refrigerated vans greatly enhanced the technology and technique level of the domestic refrigerated van industry and led the industry's technological change; CIMC Enric delivered the first LPG tankers with pumps in Hubei Province, realizing remote monitoring and management of the equipment and greatly enhancing the safety and intelligence of the LPG gas supply system; and the largest intelligent bus garage in China constructed by the Group is the only project that adopts the innovative double-board exchange and transportation form in the domestic three-dimensional bus garage, which meets the integrated demand of new energy buses in the urban core area, including "parking, charging, scheduling, and repairing".

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- (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. The Company's strong innovation and ongoing expansion capabilities in the digital intelligent transformation journey, as well as its pursuit of high-quality development were demonstrated. In the first half of 2023, the first high-end LoM production line of CIMC Vehicles in China was established in Yingkou, marking a new breakthrough of CIMC Vehicles in the process of developing high-end manufacturing, a key first step of the structural reform of CIMC Vehicles in the production and organization of its domestic semi-trailer business and a crucial support for promoting the replacement of old growth drivers with new ones and achieving high quality development. The "Intelligent Container Manufacturing Factory Based on 5G Full Connectivity" of the Ningbo Container Base of CIMC was selected by the MIIT into the list of 2022 Pilot Demonstrations of Industrial Internet. This is another recognition received by CIMC from the national authority in the area of intelligent manufacturing after Qingdao CIMC Reefer Container Manufacture Co., Ltd. being selected into "2022 Excellent Scenarios of Intelligent Manufacturing" of the MIIT. The intelligent greenhouses independently developed by Beijing CIMC Intelligent Cold Technology Co., Ltd. have entered the era of cloud greenhouse featuring digital and intelligent planting, in which "intelligent vegetable planting" was achieved and the development of intelligent agriculture was promoted; the construction of interconnected film greenhouse for cherries has been completed, with a view to building an intelligent and unmanned crop factory. For the intelligent multimodal transport hub project of CIMC Wetrans, digital transformation has played an important role in improving logistics efficiency, reducing costs and optimizing resource allocation. 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.

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

Project/Product Name	Awards/certifications Received
A reinforced container door sealing mechanism and dry bulk containers with it	China Patent Excellence Award
The project of "Key Technologies of Manufacturing and Intelligent Operation and Maintenance Support in Relation to Large and Modern Deep and High Sea Farming Equipment and their Application"	The first prize in Shandong Province Science and Technology Progress Award
The project of "Self-development and Industrialization of Large Deep and High Sea Farming Cages"	The first prize in Shanghai City Science and Technology Progress Award
The project of "Key Technology R&D and Industrialization of Complete Sets of Equipment for Vessel LNG Power System"	The third prize in Jiangsu Province Science and Technology Progress Award
The project of "Innovation and Application of Key Technologies for Inland Multimodal Transport Equipment"	The third prize in Jiangsu Province Science and Technology Progress Award
The project of "Key Technologies for the Efficient, Intelligent and Comprehensive Use of Long, Lossless and Light LNG and their Application"	The third prize in Jiangsu Province Science and Technology Progress Award
The project of "Intelligent Container Manufacturing Factory Based on 5G Full Connectivity"	2022 Pilot Demonstrations of Industrial Internet of the MIIT
The project of "Intelligent Multimodal Transport Hub of CIMC Wetrans"	2023 Top 30 Innovative Cases in the Port and Shipping Industry
The project of "Propane Distributed Clean Energy Application"	2022 LPG Innovation and Exploration Award
Dual-fuel Ice-class Cargo Ro-ro Ship with a Driveway of 5,800 Meters Long	2023 Technical and Environmental Award for Ro-ro Ships

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(2) Indicators by industry, business and region for the same period of previous year

Unit: RMB thousand

Indicators for January to June 2022	Revenue	% of revenue	Year-on- year change in revenue	Cost of Sales	% of cost of Sales	Year-on- year change in cost of sales	Gross profit	Gross profit margin	Year-on- year change in gross profit margin
By industry/product									
Containers									
manufacturing	22,767,965	31.57%	(17.06%)	17,481,885	28.57%	(16.00%)	5,286,080	23.22%	(0.97%)
Road transportation									
vehicles	11,195,842	15.52%	(36.79%)	9,944,943	16.25%	(37.56%)	1,250,899	11.17%	1.10%
Energy, chemical and									
liquid food									
equipment	9,594,446	13.30%	15.39%	8,048,463	13.15%	14.60%	1,545,983	16.11%	0.57%
Offshore engineering	2,568,098	3.56%	(8.89%)	2,279,715	3.73%	(16.53%)	288,383	11.23%	8.12%
Airport facilities and									
logistics equipment,									
fire safety and									
rescue equipment	2,588,085	3.59%	(8.65%)	2,031,240	3.32%	(8.77%)	556,845	21.52%	0.11%
Logistics services	17,278,702	23.96%	74.08%	16,255,009	26.56%	74.54%	1,023,693	5.92%	(0.25%)
Recycled load	3,392,834	4.70%	29.16%	2,776,259	4.54%	28.41%	616,575	18.17%	0.48%
Finance and asset									
management	1,149,645	1.59%	9.22%	941,691	1.54%	51.79%	207,954	18.09%	(22.97%)
Others	3,726,793	5.17%	19.79%	3,424,416	5.60%	22.06%	302,377	8.11%	(1.71%)
Combined offset	(2,136,152)	(2.96%)	19.72%	(1,984,827)	(3.26%)	(23.03%)	(151,325)	7.08%	3.99%
Total	72,126,258	100.00%	(1.45%)	61,198,794	100.00%	0.26%	10,927,464	15.15%	(1.44%)
By region (by geographical locations of customers)									
China	37,436,059	51.90%	(1.58%)	-	-	-	-	-	-
America	12,927,797	17.92%	2.46%	-	-	-	-	-	-
Europe	14,850,549	20.59%	2.16%	-	-	-	-	-	-
Asia (excluding China)	5,992,074	8.31%	(8.57%)	-	-	-	-	-	-
Others	919,779	1.28%	(36.19%)	-	-	-	-	-	-
Total	72,126,258	100.00%	(1.45%)	-	-	-	-	-	-

The information on the Company's principal business for the previous year collected by using the modified statistical method which was adopted during the Reporting Period

Applicable Not applicable

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2. Analysis of Non-Principal Businesses

Applicable Not applicable

Unit: RMB thousand

Items	Amount	% of total profit	Explanation on the formation	Sustainable or not
Asset impairment losses	100,416	6.08%	Mainly represents inventories impairment loss and impairment loss of costs incurred to fulfil a contract.	No
Credit impairment losses	34,530	2.09%	Mainly represents bad debt loss of trade receivables.	No
Investment income	74,084	4.48%	Mainly represents gains from disposal of long-term equity investments, losses from disposal of derivative financial instruments and gains from long-term equity investments adjusted by equity method during the Period.	No
Losses on changes in fair value	(1,125,670)	(68.14%)	Mainly represents loss arising from change of fair value of derivative financial instruments. For details of the Group's investments in derivative financial instruments during the Reporting Period, please refer to "(3) Investment in derivatives" of "4. Financial asset investments" under "VI. Investment Analysis during the Reporting Period" in this chapter.	No

3. Other major financial data in the consolidated income statement with a year-on-year change of more than 30%

Unit: RMB thousand

	January to June of 2023 (unaudited)	January to June of 2022 (unaudited)	Change (%)	Reason for change
Financial expenses	130,985	(115,513)	213.39%	Mainly due to the year-on-year increase in interest expenses as a result of the rise in interest rate of the US dollar loans during the Period.
Asset impairment losses	100,416	45,803	119.23%	Mainly due to the provision for inventory impairment loss during the Period.
Investment income	74,084	170,092	(56.44%)	Mainly due to the investment loss from the disposal of derivative financial instruments during the Period.
Credit impairment losses	34,530	133,285	(74.09%)	Mainly due to the significant loss on the bad debts of accounts receivables during the same period last year.
Income tax expenses	661,589	1,264,012	(47.66%)	Mainly due to the decrease in profit before tax during the Period.

Significant changes in the Company's profit composition or profit sources during the Reporting Period

Applicable Not applicable

Chapter III Management Discussion and Analysis

4. Significant changes in assets and liabilities

Unit: RMB thousand

Items	As at the end of the Reporting Period		As at the end of last year		Changes from the end of last year to the end of the Reporting Period (%)	Description of material changes
	Amount	% of total assets	Amount	% of total assets		
Financial assets held for trading	1,387,369	0.90%	1,060,953	0.73%	30.77%	Mainly due to monetary funds purchased and invested by Finance Company during the Period.
Derivative financial assets	36,428	0.02%	160,660	0.11%	(77.33%)	Mainly due to changes in fair value of derivative financial instruments during the Period.
Notes receivables	1,055,832	0.69%	639,162	0.44%	65.19%	Mainly due to the increase in bank acceptance bills and commercial acceptance bills generated from the operating activities during the Period.
Assets held for sale	426,444	0.28%	2,166,440	1.48%	(80.32%)	Mainly due to the deconsolidation of C&C Trucks during the Period.
Contract assets	5,201,596	3.38%	3,927,838	2.69%	32.43%	Mainly due to the increase in the balance of offshore engineering and energy and chemicals contract assets during the Period.
Other non-current financial assets	188,960	0.12%	126,060	0.09%	49.90%	Mainly due to the increase in equity investments at fair value through profit or loss during the Period.
Intangible assets	5,757,053	3.74%	4,331,430	2.97%	32.91%	Mainly due to the increase in land use rights purchased during the Period.
Short-term borrowings	8,283,455	5.38%	4,370,714	3.00%	89.52%	Mainly due to the new guaranteed borrowings and unsecured borrowings during the Period.
Derivative financial liabilities	2,312,851	1.50%	1,318,327	0.90%	75.44%	Mainly due to the increase in changes in fair values of derivative financial instruments during the Period.
Liabilities held for sale	–	0.00%	1,984,154	1.36%	(100.00%)	Mainly due to the deconsolidation of C&C Trucks during the Period.
Taxes payable	1,619,929	1.05%	4,903,749	3.36%	(66.97%)	Mainly due to the final settlement and payment of the enterprise income taxes for 2022 during the Period.
Other current liabilities	2,431,895	1.58%	550,234	0.38%	341.97%	Mainly due to the issuance of super & short-term commercial papers during the Period.
Deferred tax liabilities	384,454	0.25%	290,953	0.20%	32.14%	Mainly due to the expanded application of the tax policy of “accelerating depreciation of fixed assets” during the Period.

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5. Major Oversea Assets

Applicable Not applicable

6. Assets and Liabilities Measured at Fair Value

Please refer to Note XVII.1 to “Chapter IX 2023 Interim Financial Report (Unaudited)” in this Report for details on the Group’s assets and liabilities measured at fair value during the Reporting Period.

Whether the measurement attributes of the Company’s main assets have changed significantly during the Reporting Period

Yes No

7. Restricted Asset Rights as at the End of the Reporting Period (Including but Not Limited to Pledge of Assets)

As at 30 June 2023, the restricted assets of the Group totally amounted to RMB1,172.653 million (31 December 2022: RMB1,361.585 million). For details, please refer to note IV. 28 of “Chapter IX 2023 Interim Financial Report (Unaudited)” in this Report.

8. Liquidity and Capital Source

The Group’s cash at bank and on hand primarily consist of cash and bank deposits. As at 30 June 2023, the Group’s cash at bank and on hand amounted to RMB17,810.37 million (31 December 2022: RMB17,111.587 million), representing an increase of 4.08% as compared with the end of the previous year. For details, please refer to note IV. 1 of “Chapter IX 2023 Interim Financial Report (Unaudited)” in this Report. The Group’s funds mainly consist of funds from operations, bank loans and other borrowings. 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.

During the Reporting Period, the Group recorded net cash flows from operating activities of RMB(2,008.282) million (same period in 2022: RMB3,635.390 million), net cash flows from investing activities of RMB(4,072.863) million (same period in 2022: RMB(1,876.542) million) and net cash flows from financing activities of RMB6,904.668 million (same period in 2022: RMB3,573.706 million). As at the end of the Reporting Period, the balance of cash and cash equivalent held by the Group was RMB17,042.395 million (same period in 2022: RMB22,327.791 million) and the main currencies were RMB and US dollar.

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9. Bank Loans and Other Borrowings

As at 30 June 2023, the Group's short-term borrowings, non-current borrowings due within one year, other current liabilities (super & short-term commercial papers), long-term borrowings and debentures payable in aggregate amounted to RMB35,354.623 million (31 December 2022: RMB26,432.937 million).

Unit: RMB thousand

	As at 30 June 2023 (unaudited)	As at 31 December 2022 (audited)
Short-term borrowings	8,283,455	4,370,714
Non-current borrowings due within one year	4,479,459	3,952,077
Other current liabilities (super & short-term commercial papers)	2,000,000	–
Long-term borrowings	18,636,311	16,213,919
Debentures payable	1,955,398	1,896,227
Total	35,354,623	26,432,937

The Group's bank borrowings are mainly denominated in US dollars, with the interest payments computed using fixed rates and floating rates. As at 30 June 2023, the Group's long-term interest-bearing debts were mainly USD-denominated contracts with floating rate linked to LIBOR amounting to USD1,743.58 million (31 December 2022: USD2,331.571 million). The interest rate range of the Group's short-term borrowings is 0.05% to 5.94% (31 December 2022: 0.05% to 5.65%), and the interest rate range of long-term borrowings is 1.19% to 6.45% (31 December 2022: 1.19% to 6.26%). As at the end of the Reporting Period, the Group's fixed-rate bank borrowings amounted to approximately RMB5,626.371 million (31 December 2022: approximately RMB5,540.233 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.

The Group's issued debentures are mainly denominated in RMB, with the interest payments computed using fixed rates. As at 30 June 2023, the outstanding balance of fixed-rate debentures issued by the Group amounted to RMB1,955.398 million (31 December 2022: RMB1,896.227 million), with maturity dates mainly spreading over one to five years. For details, please refer to notes IV. 29, IV. 38, IV. 39, IV. 40, IV. 41 and XVI. 1. (2) of "Chapter IX 2023 Interim Financial Report (Unaudited)" in this Report.

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10. Capital Structure

The Group's capital structure consists of equity interest attributable to shareholders and liabilities. As at 30 June 2023, the Group's equity interest attributable to shareholders amounted to RMB62,418.003 million (31 December 2022: RMB62,656.084 million) in aggregate, total liabilities amounted to RMB91,634.178 million (31 December 2022: RMB83,243.865 million) and total assets amounted to RMB154,052.181 million (31 December 2022: RMB145,899.949 million). 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.

As at the end of the Reporting Period, the Group's gearing ratio was 59% (31 December 2022: 57%), representing an increase of 2% as compared with the end of the previous year, which was mainly due to the combined effect of the increase in interest-bearing liabilities and appropriation of working capital and dividend distribution (calculation of the gearing ratio: based on the Group's total liabilities divided by our total assets as at the end of the Reporting Period).

11. Capital commitments

As at 30 June 2023, the Group had capital expenditure commitments of approximately RMB89.663 million (31 December 2022: approximately RMB131.846 million), representing a decrease of 31.99% as compared with the end of the previous year, which was mainly used for fixed assets purchase contracts. For details, please refer to note XI. 1. (1) of "Chapter IX 2023 Interim Financial Report (Unaudited)" in this Report.

12. Contingent liabilities

For details of the Group's contingent liabilities, please refer to note X of "Chapter IX 2023 Interim Financial Report (Unaudited)" in this Report.

13. Dividend distribution

The Company does not intend to distribute any interim cash dividend, issue bonus shares or convert shares from reserves into share capital for the six months ended 30 June 2023 (same period in 2022: Nil).

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14. Market risk

(1) Interest rate risk:

The Group's interest rate risk mainly 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 30 June 2023, the Group's long-term interest-bearing debts were mainly USD-denominated contracts with floating rates linked to LIBOR, amounting to USD1,743.580 million. As at 30 June 2023, 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 USD204.557 million.

The Group continuously monitors its interest rate position. Increases in interest rates will increase the cost of new borrowings 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 30 June 2023, 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 USD10.078 million lower/higher.

For details, please refer to note XVI. 1. (2) of "Chapter IX 2023 Interim Financial Report (Unaudited)" in this Report.

(2) Exchange rate fluctuation risk and relevant hedge:

The major currency of the Group's business revenue is US dollars, while most of its expenditure is denominated 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 & 44 and XVI. 1. (1) of "Chapter IX 2023 Interim Financial Report (Unaudited)" in this Report.

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15. 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. 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 as set out in note X. 1 of "Chapter IX 2023 Interim Financial Report (Unaudited)" 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 of "Chapter IX 2023 Interim Financial Report (Unaudited)" in this Report.

16. Research and development expenses

During the Reporting Period, the research and development expenses of the Group were RMB1,119.777 million (same period in 2022: RMB1,043.695 million), representing a year-on-year increase of 7.29%. For details, please refer to note IV. 55 of "Chapter IX 2023 Interim Financial Report (Unaudited)" in this Report.

17. Sales expenses

During the Reporting Period, the sales expenses of the Group were RMB1,241.27 million (same period in 2022: RMB1,181.249 million), representing a year-on-year increase of 5.08%. For details, please refer to note IV. 53 of "Chapter IX 2023 Interim Financial Report (Unaudited)" in this Report.

18. Financial expenses

During the Reporting Period, the financial expenses of the Group were RMB130.985 million (same period in 2022: RMB115.513 million), representing a year-on-year increase of 213.39%, which was mainly due to a year-on-year increase in interest expenses as a result of the rise in the interest rate of US dollar loans during the Period. The Group recorded net exchange gains of RMB690.239 million (same period in 2022: net exchange gains of RMB599.282 million) during the Reporting Period. For details, please refer to note IV. 56 of "Chapter IX 2023 Interim Financial Report (Unaudited)" in this Report.

19. General and administrative expenses

During the Reporting Period, the general and administrative expenses of the Group were RMB2,936.47 million (same period in 2022: RMB3,385.359 million), representing a year-on-year decrease of 13.26%, which was mainly due to the decrease in labour costs in the general and administrative expense. For details, please refer to note IV. 54 of "Chapter IX 2023 Interim Financial Report (Unaudited)" in this Report.

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20. Income tax expenses

During the Reporting Period, the income tax expenses of the Group were RMB661.589 million (same period in 2022: RMB1,264.012 million), representing a year-on-year decrease of 47.66%, which was mainly due to the decrease in profit before tax during the period. For details, please refer to note IV. 66 of "Chapter IX 2023 Interim Financial Report (Unaudited)" in this Report.

VI. INVESTMENT ANALYSIS DURING THE REPORTING PERIOD

1. General information

Applicable Not applicable

Investment amount in the Reporting Period (RMB thousand)	Investment amount in the same period last year (RMB thousand)	Change
1,335,399	882,413	51.33%

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

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4. Financial asset investments

(1) Securities investments

√ Applicable □ Not applicable

Unit: RMB thousand

Type of security	Stock code	Abbreviation of stock name	Initial investment cost (Note)	Model of accounting measurement	Opening Carrying amount	Profit or loss arising from changes in fair value during the Period	Cumulative fair value change charged to equity	Purchases during the Period	Disposal during the Period	Gains or losses during the Reporting Period	Closing carrying amount	Classification in accounting	Source of fund
Domestic and overseas shares	SSE: 601966	Linglong Tire	68,640	Measurement at fair value	66,834	5,630	-	-	(1,360)	5,702	71,104	Financial assets held for trading	Self-owned funds
Domestic and overseas shares	HKEX: 02418	Deewin Tianxia	41,361	Measurement at fair value	22,209	17,847	-	-	-	17,847	41,548	Financial assets held for trading	Self-owned funds
Domestic and overseas shares	SZSE: 002960	Jade Bird Fire	1,200,000	Measurement at fair value	1,398,917	-	(16,843)	-	-	14,994	1,183,157	Other equity investments	Self-owned funds
Domestic and overseas shares	SZSE: 000012	CSG A	67,407	Measurement at fair value	69,353	-	(5,806)	-	-	-	61,601	Other equity investments	Self-owned funds
Total			1,377,408	-	1,557,313	23,477	(22,649)	-	(1,360)	38,543	1,357,410	-	-
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										

Note: The initial investment cost adjusted according to the number of shares held at the end of the Reporting Period.

(2) Other listed company equities held

Unit: RMB thousand

Stock code	Abbreviation of stock name	Initial Investment amount (Note)	Number of shares held (Thousand shares)	Percentage of shareholding (%)	Closing carrying amount	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%	973	-	144	Other equity investments	Share acquisition
HKEX: 00697	Shoucheng	182,212	209,586	2.87%	369,078	-	13,366	Other equity investments	Share acquisition
HKEX: 206	CM-Energy	204,326	185,600	5.72%	47,328	-	(785)	Long-term equity investments	Share acquisition
STAR Market: 688315	Novogene	13,244	795	0.22%	21,098	(435)	-	Financial assets held for trading	Share acquisition
SZSE: 001213	CRSCL	161,563	40,000	0.90%	176,400	-	3,600	Other equity investments	Share acquisition
Total		574,825			614,877	(435)	16,325		

Note: The initial investment cost adjusted according to the number of shares held at the end of the Reporting Period.

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(3) Derivatives Investments

√ Applicable □ Not applicable

Derivatives investments for the purpose of hedging

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 recognized in equity	Purchase during the Reporting Period	Sale during the Reporting Period	Investment amount at the end of the Reporting Period	Proportion of investment amount at the end of the Reporting Period to the net assets of the Company at the end of the Reporting Period
Foreign exchange forward contracts	19,731,076	(803,759)	-	-	-	19,880,476	42.05%
Foreign exchange option contracts	426,512	(42,028)	-	-	-	1,773,983	3.75%
Exchange rate/ interest rate swap contracts	1,741,150	(66,859)	-	-	-	5,499,861	11.63%
Steel future contracts	-	58	-	-	-	1,494	0.00%
Total	21,898,738	(912,588)	-	-	-	27,155,814	57.43%

Source of funds for derivatives investments Self-owned funds, which do not involve the use of raised proceeds for derivatives transactions.

Litigation case (if applicable) Not applicable

Disclosure date of announcement in relation to the consideration and approval of derivative investments by the Board (if any) 28 March 2023

Disclosure date of announcement in relation to the consideration and approval of derivative investments by the Shareholders' general meeting (if any) 26 April 2023

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 30 June 2023, the derivative financial instruments held by the Group were mainly foreign exchange forward contracts, foreign exchange option contracts, foreign exchange swap 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, foreign exchange swap contracts, 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 risks in steel futures contracts were 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 June 2023, the Group's loss arising from changes in fair values of the derivative financial instruments was RMB912.588 million. Fair values of the derivative financial instruments of the Group were determined based on quoted market price of external financial institutions.

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Explanations on any significant changes in the Company's accounting policies and specific accounting principles on derivatives for the Reporting Period as compared with those for the last reporting period	No
Explanations on the actual profit or loss during the Reporting Period	<p data-bbox="678 528 1457 657">During the Reporting Period, the Group's losses arising from changes in fair values of the derivative financial instruments were RMB912.588 million, which represented gains or losses from fair value changes in the unsettled part; investment losses were RMB343.573 million, which represented the realised investment gains or losses from the settled part; the losses from the unsettled and settled parts were RMB1,256.161 million in total.</p> <p data-bbox="678 679 1457 765">During the Reporting Period, the Group recorded net losses of RMB1,260.755 million from foreign exchange related derivatives investment activities, which constituted most of the total losses from derivative financial instruments; meanwhile, net exchange gains of RMB690.239 million were recorded during the current period.</p> <p data-bbox="678 786 1457 937">All the derivatives trading activities carried out by the Group were for the purpose of hedging. All the foreign exchange derivatives trading activities were for the purpose of hedging against interest rate risk to smooth the uncertainty caused by changes in exchange rates on the Company's operations. As RMB depreciated significantly against US dollars during the Reporting Period, the Group's hedging of exchange rate exposure, which was mainly export proceeds/net assets denominated in US dollars, has established a negative hedge relationship with losses on hedging instrument and exchange gains at last.</p> <p data-bbox="678 959 1457 1239">The Group did not adopt hedging accounting for its hedging business. According to the Accounting Standards for Business Enterprises No. 24 – Hedging Accounting, as the recognition and calculation basis for hedged risk exposure and financial instrument hedging against the risk exposure are different, although the hedged item and hedging instrument achieve risk hedge, there will be gains or losses fluctuation under regular accounting treatments during the reporting period within the hedging period. The hedged items of the Group included legally binding agreements which were contracted but not yet recognized in the balance sheet, namely the "unrecognized firm commitment" as referred to in the Accounting Standards for Business Enterprises No. 24 – Hedging Accounting. This part of hedged items generated an estimated net gain of approximately RMB420,280,000 when US dollars appreciated against RMB, which was not included in the abovementioned net exchange gains.</p>
Explanation on hedging effect	<p data-bbox="678 1261 1457 1347">Except for the abovementioned factors, the premium of the forward factors of foreign exchange forward contract hedging instruments and the difference between RMB central parity rate and market price might also affect the Group's net gains or losses from foreign exchange related derivatives investment activities during the Reporting Period.</p> <p data-bbox="678 1369 1457 1498">In general, the foreign exchange derivatives hedging business of the Group has followed the risk-neutral and value-preserving principles and speculative transactions have been prohibited. Under the background of significant fluctuation of RMB against US dollars and high hedging cost, the management goals of neutral exchange rate risk and value preservation have been basically achieved.</p>
Specific opinions of independent Directors on the derivatives investments and risk control of the Company	<p data-bbox="678 1519 1457 1761">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.</p>

The Company did not have any derivatives investments for the purpose of speculation during the Reporting Period.

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5. Future Plans for Significant Investments, Expected Source of Funding, Capital Expenditure and Financial Plan

For the investment plan of the principal businesses of the Group in the second half of the year, please refer to “1. Industrial Analysis and Corporate Operating Strategy of Major Business Segments” of “III. Future Development and Prospects of the Company” under “Chapter III Management Discussion and Analysis” in this Report. The operating and capital expenditures of the Group are mainly financed by our self-owned 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 actual capital expenditure of the Group in the first half of the year amounted to approximately RMB3.84 billion, and it is expected to incur capital expenditure of approximately RMB10.47 billion in the second half of the year. The capital expenditure is mainly used in the acquisition of equities and fixed assets, intangible assets and other long-term assets, etc. The Group will continue to consider various types of financing arrangements.

6. Use of Raised Proceeds

(1) Use of Raised Proceeds by the Company

The Company did not use the raised proceeds during the Reporting Period.

(2) Use of Raised Proceeds by Subsidiaries of the Company

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 CIMC Vehicles’ initial public offering was approved in accordance with the Reply in Relation to Approval for Registration of Shares in Initial Public Offering of CIMC Vehicles (Group) Co., Ltd. (Zheng Jian Xu Ke [2021] No. 1719) issued by the China Securities Regulatory Commission on 18 May 2021. With the consent of the Shenzhen Stock Exchange, CIMC Vehicles issued 252.6 million RMB ordinary shares (A shares) with a par value of RMB1.00 each and raised total proceeds of RMB1,758.096 million, at an issue price of RMB6.96 per share, in the initial public offering. After deducting the issue expenses (including underwriting and sponsoring fees (value-added tax exclusive) and other issue expenses) of RMB174.3192 million, the net proceeds from A share offering were RMB1,583.7768 million, and the net issue price was approximately RMB6.27 per A share. The A share offering was conducted through a combination of targeted placement to strategic investors, placement to qualified investors through offline price consultation process and subscription by public investors at a price fixed according to market value. CIMC Vehicles was listed on the ChiNext Market of the Shenzhen Stock Exchange on 8 July 2021.

As at 30 June 2023, the raised proceeds utilized by CIMC Vehicles in the first half of 2023 were RMB20.3428 million, the total raised proceeds cumulatively utilized were RMB750.3944 million, and the unutilised raised proceeds were RMB875.0175 million (including a net interest income from raised proceeds of RMB41.6351 million, net 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 23 August 2023.

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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	Accumulated Investment as at the end of the Period ⁽²⁾	Investment Progress as at the end of the Period (3) = (2)/(1)	Date on Which the Project is Ready for its Intended Use	Benefits Generated during the Reporting Period	Accumulated Benefits Generated as at the end of the Reporting Period	Whether the Expected Benefits are Achieved	Whether There are Significant Changes in the Project Feasibility
		Committed Investment of Raised Proceeds	Adjusted Total Investment ⁽¹⁾								
Committed Investment Projects											
Digital Transformation, Research and Development Project	No	43,877.68	43,877.68	1,116.55	5,651.31	13%	July 2026	Not applicable	Not applicable	Not applicable	No
Project for Lighthouse Factory Upgrade and Construction	No	79,500.00	65,203.03	917.73	44,388.13	68%	December 2024	Not applicable	Not applicable	Not applicable	No
New Marketing and Construction Project	No	10,000.00	0.00	-	-	-	Terminated	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	134,080.71	2,034.28	75,039.44	-	-	-	-	-	-
Investment of Surplus Proceeds											
Not applicable	-	-	-	-	-	-	-	-	-	-	-
Total	-	158,377.68	134,080.71	2,034.28	75,039.44	-	-	-	-	-	-

(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.

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On 1 January 2023, the net proceeds from H shares carried forward by CIMC Vehicles from the previous year were approximately HK\$79.3 million. The use of the net proceeds from the H share offering and its utilization as of 30 June 2023, 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 23 August 2023.

Intended Use of Net Proceeds	Intended Amount (HK\$ million)	Utilized Amount as of 30 June 2023 (HK\$ million)	Utilized	Unutilized
			Amount during the Reporting Period (HK\$ million)	Amount as of 30 June 2023 (HK\$ million)
Develop new manufacturing or assembly plants	1,248.2	1,186.3	15.7	61.9
- Develop a new automated production facility for chassis trailers in the coastline regions along the eastern or southern US	38.8	38.8	0	0
- Develop a new assembly plant for high-end refrigerated semi-trailers in the UK or Poland	32.1	25.7	3.3	6.4
- Develop a new automated production facility for refrigerated semi-trailers in Monon, the US	163.0	159.4	0	3.6
- Develop a new assembly plant for swap bodies and chassis and flatbed semi-trailers in the Netherlands	105.2	105.2	0	0
- Develop a new assembly plant for refrigerated semi-trailers in Canada	20.2	20.2	0	0
- Develop a new manufacturing plant in Jiangmen, China	87.0	79.6	0	7.4
- Technological reform and informatization of plants in Xi'an, China	32.7	8.3	3.2	24.4
- Develop a new manufacturing plant in Baoji City, China	70.0	70	0	0
- Construct a vehicle park in Kunming, China	78.4	78.4	0	0
- Expand semi-trailer production plant in Dongguan, China	114.8	105.7	1.6	9.1
- Expand dry bodies and refrigerated bodies production plant in Zhenjiang, China	34.4	23.4	7.6	11
- Expand production and assembly plant for chassis trailers in Rayong, Thailand	193.5	193.5	0	0
- Increase the registered capital and production capacity of subsidiaries in the UK	278.1	278.1	0	0
Research and develop new products	66.5	64.8	-	1.7
- Invest in industry fund	34.4	34.4	0	0
- Develop high-end refrigerated semi-trailers	26.3	24.6	0	1.7
- Develop other trailers	5.8	5.8	0	0
Repay the principal amount and interests of bank borrowings	153.8	153.8	0	0
Working capital and general corporate purposes	151.5	151.5	0	0
Total	1,620.0	1,556.4	15.7	63.6

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VII. DISPOSAL OF SUBSTANTIAL ASSETS AND EQUITY INTERESTS

1. Disposal of Substantial Assets

Applicable Not applicable

2. Disposal of Substantial Equity Interests

Applicable Not applicable

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 associate of the Company, and was no longer a holding subsidiary of the Company, the details of which are as follows:

Counterparty	Sold equity	Sale date	Transaction price (RMB thousand)	Net profit attributable to the Company contributed by the equity to the listed company from the beginning of the current period to the date of sale	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 involved has been fully transferred	Whether it is implemented as planned or not, if it is not implemented as planned, the reasons and the measures the Company has taken should be explained	Disclosure date	Disclosure index
Chery Commercial Vehicle (Anhui) Co., Ltd., Wuhu Industrial Investment Fund Co., Ltd. and Wuhu Xingzhong Venture Capital Co., Ltd.	C&C Trucks	15 March 2023	In the form of equity transfer and capital increase, please refer to the announcements (CIMC)2022-098 and (CIMC)2023-019 for details	(31,802)	C&C Trucks is no longer included in the scope of consolidation of the Group	11.86%	Negotiated and determined based on the market value on the valuation base date	No	Nil	Yes	Yes	16 March 2023	www.cninfo.com.cn www.hkexnews.hk www.cimc.com

Save as disclosed above, during the Reporting Period, the Group did not have any major acquisition or disposal of subsidiaries, associated companies and joint ventures. Please refer to note V and note VI of "Chapter IX 2023 Interim Financial Report (Unaudited)" in this Report. During the Reporting Period, no significant investment accounted for 5% or more of the total assets of the Company as at the balance sheet date.

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VIII. ANALYSIS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES

Applicable Not applicable

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	Total assets as at the end of the Reporting Period	Net assets as at the end of the Reporting Period	Revenue as at the Reporting Period	Operating profit as at the Reporting Period	Net profit as at the Reporting Period
CIMC Container (Group) Co., Ltd. (Note 1)	Subsidiary	Mainly engaged in manufacturing and sale of containers	5,292,829	25,024,828	14,836,060	10,085,888	599,371	553,441
CIMC Vehicles (Note 2)	Subsidiary	Mainly engaged in the manufacture and sale of semi-trailer and truck bodies for specialty vehicles	2,017,600	25,383,134	14,902,804	13,469,630	2,482,636	1,891,943
CIMC Enric (Note 3)	Subsidiary	Energy, chemical and liquid food equipment business	18,521	23,584,562	9,808,304	10,756,489	751,497	570,032

Note 1: The financial data in the above table is taken from the management account.

Note 2: The financial data for CIMC Vehicles is extracted from its interim report for A shares for 2023.

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 2023 interim results announcement.

Details on acquiring and disposing subsidiaries during the Reporting Period

Applicable Not applicable

Name of company	Method of obtaining and disposing subsidiary during the Reporting Period	Impact on overall production and operation and performance
C&C Trucks Co., Ltd.	Loss of control due to transfer of equity interests and capital increase by other investors	No significant impact

Description of major subsidiaries and associates

Please refer to "II. Review of the Principal Businesses During the Reporting Period" in "Chapter III Management Discussion and Analysis" of this report for the operations of the Group's major subsidiaries during the Reporting Period. Please refer to note IV. 17 and note VI to "Chapter IX 2023 Interim Financial Report (Unaudited)" in this Report for details of joint ventures and associates during the Reporting Period.

Chapter III Management Discussion and Analysis

IX. STRUCTURED BODY CONTROLLED BY THE COMPANY

Applicable Not applicable

X. EMPLOYEES OF THE COMPANY

Employees and remuneration policies

As of 30 June 2023, the Group's total number of employees worldwide, including contract employees, employed retirees and part-time employees and others, was 64,923, of which 51,240 were contract employees across the globe (as of 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, of which 51,543 were contract employees across the globe). The total staff cost during the Reporting Period, including directors' remuneration, contributions to the retirement benefit schemes and share option incentive schemes, amounted to approximately RMB5,666.978 million (same period in 2022: approximately RMB5,929.354 million).

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 and audit) 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 IV. 57 of "Chapter IX 2023 Interim Financial Report (Unaudited)" in this Report.

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XI. RISKS FACED BY THE COMPANY AND COUNTERMEASURES

For the risks faced by the Company and countermeasures, please refer to “1. Industrial Analysis and Corporate Operating Strategy of Major Business Segments” and “2. Major Risk Factors in the Future Development of the Group” in “III. Future Development and Prospects of the Company” in “Chapter III Management Discussion and Analysis” of this Report.

XII. EVENTS AFTER THE BALANCE SHEET DATE

For details of events after the balance sheet date of the Reporting Period, please refer to note XIII to “Chapter IX 2023 Interim Financial Report (Unaudited)” in this Report.

XIII. WHETHER THE COMPANY AND ITS SUBSIDIARIES HAVE OTHER SIGNIFICANT SOCIAL SECURITY ISSUES

Yes No Not applicable

XIV. DISCLOSURE REQUIRED UNDER THE HONG KONG LISTING RULES

In accordance with paragraph 40 of Appendix 16 of the Hong Kong Listing Rules, the Company confirms that, save as disclosed herein, there has been no material change in the current information regarding the Company from the information disclosed in the 2022 Annual Report of the Company.

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

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main contents discussed and information provided
12 and 13 January 2023	Shenzhen	Telephone communication	Institutional investor	UBS Greater China Conference	Principal business performance, investment progress, recent business development performance and industry outlook
8 February 2023	Shanghai	On-site meeting	Institutional investor	Aegon-Industrial Fund	Same as above
8 February 2023	Shanghai	On-site meeting	Institutional investor	UBS	Same as above
9 February 2023	Shanghai	On-site meeting	Institutional investor	Goldman Sachs	Same as above
9 February 2023	Shanghai	On-site meeting	Institutional investor	Minsheng Securities Strategy Conference	Same as above
9 February 2023	Shanghai	On-site meeting	Institutional investor	CSC	Same as above
14 February 2023	Hong Kong	On-site meeting	Institutional investor	Jeffries	Same as above
15 February 2023	Hong Kong	On-site meeting	Institutional investor	Daiwa	Same as above
23 February 2023	Shenzhen	On-site meeting	Institutional investor	Northeast Securities, Shanghai Xitai Investment, Morgan Stanley Huaxin, UBS SDIC	Same as above
9 March 2023	Shenzhen	Telephone communication	Institutional investor	Xin Chao Capital	Same as above
23 March 2023	Shenzhen	On-site meeting	Institutional investor	Taikang Asset Management, GF Securities	Same as above
29 March 2023	Shenzhen	On-site meeting	Institutions, media and shareholder representatives	Hua'an Securities, GF Securities, Eastmoney Securities, Huatai Securities, UBS, Daiwa Securities, Xinhua News Agency, www.cls.cn, 21st Century Business Herald, Securities Times, etc	Same as above
31 March 2023	Shenzhen	On-site meeting	Institutional investor	Minsheng Securities	Same as above
4 April 2023	Hong Kong	On-site meeting	Institutional investor	Morgan Stanley	Same as above
10 April 2023	Beijing	On-site meeting	Institutional investor	China Life Asset Management, China Pinnacle Equity, CICC Fund	Same as above
5 May 2023	Shenzhen	Telephone communication	Institutional investor	UBS Securities, Shenwan Hongyuan, Huajin Securities, CITIC Securities, Guotai Junan, HSBC, East Asia Qianhai, etc.	Same as above
9 May 2023	Shenzhen	On-site meeting	Institutional investor	Dongxing Securities	Same as above
10 May 2023	Shanghai	On-site meeting	Institutional investor	CSC 2023 Interim Strategy Conference	Same as above
18 May 2023	Shenzhen	On-site meeting	Institutional investor	GF Securities, Guotai Asset, China Universal, China Investment, AXA SPDB Investment, Can-China Fund, Huatai Asset	Same as above
19 May 2023	Zhuhai	On-site meeting	Institutional investor	TF Securities 2023 Interim Strategy Conference	Same as above
23-25 May 2023	Singapore	On-site meeting	Institutional investor	CITI 4th Pan-Asia Pacific Regional Investor Conference	Same as above
26 May 2023	Maoming	On-site meeting	Institutional investor	Zheshang Securities Capital Market Forum	Same as above

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Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main contents discussed and information provided
26 May 2023	Shenzhen	On-site meeting	Institutional investor	Caitong Securities Belt and Road Listed Companies In-depth Exchange Meeting	Same as above
31 May 2023	Hefei	On-site meeting	Institutional investor	CITIC Securities 2023 Capital Market Forum	Same as above
1 June 2023	Shanghai	On-site meeting	Institutional investor	High-end Manufacturing Technological Innovation 2023 Listed Company Roadshow Conference in China	Same as above
1 June 2023	Shanghai	On-site meeting	Institutional investor	Huatai Securities Strategy Conference	Same as above
7 and 8 June 2023	Hong Kong	On-site meeting	Institutional investor	HSBC 17th Annual Transport & Logistics Conference	Same as above
12 June 2023	Hong Kong	On-site meeting	Institutional investor	Jefferies, Franklin Templeton, Samsung Asset Management, RAYS Capital Partners, Sumitomo Mitsui DS Asset Management, Point72 Asset Management	Same as above
13 June 2023	Hong Kong	On-site meeting	Institutional investor	GFHK Listed Company Meeting in the Second Quarter of 2023	Same as above
29 June 2023	Shenzhen	On-site meeting	Institutional investor	GF Securities	Same as above
30 June 2023	Hong Kong	On-site meeting	Institutional investor	UBS Asia Industrials & Transport Conference in HK	Same as above

In the first half of 2023, the Group received a total of 31 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 IV Corporate Governance

I. COMPANY GOVERNANCE AND CORPORATE GOVERNANCE

(I) Overview of Company Governance

During the Reporting Period, the Company continued to enhance and improve its corporate governance and standardised operation in strict compliance with the requirements of laws and regulations including the PRC Company Law, Corporate Governance Guidelines for Listed Companies, 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 took the corporate governance by law as an important part in its internal control work. The Company has established a corporate governance structure which is in line with the requirements of management of modern enterprise and ensures the full and balanced performance of all functions. In accordance with a series of rules and regulations such as the Articles of Association, the Rules of Procedure for the General Meeting of Shareholders, the Board of Directors and the Supervisory Committee, the Company gave full play to the roles of independent Directors and Board committees. The functions and responsibilities of the general meeting, the Board and the Supervisory Committee were thus fully performed and balanced, which safeguarded the interests of the Shareholders and the Company effectively and ensured the sustainable and healthy development of the Company.

(II) Relevant Information on the General Meeting

1. Relevant Situations of Annual General Meeting and Extraordinary General Meetings Convened during the Reporting Period

During the Reporting Period, all general meetings held by the Company were convened by the Board of the Company, with attesting lawyers witnessing the meetings in person and issuing written legal opinions; the consideration of proposals at the general meetings complied with the statutory procedures, and all Shareholders were guaranteed the rights to be informed of, to participate in, and to vote on the Company's major issues, so as to enable them to fully exercise their legitimate rights as Shareholders. The notice, convening, holding and voting procedures of such meetings were in compliance with the relevant requirements of the PRC Company Law, the Articles of Association and the Hong Kong Listing Rules.

Session of meeting	Type of meeting	Proportion of investors' participation	Date	Disclosure date	Disclosure index
The first extraordinary general meeting for 2023	Extraordinary general meeting	58.9843%	16 March 2023	16 March 2023	www.cninfo.com.cn www.hkexnews.hk
The second extraordinary general meeting for 2023	Extraordinary general meeting	58.5052%	26 April 2023	26 April 2023	www.cimc.com
The annual general meeting for 2022	Annual general meeting	58.4142%	28 June 2023	28 June 2023	
The first class meeting of A Shareholders for 2023	Class meeting	28.3563%	28 June 2023	28 June 2023	
The first class meeting of H Shareholders for 2023	Class meeting	80.8150%	28 June 2023	28 June 2023	

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

2. The Extraordinary General Meetings Requested by the Shareholders of Preference Shares Who Regained the Voting Right

Applicable Not applicable

Chapter IV Corporate Governance

(III) Relevant Information on 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. During the Reporting Period, the Board, comprising 8 Directors, held 12 Board meetings with 33 resolutions being reviewed.

Save for the regular meetings, in the course of the management and supervision of the Group's business operations, the executive Directors have brought major business or management matters to the attention of the Board to hold an interim board meeting from time to time, and relevant board decisions were made in the form of written resolutions by all Directors.

Board Committees

The Board of the Company 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. During the Reporting Period, a total of 11 meetings were held by the committees of the Board with 14 letters of opinion from Board committees passed.

The Board has appointed three independent non-executive Directors and established the Audit Committee pursuant to the requirements of the Hong Kong Listing Rules. The members of the tenth session of the Audit Committee of the Company consist of Mr. YANG Xiong (chairman of the Audit Committee with professional qualifications and experience in relation to financial management such as accounting), Mr. ZHANG Guanghua and Ms. LUI FUNG Mei Yee, Mabel.

On 29 August 2023, the Audit Committee has discussed with the management and reviewed the 2023 Interim Financial Report (Unaudited) of the Group for the six months ended 30 June 2023. The members of the Audit Committee had no disagreement with the accounting treatment adopted in the 2023 Interim Financial Report (Unaudited) of the Company and agreed to present the same to the Board for consideration.

(IV) Relevant Information on Supervisory Committee

During the Reporting Period, the changes in the Supervisory Committee were as follows: on 10 February 2023, the Company received a written resignation from Supervisor LOU Dongyang, and the effective date of Mr. LOU Dongyang's resignation shall be the date on which the new Supervisor is approved by the Shareholders at the general meeting of Shareholders of the Company. On 16 March 2023, the by-election of Mr. LIN Changsen as a Supervisor representing shareholder of the 10th session of the Supervisory Committee had been considered and approved at the first extraordinary general meeting of the Company for 2023.

During the Reporting Period, the Supervisory Committee, comprising 3 Supervisors, held 3 meetings with 10 resolutions reviewed. The Supervisors attended 12 meetings of the Board.

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(V) Compliance with the Principles and Code Provisions under the Corporate Governance Code by the Company during the Reporting Period

The Board of the Company is committed to raising the standard of corporate governance of the Group and believes that good corporate governance helps the Group to safeguard the interests of the Shareholders and improve its business performance. The Company has complied with the code provisions set out in Part 2 of Appendix 14 of the Hong Kong Listing Rules (including the new code provisions in relation to internal control and risk management) during the Reporting Period, except for the deviation from the code provision C.5.1 and code provision C.2.1. Deviations during the Reporting Period have been disclosed in relevant paragraphs below.

Updates regarding Deviations from Code Provisions as set out in the 2022 Annual Report of the Group

Code provision C.5.1 under the Corporate Governance Code 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 12 Board meetings, of which only 1 meeting was held on site. The executive Directors 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 matters 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 future.

Code provision C.2.1 under the Corporate Governance Code 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.

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(VI) Compliance with the Model Code by Directors and Supervisors of the Company for Securities Transactions

The Company has adopted the standards prescribed in the Model Code contained in Appendix 10 of the Hong Kong Listing Rules as the code of conduct in dealing in securities of the Company by Directors and Supervisors. After inquiries to all the Directors and Supervisors, they confirmed that they had complied with the required standards in the Model Code during the Reporting Period.

(VII) Risk Management

The Company attaches great importance to risk management by (1) accelerating the horizontal expansion and in-depth application of digital risk control achievements: propelling online operation of digital risk control in Phase II of the pilot segments, and exploring the establishment of a two-level dashboard for digital risk control; (2) continuously promoting the special governance of major risks and the horizontal expansion of achievements: kicking off the special governance of overseas risks and the construction of a fund risk management system; (3) delivering risk control system achievements: extracting and summarizing the achievements and project experiences of enterprise risk control system construction, completing the implementation of 80% of the core elements of the risk control system in pilot enterprises, and promoting the horizontal expansion and upgrading of project achievements; (4) deepening and expanding the effectiveness assessment of the risk control system: completing the version upgrade of the risk control effectiveness assessment system, and expanding the implementation scope of risk control effectiveness assessment. In the second half of the year, the Group will continue to advance the four key risk control tasks above, and intends to publish a list of “Unannounced Critical Risk Inspection”, establishing a normalized and classified unannounced inspection mechanism.

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II. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY AND THEIR SHAREHOLDING DURING THE REPORTING PERIOD

1. Changes of Directors, Supervisors and Senior Management of the Company

Changes of Directors, Supervisors and senior management of the Company during the Reporting Period are set out below:

Name	Position	Type	Date	Reason
LOU Dongyang	Supervisor	Resigned	16 March 2023	Resignation due to changes in assignment
LIN Changsen	Supervisor	Elected	16 March 2023	Elected
ZENG Han	Chief Financial Officer (CFO)	Re-appointed	28 March 2023	Re-appointment upon expiration of the term of office
	Vice president	Appointed	28 March 2023	Appointment

On 29 August 2023, as considered and approved at the thirteenth meeting in 2023 of the tenth session of the Board of Company, Mr. GAO Xiang was re-appointed as the president of the Company, with the term of office commencing from 29 August 2023 and ending on the expiry of the annual general meeting for 2024.

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

As at 30 June 2023, 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	Type of the shares	Number of shares (shares)
MAI Boliang	Beneficial interest	A Shares	890,465

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

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, the vice president and Chief Financial Officer, and WU Sanqiang, the Secretary of the Board. The scale of the fund of the First Phase of the Trust Plan (第一期信託計劃) under the Operation Scheme, with a duration of 5 years, was RMB200 million. 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 2022. 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 (第二期信託計劃) 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 at 30 June 2023, the Partnership under the First Phase of the Trust Plan purchased 40,731,100 H Shares (31 December 2022: 40,731,100 H shares) of the Company cumulatively through the Southbound Stock Connect in the secondary market, and the Partnership under the Second Phase of the Trust Plan purchased 15,688,650 H Shares (31 December 2022: 15,688,650 H shares) of the Company cumulatively through the Southbound Stock Connect in the secondary market. 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.

For details of the interests in the underlying shares of the Company held by any other Director, Supervisor and chief executive of the Company as at 30 June 2023, please refer to "IV. Implementation of the Company's Share Option Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentive Measures during the Reporting Period" in this chapter.

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

(3) Interest in the Shares of the Associated Corporation of the Company:

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

Save as disclosed above, as at 30 June 2023, to the best knowledge of Directors of the Company, no Directors, Supervisors or chief executives of the Company held interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of 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 are taken or deemed to have under such provisions of the SFO, or which are recorded in the register kept under Section 352 of the SFO, or otherwise required to be notified 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.

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3. Changes in Personal Information of Directors and Supervisors

During the Reporting Period, there is no change in personal information of Directors or Supervisors of the Company. For details of the personal information of our Directors and Supervisors, please refer to the 2022 Annual Report and the relevant announcements and/or circular disclosed on the website of the Company (www.cimc.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk). Except for such disclosure, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

III. PROFIT DISTRIBUTION AND SHARE CAPITAL INCREASE BY WAY OF TRANSFER FROM CAPITAL RESERVES DURING THE REPORTING PERIOD

Applicable Not applicable

The Company proposed not to distribute cash dividend, issue bonus shares or increase share capital by way of transfer from capital reserves for the six months ended 30 June 2023 (same period in 2022: Nil).

Implementation of Profit Distribution of the Company during the Reporting Period

During the Reporting Period, the proposed profit distribution plan for 2022 was passed at the annual general meeting for 2022, the first class meeting of the holders of A Shares and the first class meeting of the holders of H Shares for 2023 held on 28 June 2023 in accordance with the relevant requirements of the Articles of Association: based on the total share capital of the Company as at the book closure date of dividend distribution for 2022, the Company will pay a cash dividend of RMB0.18 (inclusive of tax) for every share, and the total dividend in cash is expected to be RMB970.654 million; no bonus shares will be issued and no new shares will be issued by way of conversion of capital reserve. The Company completed the payment of the dividend for 2022 on 18 August 2023.

IV. IMPLEMENTATION OF THE COMPANY'S SHARE OPTION INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP SCHEME OR OTHER EMPLOYEE INCENTIVE MEASURES DURING THE REPORTING PERIOD

Applicable Not applicable

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.

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(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.

(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.

Reference is made to page 138 of the annual report of the Company for the year ended 31 December 2022 (the "Annual Report") published on 27 April 2023 on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) with the paragraph headed "IMPLEMENTATION OF THE COMPANY'S SHARE OPTION INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP SCHEME OR OTHER EMPLOYEE INCENTIVE MEASURES". Unless otherwise defined, the capitalised terms below shall have the same meanings with those defined in the Annual Report.

The Company would like to further explain that as the Core Employee Stock Ownership Scheme of the Company is an operation plan to purchase A shares in the secondary market or transferring A shares repurchased by the Company which does not involve the issuance of any new Shares of the Company, no share is available for issue under the Core Employee Stock Ownership Scheme as at the date of the Annual Report.

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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 IX 2023 Interim Financial Report (Unaudited)" in this report.

Chapter V 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 Interim Report of China International Marine Containers (Group) Co., Ltd. for 2023 disclosed by the Company to the public on 29 August 2023.

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, Measures for the Administration of the Directory of Key Environmental Supervision Units, Law of the People's Republic of China on Protection of the Yellow River and such other laws, regulations and industrial and local standards of the places where the Group carry out its operations.

Environmental self-monitoring plan

All the key environmental supervision 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.

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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

All of the 37 key environmental supervision units under the Group have prepared the contingency plan for environmental incidents and filed it with the relevant authorities. In addition, they organized and completed contingency drills for environmental incidents in the first half of the year.

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

The Group's total accumulated investments in environmental protection in the first half of the year exceeded RMB119.99 million. For key environmental supervision units, the total accumulated investments in environmental protection exceeded RMB96.65 million and the payment of cumulative environmental protection tax exceeded RMB0.39 million.

Other environmental information that should be disclosed

None.

Measures taken to reduce its carbon emissions during the Reporting Period and their effectiveness

1. Energy conservation and carbon reduction in the Company's own operation process

- (1) Strengthening top-level design and target traction: The Group continued to implement the "CIMC Green Development Plan". Based on the external environment and the Company's development strategy, CIMC has made eight key issues covering energy saving and consumption reduction, green products and services the focus of its ESG work in 2023. At the same time, "energy saving and carbon reduction" was included as one of the strategic themes for 2023, and the Group's emission reduction targets were set at "reducing energy consumption intensity by 3% and carbon emission intensity by 4% per RMB0.1 billion". Units at all levels of the Group have actively undertaken and implemented this strategic theme and emission reduction target.

Chapter V Environmental and Social Responsibilities

- (2) Strengthening the energy management mechanism: The Company has incorporated resource and energy consumption into its management indicators, which are regularly reported to the management of the Company to strengthen the evaluation and supervision of energy consumption, and has also initially set up the files of key energy-consumption units and key enterprises in the carbon market control, established the energy efficiency and carbon intensity dashboards, and pushed for improvements. Under the guidance of the Group, each member enterprise has actively implemented actions such as analysis of energy consumption data, establishment of energy consumption dashboards, as well as excavation and research of topics on energy conservation, carbon reduction improvement. Each of the Group's major manufacturing segments has established a mechanism for regular analysis of energy consumption and carbon emission data. The Company encourages and supports its subsidiaries to establish energy management systems, and at the same time actively explores the promotion of energy conservation through digital management systems, so as to do a better job of energy management in a more systematic manner.
- (3) Vigorously promoting key energy-saving projects and pilot demonstration projects: The Group carried out relevant work in various aspects such as green and low-carbon product research and development and design, green and low-carbon manufacturing, green and low-carbon supply chain, green and low-carbon industry, etc., and promoted the implementation of key energy-saving projects and pilot projects. All member enterprises responded and implemented positively, and have achieved solid results in a number of projects such as rooftop photovoltaic, air compressor centralised heating interconnection, air compressor waste heat recovery and lighting energy-saving renovation.
- (4) Vigorously carrying out the dissemination of green and low-carbon concepts: The Group has long attached importance to the promotion of green and environmental protection concepts, and advocated that all employees practice green and low-carbon work and life styles through the implementation of multi-channel and multi-form publicity activities to establish a green development culture.

2. Providing green and low-carbon products and services to help customers and the society save energy and reduce carbon emissions

The Group will continue to focus on the four strategic emerging directions of "clean energy, clean water and lush mountains, rural revitalisation and cold chain", strengthen scientific and technological innovation and model innovation, and create green and low-carbon products and reference solutions. The Group will carry the concept of green development throughout the whole process, chain and field of industrial production, continue to vigorously promote energy conservation and emission reduction in its own operations in accordance with the strategic objectives of carbon peaking and carbon neutrality, continue to enhance the innovation, promotion and application of green and low-carbon technologies, and develop and provide more high-quality green and low-carbon products and services, so as to contribute to the "dual-carbon" goal of the industry and even China.

Other relevant environmental information

- (1) A total of 71 subsidiaries of the Group have passed ISO14001 environmental management system certification, among which, all of the 37 key environmental supervision units have been certified during the Reporting Period.
- (2) As at June 2023, a total of 29 enterprises under the Group were certified as "green factories" at the national, provincial and municipal levels, of which 10 were national green factories.

Chapter V Environmental and Social Responsibilities

II. PERFORMANCE OF SOCIAL RESPONSIBILITIES

Since 2008, CIMC Group has been publishing the sustainability reports for 15 consecutive years, proactively disclosing to all stakeholders the Group's efforts in actively fulfilling social responsibilities and practicing ESG. Inspired by our vision of "becoming a high-quality and respected world-class enterprise", CIMC adheres to the concept of sustainable development, actively responds to the call of the State, fulfills its social responsibility at a high level, and integrates the concept of social responsibility into its corporate strategy, corporate governance, and the entire life cycle of its production and operation products, so as to achieve organic integration of its social responsibility and its business operation. The Group creates a model of green and low-carbon development, focuses on clean energy, clean water and lush mountains, rural revitalization, cold chain and other areas, actively participates in social welfare and charity, and is committed to promoting win-win development of the economy, the environment and the society, and to creating new value for all stakeholders. 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) and the Hong Kong Stock Exchange (www.hkexnews.hk) on 28 March 2023, respectively.

III. CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS IN POVERTY ALLEVIATION AND RURAL REVITALIZATION

In the first half of 2023, CIMC took the initiative to integrate into the new development pattern, focusing on the national strategy of rural revitalization, and actively contributed to the construction of livable, workable and beautiful villages with the goal of rural revitalisation featuring "prosperous industries, pleasant living environment, civilised countryside, effective governance and affluent living".

1. Promoting rural revitalization through industry to promote local quality development

The key to rural revitalisation is industrial revitalization. In the first half of the year, CIMC Group continued to vigorously expand its industrial support and give full play to local characteristics according to local conditions.

Chapter V Environmental and Social Responsibilities

CIMC New Material vigorously developed the Nan bamboo industry, relying on three main production bases located in Suining and Hengyang in Hunan, and Jinzhai in Anhui, to efficiently transform the bamboo industry, enrich the people and increase their income, and contribute to the local economic and social benefits. Currently, these three main production bases are actively developing highly loyal and reliable bamboo curtain suppliers, with its industrial influence radiating to the surrounding counties.

CIMC New Material's			
Production Base	Economic Benefits	Social Benefits	Remarks
Hunan CIMC New Material Technology Co., Ltd. (Suining, Hunan Province)	In the first half of 2023, approximately 500,000 pieces of Nan bamboo were used, and the purchase amount from local bamboo farmers/bamboo curtain suppliers exceeded RMB9 million	Provided more than one hundred job positions	8 workshops have been listed for "Rural Revitalisation"
Jinzhai CIMC New Material Technology Co., Ltd. (Jinzhai, Anhui Province)	The purchase amount reached RMB6.74 million in the first half of 2023	Provided more than 40 job positions	/
Hengyang CIMC New Material Technology Co., Ltd (Hengyang, Hunan Province)	It is expected to be put into production in the first half of 2024, with a planned capacity of 100,000 cubic meters of container flooring. The first phase of 40,000 cubic metres of flooring is expected to make use of 1.5 million pieces of Nan bamboo, which will bring about RMB50 million in purchases for local bamboo farmers/bamboo curtain suppliers annually	Provided more than two hundreds of job positions	1 workshop has been listed for "Rural Revitalisation"

In addition, CIMC is planning to invest in the environmentally-friendly bamboo pulp industry to promote the extension of its existing bamboo and wood business. CIMC Bamboo Chain Technology is organising the development of advanced technology for the environmentally-friendly paper industry of "physical pulping", which can effectively expand the prospects of the Nan bamboo industry for wider applications other than wooden flooring in containers.

2. Supporting the countryside to become "greener and better" through multi-form and multi-channel assistance and donations

In the first half of the year, CIMC Group continued to provide assistance in various forms and measures, and its subsidiaries made constant efforts to put all the work into practice.

In respect of rural culture and education, subsidiaries of the Group's logistics services, road transport vehicles and cycling vehicles segments made donations to local units and social groups in the form of sponsorships and donations, which were mainly used to support rural education and local development; in respect of rural healthcare, CIMC Safeway Technologies donated RMB10,000 to the Ningqiang Maternal and Child Health Service Centre, which was used to purchase gynecological treatment equipment, thereby safeguarding women's health.

Chapter V Environmental and Social Responsibilities

3. Promoting the modernisation of agriculture and rural areas with advantages in logistics and energy equipment

As a leading supplier of logistics and energy equipment in the world, CIMC Group takes advantage of its equipment expertise to contribute actively to rural infrastructure and modernization process.

CIMC's cold chain equipment matrix is fully integrated into the national rural revitalization strategy to solve the problem of fresh preservation of agricultural products during long-distance transportation. In May 2023, Guangxi Supply and Marketing CIMC Cold Chain Co., Ltd., a joint venture between CIMC Cold Chain and Guangxi Supply and Marketing, was formally launched to build a high-speed railway-type cold chain backbone network linking the fields with the dining tables. In June 2023, the joint venture put into operation a demonstration centre for the entire cold chain processing of mangoes in Baise City, Guangxi, which can handle approximately 100 tonnes of mangoes per day, promoting the entire cold chain of pre-cooling, cold storage and fresh preservation of mango in Baise City, effectively solving the industry's pain points, such as pectin and germs, lowering the wastage, extending the shelf life of the mangoes, and assisting Baise mango to move to a broader market.

CIMC Enric is committed to promoting the application of clean energy and assisting in the construction of "rural micro-pipe network". As a leader in the manufacture of high-end equipment for mobile pressure vessels in China, Jingmen Hongtu under CIMC Enric has actively responded to the important strategic deployment of "promoting rural micro-pipe network" proposed in the 2023 Central Document No. 1 and proposed LPG micro-pipe network solutions. Hongtu LPG tanker with pump has obvious advantages such as safety and flexibility, convenience and intelligence, wide range of application, etc. At the same time, it comes with nine safety protection functions and adopts digital information technology to realise the remote monitoring and management of the equipment, which greatly improves the safety and intelligence level of the rural gas supply system, realises the simultaneous enhancement of green development and efficiency, and assists in the national "3060" dual-carbon target.

CIMC Environmental Protection Technology (Guangdong) Co., Ltd. (hereinafter referred to as "CIMC Environmental Protection") is committed to the application and innovation of integrated environmentally-friendly equipment and comprehensive environmental treatment technology, which effectively contributes to the construction of ecological civilisation in townships. By the end of June 2023, CIMC Environmental Protection, through cooperative research and development, has developed a cost-effective integrated treatment equipment for water supply, which is suitable for widespread promotion in rural areas and has been applied in Xinyi, Huazhou and other places in Guangdong Province to ensure the safety of drinking water in rural areas; and has built a garden-type domestic wastewater treatment site in Nansha Village, Da'ao Town, Xinhui District, Jiangmen City, which has greatly reduced the pollutants discharged into the river and effectively improved the water quality of the watercourse and the living environment of the people; "One Pond, One Island" (一池一島), the new technology developed for aquaculture tail water treatment can solve the problems of substandard performance of aquaculture tail water treatment in terms of total nitrogen, and the existing treatment process covering a large area.

CIMC Fisheries takes "digital land-based recirculating aquaculture" as the core to promote the transformation and upgrading of the traditional aquaculture industry. Through the "Container+" integrated equipment technology, CIMC Fisheries equipped aquaculture with equipment to enable the automation of aquaculture operation, intellectualization of aquaculture management and reclamation of aquaculture tail water, which greatly improves the aquaculture efficiency and meets the demand of modern industrialised aquaculture. During the Reporting Period, phase II of Xinhui CIMC Fishery Technology Demonstration Base has been completed and put into operation, and phase III of the Base is under planning, which can effectively drive the whole industrial value chain from offspring seed to raw fish breeding for the neighbouring farmers and cooperatives, release the production capacity, and promote the upgrading and development of agriculture and the construction for rural revitalisation.

Chapter V Environmental and Social Responsibilities

CIMC Wetrans is actively laying out around the China-Laos Railway and accelerating the development of cold chain logistics. In January 2023, CIMC Wetrans's "Kunming-Vientiane" China-Laos Railway International Cold Chain Transport Train carried 250 tonnes of Yunnan fresh vegetables from Kunming to Vientiane Station in Laos, and then the goods were gradually distributed to Thailand, Myanmar and other Southeast Asian vegetable distribution warehouses. The combination of railway trains and cold chain enables Yunnan's fresh vegetables and fruits to achieve "zero-distance" access from "places of origin" to "dining tables", which drives the development of local trade supply chain and contributes to the local economic development; at the same time, CIMC Wetrans' "Vientiane-Kunming" importing cold chain railway train was launched, bringing high-quality durian, mangosteen, longan and other tropical fruits from Laos, Thailand and other Southeast Asian countries back to the Chinese market, further fostering an unimpeded domestic and international dual-circulation development pattern.

In the future, CIMC Group will continue to devote itself to the great cause of China's rural revitalisation, and will stay true to its original aspiration and bear in mind its mission. Firstly, the Group will adhere to industrial revitalisation and explore more industrial opportunities for rural revitalisation; secondly, the Group will provide paired and specialised assistance according to the actual situation; thirdly, the Group will give full play to its advantages in equipment and services, develop new businesses and create new scenarios, and continue to push forward projects related to a number of business areas, such as cold chain, energy micro-pipe network, recycling freshwater fishery, rural sewage equipment, etc., so as to help with the process of modernisation of agriculture and rural areas.

Chapter VI Significant Events

I. COMMITMENTS PERFORMED DURING THE REPORTING PERIOD AND NOT YET FULFILLED AS AT THE END OF THE REPORTING PERIOD BY UNDERTAKING PARTIES OF THE COMPANY INCLUDING THE DE FACTO CONTROLLER, SHAREHOLDERS, RELATED PARTIES, ACQUIRERS AND THE COMPANY

Applicable Not applicable

Commitment	Promisor	Type of commitment	Contents of commitment	Date of commitment	Commitment period	Implementation
Other commitments made to minority Shareholders of the Company	The Company	Others	In accordance with the relevant regulations, domestic residents are not eligible to purchase foreign stocks directly, so, domestic residents can only hold or sell its H Shares of the Company of which they legally possess due to the change of listing location of stocks of the Company, they are not eligible to subscribe the shares of the Company and other H shares or other overseas stocks, and also after the sales of H Shares of the Company, the sales income must be timely transferred to the mainland. The Company promises domestic residents that before they are free to purchase overseas stocks, the Company will not finance by the means of allotment.	2012/8/15	Before domestic residents are free to buy overseas stocks	In progress
Other commitments made to minority Shareholders of the Company	The Company	Dividend distribution	Shareholders' bonus return plan (2022 to 2024)	2022/6/28	2022 to 2024	In progress
Whether the commitment is fulfilled in a timely manner or not	Yes					
If the commitment is not fulfilled when due, explanations on reasons and working plans for the next step shall be stated in detail	Not applicable					

Chapter VI Significant Events

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

Applicable Not applicable

Please refer to the "Summary of Non-Operating Funds Appropriation and Other Related Funds Transactions of China International Marine Containers (Group) Co., Ltd. for the First Half of 2023" as disclosed by the Company on 29 August 2023 for details on appropriation of the Company's funds by related parties of the Company for non-operating purposes.

III. ILLEGAL EXTERNAL GUARANTEES

Applicable Not applicable

IV. ENGAGEMENT AND DISENGAGEMENT OF FIRMS OF ACCOUNTANTS

Whether the interim financial report has been audited or not

Yes No

The 2023 Interim Financial Report has not been audited.

On 28 June 2023, as considered and approved at the 2022 annual general meeting, the Company appointed PricewaterhouseCoopers Zhong Tian LLP as the auditor of the Company for 2023.

V. STATEMENT OF THE BOARD AND THE SUPERVISORY COMMITTEE ON THE "NON-STANDARD AUDITING REPORT" ISSUED BY THE ACCOUNTANT DURING THE REPORTING PERIOD

Applicable Not applicable

VI. STATEMENTS OF THE BOARD ON THE AFFAIRS RELATING TO "NON-STANDARD AUDITING REPORT" FOR THE PREVIOUS YEAR

Applicable Not applicable

Chapter VI Significant Events

VII. BANKRUPTCY OR REORGANISATION RELATED ISSUES

Applicable Not applicable

The Company had no bankruptcy or reorganisation related issues during the Reporting Period.

VIII. LITIGATION EVENTS

Material litigation and arbitration events

Applicable Not applicable

The Company had no material litigation and arbitration events during the Reporting Period.

Other litigation events

As of the end of the Reporting Period, the total litigation amount involved in other sued cases involving the Company that did not meet the disclosure standards for major litigations and are still pending was approximately RMB385 million.

IX. PENALTIES AND REMEDIES

Applicable Not applicable

During the Reporting Period, the Company had no material penalties and remedies.

X. THE CREDITWORTHINESS OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND THE DE FACTO CONTROLLER

Applicable Not applicable

During the Reporting Period, there was no effective judgement of the court failed to be satisfied by the Company or relatively large amount of debts due and outstanding.

Chapter VI Significant Events

XI. MATERIAL RELATED-PARTY TRANSACTIONS

(I) Related-Party Transactions as Defined by Domestic Laws and Regulations

1. Related-party transactions relating to daily operations

√ Applicable □ Not applicable

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	Approved	Whether approved cap has exceeded	Settlement method	Available	Disclosure date	Disclosure index
							to transaction amount of the same category				market price of the same transaction category		
Sinotrans & CSC Group	Subsidiary of substantial shareholder	Sale of goods and provision of services	Sale of goods and provision of services	Regular commercial terms	-	139,111	-	550,000	No	-	-	17 June 2022 and 3 August 2022	www.cinfo.com.cn www.hkexnews.hk www.cimc.com
Sinotrans & CSC Group	Subsidiary of substantial shareholder	Receiving of services	Receiving of services	Regular commercial terms	-	329,083	-	4,400,000	No	-	-		
China Merchants Port Group	Subsidiary of substantial shareholder	Sale of goods and provision of services	Sale of goods and provision of services	Regular commercial terms	-	5	-	140,000	No	-	-	11 May 2022	
China Merchants Port Group	Subsidiary of substantial shareholder	Receiving of services and leasing business	Receiving of services and leasing business	Regular commercial terms	-	4,469	-	60,000	No	-	-		
Liaoning Port Group	Subsidiary of substantial shareholder	Sale of goods and provision of services	Sale of goods and provision of services	Regular commercial terms	-	1,090	-	140,000	No	-	-	11 May 2022	
Liaoning Port Group	Subsidiary of substantial shareholder	Receiving of services and leasing business	Receiving of services and leasing business	Regular commercial terms	-	5,965	-	60,000	No	-	-		
China Merchants RORO Group	Subsidiary of substantial shareholder	Sale of goods and provision of services	Sale of goods and provision of services	Regular commercial terms	-	-	-	170,000	No	-	-	11 May 2022	
China Merchants RORO Group	Subsidiary of substantial shareholder	Receiving of services	Receiving of services	Regular commercial terms	-	-	-	30,000	No	-	-		
Sinotrans Group	Subsidiary of substantial shareholder	Sale of goods and provision of services	Sale of goods and provision of services	Regular commercial terms	-	55	-	245,000	No	-	-	11 May 2022	
Sinotrans Group	Subsidiary of substantial shareholder	Receiving of services	Receiving of services	Regular commercial terms	-	910	-	30,000	No	-	-		
CIMC Financial Leasing Company and its subsidiaries	Subsidiary of substantial shareholder	Sale of goods and provision of services	Sale of goods and provision of services	Regular commercial terms	-	166,795	-	1,410,000	No	-	-	24 February 2023	
CIMC Financial Leasing Company and its subsidiaries	Subsidiary of substantial shareholder	Purchase of goods and receiving of services	Purchase of goods and receiving of services	Regular commercial terms	-	14,258	-	100,000	No	-	-		
Shenzhen Huijin Intelligent Industry Co., Ltd. and its subsidiaries	Subsidiary of substantial shareholder	Provision of services	Provision of services	Regular commercial terms	-	87	-	50,000	No	-	-	24 February 2023	
China Merchants Offshore Engineering Investment Shen Zhen Co., Ltd. and its subsidiaries	Subsidiary of substantial shareholder	Sale of goods	Sale of goods and provision of services	Regular commercial terms	-	27,405	-	200,000	No	-	-	26 June 2023	
Total					-	689,233	-	-	-	-	-	-	-

Chapter VI Significant Events

Details of substantial sales return	Nil
Projected total amount of related transactions in the ordinary course of business during the current period by type and actual performance during the Reporting Period (if any)	As at 30 June 2023, the actual transaction amounts of ordinary related-party transactions between the Group and related parties have not exceeded the annual caps set out in the agreements signed between the Company and related parties in respect of these ordinary related-party transactions. For details, please refer to "2. Continuing Connected Transactions/Ordinary Related-Party Transactions" in "(II) Connected Transactions Defined in accordance with the Hong Kong Listing Rules" under "XI. Material Related-party Transactions" of this chapter.
Reason for the substantial difference between transaction prices and referential market prices (if applicable)	Not applicable

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

Applicable Not applicable

3. Related-party Transactions Relating to Joint External Investments

Applicable Not applicable

4. Claims and Liabilities among the Related-party Transactions

Applicable Not applicable

Whether there are non-operating claims and liabilities among the related-party transactions

Yes No

For relevant information on claims and liabilities among the related-party transactions of the Company during the Reporting Period, please refer to note VIII. 5. (4) of "Chapter IX 2023 Interim Financial Report (Unaudited)" in this Report

5. Transactions with related finance companies

Applicable Not applicable

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

Applicable Not applicable

- On 27 August 2021, as considered and approved at the twenty-first meeting in 2021 of the ninth session of the Board 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 term is three years from the date when the general meeting considers and approves the agreement. 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 was considered and approved at the fourth extraordinary general meeting for 2021 held by the Company on 24 September 2021. For relevant information, please refer to the relevant announcements published by the Company on Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) on 27 August 2021 and 24 September 2021 (Announcement Nos.: [CIMC]2021-081 and [CIMC]2021-089) and the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

(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	Amount for the current period			Balance as at 30 June 2023
				Balance as at 1 January 2023	Total amount placed for the current period	Total amount withdrawn for the current period	
CIMC Industry & City	The Group's Directors, Supervisors and senior management holding positions	3,000,000	With reference to market rates	337,976	9,236,197	9,539,948	34,225

During the Reporting Period, the maximum daily deposit balance of CIMC Industry & City and its subsidiaries with CIMC Finance Company was RMB439,087,000, 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	Amount for the current period			Balance as at 30 June 2023
				Balance as at 1 January 2023	Total amount of loans for the current period	Total amount of repayment for the current period	
CIMC Industry & City	The Group's Directors, Supervisors and senior management holding positions	1,500,000	With reference to market rates	353,886	208,696	-	562,582

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 RMB744,995,000, which did not exceed the agreed cap of RMB1,500,000,000.

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2. On 11 May 2022, CIMC Finance Company and CIMC Financial Leasing Company entered into the Financial Service Framework Agreement, pursuant to which, CIMC Finance Company provides financial services including deposit-taking services to CIMC Financial Leasing Company and its subsidiaries. The transaction amount agreed in the Financial Service Framework Agreement is as follows: the maximum daily deposit balance of CIMC Financial Leasing Company and its subsidiaries with CIMC Finance Company shall not exceed RMB500 million with the deposit interest rate determined with reference to the market deposit interest rate. The term is three years from the effective date of the agreement. For relevant information, please refer to the relevant announcements published by the Company on Cninfo website (www.cninfo.com.cn) and the Company's website (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	Amount for the current period			
				Balance as at 1 January 2023	Total amount placed for the current period	Total amount withdrawn for the current period	Balance as at 30 June 2023
CIMC Financial Leasing Company	Subsidiary of substantial shareholder	500,000	With reference to market rates	138,795	5,673,982	5,795,814	16,963

During the Reporting Period, the maximum daily deposit balance of CIMC Financial Leasing Company with CIMC Finance Company was RMB408,429,000, which did not exceed the agreed cap of RMB500,000,000.

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.

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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 current period			Balance as at 30 June 2023
				Balance as at 1 January 2023	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	25,784	66,042	12,261

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, 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 “XI. Material Related-party Transactions” of this chapter.

(II) Connected Transactions Defined in accordance with the Hong Kong Listing Rules

Pursuant to Chapter 14A of the Hong Kong Listing Rules, the following connected transactions are discloseable in this Report:

1. Connected Transactions:

Joint establishment of an industry fund by a subsidiary and a professional institution

On 10 August 2022, as considered and approved at the fourth meeting in 2022 of the tenth session of the Board of the Company, 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.

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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 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 fund has a size of RMB100 million, RMB30 million of which is to be contributed by CIMC Capital Management and CIMC Capital Holdings aggregately, accounting for 30%. The fundraising of the first fund of the second tranche fund has been completed and the industrial and commercial registration has also been completed.

For details, please refer to the relevant announcements published by the Company on Cninfo website (www.cninfo.com.cn), the Company's website (www.cimc.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 10 August 2022, 29 August 2022, 28 November 2022, 10 March 2023 and 17 April 2023.

2. Continuing Connected Transactions/Ordinary Related-party Transactions

(1) *Continuing connected transactions with Sinotrans & CSC Holdings Co., Ltd.*

Based on the factors such as the 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 proposed caps for both parties for 2022, 2023 and 2024.

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 Group 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 Group 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.

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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/ending 31 December 2022, 2023 and 2024 and the actual transaction amounts for the six months ended 30 June 2023:

Unit: RMB100 million

Scope of related-party transaction	Proposed caps			Actual transaction amounts
	For the year ended 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024	For the six months ended 30 June 2023
Sale of goods and rendering of services by the Group to Sinotrans & CSC Group	5.2	5.5	5.8	1.39
Receipt of services by the Group from Sinotrans & CSC Group	42	44	46	3.29

For relevant information, please refer to the announcements published by the Company on Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) on 9 December 2021, 17 June 2022 and 3 August 2022.

(2) *Continuing connected transactions/ordinary related-party transactions with 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 proposed caps for the transactions for the three years ended/ending 31 December 2022, 2023 and 2024 (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 Shenzhen 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.

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The proposed caps of continuing connected transactions/ordinary related-party transactions agreed for the three years ended/ending 31 December 2022, 2023 and 2024 and the actual transaction amounts for the six months ended 30 June 2023 are shown below:

Unit: RMB thousand

Related party	Scope of related-party transaction	Proposed caps		Actual transaction amounts	
		For the year ended 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024	For the six months ended 30 June 2023
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	5
	Receipt of services and leasing business by the Group from China Merchants Port Group	60,000	60,000	60,000	4,469
Liaoning Port Group	Sale of goods and provision of services by the Group to Liaoning Port Group	140,000	140,000	140,000	1,090
	Receipt of services and leasing business by the Group from Liaoning Port Group	60,000	60,000	60,000	5,965
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	-
	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	55
	Receipt of services by the Group from Sinotrans Group	30,000	30,000	30,000	910

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.

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(3) Continuing connected transactions/ordinary related-party transactions with the subsidiaries of Shenzhen Capital 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, CIMC Finance Company and CIMC Leasing signed the Financial Service Framework Agreement. 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 relevant agreements with CIMC Leasing and Shenzhen Huijin Intelligent Industry Co., Ltd. (the "Huijin Intelligent"), respectively, pursuant to which the Group would continue to provide goods and/or services to CIMC Leasing and its subsidiaries, etc. ("Leasing Company") and Huijin Intelligent and its subsidiaries, etc. ("Huijin Company"), as well as receive the goods and services provided by Leasing Company, and the proposed caps in respect of the continuing connected transactions for the three years ending 31 December 2023, 2024 and 2025 were agreed (the signed agreements collectively the "Shenzhen Capital Group Subsidiaries Framework Agreements").

As CIMC Leasing and Huijin Intelligent are the subsidiaries of Shenzhen Capital Group, the largest Shareholder of the Company, according to Chapter 14A of the Hong Kong Listing Rules, Leasing Company and Huijin Company are both connected persons of the Company, therefore, the transactions under the Shenzhen Capital Group Subsidiaries Framework Agreements and the Financial Service Framework Agreement constitute continuing connected transactions of the Company. Meanwhile, according to Chapter 6 of the Shenzhen Listing Rules, Leasing Company and Huijin Company are both affiliated legal persons of the Company, and the transactions under the Shenzhen Capital Group Subsidiaries Framework Agreements and the Financial Service Framework Agreement constitute ordinary related-party transactions of the Company.

- a. The Shenzhen Capital Group Subsidiaries Framework Agreements provided the proposed caps of continuing connected transactions/ordinary related-party transactions for the three years ending 31 December 2023, 2024 and 2025. The proposed caps under the Shenzhen Capital Group Subsidiaries Framework Agreements and the actual transaction amounts for the six months ended 30 June 2023 are shown below:

Unit: RMB thousand

Related party	Scope of related-party transaction	Proposed caps			Actual transaction amounts
		For the year ending 31 December 2023	For the year ending 31 December 2024	For the year ending 31 December 2025	For the six months ended 30 June 2023
Leasing Company	Sale of goods and provision of services by the Group	1,410,000	1,410,000	1,410,000	166,795
	Purchase of goods and receipt of services by the Group	100,000	100,000	100,000	14,258
Huijin Company	Provision of services by the Group	50,000	50,000	50,000	87

- 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 "XI. Material Related-party Transactions" in this chapter.

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For relevant information, please refer to the announcements published by the Company on Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) on 11 May 2022 and 24 February 2023.

(4) *Continuing connected transactions with Shanghai International Port (Group) Co., Ltd.*

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 relevant agreement with SIPG (the "SIPG Group Framework Agreement") to agree on the proposed caps in respect of the transactions for the three years from 1 January 2022 to 31 December 2024. 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 the six months ended 30 June 2023 are shown below:

Unit: RMB thousand

Scope of related-party transaction	Proposed caps			Actual transaction
	For the year ended 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024	For the six months ended 30 June 2023
Sale of goods and rendering of services by the Group to SIPG Group	400,000	400,000	500,000	13,491
Receipt of services by the Group from SIPG Group	1,300,000	1,300,000	1,400,000	219,919

(5) *Continuing connected transactions/ordinary related-party transactions with China Merchants Offshore Engineering Investment Shen Zhen Co., Ltd.*

On 26 June 2023, as considered and approved at the twelfth meeting in 2023 of the tenth session of the Board of the Company, CMOEI signed relevant agreement (the "CMOEI Framework Agreement") with the Company, and published the announcement titled "Continuing Connection Transactions" on 26 June 2023, the Group would continue to provide goods and services to the CMOEI Group and it was agreed that the proposed caps in respect of the continuing connected transactions/ordinary related-party transactions for the three years ending 31 December 2023, 2024 and 2025.

AS CMOEI is a wholly-owned subsidiary of China Merchants Group, a substantial shareholder of the Company, according to Chapter 14A of the Hong Kong Listing Rules, CMOEI Group is a connected person of the Company, therefore, the transactions under CMOEI Framework Agreement contemplated between the Group and CMOEI Group constitute continuing connected transactions of the Company. Meanwhile, according to Chapter 6 of the Shenzhen Listing Rules, CMOEI Group is an affiliated legal person of the Company, and the transactions under CMOEI Framework Agreement contemplated between the Group and CMOEI Group constitute ordinary related-party transactions of the Company.

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According to the data of “DNV Maritime Forecast to 2050” released by Det Norske Veritas group, only 186 marine ships were equipped with LNG power systems in 2020, and 356 marine ships were LNG-powered ships in 2022. It is expected that the LNG-powered ships will increase by 187 and 180 in 2023 and 2024, respectively, compared with 61 and 109 in 2021 and 2022, respectively, representing a significant increase. Also, the shipbuilding business of China Merchants Industry Holdings Co., Ltd. is mainly operated by three shipyards of CMOEI. In general, since a single LNG-powered ship requires multiple LNG fuel tanks, the new demand for LNG fuel tanks is more vigorous. Previously, due to less orders of LNG-powered ships and fuel tanks, the counterparty had sufficient production capacity and did not place orders in CIMC. However, in recent years, given the fact that the demand for LNG-powered ships and LNG marine tanks has increased rapidly, it has resulted in tight production capacity of the counterparty. In order to ease the delivery pressure, the CMOEI Group is expected to sub-contract some of the orders to CIMC for production. The main reasons being, on one hand, CIMC has the ability to provide customers with diversified and customized fuel tank solutions, and the pricing is competitive in the market; and on the other hand, the subsidiary of CIMC, which operates LNG fuel tanks manufacturing business, is in the same area as the shipyard of CMOEI, which has geographical advantages. Thus, after rounds of discussion with the counterparty, the Company understood that there will be a business demand of RMB200 million from the counterparty in the future. Hence, both parties have signed the Framework Agreements on 26 June 2023.

The agreed proposed caps of continuing connected transactions/ordinary related-party transactions for the three years ending 31 December 2023, 2024 and 2025 and the actual transaction amounts for the six months ended 30 June 2023 are shown below:

Unit: RMB thousand

Scope of related-party transaction	For the year ending 31 December 2023	Proposed caps		Actual transaction
		For the year ending 31 December 2024	For the year ending 31 December 2025	amounts For the six months ended 30 June 2023
Sale of goods and rendering of services by the Group to CMOEI Group	200,000	200,000	200,000	27,405

(6) 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, Leasing Company, Huijin Company, CMOEI Group, 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 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.

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(7) Others

Details of the Group's related parties and related-party transactions during the 2023 Interim Report period are set out in note VIII. 5 to "Chapter IX Financial Statements Prepared in Accordance with CASBE" in the 2023 Interim Report. Except for the connected transactions and the continuing connected transactions as disclosed in "(II) Connected Transactions Defined in accordance with the Hong Kong Listing Rules" of "XI. Material Related-party Transactions" of this chapter, in respect of the connected transactions set out in note VIII. 5 to "Chapter IX Financial Statements Prepared in Accordance with CASBE" in the 2023 Interim 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.

XII. 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.

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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 guaranteed limit	Guaranteed limit	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 2023	3,200,000	1 January 2023	830,626	Warrantice	Nil	Secured	1-2 years	No	No
Customers of Shaanxi CIMC Vehicles Industrial Park Investment Development Co., Ltd.	28 March 2023	20,000	1 January 2023	7,905	Warrantice	Secured	Nil	1-2 years	No	No
Customers of Kunming CIMC Vehicle Park Development Co., Ltd.	28 March 2023	40,000	1 January 2023	0	Warrantice	Nil	Nil	1-2 years	No	No
C&C Trucks Co., Ltd. (including its subsidiaries)	28 March 2023	1,633,000	1 January 2023	424,604	Warrantice	Nil	Secured	1-2 years	No	No
Shenzhen CIMC Industry & City Development Group Co., Ltd. (including its subsidiaries)	28 March 2023	1,570,000	1 January 2023	263,700	Warrantice	Nil	Secured	1-2 years	No	Yes
CIMC Financial Leasing Co., Ltd. (including its subsidiaries)	28 March 2023	4,800,000	1 January 2023	1,639,220	Warrantice	Nil	Nil	1-2 years	No	Yes
Angang CIMC (Yingkou) New Energy Technology Co., Ltd.	28 March 2023	300,000	1 January 2023	0	Warrantice	Nil	Nil	1-2 years	No	No
Yichuan Tianyun Clean Energy Co., Ltd.	28 March 2023	102,000	1 January 2023	58,099	Warrantice	Nil	Secured	1-2 years	No	No
Zhaoqing Runqing Water Transportation Limited	28 March 2023	100,000	1 January 2023	0	Warrantice	Nil	Nil	1-2 years	No	No
Total external guaranteed limit approved during the Reporting Period (A1)			11,765,000	Total actual amount of external guarantees during the Reporting Period (A2)						647,298
Total external guaranteed limit approved at the end of the Reporting Period (A3)			11,765,000	Total actual balance of external guarantees at the end of the Reporting Period (A4)						3,224,154

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The Company's guarantees for subsidiaries

Name of the guaranteed	Disclosure date of the announcement about the guaranteed limit	Guaranteed limit	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 2023	26,500,000	1 January 2023	14,585,864	Warrantice	Nil	Partially secured	1-2 years	No	No
Subsidiaries of CIMC (with gearing ratio of less than 70%)	28 March 2023	2,500,000	1 January 2023	1,700,998	Warrantice	Nil	Partially secured	1-2 years	No	No
Overseas holding subsidiaries of CIMC	28 March 2023	25,000,000	1 January 2023	17,602,942	Warrantice	Nil	Nil	1-2 years	No	No
Total guaranteed limit for subsidiaries approved during the Reporting Period (B1)			54,000,000	Total actual amount of guarantees for subsidiaries during the Reporting Period (B2)						5,292,535
Total guaranteed limit for subsidiaries approved at the end of the Reporting Period (B3)			54,000,000	Total actual balance of guarantees for subsidiaries at the end of the Reporting Period (B4)						33,889,804

Chapter VI Significant Events

Subsidiaries' guarantees for subsidiaries										
Name of the guaranteed	Disclosure date of the announcement about the guaranteed limit	Guaranteed limit	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 2023	11,135,000	1 January 2023	6,250,376	Warrantdice	Nil	Partially secured	1-2 years	No	No
Guarantee of one subsidiary for another (with gearing ratio of less than 70%)	28 March 2023	8,100,000	1 January 2023	3,761,555	Warrantdice	Nil	Partially secured	1-2 years	No	No
Total guaranteed limit for subsidiaries approved during the Reporting Period (C1)			19,235,000	Total actual guarantee amount for subsidiaries during the Reporting Period (C2)						3,754,919
Total guaranteed limit for subsidiaries approved at the end of the Reporting Period (C3)			19,235,000	Total actual guarantee balance for subsidiaries at the end of the Reporting Period (C4)						10,011,931
Total guarantee of the Company (total of the above three items)										
Total guaranteed limit approved during the Reporting Period (A1+B1+C1)			85,000,000	Total actual guarantee amount during the Reporting Period (A2+B2+C2)						9,694,752
Total guaranteed limit 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)						47,125,889
% of total actual guarantee amount (A4+B4+C4) in net assets of the Company										99.67%
Of which:										
Guarantee balance provided to Shareholders, the de facto controller and related parties (D)										1,639,220
Debt guarantee balance provided directly or indirectly to the guaranteed with a gearing ratio of over 70% (E)										38,702,882
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)										40,342,102
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: C&C Trucks has been excluded from the Group's consolidated financial statements since March 2023, and the statistics of guarantee for C&C Trucks have been adjusted from guarantees for subsidiaries in annual report to external guarantees.

Guarantees provided in a combined manner: No guarantees were provided in a combined manner during the Reporting Period.

Chapter VI Significant Events

3. Entrusted Wealth Management

Applicable Not applicable

Unit: RMB thousand

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	2,320,000.0	-	-	-
Money market funds	Funds in hand	1,238,509.5	1,238,509.5	-	-
Total		3,558,509.5	1,238,509.5	-	-

The specific circumstances of a high-risk entrusted wealth management with a single significant amount or low security, poor liquidity, and no guarantee for principal repayment.

Applicable Not applicable

Unable to recover the principal of entrusted wealth management or other circumstances that may result in impairment.

Applicable Not applicable

4. Material Contracts Related to Daily Operations

Applicable Not applicable

5. Other Material Contracts

Applicable Not applicable

Chapter VI Significant Events

XIII. EXPLANATION ON OTHER SIGNIFICANT EVENTS

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. On 17 January 2023, the Company has completed the issuance of the first tranche of super & short-term commercial papers for 2023. The proceeds raised from it were fully received on 17 January 2023. The issuance amount was RMB0.5 billion and the issue rate was 2.21% per annum. On 25 May 2023, the Company has completed the issuance of the second tranche of super & short-term commercial papers for 2023. The proceeds raised from it were fully received on 26 May 2023. The issuance amount was RMB1.5 billion and the issue rate was 2.15% per annum. On 12 June 2023, the Company has completed the issuance of the third tranche of super & short-term commercial papers for 2023 (technology innovation instrument). The proceeds raised from it were fully received on 13 June 2023. The issuance amount was RMB0.5 billion and the issue rate was 2.05% per annum.

Summary of significant events	Disclosure date	Index for disclosure websites of temporary announcement
The issuance of the first tranche of super & short-term commercial papers, the second tranche of super & short-term commercial papers and the third tranche of super & short-term commercial papers (technology innovation instrument)	17 January 2023, 29 May 2023 and 13 June 2023	www.cninfo.com.cn www.hkexnews.hk www.cimc.com

XIV. OTHER SIGNIFICANT EVENTS OF SUBSIDIARIES

Applicable Not applicable

On 26 May 2023, in accordance with the review results of the meeting of the listing review committee of the Shenzhen Stock Exchange, the application for the initial public offering and listing of shares of CIMC-TianDa on the ChiNext Board of the Shenzhen Stock Exchange has been approved by the listing review committee. The A-shares listing of CIMC-TianDa is subject to the fulfillment of the offering registration procedures of the CSRC.

Summary of significant events	Disclosure date	Index for disclosure websites of temporary announcement
Application for listing of A-shares Listing of CIMC-TianDa was approved by Shenzhen Stock Exchange	28 May 2023	www.cninfo.com.cn www.hkexnews.hk www.cimc.com

Chapter VI Significant Events

XV. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

1. The application for registration of shares in the CIMC Safeway Technologies Co., Ltd's initial public offering on the ChiNext Board of the Shenzhen Stock Exchange was approved in accordance with the Reply in Relation to Approval for Registration of Shares in Initial Public Offering of CIMC Safeway Technologies Co., Ltd issued by the CSRC on 27 July 2023. CIMC Safeway Technologies Co., Ltd will conduct its follow-up work under the relevant regulations and requirements of the CSRC and Shenzhen Stock Exchange.
2. On 15 August 2023, the Company has completed the issuance of the fourth tranche of super & short-term commercial papers for 2023 (technology innovation instrument). The proceeds were fully received on 16 August 2023. The issuance amount was RMB1.5 billion and the issue rate was 2.06% per annum.

Summary of significant events	Disclosure date	Index for disclosure websites of temporary announcement
Application for registration of shares in initial public offering of CIMC Safe Tech on the ChiNext Board was approved by the CSRC	28 July 2023	www.cninfo.com.cn www.hkexnews.hk www.cimc.com
Issuance of the fourth tranche of super & short-term commercial papers (technology innovation instrument)	16 August 2023	

Chapter VII Changes in Share Capital and Shareholdings of Shareholders

I. CHANGES IN SHARE CAPITAL DURING THE REPORTING PERIOD

1. Changes in Share Capital

Unit: Share

	Pre-movement (As at 31 December 2022)		Increase/decrease (+/-) Conversion					Post-movement (As at 30 June 2023)	
	Numbers of shares	Percentage	New issue	Bonus issue	from reserves	Others	Sub-total	Numbers of shares	Percentage
I. Shares with selling restrictions	1,275,348	0.02%	0	0	0	1	1	1,275,349	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	1,275,348	0.02%	0	0	0	1	1	1,275,349	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	1,275,348	0.02%	0	0	0	1	1	1,275,349	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	5,391,245,037	99.98%	0	0	0	(1)	(1)	5,391,245,036	99.98%
1. RMB-denominated ordinary shares (A Shares)	2,301,407,142	42.68%	0	0	0	(1)	(1)	2,301,407,141	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 (H Shares)	3,089,837,895	57.30%	0	0	0	0	0	3,089,837,895	57.30%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	5,392,520,385	100.00%	0	0	0	0	0	5,392,520,385	100.00%

Note: The increase of 1 share in the number of shares with selling restrictions at the end of the Period and the decrease of 1 share in the number of shares without selling restrictions at the beginning of the Period were attributable to the rounding off of the number of shares subject to selling restrictions by executives in the beginning of the year in the calculation by China Securities Clearing.

Approval for changes in share capital

Applicable Not applicable

Transfer for changes in shares

Applicable Not applicable

Chapter VII Changes in Share Capital and Shareholdings of Shareholders

Effects of changes in share capital on financial indicators such as the basic earnings per share and diluted earnings per share, or the net assets per share attributable to ordinary Shareholders of the Company of the previous year or latest period

√ Applicable □ Not applicable

	Item	Pre-movement in shares (RMB/share)	Post-movement in shares (RMB/share)
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 (total shares based on ordinary shares outstanding at the end of the period)	13.52	9.01
The first half of 2023	Basic earnings per share	0.07	0.07
	Diluted earnings per share	0.07	0.07
	Net assets per share attributable to Shareholders and other owners of equity interests of the parent (total shares based on ordinary shares outstanding at the end of the period)	8.77	8.77

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

□ Applicable √ Not applicable

2. Changes in Shares with Selling Restrictions

√ Applicable □ Not applicable

Unit: Share

Name of Shareholders	Number of shares with selling restrictions at the beginning of the Period	Number of shares with selling restrictions expired in the Period	Increase in number of shares with selling restrictions in the Period	Number of shares with selling restrictions at the end of the Period	Reasons for selling restrictions	Expiry date of selling restrictions
Mai Boliang	667,848	0	1	667,849	Shares are subject to selling restrictions in accordance with relevant provisions of stock exchanges and clearing companies.	Nil
Huang Tianhua	607,500	0	0	607,500	Same as above	Nil
Total	1,275,348	0	1	1,275,349	-	-

Note: The increase of 1 share in the number of shares with selling restriction by the Company's Chairman and CEO Mr. Mai Boliang, was due to the rounding off of the number of shares subject to selling restriction by China Securities Clearing at the beginning of the year.

Chapter VII Changes in Share Capital and Shareholdings of Shareholders

II. ISSUE AND LISTING OF SECURITIES

Applicable Not applicable

III. NUMBER OF SHAREHOLDERS AND THEIR SHAREHOLDINGS IN THE COMPANY

The total number of Shareholders of the Company as at 30 June 2023 was 118,601, including 118,571 holders of A Shares and 30 registered holders of H Shares.

Unit: Share

Total ordinary Shareholders at the end of the Reporting Period	Total: 118,601 (Including: A Shares: 118,571, H Shares: 30)	Total number of preference Shareholders whose voting rights were restored at the end of the Reporting Period (if any)	0
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Chapter VII Changes in Share Capital and Shareholdings of Shareholders

Shareholdings of the ordinary Shareholders who held 5% or above or the top ten ordinary Shareholders

Name of Shareholders	Nature of Shareholders	Percentage of shareholding	Number of ordinary shares held at the end of the Reporting Period (Shares)	Changes during the Reporting Period (Shares)	Number of ordinary shares held with selling restrictions (Shares)	Number of ordinary shares held without selling restrictions (Shares)	Pledged, marked or frozen shares	
			Status	Number				
HKSCC (Note 1)	Foreign legal person	58.32%	3,144,884,697	(45,973,726)	-	3,144,884,697	-	-
Shenzhen Capital Group (Note 2)	State-owned legal person	9.74%	525,000,000	-	-	525,000,000	-	-
COSCO SHIPPING Development Co., Ltd.	State-owned legal person	1.53%	82,770,123	6,965,280	-	82,770,123	-	-
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	-	-	64,472,622	-	-
Miao Yanfen (苗艷芬)	Domestic natural person	0.84%	45,122,786	-	-	45,122,786	-	-
Shanghai Yiluo Private Equity Fund Management Co., Ltd. – Junxing No.10 private equity fund	Domestic non-state-owned legal person	0.81%	43,513,922	5,987,760	-	43,513,922	-	-
CITIC Prudential Life Insurance Co., Ltd. – participating products (Note 3)	Domestic non-state-owned legal person	0.55%	29,599,947	-	-	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	-	-	29,189,807	-	-
Fu Xuan (付璇)	Domestic natural person	0.38%	20,357,882	250,000	-	20,357,882	-	-
Dacheng Fund – Agricultural Bank of China – Dacheng Fund & CSFC Asset Management Plan	Domestic non-state-owned legal person	0.28%	15,084,140	(1,386,400)	-	15,084,140	-	-
Strategic investors or ordinary legal persons who became top ten ordinary 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 VII Changes in Share Capital and Shareholdings of Shareholders

Shareholdings of top ten ordinary Shareholders without selling restrictions

Name of Shareholders	Number of ordinary shares without selling restrictions held at the end of the Reporting Period	Type of shares	
		Type of shares	Number
HKSCC (Note 1)	3,089,654,265	Overseas-listed foreign shares	3,089,654,265
	55,230,432	RMB ordinary shares	55,230,432
Shenzhen Capital Group (Note 2)	525,000,000	RMB ordinary shares	525,000,000
COSCO SHIPPING Development Co., Ltd.	82,770,123	RMB ordinary shares	82,770,123
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	43,513,922	RMB ordinary shares	43,513,922
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)	20,357,882	RMB ordinary shares	20,357,882
Dacheng Fund – Agricultural Bank of China – Dacheng Fund & CSFC Asset Management Plan	15,084,140	RMB ordinary shares	15,084,140
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 30 June 2023, HKSCC holds 3,144,884,697 shares of the Company, comprising 55,230,432 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) and the 265,990,770 H shares held by CITIC Prudential Life Insurance Co., Ltd.

Note 2: As at 30 June 2023, 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 30 June 2023, 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 VII Changes in Share Capital and Shareholdings of Shareholders

IV. CHANGES IN SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Position	Status	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)	Number of shares held at the end of the Reporting Period (shares)	Number of restricted shares granted at the beginning of the Reporting Period (shares)	Number of restricted shares granted during the Reporting Period (shares)	Number of restricted shares granted at the end of the Reporting Period (shares)
Mai Boliang	Chairman, executive director and CEO	Current	890,465	0	0	890,465	0	0	0
Huang Tianhua	Vice president	Current	810,000	0	0	810,000	0	0	0
Total	-	-	1,700,465	0	0	1,700,465	0	0	0

V. CHANGE OF CONTROLLING SHAREHOLDERS OR DE FACTO CONTROLLER

1. Controlling Shareholders of the Company

Applicable Not applicable

There is no controlling Shareholder in the Company. During the Reporting Period, there was no change.

2. De Facto Controller

Applicable Not applicable

There is no de facto controller in the Company. During the Reporting Period, there was no change.

Chapter VII Changes in Share Capital and Shareholdings of Shareholders

VI. DISCLOSURE OF SHAREHOLDINGS OF THE SUBSTANTIAL SHAREHOLDERS AND OTHER PARTIES UNDER THE SECURITIES AND FUTURES ORDINANCE OF HONG KONG

So far as the Directors are aware, as at 30 June 2023, the persons other than a director, supervisor and chief executive of the Company who have interests or short positions in the shares or underlying shares of the Company according to record of the register of interests and short positions in shares required to be kept under Section 336 of the Securities and Futures Ordinance of Hong Kong are as follows:

Name of shareholder	Nature of shares	Number of shares (shares)	Capacity	Percentage of	Percentage of
				such shares in the issued shares of the same class (%)	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)		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)		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 30 June 2023, 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 30 June 2023, 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 VII Changes in Share Capital and Shareholdings of Shareholders

Information on Substantial Shareholders:

The Company has no controlling shareholder or de facto controller. As of the end of the Reporting Period, the substantial shareholders of the Company are Shenzhen Capital Group and China Merchants Group.

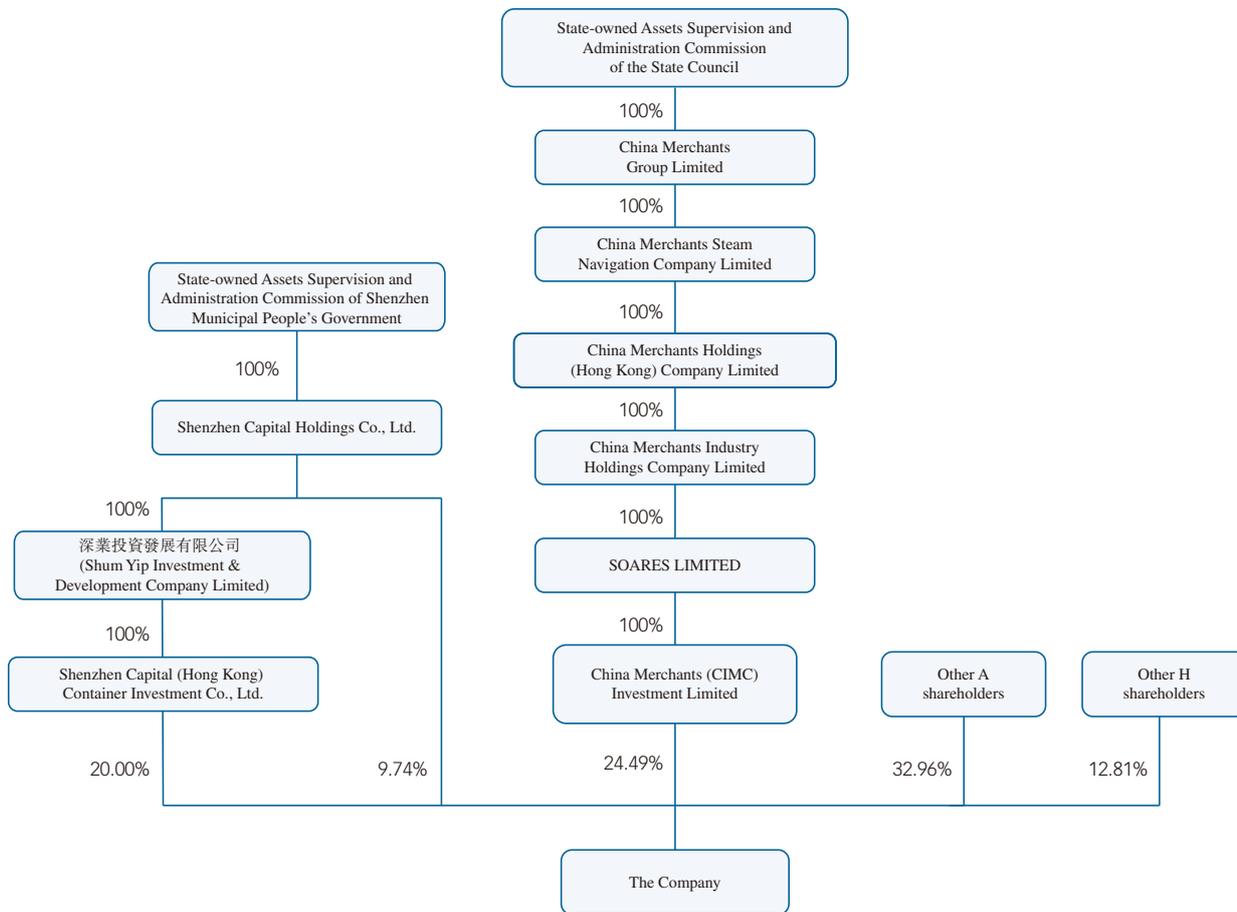
Shenzhen Capital Group was incorporated in the PRC in June 2007 with a registered capital of RMB14.62 billion and Mr. Hu Guobin as its legal representative. Shenzhen Capital Group is the only state-owned municipal capital operation company in Shenzhen and one of the five municipal enterprises in Shenzhen 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 main business focuses on transportation and logistics, comprehensive finance, comprehensive development of urban regions and industrial parks, as well as comprehensive health, testing and other new industries invested in recent years. 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 Nominees Limited).

Chapter VII Changes in Share Capital and Shareholdings of Shareholders

Chart of shareholding relationships between the Company and the substantial Shareholders as at the end of the Reporting Period



Chapter VII Changes in Share Capital and Shareholdings of Shareholders

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 Directors of the Company are aware, the Directors confirm that, the minimum public float of the Company has satisfied the requirements of the Hong Kong Listing Rules.

VIII. PURCHASE, SALE OR REDEMPTION OF LISTING SECURITIES

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

IX. RELEVANT INFORMATION ABOUT PREFERENCE SHARES

Applicable Not applicable

There were no preference shares in the Company during the Reporting Period.

Chapter VIII 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

During the Reporting Period, there were no corporation bonds of the Company.

III. NON-FINANCIAL CORPORATE DEBT FINANCING INSTRUMENT

Applicable Not applicable

Chapter VIII 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		Method to repay principal and pay interest	Trading places
						of Bonds	Interest rate		
The 2023 Fourth Tranche of Super & Short-term Commercial Papers (Technology Innovation Instrument) of China International Marine Containers (Group) Co., Ltd.	23 Hai Yun Ji Zhuang SCP004 (Technology Innovation Instrument)	01238305 9.IB	2023/8/15	2023/8/16	2023/11/15	15	2.06%	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 2023 Third Tranche of Super & Short-term Commercial Papers (Technology Innovation Instrument) of China International Marine Containers (Group) Co., Ltd.	23 Hai Yun Ji Zhuang SCP003 (Technology Innovation Instrument)	012382181.IB	2023/6/12	2023/6/13	2023/9/13	5	2.05%	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 2023 Second Tranche of Super & Short-term Commercial Papers of China International Marine Containers (Group) Co., Ltd.	23 Hai Yun Ji Zhuang SCP002	012381972.IB	2023/5/25	2023/5/26	2023/8/30	15	2.15%	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 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 interest of medium-term notes is paid 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

Chapter VIII Bonds

2. TRIGGERING AND ENFORCEMENT OF ISSUER OR INVESTOR OPTION ARTICLES AND INVESTOR PROTECTION PROVISIONS

Applicable Not applicable

3. ADJUSTMENT OF CREDIT RATING RESULTS DURING THE REPORTING PERIOD

Applicable Not applicable

4. IMPLEMENTATION AND CHANGES IN THE STATUS OF GUARANTEES, DEBT PAYMENT SCHEDULE AND OTHER DEBT REPAYMENT SAFEGUARD MEASURES DURING THE REPORTING PERIOD AND THE IMPACT ON THE INTERESTS OF BOND INVESTORS

Applicable Not applicable

IV. CONVERTIBLE CORPORATE BONDS

Applicable Not applicable

The Company did not have any convertible corporate bonds during the Reporting Period.

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

Chapter VIII Bonds

VI. 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	1.18	1.22	(3.28%)
Gearing ratio	59%	57%	2%
Quick ratio	0.79	0.84	(5.95%)
	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)	976,599	2,697,578	(63.80%)
Debt-to-EBITDA ratio	0.13	0.17	(23.53%)
Interest coverage ratio	2.75	8.91	(69.14%)
Cash interest coverage ratio	3.14	12.27	(74.41%)
EBITDA interest coverage ratio	4.98	12.19	(59.15%)
Loan repayment ratio	100%	100%	0.00%
Interest repayment ratio	100%	100%	0.00%

Chapter IX 2023 Interim Financial Report (Unaudited)

Whether the interim report has been audited or not

Yes No

The 2023 Interim Financial Report of the Company has not been audited.

Chapter IX 2023 Interim Financial Report (Unaudited)

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2023

(All amounts in RMB'000 unless otherwise stated)

	Note	30 June 2023	31 December 2022
ASSETS			
Current assets:			
Cash at bank and on hand	IV.1	17,810,370	17,111,587
Financial assets held for trading	IV.2	1,387,369	1,060,953
Derivative financial assets	IV.3	36,428	160,660
Notes receivables	IV.4	1,055,832	639,162
Account receivables	IV.5	22,887,986	22,286,602
Receivables financing	IV.6	567,152	628,967
Other receivables	IV.7	3,695,119	3,252,724
Advance to suppliers	IV.8	7,634,990	6,023,481
Inventories	IV.9	19,294,635	18,331,548
Contract assets	IV.10	5,201,596	3,927,838
Assets held for sale	IV.11	426,444	2,166,440
Current portion of non-current assets	IV.12	71,023	88,906
Other current assets	IV.13	1,300,325	1,305,318
Total current assets		81,369,269	76,984,186
Non-current assets:			
Other equity investments	IV.16	2,556,665	2,699,048
Other non-current financial assets	IV.17	188,960	126,060
Long-term receivables	IV.14	55,129	35,377
Long-term equity investments	IV.15	11,794,839	10,531,627
Investment properties	IV.18	1,454,615	1,453,007
Fixed assets	IV.19	40,469,374	39,202,494
Construction in progress	IV.20	4,232,047	4,740,879
Intangible assets	IV.21	5,757,053	4,331,430
Development expenditures	IV.21	52,509	35,779
Right-of-use assets	IV.22	944,888	874,640
Goodwill	IV.23	2,593,421	2,516,875
Long-term prepaid expenses	IV.24	1,004,184	913,177
Deferred tax assets	IV.25	1,252,377	1,106,771
Other non-current assets	IV.26	326,851	348,599
Total non-current assets		72,682,912	68,915,763
TOTAL ASSETS		154,052,181	145,899,949

Chapter IX 2023 Interim Financial Report (Unaudited)

CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2023

(All amounts in RMB'000 unless otherwise stated)

	Note	30 June 2023	31 December 2022
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings	IV.29	8,283,455	4,370,714
Derivative financial liabilities	IV.3	2,312,851	1,318,327
Financial liabilities held for trading		31,639	35,685
Notes payables	IV.30	3,605,631	3,129,916
Account payables	IV.31	17,369,452	16,562,146
Advances from customers	IV.32	22,248	24,465
Contract liabilities	IV.33	14,282,940	12,191,280
Employee benefits payable	IV.34	4,873,284	5,332,059
Liabilities classified as held-for-sale		–	1,984,154
Taxes payable	IV.35	1,619,929	4,903,749
Other payables	IV.36	7,732,150	7,016,863
Provisions	IV.37	1,445,751	1,387,532
Current portion of non-current liabilities	IV.38	4,674,865	4,191,030
Other current liabilities	IV.39	2,431,895	550,234
Total current liabilities		68,686,090	62,998,154
Non-current liabilities:			
Long-term borrowings	IV.40	18,636,311	16,213,919
Debentures payable	IV.41	1,955,398	1,896,227
Lease liabilities	IV.42	813,299	732,885
Long-term payables		90,102	85,634
Deferred income	IV.43	1,047,026	996,373
Deferred tax liabilities	IV.25	384,454	290,953
Other non-current liabilities	IV.44	21,498	29,720
Total non-current liabilities		22,948,088	20,245,711
Total liabilities		91,634,178	83,243,865
Shareholders' equity:			
Share capital	IV.45	5,392,521	5,392,521
Other equity instruments	IV.46	2,017,674	2,049,774
Including: Perpetual bonds		2,017,674	2,049,774
Capital reserve	IV.47	3,774,468	4,207,798
Other comprehensive income	IV.48	803,215	1,065,540
Surplus reserve	IV.49	4,300,255	4,300,255
Returned earnings	IV.50	30,993,343	31,597,541
Total equity attributable to shareholders and other equity holders of the Company		47,281,476	48,613,429
Non-controlling interests		15,136,527	14,042,655
Total shareholders' equity		62,418,003	62,656,084
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		154,052,181	145,899,949

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 IX 2023 Interim Financial Report (Unaudited)

BALANCE SHEET

AS AT 30 JUNE 2023

(All amounts in RMB'000 unless otherwise stated)

	Note	30 June 2023	31 December 2022
ASSETS			
Current assets:			
Cash at bank and on hand	XIX.1	979,185	562,612
Derivative financial assets	XIX.2	–	483
Account receivables		53,686	12,370
Other receivables	XIX.3	29,272,206	25,114,528
Total current assets		30,305,077	25,689,993
Non-current assets:			
Other equity investments	XIX.4	2,010,214	2,169,707
Long-term equity investments	XIX.5	16,441,362	13,570,205
Investment properties		126,181	126,181
Fixed assets	XIX.6	107,574	113,535
Construction in progress		20,339	15,321
Intangible assets		1,548,804	171,185
Long-term prepaid expenses		8,396	973
Total non-current assets		20,262,870	16,167,107
TOTAL ASSETS		50,567,947	41,857,100

Chapter IX 2023 Interim Financial Report (Unaudited)

BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2023

(All amounts in RMB'000 unless otherwise stated)

	Note	30 June 2023	31 December 2022
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings	XIX.7	2,201,834	–
Derivative financial liabilities	XIX.2	107,176	518
Employee benefits payable		380,598	380,598
Taxes payable	XIX.8	8,162	5,221
Other payables	XIX.9	8,252,739	8,494,781
Current portion of non-current liabilities	XIX.10	2,072,179	1,677,186
Other current liabilities		2,000,000	–
Total current liabilities		15,022,688	10,558,304
Non-current liabilities:			
Long-term borrowings	XIX.11	5,544,823	2,733,000
Debentures payable	XIX.12	501,083	507,583
Deferred income		2,536	3,497
Total non-current liabilities		6,048,442	3,244,080
Total liabilities		21,071,130	13,802,384
Shareholders' equity:			
Share capital	IV.45	5,392,521	5,392,521
Other equity instruments	IV.46	2,017,674	2,049,774
Including: Perpetual bonds		2,017,674	2,049,774
Capital reserve	XIX.14	1,015,449	1,015,449
Other comprehensive income	XIX.15	506,505	639,000
Surplus reserve	IV.49	4,300,255	4,300,255
Returned earnings	XIX.16	16,264,413	14,657,717
Total shareholders' equity		29,496,817	28,054,716
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		50,567,947	41,857,100

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 IX 2023 Interim Financial Report (Unaudited)

CONSOLIDATED INCOME STATEMENT

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

Item	Note	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
I. Revenue		60,573,968	72,126,258
Less: Cost of sales	IV.51	52,299,058	61,198,794
Taxes and surcharges	IV.52	256,782	262,488
Selling and distribution expenses	IV.53	1,241,270	1,181,249
General and administrative expenses	IV.54	2,936,470	3,385,359
Research and development expenses	IV.55	1,119,777	1,043,695
Financial (income)/expenses	IV.56	130,985	(115,513)
Including: Interest expenses		897,206	562,213
Interest income		146,041	150,111
Asset impairment losses	IV.62	100,416	45,803
Credit impairment losses	IV.63	34,530	133,285
Add: Other income	IV.61	223,582	200,576
Investment income	IV.59	74,084	170,092
Including: Share of profit/(loss) of associates and joint ventures		136,674	(33,580)
Losses on changes in fair value	IV.58	(1,125,670)	(911,252)
Gains on disposals of assets	IV.60	18,363	3,007
II. Operating profit		1,645,039	4,453,521
Add: Non-operating income	IV.64	60,578	80,720
Less: Non-operating expenses	IV.65	53,646	36,141
III. Total profit		1,651,971	4,498,100
Less: Income tax expenses	IV.66	661,589	1,264,012
IV. Net profit		990,382	3,234,088
Classified by business continuity			
Net profit from continuing operations		904,759	3,336,610
Net loss from discontinued operations		85,623	(102,522)
Classified by ownership			
Attributable to shareholders and other equity holders of the Company		398,556	2,538,512
Non-controlling interests		591,826	695,576

Chapter IX 2023 Interim Financial Report (Unaudited)

CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the period from 1 January 2023 to 30 June 2023

(All amounts in RMB'000 unless otherwise stated)

	Note	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
V. Other comprehensive income, net of tax	IV.48	(129,650)	(313,101)
Attributable to shareholders and other equity holders of the Company		(262,325)	(249,140)
Items that will not be reclassified to profit or loss		(142,383)	(107,081)
Changes in fair value of other equity investments		(142,383)	(107,081)
Items that may be reclassified subsequently to profit or loss		(119,942)	(142,059)
Excess of fair value over carrying amount of investment properties at the date of transfer		775	7,231
Share of other comprehensive income of the investee accounted for using equity method which will be reclassified to profit or loss		74,445	–
Currency translation differences		(195,162)	(149,290)
Non-controlling interests		132,675	(63,961)
VI. Total comprehensive income		860,732	2,920,987
Attributable to shareholders and other equity holders of the Company		136,231	2,289,372
Non-controlling interests		724,501	631,615
VII. Earnings per share			
Basic earnings per share (RMB)	IV.67	0.07	0.47 (adjusted)
Diluted earnings per share (RMB)	IV.67	0.07	0.46 (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 IX 2023 Interim Financial Report (Unaudited)

INCOME STATEMENT

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

Item	Note	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
I. Revenue	XIX.17	78,432	147,475
Less: Cost of sales	XIX.17	–	–
Taxes and surcharges		4,332	2,947
General and administrative expenses	XIX.19	165,942	182,701
Research and development expenses	XIX.19	487	273
Financial (income)/expenses	XIX.18	(12,233)	(14,774)
Including: Interest expenses		246,682	300,578
Interest income		28,567	34,777
Asset impairment losses		207,616	–
Credit impairment losses		–	–
Add: Other income		2,274	(872)
Investment income	XIX.20	2,986,104	7,070,353
Losses on changes in fair value		(107,141)	(62,667)
Losses on disposals of assets		(235)	(23)
II. Operating profit		2,593,290	6,983,119
Add: Non-operating income		16,160	1,583
Less: Non-operating expenses	XIX.21	–	85
III. Total profit		2,609,450	6,984,617
Less: Income tax expenses	XIX.22	–	–
IV. Net profit		2,609,450	6,984,617
Classified by business continuity			
Net profit from continuing operations		2,609,450	6,984,617
Net profit from discontinued operations		–	–
V. Other comprehensive income, net of tax	XIX.15	(132,495)	(6,979)
Items that will not be reclassified to profit or loss		(159,493)	(6,979)
Changes in fair value of other equity investments		(159,493)	(6,979)
Items that may be reclassified to profit or loss		26,998	–
Other comprehensive income that can be reclassified into profit or loss under the equity method		26,998	–
VI. Total comprehensive income		2,476,955	6,977,638

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 IX 2023 Interim Financial Report (Unaudited)

CONSOLIDATED CASH FLOW STATEMENT

For the period from 1 January 2023 to 30 June 2023

(All amounts in RMB'000 unless otherwise stated)

Item	Note	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		59,967,229	72,864,568
Refund of taxes and surcharges		1,631,292	2,858,814
Cash received relating to other operating activities	IV.68(1)	929,325	1,587,903
Sub-total of cash inflows		62,527,846	77,311,285
Cash paid for goods and services		51,277,666	62,111,650
Cash paid to and on behalf of employees		6,325,874	5,934,476
Payments of taxes and surcharges		4,891,583	3,740,761
Cash paid relating to other operating activities	IV.68(2)	2,041,005	1,889,008
Sub-total of cash outflows		64,536,128	73,675,895
Net cash flows from operating activities	IV.69(1)	(2,008,282)	3,635,390
II. Cash flows from investing activities			
Cash received from disposals of investments		4,594,999	3,460,758
Cash received from returns on investments		501,144	738,082
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		56,640	239,565
Net cash received from disposal of subsidiaries		3,800	455,271
Cash received relating to other investment activities	IV.68(3)	7,095	11,421
Sub-total of cash inflows		5,163,678	4,905,097
Cash paid to acquire fixed assets, intangible assets and other long-term assets		2,450,649	1,412,864
Cash paid to acquire investments		6,007,835	4,594,516
Net cash paid to acquire subsidiaries		10,434	15,501
Cash paid relating to other investing activities	IV.68(4)	767,623	758,758
Sub-total of cash outflows		9,236,541	6,781,639
Net cash flows used in investing activities		(4,072,863)	(1,876,542)

Chapter IX 2023 Interim Financial Report (Unaudited)

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

For the period from 1 January 2023 to 30 June 2023

(All amounts in RMB'000 unless otherwise stated)

	Note	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
III. Cash flows from financing activities			
Cash received from capital contributions		96,693	2,191,528
Including: Cash received from capital contributions by non-controlling interests of subsidiaries		96,693	2,191,528
Cash received from borrowings		14,211,626	7,678,211
Cash received from issuing bonds		2,499,668	2,500,000
Cash received relating to other financing activities	IV.68(5)	9,957	161,524
Sub-total of cash inflows		16,817,944	12,531,263
Cash repayments of borrowings		8,532,504	7,519,393
Cash payments for distribution of dividends, profits and interest expenses		1,168,317	924,839
Including: Cash payments for dividends or profits to non-controlling interests of subsidiaries		322,384	364,106
Cash paid relating to other financing activities	IV.68(6)	212,455	513,325
Sub-total of cash outflows		9,913,276	8,957,557
Net cash flows from financing activities		6,904,668	3,573,706
IV. Effect of foreign exchange rate changes on cash and cash equivalents		306,572	465,249
V. Net increase in cash and cash equivalents	IV.69(1)	1,130,095	5,797,803
Add: Cash and cash equivalents at the beginning of the year		15,912,300	16,529,988
VI. Cash and cash equivalents at the end of the period	IV.69(2)	17,042,395	22,327,791

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 IX 2023 Interim Financial Report (Unaudited)

CASH FLOW STATEMENT

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

Item	Note	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		33,478	116,375
Cash received relating to other operating activities		44,137	152,638
Sub-total of cash inflows		77,615	269,013
Cash paid to and on behalf of employees		116,076	138,093
Payments of taxes and surcharges		18,470	33,065
Cash paid relating to other operating activities		49,930	163,012
Sub-total of cash outflows		184,476	334,170
Net cash flows from operating activities	XIX.23	(106,861)	(65,157)
II. Cash flows from investing activities			
Cash received from disposals of investments		7,588,506	5,091,000
Cash received from returns on investments		2,857,502	5,894,211
Net cash received from disposal of fixed assets		63	92
Net cash received from disposal of subsidiaries		-	367,367
Sub-total of cash inflows		10,446,071	11,352,670
Cash paid to acquire fixed assets and other long-term assets		1,398,336	10,211
Cash paid to acquire investments		4,000,000	2,154,202
Net cash paid to acquire subsidiaries		1,178,524	651,690
Cash paid relating to other investing activities		8,429,988	2,781,329
Sub-total of cash outflows		15,006,848	5,597,432
Net cash flows from investing activities		(4,560,777)	5,755,238
III. Cash flows from financing activities			
Cash received from borrowings		10,508,023	1,665,000
Cash received from issuing bonds		2,499,668	2,500,000
Cash received relating to other financing activities		3,200,000	500,000
Sub-total of cash inflows		16,207,691	4,665,000
Cash repayments of borrowings		5,602,700	2,363,000
Cash payments for distribution of dividends or profits and interest expenses		318,515	194,772
Cash paid relating to other financing activities		5,202,635	2,003,943
Sub-total of cash outflows		11,123,850	4,561,715
Net cash flows from financing activities		5,083,841	103,285
IV. Effect of foreign exchange rate changes on cash and cash equivalents		351	472
V. Net increase in cash and cash equivalents	XIX.23	416,554	5,793,838
Add: Cash and cash equivalents at the beginning of the year		550,709	3,072,197
VI. Cash and cash equivalents at the end of the period	XIX.23	967,263	8,866,035

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 IX 2023 Interim Financial Report (Unaudited)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

Item	Note	Attributable to shareholders and other equity holders of the Company						Attributable to shareholders and other equity holders of the Company									
		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 surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Non-controlling interests	Total shareholders' equity
I. Balance at 31 December 2022		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	3,587,597	31,627,036	11,861,457	56,980,090
Change in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at 1 January 2023		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	3,587,597	31,627,036	11,861,457	56,980,090
III. Movements for the period																	
(i) Total comprehensive income		-	32,100	-	(262,325)	-	366,456	-	990,382	56,435	-	-	280,650	-	3,163,791	1,381,916	4,601,142
1. Net profit	IV.48	-	32,100	-	(262,325)	-	366,456	-	990,382	56,435	-	-	280,650	-	3,163,791	1,381,916	4,601,142
2. Other comprehensive income		-	-	-	-	-	-	-	(129,650)	-	-	-	-	-	(18,606)	(18,606)	262,044
sub-total of 1&2		-	32,100	-	(262,325)	-	366,456	-	860,732	56,435	-	-	280,650	-	3,163,791	1,363,310	4,863,186
(ii) Capital contribution and withdrawal																	
By Shareholders																	
1. Contributions by non-controlling interests	IV.47	-	-	-	-	-	-	-	100,990	-	727,796	-	-	-	-	1,873,121	2,600,917
2. Increase in non-controlling interests resulted from acquisition or establishment of subsidiary	VI.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45,079	45,079
3. Increase in non-controlling interests resulted from acquisition of subsidiary	IV.47	-	-	(453,295)	-	-	-	-	(75,828)	-	(404,748)	-	-	-	-	(239,129)	(643,877)
4. Disposal of subsidiaries (loss of control)	IV.47	-	-	-	-	-	-	-	399,006	-	(175)	-	-	-	-	(938,312)	(538,487)
5. Disposal of subsidiaries (without losing control)	V.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Increase in capital reserve resulted from share option exercised by subsidiary	IV.47	-	-	-	-	-	-	-	-	-	70,354	-	-	-	-	282,344	352,698
7. Increase in shareholders' equity resulted from share-based payments	IX.2	-	-	25,538	-	-	-	-	77,030	-	3,265	-	-	-	-	2,098	5,363
8. Issuance of other equity instruments	IV.46	-	-	-	-	-	-	-	-	1,994,339	88,907	-	-	-	-	48,658	137,565
9. Conversion of capital reserve into share capital	IV.45	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,994,339
10. Others		-	-	(6,573)	-	-	-	-	(5,673)	1,797,507	(1,797,507)	-	-	-	-	-	-
(iii) Profit distribution																	
1. Appropriation to surplus reserves	IV.49	-	-	-	-	-	-	-	-	-	-	-	-	712,658	(712,658)	-	-
2. Profit distribution to shareholders	IV.50	-	-	-	-	(970,454)	-	-	(1,530,238)	-	-	-	-	(2,480,628)	(635,971)	(3,316,599)	-
3. Interest paid on other equity instruments	IV.46	-	(64,200)	-	-	-	-	-	(64,200)	-	-	-	-	-	-	-	-
IV. Balance at 30 June 2023		5,392,521	2,017,674	3,774,468	803,215	4,300,255	30,993,343	15,136,627	62,418,003	5,392,521	2,049,774	4,207,798	1,065,540	4,300,255	31,597,541	14,042,655	62,656,084

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 IX 2023 Interim Financial Report (Unaudited)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

Item	Note	For the period from 1 January to 30 June 2023						2022							
		Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity	Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Balance at 31 December 2022		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
Change in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at 1 January 2023		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
III. Movements for the period															
(i) Total comprehensive income		-	32,100	-	-	-	2,577,350	2,609,450	-	55,435	-	-	-	7,071,139	7,126,574
1. Net profit		-	-	-	(132,495)	-	-	(132,495)	-	-	-	223,174	-	-	223,174
2. Other comprehensive income	XIX.15	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total of 1&2		-	32,100	-	(132,495)	-	2,577,350	2,476,955	-	55,435	-	223,174	-	7,071,139	7,349,748
(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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Conversion of capital reserve into share capital		-	-	-	-	-	-	-	1,797,507	(1,797,507)	-	-	-	-	-
(iii) Profit distribution															
1. Appropriation to surplus reserves	IV.49	-	-	-	-	-	-	-	-	-	-	-	712,658	(712,658)	-
2. Profit distribution to shareholders	IV.50	-	-	-	-	-	(970,654)	(970,654)	-	-	-	-	(2,480,628)	(2,480,628)	
3. Interest paid on other equity instruments	IV.46	-	(64,200)	-	-	-	-	(64,200)	-	-	-	-	-	-	-
(iv) Others															
1. Retrospective adjustments on equity method of changing subsidiaries as associates		-	-	-	-	-	-	-	-	-	-	32,655	-	497,187	529,842
IV. Balance at 30 June 2023		5,392,521	2,017,674	1,015,449	506,505	4,300,255	16,264,413	29,496,817	5,392,521	2,049,774	1,015,449	639,000	4,300,255	14,657,717	28,054,716

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:

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

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. ("Shenzhen Capital") 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.

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.

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

I. GENERAL INFORMATION (CONTINUED)

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 29 August 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.

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 (hereinafter collectively referred to as the "Accounting Standards for Business Enterprises" or "CAS") and the disclosure requirements in the *Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No. 15 – General Rules on Financial Reporting* issued by the China Securities Regulatory Commission.

The financial statements are prepared on a going concern basis.

The new Hong Kong Companies Ordinance 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 period from 1 January to 30 June 2023 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the consolidated and Company's financial position as at 30 June 2023 and their financial performance, cash flows and other information during January to June 2023.

3. Accounting year

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

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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.

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.

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

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.

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.

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Preparation of consolidated financial statements (Continued)

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.

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

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.

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

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.

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

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.

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

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 loss provision 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 loss provision 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 loss provision 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 loss provision 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.

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

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 and logistics equipment, fire safety and rescue 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 and logistics equipment, fire safety and rescue 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.

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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.

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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.

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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.

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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.

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II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Inventories (Continued)

(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.

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.

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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

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.

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 long-term equity 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).

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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.

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

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II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Fixed assets (Continued)

(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 depreciation rates per annum 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.

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).

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II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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.

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.

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II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. Intangible assets (Continued)

(1) Amortisation of intangible assets (Continued)

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.

(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).

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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

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.

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II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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.

(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.

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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.

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.

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
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II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Share-based payments (Continued)

(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 those held under the stock incentive plan as at the disclosure date and are deducted from equity.

(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.

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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.

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.

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(All amounts in RMB'000 unless otherwise stated)

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. Revenue recognition (Continued)

(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.

(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.

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II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. Revenue recognition (Continued)

(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.

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.

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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.

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For the period from 1 January 2023 to 30 June 2023
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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.

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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.

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.

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II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or 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;
- (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.

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II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

30. Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. An operating segment is a component of the Group that meets the following conditions:

- it engages in business activities from which it may earn revenues and incur expenses;
- its financial performance is regularly reviewed by the Group's management to make decisions about resource to be allocated to the segment and assess its performance;
- the Group is able to obtain its 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.

31. Significant changes in accounting policies

There is no significant changes in accounting policies for the period.

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II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Critical accounting estimates and judgements

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

(1) Critical judgements in applying the accounting policies

(a) *Criteria for 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.

(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.

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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 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.

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.

(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 claim experience may not be indicative of future claims that the Group will receive in respect of past sales, a considerable level of management's judgement is required and exercised to estimate the provision. Any increase or decrease in the provision will affect profit or loss in future years.

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
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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)

(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.

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.

Notes to the Financial Statements

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III. TAXATION

1. Main taxes categories and rates

Category	Tax basis	Tax rate
Value-added tax ("VAT")(a)	The output VAT calculated based on taxable income from sales of goods and rendering of service, after subtracting the deductible input VAT of the period, is VAT payable	6%, 9% and 13%
Urban maintenance and construction tax	VAT payable	7%
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% is adjusted to 13%; 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:

	2023	2022
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	19–25%	19%
Subsidiaries registered in Australia	30%	30%
Subsidiaries registered in the Netherlands	25.8%	25.8%
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%

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For the period from 1 January 2023 to 30 June 2023
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III. TAXATION (CONTINUED)

2. Preferential tax treatments

In 2023, 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
		2023	2022	
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
Taicang CIMC Special Logistics Equipment 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
Hunan CIMC New Material Technology Co., Ltd.	25%	15%	15%	High-tech enterprises
Qingdao CIMC Chuangying Composites Co., Ltd.	25%	15%	15%	High-tech enterprises
Dalian CIMC Special Logistics Equipment Co., Ltd.	25%	15%	15%	High-tech enterprises
Guangdong Haizhong New Energy Equipment 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
Jiangsu Baojing Auto Parts Co., Ltd.	25%	15%	15%	High-tech enterprises
Qingdao CIMC Reefer Trailer Co., Ltd.	25%	15%	15%	High-tech enterprises
Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd.	25%	15%	15%	High-tech enterprises

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For the period from 1 January 2023 to 30 June 2023
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III. TAXATION (CONTINUED)

2. Preferential tax treatments (Continued)

Name of enterprises	Location statutory tax rate	Preferential tax rate		Reasons
		2023	2022	
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
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
Shanghai CIMC TGE Gas Engineering Co., Ltd.	25%	15%	25%	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
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
CIMC Security Technology Co., Ltd.	25%	15%	15%	High-tech enterprises
Suzhou CIMC LiangCai Logistics Technology Co., Ltd.	25%	15%	15%	High-tech enterprises

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

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 at bank and on hand

	30 June 2023	31 December 2022
Cash in hand	11,925	7,269
Bank deposits	16,708,214	15,919,146
Other cash balances	1,090,231	1,185,172
	17,810,370	17,111,587
Including: Total cash abroad	1,941,035	2,667,613

As at 30 June 2023, restricted cash and cash equivalents of the Group amounted to RMB1,067,975,000 (31 December 2022: RMB1,315,238,000), refer to Note IV.28 for details.

As at 30 June 2023, 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 RMB343,572,000 (31 December 2022: RMB398,234,000). Finance Company is a finance institution authorised by the People's Bank of China.

2. Financial assets held for trading

	30 June 2023	31 December 2022
Investments in equity instruments held for trading (i)	1,373,941	1,045,729
Contingent consideration	13,428	15,224
	1,387,369	1,060,953

(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 30 June 2023 published by the fund company.

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Derivative financial assets and derivative financial liabilities

	Note	30 June 2023	31 December 2022
Derivative financial assets –			
Foreign exchange forward contracts	(1)	33,607	101,205
Exchange rate/interest rate swap contracts	(3)	1,836	–
Foreign exchange option contracts	(2)	985	59,455
		36,428	160,660
Derivative financial liabilities –			
Foreign exchange forward contracts	(1)	897,607	239,685
Foreign exchange option contracts	(2)	40,242	–
Exchange rate/interest rate swap contracts		65,026	–
Commitment to minority shareholders	(4)	1,309,976	1,078,642
		2,312,851	1,318,327

(1) Foreign exchange forward contracts

As at 30 June 2023, the Group had certain unsettled foreign exchange forward contracts, mainly denominated in US Dollars, Japanese Yen, Great Britain Pound, Euro, HK Dollar, Swedish Krona and Australian Dollar. The nominal value of these contracts amounted to USD2,489,271,000, JPY 1,113,530,000, GBP 10,000,000, EUR179,166,000, HKD312,960,000, SEK 39,300,000 and AUD 4,000,000, respectively. Pursuant to these contracts, the Group is required to buy/sell US Dollar, Japanese Yen, Great Britain Pound, Euro, HK Dollar, Swedish Krona and Australian Dollar, with contracted nominal value at agreed rates in exchange of RMB at the contract settlement dates. These foreign exchange forward contracts of the Group 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 contracts range from 3 July 2023 to 30 August 2024.

(2) Foreign exchange option contracts

As at 30 June 2023, the Group had certain unsettled foreign exchange option contracts, mainly denominated in USD and Euro. The nominal value of these contracts amounted to USD193,750,000 and EUR50,000,000, respectively. Pursuant to these contracts, the Group is required to buy/sell USD and Euro, with contracted nominal value at agreed rates in exchange of RMB at the contract settlement dates. The foreign exchange option contracts of the Group 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 contracts range from 10 July 2023 to 29 September 2023.

(3) Exchange rate/interest rate swap contracts

As at 30 June 2023, the Group had certain unsettled exchange rate/interest rate swap contracts, mainly denominated in USD and HK dollar. The nominal value of these contracts amounted to USD759,866,000 and HKD10,000,000, respectively. The settlement dates of the aforesaid contracts range from 5 July 2023 to 20 May 2027.

(4) Commitment to minority shareholders

CIMC Hong Kong, a wholly-owned subsidiary of the Group, shall compensate CIMC Offshore's minority shareholders for the difference below the agreed amount when it exits through the sale of equity to a third party. The Group's obligation to make up for such difference will be recognised as derivative financial liabilities at fair value.

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Notes receivables

	30 June 2023	31 December 2022
Bank acceptance notes	714,108	445,085
Trade acceptance notes	344,181	195,520
Less: Provision for bad debts	(2,457)	(1,443)
	1,055,832	639,162

- (a) As at 30 June 2023, pledged notes receivables (Note IV.28) presented in the notes receivables of the Group are as follows:

	30 June 2023
Bank acceptance notes	63,307
	63,307

- (b) As at 30 June 2023, notes endorsed or discounted but not due, presented as notes receivables of the Group are as follows:

	Derecognised	Not derecognised
Bank acceptance notes (i)	–	77,191
Trade acceptance notes	–	69,807
	–	146,998

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

(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 30 June 2023, the Group's provision for bad debts based on lifetime ECL was RMB2,457,000 (31 December 2022: RMB1,443,000).

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Account receivables

	30 June 2023	31 December 2022
Account receivables	23,916,667	23,277,217
Less: Provision for bad debts	(1,028,681)	(990,615)
	22,887,986	22,286,602

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

	30 June 2023	31 December 2022
Within 1 year (inclusive)	22,415,474	20,363,326
1 to 2 years (inclusive)	752,381	1,865,027
2 to 3 years (inclusive)	240,634	418,628
Over 3 years	508,178	630,236
	23,916,667	23,277,217

(b) As at 30 June 2023, 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	2,613,919	1,869	10.93%

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

From 1 January to 30 June 2023 and in 2022, the Group has no accounts receivables derecognised due to transfer of financial asset.

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Account receivables (Continued)

(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 30 June 2023, 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	251,864	1.48%	3,725	
Energy, chemical and liquid food equipment	77,259	99.41%	76,803	Measured provision as lifetime ECL
Airport facilities and logistics equipment, fire safety and rescue equipment	166,902	91.00%	151,883	
Logistics services	13,864	100.00%	13,864	
	509,889		246,275	

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Account receivables (Continued)

(d) Provision for bad debts (Continued)

(ii) As at 30 June 2023, account receivables that are assessed for impairment on a collective group basis are as follows:

Collectively assessed 1 – Containers manufacturing business:

	30 June 2023			31 December 2022		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount	Amount	Lifetime ECL rate	Amount
Not overdue	4,740,012	0.01%	475	3,620,587	0.02%	851
Overdue within 1 month	159,614	0.21%	335	284,149	0.23%	658
Overdue for 1 to 3 months	249,530	0.64%	1,594	1,090,325	0.57%	6,223
Overdue for 3 to 12 months	541,054	2.30%	12,444	683,708	2.28%	15,613
Overdue for 1 to 2 years	159,371	9.43%	15,032	137,231	5.59%	7,671
Overdue for 2 to 3 years	66,622	16.22%	10,809	-	-	-
	5,916,203		40,689	5,816,000		31,016

Collectively assessed 2 – Road transportation vehicles business:

	30 June 2023			31 December 2022		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount	Amount	Lifetime ECL rate	Amount
Not overdue	3,345,450	2.01%	67,269	2,246,529	2.29%	51,376
Overdue within 1 month	329,847	5.16%	17,029	338,498	5.09%	17,243
Overdue for 1 to 3 months	351,905	5.16%	18,168	165,745	5.09%	8,442
Overdue for 3 to 12 months	258,870	5.16%	13,365	307,093	5.09%	15,643
Overdue for 1 to 2 years	127,688	34.78%	44,410	114,183	29.23%	33,377
Overdue for 2 to 3 years	17,811	76.05%	13,546	8,506	82.45%	7,013
Overdue for 3 to 5 years	27,441	100.00%	27,441	19,551	96.65%	18,896
Overdue for more than 5 years	16,254	100.00%	16,254	21,844	96.65%	21,112
	4,475,266		217,482	3,221,949		173,102

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Account receivables (Continued)

(d) Provision for bad debts (Continued)

(ii) As at 30 June 2023, 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:

	30 June 2023			31 December 2022		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount	Amount	Lifetime ECL rate	Amount
Not overdue	2,591,487	2.01%	52,019	2,474,321	1.91%	47,184
Overdue within 1 month	275,855	5.03%	13,876	296,032	6.23%	18,430
Overdue for 1 to 3 months	118,224	5.03%	5,947	146,035	6.23%	9,091
Overdue for 3 to 12 months	239,491	7.58%	18,148	201,037	8.96%	18,017
Overdue for 1 to 2 years	52,739	28.16%	14,850	67,118	29.72%	19,948
Overdue for 2 to 3 years	17,635	48.83%	8,611	63,522	46.18%	29,337
Overdue for 3 to 5 years	50,973	81.05%	41,316	15,164	89.69%	13,601
Overdue for more than 5 years	25,680	100.00%	25,680	32,987	100.00%	32,987
	3,372,084		180,447	3,296,216		188,595

Collectively assessed 4 – Offshore engineering business:

	30 June 2023			31 December 2022		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount	Amount	Lifetime ECL rate	Amount
Not overdue	1,571,493	0.49%	7,737	1,756,411	0.34%	5,971
Overdue within 1 month	-	-	-	-	-	-
Overdue for 1 to 3 months	-	-	-	-	-	-
Overdue for 3 to 12 months	-	-	-	-	-	-
Overdue for 1 to 2 years	-	-	-	-	-	-
Overdue for 2 to 3 years	-	-	-	19,714	75.15%	14,816
Overdue for 3 to 5 years	20,453	100.00%	20,453	21,634	100.00%	21,634
Overdue for more than 5 years	23,744	100.00%	23,744	1,252	100.00%	1,252
	1,615,690		51,934	1,799,011		43,673

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Account receivables (Continued)

(d) Provision for bad debts (Continued)

- (ii) As at 30 June 2023, account receivables that are assessed for impairment on a collective group basis are as follows: (Continued)

Collectively assessed 5 – Airport facilities and logistics equipment, fire safety and rescue equipment business:

	30 June 2023			31 December 2022		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount	Amount	Lifetime ECL rate	Amount
Not overdue	1,448,469	0.83%	12,080	1,892,118	0.85%	16,076
Overdue within 1 month	188,546	4.48%	8,444	141,180	5.50%	7,761
Overdue for 1 to 3 months	125,697	4.48%	5,629	112,457	5.50%	6,181
Overdue for 3 to 12 months	733,234	4.48%	32,836	589,146	5.50%	32,386
Overdue for 1 to 2 years	273,304	16.76%	45,798	244,551	16.78%	41,037
Overdue for 2 to 3 years	67,593	42.60%	28,795	75,532	42.85%	32,369
Overdue for more than 3 years	97,592	78.49%	76,596	89,229	69.04%	61,600
	2,934,435		210,178	3,144,213		197,410

Collectively assessed 6 – Logistics services business:

	30 June 2023			31 December 2022		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount	Amount	Lifetime ECL rate	Amount
Not overdue	2,079,309	0.77%	16,038	1,913,596	1.02%	19,529
Overdue within 1 month	243,184	2.72%	6,617	322,281	1.78%	5,740
Overdue for 1 to 3 months	173,270	2.72%	4,715	165,488	1.78%	2,947
Overdue for 3 to 12 months	214,834	2.72%	5,846	200,478	1.78%	3,570
Overdue for 1 to 2 years	50,790	14.84%	7,535	29,700	20.00%	5,940
Overdue for 2 to 3 years	7,608	90.31%	6,871	11,085	80.00%	8,868
Overdue for more than 3 years	15,570	100.00%	15,570	13,689	100.00%	13,689
	2,784,565		63,192	2,656,317		60,283

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Account receivables (Continued)

(d) Provision for bad debts (Continued)

- (ii) As at 30 June 2023, account receivables that are assessed for impairment on a collective group basis are as follows: (Continued)

Collectively assessed 7 – Recycled load business:

	30 June 2023			31 December 2022		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount	Amount	Lifetime ECL rate	Amount
Not overdue	704,088	0.16%	1,126	575,850	1.03%	5,950
Overdue within 1 month	36,481	2.41%	879	24,194	3.23%	781
Overdue for 1 to 3 months	57,312	2.41%	1,381	65,772	3.72%	2,448
Overdue for 3 to 12 months	42,985	2.41%	1,036	41,500	9.30%	3,858
Overdue for 1 to 2 years	4,026	30.00%	1,208	5,578	64.31%	3,587
Overdue for more than 2 years	3,603	100.00%	3,603	1,020	100.00%	1,020
	848,495		9,233	713,914		17,644

Collectively assessed 8 – Others:

	30 June 2023			31 December 2022		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount	Amount	Lifetime ECL rate	Amount
Not overdue	1,260,135	0.02%	236	1,736,200	0.05%	851
Overdue within 1 month	122,987	1.19%	1,466	212,922	1.03%	2,194
Overdue for 1 to 3 months	35,014	3.41%	1,195	43,675	5.36%	2,341
Overdue for 3 to 12 months	36,473	5.12%	1,869	47,846	8.13%	3,888
Overdue for 1 to 2 years	2,881	67.17%	1,935	20,664	87.23%	18,024
Overdue for more than 2 years	2,550	100.00%	2,550	3,568	100.00%	3,568
	1,460,040		9,251	2,064,875		30,866

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Account receivables (Continued)

- (e) The provision for bad debts in the current period amounted to RMB120,254,000 (for the period from 1 January to 30 June in 2022: RMB194,037,000). A provision for bad debts amounted to RMB76,224,000 has been collected or reversed (for the period from 1 January to 30 June in 2022: RMB54,995,000).
- (f) The accounts receivables amounting to RMB18,401,000 was written off in the current period (for the period from 1 January to 30 June in 2022: RMB848,000), the provision for bad debts amounted to RMB18,401,000 in the current period (for the period from 1 January to 30 June in 2022: RMB848,000).
- (g) As at 30 June 2023, the Group had no account receivables (2022: Nil) which were pledged to the bank as a guarantee for short-term borrowings.

6. Receivables financing

	30 June 2023	31 December 2022
Bank acceptance notes	567,841	629,742
Less: Provision for bad debts	(689)	(775)
	567,152	628,967

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 30 June 2023, the Group measured the provision for bad debts of RMB689,000 according to the lifetime ECL (31 December 2022: RMB775,000). 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 30 June 2023, the amount of pledged bank acceptance notes receivables disclosed in receivables financing was RMB6,100,000 (31 December 2022: RMB7,309,000).

As at 30 June 2023, except for Note IV.4(b), the Group's bank acceptance notes endorsed or discounted but not yet due was RMB3,374,054,000 and all was derecognised.

	Derecognised	Not derecognised
Bank acceptance notes	3,374,054	-

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For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables

	Note	30 June 2023	31 December 2022
Security deposits		1,014,968	908,622
Receivables arising from financing for related parities	VIII.5(4)	640,614	429,690
Disbursements		385,320	345,632
Dividends receivable		296,060	312,302
Tax refund receivables		198,218	153,487
Loans		211,850	237,087
Interest receivable		5,038	19,219
Government grants receivable		9,890	16,222
Receivables from demolition compensation		–	1,347
Receivables from share capital increase/transfer		120	120
Assets purchased under reverse repurchase agreements		300,000	–
Others		964,407	1,152,825
Sub-total		4,026,485	3,576,553
Less: Provision for bad debts		(331,366)	(323,829)
		3,695,119	3,252,724

(1) The aging analysis of other receivables was as follows:

	30 June 2023	31 December 2022
Within 1 year	3,349,022	3,220,634
1 to 2 years	328,147	153,638
2 to 3 years	167,841	22,180
Over 3 years	181,475	180,101
	4,026,485	3,576,553

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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 for bad debts		Provision for bad debts			Provision for bad debts		Provision for bad debts			
	Book balance	for bad debts	Book balance	for bad debts	Provision for bad debts	Book balance	for bad debts	Book balance	for bad debts	Provision for bad debts	Provision for bad debts
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
Increase in current period	10,377,083	16,213	1,298,704	11,778	27,991	36,527	27,155	2,961	2,961	30,116	58,107
Decrease in current period	(10,040,674)	(1,190)	(1,173,467)	(8,465)	(9,655)	(30,234)	(26,012)	(20,968)	(14,903)	(40,915)	(50,570)
Including: Write-off in current period	-	-	-	-	-	-	-	(1,427)	(1,427)	(1,427)	(1,427)
Transfer to the third stage	-	-	-	-	-	-	-	-	-	-	-
30 June 2023	2,481,511	110,075	1,237,386	28,236	138,311	40,326	19,181	267,262	173,874	193,055	331,366

(i) On 30 June 2023, 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.

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(All amounts in RMB'000 unless otherwise stated)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables (Continued)

(2) Loss provision and changes in book balance (Continued)

As at 30 June 2023 and 31 December 2022, other receivables that are assessed individually are as follows:

(ii) As at 30 June 2023, 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	579,288	2.43%	14,065	Note: Measured provision as ECL in the next 12 months
Security deposits	394,728	3.37%	13,307	
Tax refund receivables	103,782	–	–	
Disbursements	106,015	0.10%	102	
Receivables from demolition compensation	–	–	–	
Others	53,573	1.42%	762	
	1,237,386		28,236	

Third stage	Book balance	Lifetime ECL rate	Provision for bad debts	Reason
Security deposits	103,646	93.70%	97,114	Note: Measured provision as ECL in the next 12 months
Receivables arising from financing for related parties	60,312	65.72%	39,636	
Disbursements	6,685	100.00%	6,685	
Others	96,619	31.50%	30,439	
	267,262		173,874	

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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, 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 parities	368,166	2.68%	9,856	Note: Measured provision as ECL in the next 12 months
Security deposits	424,238	3.07%	13,015	
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	Note: Measured provision as lifetime ECL
Receivables arising from				
financing for related parities	60,510	65.50%	39,636	
Disbursements	2,200	100.00%	2,200	
Others	158,448	50.74%	80,394	
	285,269		185,816	

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables (Continued)

(2) Loss provision and changes in book balance (Continued)

(iv) As at 30 June 2023 and 31 December 2022, other receivables that are assessed individually are as follows:

	30 June 2023			31 December 2022		
	Book balance Amount	Provision for bad debts Amount Accrual rate		Book balance Amount	Provision for bad debts Amount Accrual rate	
First stage						
Security deposits	511,270	15,065	2.95%	420,273	6,697	1.59%
Dividends receivable	296,060	-	-	312,302	-	-
Disbursements	269,069	2,401	0.89%	235,858	521	0.22%
Tax refund receivables	94,436	-	-	19,719	-	-
Interest receivable	5,038	-	-	19,219	-	-
Government grants receivable	9,890	360	3.64%	16,222	734	4.52%
Receivables arising from financing for related parities	1,014	-	-	1,014	-	-
Receivables from demolition compensation	-	-	-	773	-	-
Receivables from share capital increase/transfer	120	-	-	120	-	-
Loans	183,227	4,581	2.50%	211,420	4,757	2.25%
Assets purchased under reverse repurchase agreements	300,000	-	-	-	-	-
Others	811,387	87,668	10.80%	908,182	82,343	9.07%
	2,481,511	110,075		2,145,102	95,052	

	30 June 2023			31 December 2022		
	Book balance Amount	Provision for bad debts Amount Accrual rate		Book balance Amount	Provision for bad debts Amount Accrual rate	
Third stage						
Security deposits	5,324	5,324	100.00%	-	-	-
Loans	28,623	7,478	26.13%	25,667	9,672	37.68%
Disbursements	3,551	3,551	100.00%	-	-	-
Others	2,828	2,828	100.00%	8,366	8,366	100.00%
	40,326	19,181		34,033	18,038	

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For the period from 1 January 2023 to 30 June 2023
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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables (Continued)

- (3) The provision for bad debts this period amounted to RMB30,469,000 (for the period from 1 January to 30 June 2022: RMB9,136,000), among which RMB30,835,000 has been recovered or reversed (for the period from 1 January to 30 June 2022: RMB781,000).
- (4) Other receivables written off in current period amounted to RMB1,427,000 in carrying amount and amounted to RMB1,427,000 in provision for bad debts.
- (5) As at 30 June 2023, the five largest balances of other receivables are analysed as follows:

	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	562,582	Within 1 year	14.40%	14,065
Tianjin Zhaoyin Jinyi Equipment leasing Co., LTD	Security deposits	189,013	Within 1 year	4.84%	-
Yangzhou Jizhi Property Co., Ltd.	Loans	183,227	Within 1 year	4.69%	4,581
Dongguan CIMC Innovation Industrial Park Development Co., Ltd.	Disbursements	150,800	Within 1 year and 1 to 2 years	3.86%	914
Ningxia Yuanshan	Receivables arising from financing for related parties	60,312	Within 1 year	1.63%	39,636
		1,145,934		31.01%	

(i) Yangzhou Jichuang Industrial Park Development Co., Ltd. is a subsidiary of CIMC Industry & City (Note VIII.6(2)).

8. Advance to suppliers

	30 June 2023	31 December 2022
Advance to suppliers	7,666,523	6,054,873
Less: Impairment provision	(31,533)	(31,392)
	7,634,990	6,023,481

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For the period from 1 January 2023 to 30 June 2023
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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Advance to suppliers (Continued)

(1) Aging analysis of advance to suppliers was as follows:

	30 June 2023		31 December 2022	
	Amount	% of total balance	Amount	% of total balance
Within 1 year (inclusive)	6,047,462	78.88%	5,326,386	87.97%
1 to 2 years (inclusive)	962,138	12.55%	209,014	3.45%
2 to 3 years (inclusive)	156,888	2.05%	36,054	0.60%
Over 3 years	500,035	6.52%	483,419	7.98%
Total	7,666,523	100.00%	6,054,873	100.00%

The aging is calculated from the date that advance to suppliers were recognised.

As at 30 June 2023, the advance to suppliers aged over one year amounted to RMB1,619,061,000 (31 December 2022: RMB728,487,000), 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.

(2) As at 30 June 2023, 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 balances of advance to suppliers	2,043,674	26.66%

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(All amounts in RMB'000 unless otherwise stated)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Inventories

(1) Inventories summarised by categories are as follows:

	30 June 2023			31 December 2022		
	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	8,940,426	(219,319)	8,721,107	6,629,625	(193,322)	6,436,303
Products in progress	3,575,435	(90,402)	3,485,033	3,505,007	(70,012)	3,434,995
Finished goods and stocks	4,838,145	(45,891)	4,792,254	6,449,091	(70,858)	6,378,233
Consignment stocks	223,414	(65)	223,349	254,888	(65)	254,823
Spare parts	512,698	(1,169)	511,529	367,153	(4,712)	362,441
Low-valued consumables	46,963	(936)	46,027	54,161	(1,067)	53,094
Materials in transit	153,216	-	153,216	76,027	-	76,027
Completed products in the industrial park	33,962	(10,508)	23,454	30,663	(10,508)	20,155
Products under development in the industrial park	104,935	(3,064)	101,871	299,828	(3,064)	296,764
Offshore engineering project	2,097,704	(1,087,582)	1,010,122	1,814,976	(1,061,959)	753,017
Contract performance costs (i)	226,673	-	226,673	265,696	-	265,696
	20,753,571	(1,458,936)	19,294,635	19,747,115	(1,415,567)	18,331,548

- (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. For the period from 1 January to 30 June in 2023, the amortisation of contract performance costs included in operating costs totalled RMB365,613,000 (for the period from 1 January to 30 June in 2022: RMB247,451,000).

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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 December 2022	Increase in current period	Decrease in current period		Currency translation differences	30 June 2023
			Reversal	Write-off		
Raw materials	193,322	51,499	(13,827)	(18,255)	6,580	219,319
Products in progress	70,012	20,728	(398)	(387)	447	90,402
Finished goods and stocks	70,858	41,452	(1,251)	(66,689)	1,521	45,891
Consignment stocks	65	-	-	-	-	65
Spare parts	4,712	956	(3,473)	(1,208)	182	1,169
Low-valued consumables	1,067	-	-	(131)	-	936
Completed products in the industrial park	10,508	-	-	-	-	10,508
Products under development in the industrial park	3,064	-	-	-	-	3,064
Offshore engineering project	1,061,959	-	-	-	25,623	1,087,582
	1,415,567	114,635	(18,949)	(86,670)	34,353	1,458,936

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Inventories (Continued)

(3) Provision for decline in the value of inventories is as follows:

- (a) For the period from 1 January to 30 June in 2023, 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 period 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

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Contract assets

	30 June 2023	31 December 2022
Contract assets	5,288,577	4,008,341
Less: Contract assets impairment provision	(86,981)	(80,503)
	5,201,596	3,927,838

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 facilities and logistics equipment, fire safety 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.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Contract assets (Continued)

As at 30 June 2023, impairment provision of contract assets individually assessed is as follows:

	Book balance	Lifetime ECL rate	Impairment provision	Reason
Offshore engineering	2,278,456	0.04%	858	Note: Measured provision as lifetime ECL
Energy, chemical and liquid food equipment	147,076	39.18%	57,623	
	2,425,532		58,481	

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	Note: Measured provision as lifetime ECL
Airport facilities and logistics equipment, fire safety and rescue equipment	1,596	37.72%	602	
Energy, chemical and liquid food equipment	138,302	36.54%	50,536	
	1,919,023		51,965	

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Contract assets (Continued)

As at 30 June 2023, impairment provision of contract assets collectively assessed is as follows:

	Book balance	Lifetime ECL rate	Impairment provision	Reason
Energy, chemical and liquid food equipment	1,843,026	1.10%	20,342	Note: Measured provision as lifetime ECL
Airport facilities and logistics equipment, fire safety and rescue equipment	1,020,019	0.80%	8,158	
	2,863,045		28,500	

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 and logistics equipment, fire safety and rescue equipment	1,046,984	0.68%	7,136	
	2,089,318		28,538	

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Assets and liabilities held for sale

(1) 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. The Group classified the equipment as assets held for sale and the asset transfer will be completed within 2023.

	Carrying amount immediately before classifying as held for sale	30 June 2023 Provision for impairment of assets held for sale	Carrying amount
Construction in progress	545,186	(118,742)	426,444

12. Current portion of non-current assets

	30 June 2023	31 December 2022
Finance lease receivables	2,176	-
Sales of goods by installments	72,759	92,392
Less: Unrealised financing income	-	-
Less: Impairment provision	(3,912)	(3,486)
	71,023	88,906

13. Other current assets

	30 June 2023	31 December 2022
Tax to be deducted/withheld	984,957	953,850
Others	315,368	351,468
	1,300,325	1,305,318

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Other equity investments

	30 June 2023	31 December 2022
Unlisted company equity		
– Bank of Communications Schroder Fund Management Co., Ltd. (“BOCM Schroder”)	367,337	332,776
– China United International Rail Containers Co., Ltd. (“CR Intermodal”)	348,403	318,945
– Shenzhen CIMC Intelligent Technology Co., Ltd.	49,716	49,716
Listed company equity		
– Jade Bird Fire (i)	1,183,157	1,398,917
– Shoucheng Holdings Limited (“Shoucheng Holdings”)	369,078	355,712
– China Railway Special Cargo Services Co., Ltd. (“China Railway Special Cargo”)	176,400	172,800
– CSG Holding Co., Ltd. (“CSG Holding”)	61,601	69,353
– Otto Energy Limited	973	829
	2,556,665	2,699,048

(1) Investment in non-trading equity instruments

	30 June 2023	31 December 2022
BOCM Schroder		
– Historical cost	8,125	8,125
– Accumulated changes in fair value	359,212	324,651
	367,337	332,776
	30 June 2023	31 December 2022
CR Intermodal		
– Historical cost	380,780	380,780
– Accumulated changes in fair value	(32,377)	(61,835)
	348,403	318,945

Notes to the Financial Statements

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Other equity investments (Continued)

(1) Investment in non-trading equity instruments (Continued)

	30 June 2023	31 December 2022
Shenzhen CIMC Intelligent Technology Co., Ltd.		
– Historical cost	11,700	11,700
– Accumulated changes in fair value	38,016	38,016
	49,716	49,716

	30 June 2023	31 December 2022
Jade Bird Fire (i)		
– Historical cost	1,200,000	1,200,000
– Accumulated changes in fair value	(16,843)	198,917
	1,183,157	1,398,917

	30 June 2023	31 December 2022
Shoucheng Holdings		
– Historical cost	191,383	191,383
– Accumulated changes in fair value	177,695	164,329
	369,078	355,712

	30 June 2023	31 December 2022
China Railway Special Cargo		
– Historical cost	161,563	161,563
– Accumulated changes in fair value	14,837	11,237
	176,400	172,800

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Other equity investments (Continued)

(1) Investment in non-trading equity instruments (Continued)

	30 June 2023	31 December 2022
CSG Holding		
– Historical cost	67,407	67,407
– Accumulated changes in fair value	(5,806)	1,946
	61,601	69,353

- (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.

15. Other non-current financial assets

	30 June 2023	31 December 2022
Equity investment that is measured at fair value and whose changes are included in the current profit and loss (i)	188,960	125,943
Foreign exchange forward contracts (Note IV.3(1))	–	117
	188,960	126,060

- (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.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Long-term receivables

	30 June 2023	31 December 2022
Finance lease receivables (i)	19,880	–
Sales of goods by installments	109,043	101,378
Others	534	28,076
Less: Unrealised financing income	2,081	(179)
	131,538	129,275
Less: Provision for bad debts	(5,386)	(4,992)
	126,152	124,283
Less: Current portion of non-current assets		
Including : Finance lease receivables	(2,176)	–
Sales of goods by installments	(72,759)	(92,392)
Others	–	–
Less: Unrealised financing income	–	–
Less: Provision for bad debts	3,912	3,486
	55,129	35,377

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 30 June), are analysed as follows:

Minimum lease receipts	30 June 2023	31 December 2022
Within 1 year (inclusive)	2,176	–
1 to 2 years (inclusive)	1,404	–
2 to 3 years (inclusive)	2,008	–
Over 3 years	14,292	–
	19,880	–

(i) At 30 June 2023, the Group has no long-term receivables derecognised due to transfer of financial assets (2022 : Nil).

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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 30 June 2023, the Group had no provision for long-term receivables individually assessed in the first stage.

As at 30 June 2023 and 31 December 2022, long-term receivables for which the related provision for bad debts was collectively assessed were in the first stage, which are analysed as follows:

	30 June 2023			31 December 2022		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Accrual rate	Amount	Amount	Accrual rate	Amount
Collectively assessed:						
Finance lease receivables	21,962	-	-	-	-	-
Sales of goods by installments	109,042	4.94%	5,386	128,742	3.88%	4,992
Others	534	-	-	533	-	-
	131,538		5,386	129,275		4,992

(iii) As at 30 June 2023, 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 30 June 2023, the Group had no long-term receivables used as collateral (31 December 2022 : Nil).

17. Long-term equity investments

		30 June 2023	31 December 2022
Joint ventures	(1)	781,322	658,573
Associates	(2)	11,239,524	10,095,030
		12,020,846	10,753,603
Less: impairment provisions for long-term equity investments		(226,007)	(221,976)
		11,794,839	10,531,627

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Long-term equity investments (Continued)

(1) Joint ventures

	31 December 2022	Movement in current period					30 June 2023	Impairment provisions
		Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Declared cash dividends or profits	Provision for impairment		
Jiangsu Wanjing Technology Co., Ltd.	8,523	-	410	-	-	-	8,933	-
NYK Zhenhua Logistics (Tianjin) Co. Ltd. ("NKY Zhenhua")	66,682	-	(2,200)	-	-	-	64,482	-
Kawasaki Zhenghua Logistics (Tianjin) Co. Ltd.	20,136	-	(1,236)	-	-	-	18,900	-
Qingdao Jiefeng Baijian Container Maintenance Co., Ltd.	14,760	-	1,365	-	-	266	16,391	-
Dalian Jilong & Baijian Logistics Co., Ltd.	2,706	-	-	-	-	39	2,745	-
Shanghai Baijian Dewei Container Maintenance Co., Ltd.	11,135	-	(418)	-	-	14	10,731	-
Tianjin Jinshi Baijian Container Maintenance Co., Ltd.	5,139	-	-	(41)	-	(4)	5,094	-
Ningbo Meishan Bonded Port Area Chuangzhi Lian-cheng Investment Management Partnership (Limited Partnership)	50,064	-	-	-	-	-	50,064	-
Shenzhen CIMC Lvmal Logistics and Intelligent Transportation Private Equity Investment Fund Partnership (Limited Partnership)	31,513	-	-	-	-	-	31,513	-
Shenzhen Xinghuo Chelian Technology Co., Ltd.	868	(759)	(109)	-	-	-	-	-
Yantai Jinghai Ocean Fishery Co., Ltd	147,950	134,400	(8,113)	-	-	-	274,237	-
Shenzhen Tianyi Changmao Investment Partnership (Limited Partnership)	1,006	-	-	-	-	-	1,006	-
Gongqingcheng CIMC Water Investment Environmental Protection Industry Investment Partnership	69,097	-	-	-	-	-	69,097	-
Angang CIMC (Yingkou) New Energy Technology Co., Ltd.	100,005	-	-	-	-	-	100,005	-
Shenzhen Aerospace Smart City System Technology Research Institute Co., Ltd.	87,192	-	-	-	-	-	87,192	-
GoldSuwan Autoparts Manufacture Co., Ltd.	41,797	-	932	-	-	1,602	44,331	-
	658,573	133,641	(9,369)	(41)	-	1,917	784,721	-

Refer to Note VI.2 for equity in joint ventures

Notes to the Financial Statements

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(All amounts in RMB'000 unless otherwise stated)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Long-term equity investment (Continued)

(2) Associates

	31 December 2022	Movement in current period					Currency translation differences	30 June 2023	Impairment provisions
		Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Declared cash dividends or profits	Provision for impairment			
Xinyang Wood Hong Kong Co., Ltd.	4,927	-	-	-	-	-	195	5,122	-
Xiamen CIMC Haitou Container Service Co., Ltd.	20,267	-	1,543	-	-	-	218	22,028	-
Dalian Jilong Logistics Co., Ltd.	20,740	-	-	-	-	-	1,243	21,983	(21,983)
Shenzhen CIMC Industrial City Development Group Co., Ltd. (i)	6,637,492	-	26,016	-	-	-	-	6,663,508	-
CM Energy Tech Co., Ltd.	47,764	-	-	-	(1,651)	-	(785)	47,328	-
Marine Subsea & Consafe Limited	2	-	-	-	-	-	-	2	(2)
LiHua Gas Storage and Transportation Co., Ltd.	111,415	-	-	-	-	-	-	111,415	(111,415)
Qingdao Port International Trade and Logistics Co., Ltd.	64,610	-	6,192	-	-	-	-	70,802	-
Jiahua Shipping Co., Ltd.	87,804	-	281	5,136	-	-	(3,510)	89,711	(60,072)
Chifeng Lvtianyuan Farm Co., Ltd.	7,320	-	51	-	-	-	-	7,371	(355)
North Sea Rigs AS	5,171	-	-	-	-	-	207	5,378	-
Shenzhen City Road Show China Internet Technology Co., Ltd.	5,439	(1,996)	-	-	-	-	-	3,443	-
Beijing Boxcool Exhibition Co., Ltd.	12,881	-	-	-	-	-	-	12,881	(6,169)
Shanghai Tanklink Supply Chain Technology Development Co., Ltd.	1,543	-	(14)	-	-	-	-	1,529	(910)
Fujian Qingchen Bamboo Industry Co., Ltd.	4,730	-	-	-	-	-	-	4,730	-
Mori (Shanghai) International Trade Co., Ltd.	626	-	117	-	-	-	-	743	-
Sichuan Zhongyixinwei Energy Co., Ltd.	25,091	(25,091)	-	-	-	-	-	-	-
Hengqin CIMC Ruidexin Innovative Venture Capital Fund, L.P.	23,963	-	-	-	-	-	-	23,963	-
Qingdao Port International Trade Logistics Ltd.	11,229	-	1,677	-	-	-	-	12,906	-
CELA S.r.l	39,265	(45,120)	3,606	-	-	-	2,249	-	-
OOS International B.V.	3,733	-	-	-	-	-	136	3,869	-
Ningbo Mediterranean Container Yard Co., Ltd.	27,428	-	2,821	-	(6,101)	-	-	24,148	-
Nantong CIMC Yike New Material Development Co., Ltd.	17,224	-	-	-	-	-	(172)	17,052	-
CIMC Donghan (Shanghai) Shipping Co., Ltd.	14,918	-	-	-	-	-	-	14,918	(12,589)
Tianjin Binhai COSCO Container Logistics Co., Ltd.	29,549	-	145	-	(111)	-	-	29,583	-

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Long-term equity investment (Continued)

(2) Associates (Continued)

	31 December 2022	Movement in current period					30 June 2023	Impairment provisions
		Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Declared cash dividends or profits	Provision for Impairment		
Guizhou Yinke Environmental Resources Co., Ltd.	20,955	-	(693)	-	-	-	20,262	(12,513)
Yichuan Tianyun Clean Energy Co., Ltd.	42,397	-	17,940	-	-	(76)	60,261	-
Ningbo Beilun Donghua Container Service Co., Ltd.	5,388	-	454	-	-	-	5,842	-
Tianzhu (Shanghai) International Freight Agency Co., Ltd.	1,178	-	145	-	-	-	1,323	-
Shenzhen Zhonglian Industry-University- Research Technology Co., Ltd.	71	-	1	-	-	-	72	-
Chongqing Changzu Feiyue Logistics Technology Co., Ltd.	3,464	-	662	-	-	-	4,126	-
Qingdao Senkete Intelligent Instrument Co., Ltd.	14,895	-	-	-	-	559	15,454	-
Dafei Lutong (Tianjin) Logistics Co., Ltd.	14,697	-	5,493	-	-	-	20,190	-
Xuzhou Lugang Shilianda Logistics Development Co., Ltd.	5,430	-	929	-	-	-	6,359	-
Hongjing Zhiye (Beijing) Multimodal Transport Consulting Co., Ltd.	2,184	-	-	-	(541)	-	1,643	-
Shanghai Ocean Engineering Equipment Manufacturing Innovation Center Co., Ltd.	6,041	-	172	-	-	(971)	5,242	-
Xinyu Tiangao Investment Management Partnership (Limited Partnership)	524	-	-	-	(24)	-	500	-
Zhongshiyun (Beijing) International Supply Chain Management Co., Ltd.	69,891	-	12,710	-	-	-	82,601	-
HuaSu Airport Air Service (Guangzhou) Co., Ltd.	3,671	-	436	-	-	-	4,107	-
ADS SUPPLY CHAIN (THAILAND) CO., LTD.	2,197	-	(107)	-	-	60	2,150	-
Shanghai Hongji International Logistics Development Ltd.	2,732	-	(178)	-	-	-	2,554	-
Shenzhen Bay Angel Phase III Venture Capital Partnership (Limited Partnership)	29,318	22,500	5,025	-	-	-	56,843	-
Yantai Youtai Environmental Protection Technology Co., Ltd.	10,550	-	-	-	-	396	10,946	-
Shanghai Anji Marine Technology Co., Ltd.	434	-	-	-	-	16	450	-

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Long-term equity investment (Continued)

(2) Associates (Continued)

	31 December 2022	Movement in current period					30 June 2023	Impairment provisions	
		Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Declared cash dividends or profits	Provision for impairment			Currency translation differences
ANDASHUN AMAZING LOGISTICS (VIETNAM) CO., LTD.	11,608	-	247	-	-	-	382	12,237	-
Guoke Yunji Chanrong Development (Shenzhen) Co., Ltd.	18,686	-	-	-	-	-	-	18,686	-
Shandong CIMC Green New Material Co., Ltd.	3,034	-	-	-	-	-	-	3,034	-
Dali Bohai Precious Metal Technology Co., Ltd.	6,000	-	820	-	-	-	-	6,820	-
Dongguan Ruizhutanxia Investment Co., Ltd.	5,017	-	-	-	-	-	-	5,017	-
Shenzhen CIMC Hongyuan Advanced Intelligent Manufacture Private Equity Investment Fund Partnership (Limited Partnership)	29,997	-	-	-	-	-	-	29,997	-
Ant Supply Chain (Shanghai) Co., Ltd.	9,516	-	(265)	-	-	-	-	9,251	-
China Marine Engineering Equipment Technology Development Co., Ltd.	180,000	-	-	-	-	-	-	180,000	-
Yantai Guma New Material Co., Ltd.	640	-	-	-	-	-	-	640	-
CIMC-Hescom Hydrogen Technology Co., Ltd.	25,756	64,985	(2,581)	-	-	-	-	88,160	-
CIMC Financial Leasing Co., Ltd.	1,943,558	-	87,739	69,350	-	-	868	2,101,515	-
CIMC Xinde Leasing (Shenzhen) Co., Ltd.	389,365	-	-	-	-	-	-	389,365	-
Zhejiang CIMC Tenglong Bamboo industry Co., Ltd.	6,955	-	-	-	-	-	-	6,955	-
Stromtangeveien 38 AS	3,750	-	-	-	-	-	-	3,750	-
C&C Trucks (ii)	-	850,000	(24,017)	-	-	-	-	825,983	-
CIMC Runqing Shipping (Zhaoqing) Co., Ltd.	-	36,495	(117)	-	-	-	-	36,378	-
Luoyang CIMC Hongyuan Longchuang Technology Venture Capital Fund Partnership (Limited Partnership)	-	15,000	-	-	-	-	-	15,000	-
IGulu (Shanghai) Intelligent Technology Co., Ltd.	-	10,000	-	-	-	-	-	10,000	-
	10,095,030	926,773	147,250	74,486	(8,428)	-	1,015	11,236,126	(226,007)

- (i) The Group's investment in CIMC Industry & City includes directly holding 45.92% of the equity in CIMC Industry & City and indirectly holding of 34.44%-62.14% of the equity of CIMC Industry & City subsidiary project company.
- (ii) On 12 October 2022, the Board of Directors approved the restructuring of C&C Trucks (subsidiary of the Group) with Chery Commercial Vehicles (Anhui) Co., Ltd., Wuhu Industrial Investment Fund Co., Ltd. and Wuhu Xingzhong Venture Capital Co., Ltd. In March 2023, C&C Trucks completed the industrial and commercial change, the Group only held 35.42% of the equity of C&C Trucks and lost the control of C&C Trucks. C&C Trucks is no longer included in the Group's merger scope and become an associate of the Group.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Investment properties

	Buildings and relevant land use rights	Land use rights	Total
31 December 2022	1,219,548	233,459	1,453,007
Changes in fair value	(4,598)	5,373	775
Transferred from inventories	–	–	–
Additions	2,068	–	2,068
Other increase	–	–	–
Other decrease	(1,423)	–	(1,423)
Currency translation differences	(632)	820	188
30 June 2023	1,214,963	239,652	1,454,615

For the period from 1 January to 30 June 2023, no capitalization is included in the borrowing costs of investment real estate (for the period from 1 January to 30 June 2022: Nil).

For the period from 1 January to 30 June 2023, the impact amount of changes in fair value of investment properties on the Group's current profit or loss was RMB775,000 (for the period from 1 January to 30 June 2022: RMB3,216,000).

As at 30 June 2023, the buildings and land use rights with carrying amount of about RMB202,047,000 (31 December 2022: RMB198,366,000) had not been entitled the property ownership certificates due to unfinished entitling procedures.

19. Fixed assets

	30 June 2023	31 December 2022
Fixed assets (a)	40,455,450	39,197,873
Disposal of fixed assets (b)	13,924	4,621
	40,469,374	39,202,494

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Fixed assets (Continued)

(a) Fixed assets

	Plants and buildings		Machinery and equipment		Office & other equipment		Motor vehicles		Offshore engineering equipment	Dock and wharf	Total
	For own use	For rent use	For own use	For rent use	For own use	For rent use	For own use	For rent use	For rent use	For own use	
Original cost											
31 December 2022	13,399,170	175,454	14,563,714	603,119	1,969,877	4,544	1,304,892	276,406	29,430,683	1,327,674	63,055,533
Increase in current period											
Additions	114,491	-	107,494	219,204	113,156	1,755	37,256	-	-	-	593,356
Business combination	32,564	-	82,519	-	1,810	-	3,161	-	-	-	120,054
Transferred from construction in progress	139,420	-	378,590	-	28,196	-	5,019	-	1,823,294	-	2,374,519
Decrease this period											
Transferred to investment properties	-	-	-	-	-	-	-	-	-	-	-
Disposal or scrapping	(86,287)	-	(136,109)	(109,910)	(9,554)	-	(21,638)	-	-	-	(363,498)
Other decrease	(11,685)	(448)	(17,316)	-	(3,523)	(88)	(5,282)	(461)	-	-	(38,803)
Currency translation differences	(189,902)	(15,935)	(217,282)	(47,718)	287,617	(66)	(70,925)	(5,060)	1,064,508	-	805,237
30 June 2023	13,397,771	159,071	14,761,610	664,695	2,387,579	6,145	1,252,483	270,885	32,318,485	1,327,674	66,546,398
Accumulated depreciation											
31 December 2022	3,883,795	40,767	6,006,471	165,874	1,251,627	3,966	666,786	115,282	3,318,489	393,747	15,846,804
Depreciation recognised in current period	274,000	2,472	669,914	13,302	117,137	1,616	93,328	4,179	369,904	28,419	1,574,271
Decrease in current period											
Transferred to investment properties	-	-	-	-	-	-	-	-	-	-	-
Disposal or scrapping	(14,284)	-	(135,755)	(5,847)	(8,665)	-	(16,095)	-	-	-	(180,646)
Other decrease	(2,483)	-	(6,261)	-	(3,688)	(74)	(4,880)	(442)	20	-	(17,808)
Currency translation differences	(175,454)	(4,529)	(247,719)	(13,695)	62,157	(78)	(76,840)	(6,173)	162,860	-	(299,471)
30 June 2023	3,965,574	38,710	6,286,650	159,634	1,418,568	5,430	662,299	112,846	3,851,273	422,166	16,923,150
Impairment provisions											
31 December 2022	230,925	-	25,017	-	35,953	-	1,339	-	7,717,622	-	8,010,856
Depreciation recognised in current year	-	-	-	-	-	-	-	-	-	-	-
Transferred from construction in progress	-	-	-	-	-	-	-	-	905,394	-	905,394
Disposal or scrapping	-	-	(5,455)	-	(351)	-	(425)	-	-	-	(6,231)
Currency translation differences	798	-	(1,360)	-	436	-	122	-	257,783	-	257,779
30 June 2023	231,723	-	18,202	-	36,038	-	1,036	-	8,880,799	-	9,167,798
Carrying amount											
30 June 2023	9,200,474	120,361	8,456,758	505,061	932,973	715	589,148	158,039	19,586,413	905,508	40,455,450
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

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Fixed assets (Continued)

(a) Fixed assets (Continued)

For the period from 1 January to 30 June 2023, depreciation of fixed assets recognised amounted to RMB1,574,271,000 (for the period from 1 January to 30 June 2022: RMB1,383,505,000), of which RMB1,401,992,000, RMB29,904,000, RMB114,220,000 and RMB28,155,000 (for the period from 1 January to 30 June 2022: RMB1,193,325,000, RMB23,159,000, RMB110,424,000 and RMB56,597,000) has been charged in cost of sales, selling and distribution expenses, general and administrative expenses, research and development expenses, respectively.

For the period from 1 January to 30 June 2023, the original cost of fixed assets transferred from construction in progress is RMB2,374,519,000,

(1) Temporarily idle fixed assets

As at 30 June 2023, the carrying amount of temporarily idle fixed assets, amounted to approximately RMB23,903,000 (original cost of RMB46,972,000) (31 December 2022: carrying amount of approximately RMB24,728,000 and original cost of RMB47,058,000). The following table presents the detail :

	Original amount	Accumulated depreciation	Impairment provision	Carrying amount
Buildings and structures	30,404	(7,902)	–	22,502
Machinery and equipment	15,620	(13,903)	(157)	1,560
Motor vehicles	–	–	–	–
Office & other equipment	948	(853)	(54)	41
	46,972	(22,658)	(211)	24,103

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
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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	719,275	Put to use, certificate being in the progress
Workshop	357,516	Put to use, certificate being in the progress
Office building	145,401	Put to use, certificate being in the progress
Dormitory and canteen	72,387	Put to use, certificate being in the progress
Warehouse	53,880	Put to use, certificate being in the progress
Others	80,556	Put to use, certificate being in the progress
	1,429,015	

(3) The plants and buildings, machinery and equipment, office & other equipment and motor vehicles signed by the Group as the lessor have no residual value guarantee clauses.

(b) Disposal of fixed assets

	30 June 2023	31 December 2022
Buildings and structures	121	–
Machinery and equipment	3,369	–
Motor vehicles	106	3,268
Office & other equipment	10,328	32
Offshore engineering equipment	–	1,321
	13,924	4,621

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Construction in progress

(1) Construction in progress

	30 June 2023			31 December 2022		
	Original amount	Impairment provision	Carrying amount	Original amount	Impairment provision	Carrying amount
Ultra deep water drilling platform project	4,281,763	(1,605,760)	2,676,003	4,126,985	(1,547,715)	2,579,270
Enric low temperature plant renovation project	391,694	(42,122)	349,572	338,107	(42,122)	295,985
TAS Industrial Park Phase III Dormitory project	85,913	-	85,913	58,223	-	58,223
Dongguan southern CIMC Fenggang phase 2 project	78,100	-	78,100	147,008	-	147,008
Yangshan Logistics Longteng Plan Final Assembly Model Project	57,745	-	57,745	86,073	-	86,073
Raffles launching barge project	56,585	-	56,585	-	-	-
Taicang CIMC New Talent Apartment Project	53,058	-	53,058	28,036	-	28,036
Yangzhou CIMC new intelligent factory construction project	49,520	-	49,520	21,731	-	21,731
Vanguard-Trenton & Monon GA Plant	45,125	-	45,125	39,821	-	39,821
Equipment production line project for Huzhou Liangcai new energy battery cell recycling packaging vehicle series	42,307	-	42,307	27,176	-	27,176
Hull special inspection project	42,059	-	42,059	44,985	-	44,985
TCCIMC relocation and reconstruction project	35,833	-	35,833	32,530	-	32,530
Shanghai Zhongji Baowei Industrial Co., LTD. Coating line upgrade project	33,491	-	33,491	20,481	-	20,481
Tianjin CIMC Special box line equipment renovation project	31,760	-	31,760	27,588	-	27,588
Nantong Yuanneng new energy integrated equipment project	30,289	-	30,289	-	-	-
Fujian CIMC civil engineering and supporting equipment	30,236	-	30,236	-	-	-
Enric workshop construction project	24,790	-	24,790	24,697	-	24,697
Raffles gantry crane project	24,709	-	24,709	12,851	-	12,851
Yangzhou Tonghua plant preparation project	23,195	-	23,195	13,071	-	13,071
Shanghai Jindun Phase II Expansion Project	21,505	-	21,505	2,143	-	2,143
Kunming CIMC Vehicle Industrial Park project	20,862	-	20,862	6,025	-	6,025
A new production plant in Baoji, China	20,757	-	20,757	19,034	-	19,034

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Construction in progress (Continued)

(1) Construction in progress (Continued)

	30 June 2023			31 December 2022		
	Original amount	Impairment provision	Carrying amount	Original amount	Impairment provision	Carrying amount
Raffles Outfitting Project	16,579	-	16,579	11,484	-	11,484
Lingang Road new yard construction project	13,704	-	13,704	10,636	-	10,636
CIMCNB water-based paint coating line reconstruction and waste treatment project	12,464	-	12,464	17,991	-	17,991
XHCIMCS production line and sewage purification renovation	12,421	-	12,421	11,310	-	11,310
Financial information system construction project	11,307	-	11,307	15,321	-	15,321
Huajun production maintenance investment project	10,110	-	10,110	4,607	-	4,607
Raffles Gate 2 Integrated Office Building Project	8,168	-	8,168	8,168	-	8,168
CIMC Intelligent Logistics equipment project	7,372	-	7,372	111,965	-	111,965
LOM-CRTC-ON production line upgrade	6,431	-	6,431	5,968	-	5,968
Other construction projects of TAS Industrial Park Group	5,069	-	5,069	4,559	-	4,559
Tiezhongbao new plant preparation project	3,840	-	3,840	1,461	-	1,461
Huaheng transportation ship maintenance project	2,970	-	2,970	2,829	-	2,829
Taicang CIMC Special Logistics Equipment Co., LTD. Special equipment painting line transformation and waste gas treatment project	2,356	-	2,356	2,225	-	2,225
TCCRC workshop renovation project	1,950	-	1,950	8,042	-	8,042
Ningbo CIMC Longteng Twin Star Project	1,353	-	1,353	4,630	-	4,630
Raffles project	-	-	-	1,684,390	(872,666)	811,724
Adaptive transformation project	-	-	-	65,833	-	65,833
Raffles Shipyard new construction and renovation projects	-	-	-	11,542	-	11,542
Huajun plant preparation project	-	-	-	4,017	-	4,017
Others	282,539	-	282,539	139,839	-	139,839
	5,879,929	(1,647,882)	4,232,047	7,203,382	(2,462,503)	4,740,879

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Construction in progress (Continued)

(2) Movement of significant projects of construction in progress during the period

	Budget amount	31 December 2022	Current period additions	Transferred to fixed assets	Other reduction (i)	Currency translation differences	30 June 2023	Proportion of project investment to budget	Progress of construction	Cumulative capitalised interest	Including: current period capitalised interest	Current period capitalised interest ratio	Source of funds
Ultra deep water drilling platform project	4,325,013	4,126,985	-	-	-	154,778	4,281,763	99%	99%	1,633,432	-	-	Self-funding & bank loan
Enric low temperature plant renovation project	403,064	338,107	99,542	(44,780)	(1,175)	-	391,694	97%	97%	1,607	-	-	Self-funding & bank loan
TAS Industrial Park Phase III Dormitory project	161,000	58,223	27,690	-	-	-	85,913	54%	54%	-	-	-	Self-funding
Dongguan southern CIMC Fenggang phase 2 project	711,865	147,008	64,684	(124,268)	(9,324)	-	78,100	11%	11%	-	-	-	Self-funding
Yangshan Logistics Longteng Plan Final Assembly Model Project	149,225	86,073	15,289	(43,617)	-	-	57,745	39%	39%	-	-	-	Self-funding
Raffles launching barge project	73,417	-	56,585	-	-	-	56,585	77%	77%	-	-	-	Self-funding
Taicang CIMC New Talent Apartment Project	90,860	28,036	25,022	-	-	-	53,058	58%	58%	-	-	-	Self-funding
Yangzhou CIMC new intelligent factory construction project	330,000	21,731	27,864	(75)	-	-	49,520	15%	15%	-	-	-	Self-funding
Vanguard-Trenton & Monon GA Plant	94,068	39,821	14,251	(10,576)	-	1,629	45,125	97%	97%	-	-	-	Self-funding
Equipment production line project for Huzhou Liangcai new energy battery cell recycling packaging vehicle series	273,000	27,176	43,771	(26,040)	(2,600)	-	42,307	15%	15%	-	-	-	Self-funding
Hull special inspection project	45,966	44,985	26,458	-	(31,071)	1,687	42,059	91%	91%	-	-	-	Self-funding
TCCIMC relocation and reconstruction project	63,519	32,530	4,313	(1,010)	-	-	35,833	56%	56%	-	-	-	Self-funding
Shanghai Zhongji Baowei Industrial Co., LTD. Coating line upgrade project	90,877	20,481	18,735	(3,150)	(2,575)	-	33,491	37%	37%	-	-	-	Self-funding
Tianjin CIMC Special box line equipment renovation project	67,318	27,588	17,530	(13,358)	-	-	31,760	47%	47%	-	-	-	Self-funding
Nantong Yuanneng new energy integrated equipment project	387,326	-	30,289	-	-	-	30,289	8%	8%	-	-	-	Self-funding
Fujian CIMC civil engineering and supporting equipment	200,000	-	30,236	-	-	-	30,236	15%	15%	-	-	-	Self-funding

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(All amounts in RMB'000 unless otherwise stated)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Construction in progress (Continued)

(2) Movement of significant projects of construction in progress during the period (Continued)

	Budget amount	31 December 2022	Current period additions	Transferred to fixed assets	Other reduction (i)	Currency translation differences	30 June 2023	Proportion of project investment to budget	Progress of construction	Cumulative capitalised interest	Including: current period capitalised interest	Current period capitalised interest ratio	Source of funds
Enric workshop construction project	68,913	24,697	93	-	-	-	24,790	36%	36%	-	-	-	Self-funding
Raffles gantry crane project	94,950	12,851	11,858	-	-	-	24,709	26%	26%	-	-	-	Self-funding
Yangzhou Tonghua plant preparation project	40,490	13,071	13,907	(1,347)	(2,436)	-	23,195	57%	57%	-	-	-	Self-funding
Shanghai Jindun Phase II Expansion Project	188,935	2,143	19,617	(255)	-	-	21,505	12%	12%	-	-	-	Self-funding
Kunming CIMC Vehicle Industrial Park project	119,460	6,025	14,837	-	-	-	20,862	75%	75%	-	-	-	Raising funds/ Self-funding
A new production plant in Baoji, China	45,000	19,034	3,570	(1,847)	-	-	20,757	76%	80%	-	-	-	Raising funds
Raffles Outfitting Project	22,860	11,484	5,095	-	-	-	16,579	73%	73%	-	-	-	Self-funding
Lingang Road new yard construction project	13,241	10,636	5,051	-	(1,983)	-	13,704	80%	80%	-	-	-	Self-funding
CIMCNB water-based paint coating line reconstruction and waste treatment project	365,460	17,991	2,900	(7,023)	(1,404)	-	12,464	3%	3%	-	-	-	Self-funding
XHCIMCS production line and sewage purification renovation	63,236	11,310	2,848	(1,737)	-	-	12,421	20%	20%	-	-	-	Self-funding
Financial information system construction project	210,419	15,321	4,437	-	(8,451)	-	11,307	5%	5%	-	-	-	Self-funding
Huajun production maintenance investment project	14,604	4,607	5,722	(219)	-	-	10,110	69%	69%	-	-	-	Self-funding
Raffles Gate 2 Integrated Office Building Project	200,000	8,168	-	-	-	-	8,168	4%	4%	-	-	-	Self-funding
CIMC Intelligent Logistics equipment project	456,000	111,965	9,473	(114,066)	-	-	7,372	90%	99%	-	-	-	Raising funds
LOM-CRTC-ON production line upgrade	6,300	5,968	71	-	-	392	6,431	95%	99%	-	-	-	Self-funding
Other construction projects of TAS Industrial Park Group	34,000	4,559	510	-	-	-	5,069	39%	39%	-	-	-	Self-funding
Tiezhongbao new plant preparation project	68,000	1,461	4,136	(1,757)	-	-	3,840	6%	6%	-	-	-	Self-funding

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(All amounts in RMB'000 unless otherwise stated)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Construction in progress (Continued)

(2) Movement of significant projects of construction in progress during the period (Continued)

	Budget amount	31 December 2022	Current period additions	Transferred to fixed assets	Other reduction (i)	Currency translation differences	30 June 2023	Proportion of project investment to budget	Progress of construction	Cumulative capitalised interest	Including: current period capitalised interest	Current period capitalised interest ratio	Source of funds
Huaheng transportation ship maintenance project	3,308	2,829	141	-	-	-	2,970	90%	90%	-	-	-	Self-funding
Taicang CIMC Special Logistics Equipment Co., LTD. Special equipment painting line transformation and waste gas treatment project	88,166	2,225	1,085	(954)	-	-	2,356	3%	3%	-	-	-	Self-funding
TCCRC workshop renovation project	19,124	8,042	2,038	(8,130)	-	-	1,950	10%	10%	-	-	-	Self-funding
Ningbo CIMC Longteng Twin Star Project	680,000	4,630	2,231	(4,925)	(583)	-	1,353	1%	1%	-	-	-	Self-funding
Raffles project	1,701,404	1,684,390	-	(1,747,561)	-	63,171	-	100%	100%	314,598	-	-	Self-funding & bank loan
Adaptive transformation project	66,164	65,833	1,749	-	(70,052)	2,470	-	100%	100%	-	-	-	Self-funding
Raffles Shipyard new construction and renovation projects	42,309	11,542	30,766	(42,294)	(14)	-	-	100%	100%	-	-	-	Self-funding
Huajun plant preparation project	2,350	4,017	-	(1,639)	(2,378)	-	-	100%	100%	-	-	-	Self-funding
Others		139,839	330,040	(173,891)	(13,989)	540	282,539			-	-	-	Self-funding
		7,203,382	974,434	(2,374,519)	(148,035)	224,667	5,879,929	-		1,949,637	-		

(i) For other reduction in construction in progress, RMB19,329,000 was transferred to intangible assets, RMB86,204,000 was transferred to long-term prepaid expenses.

(3) Impairment provisions of construction in progress

	31 December 2022	Current period additions	Transferred to fixed assets in current period	Current period decrease	Currency translation differences	30 June 2023	Reason for provision
Ultra deep water drilling platform project	1,547,715	-	-	-	58,045	1,605,760	The transfer of the jack-up H273 project to fixed assets in current period resulted in a decrease in impairment provision for construction in progress
Raffles project	872,666	-	(905,394)	-	32,728	-	
Enric Low temperature plant renovation project	42,122	-	-	-	-	42,122	
	2,462,503	-	(905,394)	-	90,773	1,647,882	

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For the period from 1 January 2023 to 30 June 2023
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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 2022	4,453,127	2,192,742	137,104	456,297	347,525	110,450	123,266	7,820,511
Business combination	30,779	10,506	-	-	-	-	23,180	64,465
Additions	1,505,036	37,483	-	-	-	-	-	1,542,519
Transferred from								
construction in progress	-	19,329	-	-	-	-	-	19,329
Disposals in current period	(74,032)	(1,865)	-	-	-	-	(21,003)	(96,900)
Currency translation differences	56,143	(173,286)	-	3,534	(64,945)	(1,309)	(3,828)	(183,691)
30 June 2023	5,971,053	2,084,909	137,104	459,831	282,580	109,141	121,615	9,166,233
Accumulated amortisation								
31 December 2022	1,095,049	1,351,947	32,730	413,812	294,122	39,404	31,629	3,258,693
Amortisation recognised in								
current period	51,268	95,205	-	3,282	-	861	2,821	153,437
Other decreases	(14,555)	(12,735)	-	-	-	-	-	(27,290)
Currency translation differences	14,550	(160,325)	-	4,362	(63,806)	(2,312)	(2,353)	(209,884)
30 June 2023	1,146,312	1,274,092	32,730	421,456	230,316	37,953	32,097	3,174,956
Impairment provision								
31 December 2022	-	32,800	104,374	36,265	52,264	-	4,685	230,388
Provision recognised in								
current period	-	-	-	-	-	-	-	-
Disposals in current period	-	-	-	-	-	-	-	-
Currency translation differences	-	1,780	-	2,056	-	-	-	3,836
30 June 2023	-	34,580	104,374	38,321	52,264	-	4,685	234,224
Carrying amount								
30 June 2023	4,824,741	776,237	-	54	-	71,188	84,833	5,757,053
31 December 2022	3,358,078	807,995	-	6,220	1,139	71,046	86,952	4,331,430

For the period from 1 January to 30 June 2023, amortisation expenses of intangible assets amounted to RMB153,437,000 (for the period from 1 January to 30 June 2022: RMB201,776,000).

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For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Intangible assets and development expenditures (Continued)

- (2) As at 30 June 2023, the land use rights with a carrying amount of RMB1,392,000,000 (original price of RMB1,392,000,000) (31 December 2022: carrying amount of RMB190,898,000, original price of RMB316,261,000) had not been obtained due to the reason that it had not yet reached the state of use.
- (3) As at 30 June 2023, the net intangible asset with indefinite useful lives was gas station franchise and a trademark right, which amounted to RMB207,384,000 (31 December 2022: RMB204,631,000).
- (4) As at 30 June 2023, the carrying amount of intangible assets with limited ownership amounted to RMB35,271,000 (31 December 2022: RMB35,813,000).
- (5) Development expenditures are as follows:

	31 December 2022	Increase in current period	Decrease in current period		30 June 2023
			Current profits and losses	Recognised as intangible assets	
Project on container technology	–	390,990	(390,990)	–	–
Project on energy and chemical technology	–	319,536	(319,536)	–	–
Project on vehicle technology	–	169,673	(169,673)	–	–
Project on airport technology	–	96,555	(96,555)	–	–
Project on load technology	–	56,240	(56,240)	–	–
Project on offshore engineering technology	–	49,285	(49,285)	–	–
Project on logistics technology	–	15,554	(15,554)	–	–
Others	35,779	38,673	(21,943)	–	52,509
	35,779	1,136,506	(1,119,776)	–	52,509

For the period from 1 January to 30 June 2023, the Group's development expenditures amounted to RMB1,136,506,000 (for the period from 1 January to 30 June 2022: RMB1,070,324,000), among which RMB1,119,777,000 (for the period from 1 January to 30 June 2022: RMB1,039,168,000) was included in research and development expenses in current period. For the period from 1 January to 30 June 2023, no intangible assets transferred from development expenditures within the Group (for the period from 1 January to 30 June 2022: nil).

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For the period from 1 January 2023 to 30 June 2023
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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 2022	820,030	433,130	116,194	206,077	3,878	14,349	1,593,658
Additions from lease contract	130,043	34,726	-	21,851	1,369	17,134	205,123
Decrease in current period	(94,353)	(5,431)	-	(4,294)	(309)	(2,012)	(106,399)
Lease changes	(97)	-	-	-	-	-	(97)
Other decreases	(94,256)	(5,431)	-	(4,294)	(309)	(2,012)	(106,302)
Currency translation differences	94,221	(3,087)	10,466	(4,363)	2,380	663	100,280
30 June 2023	949,941	459,338	126,660	219,271	7,318	30,134	1,792,662
Accumulated depreciation							
31 December 2022	363,705	163,128	53,893	132,388	1,406	4,498	719,018
Depreciation recognised in current period	82,967	34,677	7,155	10,622	2,532	3,427	141,380
Decrease in current period	(40,432)	(5,325)	-	(4,294)	(274)	-	(50,325)
Lease changes	(97)	-	-	-	-	-	(97)
Other decreases	(40,335)	(5,325)	-	(4,294)	(274)	-	(50,228)
Currency translation differences	30,602	(2,892)	9,361	(403)	964	69	37,701
30 June 2023	436,842	189,588	70,409	138,313	4,628	7,994	847,774
Carrying amount							
30 June 2023	513,099	269,750	56,251	80,958	2,690	22,140	944,888
31 December 2022	456,325	270,002	62,301	73,689	2,472	9,851	874,640

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For the period from 1 January 2023 to 30 June 2023
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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Goodwill

	31 December 2022	Current period additions	Current period decrease	Currency translation differences	30 June 2023
Enric	635,513	–	–	9,383	644,896
Vehicles UK	325,439	–	–	29,043	354,482
TGE SA	167,524	–	–	6,440	173,964
Bassoe	125,806	–	–	–	125,806
CIMC Wetrans Zelian International Logistics (Hong Kong) Co. Ltd. and CIMC Wetrans Zelian International Logistics (Shanghai) Co., Ltd.	221,250	–	–	–	221,250
Others	1,478,251	30,583	–	5,820	1,514,654
Sub-total	2,953,783	30,583	–	50,686	3,035,052
Less: Impairment provision					
Bassoe	125,806	–	–	–	125,806
TGE SA	51,760	–	–	–	51,760
Others	259,342	–	–	4,723	264,065
Sub-total	436,908	–	–	4,723	441,631
Net value	2,516,875				2,593,421

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For the period from 1 January 2023 to 30 June 2023
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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Goodwill (Continued)

(1) Impairment test of goodwill allocated to asset groups

All goodwill belongs to the Group has been allocated to relevant asset groups or combination of asset groups on the purchase date. There is no change in the allocation of goodwill for the period from 1 January to 30 June 2023. According to the Segment Reporting (Note XV), the allocation is summarised as follows:

	30 June 2023	31 December 2022
Energy, chemical and liquid food equipment asset group	1,044,048	1,028,225
Logistics services asset group	457,606	457,606
Road transportation vehicles asset group	430,210	400,290
Airport facilities and logistics equipment, fire safety and rescue equipment asset group	322,552	322,332
Containers manufacturing asset group	171,258	166,463
Recycled load business asset group	63,408	52,380
Asset groups with insignificant allocation percentage of goodwill group	104,339	89,579
	2,593,421	2,516,875

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).

24. Long-term prepaid expenses

	31 December 2022	Increase in current period	Current period amortisation	Currency translation differences	30 June 2023
Yard facility expenses	51,594	2,056	(15,341)	263	38,572
Project insurance and commission	29,860	–	(851)	–	29,009
Drilling platform mobilisation fee (i)	252,761	35,013	(54,773)	–	233,001
Improvements to right-of-use assets	100,451	2,605	(3,283)	–	99,773
Improvement of engineering vessels	303,369	137,239	(87,792)	28,417	381,233
Others	175,142	84,447	(37,216)	223	222,596
	913,177	261,360	(199,256)	28,903	1,004,184

(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.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Deferred tax assets and deferred tax liabilities

(1) The pre-offsetting balances of deferred tax assets

	2023年6月30日		2022年12月31日	
	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	914,412	181,863	777,218	153,585
Provisions	870,287	163,438	812,973	154,495
Employee benefits payable	1,870,408	401,049	1,816,574	397,717
Accrued expenses	833,101	166,296	800,312	163,328
Deductible losses	2,000,554	462,914	1,820,672	425,826
Fair value changes of derivative financial assets	613,796	131,475	186,037	37,563
Intra-group unrealised revenue	216,300	52,006	201,328	48,927
Others	163,435	28,718	229,314	40,294
Sub-total	7,482,293	1,587,759	6,644,428	1,421,735
Including:				
Amount expected to be reversed within 1 year (inclusive)		532,524		435,280
Amount expected to be reversed over 1 year		1,055,235		986,455
		1,587,759		1,421,735

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Deferred tax assets and deferred tax liabilities (Continued)

(2) The pre-offsetting balances of deferred tax liabilities

	30 June 2023		31 December 2022	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Deferred tax liabilities:				
Fair value changes of derivative financial assets	(13,901)	(3,179)	(160,777)	(42,801)
Fair value changes of investment properties	(465,509)	(115,978)	(487,850)	(121,526)
Revaluation gain through combination	(432,066)	(82,903)	(413,068)	(70,752)
Gross profit of overseas projects (pay tax after completion)	(428,504)	(107,126)	(434,020)	(108,505)
Accelerated depreciation of long-term assets	(1,729,627)	(351,616)	(1,288,018)	(259,104)
Non-resident foreign companies pay dividends to the Mainland	–	–	–	–
Enterprise relocation income	–	–	–	–
Others	(246,248)	(59,034)	(13,471)	(3,229)
Sub-total	(3,315,855)	(719,836)	(2,797,204)	(605,917)
Including:				
Amount expected to be reversed within 1 year (inclusive)		(119,157)		(164,327)
Amount expected to be reversed over 1 year		(600,679)		(441,590)
		(719,836)		(605,917)

(3) Unrecognised deferred tax assets:

	30 June 2023	31 December 2022
Deductible losses	3,629,537	3,358,729
Others	481,096	420,878
	4,110,633	3,779,607

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Deferred tax assets and deferred tax liabilities (Continued)

(4) Maturity of deductible losses that are not recognised as deferred tax assets:

	30 June 2023	31 December 2022	Note
2023	146,151	148,651	
2024	172,930	176,430	
2025	121,789	147,789	
2026	241,727	259,227	Note 1
2027	291,392	308,892	
After 2028	15,108,701	13,952,003	
	16,082,690	14,992,992	

Note 1: As at 30 June 2023, 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 30 June 2023, 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 RMB2,729,479,000 (31 December 2022: RMB1,742,355,000) 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:

	30 June 2023		31 December 2022	
	Offsetting amount	Offsetting balances	Offsetting amount	Offsetting balances
Deferred tax assets	(335,382)	1,252,377	(314,964)	1,106,771
Deferred tax liabilities	335,382	(384,454)	314,964	(290,953)

26. Other non-current assets

	30 June 2023	31 December 2022
Prepayment for equipment	264,775	301,269
Prepayment for construction	21,226	17,091
Others	40,850	30,239
	326,851	348,599

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Provision for asset impairment and losses

	31 December 2022	Current period additions	Reversal	Write-off	Current period decrease			30 June 2023
					Transferred from fixed assets/ (transferred to construction in progress)	Transferred to held for sale	Currency translation differences	
Provision for bad debts of note receivables	1,443	1,254	(261)	(4)	-	-	25	2,457
Provision for bad debts of receivables financing	775	79	(134)	(44)	-	-	13	689
Provision for bad debts of account receivables	990,615	120,254	(76,224)	(18,401)	-	-	12,437	1,028,681
Provision for bad debts of other receivables	323,829	30,469	(30,835)	(1,427)	-	-	9,330	331,366
Provision for bad debts of long-term receivables and current portion of non-current assets	4,992	1,403	(11)	(998)	-	-	-	5,386
Sub-total	1,321,654	153,459	(107,465)	(20,874)	-	-	21,805	1,368,579
Provision for bad debts of advance to suppliers	31,392	90	-	(85)	-	-	136	31,533
Impairment provision of inventories and contract performance costs	1,415,567	114,635	(18,949)	(86,670)	-	-	34,353	1,458,936
Impairment provision of contract assets	80,503	8,274	(3,634)	-	-	-	1,838	86,981
Impairment provision of long-term equity investments	221,976	-	-	-	-	-	4,031	226,007
Impairment provision of fixed asset	8,010,856	-	-	-	905,394	(6,231)	257,779	9,167,798
Impairment provision of construction in progress	2,462,503	-	-	-	(905,394)	-	90,773	1,647,882
Impairment provision of intangible assets	230,388	-	-	-	-	-	3,836	234,224
Impairment provision of goodwill	436,908	-	-	-	-	-	4,723	441,631
Provision for impairment of assets held for sale	110,560	-	-	-	-	-	8,182	118,742
Sub-total	13,000,653	122,999	(22,583)	(86,755)	-	(6,231)	405,651	13,413,734
	14,322,307	276,458	(130,048)	(107,629)	-	(6,231)	427,456	14,782,313

Please refer to the respective notes of the assets for reasons of the provision.

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For the period from 1 January 2023 to 30 June 2023
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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Restricted assets

As at 30 June 2023, assets with restrictions in their ownerships are as follows:

	Note	30 June 2023	Restricted reasons
Cash and cash equivalents	IV.1	1,067,975	Margin, deposit of statutory reserves of the central bank
Intangible assets	IV.21	35,271	No transfer without the permission from government
Receivables financing	IV.6	6,100	Pledge
Notes receivables	IV.4	63,307	Pledge
Total		1,172,653	

29. Short-term borrowings

	Note	30 June 2023	31 December 2022
Guaranteed	(a)		
USD		1,250,063	1,857,413
RMB		1,597,206	485,068
EUR		40,346	88,380
HKD		1,559,122	–
Sub-total		4,446,737	2,430,861
Unsecured			
USD		455,095	775,855
EUR		101,242	94,090
GBP		65,831	93,234
RMB		2,872,115	802,897
HKD		342,435	–
Others		–	129,654
Sub-total		3,836,718	1,895,730
Discounted notes			
RMB		–	44,123
		8,283,455	4,370,714

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Short-term borrowings (Continued)

- (a) As at 30 June 2023, the guaranteed borrowings of RMB4,446,737,000 (31 December 2022: RMB2,430,861,000) was guaranteed by the Group internally.
- (b) As at 30 June 2023, the interest rate of short-term borrowings ranged from 2.50% to 5.94% (31 December 2022: 0.05% to 5.65%).

30. Notes payables

	30 June 2023	31 December 2022
Bank acceptance notes	3,396,084	2,890,573
Trade acceptance notes	209,547	239,343
	3,605,631	3,129,916

31. Account payables

	30 June 2023	31 December 2022
Due to raw material suppliers	12,484,238	12,528,639
Integrated logistics charges	2,125,168	1,964,876
Equipment procurement charges	1,253,409	611,084
Project procurement charges	256,855	385,091
Transportation charges	307,489	203,689
Project contracts charges	386,083	154,616
Processing charges	158,673	153,146
Others	397,537	561,005
	17,369,452	16,562,146

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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:

	30 June 2023	31 December 2022
Within 1 year (inclusive)	15,805,787	15,613,357
1 to 2 years (inclusive)	766,192	527,616
2 to 3 years (inclusive)	549,767	260,452
Over 3 years	247,706	160,721
	17,369,452	16,562,146

As at 30 June 2023, account payables over 1 year with a carrying amount of RMB1,563,665,000 (31 December 2022: RMB948,789,000) 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

	30 June 2023	31 December 2022
Rental advances	22,248	24,465

As at 30 June 2023, there is no advances from customers with an age of more than 1 year (31 December 2022: Nil).

33. Contract liabilities

	30 June 2023	31 December 2022
Advances for goods	6,766,679	5,472,752
Advances for construction	7,500,125	6,675,343
Advances for trade and logistics	16,136	43,185
	14,282,940	12,191,280

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For the period from 1 January 2023 to 30 June 2023
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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Employee benefits payable

	Note	30 June 2023	31 December 2022
Short-term wages	(1)	4,804,234	5,252,063
Defined contribution plans	(2)	58,675	63,826
Dismissal welfare	(3)	10,375	16,170
		4,873,284	5,332,059

(1) Short-term wages

	31 December 2022	Increase in current period	Decrease in current period	Currency translation differences	30 June 2023
Wages or salaries, bonuses, allowances and subsidies	4,386,166	4,622,096	(5,038,241)	(7,260)	3,962,761
Profit-sharing and senior management bonus	492,379	–	(340)	–	492,039
Housing funds	6,193	188,361	(188,938)	(7)	5,609
Labour union funds and employee education funds	137,713	41,740	(71,427)	(61)	107,965
Social security contributions and others	29,934	170,547	(171,054)	(30)	29,397
Including: Medical insurance	20,442	148,819	(147,078)	(1)	22,182
Work injury insurance	8,248	16,647	(18,616)	(28)	6,251
Maternity insurance	1,244	5,081	(5,360)	(1)	964
Other short-term wages	199,678	223,933	(216,341)	(807)	206,463
	5,252,063	5,246,677	(5,686,341)	(8,165)	4,804,234

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Employee benefits payable (Continued)

(2) Defined contribution plans

	31 December 2022	Increase in current period	Decrease in current period	Currency translation differences	30 June 2023
Basic pensions	63,973	363,271	(372,788)	1,974	56,430
Unemployment insurance	(223)	10,219	(7,676)	–	2,320
Enterprise annuities	76	4,168	(4,319)	–	(75)
	63,826	377,658	(384,783)	1,974	58,675

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

	30 June 2023	31 December 2022
Others (i)	10,375	16,170

(i) As at 30 June 2023, the Group provided other compensation amounting to RMB10,375,000 to compensate for the termination of employment relationship.

35. Taxes payable

	30 June 2023	31 December 2022
Corporate income tax payable	908,532	4,063,387
VAT payable	402,623	507,375
Urban maintenance and construction tax payable	61,152	82,347
Educational surcharge payable	44,085	60,737
Individual income tax payable	64,355	55,602
Property tax payable	40,385	38,103
Others	98,797	96,198
	1,619,929	4,903,749

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For the period from 1 January 2023 to 30 June 2023
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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Other payables

	Note	30 June 2023	31 December 2022
Accrued expenses		3,064,614	3,015,425
Advance received		1,613,201	1,631,541
Warranties		820,400	734,676
Equipment or land use rights		80,954	587,890
Equity payable	(1)	207,507	258,609
Transportation charges		289,813	237,310
Equity incentive	(2)	139,719	139,719
Dividends due to non-controlling interests		344,412	58,004
Professional and training fees		39,430	48,776
External commission		26,548	44,580
Insurances		26,326	33,329
Restricted stock repurchase		–	38,706
Dividends		970,654	–
Interest payable		1,710	8,512
Including: Interest of short-term borrowings		1,531	8,400
Interest payable on long-term borrowings (with interest payable by installments and bullet repayment of principals)		179	112
Restructuring liabilities payable		3,353	3,672
Others		103,509	176,114
		7,732,150	7,016,863

- (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 RMB173,419,000.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Other payables (Continued)

- (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.

As at 30 June 2023, other payables aged more than 1 year were mainly unsettled warranties, deposits, etc.

37. Provisions

	Note	31 December 2022	Increase in current period	Decrease in current period	Currency translation differences	30 June 2023
Product warranties	(1)	1,020,209	250,806	(149,652)	35,189	1,156,552
Loss of pending actions		1,645	2,890	(4,232)	-	303
Relocation and liquidation compensation	(2)	173,408	-	(526)	-	172,882
Loss contract	(3)	97,823	4,185	(75,281)	1,048	27,775
Car loan risk provision	(4)	34,443	27,309	(38,311)	-	23,441
Others		60,004	27,143	(24,504)	2,155	64,798
		1,387,532	312,333	(292,506)	38,392	1,445,751

- (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 30 June 2023, 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 RMB11,464,000 (For the period from 1 January to 30 June 2022: RMB12,708,000) representing the credit impairment loss at the first stage.

	Guarantee balance	ECL rate in the next 12 months	Impairment provision	Reason
Car loan guarantee	1,339,647	1.75%	23,441	Note: Measured provision as ECL in the next 12 months

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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:

	Notes	30 June 2023	31 December 2022
Current portion of long-term borrowings	IV.40	4,479,459	3,952,077
Current portion of lease liabilities	IV.42	147,072	227,099
Current portion of long-term payables		48,334	11,854
Total		4,674,865	4,191,030

39. Other current liabilities

	30 June 2023	31 December 2022
Ultra-short-term financing bonds (i)	2,000,000	–
VAT to be recognised (ii)	369,751	304,908
Others	62,144	245,326
	2,431,895	550,234

- (i) From January to June in 2023, the Company issued three tranches of ultra-short-term financing bonds, with the first tranche amount of 500 million, the annual interest rate of 2.21% and the issuance period of 150 days. The second tranche amount is 1.5 billion, the annual interest rate is 2.15%, and the issuance period is 96 days. The amount of the third tranche is 500 million, the annual interest rate is 2.05%, and the issuance period is 92 days. From January to June in 2023, the issue price and nominal value of short-term financing bonds are RMB100, and the principal and interest will be repaid in one lump sum at maturity without guarantee, and the issue target is institutional investors in the inter-bank bond market.
- (ii) 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.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Long-term borrowings

	Note	30 June 2023	31 December 2022
Unsecured		9,211,976	5,478,606
Guaranteed	(i)	13,829,070	14,600,212
Pledged	(ii)	74,724	87,178
		23,115,770	20,165,996
Less: Current portion of long-term borrowings			
Unsecured		(2,638,845)	(1,836,476)
Guaranteed	(i)	(1,815,706)	(2,090,693)
Pledged	(ii)	(24,908)	(24,908)
		(4,479,459)	(3,952,077)
		18,636,311	16,213,919

- (i) As at 30 June 2023, the Group's bank guaranteed borrowings of RMB13,829,070,000 (31 December 2022: RMB14,600,212,000) was guaranteed by the Group internally.
- (ii) As at 30 June 2023, the Group's pledged borrowings were RMB74,724,000 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 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).
- (iii) As at 30 June 2023, the interest rate of long-term borrowings ranged from 1.19% to 6.45% (31 December 2022: 1.19% to 6.26%).

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Debentures payable

	Note	31 December 2022	Issuance in current period	Interest at par value	Repayment of principal in current period	Interest paid in current period	Currency translation differences	30 June 2023
Medium term notes	(1)	507,583	-	6,500	-	(13,000)	-	501,083
Convertible bond	(2)	1,388,644	-	20,280	-	-	45,391	1,454,315
		1,896,227	-	26,780	-	(13,000)	45,391	1,955,398
Less: Current portion of debentures payable		-						-
		1,896,227						1,955,398

(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.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Debentures payable (Continued)

(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.

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.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Debentures payable (Continued)

(2) Convertible bond (Continued)

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 30 June 2023. The movement of the liability component and the equity component of the convertible bonds for the period ended 30 June 2023 is set out below:

	Liability component	Equity component	Total
31 December 2022	1,388,644	123,944	1,512,588
Issuance	–	–	–
Interest	20,280	–	20,280
Exchange differences	45,391	–	45,391
30 June 2023	1,454,315	123,944	1,578,259

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.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. Lease Liabilities

	30 June 2023	31 December 2022
Lease liabilities	960,371	959,984
Less: Current portion of non-current lease liabilities (Note IV.38)	(147,072)	(227,099)
	813,299	732,885

43. Deferred income

	31 December 2022	Increase in current period	Decrease in current period	30 June 2023
Government grants	990,101	93,170	(78,605)	1,004,666
Others	6,272	37,730	(1,642)	42,360
	996,373	130,900	(80,247)	1,047,026

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Deferred income (Continued)

(1) Government grants

	31 December 2022	Increase in current period	Decrease in current period			30 June 2023	Asset related/ Income related
			Other income	Write- down of financial expenses	Non- operating income		
Yantai Raffles National Development and Reform Commission on the release of industrial upgrading project	200,000	-	-	-	-	200,000	Asset related
Enric relocation compensation	141,304	-	(3,566)	-	-	137,738	Asset related
Enric new factory government grants	59,580	-	(1,735)	-	-	57,845	Asset & income related
Enric Peak-shaving station government grants	52,312	-	(2,389)	-	-	49,923	Income related
Change oil into powder project for Enric standardised tanks and carbon steel tanks	12,754	-	-	-	-	12,754	Asset related
Enric provincial Carbon Peaking and Carbon Neutrality Science and Technology Innovation Special Fund to support enterprise to purchase related equipment	11,682	-	(252)	-	-	11,430	Asset related
Enric provincial Science and Technology achievement conversion grants	-	9,500	-	-	-	9,500	Asset related
Raffles Maritime Satellite Launch and Recovery Project	17,973	-	(17,343)	-	-	630	Income related
Raffles' Research on Design Technology Offshore Permeable Structure	6,219	-	(335)	-	-	5,884	Income related
Dongguan Southern CIMC Logistics Equipment Manufacture intelligent production line project	39,420	-	-	-	-	39,420	Asset related
2020 the tenth Ningbo CIMC Industry and Technology development special funds	20,696	-	(297)	-	-	20,399	Asset related
QDCRC world bank foaming	15,983	5,000	(1,383)	-	-	19,600	Asset related

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Deferred income (Continued)

(1) Government grants (Continued)

	31 December 2022	Increase in current period	Decrease in current period			30 June 2023	Asset related/ Income related
			Other income	Write- down of financial expenses	Non- operating income		
QDCRC World Bank foaming project	7,826	5,000	(793)	-	-	12,033	Income related
2022 provincial special funds to promote high-quality economic development for XHCIMCS	1,153	-	(1,153)	-	-	-	Income related
2021 provincial smart factory (digital workshop) project of Ningbo CIMC	47,708	-	(2,083)	-	-	45,625	Asset related
Intelligent upgrading project for container production lines of Longteng Project	3,460	-	-	-	(157)	3,303	Asset related
Special fund for the transformation and upgrading of TCCRC	5,703	-	(258)	-	-	5,445	Asset related
Technical upgrading project for container production lines of Shanghai Baowei	-	4,910	-	-	-	4,910	Asset related
Chuzhou government grants for fixed asset	13,734	-	(12,204)	-	-	1,530	Asset related
Support fund for infrastructure construction of Hengyang New Materials	4,549	-	(4,549)	-	-	-	Asset related
Qianhai innovation and entrepreneurship carrier special funds	22,510	-	-	-	-	22,510	Asset related
CIMC Offshore Holdings's research and development and application demonstration of deep-sea high-performance offshore wind power operation and maintenance vessels and core equipment	9,827	-	(1,380)	-	-	8,447	Asset & income related
Offshore test platform project of CIMC Offshore Holdings	1,860	-	(31)	-	-	1,829	Asset related

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Deferred income (Continued)

(1) Government grants (Continued)

	31 December 2022	Increase in current period	Decrease in current period			30 June 2023	Asset related/ Income related
			Other income	Write- down of financial expenses	Non- operating income		
SYFFVF relocation compensation	17,702	-	(517)	-	-	17,185	Asset related
TAS industrial base project	21,250	-	(712)	-	-	20,538	Asset related
Land rebate for Shaanxi CIMC Vehicles Industry	37,543	-	(64)	-	-	37,479	Asset & income related
Shenzhen Special Vehicle Grant for fixed assets Improvement	19,604	-	-	-	(1,103)	18,501	Asset related
Investment and renovation project of Yangzhou Bureau of Industry and Information Technology in 2021	4,843	-	(208)	-	-	4,635	Asset related
Discount on loan for construction of factory of YZTH	-	23,294	-	(2,091)	-	21,203	Asset related
Land supporting funds and technical research and development funds obtained by Shandong Vehicles free of charge	6,234	-	(113)	-	-	6,121	Asset related
Three-dimensional warehouse project and atmospheric treatment project of CIMC Huajun	5,332	-	(124)	-	-	5,208	Asset related
Technological transformation project of Jiangmen Vehicle	9,119	-	(622)	-	-	8,497	Asset related
Intelligent manufacturing technology transformation for special-use vehicles of Gansu CIMC	3,359	-	(168)	-	-	3,191	Asset related
Others	168,862	45,466	(22,860)	-	(115)	191,353	Asset & income related
	990,101	93,170	(75,139)	(2,091)	(1,375)	1,004,666	

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44. Other non-current liabilities

	Note	30 June 2023	31 December 2022
Forward foreign exchange contracts	IV.3(1)	182	–
Exchange rate/interest rate swap contracts	IV.3(3)	5,204	10,930
Others		16,112	18,790
		21,498	29,720

45. Share capital

	31 December 2022	Increase in current period	Decrease in current period	Unfreezing of shares subject to trading restriction	30 June 2023
Shares subject to trading restriction					
Held by domestic natural person	1,275	–	–	–	1,275
Share not subject to trading restriction					
RMB dominated ordinary shares	2,301,408	–	–	–	2,301,408
Foreign shares listed overseas	3,089,838	–	–	–	3,089,838
	5,392,521	–	–	–	5,392,521

	31 December 2021	Increase in current year	Decrease in current year	Unfreezing of shares subject to trading restriction	31 December 2022
Shares subject to trading restriction					
Held by domestic natural person	850	425	–	–	1,275
Share not subject to trading restriction					
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

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. Other equity instruments

	31 December 2022	Issuance in current period	Interest at par value	Paid in current period	30 June 2023
22 CIMC MTN001 (a)	2,049,774	–	32,100	(64,200)	2,017,674

	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

(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.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47. Capital reserve

	31 December 2022	Increase in current period	Decrease in current period	30 June 2023
Share premium	3,787,054	26,659	(479,954)	3,333,759
Including: Capital reserve due to minority shareholder's contribution	2,628,533	–	–	2,628,533
Disposals of partial equity of subsidiary	986,115	–	–	986,115
Capital reserve due to acquiring non-controlling interests	(1,191,032)	26,659	(479,954)	(1,644,327)
Increase in non-controlling interests resulted from acquisition or establishment of subsidiary	(107,258)	–	–	(107,258)
Transfer from capital reserve to share capital	(1,797,507)	–	–	(1,797,507)
Others	3,268,203	–	–	3,268,203
Other capital reserve	420,744	31,379	(11,414)	440,709
Including: Equity-settled share-based payments	618,506	25,538	–	644,044
Increase in non-controlling interests due to share option exercised by subsidiary	(11,847)	–	–	(11,847)
Subsidiary issuance of convertible bond	123,944	–	–	123,944
Effect of changes in recording currency	(406,795)	–	–	(406,795)
Others	96,936	5,841	(11,414)	91,363
	4,207,798	58,038	(491,368)	3,774,468

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For the period from 1 January 2023 to 30 June 2023
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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47. Capital reserve (Continued)

	31 December 2021	Increase in current year	Decrease in current year	31 December 2022
Share premium	5,191,334	842,799	(2,247,079)	3,787,054
Including: Capital reserve due to minority shareholder's contribution	1,900,737	729,192	(1,396)	2,628,533
Disposals of partial equity of subsidiary	915,936	70,354	(175)	986,115
Capital reserve due to acquiring non- controlling interests	(786,284)	43,253	(448,001)	(1,191,032)
Increase in non-controlling interests resulted from acquisition or establishment of subsidiary	(107,258)	-	-	(107,258)
Transfer from capital reserve to share capital (Note IV.45)	-	-	(1,797,507)	(1,797,507)
Others	3,268,203	-	-	3,268,203
Other capital reserve	332,762	92,172	(4,190)	420,744
Including: Equity-settled share-based payments	529,599	88,907	-	618,506
Increase in non- controlling interests due to share option exercised by subsidiary	(15,112)	3,265	-	(11,847)
Subsidiary issuance of convertible bond	123,944	-	-	123,944
Effect of changes in recording currency	(406,795)	-	-	(406,795)
Others	101,126	-	(4,190)	96,936
	5,524,096	934,971	(2,251,269)	4,207,798

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For the period from 1 January 2023 to 30 June 2023
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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. Other comprehensive income

	Other comprehensive income in the balance sheet		Other comprehensive income in the income statement for the period from 1 January to 30 June 2023				
	31 December 2022	Post-tax amount attributable to the Company	30 June 2023	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	638,526	(142,383)	496,143	(142,383)	-	(142,383)	-
Items that may be reclassified subsequently to profit or loss							
- Currency translation differences	(184,152)	(195,162)	(379,314)	(62,487)	-	(195,162)	132,675
- The share of other comprehensive income that will be reclassified into profit or loss under equity method	215,671	74,445	290,116	74,445	-	74,445	-
- 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	395,495	775	396,270	775	-	775	-
	1,065,540	(262,325)	803,215	(129,650)	-	(262,325)	132,675

	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)

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. Surplus reserve

	31 December 2022	Increase in current period	Decrease in current period	30 June 2023
Statutory surplus reserve	2,510,163	–	–	2,510,163
Discretionary surplus reserve	1,790,092	–	–	1,790,092
	4,300,255	–	–	4,300,255

	31 December 2021	Increase in current year	Decrease in current year	31 December 2022
Statutory surplus reserve	1,797,505	712,658	–	2,510,163
Discretionary surplus reserve	1,790,092	–	–	1,790,092
	3,587,597	712,658	–	4,300,255

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 upon approval.

50. Returned earnings

	Notes	For the period from 1 January to 30 June 2023	2022
Returned earnings at the beginning of the year		31,597,541	31,627,036
Add: Net profit attributable to shareholders and other equity holders of the Company in current period		398,556	3,219,226
Less: Equity attributable to holders of other equity instruments in current period		(32,100)	(55,435)
Less: Appropriation to surplus reserve		–	(712,658)
Less: Ordinary share dividends payable (1)		(970,654)	(2,480,628)
Returned earnings at the end of the period		30,993,343	31,597,541

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

50. Returned earnings (Continued)

(1) Ordinary share dividends distributed in current period

	For the period from 1 January to 30 June 2023	2022
Total proposed dividends in the current period	970,654	2,480,628

Approved by the shareholders' general meeting on 28 June 2023, the Company distributed cash dividends to ordinary shareholders on 18 August 2023, at RMB0.18 per share (2022: RMB0.69 per share), totaling RMB970,654,000 (2022: RMB2,480,628,000).

51. Revenue and cost of sales

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
Revenue from main operations	58,571,290	71,029,541
Revenue from other operations	2,002,678	1,096,717
	60,573,968	72,126,258
Cost of sales from main operations	50,909,223	60,434,700
Cost of sales from other operations	1,389,835	764,094
	52,299,058	61,198,794

(1) Revenue and cost of sales from main operations by industry

	For the period from 1 January to 30 June 2023		For the period from 1 January to 30 June 2022	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Containers manufacturing business	12,970,477	11,109,135	21,601,266	17,273,338
Road transportation vehicles business	11,904,689	9,610,591	10,639,197	9,904,187
Energy, chemical and liquid food equipment business	11,158,746	9,381,417	9,337,052	7,859,648
Logistics service business	8,980,664	8,415,427	17,188,126	16,243,533
Offshore engineering business	3,854,564	3,456,401	2,380,238	2,224,429
Airport facilities and logistics equipment, fire safety and rescue equipment business	2,196,807	1,757,003	2,499,476	2,015,353
Recycled load business	1,407,998	1,228,661	3,262,887	2,674,849
Finance and asset management business	801,229	955,954	1,059,863	936,741
Others	5,296,116	4,994,634	3,061,436	1,302,622
	58,571,290	50,909,223	71,029,541	60,434,700

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

51. Revenue and cost of sales (Continued)

(2) Revenue and cost of sales from main operations by location

	For the period from 1 January to 30 June 2023		For the period from 1 January to 30 June 2022	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
China	48,642,012	43,522,082	63,974,489	54,286,242
America	5,695,967	3,806,270	4,850,472	3,577,229
Europe	2,588,915	2,494,295	1,908,778	1,945,381
Asia (except for China)	1,417,844	1,025,784	148,721	494,260
Others	226,552	60,792	147,081	131,588
	58,571,290	50,909,223	71,029,541	60,434,700

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.

(3) Revenue and cost of sales from other operations

	For the period from 1 January to 30 June 2023		For the period from 1 January to 30 June 2022	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Sales of raw materials	1,587,712	1,118,460	663,449	495,458
Rendering of services	357,826	236,137	381,218	244,753
Rental income (i)	57,140	35,238	52,050	23,883
	2,002,678	1,389,835	1,096,717	764,094

(i) The Group's rental income comes from leasing its own houses and buildings, machinery and equipment and transportation vehicles. For the period from 1 January to 30 June 2023, there was no variable rent in the rental income based on a certain percentage of the lessee's sales (For the period from 1 January to 30 June 2022: Nil). For the period from 1 January to 30 June 2023, there was no significant change on financial leasing of the Group (For the period from 1 January to 30 June 2022: Nil).

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For the period from 1 January 2023 to 30 June 2023
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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

51. Revenue and cost of sales (Continued)

(4) Revenue of the Group by categories:

For the period from 1 January to 30 June 2023										
	Containers manufacturing business	Road transportation vehicles business	Energy, chemical and liquid food equipment business	Offshore engineering business	Airport facilities and logistics equipment, fire safety and rescue equipment business	Logistics service business	Recycled load business	Finance and asset management business	Others	Total
Revenue from main operations										
Including:										
Recognised at a point in time	12,970,477	11,737,705	7,484,956	439,790	1,373,533	-	1,407,998	130,957	5,296,116	40,841,532
Recognised over time	-	166,984	3,673,790	3,414,774	823,274	8,980,664	-	670,272	-	17,729,758
Revenue from other operations (i)	181,557	970,474	191,387	155,596	70,170	8,669	12,967	684	411,174	2,002,678
	13,152,034	12,875,163	11,350,133	4,010,160	2,266,977	8,989,333	1,420,965	801,913	5,707,290	60,573,968

For the period from 1 January to 30 June 2022										
	Containers manufacturing business	Road transportation vehicles business	Energy, chemical and liquid food equipment business	Offshore engineering business	Airport facilities and logistics equipment, fire safety and rescue equipment business	Logistics service business	Recycled load business	Finance and asset management business	Others	Total
Revenue from main operations										
Including:										
Recognised at a point in time	21,601,266	10,562,305	7,121,809	59,830	1,806,981	-	3,262,887	43,854	2,894,654	47,353,586
Recognised over time	-	76,892	2,215,243	2,320,408	692,495	17,188,126	-	1,016,009	166,782	23,675,955
Revenue from other operations (i)	213,335	425,576	176,491	46,945	79,842	19,553	118,898	7,721	8,356	1,096,717
	21,814,601	11,064,773	9,513,543	2,427,183	2,579,318	17,207,679	3,381,785	1,067,584	3,069,792	72,126,258

(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.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

52. Taxes and surcharges

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022	Standard
City maintenance and construction tax	69,065	69,400	7% of VAT paid
Educational surcharge	55,215	56,661	3% – 5% of VAT paid
Housing property tax	50,201	44,811	Real estate surplus or property rental income and applicable tax rate
Tenure tax	41,234	46,016	Actual using area of land and unit tax
Stamp duty	34,798	31,415	Amount or number of taxable voucher and applicable tax rate or unit tax
Land Appreciation Tax	–	8,674	Appreciation amount in transferring property and applicable tax rate
Others	6,269	5,511	
	256,782	262,488	

53. Selling and distribution expenses

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
Right-of-use assets depreciation	5,082	4,350
Employ fees	583,216	690,745
Selling operation expenses	188,854	103,813
Product warranty	113,367	89,431
External sales commission	93,415	104,531
Advertising fee	9,976	8,711
Product maintenance fee	7,562	7,449
Agency fees	36,698	22,607
Storage	56,977	16,746
Transportation and distribution expenses	15,273	11,712
Others	130,850	121,154
	1,241,270	1,181,249

Notes to the Financial Statements

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

54. General and administrative expenses

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
Employ fees	1,800,521	2,118,195
Agency fees	144,537	120,954
Amortisation	118,773	98,749
Depreciation	114,220	110,424
Entertainment fee	69,497	61,862
Travel expenses	61,207	23,908
Rental	70,604	58,430
Materials consumed and low-value consumables	22,213	36,034
Taxes and surcharges	9,311	11,672
Share-based payments expenses	77,030	73,889
Right-of-use assets depreciation	43,035	32,920
Insurance, external repairing expenses and others	405,522	638,322
	2,936,470	3,385,359

55. Research and development expenses

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
Direct material consumption	472,072	454,726
Research and development labour costs	477,652	440,168
Depreciation and amortisation	45,480	65,644
Testing fee	43,591	29,856
Design fee	8,548	12,167
Right-of-use assets depreciation	373	236
Others	72,061	40,898
	1,119,777	1,043,695

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

56. Financial expenses/(income)

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
Interest expenses of borrowings	915,826	549,111
Add: Interest expense on lease liabilities	11,961	18,626
Less: Capitalised interest expenses	(30,581)	(5,524)
Sub-total	897,206	562,213
Less: Interest income from bank deposits	(146,041)	(150,111)
Net exchange gains	(690,239)	(599,282)
Others	70,059	71,667
	130,985	(115,513)

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:

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
Finished goods and work in progress movement	1,540,518	688,611
Consumption of raw materials and low-valued consumables, etc.	36,685,478	38,663,146
Salary and wages	5,666,978	5,929,354
Depreciation and amortisation expenses	1,926,964	1,718,638
Right-of-use assets depreciation	141,380	143,199
Rental income (i)	171,475	102,675
Transportation and distribution expenses	7,792,576	16,578,721
Selling operation expenses	188,854	103,813
Power expenses	360,536	328,911
Processing and repairing expenses	670,842	622,498
Other expenses – other research and development expenses	586,277	526,578
Other expenses – other manufacturing expenses	807,805	436,963
Other expenses – other selling and distribution expenses	404,728	391,741
Other expenses – other general and administrative expenses	652,164	574,250
	57,596,575	66,809,098

- (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. For the period from 1 January to 30 June 2023, the amount was RMB171,475,000 (For the period from 1 January to 30 June 2022: RMB102,675,000).

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

58. Losses on changes in fair value

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
Financial assets at fair value through profit or loss		
– Investments in equity instruments held for trading	15,641	(1,496)
Investment properties at fair value	775	3,216
Financial liabilities at fair value through profit or loss		
– Contingent consideration	1,836	(25,516)
Derivative financial instruments	(1,143,922)	(887,456)
	(1,125,670)	(911,252)

59. Investment income

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
Investment income from financial assets held for trading during the holding period	1,421	–
Investment income from disposal of financial assets/liabilities held for trading	28,467	18,359
Investment income earned during the holding period of other equity instruments	54,994	60,935
Investment (losses)/income from disposal of derivative financial instruments	(343,573)	293,785
Income/(losses) from long-term equity investments under equity method	136,674	(33,580)
Investment income/(losses) from disposal of long-term equity investment	200,615	(212,199)
Investment (losses)/income from fair value of the equity held by the buyer before the purchase date shall be re-measured and recognized	(3,462)	36,740
Others	(1,052)	6,052
	74,084	170,092

60. Gains on disposals of assets

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022	Amount recognised in non-recurring profit or loss for the period from 1 January to 30 June 2023
Gains/(losses) on disposals of fixed assets	18,207	(6,229)	18,207
Gains on disposals of other assets	156	9,236	156
	18,363	3,007	18,363

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

61. Other income

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022	Asset related/Income related
Financial subsidies	173,459	156,468	Asset/Income related
Tax refund	33,496	27,539	Income related
Others	16,627	16,569	Income related
	223,582	200,576	

62. Asset impairment losses

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
Impairment losses on construction in progress	–	2,179
Impairment losses/(reversal) on contract assets	4,640	(3,983)
Impairment losses on inventories and costs incurred to fulfil a contract	95,686	11,005
Impairment losses on goodwill	–	30,620
Impairment losses on fixed assets	–	23
Impairment losses on intangible assets	–	5,959
Financial on bad debts of advance to suppliers	90	–
	100,416	45,803

63. Credit impairment losses

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
Losses on/(reversal of) on bad debts of long-term receivables (including current portion of non-current assets)	1,392	(19)
Losses on/(reversal of) bad debts of notes receivables	993	(799)
(Reversal of) bad debts of receivables financing	(55)	(586)
Losses on bad debts of account receivables	44,030	139,042
(Reversal of)/losses on bad debts of other receivables	(366)	8,355
(Reversal of) financial guarantee for vehicle loans	(11,464)	(12,708)
	34,530	133,285

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

64. Non-operating income

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022	Amount recognised in non-recurring profit or loss for the period from 1 January to 30 June 2023
Compensation income	23,652	11,140	23,652
Unpayable payables	10,432	40,090	10,432
Penalty income	7,090	9,301	7,090
Others	19,404	20,189	19,404
	60,578	80,720	60,578

65. Non-operating expenses

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022	Amount recognised in non-recurring profit or loss for the period from 1 January to 30 June 2023
Losses on scrapping of fixed assets	14,825	11,819	14,825
Claims expenses	1,560	13,602	1,560
Penalty expenses	7,403	3,279	7,403
Donations	93	416	93
Others	29,765	7,025	29,765
	53,646	36,141	53,646

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

66. Income tax expenses

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
Current income tax calculated based on tax law and related regulations	713,693	1,327,867
Deferred income tax	(52,104)	(63,855)
Total	661,589	1,264,012

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:

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
Total profit	1,651,971	4,498,100
Income tax expenses calculated at applicable tax rates (25%)	411,331	1,124,525
The effect of using different tax rates for subsidiaries	22,479	206,513
Effect of tax incentive	(32,792)	(69,404)
Cost, expenses and losses not deductible	33,973	49,909
Other income not subject to tax	(93,488)	(91,001)
Utilisation of previously unrecognised deductible losses	(33,240)	(32,388)
Deductible losses for which no deferred tax asset was recognised	305,665	144,119
Deductible temporary differences for which no deferred tax asset was recognised	67,516	21,539
Utilisation of previously unrecognised deductible temporary differences	(7,299)	(82,492)
Effect of tax rate change on deferred tax	–	15
Tax refund for income tax annual filing	(12,557)	(7,323)
Income tax expenses	661,589	1,264,012

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For the period from 1 January 2023 to 30 June 2023
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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:

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022 (Adjusted)
Consolidated net profit attributable to shareholders of the Company	398,556	2,538,512
Less: Equity attributable to holders of other equity instruments	(32,100)	(23,335)
Consolidated net profit (adjusted) attributable to ordinary shareholders of the Company	366,456	2,515,177
Weighted average number of ordinary shares outstanding ('000) (i)	5,392,521	5,392,521
Basic earnings per share (RMB/share)	0.07	0.47
Including: Going concern basic earnings per share	0.05	0.49
Basic earnings per share from discontinued operations	0.02	(0.02)

(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 potential ordinary shares by the adjusted weighted average number of ordinary shares outstanding:

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022 (Adjusted)
Consolidated net profit attributable to shareholders of the Company	398,556	2,538,512
Influence of the issuing of perpetual bonds by the Company	(32,100)	(23,335)
Influence of share-based payments by subsidiaries of the Group	13,710	(37,017)
Consolidated net profit attributable to ordinary shareholders of the Company (adjusted)	380,166	2,478,160
Weighted average number of ordinary shares outstanding (diluted) ('000) (adjusted)	5,392,521	5,392,521
Diluted earnings per share (RMB/share)	0.07	0.46

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

68. Information to cash flow statement

(1) Cash received relating to other operating activities

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
Cash received from government grants related to assets	80,434	87,796
Cash received from government grants related to income	173,459	156,468
Cash received from compensation income	23,652	11,140
Cash received from penalty income	7,090	9,301
Others	644,690	1,323,198
	929,325	1,587,903

(2) Cash paid related to other operating activities

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
Cash paid for rental, insurance and other miscellaneous expenses related to sales	167,548	143,761
Cash paid for research and development expenses	596,272	537,647
Cash paid for warranty	149,651	102,280
Cash paid for selling operation expenses	188,854	103,813
Others	938,680	1,001,507
	2,041,005	1,889,008

(3) Cash received related to other investing activities

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
Cash paid for purchase of the subsidiary during the current period less than the amount of cash held by the subsidiary	7,095	10,926
Cash received from option of subsidiary	-	495
	7,095	11,421

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

68. Information to cash flow statement (Continued)

(4) Cash paid related to other investing activities

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
IRS interest fee	–	5,901
Cash received for disposing the subsidiary during the current period less than the amount of cash held by the subsidiary	124,683	616,610
Losses on settlement of foreign exchange derivatives	642,940	136,247
	767,623	758,758

(5) Cash received related to other financing activities

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
Cash received from share option exercised by minority	–	5,130
Others	9,957	156,394
	9,957	161,524

(6) Cash paid related to other financing activities

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
Cash paid for underwriting, registration, establishment and financing fee	49,565	64,866
Cash paid for lease liabilities	144,408	44,642
Others	18,482	403,817
	212,455	513,325

For the period from 1 January to 30 June 2023, total cash paid out for lease related activities was RMB315,883,000 (For the period from 1 January to 30 June 2022: RMB153,242,000). Except for cash paid for lease liability above, the rest of cash paid out was operating activity related.

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
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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:

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
Net profit	990,382	3,234,088
Add: Asset impairment losses	100,416	45,803
Credit impairment losses	34,530	133,285
Depreciation of fixed assets	1,574,271	1,383,505
Right-of-use assets depreciation	141,380	143,199
Amortisation of intangible assets	153,437	201,776
Amortisation of long-term prepaid expenses	199,256	133,357
(Gains)/losses on disposal of fixed assets, intangible assets and other long-term assets	(3,538)	8,812
Losses on changes in fair value	1,125,670	1,162,947
Financial expense	739,204	393,476
Investment income	(74,084)	(170,092)
Share-based payment expenses	77,030	73,889
(Increase)/decrease in deferred tax assets	(145,606)	(144,055)
Increase/(decrease) in deferred tax liabilities	93,501	(80,200)
Decrease/(Increase) in inventories	(963,087)	(520,554)
Increase in operating receivables	(4,515,417)	(4,356,430)
Increase in operating payables	(1,535,627)	1,992,584
Net cash flows from operating activities	(2,008,282)	3,635,390

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

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 in cash and cash equivalents:

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
Cash and cash equivalents at the end of the period	17,042,395	22,327,791
Less: cash and cash equivalents at the beginning of the year	15,912,300	16,529,988
Net (decrease)/increase in cash and cash equivalents	1,130,095	5,797,803

(2) Composition of cash and cash equivalents

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
I. Cash		
Including: Cash on hand	11,925	10,087
Cash at bank that can be readily drawn on demand	16,206,231	20,272,124
Other monetary fund that can be readily drawn on demand	524,239	642,580
II. Redemptive monetary capital for sale and withdrawal of funds by Finance Company	300,000	1,403,000
III. Cash and cash equivalents at the end of the period	17,042,395	22,327,791

Note: The aforesaid cash and cash equivalents excluded restricted cash and cash equivalents.

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

70. Monetary items dominated in foreign currency

	30 June 2023		
	Functional currency ('000)	Exchange rate	In RMB ('000)
Monetary fund –			
USD	666,932	7.2258	4,819,117
EUR	113,646	7.8771	895,198
HKD	846,237	0.9220	780,213
GBP	39,148	9.1432	357,937
JPY	249,258	0.0501	12,486
AUD	14,567	4.7992	69,911
THP	635,450	0.2034	129,272
Others			141,213
			7,205,347
Account receivables –			
USD	1,329,044	7.2258	9,603,408
EUR	67,232	7.8771	529,596
GBP	42,394	9.1432	387,620
JPY	337,967	0.0501	16,930
HKD	177,002	0.9220	163,192
AUD	2,524	4.7992	12,114
THP	155,986	0.2034	31,733
Others			202,746
			10,947,338
Other receivables –			
USD	403,957	7.2258	2,918,913
GBP	30,276	9.1432	276,820
HKD	195,991	0.9220	180,700
EUR	7,753	7.8771	61,074
THP	241,825	0.2034	49,195
AUD	24,576	4.7992	117,947
Others			202,956
			3,807,606

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

70. Monetary items dominated in foreign currency (Continued)

	30 June 2023		
	Functional currency (‘000)	Exchange rate	In RMB (‘000)
Long-term receivables –			
USD	2,734	7.2258	19,754
Others			534
			20,288
Short-term borrowings –			
USD	235,982	7.2258	1,705,158
HKD	2,062,471	0.9220	1,901,557
EUR	17,975	7.8771	141,588
GBP	7,200	9.1432	65,831
			3,814,134
Account payables –			
USD	468,894	7.2258	3,388,135
EUR	42,151	7.8771	332,029
GBP	28,698	9.1432	262,389
THP	221,561	0.2034	45,073
AUD	4,981	4.7992	23,903
HKD	64,796	0.9220	59,740
JPY	498	0.0501	25
Others			139,890
			4,251,186
Other payables –			
USD	67,865	7.2258	490,377
EUR	23,099	7.8771	181,955
AUD	19,119	4.7992	91,754
GBP	16,738	9.1432	153,043
HKD	266,921	0.9220	246,096
THP	84,228	0.2034	17,135
JPY	4,669	0.0501	234
Others			441,856
			1,622,450

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For the period from 1 January 2023 to 30 June 2023
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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

70. Monetary items dominated in foreign currency (Continued)

	30 June 2023		
	Functional currency ('000)	Exchange rate	In RMB ('000)
Long-term borrowings –			
USD	1,513,392	7.2258	10,935,466
EUR	53,000	7.8771	417,486
HKD	187,879	0.9220	173,220
GBP	8,500	9.1432	77,717
Others			32,060
			11,603,890
Long-term payables –			
AUD	355	4.7992	1,703
			1,703
Lease liabilities –			
EUR	12,557	7.8771	98,910
AUD	12,504	4.7992	60,011
USD	7,840	7.2258	56,653
GBP	4,177	9.1432	38,188
THP	19,339	0.2034	3,934
HKD	2,763	0.9220	2,547
Others			74,784
			335,029

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)).

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(All amounts in RMB'000 unless otherwise stated)

V. CHANGES IN THE SCOPE OF CONSOLIDATION

1. Business combinations involving enterprise not under common control

There is no significant business combinations involving enterprise not under common control in the period.

2. Disposal of subsidiaries

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 the restructuring transaction was completed, the Company will hold the remaining 35.42% equity interest in C&C Trucks.

In March 2023, C&C Trucks had completed its change in commercial registration and the transaction was completed. Upon completion of the transaction, C&C Truck was no longer consolidated into the consolidated statements of the Group and became an associate of the Group.

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 30 June 2023, the number of companies included in the scope of consolidation added up to 682. Except for the important subsidiaries listed below, the number of other subsidiaries held by the Group was 551. Other subsidiaries mainly included those have relatively small scale of operation. Other subsidiaries also included those investment holding companies registered in Hong Kong, British Virgin Islands or other overseas countries with the purpose of shareholding and without any other operating activities.

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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 scope	Registered capital	Shareholding percentage	
							Direct	Indirect
1	Shenzhen Southern CIMC Containers Manufacture Co., Ltd. ("SCIMC")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Manufacture, repair and sales of containers, container stockpiling business	RMB260,580,000	-	100.00%
2	Shenzhen Southern CIMC Logistics Equipment Manufacturing Co., Ltd. ("SCIMCEL")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Manufacture and repair of containers, design and manufacture of new-style special machinery equipment for road and port	USD80,000,000	-	100.00%
3	Xinhui CIMC Container Co., Ltd. ("XHCIMC")	Business entity	Jiangmen, Guangdong	Jiangmen, Guangdong	Manufacture, repair and sales of containers	USD24,000,000	-	90.00%
4	Nantong CIMC Shunda Containers Co., Ltd. ("NTCIMC")	Business entity	Nantong, Jiangsu	Nantong, Jiangsu	Manufacture, repair and sales of containers	USD9,060,000	-	60.35%
5	Dalian CIMC Special Logistics Equipment Co., Ltd. ("DLCIMC")	Business entity	Dalian, Liaoning	Dalian, Liaoning	Manufacture and sales of containers as well as relevant technical advisory and container stockpiling business	RMB254,100,000	-	100.00%
6	Shenzhen CIMC - TianDa Airport Support Co., Ltd. ("TianDa Airport")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Sales of airport and port electromechanical products, automatic logistics storage system and equipment	USD13,500,000	-	58.34%
7	Ningbo CIMC Logistics Equipment Co., Ltd. ("NBCIMC")	Business entity	Ningbo, Zhejiang	Ningbo, Zhejiang	Manufacture and sales of containers as well as relevant technical advisory and container stockpiling business	USD36,000,000	-	100.00%
8	Taicang CIMC Containers Co., Ltd. ("TCCIMC")	Business entity	Taicang, Jiangsu	Taicang, Jiangsu	Manufacture and repair of containers	USD31,000,000	-	100.00%
9	Yangzhou Runyang Logistics Equipment Co., Ltd. ("YZRYL")	Business entity	Yangzhou, Jiangsu	Yangzhou, Jiangsu	Manufacture, repair and sales of containers	RMB143,880,000	-	75.00%
10	Shanghai CIMC Yangshan Logistics Equipments Co., Ltd. ("SHYSLE")	Business entity	Shanghai	Shanghai	Manufacture and sales of containers as well as relevant technical advisory	USD29,480,000	-	100.00%

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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 scope	Registered capital	Shareholding percentage	
							Direct	Indirect
11	Tianjin CIMC Containers Co., Ltd. ("TJCC")	Business entity	Tianjin	Tianjin	Manufacture of containers	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	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 Manufacture Co. Ltd. ("DLEM")	Business entity	Dongguan, Guangdong	Dongguan, Guangdong	Manufacture and sales of various containers, semi-finished container products and relevant components products	RMB600,000,000	-	100.00%
16	Shanghai CIMC Vehicle Logistics Equipment Co., Ltd. ("Equipment Park")	Business entity	Shanghai	Shanghai	Operation of storage and supporting facilities, property management and related services	RMB90,200,000	-	56.78%
17	Shenzhen CIMC Haigong Investment Co., Ltd. ("Haigong Investment")	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. ("Qianhai Ruiji Technology")	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. ("Shenzhen New Material")	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. ("CIMC Security")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Research, production and marketing of fire related products	RMB100,000,000	-	66.96%

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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 scope	Registered capital	Shareholding percentage	
							Direct	Indirect
21	Qingdao CIMC Chuangying Composite Material Technology Co., Ltd. ("Qingdao Chuangying")	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. ("XASV")*	Business entity	Xi'an, Shaanxi	Xi'an, Shaanxi	Development and production of various special-use vehicles as well as components and parts	RMB88,000,000	-	42.59%
23	Wuhu CIMC Ruijiang Automobile Marketing Service Co., Ltd. ("CIMC Ruijiang") *	Business entity	Wuhu, Anhui	Wuhu, Anhui	Sales and agency of various kinds of heavy truck, sales of used car, technological research and development in special-use vehicles	RMB5,000,000	-	41.03%
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	-	42.59%
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 containers	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	-	56.78%
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%

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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 scope	Registered capital	Shareholding percentage	
							Direct	Indirect
31	Shenzhen Jijameiyu Apartment Management Co., Ltd. ("Jijameiyu")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Apartment leasing and management, provision of operation and management service for apartment and hotel	RMB3,000,000	-	100.00%
32	Jiaxing CIMC New Material Technology Development Co., Ltd. ("CIMC New Material") (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. ("Lengfang Technology") (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. ("CIMC Factoring")	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. ("Shenzhen Intelligent Ocean")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Manufacturing of offshore engineering equipment	RMB44,500,000	-	76.40%
36	CIMC Shenfa Development Co., Ltd. ("CIMC SD")	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. ("CIMC Parking")	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. ("CIMC Vehicles")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Development, production and sales of various special series of vehicle and trailer	RMB2,017,600,000	36.10%	20.68%
39	Xuzhou CIMC Wood Co., Ltd. ("Xuzhou CIMC Wood")	Business entity	Xuzhou, Jiangsu	Xuzhou, Jiangsu	Research and development and sales of new environmental protection materials	RMB15,000,000	-	75.80%
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%

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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 scope	Registered capital	Shareholding percentage	
							Direct	Indirect
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	-	58.34%
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	-	56.78%
47	CIMC Jidong (Qinhuangdao) Vehicles Manufacture Co., Ltd. ("QHDV")*	Business entity	Qinhuangdao, Hebei	Qinhuangdao, Hebei	Sales of car and car components and parts	RMB70,000,000	-	42.59%
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%
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 Xincai")	Business entity	Dongguan, Guangdong	Dongguan, Guangdong	Development, production and sales of various modern transportation equipment	RMB130,170,000	-	75.80%

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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 scope	Registered capital	Shareholding percentage	
							Direct	Indirect
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	Engage in the business in functional and foreign currency of the members of 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%
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	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	-	56.78%
60	Shenzhen CIMC Xipu Supply Chain Technology Co., LTD ("CIMC Xipu")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Supply chain service	RMB30,000,000	-	38.15%

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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 scope	Registered capital	Shareholding percentage	
							Direct	Indirect
61	CIMC Construction (Tianjin) Co., LTD ("CIMC Construction Tianjin")	Business entity	Tianjin	Tianjin	Engineering construction	RMB100,000,000	100.00%	-
62	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%	-
63	Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. ("Shenzhen CIMC Tongchuang")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Investment holding	RMB362,100,000	-	85.56%
64	Shenzhen CIMC Special Vehicles Co., Ltd. ("CIMCSV")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Development, production and sales of various transportation vehicles as well as relevant components and parts	RMB450,000,000	100%	-
65	CIMC Wetrans Changjiang Logistics Co. Ltd. ("Wetrans Changjiang") (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. ("Wetrans Shipping") (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. ("Wetrans Logistics Technology") (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. ("Kaitong Jiangsu International")*	Business entity	Nanjing, Jiangsu	Nanjing, Jiangsu	Logistics service	RMB20,000,000	-	27.31%
69	Jifeng New Energy Technology (Guangdong) Co., Ltd. ("Jifeng New Energy")	Business entity	Shanwei, Guangdong	Shanwei, Guangdong	Wind power technical services	RMB200,000,000	-	51.00%
70	Qingdao CIMC Cycle Technology Co., LTD ("Qingdao Cycle Technology")	Business entity	Qingdao, Shandong	Qingdao, Shandong	Technical service, packaging service, and sales of metal packaging containers and materials	RMB35,000,000	-	41.33%

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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 scope	Registered capital	Shareholding percentage	
							Direct	Indirect
71	Zhongji Fresh (Dongguan) Supply Chain Technology Co., LTD ("Dongguan CIMC Fresh")	Business entity	Dongguan, Guangdong	Dongguan, Guangdong	Supply chain management service	RMB20,000,000	-	90%
72	Hainan Oriental Chentai New Energy Technology Co., LTD ("Hainan Oriental Chentai")	Business entity	Dongfang, Hainan	Dongfang, Hainan	Power generation technical service	RMB10,000,000	-	26.01%
73	Jihai Innovation (Shandong) Marine Technology Co., LTD ("CIMC Jihai")	Business entity	Yantai, Shandong	Yantai, Shandong	Marine engineering service	RMB16,000,000	-	46.42%
74	CIMC Marine Technology Group Co., LTD ("Marine Technology Group")*	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Marine engineering equipment manufacturing	RMB500,000,000	-	77.80%
75	CIMC Innovative Energy Equipment (Shandong) Co., LTD ("Innovative Energy Shandong")	Business entity	Yantai, Shandong	Yantai, Shandong	Mechanical parts, parts processing	RMB50,000,000	-	100.00%
76	CIMC Energy Storage Technology Co., LTD ("CIMC Energy Storage")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Energy storage technology service	RMB500,000,000	-	70.00%
77	Jifeng New Energy Technology (Xiongan) Co., LTD ("Jifeng Xiongan")	Business entity	Baoding, Hebei	Baoding, Hebei	Wind power technology services	RMB50,000,000	-	51%
78	Xinjiang Jifeng New Energy Technology Co., LTD ("Jifeng Xinjiang")	Business entity	Wulumuqi, Xinjiang	Wulumuqi, Xinjiang	Power generation technical service	RMB10,600,000	-	51%
79	Qingdao CIMC Puwei New Energy Technology Co., LTD ("CIMC Puwei")	Business entity	Qingdao, Shandong	Qingdao, Shandong	Energy storage integrated products; energy storage technology service	RMB200,000,000	-	50.00%
80	Zhuhai Lianghai Marine Technology Co., LTD ("Zhuhai Lianghai")*	Business entity	Zhuhai, Guangdong	Zhuhai, Guangdong	Marine engineering equipment manufacturing	RMB2,000,000	-	45.90%
81	Guangxi Supply and Marketing CIMC Cold Chain Co., LTD ("Guangxi Cold Chain")	Business entity	Baise, Guangxi	Baise, Guangxi	Cold chain service	RMB10,000,000	-	66.00%

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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 scope	Registered capital	Shareholding percentage	
							Direct	Indirect
82	CIMC Vehicle Europe Coöperatie U.A. ("Vehicle Europe Coöperatie U.A.")	Business entity	The Netherlands	The Netherlands	Sales of vehicle	USD50,000	-	56.78%
83	Mangrove Capital Limited ("Mangrove Capital")	Business entity	Hong Kong, China	Hong Kong, China	Financial services	HKD320,000	-	100.00%
84	CIMC Holdings (B.V.I.) Limited ("CIMC BVI")	Business entity	B.V.I	B.V.I	Investment holding	USD50,000	-	100.00%
85	CIMC Vehicle Investment Holdings Co., Ltd. ("CIMC Vehicle BVI")	Business entity	B.V.I	B.V.I	Investment holding	USD50,000	-	56.78%
86	Charm Wise Limited ("Charm Wise")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	USD70,000	-	100.00%
87	CIMC Air Marrel SAS ("Air Marrel")	Business entity	France	France	Aviation equipment	EUR1,200,000	-	58.34%
88	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%	-
89	Verbus International Limited ("Verbus")	Business entity	UK	UK	Holding company	GBP1,108	-	100.00%
90	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%

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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		Business scope	Registered capital	Shareholding percentage	
			Place	Main Premises			Direct	Indirect
91	Hong Kong CIMC Tianda Airport Support Ltd. ("TAS Hong Kong")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD1,000,000	-	58.34%
92	Effective Time Investments Limited ("EFFECTIVE TIME")	Business entity	B.V.I	B.V.I	Investment holding	USD1	-	100.00%
93	CIMC Vehicles (Bahrain) Factory WLL ("Bahrain CIMC")*	Business entity	Bahrain	Bahrain	Vehicle equipment services	KWD565,000	-	39.26%
94	CIMC MBS Hong Kong Limited ("MBS (HK)")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD50,000	-	100.00%
95	CIMC FORTUNE HOLDINGS LIMITED ("Fortune")	Business entity	Hong Kong, China	Hong Kong, China	Financial services	USD10,000,000	100.00%	-
96	Vanguard National Trailer Corporation ("Vanguard")	Business entity	USA	USA	Sales of vehicles	USD10	-	56.78%
97	CIMC TGE GAS INVESTMENT SA ("TGE SA")	Business entity	Luxembourg	Luxembourg	Investment holding	EUR50,000	-	60.00%
98	CIMC VEHICLES UK LIMITED ("Vehicles UK")	Business entity	UK	UK	Transport equipment	GBP100	-	56.78%

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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 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	-	40.58%
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	-	41.03%
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	-	39.80%
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%
7	CIMC Vehicles (Shandong) Co., Ltd. ("Shandong Vehicles")*	Business entity	Zhangqiu, Shandong	Zhangqiu, Shandong	Development and manufacture of special-use cars and other series products	USD18,930,100	-	49.41%

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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 Place	Main Premises	Business scope	Registered capital	Shareholding percentage	
							Direct	Indirect
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 Xincal")	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, vanning; 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%

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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 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	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%
18	Yangzhou CIMC Tonghua Special Vehicles Co., Ltd. ("YZTH")	Business entity	Yangzhou, Jiangsu	Yangzhou, Jiangsu	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series products	RMB434,300,000	-	56.78%
19	Yangzhou Taili Special Equipment Co., Ltd. ("Yangzhou Taili")	Business entity	Yangzhou, Jiangsu	Yangzhou, Jiangsu	Manufacture, repair and sales of container	RMB70,000,000	-	100.00%

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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 Place	Main Premises	Business scope	Registered capital	Shareholding percentage	
							Direct	Indirect
20	CIMC Wetrans Zelian International Logistics (Hong Kong) Co., Ltd. ("Zelian Hong Kong")	Business entity	Hong Kong	Hong Kong	International cargo transport agency, no ship commitment carry business	USD1,600,000	-	37.62%
21	CIMC Wetrans International Supply Chain Co., Ltd. ("Wetrans International Supply Chain") (Former name: CIMC ADS International Logistics Co., Ltd.)	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	International and domestic freight agency	RMB80,000,000	-	37.62%
22	CIMC Wetrans International Logistics Co., Ltd. ("Wetrans International Logistics")* (Former name: CIMC Shichang International Logistics)	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	International and domestic freight agency	RMB65,000,000	-	62.70%
23	Shenzhen Guoneng Chentai Technology Co., Ltd. ("Guoneng Chentai")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Research and development of products and materials in the energy field	RMB11,900,000	-	26.01%
24	Guangdong Haizhong New Energy Equipment Co., Ltd. ("Haizhong New Energy")	Business entity	Dongguan, Guangdong	Dongguan, Guangdong	New energy equipment, automation machinery and spare parts	RMB28,110,000	-	55.00%
25	CIMC Wetrans Yalian International Logistics Co., Ltd. ("CIMC Yalian")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	International and domestic freight agency	RMB40,200,000	-	42.01%
26	Albert Ziegler GmbH ("Ziegler")	Business entity	Germany	Germany	Marine engineering design	EUR13,543,000	-	58.34%

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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 Place	Main Premises	Business scope	Registered capital	Shareholding percentage	
							Direct	Indirect
27	Shenzhen CIMC Chuangming Precision Metal Materials Co., LTD ("CIMC Chuangming")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Sales of machinery and equipment	RMB40,000,000	-	59.89%
28	Central Electric (Yangzhou) Hydrogen Production Equipment Co., LTD ("CIMC Electric (Yangzhou)")*	Business entity	Yangzhou, Jiangsu	Yangzhou, Jiangsu	Water electrolysis hydrogen production equipment	RMB100,000,000	-	100.00%
29	Guangdong Mingtian Green Construction Engineering Technology Co., Ltd ("Guangdong Mingtian")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Construction project construction	RMB100,000,000	-	100.00%
30	CIMC Tongchuang (Zhejiang) Steel Chain Co., LTD ("Tongchuang Zhejiang")	Business entity	Hangzhou, Zhejiang	Hangzhou, Zhejiang	New energy equipment, automation machinery equipment and spare parts	RMB10,000,000	-	51.36%
31	CIMC Raffles Offshore (Singapore) Limited ("Offshore (Singapore)")	Business entity	Singapore	Singapore	Production of various ship for offshore oil and gas, including jack-up drilling platforms, semi-submersible drilling platforms	SGD594,417,000 and USD453,993,000	-	85.00%
32	Pteris Global Ltd ("Pteris")	Business entity	Singapore	Singapore	Investment holding	SGD104,781,000	-	58.34%
33	CIMC Enric Holdings Limited ("Enric")	Business entity	Cayman Islands	Cayman Islands	Investment holding	HKD120,000,000	-	67.60%
34	CIMC-TianDa Holdings Company Limited ("CIMC-TianDa")	Business entity	Cayman Islands	Cayman Islands	Investment holding	HKD166,380,000	-	58.34%
35	Brigantine International Holdings Limited ("Brigantine International Holdings")	Business entity	Hong Kong	Hong Kong	Investment holding	HKD10,000,000	-	43.89%
36	Brigantine Services Limited ("Hong Kong Brigantine Services")	Business entity	Hong Kong	Hong Kong	Container repair and renovation, container trade	HKD5,000,000	-	43.89%

* 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.

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(4) Significant minority shareholder transactions in the current period

As the Group intends to integrate related industrial resources in Shenzhen to improve resource efficiency, on February 17, 2023, the Company and CIMC Vehicle Investment Holdings Company Limited, a holding subsidiary of the Company, have signed the Equity Transfer Agreement concerning Shenzhen CIMC Special Vehicles Co., LTD., the Company shall purchase 100% of its shareholding in Shenzhen CIMC Special Vehicles Co., LTD. On April 3, 2023, Shenzhen CIMC Special Vehicles Co., Ltd. has completed the registration of industrial and commercial changes of this transaction. After the completion of the transaction, Shenzhen CIMC Special Vehicles Co., LTD., which is a holding subsidiary of 56.09% indirectly held by the Group, will be transformed into a wholly-owned subsidiary of 100% directly held by the Group.

2. Equity in joint ventures and associates

(1) Basic information of major joint ventures and associates

	Main premises	Registration place	Nature of business	Strategic for the Group or not	Shareholding percentage - Direct	Shareholding percentage - Indirect
Joint ventures -						
Yantai Jinghai Ocean Fishery Co., Ltd.	Yantai, Shandong	Yantai, Shandong	Aquaculture, processing	Yes	-	42.11%
Associates -						
CIMC Industry & City	Shenzhen, Guangdong	Shenzhen, Guangdong	Real estate	Yes	-	24.49%-62.14%
CIMC CAPITAL Ltd.	Shenzhen, Guangdong	Shenzhen, Guangdong	Financing lease	No	-	45.43%
C&C Trucks	Wuhu, Anhui	Wuhu, Anhui	Sales and agency of various kinds of heavy truck special-use vehicles, engineering machinery	No	35.42%	-

The equity mentioned above is measured by equity method.

(2) Excess deficit of associates and joint ventures

There were no excess deficit of associates or joint ventures in the current period.

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For the period from 1 January 2023 to 30 June 2023
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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.

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.

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

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.

In addition to the important joint ventures and associates disclosed in 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 Wanjiang Technology Co., Ltd. (“Jiangsu Wanjiang”)	Zhenjiang	Zhenjiang	Research and development of components	No	–	23.99%
Qingdao Jiefeng Baijian Container Maintenance Co., Ltd. (“Qingdao Jiefeng”)	Shandong	Shandong	Container services	No	–	21.94%
‘K’ Line Zhenhua Logistics (Tianjin) Co., Ltd. (“‘K’ Line Zhenhua (Tianjin)”)	Tianjin	Tianjin	Storage and logistics	No	–	31.98%
NYK Zhenhua logistics (Tianjin) Co. Ltd. (“NKY Zhenhua (Tianjin)”)	Tianjin	Tianjin	International freight	No	–	31.98%
Angang CIMC (Yingkou) New Energy Technology Co., Ltd. (“Ansteel CIMC”)	Liaoning	Liaoning	Technology promotion and application service	No	–	50.00%
Associates (including its subsidiaries) –						
Beijing Boxcool Exhibition Co., Ltd. (“Boxcool”)	Beijing	Beijing	Culture services	No	–	20.00%
Chengdu To Communication Equipment Co., Ltd. (“Chengdu To”)	Sichuan	Sichuan	Communication services	No	–	20.00%
Dafei Lutong (Tianjin) Logistics Co., Ltd. (“Dafei Lutong (Tianjin)”)	Tianjin	Tianjin	Road freight transportation	No	–	31.98%

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
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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
Dali Bohai Precious Metal Technology Co., Ltd. ("Dali Bohai")	Yunnan	Yunnan	Metal technology	Yes	–	13.52%
CM Energy Tech Co., Ltd. ("CMIC") (i)	Huston	Huston	Onshore and offshore drilling platform operations	Yes	–	6.05%
Nantong Xinyang Environmental Protection Board Industry Co., Ltd. ("Nantong Xinyang")	Shanghai	Shanghai	Environmental protection board business	No	–	20.00%
Ningbo Beilun Donghua Container Service Co., Ltd. ("Ningbo Beilun")	Ningbo	Ningbo	Container services	No	–	13.17%
Ningbo Mediterranean Container Yard Co., Ltd. ("Ningbo Mediterranean")	Ningbo	Ningbo	Container services	No	–	30.72%
Fujian Qingchen Bamboo Industry Co., Ltd. ("Qingchen Bamboo Industry")	Fujian	Fujian	Bamboo industry	No	–	22.74%
Qingdao Port International Trade Logistics Ltd. ("Qingdao Ganglianhua")	Qingdao	Qingdao	International freight	No	–	25.08%
Xxentria (SHANGHAI) International Trading Co., Ltd. ("Xxentria (SHANGHAI)")	Shanghai	Shanghai	International trade	No	–	16.74%
Shitie Special Goods (Beijing) International Logistics Co., Ltd. ("Shitie Special Goods")	Beijing	Beijing	International freight	No	–	12.54%
Tianzhu (Shanghai) International Freight Agency Co., Ltd. ("Tianzhu International")	Shanghai	Shanghai	International freight	No	–	18.81%
Xuzhou Lugang Wetrans Logistics Development Co., Ltd. ("Xuzhou Lugang Wetrans")	Xuzhou	Xuzhou	International freight	No	–	20.58%

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
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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
Yantai Youtai Environmental Protection Technology Co., Ltd. ("Yantai Youtai")	Shandong	Shandong	Environmental protection technology	No	–	23.91%
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%
Shenzhen Zhonglian Industry-University-Research Technology Co., Ltd. ("Shenzhen Zhonglian")	Shenzhen	Shenzhen	Machinery electronics integrated equipment	No	–	21.58%
OOS international B.V.	The Netherlands	The Netherlands	Offshore engineering investment	Yes	–	35.00%
LiHua Gas Storage and Transportation Co., Ltd. ("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%
HuaSu Airport Air Service (Guangzhou) Co., Ltd. ("HuaSu Airport")	Guangdong	Guangdong	Freight transport agents	No	–	15.05%
Ant Supply Chain (Shanghai) Co., Ltd. ("Ant Supply Chain")	Shanghai	Shanghai	International freight	No	–	28.22%

(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.

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For the period from 1 January 2023 to 30 June 2023
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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Information of other related parties

Company Name	Connection relationship
Changzhou Suhang Logistics Co., Ltd. ("Changzhou Suhang")	Non-controlling interests of subsidiaries of the Group
Suzhou International Train Freight Co., Ltd. ("International Train Freight")	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. ("Ningxia Yuanshan")	Non-controlling interests of subsidiaries of the Group
Japan Asahi Trading Co., Ltd. ("Japan Asahi Trading")	Non-controlling interests of subsidiaries of the Group
Sumitomo Corporation	Non-controlling interests of subsidiaries of the Group
Guangxi Yuchai Logistics Group Co., Ltd.	Non-controlling interests of subsidiaries of the Group
Guangzhu Railway Ltd	Non-controlling interests of subsidiaries of the Group
China Merchants (Shenzhen) Daojiahui Technology Co., Ltd. ("Shenzhen Merchants Daojiahui")	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. ("Merchants Landmark (Shenzhen)")	Subsidiary of the Group's significant shareholder
Merchants Port Service (Shenzhen) Co., Ltd. ("Merchants Port Service (Shenzhen)")	Subsidiary of the Group's significant shareholder
Shenzhen Merchants Apartment Development Co., Ltd. ("Merchants Apartment (Shenzhen)")	Subsidiary of the Group's significant shareholder
China Merchants Shenzhen Roro Shipping Company Limited ("Merchants Roro Shipping")	Subsidiary of the Group's significant shareholder
Zhangzhou Development Zone Co., Ltd. ("Economic Development Bureau of Zhangzhou")	Subsidiary of the Group's significant shareholder
China Merchants Shekou Industrial Zone Co., Ltd. ("Economic Development Bureau Shekou")	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 Property Management Co., Ltd. ("Investment Promotion Property (Shenzhen)")	Subsidiary of the Group's significant shareholder
Zhejiang Youlian Dockyards Co., Ltd. ("Zhejiang Youlian")	Subsidiary of the Group's significant shareholder
Sinotrans & CSC Holdings Co., Ltd. ("Sinotrans & CSC and its subsidiaries")	Subsidiary of the Group's significant shareholder
Sinotrans Container Lines Co., Ltd. ("Sinotrans Container Lines and its subsidiaries")	Subsidiary of the Group's significant shareholder
Liaoning Port Group Co., Ltd. ("Liaoning Port and its subsidiaries")	Subsidiary of the Group's significant shareholder
China Merchants Port Group Co., Ltd. ("Merchants Port and its subsidiaries")	Subsidiary of the Group's significant shareholder
Shenzhen Shekou New Era Real Estate Management Co., Ltd.	Subsidiary of the Group's significant shareholder
China Merchants Offshore Engineering Investment Shen Zhen Co., Ltd. ("CMOEI and its subsidiaries")	Subsidiary of the Group's significant shareholder
Y&C Engine Co., Ltd. ("Y&C Engine")	The Group's former joint venture

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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 and were in compliance with the approval procedures for ordinary non-related party transactions.

(1) Purchase of goods and receiving of services

Related parties	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
– Purchase of goods		
Yichuan Tianyun	271,070	–
Qingchen Bamboo Industry	108,834	50,908
Zhejiang Xinlong	52,774	58,679
Yike New Material	40,361	3,300
Boxcool	14,736	–
Jiangsu Wanjing	1,526	2,502
Merchants Port and its subsidiaries	1,438	1,269
Xxentria (SHANGHAI)	9	1,837
Y&C Engine	–	60,787
Shenzhen Zhonglian	–	57
Other related parties	15,318	970
	506,066	180,309
– Receiving of services		
Sinotrans & CSC and its subsidiaries	329,083	689,213
SIPG Group and its subsidiaries	219,919	286,441
International Train Freight	95,971	39,319
Dafei Lutong (Tianjin)	19,808	17,074
Qingchen Bamboo Industry	14,532	6,404
CIMC CAPITAL Ltd and its subsidiaries	14,258	–
Liaoning Port and its subsidiaries	5,965	4,567
Merchants Port and its subsidiaries	3,031	2,524
HuaSu Airport	334	9,527
CIMC Industry & City and its subsidiaries	177	227
China Ocean Shipping Agency Shanghai Co., Ltd.	–	9,089
Other related parties	54,643	69,261
	757,721	1,133,646

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(2) Sales of goods and rendering of services

Related parties	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
– Sales of goods		
CIMC CAPITAL Ltd and its subsidiaries	166,795	26,988
Sinotrans & CSC and its subsidiaries	55,004	628
Yantai Jinghai	41,767	135,458
CMOEI and its subsidiaries	27,405	–
SIPG Group and its subsidiaries	2,961	2,395
CIMC Industry & City and its subsidiaries	828	138
Merchants Port and its subsidiaries	5	654
Y&C Engine	–	2,564
Other related parties	18,981	9,096
	313,746	177,921
– Rendering of services		
Sinotrans & CSC and its subsidiaries	84,107	91,984
International Train Freight	54,975	3,630
Tianzhu International	20,483	65,845
Dafei Lutong (Tianjin)	16,558	10,509
NKY Zhenhua (Tianjin)	12,379	16,882
SIPG Group and its subsidiaries	10,530	23,996
Ant Supply Chain	9,219	–
CIMC Industry & City and its subsidiaries	1,408	297
Liaoning Port and its subsidiaries	1,090	1,094
Xuzhou Lugang Wetrans	347	4,241
Guangzhu Railway Ltd	139	2,725
Guangxi Yuchai Logistics Group Co.,Ltd.	–	24,928
Merchants Roro Shipping and its subsidiaries	–	14,358
Other related parties	19,181	25,694
	230,416	286,183

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For the period from 1 January 2023 to 30 June 2023
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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 the current period:

Lessee's name	Types of leased assets	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
CMIC	Jack-up drilling platform	94,894	65,616
Dafei Lutong (Tianjin)	Container yard, buildings, machine	4,323	–
Qingdao Ganglianhua	Container yard	1,056	2,112
Ningbo Mediterranean	Machine	361	–
		100,634	67,728

For the period from 1 January to 30 June 2023, the Group recognised no financial lease income as the lessor (for the period from 1 January to 30 June 2022: Nil).

The Group's increased right-of-use assets as lessee in the current period:

Lessor's name	Types of leased assets	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
Economic Development Bureau Shekou	Buildings	20,410	–
CIMC Industry & City and its subsidiaries	Buildings	20,284	60,853
SIPG Group and its subsidiaries	Buildings	150	–
		40,844	60,853

Interest expenses on lease liabilities assumed by the Group as the lessee in the current period:

Lessor's name	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
CIMC Industry & City and its subsidiaries	781	506
Economic Development Bureau Shekou	733	–
SIPG Group and its subsidiaries	3	–
	1,517	506

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For the period from 1 January 2023 to 30 June 2023
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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(3) Leasing (Continued)

The short-term lease expenses recognised by the Group as the lessee in the current period:

Lessor's name	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
Merchants Port and its subsidiaries	1,723	–
Liaoning Port and its subsidiaries	163	–
CIMC Industry & City and its subsidiaries	103	26
SIPG Group and its subsidiaries	34	8
Other related parties	472	36
	2,495	70

(4) Financing

Related parties	Amount	Starting date	Ending date	Interest income/ expenses recognised from 1 January to 30 June 2023	Note
Financing provided					
CIMC Industry & City and its subsidiaries	563,596	25 January 2022 26 June 2023	2 August 2024 22 December 2026	193	Financing
Ningxia Yuanshan	60,312	18 June 2021 31 March 2019	Repayment date not fixed Repayment date not fixed	–	Financing
'K' Line Zhenhua (Tianjin)	9,009	17 August 2022	28 November 2023	2	Financing
NKY Zhenhua (Tianjin)	7,697	29 September 2022	20 December 2025	204	Financing
	640,614				

(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	1,570,000	1 January 2022	8 December 2023	No
CIMC CAPITAL Ltd and its subsidiaries	4,800,000	1 January 2022	30 April 2026	No

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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(6) Loans provided by the Group to key management personnel

As at 30 June 2023, the Group had no loans to key management personnel (31 December 2022: Nil).

6. Balance of related parties

(1) Account receivables

As at 30 June 2023, account receivables from related parties were analysed as follows:

Company name	Relationship with the Group	30 June 2023			31 December 2022		
		Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Dali Bohai	Associate	33,881	0.14%	-	9,415	0.04%	4
CMIC	Associate	31,893	0.13%	-	40,925	0.18%	16
Yantai Jinghai	Joint venture	30,413	0.13%	-	204,058	0.92%	82
CIMC CAPITAL Ltd and its subsidiaries	Associate	37,654	0.16%	935	54,339	0.24%	22
CIMC Industry & City and its subsidiaries	Associate	13,195	0.06%	8	54,238	0.24%	22
Sinotrans & CSC and its subsidiaries	Subsidiary of significant shareholder	20,591	0.09%	216	22,228	0.10%	9
Sinotrans Container Lines and its subsidiaries	Subsidiary of significant shareholder	10,892	0.05%	107	106,187	0.48%	42
NKY Zhenhua (Tianjin)	Joint venture	9,734	0.04%	97	7,668	0.03%	3
SIPG Group and its subsidiaries	Non-controlling interests of subsidiaries	8,693	0.04%	125	15,503	0.07%	6
Dafei Lutong (Tianjin)	Associate	7,729	0.03%	77	4,219	0.02%	2
Tianzhu International	Associate	5,117	0.02%	51	6,320	0.03%	3
C&C Trucks and its subsidiaries	Associate	6,511	0.03%	41	-	-	-
Guangzhu Railway Ltd	Non-controlling interests of subsidiaries	4,280	0.02%	43	-	-	-
Shenzhen Capital and its subsidiaries	Subsidiary of significant shareholder	2,519	0.01%	-	8,518	0.04%	3
Liaoning Port and its subsidiaries	Subsidiary of significant shareholder	150	-	1	138	-	-
Shitie Special Goods	Associate	110	-	1	20	-	-
Ningbo Beilun	Associate	68	-	1	235	-	-
Yichuan Tianyun	Associate	8,790	0.04%	-	41,057	0.18%	16
Other related parties		9,044	0.04%	2,040	10,984	0.11%	4
		241,264	1.01%	3,743	586,052	2.69%	234

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Balance of related parties (Continued)

(2) Other receivables

As at 30 June 2023, other receivables from related parties were analysed as follows:

Company name	Relationship with the Group	30 June 2023				31 December 2022			
		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	563,596	Financing	15.25%	14,065	354,279	Financing	10.89%	-
CIMC Industry & City and its subsidiaries		151,205	Daily transfer	4.09%	914	136,036	Daily transfer	4.18%	-
Ningxia Yuanshan	Non-controlling interests of subsidiaries	60,312	Financing	1.63%	39,636	60,510	Financing	1.86%	39,636
NKY Zhenhua (Tianjin)	Joint venture	9,009	Financing	0.24%	-	9,318	Financing	0.29%	-
'K' Line Zhenhua (Tianjin)	Joint venture	7,697	Financing	0.21%	-	5,893	Financing	0.18%	-
SIPG Group and its subsidiaries	Non-controlling interests of subsidiaries	3,775	Daily transfer	0.10%	189	3,860	Daily transfer	0.12%	-
Sinotrans & CSC and its subsidiaries	Subsidiary of significant shareholder	2,228	Daily transfer	0.06%	97	3,716	Daily transfer	0.11%	-
Dafei Lutong (Tianjin)	Associate	4,909	Daily transfer	0.13%	245	3,153	Daily transfer	0.10%	-
CIMC CAPITAL Group	Associate	1,131	Daily transfer	0.03%	-	1,600	Daily transfer	0.05%	-
Merchants Port and its subsidiaries	Subsidiary of significant shareholder	1,622	Daily transfer	0.04%	80	1,583	Daily transfer	0.05%	-
Liaoning Port and its subsidiaries	Subsidiary of significant shareholder	1,475	Daily transfer	0.04%	67	1,438	Daily transfer	0.04%	-
Sinotrans Container Lines and its subsidiaries	Subsidiary of significant shareholder	-	Daily transfer	-	-	530	Daily transfer	0.02%	-
Qingdao Ganglianhua	Associate	1,438	Daily transfer	0.04%	14	-	Daily transfer	-	-
C&C Trucks and its subsidiaries	Associate	4,665	Daily transfer	0.13%	-	-	Daily transfer	-	-
Other related parties		7,797	Daily transfer	0.21%	93	5,759	Daily transfer	0.18%	-
		820,859		22.20%	55,400	587,675		18.07%	39,636

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For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Balance of related parties (Continued)

(3) Advance to related parties

Advances to related parties are analysed as follows:

Company name	Relationship with the Group	30 June 2023			31 December 2022		
		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	4,966	0.07%	-	11,795	0.20%	-
SIPG Group and its subsidiaries	Non-controlling interests of subsidiaries	2,641	0.03%	-	1,293	0.02%	-
China Merchants (Zhangzhou)	Subsidiary of significant shareholder	225	-	-	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	-	-
CIMC CAPITAL Group	Associate	2,590	0.03%	-	90	-	-
Binhai COSCO Container	Associate	96	-	-	82	-	-
Merchants Port and its subsidiaries	Subsidiary of significant shareholder	1,129	0.01%	-	77	-	-
CIMC Industry & City and its subsidiaries	Associate	1,709	0.02%	-	48	-	-
Liaoning Port and its subsidiaries	Subsidiary of significant shareholder	11	-	-	46	-	-
C&C Trucks and its subsidiaries	Associate	563	0.01%	-	-	-	-
GREEN LOGISTICS JOINT STOCK COMPANY	Non-controlling interests of subsidiaries	1,145	0.01%	-	-	-	-
Other related parties		164	-	-	667	-	-
		15,239	0.18%	-	16,343	0.25%	-

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For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Balance of related parties (Continued)

(4) Account payables

As at 30 June 2023, account payables owed to related parties were as follows:

Company name	Relationship with the Group	30 June 2023		31 December 2022	
		Amount	% of total balance	Amount	% of total balance
SIPG Group and its subsidiaries	Non-controlling interests of subsidiaries	54,363	0.31%	42,191	0.25%
Sinotrans & CSC and its subsidiaries	Subsidiary of significant shareholder	40,062	0.23%	49,457	0.30%
CIMC CAPITAL Ltd and its subsidiaries	Associate	10,196	0.06%	42,218	0.25%
Dafei Lutong (Tianjin)	Associate	6,400	0.04%	3,423	0.02%
Yike New Materials	Associate	5,343	0.03%	1,844	0.01%
Qingchen Bamboo Industry	Associate	4,564	0.03%	10,697	0.06%
Ningbo Mediterranean	Associate	4,213	0.02%	2,345	0.01%
Boxcool	Associate	4,125	0.02%	2,190	0.01%
Qingdao Ganglianhua	Associate	2,906	0.02%	5,555	0.03%
Liaoning Port and its subsidiaries	Subsidiary of significant shareholder	2,632	0.02%	4,910	0.03%
Jiangsu Wanjing	Joint venture	1,507	0.01%	2,478	0.01%
Merchants Port and its subsidiaries	Subsidiary of significant shareholder	1,839	0.01%	2,035	0.01%
Xuzhou Lugang Wetrans	Associate	966	0.01%	2,138	0.01%
Tianzhu International	Associate	121	0.00%	573	–
CIMC Industry & City and its subsidiaries	Associate	7	0.00%	168	–
Yantai Youtai	Associate	–	–	9,740	0.06%
Nantong Xinyang	Associate	–	–	5,796	0.03%
Sinotrans Container Lines and its subsidiaries	Subsidiary of significant shareholder	–	–	385	–
Y&C Engine	Former joint venture	–	–	18,177	0.11%
Other related parties		25,000	0.14%	11,678	0.07%
		164,244	0.95%	217,998	1.20%

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For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Balance of related parties (Continued)

(5) Other payables

Company name	Relationship with the Group	30 June 2023		31 December 2022	
		Amount	% of total balance	Amount	% of total balance
CIMC CAPITAL Group	Associate	111,368	1.44%	233,127	3.32%
CIMC Industry & City and its subsidiaries	Associate	48,913	0.63%	351,557	5.01%
Goke Yunji	Associate	19,051	0.25%	19,857	0.28%
OOS INTERNATIONAL B.V.	Associate	4,587	0.06%	4,422	0.06%
Sinotrans & CSC and its subsidiaries	Subsidiary of significant shareholder	4,980	0.06%	4,182	0.06%
Ningbo Mediterranean	Associate	6,006	0.08%	7,000	0.10%
SIPG Group and its subsidiaries	Non-controlling interests of subsidiaries	3,909	0.05%	2,521	0.04%
C&C Trucks and its subsidiaries	Associate	3,762	0.05%	–	–
'K' Line Zhenhua (Tianjin)	Joint venture	3,513	0.05%	–	–
Chengdu Eldoroute	Associate	1,250	0.02%	1,250	0.02%
Merchants Port and its subsidiaries	Subsidiary of significant shareholder	292	–	246	–
NKY Zhenhua (Tianjin)	Joint venture	105	–	1	–
Yike New Materials	Associate	45	–	644	0.01%
Zhongyi Xinwei	Associate	–	–	31,931	0.46%
Y&C Engine	Former joint venture	–	–	500	0.01%
Shenzhen Capital and its subsidiaries	Subsidiary of significant shareholder	–	–	46	–
Other related parties		8,219	0.11%	2,136	0.03%
		216,000	3.01%	659,420	9.40%

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For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Balance of related parties (Continued)

(6) Contract liabilities

As at 30 June 2023, contract liabilities owed to related parties were as follows:

Company name	Relationship with the Group	30 June 2023		31 December 2022	
		Amount	% of total balance	Amount	% of total balance
CIMC CAPITAL Ltd and its subsidiaries	Associate	91,005	0.64%	37,671	0.31%
CIMC Industry & City and its subsidiaries	Associate	7,804	0.05%	3,547	0.03%
Sinotrans & CSC and its subsidiaries	Subsidiary of significant shareholder	1,389	0.01%	341	0.00%
Merchants Port and its subsidiaries	Subsidiary of significant shareholder	247	0.00%	207	0.00%
Liaoning Port and its subsidiaries	Subsidiary of significant shareholder	18	0.00%	252	0.00%
SIPG Group and its subsidiaries	Non-controlling interests of subsidiaries	1	0.00%	193	0.00%
Shenzhen Capital and its subsidiaries	Subsidiary of significant shareholder	–	–	791	0.01%
NKY Zhenhua (Tianjin)	Joint venture	–	–	642	0.01%
Other related parties		70	0.00%	132	0.00%
		100,534	0.70%	43,776	0.36%

7. Commitments of related parties

As at 30 June 2023, 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.

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

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 30 June 2023, 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 option plan	
		Number		Number		Number		Number		Number	
		(10 thousand)	%	(10 thousand)	%	(10 thousand)	%	(10 thousand)	%	(10 thousand)	%
Gao Xiang	Chairman	40.00	0.02%	120.00	0.06%	170.00	0.33%	433.33	0.59%	-	-
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	0.69%	37.60	0.09%

For detailed information for fair value of the granted share options aforesaid, please refer to Note IX.

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

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

For the period from 1 January to 30 June 2023, emoluments of the directors, supervisors and senior management personnel were as follows:

Name	Emoluments for other management service of the Company or subsidiaries					Total
	Remuneration	Salary and allowance	Pension	Bonus	Others	
Directors –						
Mai Boliang	–	1,800	48	–	196	2,044
Hu Xianfu	–	–	–	–	–	–
Zhu Zhiqiang	–	–	–	–	–	–
Sun Huirong	–	–	–	–	–	–
Deng Weidong	–	–	–	–	–	–
Yang Xiong	120	–	–	–	–	120
Zhang Guanghua	120	–	–	–	–	120
Lui Fung Mei Yee, Mabel	120	–	–	–	–	120
Sub-total	360	1,800	48	–	196	2,404

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

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 (Continued)

For the period from 1 January to 30 June 2023, emoluments of the directors, supervisors and senior management personnel were as follows: (Continued)

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total	
		Salary and allowance	Pension	Bonus	Others		
Supervisors –							
Shi Lan		–	–	–	–	–	
Lin Changsen	Note (i)	–	–	–	–	–	
Lou Dongyang	Note (ii)	–	–	–	–	–	
Ma Tianfei		–	420	65	–	21	506
Sub-total		–	420	65	–	21	506

Note (i): On 16 March 2023, Mr. Lin Changsen was elected as the supervisor representing the shareholders of the tenth board of supervisors according to the resolution of the first extraordinary general meeting of the Company in 2023.

Note (ii): On 16 March 2023, Mr. Lou Dongyang resigned as a supervisor representing the shareholders of the Company due to job change.

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total	
		Salary and allowance	Pension	Bonus	Others		
Other senior management personnel –							
Gao Xiang		–	1,083	82	–	21	1,186
Li Yinhui		–	1,322	81	–	21	1,424
Huang Tianhua		–	831	82	–	21	934
Yu Yuqun		–	849	48	–	21	918
Zeng Han		–	723	82	–	21	826
Wu Sanqiang		–	606	82	–	21	709
Sub-total		–	5,414	457	–	126	5,997
Total		360	7,634	570	–	343	8,907

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

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 (Continued)

For the period from 1 January to 30 June 2022, emoluments of the directors, supervisors and senior management personnel were as follows:

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total
		Salary and allowance	Pension	Bonus	Others	
Directors –						
Mai Boliang	–	1,800	42	9,394	199	11,435
Hu Xianfu	–	–	–	–	–	–
Zhu Zhiqiang	–	–	–	–	–	–
Kong GuoLiang	–	–	–	–	–	–
Deng Weidong	–	–	–	–	–	–
Ming Dong	–	–	–	–	–	–
He Jiale	Note (i)	120	–	–	–	120
Pan Zhengqi	Note (i)	120	–	–	–	120
Yang Xiong	Note (ii)	–	–	–	–	–
Zhang Guanghua	Note (ii)	–	–	–	–	–
Lui Fung Mei Yee, Mabel		120	–	–	–	120
Sub-total		360	42	9,394	199	11,795

Note (i): 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 (ii): 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.

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

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 (Continued)

For the period from 1 January to 30 June 2022, emoluments of the directors, supervisors and senior management personnel were as follows: (Continued)

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total
		Salary and allowance	Pension	Bonus	Others	
Supervisors –						
Lou Dongyang		–	–	–	–	–
Xiong Bo	Note (iii)	–	111	–	534	645
Shi Lan		–	–	–	–	–
Ma Tianfei	Note (iv)	–	–	–	–	–
Sub-total		–	111	–	534	645

Note (iii): 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 (iv): 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.

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

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 (Continued)

For the period from 1 January to 30 June 2022, emoluments of the directors, supervisors and senior management personnel were as follows: (Continued)

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total
		Salary and allowance	Pension	Bonus	Others	
Other senior management personnel –						
Gao Xiang	–	1,082	74	4,025	19	5,200
Li Yinhui	–	1,322	73	2,153	19	3,567
Huang Tianhua	–	831	74	4,122	19	5,046
Yu Yuqun	–	829	42	3,390	19	4,280
Zeng Han	–	723	74	2,316	19	3,132
Wu Sanqiang	–	606	70	2,196	19	2,891
Sub-total	–	5,393	407	18,202	114	24,116
Total	360	7,304	449	28,130	313	36,556

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
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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 (Continued)

Other benefits mainly consist of housing funds, pensions, medical insurance, etc.

(3) Termination benefits for directors

For the period from 1 January to 30 June 2023, there was no compensation for directors with terminated appointment from the Company and its subsidiaries (for the period from 1 January to 30 June 2022: Nil).

(4) Consideration paid to third parties for service of directors

For the period from 1 January 30 June 2023, there was no consideration paid to third parties for service of directors (for the period from 1 January to 30 June 2022: Nil).

(5) Loans, quasi-loans offered to and other transactions with directors, legal entities controlled by directors and their related persons

As at 30 June 2023, there were no loans, quasi-loans offered to and other transactions with directors, legal entities controlled by directors and their related persons (31 December 2022: Nil).

(6) Guarantees for loans of directors, legal entities controlled by directors and their related persons

As at 30 June 2023, there were no guarantees for loans of directors, legal entities controlled by directors and their related persons (31 December 2022: Nil).

(7) Significant interest of directors in transactions, arrangement and contracts

For the period from 1 January to 30 June 2023, the Company did not enter into any agreement that related to the business of the Group, in which the directors of the Company have significant interest in transactions, arrangement and contracts directly or indirectly (for the period from 1 January to 30 June 2022: Nil).

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

IX. SHARE-BASED PAYMENTS

1. Summary of the Group's major share-based payments

Expenses recognized for the period arising from share-based payments of the Group are as follows:

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
Equity-settled share-based payments	77,030	73,889

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 30 June 2023, 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).

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

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 30 June 2023, the trustee had purchased 39,198,000 shares of Enric according to the 2020 Award Scheme (31 December 2022: 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.

Notes to the Financial Statements

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(All amounts in RMB'000 unless otherwise stated)

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 of 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 2021, 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 for the period from 1 January to 30 June 2023 under the CIMC Safe Tech Award Scheme were RMB9,972,000.
- (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 2021, 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 for the period from 1 January to 30 June 2023 under the CLPT Award Scheme were RMB11,404,000.

(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.

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IX. SHARE-BASED PAYMENTS (CONTINUED)

3. Summary of share-based payments

As at 30 June 2023, accumulated amount recognised in capital reserve for share-based payments		644,044
	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
Total expenses recognised for share-based payments		
Including:		
– attributed to Enric	71,698	57,947
– attributed to CIMC TianDa	5,332	15,942
	77,030	73,889

X. CONTINGENCIES

1. Guarantees provided for external parties

CIMC Vehicles, a subsidiary of the Group, signed contracts with China Merchants Bank, SPD Bank, Huishang Bank and Industrial Bank, for the buyer credit business and loan guarantees, to provide guarantees for the facilities of vehicle purchase offered by such banks to distributors and customers of the Group and its subsidiaries. As at 30 June 2023, the aggregate amount of credit facilities in respect of which the Group and its subsidiaries provided guarantees to the distributors and customers was RMB830,626,000 (31 December 2022: RMB1,352,756,000). The Group does not expect that the credit risk of the above guarantees has significantly increased since initial recognition, thus measuring the allowance for those commitments at an amount equal to 12-month expected credit losses (note IV. 37).

The Group's subsidiary, Shaanxi CIMC Vehicles Industrial Park Investment Development Co., Ltd., cooperated with Shaanxi Xianyang Qindu Rural Commercial Bank in mortgage credit cooperation and signed a property loan guarantee contract, providing phased guarantees for the loans that the customers of the company obtained from the relevant banks for purchasing properties. As at 30 June 2023, the aggregate customer financing loans for which Shaanxi Vehicles Industrial Park provided guarantees, were approximately RMB7,905,000 (31 December 2022: RMB9,015,000). The credit risk of the guarantee is assessed to be low and the Group has not made any provision for expected credit losses.

The Company entered into a guarantee agreement with the relevant banks to provide guarantee for the loans of CIMC Industry & City and its subsidiaries. As at 30 June 2023, the amount for which the Company provided guarantees was RMB263,700,000 (31 December 2022: RMB282,851,000). The credit risk of the guarantee is assessed to be low and the Group has not made any provision for expected credit losses.

A controlling subsidiary of CIMC Enric, a subsidiary of the Group, signed contracts with China Everbright Bank to provide guarantees for the facilities offered by such banks to Yichuan Tianyun Clean Energy Co., Ltd. (宜川縣天韻清潔能源有限公司). As at 30 June 2023, the aggregate amount of credit facilities in respect of which a subsidiary of CIMC Enric provided guarantees was approximately RMB58,099,000 (31 December 2022: RMB34,051,000). The credit risk of the guarantee is assessed to be low and the Group has not made any provision for expected credit losses.

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(All amounts in RMB'000 unless otherwise stated)

X. CONTINGENCIES (CONTINUED)

1. Guarantees provided for external parties (Continued)

The Company and its subsidiaries entered into guarantee agreements with the relevant banks to provide guarantee for the financing business of CIMC Financial Leasing and its subsidiaries. As at 30 June 2023, the amount for which the Company and its subsidiaries provided guarantees was RMB1,639,220,000 (31 December 2022: RMB1,574,226,000). The credit risk of the guarantee is assessed to be low and the Group has not made any provision for expected credit losses.

The Company and its subsidiaries entered into guarantee agreements with the relevant banks to provide guarantee for the financing business of C&C Trucks and its subsidiaries. As at 30 June 2023, the amount for which the Company and its subsidiaries provided guarantees was RMB424,604,000. The credit risk of the guarantee is assessed to be low and the Group has not made any provision for expected credit losses.

2. Outstanding letter of credit issued but undue and outstanding performance guarantees

The Group does not recognise letter of credit issued as deposits. As at 30 June 2023, the Group had issued outstanding letters of credit RMB594,875,000 (31 December 2022: RMB35,887,000).

As at 30 June 2023, the Company had outstanding balance of bank guarantees issued for subsidiaries of the Group of RMB713,881,000, USD1,037,744,000 (equivalent to RMB7,498,529,000), GBP 1,890,000 (equivalent to RMB17,281,000), EUR30,201,000 (equivalent to RMB237,894,000) and PLN 136,780,000 (equivalent to RMB242,247,000), respectively, totaling RMB8,709,832,000 (31 December 2022: RMB4,728,316,000).

As at 30 June 2023, the outstanding balance of guarantees of the Group's subsidiary issued by the bank was RMB6,564,954,000, mainly including the balance of advance payment guarantees of RMB3,879,253,000, the balance of quality guarantees of (including foreign guarantees) of RMB186,771,000, the balance of other non-financing guarantees of RMB548,102,000 and the balance of performance guarantees of RMB1,950,828,000 (31 December 2022: RMB2,603,264,000).

XI. COMMITMENTS

1. Capital expenditure commitments

- (1) The Group's capital commitments contracted for but not yet necessary to be recognised on the balance sheet are as follows:

	For the period from 1 January to 30 June 2023	2022
Fixed assets purchase and construction contracts	89,663	131,846
	89,663	131,846

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(All amounts in RMB'000 unless otherwise stated)

XII. DISCONTINUED OPERATIONS

In March 2023, the Group lost control of C&C Trucks due to the capital increase by other investors and stock right transfer (Note V. 2).

In May 2022, the Group lost control of CIMC CAPITAL due to the capital increase by other investors.

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:

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
Revenue from discontinued operations	127,911	873,414
Less: Costs and expenses of discontinued operations	(166,335)	(247,752)
Total (loss)/profit from discontinued operations	(39,056)	131,584
Less: Income tax of discontinued operations	(7,254)	49,723
Operating profit or loss of discontinued operations	(31,802)	81,861
Gains or losses on disposals of discontinued operations	117,425	(184,383)
Less: Income tax on gains or losses on disposals	-	-
Gains or losses after income tax on disposals of discontinued operations	117,425	(184,383)
Net (loss)/profit from discontinued operations	85,623	(102,522)
Net (loss)/profit from discontinued operations attributable to shareholders of the Company	85,623	(120,636)
Net profit from continuing operations attributable to shareholders of the Company	312,933	2,659,148

The cash flows of the disposed subsidiaries mentioned above are as follows:

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
Net cash flows from operating activities	502,097	(817,010)
Net cash flows from investing activities	(473)	(1,700)
Net cash flows from financing activities	(492,862)	492,825

XIII. EVENTS AFTER THE BALANCE SHEET DATE

- On 27 July 2023, according to the Approval on the Consent to the Registration of the Initial Public Offering of Shares of CIMC Safeway Technologies Co., Ltd. published by the CSRC, the CSRC approved the application for registration of the initial public offering of shares of CIMC Safeway Technologies Co., Ltd. on the ChiNext Market of the SZSE. CIMC Safeway Technologies Co., Ltd. will carry out subsequent work in accordance with the relevant regulations and requirements of the CSRC and the SZSE.
- On 15 August 2023, the Company has completed the issuance of the fourth tranche of super & short-term commercial papers for 2023 (technology innovation instrument). The proceeds were fully received on 16 August 2023. The issuance amount was RMB1.5 billion and the issue rate was 2.06% per annum.

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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:

	30 June 2023	31 December 2022
Within 1 year	1,988,054	1,008,126
1 to 2 years	1,488,510	1,033,739
2 to 3 years	564,539	634,739
3 to 4 years	333,423	206,038
4 to 5 years	52,026	210,882
Over 5 years	–	114,000
	4,426,552	3,207,524

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: container manufacturing, road transportation vehicles, energy, chemical and liquid food equipment, offshore engineering, airport facilities and logistics equipment, fire safety and rescue equipment, logistics service, 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 segments as different technical and market strategies are adopted. The Group's management reviews the financial information of individual business segments regularly to determine resource 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 reviews assets, liabilities, revenue, expenses and operating results of each segment regularly. The preparation basis of such information is detailed as follows:

Segment assets include current assets of each segment, such as tangible assets, intangible assets, other long-term assets and receivables, but exclude deferred income tax assets and other unallocated headquarters assets. Segment liabilities include payables, bank borrowings, provisions, special payables and other liabilities of each segment, while deferred income tax liabilities are excluded.

Segment operating results represent segment revenue (including external revenue and inter-segment revenue), offsetting segment expenses, depreciation and amortisation and impairment losses attributable to assets of each segment, net interest expenditure generated from bank deposits and bank borrowing directly attributable to each segment. Transactions conducted among segments are under similar non-related party transaction commercial terms.

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

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:

Items	Containers	Road	Energy,	Offshore	Airport	Logistics	Finance	Recycled load	Others	Elimination	Total
	manufacturing	transportation	chemical and	engineering	facilities	and asset	services				
	For the	For the	For the	For the	and rescue	For the	For the	For the	For the	between	For the
	period from	period from	period from	period from	equipment	period from	period from	period from	period from	segments	period from
	1 January to	1 January to	1 January to	1 January to	fire safety	1 January to	1 January to	1 January to	1 January to	and	1 January to
	30 June 2023	30 June 2023	30 June 2023	30 June 2023	equipment	30 June 2023	30 June 2023	30 June 2023	30 June 2023	unallocated	30 June 2023
										amounts	
										For the	
										period from	
										1 January to	
										30 June 2023	
External transaction	13,152,034	12,961,673	11,350,133	4,010,160	2,266,977	8,989,333	801,913	1,420,965	5,707,290	(86,510)	60,573,968
Inter segment transaction	515,673	507,957	37,954	109,280	15,108	142,642	125	7,348	298,057	(1,634,144)	-
Cost of sales	11,411,358	10,864,684	9,573,533	3,790,182	1,782,111	8,513,762	967,521	1,251,545	5,747,222	(1,602,860)	52,299,058
Investment income/(loss) in associates and joint ventures	302	11,089	15,474	(7,942)	4,489	29,968	-	662	82,632	-	136,674
Asset and credit impairment loss	(23,044)	93,750	41,335	(810)	22,999	4,283	(27)	830	(4,826)	456	134,946
Depreciation and amortisation expenses	360,761	300,715	458,708	169,516	67,672	81,896	536,788	191,232	67,123	(166,067)	2,068,344
Interest income	138,750	52,195	44,121	8,336	3,612	6,126	109,864	4,871	1,135,120	(1,356,954)	146,041
Interest expenses	11,383	19,399	45,340	205,468	42,889	21,918	995,364	7,614	905,771	(1,357,940)	897,206
Total profit/(loss)	834,096	2,486,773	601,215	(181,747)	28,040	75,899	(1,088,161)	(20,042)	125,881	(1,209,983)	1,651,971
Income tax expenses	66,568	594,830	165,804	406	20,158	21,361	36,834	8,372	(287,378)	34,634	661,589
Net profit/(loss)	767,528	1,891,943	435,411	(182,153)	7,882	54,538	(1,124,995)	(28,414)	413,259	(1,244,617)	990,382
Segment total assets	29,114,785	25,096,617	24,243,645	17,062,392	9,477,785	6,989,447	37,363,109	3,586,648	69,777,996	(68,660,243)	154,052,181
Segment total liabilities	12,482,433	10,358,737	14,714,443	19,806,026	6,292,483	4,085,582	42,720,348	1,558,276	47,646,104	(68,030,254)	91,634,178
Supplementary information:											
- Other non-cash (income)/expenses other than depreciation and amortisation	133,167	74,356	51,945	96,771	39,425	26,153	(29,168)	(780)	(44,967)	223,476	570,378
- Long-term equity investment of associates and joint ventures	651,758	110,852	269,005	482,984	4,926	553,067	60,489	4,126	9,657,632	-	11,794,839
- Amount of additions to other non-current assets other than long-term equity investment, financial assets and deferred tax assets	597,348	304,754	573,522	182,804	70,544	142,467	80	318,123	1,469,361	(116,752)	3,542,251

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For the period from 1 January 2023 to 30 June 2023
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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)

Items	Containers	Road	Energy, chemical	Offshore	Airport facilities	Logistics	Finance and	Recycled load	Others	Elimination	Total
	manufacturing	transportation	and liquid food	engineering	and logistics	services	asset management	Others	between	segments and	
	For the	For the	For the	For the	For the	For the	For the	For the	For the	For the	For the
	period from	period from	period from	period from	period from	period from	period from	period from	period from	period from	period from
	1 January to	1 January to	1 January to	1 January to	1 January to	1 January to	1 January to	1 January to	1 January to	1 January to	1 January to
	30 June 2022	30 June 2022	30 June 2022	30 June 2022	30 June 2022	30 June 2022	30 June 2022	30 June 2022	30 June 2022	30 June 2022	30 June 2022
External transaction	21,814,601	11,064,773	9,513,543	2,542,857	2,579,318	17,207,679	1,067,551	3,381,785	2,998,765	(44,614)	72,126,258
Inter segment transaction	953,364	131,069	80,903	25,241	8,767	71,023	82,094	11,049	728,028	(2,091,538)	-
Cost of sales	17,481,885	9,944,943	8,048,463	2,279,715	2,031,240	16,255,009	941,691	2,776,259	3,424,416	(1,984,827)	61,198,794
Investment income/(loss) in associates and joint ventures	18,113	(1,944)	(375)	(4,856)	4,471	18,904	-	134	(68,027)	-	(33,580)
Asset and credit impairment loss	(18,331)	18,079	54,340	23	39,682	21,640	17	1,187	61,794	657	179,088
Depreciation and amortisation expenses	271,435	280,293	229,624	355,196	71,644	89,417	422,179	124,582	92,266	(74,799)	1,861,837
Interest income	121,074	34,617	6,930	4,616	2,044	7,008	131,340	6,861	508,778	(673,157)	150,111
Interest expenses	8,709	22,050	32,793	384,244	24,784	33,197	162,734	8,360	501,093	(615,751)	562,213
Total profit/(loss)	3,825,695	455,974	542,630	(236,975)	31,529	427,601	79,466	360,191	1,019,545	(2,007,556)	4,498,100
Income tax expenses	772,314	85,669	74,332	3,883	14,586	127,338	74,808	56,176	5,758	49,148	1,264,012
Net profit/(loss)	3,053,381	370,305	468,297	(240,857)	16,943	300,263	4,658	304,015	1,013,787	(2,056,704)	3,234,088
Segment total assets	31,944,921	22,115,799	21,347,428	40,586,440	9,113,580	9,486,036	40,390,574	4,347,416	55,706,179	(76,687,744)	158,350,629
Segment total liabilities	14,787,438	9,811,377	12,762,702	42,935,124	6,107,788	6,482,665	43,444,420	2,026,858	47,321,351	(88,038,477)	97,671,246
Supplementary information:											
- Other non-cash (income)/expenses other than depreciation and amortization	304,476	69,840	50,439	(6,253)	124,970	(31,692)	(73,640)	12,553	(93,002)	133,367	491,058
- Long-term equity investment of associates and joint ventures	679,642	45,136	179,369	379,312	40,509	475,339	53,966	2,930	8,262,105	-	10,118,308
- Amount of additions to non-current assets other than long-term equity investment, financial assets and deferred tax assets	962,727	373,132	1,410,068	680,563	18,451	154,089	15,549	439,618	211,521	(1,292,065)	2,973,653

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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, deferred tax assets and long-term receivables, 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 joint ventures and associates.

Geographic information (according to the receiving party division)

	Revenue from external customers		Total non-current assets	
	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022	30 June 2023	31 December 2022
China	31,259,574	37,436,059	56,227,301	53,294,827
Asia (except for China)	6,835,185	5,992,074	430,042	431,476
America	12,164,836	12,927,797	10,334,527	9,197,571
Europe	8,507,019	14,850,549	1,458,464	1,841,103
Others	1,807,354	919,779	179,447	183,530
Total	60,573,968	72,126,258	68,629,781	64,948,507

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 Audit Committee of the Group.

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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 30 June 2023, 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.

	30 June 2023				31 December 2022			
	USD	EUR	HKD	JPY	USD	EUR	HKD	JPY
Cash and cash equivalents	2,290,424	223,164	8,443	12,486	2,065,040	188,222	46,028	44,940
Receivables	7,134,771	150,906	112,384	16,930	6,794,076	129,251	61,116	58,577
Contract assets	8,361	21,121	2,384	-	8,059	4,570	7,636	-
Short-term borrowings	(465,015)	(79,082)	(139,041)	-	(629,434)	(74,410)	-	-
Lease liabilities	-	-	(1,376)	-	-	-	(428)	-
Long-term borrowings	(126,498)	-	(173,220)	-	(184,739)	-	(179,063)	-
Account payables	(1,376,207)	(67,331)	(16,524)	(25)	(1,255,466)	(52,851)	(16,133)	(80)
Current portion of non-current liabilities	(7,226)	-	(23,050)	-	(13,929)	-	(22,332)	-
Balance sheet gross exposure	7,458,610	248,778	(230,000)	29,391	6,783,607	194,782	(103,176)	103,437

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XVI. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

1. Market risk (Continued)

(1) Foreign exchange risk (Continued)

As at 30 June 2023, 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 period would be approximately RMB223,758,000 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 period would be approximately RMB6,900,000 higher/lower.

As at 30 June 2023 and 31 December 2022, 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:

	30 June 2023				31 December 2022			
	RMB	EUR	HKD	JPY	RMB	EUR	HKD	JPY
Cash and cash equivalents	682,448	3,735	121,519	-	925,729	16,689	11,833	-
Receivables	1,303,414	4,714	-	-	908,764	4,442	-	-
Receivables – financing	15,756	-	-	-	871	-	-	-
Short-term borrowings	(1,077,324)	(20,874)	(1,780,305)	-	(900,777)	(48,623)	-	-
Payables	(514,290)	(74)	-	-	(460,917)	(23,689)	-	-
Current portion of non-current liabilities	(3,247)	-	-	-	-	-	-	-
Gross exposure	406,757	(12,499)	(1,658,786)	-	473,760	(51,181)	11,833	-

As at 30 June 2023, 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 period would be approximately USD1,751,000, equivalent to RMB12,203,000 (31 December 2022: approximately USD2,040,000, equivalent to RMB14,210,000, lower/higher) higher/lower.

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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 30 June 2023, the Group's long-term interest bearing borrowings were mainly USD-denominated with floating rates linked to LIBOR, amounting to USD1,743,580,000. As at 30 June 2023, 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 USD204,557,000.

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 30 June 2023, 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 USD10,078,000 lower/higher.

(3) Other price risks

The Group's other price risk arises mainly from various investments in equity instruments. As at 30 June 2023, the Group's investments in equity instruments held for trading amounted to RMB1,387,369,000, mainly representing investments in monetary funds; the Group's other equity investments amounted to RMB2,556,665,000, 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 30 June 2023, if the expected price of investments in equity instruments had risen/fallen by 5% (2022: 5%) with all other variables held constant, the Group's net profit would be approximately RMB52,026,000 (2022: RMB39,786,000) higher/lower.

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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 30 June 2023, the Group had no significant collateral or other credit enhancements held as a result of the debtor's mortgage (31 December 2022: Nil).

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(All amounts in RMB'000 unless otherwise stated)

XVI. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

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.

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:

	30 June 2023					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	8,690,464	-	-	-	8,690,464	8,283,455	
Derivative financial liabilities	2,312,851	-	-	-	2,312,851	2,312,851	
Notes payables	3,605,631	-	-	-	3,605,631	3,605,631	
Account payables	17,369,452	-	-	-	17,369,452	17,369,452	
Debentures payable	13,000	511,917	1,659,529	-	2,184,446	1,955,398	
Other payables	4,667,536	-	-	-	4,667,536	4,667,536	
Current portion of non-current liabilities	4,890,775	-	-	-	4,890,775	4,674,865	
Other current liabilities	2,062,144	-	-	-	2,062,144	2,062,144	
Long-term borrowings	898,270	11,562,518	7,653,905	396,900	20,511,593	18,636,311	
Lease liabilities	-	169,258	369,301	342,314	880,873	813,299	
Long-term payables	-	91,230	-	-	91,230	90,102	
Other non-current liabilities	-	21,498	-	-	21,498	21,498	
	44,510,123	12,356,421	9,682,735	739,214	67,288,493	64,492,542	

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XVI. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

3. Liquidity risk (Continued)

	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	

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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:

30 June 2023				
Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
689,258	915,760	1,561,036	58,099	3,224,154

31 December 2022				
Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
955,422	1,314,004	1,264,893	34,051	3,568,370

- (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:

	30 June 2023		31 December 2022	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Within 1 year	12,762,914	2,000,000	8,322,791	–
1 to 2 years	11,151,492	501,083	9,826,965	–
2 to 5 years	7,099,768	1,454,315	5,937,297	1,896,227
Over 5 years	385,051	–	449,657	–
	31,399,225	3,955,398	24,536,710	1,896,227

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
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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).

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 30 June 2023:

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets held for trading –	IV.2				
Investments in equity instruments held for trading		1,373,941	–	–	1,373,941
Contingent consideration		–	–	13,428	13,428
Derivative financial assets –	IV.3				
Forward foreign exchange contracts		–	33,607	–	33,607
Foreign exchange option contracts		–	985	–	985
Interest rate swap contracts		–	1,836	–	1,836
Receivables financing –	IV.6				
Bank acceptance notes		–	–	567,152	567,152
Other equity investments –	IV.14				
Unlisted company stock		–	–	765,456	765,456
Listed company stock		1,791,209	–	–	1,791,209
Other non-current financial assets –	IV.15				
Equity investments		–	–	188,960	188,960
Total financial assets		3,165,150	36,428	1,534,996	4,736,574
Non-financial assets					
Investment properties	IV.18	–	–	1,454,615	1,454,615
Total		3,165,150	36,428	2,989,611	6,191,189

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

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 30 June 2023: (Continued)

Liabilities	Note	Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities held for trading		–	–	(31,639)	(31,639)
Derivative financial liabilities –	IV.3				
Forward foreign exchange contracts		–	(897,607)	–	(897,607)
Foreign exchange option contracts		–	(40,242)	–	(40,242)
Exchange rate/interest rate swap contracts		–	(65,026)	–	(65,026)
Commitment to non-controlling interests		–	–	(1,309,976)	(1,309,976)
Other non-current liabilities –	IV.44				
Forward foreign exchange contracts		–	(182)	–	(182)
Exchange rate/interest rate swap contracts		–	(5,204)	–	(5,204)
Total financial liabilities		–	(1,008,261)	(1,341,615)	(2,349,876)

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
Financial assets					
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
Non-financial assets					
Investment properties	IV.18	–	–	1,453,007	1,453,007
Total		2,889,431	314,686	2,924,578	6,128,695

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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 2022: (Continued)

Liabilities	Note	Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities held for trading		–	–	(35,685)	(35,685)
Derivative financial liabilities –	IV.3				
Forward foreign exchange contracts		–	(239,685)	–	(239,685)
Foreign exchange option contracts		–	–	(1,078,642)	(1,078,642)
Exchange rate/interest rate swap contracts		–	–	–	–
Commitment to non-controlling interests		–	(10,930)	–	(10,930)
Total financial liabilities		–	(250,615)	(1,114,327)	(1,364,942)

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 period.

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation techniques. 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.

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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 financial assets in Level 3:

	Financial assets held for trading, receivables financing, other equity investments and other non-current financial assets
1 January 2023	1,471,571
Additions	453,452
Decreases	(247,644)
– Gains or losses recognised in profit or loss	–
– Gains or losses recognised in other comprehensive income	(142,383)
30 June 2023	1,534,996
	Financial assets held for trading, receivables financing, other equity investments and other non-current financial assets
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

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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 2023	1,453,007
Transferred from inventories and fixed assets	–
Additions for current period	2,068
Total gains for current period	775
– Gains or losses recognised in profit or loss	–
Disposals for current period	(1,423)
Translation difference of foreign currency statements	188
30 June 2023	1,454,615
	Investment properties
1 January 2022	1,386,085
Transferred from inventories and fixed assets	68,481
Additions for current period	4,426
Total gains for current period	(6,391)
– Gains or losses recognised in profit or loss	10,817
Disposals for current year	(7,882)
Translation difference of foreign currency statements	1,897
31 December 2022	1,453,007

The following table presents the movement of the financial liabilities in Level 3:

	Commitment to non-controlling interests
1 January 2023	(1,078,642)
Additions	(231,334)
30 June 2023	(1,309,976)

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.

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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 30 June 2023	Valuation techniques	Inputs
Financial assets held for trading	–	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	36,428	Discounted cash flow	Expected interest rate; expected foreign exchange forward rate; contract interest rate; risk-free interest rate
Other non-current financial assets	–	Discounted cash flow	Expected interest rate; expected foreign exchange forward rate; contract interest rate; risk-free interest rate
Derivative financial liabilities	(1,002,875)	Discounted cash flow	Expected interest rate; expected foreign exchange forward rate; contract interest rate; risk-free interest rate
Other non-current liabilities	(5,386)	Discounted cash flow	Expected interest rate; expected foreign exchange forward rate; contract interest rate; risk-free interest rate
	(971,833)		
	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
	64,071		

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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 30 June 2023	Valuation techniques	Name	Significant unobservable inputs		
				Scope/weighted average	Relationship with fair value	Observable/ Unobservable
Investment properties – Completed investment properties held for sale	1,220,336	Income model	Monthly rental (RMB/square meter/month)	7.08-80.83	(a)	Unobservable
Land use rights	234,279	Direct comparison	Rate of return/capitalisation rate Market price (RMB/square meter)	444.06-927.68	(a)	Unobservable

	Fair value as at 31 December 2022	Valuation techniques	Name	Significant unobservable inputs		
				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
Land use rights	233,459	Direct comparison	Rate of return/capitalisation rate Market price (RMB/square meter)	444.06-927.68	(a)	Unobservable

(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.

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XVII. FAIR VALUE ESTIMATES (CONTINUED)

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 30 June 2023, 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 30 June 2023 and 31 December 2022 were as follows:

	30 June 2023	31 December 2022
Total liabilities	91,634,178	83,243,865
Total assets	154,052,181	145,899,949
Debt-Asset ratio	59%	57%

Notes to the Financial Statements

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XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

1. Cash at bank and on hand

	30 June 2023	31 December 2022
Bank deposits	939,154	522,622
Other cash balances	40,031	39,990
	979,185	562,612
Including: Total cash abroad	–	–

As at 30 June 2023, restricted cash and cash equivalents of the Company amounted to RMB11,922,000 (31 December 2022 : 11,903,000).

As at 30 June 2023, the deposit of the Company in the Financial Company, a subsidiary of the Group, was RMB559,818,000 (31 December 2022 : 427,049,000). The Company had no fixed deposits in the Financial Company (31 December 2022: Nil)

2. Derivative financial instruments

	30 June 2023	31 December 2022
Derivative financial assets –		
Forward foreign exchange contracts	–	–
Foreign exchange option contracts	–	483
	–	483
Derivative financial liabilities –		
Forward foreign exchange contracts	107,176	518
Foreign exchange option contracts	–	–
	107,176	518

Notes to the Financial Statements

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XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Other receivables

(1) Other receivables are analysed by categories of customers as follows:

	30 June 2023	31 December 2022
Receivables from related parties (Note XIX, 3(6))	24,976,960	22,504,459
Dividends receivable	4,217,934	3,889,145
Interest receivable	75,381	69,762
Security deposits	237	116
Others	6,274	7,712
Sub-total	29,276,786	26,471,194
Less: Provision for bad debts	(4,580)	(1,356,666)
	29,272,206	25,114,528

(2) The ageing analysis of other receivables is as follows:

	30 June 2023	31 December 2022
Within 1 year	19,626,186	16,643,476
1 to 2 years	4,768,541	4,841,061
2 to 3 years	273,994	360,495
Over 3 years	4,608,065	4,626,162
	29,276,786	26,471,194

Notes to the Financial Statements

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XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Other receivables (Continued)

(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
1 January 2023	25,114,528	-	-	1,352,086	1,352,086	4,580	4,580	1,356,666
Increase in current period	9,140,473	-	-	-	-	-	-	-
Decrease in current period	(4,982,795)	-	-	(1,352,086)	(1,352,086)	-	-	(1,352,086)
Including: Write-off in current period	-	-	-	-	-	-	-	-
30 June 2023	29,272,206	-	-	-	-	4,580	4,580	4,580

As at 30 June 2023 and 31 December 2022, 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:

As at 30 June 2023 and 31 December 2022, the provision for bad debts of other receivables individually assessed in the first stage was analysed as follows:

	30 June 2023			31 December 2022		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Amount	Accrual rate	Amount	Amount	Accrual rate
Receivables from related parties	24,976,960	-	-	21,152,373	-	-
Dividends receivable	4,217,934	-	-	3,889,145	-	-
Interest receivable	75,381	-	-	69,762	-	-
Security deposits	237	-	-	116	-	-
Others	1,694	-	-	3,132	-	-
	29,272,206	-	-	25,114,528	-	-

Notes to the Financial Statements

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XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Other receivables (Continued)

(3) Loss provision and changes in book balance (Continued)

- (i) As at 30 June 2023 and 31 December 2022, other receivables for the provision of bad debts in the portfolio were all in the third stage, as analysed below:

	Book balance	Lifetime ECL rate	Provision for bad debts	Reason
Individually assessed				Loss provision is recognised at the amount of the lifetime ECL.
Receivables from related parties	-	100.00%	-	
Collectively assessed				
Others	4,580	100.00%	4,580	

- (4) There was no provision for bad debts of other receivables that was written off in current period.

- (5) As at 30 June 2023, 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	12,580,473	Within 1 year, 1 to 2 years	42.97%	-
Southern CIMC	Fund transfer	5,431,986	Within 1 year, 1 to 3 years	18.55%	-
Fortune	Fund transfer, daily transfer	2,151,853	Within 1 year, 1 to 2 years	7.35%	-
SZ CIMC Investment	Fund transfer, daily transfer	1,343,401	Within 1 year, 1 to 3 years	4.59%	-
CIMC RAFFLES	Fund transfer, daily transfer	997,608	Within 1 year, 1 to 2 years	3.41%	-
		22,505,321		76.87%	-

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
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XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Other receivables (Continued)

(5) As at 30 June 2023, the five largest balances of other receivables were analysed as follows: (Continued)

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	Fund transfer	2,551,986	Within 1 year, 1 to 3 years	9.64%	-
Fortune	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%	-

(6) Receivables from related parties

	Relationship with the Company	30 June 2023		31 December 2022	
		Amount	% of total balance	Amount	% of total balance
Associates	Associates	78,987	0.27%	78,616	0.30%
Total receivables from subsidiaries	Subsidiaries	24,897,973	85.04%	22,425,843	84.72%
		24,976,960	85.31%	22,504,459	85.02%

(7) Other receivables derecognised due to transfer of financial assets

As at 30 June 2023, there were no other receivables derecognised due to transfer of financial assets of the Company (31 December 2022: Nil).

(8) Amount of assets and liabilities recognised due to the continuing involvement of securitised other receivables

As at 30 June 2023, there were no securitised other receivables (31 December 2022: Nil).

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Other equity investments

	30 June 2023	31 December 2022
Unlisted company equity		
– BOCM Schroder	367,337	332,776
– CR Intermodal	348,403	318,945
– CIMC Intelligent Technology	49,716	49,716
	765,456	701,437
Listed company equity		
– Jade Bird Fire	1,183,157	1,398,917
– CSG Holding	61,601	69,353
	1,244,758	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.

5. Long-term equity investments

- (1) Long-term equity investments are analysed by categories as follows:

	30 June 2023	31 December 2022
Subsidiaries (2)	14,165,956	12,188,957
Associates (3)	2,275,406	1,381,248
Less: provision for impairment of long-term equity investments	–	–
	16,441,362	13,570,205

There is no restriction on sale of the long-term equity investments held by the Company.

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

5. Long-term equity investments (Continued)

(2) Subsidiaries:

Investee	31 December 2022	Increase in investments	Decrease in investments	Classified as held for sale	30 June 2023	Shareholding (%)	Voting rights (%) (Direct+ Indirect)	Impairment provision	Cash dividends declared in current period
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%	-	-
CIMC Vehicles	1,038,668	-	-	-	1,038,668	36.10%	56.78%	-	218,533
CIMC Management Training (Shenzhen) Co., Ltd.	48,102	-	-	-	48,102	100.00%	100.00%	-	-
Finance Company	893,818	-	-	-	893,818	78.91%	100.00%	-	38,423
Shenzhen CIMC Investment Co., Ltd. ("SZ CIMC Investment")	140,000	-	-	-	140,000	100.00%	100.00%	-	-
Container Holding	5,043,682	-	-	-	5,043,682	100.00%	100.00%	-	2,379,212
COOPERATIE CIMC U.A.	205,022	-	-	-	205,022	99.00%	100.00%	-	-
CIMC Wetrans Logistics	1,216,294	-	-	-	1,216,294	62.70%	62.70%	-	-
CIMC Offshore Holdings Engineering Co., Ltd.	441,800	-	-	-	441,800	100.00%	100.00%	-	-
Fortune	67,755	-	-	-	67,755	100.00%	100.00%	-	-
Guangdong Jilue Investment Consulting Co., Ltd.	30,000	-	-	-	30,000	100.00%	100.00%	-	-
CIMC Technology	1,576,580	-	-	-	1,576,580	100.00%	100.00%	-	-
CIMC Capital Holdings Co., Ltd	340,000	660,000	-	-	1,000,000	100.00%	100.00%	-	-
CIMC Unit Load	500,000	-	-	-	500,000	63.58%	63.58%	-	56,163
Shenzhen CIMC Special Vehicles Co., Ltd.	-	1,316,999	-	-	1,316,999	100.00%	100.00%	-	-
Total	12,188,957	1,976,999	-	-	14,165,956			-	2,692,331

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

5. Long-term equity investments (Continued)

(3) Associates

Investee	31 December 2022	Increased in current period	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Declared cash dividends or profits	Decrease in investments	30 June 2023	Shareholding (%) (Direct)	Voting rights (%) (Direct+ Indirect)	Impairment provision
CIMC CAPITAL Ltd.	980,059	-	41,177	26,998	-	-	1,048,234	21.32%	45.43%	-
CIMC Xinde Leasing (Shenzhen) Co., Ltd.	401,189	-	-	-	-	-	401,189	40.00%	67.26%	-
C&C Trucks	-	850,000	(24,017)	-	-	-	825,983	35.42%	35.42%	-
	1,381,248	850,000	17,160	26,998	-	-	2,275,406			-

6. Fixed assets

	30 June 2023	31 December 2022
Fixed assets	106,472	112,244
Disposals of fixed assets	1,102	1,291
	107,574	113,535

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

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
Original cost				
31 December 2022	144,092	30,895	135,346	310,333
Transferred from construction in progress	-	-	-	-
Additions in current period	-	-	573	573
Decrease in current period	-	(1,009)	(8)	(1,017)
30 June 2023	144,092	29,886	135,911	309,889
Accumulated depreciation				
31 December 2022	70,572	20,799	106,718	198,089
Provision in current period	2,147	1,212	2,879	6,238
Decrease in current period	-	(908)	(2)	(910)
30 June 2023	72,719	21,103	109,595	203,417
Net book value				
31 December 2022	73,520	10,096	28,628	112,244
30 June 2023	71,373	8,783	26,316	106,472

The amount of depreciation accrued for fixed assets in from January to June 2023 was included in the general and administrative expenses, amounting to RMB6,238,000 (From January to June 2022 : RMB7,490,000).

From January to June, 2023, no fixed assets were transferred from construction in progress (From January to June 2022 : Nil).

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

6. Fixed assets (Continued)

(2) Disposals of fixed assets

	30 June 2023	31 December 2022
Office and other equipment	1,102	1,291

7. Short-term borrowings

	30 June 2023	31 December 2022
Unsecured	2,201,834	-

8. Taxes payable

	30 June 2023	31 December 2022
Enterprise income tax payable	1,867	1,867
Withholding individual income tax	988	1,455
VAT payable	3,186	1,156
Others	2,121	743
	8,162	5,221

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

9. Other payables

(1) The analysis of the Company's other payables is as follows:

	30 June 2023	31 December 2022
Payables to subsidiaries	7,157,850	8,371,742
Payables to related parties	94,969	94,332
Dividends payable	970,654	–
Accrued expenses	600	2,600
Warranties	598	150
Interest payable	3,686	–
Others	24,382	25,957
	8,252,739	8,494,781

(2) Other payables aged over 1 year

Other payables aged over 1 year are mainly unpaid warranties.

(3) Payables to related parties:

Company name	Relationship with the Company	30 June 2023	31 December 2022
Payables to subsidiaries	Subsidiaries	7,157,850	8,371,742
Payables to related parties	Related parties	94,969	94,332

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

10. Current portion of non-current liabilities

Item	Note	30 June 2023	31 December 2022
Current portion of long-term borrowings	XIX.11	2,072,179	1,677,186
Current portion of debentures payable	XIX.12	–	–
Current portion of provisions		–	–
		2,072,179	1,677,186

11. Long-term borrowings

	30 June 2023	31 December 2022
Unsecured	7,617,002	4,410,186
Less: Current portion of long-term borrowings Unsecured	(2,072,179)	(1,677,186)
	5,544,823	2,733,000

As at 30 June 2023, there were no overdue long-term borrowings of which the durations are extended (31 December 2022: Nil).

As at 30 June 2023, the interest rate of long-term borrowings ranged from 1.20% to 3.40%(31 December 2022 : 1.20% to 4.30%).

12. Debentures payable

Information for the Company's debentures payable is disclosed in Note IV.41.

Note	31 December 2022	Current period issuance	Interest at par value	Repayment of principal in current period	Interest paid in current period	30 June 2023
Medium term notes	507,583	–	6,500	–	(13,000)	501,083
	507,583	–	6,500	–	(13,000)	501,083
Less: Current portion of debentures payable	–					–
	507,583					501,083

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
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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

	30 June 2023		31 December 2022	
	Deductible/ (Taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (Taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets:				
Deductible losses	125,653	31,412	376,028	94,006
Offsetting amount	(125,653)	(31,412)	(376,028)	(94,006)
Offsetting balances	–	–	–	–
Including:				
Expected to be recovered within one year (inclusive)		–		–

	30 June 2023		31 December 2022	
	Deductible/ (Taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (Taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax liabilities:				
Derivative financial assets	–	–	483	121
Changes in fair value of investment properties	125,653	31,412	125,653	31,412
Changes in fair value of other equity investments	–	–	249,892	62,473
Sub-total	125,653	31,412	376,028	94,006
Offsetting amount	125,653	31,412	(376,028)	(94,006)
Offsetting balances	–	–	–	–
Including:				
Expected to be recovered within one year (inclusive)		–		–

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
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XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

14. Capital reserve

	31 December 2022	Increase in current period	Decrease in current period	30 June 2023
Share premium	1,482,130	–	–	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)
	1,015,449	–	–	1,015,449

	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)
	2,812,956	–	(1,797,507)	1,015,449

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

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 income statement from January to June 2023			
	1 January 2023	Post-tax amount	30 June 2023	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	439,222	(159,493)	279,729	(159,493)	-	-	(159,493)
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	26,998	62,753	26,998	-	-	26,998
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	-	-	-	-
	639,000	(132,495)	506,505	(132,495)	-	-	(132,495)

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15. Other comprehensive income (Continued)

	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

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
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XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

16. Returned earnings

	From 1 January to 30 June 2023	2022
Returned earnings at the beginning of the year	14,657,717	10,282,677
Add: Net profit for current period	2,609,450	7,126,574
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 period	(32,100)	(55,435)
Less: Appropriation to statutory surplus reserve	–	(712,658)
Ordinary share dividends payable	(970,654)	(2,480,628)
Returned earnings at the end of the period	16,264,413	14,657,717

Approved by the shareholders' general meeting on 28 June 2023, the Company distributed cash dividends to ordinary shareholders on 18 August 2023, at RMB0.18 per share (2022: RMB0.69 per share), totalling RMB970,654,000 (2022: RMB2,480,628,000).

17. Revenue and cost of sales

(1) Revenue and cost of sales

	From 1 January to 30 June 2023	From 1 January to 30 June 2022
Revenue from other operations	78,432	147,475
Cost of sales from other operations	–	–

(2) Revenue and cost of sales from other operations

	From 1 January to 30 June 2023		From 1 January to 30 June 2022	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Commission	67,278	–	139,166	–
Others	11,154	–	8,309	–
	78,432	–	147,475	–

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
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XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

18. Financial (income)/expenses

	From 1 January to 30 June 2023	From 1 January to 30 June 2022
Interest expenses of borrowings	246,682	300,578
Less: Interest income	(28,567)	(34,777)
Foreign exchange gains and losses	(232,969)	(282,934)
Others	2,621	2,359
	(12,233)	(14,774)

19. Expenses by nature

	From 1 January to 30 June 2023	From 1 January to 30 June 2022
Salary or wages	106,562	129,072
Operating and office expenditure	13,052	12,069
Agency fees	8,219	9,875
Software and system maintenance fee	8,266	6,643
Depreciation and amortisation expenses	21,646	15,533
Advertising and stock certificate fee	2,100	5,416
Travel and communication costs	5,541	2,860
Technical research and development expenditure	487	273
Other expenses	556	1,233
	166,429	182,974

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

20. Investment income

	From 1 January to 30 June 2023	From 1 January to 30 June 2022
Income from long-term equity investments under cost method	2,692,331	5,639,762
Gains from disposals of long-term equity investments	–	1,029,424
Interest income and others	283,824	298,022
Income from long-term equity investments under equity method	17,160	–
Income earned during the holding period of other equity investments	54,994	50,000
Investment income/(loss) from disposal of derivative financial assets	(69,773)	38,079
Investment income from disposals of financial assets/liabilities held for trading	7,568	15,066
	2,986,104	7,070,353

21. Non-operating expenses

	From 1 January to 30 June 2023	From 1 January to 30 June 2022
Others	–	85
	–	85

22. Income tax expenses

	From 1 January to 30 June 2023	From 1 January to 30 June 2022
Current income tax calculated based on tax law and related regulations	–	–
Deferred income tax	–	–
	–	–

The income tax based on the applicable profit rate is adjusted to income tax expenses based on the total profit of the income statement:

	From 1 January to 30 June 2023	From 1 January to 30 June 2022
Profit before income tax	2,609,450	6,984,617
Income tax expenses calculated at applicable tax rates	652,363	1,746,154
Expenses not deductible for tax purposes	469	573
The tax effect of current period's losses of unrecognised deferred income tax assets	30,251	–
Utilisation of previously unrecognised deductible losses	–	(324,286)
Income not subject to tax	(683,083)	(1,422,441)
Income tax expenses	–	–

Notes to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

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:

	From 1 January to 30 June 2023	From 1 January to 30 June 2022
Net profit	2,609,450	6,984,617
Add: Asset impairment losses and credit impairment losses	207,616	–
Depreciation of fixed assets	6,238	7,490
Amortisation of intangible assets	14,380	7,861
Amortisation of long-term prepaid expenses	1,028	182
Amortisation of deferred income	(961)	(1,498)
Losses on disposals of fixed assets	235	23
Losses on changes in fair value	107,141	62,667
Financial (income)/expenses	2,567	5,754
Investment income	(2,986,104)	(7,070,353)
Decrease in deferred tax assets	–	–
Decrease/(Increase) in operating receivables	170,650	(646,643)
(Decrease)/Increase in operating payables	(239,101)	584,743
Net cash flows from operating activities	(106,861)	(65,157)

(b) Net change of cash and cash equivalents:

	From 1 January to 30 June 2023	From 1 January to 30 June 2022
Cash and cash equivalents at the end of the period	967,263	8,866,035
Less: Cash and cash equivalents at the beginning of the year	(550,709)	(3,072,197)
Net (decrease)/increase in cash and cash equivalents	416,554	5,793,838

(2) Composition of cash and cash equivalents

	30 June 2023	30 June 2022
I. Cash		
Including: Bank deposits that can be readily drawn on demand	934,596	8,866,035
Other cash balances that can be readily drawn on demand	32,667	–
II. Balance of cash and cash equivalents that are readily convertible to cash at the end of the period	967,263	8,866,035

Note: The above disclosure of cash and cash equivalents does not include restricted cash and cash equivalents.

Supplementary to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

1. STATEMENT OF NON-RECURRING PROFIT OR LOSS

	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022
Gains/(Losses) on disposals of non-current assets	3,538	(5,755)
Government grants recognised in profit or loss for the current period	231,645	210,725
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 non-current financial assets, and gains or losses from changes in fair values of investment properties subsequently measured at fair value, except for the effective hedging activities relating to the Group's ordinary operating activities	(1,443,868)	(475,976)
Reversal of impairment provision for accounts receivables tested for impairment separately	980	–
Net gains/(losses) from disposals of long-term equity investments	200,615	(212,199)
Other non-operating expenses and income other than the above items	13,694	43,194
Effect of income tax	186,539	112,568
Effect of minority interests (after tax)	228,814	168,377
Total	(578,043)	(159,066)

Note: The above non-recurring profit or loss items are all presented as pre-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.

Supplementary to the Financial Statements

For the period from 1 January 2023 to 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE

In accordance with the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No. 9 - Calculation and Disclosure of Return on Net Assets and Earnings Per Share (as amended in 2010) issued by the CSRC and relevant requirements of accounting standards, the calculation of return on net assets and earnings per share of the Company is listed as follows:

	Weighted average return on net assets (%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022 (Adjusted)	For the period from 1 January to 30 June 2023	For the period from 1 January to 30 June 2022 (Adjusted)
Net profit attributable to ordinary shareholders of the Company	0.79%	5.44%	0.07	0.47	0.07	0.46
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	2.03%	5.78%	0.18	0.74	0.18	0.73

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