

CIMC VEHICLES

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

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

Stock Code: 1839.HK / 301039.SZ



3rd·创业
(2023-2030)

2nd·创业
(2010-2022)

1st·创业
(2002-2009)

2023 ANNUAL REPORT

SECTION I IMPORTANT NOTICE, CONTENTS AND DEFINITIONS

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

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

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

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

The proposed profit distribution plan for 2023 of the Company as considered and approved by the Board meeting is that no cash dividend will be distributed, no bonus shares will be issued and shares will not be converted from capital reserve into share capital.

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

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3rd·创业
(2023-2030)

2nd·创业
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(2002-2009)

DIRECTORY OF DOCUMENTS FOR INSPECTION

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

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

DEFINITIONS

Items under the definitions	Contents under the definitions
A Share(s)	ordinary share(s) proposed to be issued by the Company pursuant to the A Share offering, with a nominal value of RMB1.00 each, which will be listed on the ChiNext Market of the SZSE and traded in RMB
Articles of Association	the articles of association of CIMC Vehicles (Group) Co., Ltd., as amended from time to time
Audit Committee	the audit committee under the Board
BANI	Brittleness, Anxiety, Nonlinearity and Incomprehensible
Board or Board of Directors	the board of Directors of the Company
China VI	the National Stage VI Motor Vehicle Emission Standard, including the Limits and Measurement Methods for Emissions From Light-duty Vehicles (China VI) and the Limits and Measurement Methods for Emissions from Diesel Fuelled Heavy-duty Vehicles (China VI)
CIE	CIMC Intermodal Equipment, LLC, a subsidiary of the Company
CIMC Enric	CIMC Enric Holdings Limited (中集安瑞科控股有限公司), a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 03899), and a non-wholly owned subsidiary of CIMC Group
CIMC Financial Institution	CIMC Finance Co., Ltd. (中集集團財務有限公司), a limited liability company established in the PRC on February 9, 2010, a subsidiary of CIMC Group
CIMC Gansu	Gansu CIMC Vehicles Co., Ltd. (甘肅中集車輛有限公司), a subsidiary of the Company
CIMC Group	China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司), a joint stock company incorporated in the PRC on January 14, 1980 and listed on the Main Board of the SZSE (stock code: 000039) and the Main Board of the Hong Kong Stock Exchange (stock code: 02039), and the controlling shareholder of the Company

DEFINITIONS *(Continued)*

Items under the definitions	Contents under the definitions
CIMC Hong Kong	China International Marine Containers (Hong Kong) Limited (中國國際海運集裝箱(香港)有限公司), a limited liability company incorporated in Hong Kong on July 30, 1992, and a wholly owned subsidiary of CIMC Group and the promoter and controlling shareholder of the Company
CIMC RJST Tank Trailer (瑞江罐車)	Wuhu CIMC Ruijiang Automobile Co., Ltd. (蕪湖中集瑞江汽車有限公司), a subsidiary of the Company
CIMC Shaanxi	CIMC Vehicles (Shaanxi) Automobile Co., Ltd. (中集車輛(陝西)汽車有限公司), a subsidiary of the Company
CIMC Shandong	CIMC Vehicles (Shandong) Co., Ltd. (中集車輛(山東)有限公司), a subsidiary of the Company
CIMC Vehicle Group or Group or we	the Company and its subsidiaries (unless the context otherwise requires)
Company or CIMC Vehicles	CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)股份有限公司) (including our predecessor, CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)有限公司)), a joint stock company with limited liability established under the laws of the PRC on August 29, 1996, the H Shares and A Shares of which are listed and traded on the Hong Kong Stock Exchange (stock code: 01839) and the SZSE (stock code: 301039), respectively
Controlling Shareholder(s)	has the meaning ascribed to it under the SZSE Listing Rules and the Hong Kong Stock Exchange Listing Rules, unless the context requires otherwise, refers to CIMC Group
Corporate Governance Code	the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Stock Exchange Listing Rules
Date of the Report	April 19, 2024, being the date prior to the printing of this annual report for the purpose of ascertaining certain information contained herein

DEFINITIONS *(Continued)*

Items under the definitions	Contents under the definitions
DE	design engineering. Since the Company is committed to promoting digital design models, DE here also refers to the design by means of digital design models
Director(s)	the director(s) of the Company
Dongguan CIMC Special Vehicle	Dongguan CIMC Special Vehicle Co., Ltd. (東莞中集專用車有限公司), a subsidiary of the Company
DS Plant	Dee Siam Manufacturing Co., Ltd. (泰國 DS 製造有限公司), a subsidiary of the Company engaged in manufacturing business in Thailand
EAPA	Enforce and Protect Act
ERP	abbreviation for Enterprise Resource Planning
Global Offering	the offer of H Shares by the Company for subscription by the public in Hong Kong, and in offshore transactions outside the United States and only to Qualified Institutional Buyers (QIBs) in the United States, the details of which are set out in the Prospectus
H Shares	overseas listed foreign ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are listed and traded on the Hong Kong Stock Exchange
Hainan Longyuan	Hainan Long Yuan Gang Cheng Enterprise Management Center (Limited Partnership) (海南龍源港城企業管理中心(有限合夥)), a limited partnership incorporated in the PRC on April 29, 2016, and a Shareholder of the Company
HK\$ or HK dollar(s)	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong or HK	the Hong Kong Special Administrative Region of the PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited

DEFINITIONS *(Continued)*

Items under the definitions	Contents under the definitions
Hong Kong Stock Exchange Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
Jiangmen Tank Trailer (江門罐車)	CIMC Vehicles (Jiangmen) Co., Ltd. (中集車輛(江門市)有限公司), a subsidiary of the Company
Jiangsu Wanjing	Jiangsu Wanjing Technology Co., Ltd., a company incorporated in the PRC with limited liability, with 42.67% of its equity interests held by the Company
KTL	a mature technical process used for applying a thin, strong and corrosion-resistant organic coating on metal surfaces
Liangshan Dongyue	Liangshan CIMC Dongyue Vehicles Co., Ltd. (梁山中集東嶽車輛有限公司), a subsidiary of the Company
“Light Tower” Plants	an automatic and intelligent production plant integrating virtual simulation, big data, Internet of Things and digital technology. With highly automated equipment (such as CNC laser cutting machine, robot welding workstation, KTL and powder coating line), it can realize large-scale automatic and flexible production and solve the problems of backward production equipment, technical lag, increasing labor cost, energy conservation and emission reduction
Listing Date of H Shares	July 11, 2019
Listing of H Shares	listing of H Shares on the Hong Kong Stock Exchange
LoM	abbreviation for Local Manufacturing
Longyuan Investment	Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd. (深圳市龍源港城投資發展有限責任公司), a limited liability company established in the PRC on December 14, 2015
LTL	abbreviation for “Light Tower” logistics

DEFINITIONS *(Continued)*

Items under the definitions	Contents under the definitions
LTP	abbreviation for “Light Tower” production
LTS	abbreviation for “Light Tower” sourcing, i.e. external purchases of related items
ME	abbreviation for manufacturing engineering
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Stock Exchange Listing Rules
Nanshan Dacheng	Shenzhen Nan Shan Da Cheng New Material Investment Partnership (Limited Partnership) (深圳南山大成新材料投資合夥企業(有限合夥)), a limited liability partnership incorporated in the PRC on December 3, 2015, and a Shareholder of our Company
Nanshan Group	China Nanshan Development (Group) Co., Ltd. (中國南山開發(集團)股份有限公司), a limited liability company established in the PRC
Nomination Committee	the nomination committee under the Board
NR	new retails
OEM	abbreviation for Original Equipment Manufacturer
Ping An Decheng	Shenzhen Ping An Decheng Investment Limited Company (深圳市平安德成投資有限公司), a limited liability company established in the PRC on September 9, 2008 and the general partner of Shanghai Taifu and Taizhou Taifu
Ping An Financial	Shenzhen Ping An Financial Technology Consulting Co., Ltd. (深圳平安金融科技諮詢有限公司), a limited liability company established in the PRC
Ping An Group	Ping An Insurance (Group) Company Ltd. (中國平安保險(集團)股份有限公司), a joint stock company incorporated in the PRC with limited liability and listed on the Shanghai Stock Exchange (stock code: 601318) and the Hong Kong Stock Exchange (stock code: 2318)

DEFINITIONS *(Continued)*

Items under the definitions	Contents under the definitions
Ping An Health Partnership	Shenzhen Ping An Health Technology Equity Investment Partnership (Limited Partnership) (深圳市平安健康科技股權投資合夥企業(有限合夥)), a limited partnership established in the PRC
Ping An Life Insurance	Ping An Life Insurance Company of China, Ltd. (中國平安人壽保險股份有限公司), a limited liability company established in the PRC
PRC or China	the People's Republic of China
Proceeds from H Shares	the proceeds received upon the completion of the Global Offering of H Shares on the Main Board of the Hong Kong Stock Exchange on July 11, 2019
Prospectus	the H Shares prospectus of the Company dated June 27, 2019 in connection with the Global Offering
Reporting Period or Year	the year ended December 31, 2023
Remuneration Committee	the remuneration committee under the Board
RMB or Renminbi	Renminbi, the lawful currency of the PRC
RMB, RMB ten thousand	RMB, RMB ten thousand
Securities and Futures Ordinance or SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
Semi-trailer(s)	any vehicle intended to be coupled to a motor vehicle in such a way that part of it rests on the motor vehicle with a substantial part of its weight and the weight of its load being borne by the motor vehicle, and constructed and equipped for the carriage of goods
Shanghai Taifu	Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥)), a limited liability partnership established in the PRC on December 18, 2015, and a Shareholder of the Company

DEFINITIONS *(Continued)*

Items under the definitions	Contents under the definitions
Share(s)	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising A Share(s) and H Share(s)
Shareholder(s)	holder(s) of the Share(s)
Shenzhen CIMC Special Vehicle	Shenzhen CIMC Special Vehicle Co., Ltd. (深圳中集專用車有限公司), a subsidiary of the Company until April 3, 2023
Shenzhen Longhui	Shenzhen Long Hui Gang Cheng Enterprise Management Center (Limited Partnership) (深圳市龍匯港城企業管理中心(有限合夥)), a limited liability partnership incorporated in the PRC on May 11, 2017, and a Shareholder of Xiangshan Huajin
Strategy and Investment Committee	the strategy and investment committee under the Board
Substantial Shareholder(s)	has the meaning ascribed to it under the Hong Kong Stock Exchange Listing Rules
Supervisor(s)	members of the supervisory committee of the Company
Supervisory Committee	the supervisory committee of the Company
SZSE or Shenzhen Stock Exchange	the Shenzhen Stock Exchange
SZSE Listing Rules	the Rules Governing the Listing of Securities on the ChiNext Market of the Shenzhen Stock Exchange, as amended, supplemented or otherwise modified from time to time
Taizhou Taifu	Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on November 28, 2017, and a Shareholder of the Company

DEFINITIONS *(Continued)*

Items under the definitions	Contents under the definitions
Tractor manufacturers	the enterprise manufacturing the whole automobile or entire auto assemble is generally referred to as an automobile maker in the industry
Truck body for specialty vehicles/truck body	a type of vehicle body, such as a dump bed or mixer, which can be installed onto a truck chassis to form a fully-assembled specialty vehicle, such as a dump truck or mixer truck
VUCA	Volatility, Uncertainty, Complexity and Ambiguity
Xiangshan Huajin	Xiang Shan Hua Jin Industrial Investment Partnership (Limited Partnership) (象山華金實業投資合夥企業(有限合夥)) (previously known as Xiang Shan Hua Jin Equity Investment Partnership (Limited Partnership) (象山華金股權投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on November 22, 2017, and a Shareholder of the Company
Xi'an CIMC	CIMC-SHAC (Xi'an) Special Vehicles Co., Ltd. (中集陝汽重卡(西安)專用車有限公司), a subsidiary of the Company
Yangzhou Tonghua	Yangzhou CIMC Tonghua Special Vehicles Co., Ltd. (揚州中集通華專用車有限公司), a subsidiary of the Company
Zhumadian CIMC Huajun Vehicle	Zhumadian CIMC Huajun Vehicle Co., Ltd. (駐馬店中集華駿車輛有限公司), a subsidiary of the Company
Zhumadian Huajun Casting	Zhumadian CIMC Huajun Casting Co., Ltd. (駐馬店中集華駿鑄造有限公司), a subsidiary of the Company

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

I. COMPANY INFORMATION

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

II. CONTACT PERSONS AND MEANS OF COMMUNICATION

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

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

III. INFORMATION DISCLOSURE AND LOCATIONS FOR DOCUMENTS FOR INSPECTION

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

IV. OTHER RELEVANT INFORMATION

Accounting Firm engaged by the Company

Name of the Accounting Firm	PricewaterhouseCoopers Zhong Tian LLP
Office Address of the Accounting Firm	11/F, PricewaterhouseCoopers Center, 2 Corporate Avenue, 202 Hu Bin Road, Huangpu District, Shanghai, the PRC
Names of the Certified Public Accountants as the Signatories	Chen Zhiming, Liu Yufeng

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

Applicable Not applicable

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

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

Applicable Not applicable

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS (Continued)

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

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

Yes No

Unit: RMB

Consolidated Income Statement Items	For the year ended December 31,					
	2023	2022	Changes from the previous year to this year	2021	2020	2019
Revenue	25,086,577,013.05	23,620,612,415.36	6.21%	27,647,762,501.46	26,498,964,653.25	23,386,908,687.91
Operating profit	3,264,673,614.58	1,472,638,520.24	121.69%	1,173,596,875.71	1,498,875,772.12	1,553,806,989.25
Profit before income tax	3,260,764,615.46	1,474,779,017.88	121.10%	1,176,166,310.16	1,517,700,367.89	1,570,742,601.43
Income tax expenses	813,003,671.70	361,171,952.63	125.10%	188,502,861.95	248,353,595.63	244,281,583.53
Net profit	2,447,760,943.76	1,113,607,065.25	119.80%	987,663,448.21	1,269,346,772.26	1,326,461,017.90
Net profit attributable to shareholders of the Company	2,455,670,702.61	1,117,958,345.49	119.66%	900,749,340.13	1,131,544,435.11	1,210,643,016.08
Net profit attributable to shareholders of the Company after deducting non-recurring profit or loss	1,553,393,232.96	915,504,724.28	69.68%	635,803,868.16	850,012,330.82	911,838,715.45

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS (Continued)

Unit: RMB

Consolidated Balance Sheet Items	As at December 31,					
	2023	2022	Changes from the previous year to this year	2021	2020	2019
Total current assets	16,521,521,170.98	14,673,352,881.19	12.60%	14,233,856,026.37	12,965,531,089.98	12,362,552,131.31
Total non-current assets	7,316,306,708.93	7,543,877,182.81	-3.02%	7,547,477,198.07	6,859,628,513.66	6,318,532,064.56
Total assets	23,837,827,879.91	22,217,230,064.00	7.29%	21,781,333,224.44	19,825,159,603.64	18,681,084,195.87
Total current liabilities	7,740,453,766.95	8,128,158,784.11	-4.77%	8,623,414,465.10	8,558,977,854.63	7,979,217,979.76
Total non-current liabilities	650,280,656.08	728,590,380.60	-10.75%	771,344,798.96	817,482,971.02	481,191,934.27
Total liabilities	8,390,734,423.03	8,856,749,164.71	-5.26%	9,394,759,264.06	9,376,460,825.65	8,460,409,914.03
Total shareholders' equity	15,447,093,456.88	13,360,480,899.29	15.62%	12,386,573,960.38	10,448,698,777.99	10,220,674,281.84
Equity attributable to shareholders of the Company	14,808,858,146.86	12,699,782,738.40	16.61%	11,738,895,400.14	9,962,233,215.04	9,750,514,866.53
Minority interests	638,235,310.02	660,698,160.89	-3.40%	647,678,560.24	486,465,562.95	470,159,415.31

Unit: RMB

Consolidated Cash Flow Statement Items	For the year ended December 31,					
	2023	2022	Changes from the previous year to this year	2021	2020	2019
Net cash flow from operating activities	1,790,203,646.24	1,153,907,516.02	55.14%	174,428,262.61	2,746,937,975.27	1,908,701,959.51
Net cash flow from investing activities	347,332,731.86	-265,964,869.87	230.59%	-735,080,784.36	-759,827,551.85	-909,495,598.17
Net cash flow from financing activities	-974,309,034.44	-954,102,423.06	-2.12%	1,015,615,330.82	-1,399,200,617.05	133,347,679.21

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

Key Financial Indicators	For the year ended December 31,					
	2023	2022	Changes from the previous year to this year	2021	2020	2019
Basic earnings per share (RMB/share)	1.22	0.55	121.82%	0.48	0.64	0.75
Diluted earnings per share (RMB/share)	1.22	0.55	121.82%	0.48	0.64	0.75
Weighted average return on net assets	17.93%	9.18%	8.75%	8.29%	11.48%	14.40%
Gross profit margin	18.96%	13.28%	5.68%	11.02%	13.09%	13.91%
Operating profit margin	13.01%	6.23%	6.78%	4.24%	5.66%	6.64%
Net profit margin	9.76%	4.71%	5.05%	3.57%	4.79%	5.67%
Current ratio <i>(note 1)</i>	2.13	1.81	17.68%	1.65	1.51	1.55
Quick ratio <i>(note 2)</i>	1.47	1.13	30.09%	1.08	1.07	1.07
Return on total assets <i>(note 3)</i>	10.63%	5.06%	5.57%	4.75%	6.59%	7.53%

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

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

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

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

Yes No

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

Yes No

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

VI. KEY FINANCIAL INDICATORS BY QUARTER

	Unit: RMB			
	Q1	Q2	Q3	Q4
Revenue	6,583,965,447.49	6,885,664,774.09	6,098,595,953.96	5,518,350,837.51
Net profit attributable to shareholders of the Company	479,487,282.59	1,417,044,954.85	380,767,625.18	178,370,839.99
Net profit attributable to shareholders of the Company after deducting non-recurring profit or loss	478,841,575.44	556,623,997.65	368,306,870.76	149,620,789.11
Net cash flow from operating activities	<u>748,943,315.18</u>	<u>496,537,469.75</u>	<u>31,420,388.12</u>	<u>513,302,473.19</u>

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

Yes No

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

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

Applicable Not applicable

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

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

Applicable Not applicable

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

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

VIII. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

√ Applicable □ Not applicable

Unit: RMB

Items	Amounts for 2023	Amounts for 2022	Amounts for 2021	Note
Gains or losses from disposal of non-current assets (including elimination of provision for impairment of assets)	3,997,426.56	220,986,001.61	175,056,325.63	
Except for those that are closely related to normal business operations, in line with national policies and in accordance with defined criteria, and have a sustained impact on the Company's profit or loss, government subsidies recognized in profit or loss for the current period	66,647,000.09	81,550,034.72	144,395,663.75	Various government grants
Gains and losses on changes in fair values of held for trading financial assets, other non-current financial assets, held for trading financial liabilities and derivative financial instruments, gains and losses on changes in fair values of investment properties subject to subsequent measurement in the mode of fair value, and investment gains from disposal of held for trading financial assets, held for trading financial liabilities and derivative financial instruments	-18,758,504.29	-26,914,107.34	396,590.25	Changes in fair value of financial assets held for trading, derivative financial assets and liabilities; investment income from holding financial assets held for trading; investment gain or loss on disposal of derivative financial assets and liabilities; and gain or loss on changes in fair value of investment properties
The cost of investments in subsidiaries, associates and joint ventures acquired by an enterprise is less than its share of the gain arising from the fair value of the investee's identifiable net assets at the time of investment acquisition	3,999,081.31	-	-	
Other non-operating income and expenses other than the above items	4,412,261.16	5,336,216.43	4,637,291.81	

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS (Continued)

Items	Amounts for 2023	Amounts for 2022	Amounts for 2021	Note
Net gains and losses from disposal of long-term equity investment	1,108,855,449.64	-3,322.91	-375,851.02	Mainly net gain on disposal of equity interest in Shenzhen CIMC Special Vehicle
Reorganization costs on disposal of long-term equity investments	-35,371,122.00	-	-	Reorganization costs arising from disposal of equity interest in Shenzhen CIMC Special Vehicle
Gains and losses on debt restructuring	-12,800.00	-	-	
Less: Effect of income tax	222,743,747.47	69,612,814.33	47,536,078.84	
Effect of minority interests (after tax)	8,747,575.35	8,888,386.97	11,628,469.61	
	<u>902,277,469.65</u>	<u>202,453,621.21</u>	<u>264,945,471.97</u>	

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

Applicable Not applicable

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

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

Applicable Not applicable

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

SECTION III CHAIRMAN'S STATEMENT

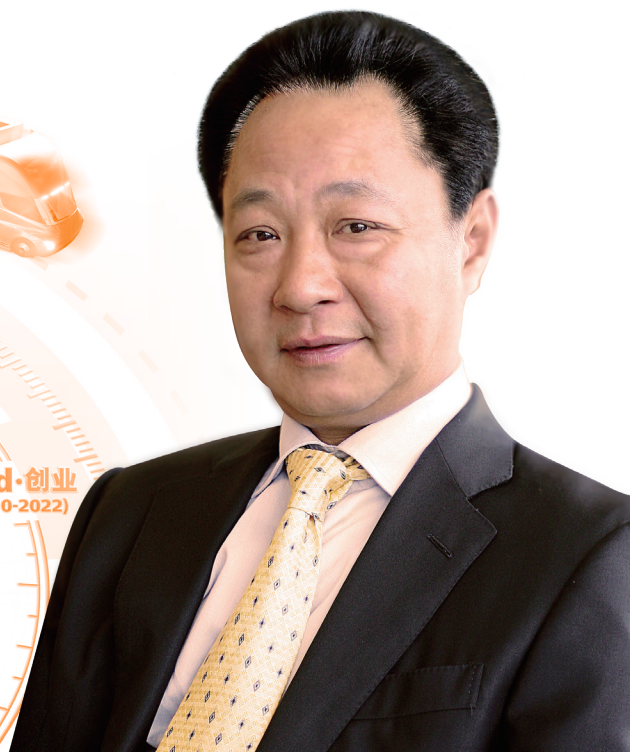


CROSSING THE
“OCEAN OF STARS”
OF THE THIRD VENTURE

3rd·创业
(2023-2030)

2nd·创业
(2010-2022)

1st·创业
(2002-2009)



Revenue of RMB

25,086.6 million

Net profit attributable to
shareholders of the Company
for the year of RMB

2,455.7 million

Increase of

119.7%

as compared to net profit
attributable to shareholders of
the Company for the year of
2022

DEAR SHAREHOLDERS,

As energy rises after the Winter Solstice, we are about to bid farewell to the old year and usher in the new. Time races by while we are engaged in our endeavours.

In retrospect, the year 2023 posed a complex and challenging backdrop for China's development. The international political and economic environment was rife with increased negative influences, and domestically, the nation grappled with a heavy agenda of development and reform, compounded by intertwined cyclical and structural issues. The year was characterized by both overt turbulence and subtle undercurrents. Nevertheless, China's economy has withstood external challenges and internal struggles, made solid progress in pursuing high-quality development and shown remarkable resilience.

SECTION III CHAIRMAN'S STATEMENT *(Continued)*

In the context of a global economic slowdown and a complex, uncertain external setting, the employees of CIMC Vehicles have made concerted efforts to tackle challenges, continuously driving the quality growth of the Company. In 2023, CIMC Vehicles achieved frequent successes and scaled new heights, signifying significant progress.

Such achievement did not come easily. On behalf of the Company's Board and management, I would like to thank each and every employee for their relentless efforts and contributions in 2023, as well as all Shareholders for their trust and perseverance. In a year filled with market complexities and constant change, such enduring trust you have placed in us is exceptionally valuable!

20TH ANNIVERSARY OF BUSINESS OPERATIONS

In 2023, the revenue of CIMC Vehicles reached RMB25,087 million; the net profit attributable to shareholders of the Company was RMB2,456 million, representing a year-on-year increase of 119.66%, setting a record high.

During the year, CIMC Vehicles celebrated the 20th anniversary of business operations and started its 3rd venture. Two decades ago, CIMC Vehicles officially launched its 1st venture in Shenzhen, China, expanding globally from China. Through determined endeavors in China, great efforts made to save critical situations in North America, and arduous transformations in Europe, CIMC Vehicles accomplished its "1st and 2nd ventures." We have consistently upheld the mission of becoming the global leader in semi-trailer and specialty vehicle industries, steadfastly advancing with efforts and dedication to promote high-quality development.

This year, the "Star-chained Manufacturing Network" has gone through 2 stages of strategic development and operational construction, namely the planning stage and the construction stage, and is now ready to officially enter the implementation stage.

The Group sold a total of

116,677 units
of semi-trailers worldwide

A total of

16,824 sets
of truck bodies for
specialty vehicles
and fully-assembled
specialty vehicles were
manufactured and sold

A total of

5,514 units
of other vehicles were sold

SECTION III CHAIRMAN'S STATEMENT *(Continued)*

This year, our North American Business has made further progress, while our European Business has made growth against adverse conditions. The profit of SDC hit a record high, and the Champion Tanker Business Group has delivered a strong performance. The development strategy of “Sanhao development”, namely “excellent tractors with excellent trailers”, “excellent horses with excellent saddles” and “excellent trucks with excellent tanks” has become a valuable strategic endeavor in the pursuit of high-quality development for the commercial vehicle sector in China.

2023 was the 1st year to fully implement the guiding principles of the 20th CPC National Congress, a crucial year for continuing to implement the 14th Five-Year Plan, and the 1st year to strategically plan the 3rd venture of CIMC Vehicles. Taking on the mission in the new era, CIMC Vehicles has further broadened the base for its core business and significantly promoted high-quality development.

HIGH-QUALITY DEVELOPMENT

Confronted with an increasingly complicated and severe domestic and international environment, a clear consensus is emerging: promoting high-quality development is not only the key to breakthrough and growth, but also a challenging way to overcome many difficulties.

Under the guidance of technological innovation and market demand, CIMC Vehicles built a sophisticated manufacturing system, continuously enhanced the competitiveness of enterprises and accelerated high-quality development. With the business philosophy of “Intercontinental Operation, Local Manufacturing”, we built 21 “Light Tower” Plants at home and abroad, and deepened the construction of “Light Tower Manufacturing Network”. We applied automatic, intelligent and digital environmental protection and emission reduction facilities to all production processes, embarking on a new journey for high-quality development.

Over the past year, CIMC Vehicles has continued to improve the level of green manufacturing. Up to now, 5 plants, namely Dongguan CIMC, Zhumadian CIMC Huajun Vehicle, Xi'an CIMC, Ruijiang Tanker and Yangzhou Tonghua, have been rated as “national-level green plants”. 2 plants, namely Gansu CIMC and Shaanxi CIMC, have been recognized as “provincial-level green plants”. 2 plants, namely Ruijiang Tanker and Zhumadian CIMC Huajun Vehicle, have won the title of “national-level green supply chain management enterprise”. Liangshan Dongyue has been rated as a “municipal-level green plant” in Jining City. 3 plants, namely Jiangmen Tanker, Gansu CIMC and Zhumadian CIMC Huajun Casting, have been rated as national-level small technology giants that “apply special, sophisticated techniques to produce unique and novel products”. Shandong CIMC has been rated as a provincial-level small technology giants that “apply special, sophisticated techniques to produce unique and novel products”. Ruijiang Tanker has won the “Quality Award of Anhui Provincial People's Government”.

SECTION III CHAIRMAN'S STATEMENT *(Continued)*

CIMC Vehicles will remain steadfast in its commitment to high-quality development as the cornerstone of the new era, and will continue to act on the principle of seeking progress while maintaining stability, promoting stability through progress, and establishing the new before abolishing the old. Such an approach will strengthen and reinvigorate our development momentum. With the advantage of intercontinental operation, we will further deepen the construction of the “Light Tower Manufacturing Network” to transform production organizations. With our high-quality products and outstanding services, we will maintain our leading position in the sophisticated manufacturing of semi-trailers and specialty vehicles in the world, and actively become a pioneer in the high-quality development of road transport equipment, and an explorer and innovator in new energy specialty vehicles in China.

COMPREHENSIVE UPGRADE OF NEW PRODUCTIVE FORCES

At present, momentous changes of a like not seen in a century are accelerating across the world, changes of the world, of our times and of history are unfolding in ways like never before, and the world has entered a new period of turbulence and change. The once disturbing “VUCA” is being replaced by the more tormenting “BANI”. In the next decade, we will be constantly impacted by the “brittleness, anxiety, nonlinearity, and incomprehensible” represented by “BANI”, and may face severe tests in terms of enterprise development and business environment.

To navigate the challenges of the BANI era, we can do the following: strengthen our “resilience” to defend against a fragile external environment, increase our “agility” to deal promptly with “non-linear” and “incomprehensible” challenges, and gain market insights to address the core of our “anxiety” and turn it into business opportunities.

The 3rd venture involves changing the mindset with practical actions to facilitate a comprehensive upgrade of new productive force. The “Star-chained Manufacturing Network” is fundamentally about seeking a growth approach that is more refined, resilient and quality, which is also our solution to the “BANI” challenges in the next decade.

Entering 2024, our 1st priority is to promote the “Star-chained Manufacturing Network” to facilitate “Sanhao development”. We will consolidate the foundation of the Star Chain LTP production center, promote the agile development of CIMC Light Tower Semi-trailer Business Group and Tonghua Pioneer Semi-trailer Business Group, and improve the construction of the Star Chain middle and back office and the construction of the Star Chain governance structure to support the “Star-chained Manufacturing Network”. Otherwise, we will promote the transformation and upgrading of the governance structure of North American Business and the business integration of Champion Tanker Business Group’s liquid tank trailers and LAG liquid tank trailers.

SECTION III CHAIRMAN'S STATEMENT *(Continued)*

In 2024, we will adhere to the development philosophy of our 3rd venture: rapid iteration, elimination of unnecessary elements, and constant optimisation of assets and organisation.

In 2024, the governance structure and senior management team of CIMC Vehicles Group will face another transformation and upgrade. We will prepare and launch the “Plough Program” to lay the foundation for such major transformation and upgrade.

Finally, thank you for your long-term support, company and trust. The past year saw CIMC Vehicles enduring a series of severe tests, yet these tests have also inspired the most powerful force in our hearts: the belief in navigating through economic cycles and the ambition to strive for excellence.

Amidst fierce market competition, we are well positioned to capture opportunities to embark on a new phase of growth. In 2024, CIMC Vehicles will consistently anchor itself in the new development stage, adhere to the new development philosophy, and resolutely carry out the “Star-chained Manufacturing Network.” We will continue to promote “Intercontinental Operation, Local Manufacturing” to create a new development pattern. Under the guidance of our new strategy with innovation as the driving force, we will row the “heart oar” to cross the starry sea of the 3rd venture together.

CIMC Vehicles will forge ahead despite difficulties!

Mai Boliang

Chairman

Shenzhen, the PRC

March 2024

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS

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

In 2023, economic globalization encountered fragmentation risks, and the global economy grappled with volatility, uncertainty, complexity and ambiguity. China was facing profound and complex development environment, with increasing unfavorable factors in the international political and economic environment as well as domestic cyclical and structural contradictions. The Chinese economy showed an upward recovery curve amidst continued pressure. According to the data released by the National Bureau of Statistics, China's GDP reached RMB126.1 trillion in 2023, representing a year-on-year increase of 5.2%, showcasing solid advancement towards high-quality development.

New productive forces became both an intrinsic requirement and a focal point for promoting high-quality development. Standing at a new starting point of China's new development stage, the semi-trailer industry has entered a period of transformation and adjustment with historic reform opportunities. A more certain development path featuring new energy, intelligence and compliance are reshaping the industry. Meanwhile, the transition from "exporting products" to "establishing overseas plants and promoting intercontinental operation" emerges as a new direction for high-quality operations of China's commercial vehicle industry.

Semi-trailer Market in China

In 2023, the total value of social logistics goods in China reached RMB352.4 trillion, representing a year-on-year increase of 5.2%, reflecting a restorative growth momentum in China's logistics and transportation market. Driven by the ongoing construction of a unified national market, China continued to build new national logistics hubs, thereby fostering a continued improvement in logistics ecosystem across China. In 2023, according to the data of the Ministry of Transport, the road freight volume in China was 40.34 billion tons, representing a year-on-year increase of 8.7%. The overall demand for semi-trailers in China was boosted, with opportunities from structural reform. Against this background, the Company has proactively promoted the deployment of the "Star-chained Manufacturing Network" in China's semi-trailer market, with a view to building a new paradigm for its high-quality development.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Overseas Semi-trailer Market

According to the data of ACT Research, the production of semi-trailers in the United States was 375,000 units in 2023, representing a year-on-year decrease of 0.4%. As tensions in the supply chain of North American semi-trailer manufacturing eased, the supply and demand relationship in the North American semi-trailer market began to return to normal in the 2nd half of 2023. Relying on its sustained competitive edge in North American operations, the Company achieved connotative growth by prioritizing innovation and closely aligning with customer demand.

In 2023, the European economy slowed down and stagnated due to ongoing geopolitical tensions and tightening monetary policies, so that the European semi-trailer industry was also under pressure from slowing demand. Capitalizing on its advantage of intercontinental operation in European operations, the Company achieved steady growth through pursuing breakthroughs and efficiency improvement and upgrading existing production lines.

According to the data of China Association of Automobile Manufacturers, the export volume of China's commercial vehicles reached 770,000 units in 2023, representing a year-on-year increase of 32.2%. Driven by sustained demand for engineering construction and infrastructure investment in emerging markets, Chinese companies accelerated their overseas expansion for business opportunities. The Company actively captured the potential demand from emerging markets, and gained market recognition relying on its high-quality products.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Specialty Vehicle Market in China

In 2023, China completed the national fixed asset investment (excluding rural households) of RMB50.3 trillion, representing a year-on-year increase of 3.0%. Among them, the growth rate of infrastructure investment increased by 5.9% year on year, and the investment in real estate development declined by 9.6%. Due to the sluggish issuance of special bonds and the delays in project launch and implementation, the demand in China's specialty vehicle market was suppressed, but the momentum towards high-end transformation remained resilient. The Company actively undertook the structural adjustment of customer groups and seized opportunities from segment markets, accentuating its operational advantages.

According to the data of China Association of Automobile Manufacturers, the sales volume of commercial vehicles in China reached 4.031 million units in 2023, representing a year-on-year increase of 22.1%. Among them, the sales volume of heavy trucks reached 911,000 units, representing a year-on-year increase of 35.6%, with an obvious recovery of the heavy truck market.

In 2023, the Ministry of Industry and Information Technology and other departments have successively issued the Notice on Organizing Pilot Work for Full Electrification of Public Vehicles in Pilot Areas and the Work Plan for Stabilizing the Growth of the Automotive Industry (2023-2024), which propose to carry out the full electrification of public vehicles in pilot areas, further enhance the electrification level of public vehicles and accelerate the development of new energy specialty vehicles in China.

In 2023, the sales of new energy heavy trucks in China reached 35,000 units, representing a year-on-year increase of 35.7%, with a rapid growth in the cumulative sales of new energy heavy trucks. Closely following the national strategic direction, the Company gave full play to its differentiated advantages in hybrid new energy vehicles and intensified the research and development of new products to seize emerging opportunities.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

II. MAJOR BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD

(I) Major businesses and products

The Company is the world's leader in the sophisticated manufacturing of semi-trailers and specialty vehicles, a pioneer in the high-quality development of road transport equipment in China, and an explorer and innovator in new energy specialty vehicles in China. According to the 2023 Global OEM Ranking List published by Global Trailer, the Company ranked 1st among semi-trailer manufacturers in the world, for the 11th consecutive years.

The Company continued to upgrade and iterate its major businesses or groups, and have established the "Star-Chained Light Tower Pioneer Group", "North American Business", "European Business", "Champion Tanker Business Group" and "Dump Truck and Heavy Cargo Truck Business". The Company conducted the production and sales of truck bodies for semi-trailers and specialty vehicles in 4 major markets in the world, covering more than 40 countries and regions, and had 21 "Light Tower" Plants at home and abroad.

With focus on semi-trailer markets in China and "Belt and Road" countries, Star-Chained Light Tower Pioneer Group has established the "Star-chained LTP Group" for specialized production, comprehensively upgraded the organization, brands, products and sales channels of "CIMC Light Tower Semi-trailer Business Group" and "Tonghua Pioneer Semi-trailer Business Group", and operated well-known core brands such as "CIMC Light Tower" and "Tonghua Pioneer". As of 2023, the Company ranked 1st in terms of market share in the domestic semi-trailer market for the 5th consecutive year. North American Business was deeply engaged in refrigerated trailer, van trailer and container chassis trailer products in the North American market, and operated well-known local brands including "Vanguard" and "CIE". North American Business has developed steadily and won long-term recognition from major customers in North America. European Business focused on semi-trailer products in the European market, and operated "SDC" and "LAG" brands. SDC ranked 1st in the UK market. LAG, an over-70-year-old company, ranked among the best in the European tank trailer market, with its high commercial value, low fuel consumption and low weight. Champion Tanker Business Group produced and sold tank trailers and concrete mixer trucks, and operated brands including "Ruijiang Tanker", "Tonghua Tanker", "Lingyu Vehicles" and "Wanshida Tanker". Champion Tanker Business Group ranked 1st in terms of sales volume of concrete mixer trucks in China for the 7th consecutive year, and maintained a leading position in the global tank trailer market. Dump Truck and Heavy Cargo Truck Business produced and manufactured dump truck and heavy cargo truck products, which is the pioneer in the business of retrofitting of truck bodies for specialty vehicles in China. With an innovative spirit and leading technology research and development level, Dump Truck and Heavy Cargo Truck Business provided customers with high-quality products and services.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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

The Company has deployed and implemented the “Star-chained Manufacturing Network”, which leverages centralized procurement (LTS) to facilitate the transition from full-category production to specialized “Light Tower” Plant production (LTP), from passive inventory to active inventory management (LTL), from order-based production to modular product-driven sales close to customers (LoM), and from point sales to hierarchical management for targeted sales (sales channels). Meanwhile, the Company utilized sophisticated manufacturing production lines and capacity, achieved efficient synergy, realized comprehensive production automation, intelligentization and process digitalization, increased orders and improved the fulfillment, and effectively combined major businesses or groups in the long run, so as to guarantee high-quality development.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Under the business model of “Intercontinental Operation, Local Manufacturing”, the Company cooperated with many well-known customers. In the domestic market, its main customers included well-known e-commerce logistics and transportation enterprises such as SF Express, JD Logistics, ZTO Express and Deppon Express, as well as major tractors and construction machinery manufacturing enterprises such as Sinotruk, Shaanxi Automobile Group and FAW Jiefang. In overseas markets, major customers included 1st-class European and American transportation companies and semi-trailer rental companies.

As China’s economy entered a new stage of development, the Company’s top priority in its 3rd venture was to advance the “Star-chained Manufacturing Network”, promote the “Sanhao development”, and explore the models of “excellent in three areas”, namely “excellent tractors with excellent trailers”, “excellent horses with excellent saddles” and “excellent trucks with excellent tanks”. The Company also promoted steady improvement in the product competitiveness, enhanced mass delivery capacity relying on modular inventory, and launched integrated tractor and trailer products, so as to promote the high-quality development of China’s commercial vehicles.

The Company will accelerate the development of new productive forces, steadfastly promote high-quality development, forge resilience to cope with cycle effect, and foster practical actions with new thinking to explore more refined, more resilient and higher-quality growth. While stabilizing the fundamentals of “Intercontinental Operation, Local Manufacturing”, the Company will develop advanced productive forces featuring high-tech, high-efficiency and high-quality, deepen the supply-side structural reform, eliminate supply constraints, and remove barriers in procurement, production, circulation, distribution and consumption. Under the new business model of domestic circulation and international circulation economy, the Company will gradually build a “stable and agile organization” to create a new growth engine for the 3rd venture.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

(II) Major business models

Under the domestic circulation and international circulation economy and in response to the current globalization landscape, the Company has formed a business model based on “Intercontinental Operation, Local Manufacturing”. In an effort to comprehensively promote the supply-side structural reform, the Company acquires customers and obtains orders by a combination of direct selling and distribution. The Company leverages centralized procurement (LTS) to facilitate the transition from full-category production to specialized “Light Tower” Plant production (LTP), from passive inventory to active inventory management (LTL), from order-based production to modular product-driven sales close to customers (LoM), and from point sales to hierarchical management for targeted sales (sales channels), and finally delivers its products to customers to make profits.

① *Direct selling model*

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

② *Distribution model*

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

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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

Unit: RMB in millions

Sales Model	2023		2022	
	Amount	Percentage	Amount	Percentage
Direct selling	17,142.28	68.33%	16,833.81	71.27%
Distribution	7,944.30	31.67%	6,786.80	28.73%
Total	25,086.58	100.00%	23,620.61	100.00%

The Company had 981 distributors as at the end of 2023, representing an increase of 332 distributors as compared with the end of 2022. The increase in the number of distributors was mainly due to the expansion of distribution channels as a result of the business development of Champion Tanker Business Group and Star-Chained Light Tower Pioneer Group of the Company.

(III) Analysis of operation

In 2023, the world was undergoing accelerated changes unseen in a century. In the midst of turbulent international situation as well as formidable domestic challenges in reform, development and stabilization, the Company has proactively adapted its mindset and seized strategic opportunities to start its 3rd venture, and has achieved a series of unprecedented performance and a significant stride in its development.

During the Reporting Period, the revenue of the Company was RMB25,086.58 million, representing a year-on-year increase of 6.21%; the net profit attributable to shareholders of the Company was RMB2,455.67 million, representing a significant year-on-year increase of 119.66%; and the net profit attributable to shareholders of the Company after deducting non-recurring gains or losses was RMB1,553.39 million, representing a year-on-year increase of 69.68%, hitting a record high.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

The significant increase of net profit was mainly due to: (1) North American Business of the Company captured market opportunities, and its profit maintained a sound growth trend as compared with the same period of the previous year. Meanwhile, the Company actively captured development opportunities in other markets. In particular, the Company achieved sound business growth and improved profitability in other overseas markets; and maintained a stable business trend in the domestic market and improved market shares in segment markets. (2) During the Reporting Period, as CIMC Group, the controlling shareholder of the Company, integrated its relevant industrial resources in Shenzhen and enhance the efficiency of resources, the Company and CIMC VEHICLE INVESTMENT HOLDINGS COMPANY LIMITED, a wholly-owned subsidiary of the Company, transferred the total 100% equity of Shenzhen CIMC Special Vehicle held by them to CIMC Group, and generated income from the equity disposal, with non-recurring gains of RMB847.97 million after deducting income tax.

Under the guidance of the intercontinental operation strategy, during the Reporting Period, the Company sold 139,015 units/sets of vehicles of various types worldwide, and the sales volume remained stable. During the Reporting Period, the gross profit margin of the Company increased by 5.68 percentage points to 18.96%, benefiting from the optimization of product structure, the increase in the sales proportion of high-margin products, innovative sales models and the scale effect of the Light Tower Manufacturing Network.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In terms of the major businesses or groups, the Star-Chained Light Tower Pioneer Group promoted the high-quality development and innovative changes in the semi-trailer production organization in China, deployed the “Star-chained Manufacturing Network”, captured opportunities from the strong demand in Belt and Road markets, and enhanced the gross profit margin. The Champion Tanker Business Group recorded a strong performance, explored opportunities in segment markets, and broadened the going global strategy, with increase in sales volume and revenue. The North American Business developed steadily and maintained a growth trend in profitability, thus achieving a year-on-year increase in gross profit margin. The European Business promoted the cost reduction and efficiency increase, and optimized the manufacturing process and supply chain management, thus achieving a year-on-year increase in both revenue and gross profit margin despite unfavorable factors. The Dump Truck and Heavy Cargo Truck Business has been successfully established to integrate resources, promote innovation, explore transformation, and deepen the research and development of new energy products.

From the tenacious fight in the Chinese market, vigorous efforts to turn the tide in the North American market, and the successful transformation in the European market, to the establishment of intercontinental operation, the Company launched the 3rd venture. While fully implementing the “2023 Light Tower Manufacturing Network” strategy, the Company adopted newly upgraded production lines and equipment to enhance the production efficiency, reduce the production cost of products and improve the profitability of products, thus significantly enhancing the scale effect.

Scientific and technological innovation serves as a catalyst for the emergence of new industries, models and driving forces, which are core elements for developing new productive forces. The Company was actively engaged in the development and advancement of innovative new energy, lightweight, digital and intelligent products, and promoted quality and efficiency changes through innovative business models to practice high-quality development.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

1. Operation review of the Company for 2023 by major businesses and groups:

Star-Chained Light Tower Pioneer Group

In 2023, the Company launched and implemented the “Star-chained Manufacturing Network” and progressively formed the blueprint for the new development pattern of semi-trailers in China. After the structural reform of production organizations, the Company has established the Star-Chained Light Tower Pioneer Group consisting of “Star-Chained LTP Group”, “CIMC Light Tower Semi-trailer Business Group” and “Tonghua Pioneer Semi-trailer Business Group”.

During the Reporting Period, the Star-Chained Light Tower Pioneer Group consolidated its fundamentals in the domestic market, and vigorously expanded “Belt and Road” markets. The revenue from the Star-Chained Light Tower Pioneer Group reached RMB4,522.27 million, and the gross profit margin increased by 1.34 percentage points year-on-year.

In line with the “Star-chained Manufacturing Network”, the Company actively integrated the production, circulation, distribution and consumption resources of 7 semi-trailer plants in China, and changed end-to-end business models of domestic semi-trailer business: (i) from separate procurement by each plant to centralized “Light Tower” Sourcing model; (ii) from full-category production to “Light Tower” Plant production model (LTP) with specialized production lines and product division; (iii) from passive inventory to “Light Tower” logistics (LTL) with active inventory management; (iv) from order-based production which is close to production to modular product-driven local manufacturing model (LoM) which is close to customers; and (v) from point sales to sales channels under hierarchical management.

In addition, the Star-Chained Light Tower Pioneer Group has comprehensively upgraded the organization, brands, products and sales channels. The Star-Chained Light Tower Pioneer Group accelerated the optimization of its channel structure, built the sales model of “integration of tractors and trailers” under “excellent tractors with excellent trailers”, so as to enhance the overall operation efficiency and promote the high-quality development of “integration of tractors and trailers”.

According to the statistics of Hanyang Specialty Vehicle Institute (漢陽專用汽車研究所), as of 2023, the Company ranked 1st in terms of market share in the domestic semi-trailer market for the 5th consecutive years.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Champion Tanker Business Group

During the Reporting Period, the Champion Tanker Business Group was committed to multi-brand operations, provision of integrated solutions, exploration of new business scenarios and the building of triangle capacity for international business. The Champion Tanker Business Group recorded a strong performance, the sales volume increased significantly by 30.74% and the revenue reached RMB4,908.17 million with a year-on-year increase of 35.00%.

In 2023, the Champion Tanker Business Group promoted the development innovative new products, and completed the research and development of several innovative new products, including multifunctional V-shaped tank, “Push Plate Tank” semi-trailer for bulk material transportation, and “Future Tank”, which provided the market support for business expansion and resolved customers’ pain points. In terms of technical manufacturing, the Champion Tanker Business Group continued to optimize the Light Tower production lines for concrete mixer trucks and stainless steel tank trucks to maximize efficiency, and accelerated the construction of production lines for aluminum alloy tank trucks and V-shaped tanks, with a view to promote the modern development of the specialty vehicle industry.

In line with the market trend of new energy vehicles, in 2023, the Champion Tanker Business Group started the pre-research and product development of the integration of new energy tractors and trailers, selected mixer semi-trailer trucks as the 1st application scenario, and deepened the cooperation with tractor manufacturers to promote the research and development of products featuring the integration of new energy tractors and trailers. The project team has established a preliminary structure of EV-RT platform, completed the design, trial production and test calibration of prototype vehicle, achieved the communication between tractor and trailer, auxiliary trailer drive and energy recovery, and made exploration and breakthroughs in the coordinated control over driving force and braking force of tractors and trailers.

The Champion Tanker Business Group made innovative efforts in marketing and service models, and offered integrated solutions from research and development to customer in line with the model of “excellent trucks with excellent tanks”, thus building an industry-leading business model. Meanwhile, the Champion Tanker Business Group continued to promote the building of organizational capacity to continuously iterate its organizational development.

According to the statistics of Hanyang Specialty Vehicle Institute (漢陽專用汽車研究所), as of 2023, the Company ranked 1st in terms of sales volume of concrete mixer trucks in China for the 7th consecutive years, and maintained a leading position in the global tank trailer market.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

North American Business

In the 1st half of 2023, the North American Business recorded a revenue growth higher than expected, due to the inertial trend of product price increases and ocean freight declines in the 2nd half of 2022. However, as the impact of tightening global supply chains and labor shortages on the North American semi-trailer industry weakened, the demand in the North American semi-trailer market return to normal in the 2nd half of 2023. Through actively adapting to changes in market demand, the North American Business leveraged its advantages in global supply chain management and its local manufacturing and innovation-driven development to optimize product delivery cycles and closely align with customer needs, thus achieving connotative development.

During the Reporting Period, the revenue of North American Business reached RMB10,776.16 million, and the gross profit margin increased year-on-year.

In 2023, the Company has proactively established a new development pattern of “shared narrowband evolution” for the North American Business. Through orderly changes and adjustments in production organizations, the Company has formulated the mechanism and processes for close collaboration, so as to foster the healthy and stable organizational development of North American Business. Currently, the Company has completed the construction plan for the North American Business and promoted the transformation and upgrading of its governance structure. The Company is actively implementing the “Deep Space Exploration Plan”, which will share channels and resources and enhance the synergy among product markets.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

European Business

Due to the impact of sustained inflation in Europe and ongoing geopolitical conflicts, the demand in the European semi-trailer market slowed down and the prices eased in the 2nd half of the year. Relying on refined management, cost reduction and efficiency improvement, the European Business was committed to making breakthroughs and seeking for incremental space. The European Business continued to optimize the manufacturing process and value stream, gave play to the centralized procurement platform, and improved the Light Tower Manufacturing Network, thus enhancing the production efficiency of local manufacturing.

During the Reporting Period, the revenue of European Business increased by 15.39% year-on-year to RMB3,024.45 million, and the gross profit margin increased by 5.48 percentage points year-on-year, making breakthroughs against the trend and achieving high-quality growth.

SDC in the UK under the European Business proactively promoted the cost reduction and efficiency enhancement strategies. Relying on its good relationship with local customers and sound after-sales service system, SDC gave full play to the advantages in efficient operations under global supply chain management. During the Reporting Period, the profit of SDC hit a record high.

LAG in Belgium under the European Business leveraged its brand advantage to tap the incremental market demand, actively promoted the innovative research and development of products, and constantly optimized its product portfolio to capture the market share. During the Reporting Period, LAG recorded a year-on-year increase in revenue and a stable gross profit margin, maintaining a leading market position.

Dump Truck and Heavy Cargo Truck Business

During the Reporting Period, the domestic dump truck market recovered slowly, the Dump Truck and Heavy Cargo Truck Business was established through reorganization, and the revenue reached RMB707.15 million.

In 2023, under the background of building a unified national market, the Dump Truck and Heavy Cargo Truck Business integrated the production resources across its 3 plants by way of unified planning. Through aligning product technical standards and supply chains, the Dump Truck and Heavy Cargo Truck Business integrated internal resources for cost reduction and efficiency improvement, and externally built the capacity to deliver products and provide services in the place where customers demand them (LTP+LoM), thereby bolstering its market competitiveness.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In 2023, the Dump Truck and Heavy Cargo Truck Business provided “Royal Nanny” services for all tractor manufacturers in China and cooperated with tractor manufacturers to promote the “excellent horses with excellent saddles” project, with a view to capturing the market share of dump truck business. According to the statistics of Hanyang Specialty Vehicle Institute (漢陽專用汽車研究所), during the Reporting Period, our market share of urban dump trucks in China increased to 15.55%.

Meanwhile, the Dump Truck and Heavy Cargo Truck Business made an early deployment in new energy products. Through expanding the cooperation channels of new energy products, the Dump Truck and Heavy Cargo Truck Business has successfully launched a number of core products with bulk sales and application, including the bodies for electric dump trucks, wide-body mining trucks and electric ballast transport vehicles.

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

In terms of global semi-trailers, during the Reporting Period, the global semi-trailer business of the Company recorded an outstanding performance and intensified fundamentals in the domestic market, a stable development in the North American market, a growth in the European market against the general trend, and a strong performance in other markets. The revenue of the global semi-trailer business reached RMB18,805.83 million (2022: RMB18,143.28 million), representing a year-on-year increase of 3.65%, and the gross profit margin increased by 7.55 percentage points year-on-year.

In terms of truck bodies for specialty vehicles, during the Reporting Period, the market demand for specialty vehicles in China recovered slowly, and the Company actively explored overseas markets while consolidating the domestic market. The revenue from the production of truck bodies for specialty vehicles and sales of fully-assembled specialty vehicles reached RMB2,644.69 million (2022: RMB2,367.21 million), representing a year-on-year increase of 11.72%; and the gross profit margin increased by 0.45 percentage points year-on-year.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Manufacturing, production and operations of fully-assembled vehicles during the Reporting Period

Applicable Not applicable

Production and sales of main products of the Company

Unit: Unit/Set

	Production Volume			Sales Volume		
	During the Reporting Period	During the same period of the previous year	Year-on-year Change	During the Reporting Period	During the same period of the previous year	Year-on-year Change
By region						
Domestic regions	104,967	112,590	-6.77%	74,261	80,351	-7.58%
Foreign regions	36,375	47,109	-22.79%	64,754	71,519	-9.46%
By business type						
Global semi-trailers	116,351	123,141	-5.51%	116,677	127,528	-8.51%
Truck bodies for specialty vehicles	21,030	26,340	-20.16%	16,824	15,354	9.57%
Other vehicles	3,961	10,218	-61.24%	5,514	7,696	-28.35%
Total	141,342	159,699	-11.49%	139,015	151,870	-8.46%

**Note: When the production volume and sales volume of major products based on the region, the production volume is categorized by the place of production and the sales volume is categorized by the place of sale; when the production volume and sales volume of major products based on the business type, the production volume and sales volume of the Company's models in other businesses, such as sanitation trucks, is not included.*

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

During the Reporting Period, the production volume of other vehicles decreased by 61.24% compared with last year, mainly due to the adjustment of product structure.

In terms of the construction of the parts and components supporting system, the Company deepened the construction of the digital supply chain center. LTS serves as the hub of the “Light Tower Manufacturing Network.” Relying on the digital supply chain platform, the Company can fully leverage on the advantages of global supply chain procurement in regions, strategies and processes, and realize the digital management of supply resources, thus effectively supporting the procurement needs of major businesses or groups. Meanwhile, the Company can reduce the procurement cost of parts and components relying on the bargaining power of centralized procurement. Currently, the Company has established a unified portal platform for the digital supply chain, with more than 1,000 registered suppliers. Through years of in-depth penetration, the Company has obtained significant advantages in supply chain management and the scale effect in procurement.

Production and operation of auto parts and components during the Reporting Period

Applicable Not applicable

The Company carried out auto finance business

Applicable Not applicable

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

The Company carried out businesses in relation to new energy vehicles

√ Applicable □ Not applicable

Unit: Unit/Set RMB'0,000

Product Category	Production Capacity	Production Volume	Sales Volume	Sales Revenue
Concrete mixer truck bodies	Sufficient	1,254	1,210	19,313.02
Dump truck bodies		1,107	1,107	7,099.78
Heavy cargo truck bodies		339	350	3,491.13
Other vehicles		757	757	3,145.71
Total		3,457	3,424	33,049.63

III. ANALYSIS OF CORE COMPETENCE

(I) Advantages of “Intercontinental Operation, Local Manufacturing”

The Company is the world’s leader in the sophisticated manufacturing of semi-trailers and specialty vehicles, a pioneer in the high-quality development of road transport equipment in China, and an explorer and innovator in new energy specialty vehicles in China. Currently, the Company has formed a business model based on “Intercontinental Operation, Local Manufacturing” to cope with the current globalization background. “Intercontinental Operation” refers to transcending geographical boundaries to share product design, innovative technology, supply chain management, and customer resources in global business operations, so as to empower each other and create core value. “Local Manufacturing” refers to reshaping the industrial chain, and leveraging the global procurement and centralized production under the “Light Tower Manufacturing Network” to complete the independent and controllable assembly in various region of the four major markets, so as to enhance the scale effect.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

The Company has continuously deepened the business philosophy of “Intercontinental Operation, Local Manufacturing” and established the major businesses or groups that penetrated into 4 major markets around the world: the Star-Chained Light Tower Pioneer Group, the North American Business, the European Business, the Champion Tanker Business Group and the Dump Truck and Heavy Cargo Truck Business. The Company has 21 “Light Tower” Plants and a sales network covering over 40 countries in the world. The Company gives full play to its LTP production capacity, LoM assembly capacity, LTS global supply chain management capacity and LTL global distribution logistics management capacity worldwide, and has formed a transnational operation arrangement with core competitiveness, which has enhanced business resilience and risk resistance of various businesses and markets around the world.

(II) Advantages as industry leader

According to the 2023 Global OEM Ranking List released by Global Trailer, the Company ranked 1st among semi-trailer manufacturers in the world for 11 consecutive years. In terms of Star-Chained Light Tower Pioneer Group, according to the statistics of Hanyang Specialty Vehicle Institute (漢陽專用汽車研究所), our sales volume of semi-trailers in China ranked 1st in China for 5 consecutive years. In terms of North American Business, the Company operated well-known brands including “Vanguard” and “CIE”, and maintained a stable market share. In terms of European Business, the Company operated “SDC” and “LAG” brands. SDC ranked 1st in the UK market, and LAG, an over-70-year-old company, ranked 1 in the tank truck market in Europe. In terms of Champion Tanker Business Group, according to the statistics of Hanyang Specialty Vehicle Institute (漢陽專用汽車研究所), the Company ranked 1 in terms of the sales volume of concrete mixer trucks in China for 7 consecutive years, and maintained a leading position in the global tank trailer market. Dump Truck and Heavy Cargo Truck Business was a pioneer in the retrofitting business in China, and our market share of urban dump trucks reached 15.55%.

In terms of new energy specialty vehicles, the Company followed the trend of electrification and intelligentization, and embarked on the path of exploration and innovation. According to the statistics of Hanyang Specialty Vehicle Institute, the market share of new energy concrete mixer trucks of the Company reached 22.73%.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

(III) Advantages of innovation

The Company accelerated the development of new productive forces, and steadfastly promoted high-quality development. The Company has obvious advantages in terms of research and development technology. As at the end of 2023, the Company had more than 600 research and development personnel in the world and over 1,400 registered patents, and participated in the formulation and revision of 35 national and industry standards for semi-trailers and truck bodies for specialty vehicles in China.

In implementing the digitization and informatization process of industrial production, the Company made significant technological innovation achievements. The Company used the refrigerated van truck bodies series of products with pioneering open foaming and color plate materials, to further enhance the competitiveness of the products in terms of environmental protection, energy conservation, light weight, cost reduction and efficiency enhancement. The Company has developed and launched the tank trailer named “Future Tank”, which adopted high-strength steel rear protection, sunken bracket design and the pioneering “cylinder automatic teaming” technology and achieved comprehensive upgrades in efficient transportation, safety, intelligence and other technologies. The Company deepened the cooperation with tractor manufacturers to promote the research and development of products featuring the integration of new energy tractors and trailers, promoted the concept of modular production for new energy products, and incorporated scenario-based modules based on the new energy tractors and trailers, with a view to gaining the 1st-mover advantage in the electric semi-trailers, overtaking in a different road, and promoting the reform of the industry.

Meanwhile, the Company carried out the development of innovative products including new energy lightweight urban dump trucks, pure electric mining trucks, concrete mixer trucks with battery charging and swapping, and new energy refrigerated vans. The Company actively developed innovative product models under new energy and self-driving scenarios. As a result, the Company got ahead in development in the new energy specialty vehicle market.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

(IV) Advantages of “Light Tower Manufacturing Network”

The Company will develop advanced productive forces featuring high-tech, high-efficiency and high-quality, and iteratively upgrade the “Light Tower Manufacturing Network”. Leveraging the centralized procurement (LTS), the Company can facilitate the transition from full-category production to specialized “Light Tower” Plant production (LTP), from passive inventory to active inventory management (LTL), from order-based production to modular product-driven sales close to customers (LoM), and from point sales to hierarchical management for targeted sales (sales channels). Meanwhile, the Company utilized sophisticated manufacturing production lines and capacity, achieved efficient synergy, realized comprehensive production automation, intelligentization and process digitalization, increased orders and improved the fulfillment, and effectively combined major businesses or groups in the long run, so as to guarantee high-quality development.

(V) Advantages of global supply chain management

LTS serves as the hub of the “Light Tower Manufacturing Network”. Relying on the digital supply chain platform, LTS can fully leverage the advantages of global supply chain procurement in regions, strategies and processes, and realize the digital management of supply resources, thus effectively supporting the procurement needs of major businesses or groups. Meanwhile, the Company can reduce the procurement cost of parts and components relying on the bargaining power of centralized procurement. Currently, the Company has established a unified portal platform for the digital supply chain, with more than 1,000 registered suppliers. Through years of in-depth penetration, the Company has obtained significant advantages in supply chain management and the scale effect in procurement.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

(VI) Advantages of modular product-driven and “Sanhao Development” sales model

The Company promoted local manufacturing (LoM manufacturing network), and optimized sales channels from order-based production to product-driven sales and from non-standardized sales to modular product-driven sales, thus shortening the delivery cycle of orders. The Company promoted “seven integrations”, namely marketing organization integration, channel organization integration, brand building integration, promotion and delivery integration, marketing policy integration, product development integration and service coordination integration, so as to create new demand and new kinetic energy for commercial vehicles. The Company adhered to the policy of “Sanhao Development”, and the customer-oriented principle. The Company provided commercial vehicle products “excellent in three areas”, namely “excellent horses with excellent saddles”, “excellent tractors with excellent trailers” and “excellent trucks with excellent tanks” in the market, so as to provide customers with more professional, higher quality and more diversified solutions and services integrating tractors, bodies and vehicles, and promoted the supply-side structural reform of the commercial vehicle industry under innovative marketing models.

(VII) Advantages of organizational development

As the Company manufactured and sold semi-trailers since 2002, the senior management team led the direction of strategic operation of the Company and has over 20 years of experience in the semi-trailer and specialty vehicle industries. In line with the implementation of the “Star-chained Manufacturing Network” strategy, the Company has strengthened the foundation of Star Chain LTP Production Centers, facilitated the agile development of the CIMC Light Tower Semi-trailer Business Group and the Tonghua Pioneer Semi-trailer Business Group, and improved the construction of middle and back offices and governance structure of the “Star-chained Manufacturing Network.” Furthermore, the Company will adhere to the development concept of the 3rd venture to drive rapid organizational iteration, prepare for and launch the “Plough Program”, and promote the transformation and upgrading of governance structure and senior management team of the Company.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

IV. ANALYSIS OF CORE BUSINESSES

1. Overview

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

2. Revenue and costs

(1) Composition of revenue

Unit: RMB

	2023		2022		Year-on-year change
	Amount	As a percentage of revenue	Amount	As a percentage of revenue	
Total revenue	25,086,577,013.05	100.00%	23,620,612,415.36	100.00%	6.21%
By industry					
Road transportation industry	25,086,577,013.05	100.00%	23,620,612,415.36	100.00%	6.21%
By product					
Vehicle sales	21,933,398,001.86	87.43%	20,778,578,566.71	87.97%	5.56%
Global semi-trailer	18,805,830,379.90	74.96%	18,143,280,292.25	76.81%	3.65%
Semi-trailer-ordinary semi-trailer	15,548,969,031.41	61.98%	15,916,598,817.24	67.38%	-2.31%
Semi-trailer-tank trailer	3,256,861,348.49	12.98%	2,226,681,475.01	9.43%	46.27%
Truck Bodies for specialty vehicles and chassis and tractor units	2,644,686,724.88	10.54%	2,367,205,778.51	10.02%	11.72%
Chassis and tractor units	1,487,824,247.00	5.93%	1,235,757,513.06	5.23%	20.40%
Truck Bodies for specialty vehicles	1,156,862,477.88	4.61%	1,131,448,265.45	4.79%	2.25%
Lightweight van bodies	413,522,108.05	1.65%	227,657,261.72	0.96%	81.64%
Other vehicles	69,358,789.03	0.28%	40,435,234.22	0.17%	71.53%
Parts and components of semi-trailers and specialty vehicles	2,440,021,387.62	9.73%	2,221,737,967.12	9.41%	9.82%
Others	713,157,623.57	2.84%	620,295,881.53	2.63%	14.97%
By region					
Chinese market	8,629,381,293.29	34.40%	8,335,182,315.08	35.29%	3.53%
North American market	10,854,831,911.05	43.27%	11,038,903,449.26	46.73%	-1.67%
European market	3,063,450,164.31	12.21%	2,421,040,958.94	10.25%	26.53%
Other markets	2,538,913,644.40	10.12%	1,825,485,692.08	7.73%	39.08%
By sales model					
Direct selling	17,142,278,452.20	68.33%	16,833,807,707.23	71.27%	1.83%
Distribution	7,944,298,560.85	31.67%	6,786,804,708.13	28.73%	17.06%

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

√ Applicable □ Not applicable

Unit: RMB

	Revenue	Operating costs	Gross profit margin	Change in revenue as compared with the same period of last year	Change in operating costs as compared with the same period of last year	Change in gross profit margin as compared with the same period of last year
By industry						
Road transportation industry	25,086,577,013.05	20,330,353,377.21	18.96%	6.21%	-0.75%	An increase of 5.68 percentage points
By product						
Global semi-trailer	18,805,830,379.90	14,789,387,545.69	21.36%	3.65%	-5.43%	An increase of 7.55 percentage points
Semi-trailer-ordinary semi-trailer	15,548,969,031.41	12,038,817,110.65	22.57%	-2.31%	-12.07%	An increase of 8.59 percentage points
Semi-trailer-tank trailer	3,256,861,348.49	2,750,570,435.04	15.55%	46.27%	41.23%	An increase of 3.01 percentage points
Truck Bodies for specialty vehicles and chassis and tractor units	2,644,686,724.88	2,534,772,753.03	4.16%	11.72%	11.20%	An increase of 0.45 percentage point
Chassis and tractor units	1,487,824,247.00	1,475,170,232.88	0.85%	20.40%	23.01%	A decrease of 2.11 percentage points
Truck Bodies for specialty vehicles	1,156,862,477.88	1,059,602,520.15	8.41%	2.25%	-1.91%	An increase of 3.88 percentage points
By region						
Chinese market	8,629,381,293.29	7,642,287,571.03	11.44%	3.53%	1.86%	An increase of 1.45 percentage points
North American market	10,854,831,911.05	8,058,913,418.05	25.76%	-1.67%	-12.87%	An increase of 9.54 percentage points
European market	3,063,450,164.31	2,523,289,862.50	17.63%	26.53%	13.88%	An increase of 9.15 percentage points
Other markets	2,538,913,644.40	2,105,862,525.63	17.06%	39.08%	38.88%	An increase of 0.12 percentage point
By sales model						
Direct selling	17,142,278,452.20	13,711,239,735.89	20.02%	1.83%	-7.51%	An increase of 8.08 percentage points
Distribution	7,944,298,560.85	6,619,113,641.32	16.68%	17.06%	16.96%	An increase of 0.07 percentage point

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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

Applicable Not applicable

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

Yes No

Industry	Item	Unit	2023	2022	Year-on-year change
Road transport vehicle	Sales volume	unit/set	139,015	151,870	-8.46%
	Production volume	unit/set	141,342	159,699	-11.49%
	Inventory	unit/set	12,643	14,342	-11.85%

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

Applicable Not applicable

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

Applicable Not applicable

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(5) Composition of operating costs*By industry*

Unit: RMB

Industry	Item	2023	As a	2022	As a	Year-on-year Change
		Amount	percentage of operating costs	Amount	percentage of operating costs	
Road transport vehicle	Raw materials	16,963,897,899.54	83.44%	16,975,924,939.24	82.88%	-0.07%
	Direct labour	1,310,792,469.42	6.45%	1,290,821,168.19	6.30%	1.55%
	Manufacturing expenses	1,643,151,694.31	8.08%	1,728,335,098.68	8.44%	-4.93%
	Freight and handling charges	412,511,313.94	2.03%	488,334,343.26	2.38%	-15.53%
	Total	<u>20,330,353,377.21</u>	<u>100.00%</u>	<u>20,483,415,549.37</u>	<u>100.00%</u>	<u>-0.75%</u>

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

Please refer to note 9 Changes in the Consolidation Scope to “Section XIII Auditor’s Report” in this report.

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

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)***(8) Major customers and suppliers**

Information on major customers of the Company

Total sales to top 5 customers (RMB)	3,342,003,590.49
Total sales to top 5 customers as a percentage of total sales for the year	13.32%
Sales to related parties in sales to top 5 customers as a percentage of total sales for the year	<u>0.00%</u>

Information on top 5 customers of the Company

S/N	Name of Customer	Sales (RMB)	As a percentage of total sales for the year
1	Customer A	806,427,562.55	3.21%
2	XTRA LLC	734,995,972.78	2.93%
3	Customer B	719,006,725.10	2.87%
4	Customer C	572,841,827.34	2.28%
5	Shaanxi Heavy Duty AUTOMOBILE Co., Ltd. and its subsidiaries	<u>508,731,502.72</u>	<u>2.03%</u>
Total		<u>3,342,003,590.49</u>	<u>13.32%</u>

Other information on major customers

Applicable Not applicable

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Major suppliers of the Company

Total purchase from top 5 suppliers (RMB)	2,316,154,406.06
Total purchase from top 5 suppliers as a percentage of total purchase for the year	12.93%
Purchase from related parties in purchase from top 5 suppliers as a percentage of total purchase for the year	<u>0.00%</u>

Information on top 5 suppliers of the Company

S/N	Name of Supplier	Purchase (RMB)	As a percentage of total purchase for the year
1	Supplier A	651,132,953.00	3.64%
2	Supplier B	547,104,387.40	3.05%
3	Xuzhou Construction Machinery Group Co., Ltd. (Xcmg) and its subsidiaries	400,540,266.06	2.24%
4	Supplier C	400,050,846.35	2.23%
5	Shaanxi Heavy Duty AUTOMOBILE Co., Ltd. and its subsidiaries	<u>317,325,953.25</u>	<u>1.77%</u>
Total		<u>2,316,154,406.06</u>	<u>12.93%</u>

Other information on major suppliers

Applicable Not applicable

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

3. Expenses

Unit: RMB

	2023	2022	Year-on-year Change	Description of Major Changes
Selling expenses	677,523,640.09	526,427,065.63	28.70%	
Administrative expenses	1,367,706,555.24	1,033,811,219.18	32.30%	The rise in revenue during the Reporting Period brought about a rise in related administrative expenses and an increase in the remuneration of management personnel
Finance costs	-68,340,002.54	-90,927,713.09	24.84%	
Research and development expenses	396,517,482.31	305,577,661.69	29.76%	

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

4. Research and Development Investments

√ Applicable □ Not applicable

Name of Main R&D Projects	Project Purpose	Project Progress	Objectives to Be Achieved	Expected Impact on Future Development of the Company
ERP1.0	Connect DE/NR/ME and other businesses end-to-end; consolidate the New Management Infrastructure, and integrate business, finance, taxation and finance; and update the business indicator analysis reports in real time	Trial operation stage	Reduce the production lead time by:40% Increase the order response cycle by: 30% Reduce the finished product inventory turnover cycle by: 35% Automatic generation rate of financial vouchers: >80% Automatic price verification rate of orders: >90% Visualization rate of business indicators: 100% Month settlement time: 14 days (7 days for headquarters consolidation + 7 days for enterprise) → 3 days (1 day for headquarters + 2 days for business)	Enable the digitalization of the operation system, pilot demonstration of CIMC Vehicle Group's integration of business finance and data, consolidate the high-quality data foundation of the new infrastructure for management, connect and integrate the four cornerstones of high-end manufacture, realize a breakthrough from a single point to system innovation, and realize the "high end" from the perspective of both information technology and operation technology.
Pilot operation of double-trailer train and formulation of relevant national standards	Improve the efficiency of highway transportation and solve problems including violations involving semi-trailers with an ultra-long container, and promote energy conservation and emission reduction; study the transportation mode and products of modular double-trailer trains, and promote the pilot and demonstration operation of double-trailer trains by the Ministry of Transport; expand the market space and provide new products and models for the future development of semi-trailers of CIMC Vehicles.	Prototype development, trial production and performance test of three types of combination models have been completed.	(1) Complete the prototype development of three types of combination models for container semi-trailers: 20 feet + 20 feet, 20 feet + 40 feet, and 40 feet + 20 feet; (2) Complete the research and test on the passability, stability, braking, dynamics and other aspects of container double-trailer trains, and output the test report; (3) Participate in the test of container double-trailer trains, and promote the formulation of standards for double-trailer trains and the amendment of the Road Traffic Safety Law of the People's Republic of China.	1. Expand new areas and profit growth points for semi-trailer business of the Company; 2. Enhance the Company's capabilities in product development and leadership in standards for double-trailer trains, provide customers with large-volume, ultra-large-load transport capabilities, and comply with relevant national standards.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Name of Main R&D Projects	Project Purpose	Project Progress	Objectives to Be Achieved	Expected Impact on Future Development of the Company
Construction of PLM - SDM II - CAE simulation platform for chassis trailers and flatbed trailers	<p>1. SDM is an important technical tool to identify the weaknesses of a product structure of the chassis trailer and the flatbed trailer and the feasible direction of product lightweighting.</p> <p>2. Improve the efficiency of CAE analysis of chassis trailers and flatbed trailers, lower the threshold for using CAE, shorten the CAE talent nurturing cycle, and reduce related member enterprises, is the technical department's grasp of building CAE capability for chassis trailers and flatbed trailers.</p>	The project has been completed and accepted.	<p>(1) Enable designers of the chassis trailer and the flatbed trailer, together with the verification center, to independently complete the CAE analysis of chassis trailers;</p> <p>(2) Improve the efficiency of CAE analysis of chassis trailers and flatbed trailers, and shorten the time of CAE analysis of chassis trailers covered by the implementation scope of the above project to 9 hours;</p> <p>(3) Standardize the CAE analysis process management and data management of chassis trailers and flatbed trailers;</p> <p>(4) After completion of the system, the time of response to after-sales problems requiring CAE will decrease from two weeks to one week on average.</p>	<p>1. Provide intelligent platform tools for ordinary DE engineers to skillfully use CAE analysis software for analyzing chassis trailers and flatbed trailers.</p> <p>2. It will greatly enhance the capabilities for design and optimization of container chassis trailers and flatbed trailers, and enhancing the Company's market competitiveness and market share of such products.</p>

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Name of Main R&D Projects	Project Purpose	Project Progress	Objectives to Be Achieved	Expected Impact on Future Development of the Company
Project for upgrade of core modules of bodies of new energy mixing tanks	The upgrade of the core modules of bodies of new energy mixing tanks will help further enhance the technical content and added value of the mixing tank products, and solve environmental pollution, safety and environmental protection problems.	The project has been completed and accepted.	Develop new energy concrete mixer truck products, verify the advantages of replacing traditional mixing tanks with new energy concrete mixing tanks, and provide technical accumulation for mass production of products.	<ol style="list-style-type: none"> 1. Master the technologies of core design and verification of electric mixing tanks, upgrade mixer truck body and core module technologies of the Company, enhance the technical added value of the Company's products, so as to provide customers with safer and more environmentally friendly mixing tank products. 2. Provide technical support and core competitiveness for the sustainable development of mixing tank products of the Company, and accumulate successful experience for the subsequent development of EVRT products.
Construction of vehicle-to-everything integration platform V1.0 of CIMC Vehicles	<ol style="list-style-type: none"> 1. Build the platform of connection between tractors and semi-trailers, and between class II chassis and vans, for the Company to carry out the digital upgrade of the intelligent refrigerated van body module. 2. Plan the unified construction of CIMC Vehicles vehicle-to-everything integration platform in order to form a platform sharing in the Group. 	The project has been completed and accepted.	<ol style="list-style-type: none"> 1. Build the vehicle-to-everything integration platform V1.0 of the Company, realize the data collection, forwarding, analysis and supervision of vehicles. 2. Complete the data connection to national/local platforms (such as new energy and China VI emissions), and obtain corresponding platform compliance certification reports. 	<ol style="list-style-type: none"> 1. The project provides a basic data platform of vehicle-to-everything for the intelligent development of new energy vehicles and refrigerated vans of the Company, improves the level of Internet of Vehicles, technical content, technical added value and market competitiveness of products of the Company. 2. The platform can provide technical support for the development of new energy and intelligent products.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Name of Main R&D Projects	Project Purpose	Project Progress	Objectives to Be Achieved	Expected Impact on Future Development of the Company
Series-based development of intelligent tailboards	<ol style="list-style-type: none"> 1. Meet the growing demand of large logistics companies for efficient loading and unloading equipment for automated and intelligent van trucks 2. The development of intelligent tailboard series products will promote the expansion of the van truck business. 	<p>The project has been completed and accepted, and the companies that implemented the project have begun to undertake orders.</p>	<ol style="list-style-type: none"> 1. Complete the development of various series of tailboards, the technical research and development, verification, prototype manufacturing and test of cantilever, vertical and electric tailboards. 2. Make technical reserves for further exploration of efficient and intelligent logistics equipment, such as roller shutter doors and cage trucks. 	<ol style="list-style-type: none"> 1. The intelligent tailboard series of products have channel and installation advantages in the market, due to the van manufacturing by CIMC Vehicles (TB). The Company can provide customers with one-stop solution for body-tailboard integration. 2. As a value-added service, the intelligent tailboard was added to the CKD shipment of truck bodies, and the local assembly strategy improved the competitiveness of truck bodies.
45-foot Curtain sider-R project	<p>Develop the series of 45-foot side curtain vans for road-rail combined transport for the European market, and enhance research and development capabilities and talent trainings for side curtain van product.</p>	<ol style="list-style-type: none"> 1. Complete the product design; 2. Complete the trial production of the 1st experimental van prototype; 3. Complete the 1st round of strength test for van prototype. 	<p>Define the product spectrum of 45-foot side curtain van, and develop lightweight side curtain van products that meet European regulatory requirements and European customer needs.</p>	<ol style="list-style-type: none"> 1. The Group developed the 1st side curtain van product for European road-rail combined transport, accumulated research and development capabilities of the Company in European side curtain van platform, and enhanced the competitiveness of its European side curtain products; 2. Lay a technical foundation for the Company to develop the European side curtain van and side curtain semi-trailer market.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Name of Main R&D Projects	Project Purpose	Project Progress	Objectives to Be Achieved	Expected Impact on Future Development of the Company
ME _ V & V development project for European refrigerated semi-trailer	Develop refrigerated semi-trailer products for the South African market and enhance the market competitiveness of refrigerated semi-trailers of the Company.	<ol style="list-style-type: none"> 1. Complete product design and prototype trial production; 2. Complete theoretical verification and strength test of prototype product. 	Conduct the design, simulation analysis, process verification and test verification of European refrigerated semi-trailers, complete the whole research and development process of European refrigerated semi-trailers, and develop refrigerated semi-trailer products that meet the needs of the European market.	<ol style="list-style-type: none"> 1. Accumulate the Company's technical capabilities in European refrigerated semi-trailer products, and shape the competitiveness of CIMC Vehicles in European refrigerated semi-trailer products; 2. Lay a foundation for the Company's subsequent development of refrigerated semi-trailer products in the European market.
Structural changes in semi-trailer production organization - LTP Production Center DE ME Action	Carry out technological innovation and breakthroughs with focus on main issues of 1# and 2# products, and provide solutions for the technical upgrade of 1# and 2# products.	The project has been completed and accepted.	<ol style="list-style-type: none"> 1. Conduct market research and structure optimization for 1# and 2# products, optimize product structure based on CAE analysis and market application needs, and output finalized modular products; 2. Carry out research on robot application technology to enhance the robot application capabilities in production lines, reduce the production time through offline programming, increase the proportion of robot operations in the production process; 3. Develop the no-closing van process for 2# product, and realize mass production and off-site final assembly through no-closing van technology, thus achieving rapid delivery. 	<ol style="list-style-type: none"> 1. The launch of finalized modular products can significantly reduce product types, and enhance product quality and reduce production costs, so as to empower the market; 2. The exploration of robot application technology and the application expansion of offline programming for semi-trailer products can effectively improve product quality and reduce production and manufacturing costs, further enhancing product competitiveness; 3. While improving product quality and reducing product man-hours, the no-closing van process for 2# product can also promote the operation model of large-scale production and local assembly, laying a foundation for rapid delivery.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)****R&D Personnel of the Company***

	2023	2022	Proportion of changes
Number of R&D personnel (person)	654	620	5.48%
Proportion of R&D personnel	6.38%	5.18%	1.20%
Education background of R&D personnel			
Bachelor's degree (person)	464	433	7.16%
Master's degree (person)	65	52	25.00%
Doctor's degree (person)	3	3	0.00%
Others (person)	122	132	-7.58%
Age composition of R&D personnel			
Below 30 (person)	219	204	7.35%
Aged 30 – 39 (person)	301	282	6.74%
Aged 40 – 49 (person)	101	97	4.12%
Others (person)	33	37	-10.81%

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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

	2023	2022	2021
Research and development investments (RMB)	396,517,482.31	305,577,661.69	397,817,429.52
Research and development investments expressed as a percentage of revenue	1.58%	1.29%	1.44%
Capitalized research and development expenditures (RMB)	0.00	0.00	0.00
Capitalized research and development expenditures as a percentage of research and development investments	0.00%	0.00%	0.00%
Capitalized research and development expenditures as a percentage of net profit for the period	0.00%	0.00%	0.00%

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

5. Cash Flow

Item	Unit: RMB		
	2023	2022	Year-on-year Change
Sub-total of cash inflows from operating activities	23,807,638,081.99	27,371,210,804.82	-13.02%
Sub-total of cash outflows from operating activities	22,017,434,435.75	26,217,303,288.80	-16.02%
Net cash flow from operating activities	1,790,203,646.24	1,153,907,516.02	55.14%
Sub-total of cash inflows from investing activities	962,339,742.63	386,352,790.11	149.08%
Sub-total of cash outflows from investing activities	615,007,010.77	652,317,659.98	-5.72%
Net cash outflows from investing activities	347,332,731.86	-265,964,869.87	230.59%
Sub-total of cash inflows from financing activities	494,742,235.81	1,518,373,117.98	-67.42%
Sub-total of cash outflows from financing activities	1,469,051,270.25	2,472,475,541.04	-40.58%
Net cash inflows from financing activities	-974,309,034.44	-954,102,423.06	-2.12%
Net increase in cash and cash equivalents	1,211,234,703.47	-11,886,165.23	10,290.29%

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

Applicable Not applicable

Net cash flows from operating activities increased by 55.14% compared to the previous year, mainly due to the continuous optimization of the Company's operating cash flow control measures.

Net cash flow from investing activities increased by 230.59% over the previous year, mainly due to the cash inflow from the disposal of equity interest in Shenzhen CIMC Special Vehicle in the current year.

Net cash flows from financing activities were essentially flat year-on-year for both years, with no significant change.

As a result of the combined effect of the above main reasons, the net increase in cash and cash equivalents for the year increased by 10,290.29% compared to the previous year.

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

Applicable Not applicable

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

V. ANALYSIS OF NON-PRINCIPAL BUSINESS

√ Applicable □ Not applicable

Unit: RMB

	Amount	As a Percentage of the Total Profit	Method of Obtaining the Asset	Whether It is Sustainable
Investment gains	1,094,826,678.73	33.58%	Mainly net gain on disposal of equity interest in Shenzhen CIMC Special Vehicle	No
Gains or losses from changes in fair value	-99,441.31	-0.003%	Mainly losses on changes in fair values of investment properties, held for trading financial assets and derivative financial instruments	No
Asset impairment	-125,641,525.25	-3.85%	Mainly provision for impairment of inventories and impairment of fixed assets	No
Non-operating income	9,159,339.88	0.28%	Mainly forfeiture income and unpayable accounts payable	No
Non-operating expenses	13,068,339.00	0.40%	Mainly fixed asset obsolescence losses	No
Credit impairment loss	-70,585,659.76	-2.16%	Mainly bad debt provision for receivables	No
Gains from disposal of assets	12,318,686.84	0.38%	Mainly gains on the disposal of fixed assets	No
Other income	<u>68,691,039.16</u>	<u>2.11%</u>	Mainly government grants	No

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

VI. ANALYSIS OF ASSETS AND LIABILITIES

1. Significant Changes in Composition of Assets

Unit: RMB

	End of 2023		Beginning of 2023		Change in the Percentage	Description of Major Changes
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Cash at bank and on hand	6,010,493,754.22	25.21%	4,850,527,987.23	21.83%	3.38%	The year-end balance of monetary funds increased as a result of the continuous optimization of operating cash flow control measures and the cash inflow from the disposal of equity interest in Shenzhen CIMC Special Vehicle during the year
Accounts receivables	3,676,322,131.75	15.42%	3,121,505,473.81	14.05%	1.37%	
Inventories	5,126,507,013.11	21.51%	5,514,764,338.69	24.82%	-3.31%	
Investment property	390,311,689.15	1.64%	405,746,795.38	1.83%	-0.19%	
Long-term equity investments	225,783,156.07	0.95%	193,282,252.60	0.87%	0.08%	
Fixed assets	4,755,845,985.93	19.95%	4,933,210,366.18	22.20%	-2.25%	
Construction in progress	173,473,647.19	0.73%	247,577,774.52	1.11%	-0.38%	The "CIMC Intelligent Logistics Equipment Project" has been fully completed and solidified this year
Right-of-use assets	280,460,404.40	1.18%	238,375,993.30	1.07%	0.11%	

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

	End of 2023		Beginning of 2023		Change in the Percentage	Description of Major Changes
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Short-term borrowings	177,548,038.46	0.74%	467,995,600.44	2.11%	-1.37%	Continuous optimization of operating cash flow control measures and lower external borrowing requirements during the year
Contract liabilities	706,477,774.21	2.96%	618,541,399.99	2.78%	0.18%	
Long-term borrowings	240,808,622.53	1.01%	331,206,865.99	1.49%	-0.48%	
Lease liabilities	214,636,063.27	0.90%	188,590,165.71	0.85%	0.05%	
Other receivables	811,439,773.35	3.40%	232,452,952.37	1.05%	2.35%	Increase in other receivables at the end of the period due to the share transfer receivable from the sale of equity interest in Shenzhen CIMC Special Vehicle

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

	End of 2023		Beginning of 2023		Change in the Percentage	Description of Major Changes
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Tax payable	229,798,198.43	0.96%	331,548,587.53	1.49%	-0.53%	At the end of 2022, the subsidiary Qingdao Cmc Special Vehicles Co., Ltd. incurred a large amount of enterprise income tax due to the gain on compensation for relocation and resettlement and the subsidiary Shenzhen CIMC Special Vehicle incurred a large amount of enterprise income tax due to the gain on disposal of long-term equity investment; the above tax has been paid in the year

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Overseas assets accounted for a large percentage

√ Applicable □ Not applicable

Unit: RMB

Asset	Method of Obtaining the Asset	Size of the Asset	Location	Operating Model	Control Measures to Ensure the Asset Safety	Revenue	Overseas Assets as a Percentage of Net Assets of the Company	Whether There are Significant Impairment Risks
VANGUARD NATIONAL TRAILER CORPORATION	Acquisition	<u>2,014,777,161.60</u>	United States	Production and operation	Internal controls were carried out continuously and effectively	<u>630,363,191.28</u>	<u>13.61%</u>	No

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

2. Assets and Liabilities Measured at Fair Value

√ Applicable □ Not applicable

Unit: RMB

Item	Opening Balance	Gains or Losses on Fair Value Change for the Year	Total Fair Value Change Recorded in Equity	Impairment for the Year	Amount of Increase/Purchase for the Year	Amount of Decrease/Disposal for the Year	Other Changes	Ending Balance
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets)	22,209,407.79	18,054,732.82	-	-	-	46,500,333.84	1,850,626.39	-
2. Derivative financial assets	6,161,436.00	-1,164,919.52	-	-	1,816,003.76	2,759,947.18	-	4,052,573.06
Sub-total of financial assets	28,370,843.79	16,889,813.30	-	-	1,816,003.76	49,260,281.02	1,850,626.39	4,052,573.06
Investment properties	405,746,795.38	-17,619,000.83	-	-	-	-	2,183,894.60	390,311,689.15
Receivables financing	258,818,435.64	-	-	-52,076.86	3,813,089,583.48	3,835,244,192.21	-	236,715,903.76
Others non-current financial assets	10,786,384.58	-	-	-	-	-	-	10,786,384.58
Total	703,722,459.39	-729,187.53	-	-52,076.86	3,814,905,587.24	3,884,504,473.23	4,034,520.99	641,866,550.55
Financial liabilities	5,683,205.67	629,746.22	-	-	21,581,895.46	27,853,010.61	-	41,836.74

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Other changes

Other changes in financial assets held for trading consist of dividends from portfolio investments and the effect of translation in foreign currency statements, while other changes in investment properties consist of the effect of translation in foreign currency statements.

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

Yes No

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

Item	Closing book value (RMB)	Reason for the restriction
Cash at bank and on hand	116,441,882.40	Deposits for vehicle loans, bills, etc.
Receivables financing	<u>2,000,000.00</u>	Pledged
Total	<u>118,441,882.40</u>	

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

VII. INVESTMENT ANALYSIS

1. Overall conditions

Applicable Not applicable

Amount of Investments During the Reporting Period (RMB)	Amount of Investment During the Same Period of Last Year (RMB)	Change
573,542,694.92	652,317,659.98	-12.08%

2. Significant equity investments acquired during the Reporting Period

Applicable Not applicable

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

Applicable Not applicable

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

4. Financial Asset Investment

(1) Security investment

Applicable Not applicable

Unit: RMB

Type of Securities	Stock Code	Stock Abbreviation	Initial Investment Cost	Measurement	Carrying Amount at the Beginning of the Period	Gains or Losses on Fair Value Change for the Period	Change in Total Fair Value Recorded in Equity	Amount of purchases for the Period	Amount of disposals for the Period	Translation of Amounts in Foreign Currencies in Statements	Profit or Loss for the Reporting Period	Carrying Amount at the End of the Period	Source of Fund
Domestic and foreign shares	02418	Deewin (H shares)	41,360,620.99	Measured at fair value	22,209,407.79	18,054,732.82	0.00	0.00	46,500,333.84	736,231.40	24,488,733.27	0.00	Own funds
Other securities investments held as at the end of the period		Tianxia	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Financial assets held for trading
Total			41,360,620.99		22,209,407.79	18,054,732.82	0.00	0.00	46,500,333.84	736,231.40	24,488,733.27	0.00	

(2) Derivative investment

Applicable Not applicable

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

✓ Applicable Not applicable

Unit: RMB'0,000

Type of Derivatives	Initial Investment Amount	Amount as at the Beginning of the Period	Gains or Losses on Fair Value Change for the Period	Total Fair Value Recorded in Equity	Amount of Purchase for the Reporting Period	Amount of Disposal for the Reporting Period	Investment Amount as at the End of the Reporting Period	Investment Amount as at the End of the Reporting Period as a Percentage of Net Assets as at the End of the Reporting Period
Foreign exchange forward contract	33,569.37	33,569.37	-53.52	0	175,641.55	180,517.00	28,693.92	1.86%
Total	33,569.37	33,569.37	-53.52	0	175,641.55	180,517.00	28,693.92	1.86%

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

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

Description of actual profit or loss for the Reporting Period

In 2023, the profit or loss on changes in fair value of the Group's derivative financial instruments amounted to RMB-0.5352 million, the investment gains or losses amounted to RMB-25.0931 million, the total profits or losses of the two items amounted to RMB-25.6283 million.

Description of hedging effect

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

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Type of Derivatives	Initial Investment Amount of the Period	Amount as at the end of the Reporting Period	Gains or Losses on Fair Value Change Recorded in Equity	Total Fair Value Change Recorded in Equity	Amount of Purchase for the Reporting Period	Amount of Disposal for the Reporting Period	Investment Amount as at the End of the Reporting Period	Investment Amount as a Percentage of Net Assets as at the End of the Reporting Period
Sources of Derivative Investment Funds								
Description of risk analysis and control measures for derivative positions during the Reporting Period (including but not limited to market, liquidity, credit, operational and legal risks)	Own funds	As at December 31, 2023, the derivative financial instruments held by the Group were foreign exchange forward contracts. The exposure to foreign currency forwards related to the exchange rate market risk and the certainty of the Group's future cash flows from foreign currency revenue. The Group's control measures for derivative financial instruments are mainly reflected in the following: The Group carried out prudent selection and determination of the types and quantities of derivative financial instruments, and only used foreign exchange forward contracts to hedge exchange rate risk; For derivative transactions, the Group developed strict and standardized internal approval systems and business operation processes, and defined approval and authorization procedures for relevant levels, so as to facilitate the control of relevant risks.						
Description of the change in market price or fair value of the derivatives invested during the Reporting Period, and disclosure of the specific method, related assumptions and parameters used in the analysis of the fair value of derivatives		The profit or loss on changes in fair value of the Group's derivative financial instruments for 2023 was RMB-0.5352 million. The fair value of the Group's derivative financial instruments is determined according to the market quotation of external financial institutions.						
Litigation involved (if applicable)		Not applicable						
Date of disclosure of Board announcement on derivative investment approval (if any)		February 21, 2023						
Date of disclosure of announcement of the general meeting on derivative investment approval (if any)		Not applicable						

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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

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

The foreign exchange forward hedging business of the Company and its majority-owned subsidiaries was related to the daily global operations, so as to better avoid and guard against the risks of fluctuations in foreign exchange rates and interest rates and to enhance the financial stability of the Company. The Company adhered to the basic principle of hedging and prohibits speculation. The Company formulated the Foreign Exchange Risk Management System and established and improved the corresponding internal control system, which was conducive to strengthening the management and control of transaction risks. The relevant decision-making procedures complied with laws, regulations and other provisions, and there was no damage to the interests of the Company and all shareholders, especially minority shareholders. We unanimously agreed on the matter of the Company in relation to the continuation of the foreign exchange forward hedging business in 2023.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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

Applicable Not applicable

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

5. Use of proceeds

Applicable Not applicable

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

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

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The Company was listed on the ChiNext Market of the Shenzhen Stock Exchange on July 8, 2021 when the closing price of A Shares was RMB15.49 on the Shenzhen Stock Exchange and HK\$7.13 on the Hong Kong Stock Exchange.

As at December 31, 2023, the actual use of A Share Proceeds of the Company was as follows:

Overall use of Proceeds from A Shares

Applicable Not applicable

Unit: RMB'0,000

Year of Fund-raising	Fund-raising Method	Total Proceeds	Net Proceeds	Utilized Proceeds During the Period	Total Utilized Proceeds	Total Proceeds with Changed Use During the Reporting Period	Proportion of Total Proceeds		Total Unutilized Proceeds	Proposed Use and Investment of Unutilized Proceeds	Proceeds Unutilized for Over Two Years
							with Changed Use	with Changed Use			
2021	Initial public offering	175,809.60	158,377.68	13,331.43	86,336.58	46,095.80	46,095.80	29.10%	77,272.01	Deposited in the special account for the proceeds	-
Total	-	<u>175,809.60</u>	<u>158,377.68</u>	<u>13,331.43</u>	<u>86,336.58</u>	<u>46,095.80</u>	<u>46,095.80</u>	<u>29.10%</u>	<u>77,272.01</u>	-	-

Overall Use of Proceeds

As at December 31, 2023, the proceeds used by the Company in 2023 were RMB133.3143 million, and the total proceeds used were RMB863.3658 million, and the unutilized proceeds were RMB772.7201 million (including net interest income of proceeds of RMB52.3091 million after deducting bank charges and account management fees).

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(2) Committed Projects Funded by Proceeds from A Shares

√ Applicable Not applicable

Unit: RMB'0,000

Committed Investment Project and Investment of Surplus Proceeds	Whether the Project was Changed (Including Partial Change)	Total Committed Investment of Proceeds	Adjusted Total Investment (1)	Investment for the Reporting Period	Total Investment as at the End of the Period (2)	Investment Progress at the End of the Period (3)=(2)/(1)	Date on Which the Project is Ready for its Intended Use	Benefits for the Reporting Period (Note 1)	Total Benefits as at the End of the Reporting Period	Whether the Expected Benefits are Achieved	Whether There are Significant Changes in the Project Feasibility
Committed Investment Projects											
Digital transformation, research and development project ^(Note 2)	Yes	43,877.68	26,197.91	2,925.62	7,460.37	28%	July 2026	Not applicable	Not applicable	Not applicable	No
Project for lighthouse factory upgrade and construction ^(Note 2)	Yes	79,500.00	59,203.03	2,348.90	45,819.30	77%	June 2025	Not applicable	Not applicable	Not applicable	No
New marketing and construction project ^(Note 2)	Yes	10,000.00	-	-	-	Not applicable	Terminated	Not applicable	Not applicable	Not applicable	Terminated
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
Project for upgrading of high-end manufacturing production lines of semi-trailers under Star-chained	No	37,010.80	37,010.80	5,751.12	5,751.12	16%	August 2025	Not applicable	Not applicable	Not applicable	No
Semi-trailer Business Group	No	8,006.00	8,006.00	2,305.79	2,305.79	29%	August 2026	Not applicable	Not applicable	Not applicable	No
Project for upgrading and improving of high-end production lines of tank trucks under Champion Tanker Business Group	No	8,006.00	8,006.00	2,305.79	2,305.79	29%	August 2026	Not applicable	Not applicable	Not applicable	No

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Unit: RMB'0,000

Whether the Project was Changed (Including Partial Change)	Total Committed Investment of Proceeds	Adjusted Total Investment (1)	Investment for the Reporting Period	Total Investment as at the End of the Reporting Period (2)	Investment Progress at the End of the Reporting Period (3) = (2)/(1)	Date on Which the Project is Ready for its intended Use	Total Benefits as at the End of the Reporting Period	Whether the Expected Benefits are Achieved	Whether There are Significant Changes in the Project Feasibility
Project for upgrading of high-end manufacturing production lines of truck bodies under TB Business Group	No	1,079.00	-	-	0%	August 2025	Not applicable	Not applicable	No
Sub-total of committed investment projects ^(Note 4)	-	158,377.68	13,331.43	86,336.58	-	-	-	-	-
Investment of Surplus Proceeds	-	-	-	-	-	-	-	-	-
N/A	-	-	-	-	-	-	-	-	-
Total	-	158,377.68	13,331.43	86,336.58	-	-	-	-	-

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

- I. Digital transformation, research and development project and Light Tower Plant upgrade and construction project
1. As at December 31, 2023, the sub-project of the digital transformation, research and development project, namely the "project for digital upgrade of core modules of semi-trailers", failed to progress as scheduled. The main reasons are as follows:
- With the full implementation of the External Dimensions, Axle Load and Quality Limit on Vehicles, Trailers and Trains (GB15889-2016), the domestic market demand for semi-trailers changed. Meanwhile, new energy transformation progresses rapidly in commercial vehicles. The design of semi-trailers needs to be comprehensively improved based on the matching performance of tractors, by matching the driving stability and braking efficiency of vehicles and optimizing the design of products in terms of air resistance reduction. Based on the current industrial development trend and in consideration of its development plan, the Company adjusted the product development direction. The Company will continue to orient research and development towards modularization of new-generation semi-trailer products, in consideration of the application of lightweight, Internet of Things technology, etc. The failure of the project to progress as scheduled is due to the time needed for product technology demonstration and integration, and the influence of market objective factors in the early stage and the delay in supply from suppliers over the progress in the product development demonstration. According to Article 6.3.4 of the Guide on Self-supervision of Companies Listed on the Shenzhen Stock Exchange No.2 – Standard Operation of Companies Listed on ChiNext Market, the Company re-demonstrated the project for digital upgrade of core modules of semi-trailers. In order to improve the efficiency of the use of the proceeds, maximize the interests of the Shareholders of the Company and avoid any loss of capital and resources, the project is no longer suitable for the current development plan of the Company after careful study. The Company has terminated the implementation of the project for digital upgrade of core modules of semi-trailers. The matter has been considered and approved at the 7th meeting of the 2nd session of the Board for 2023 and the 6th meeting of the 2nd session of Supervisory Committee for 2023 of the Company held on August 23, 2023, as well as the 3rd extraordinary general meeting for 2023 of the Company held on September 20, 2023.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

2. As at December 31, 2023, the sub-project of the digital transformation, research and development project, namely the "project for digital upgrade of core modules of truck bodies for specialty vehicles", failed to progress as scheduled.

The main reasons are as follows: The slowdown in investment and construction of real estate and infrastructure in China resulted in a decline in the sales volume of dump trucks, mixer trucks, urban dump trucks and other products; according to the changes in market conditions, in terms of dump trucks and urban dump trucks, the Company will further develop U-shaped and V-shaped dump truck body product modules based on light-weight requirements of new energy transformation of vehicle bodies, and further optimize the integrated design of body chassis of commercial vehicle chassis manufacturers and the vehicle performance, and in terms of mixer trucks, the Company will orient research towards electric rotary drives of tanks and vehicle body operation safety inspection, etc. In the process of further overall planning for product technology upgrade and iteration, technical demonstration, test and verification work was difficult and time-consuming, resulting in the failure of the project to progress as scheduled.

The Company re-demonstrated the sub-projects of the digital transformation, research and development project, namely the "project for digital upgrade of core modules of truck bodies for specialty vehicles":

① Feasibility

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

② Necessity

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

③ Conclusions of the re-demonstration

The Company believes that it is necessary and feasible to invest in the sub-projects of the digital transformation, research and development project, namely the "project for digital upgrade of core modules of truck bodies for specialty vehicles", which is in line with the Company's strategic plan, and the Company will continue to implement the above projects. The Company will pay close attention to relevant environmental changes and make timely arrangements for the proceeds-funded projects.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

3. As at December 31, 2023, the sub-project of the digital transformation, research and development project, namely the "project for construction of the semi-trailer test center of CIMC Vehicles Group" and "global digital operations center", as well as the sub-projects of the Light Tower Plant upgrade and construction project, namely "CIMC intelligent logistics equipment project (phase I)" and the "project for upgrade and technical transformation of production lines of refrigerated and intelligent distribution vehicles", failed to progress as scheduled.

The Company has re-demonstrated the projects above. The details are as follows:

① Necessity

The project for construction of the semi-trailer test center of CIMC Vehicles Group and global digital operations center are sub-projects of the "digital transformation, research and development project". The former is an important guarantee for CIMC Vehicle's continuous leadership in product quality, and the latter is an important support for the digital management platform for the future production organization of the star-chained and the top-level design of the business group. The CIMC intelligent logistics equipment project (phase I) and the project for upgrade and technical transformation of production lines of refrigerated and intelligent distribution vehicles are the sub-projects of the "Light Tower Plant upgrade and construction project". The Light Tower Plant is a new-generation production system, which is necessary for the Company's transformation to high-end manufacturing and meets the Company's strategic need for high-quality development. Refrigerated and intelligent distribution vehicles are crucial to the Company's van truck business segment, and are the Company's major entry point into the van truck market.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

② Feasibility

After years of technical precipitation, CIMC Vehicle Group has established a complete process of virtual simulation and physical testing of semi-trailer products in product development, and its simulation and verification technology has become an important means to support the excellent quality and durability of CIMC Vehicle's products. In terms of digital management and operation experience, the Company has set up a digital management platform and a strong technical team that bridges the gap between research and development, manufacturing and sales data, and has accumulated rich practical experience in the digitalization and intelligent construction of many major Light Tower Plant. CIMC intelligent logistics equipment project has been implemented for nearly 2 years, and its production line and production technology have been matured and perfected. CIMC Shandong has been deeply engaged in refrigerated distribution products for many years, and the Company has accumulated rich experience in the construction of Light Tower Plant and has an existing technical team, which can provide technical and talent support for the implementation of the project.

③ Conclusions of the re-demonstration

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

The Company convened the 3rd meeting of the 2nd session of the Board of Directors for 2024 and the 3rd meeting of the 2nd session of the Supervisory Committee for 2024 on March 21, 2024, which considered and approved the Resolution on Re-demonstration and Extension of the Terms of A Share Proceeds-funded Projects, so as to extend the dates of getting ready for intended use of the sub-projects of the digital transformation, research and development project, namely the "project for construction of the semi-trailer test center of CIMC Vehicles Group" and the "project for the Global Digital operation Center", the sub-projects for the "project for lighthouse factory upgrade and construction", namely the "CIMC intelligent logistics equipment project (phase I)" and the "project for upgrade and technical transformation of production lines of refrigerated and intelligent distribution vehicles" to December 31, 2025, December 31, 2025, December 31, 2024 and June 30, 2025, respectively.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

4. The Company convened the 4th meeting of the 2nd session of the Board of Directors for 2023 and the 3rd meeting of the 2nd session of the Supervisory Committee for 2023 on March 27, 2023, and convened the 2022 annual general meeting on May 25, 2023, which considered and approved the Resolution on Re-demonstration and Termination of A Share Proceeds-funded Projects and the Resolution on Re-demonstration and Extension of the Terms of A Share Proceeds-funded Projects, authorizing the Company, in accordance to the specific condition of the A Share Proceeds-funded Projects, to terminate the sub-projects of the Light Tower Plant upgrade and construction project, namely the "project for upgrade and technology transformation of coating lines" and the "project for digital upgrade of semi-trailers of Yangzhou Tonghua"; and to extend the periods of the sub-projects of the Light Tower Plant upgrade and construction project, namely "CIMC intelligent logistics equipment project (phase I)"; "annual production of 50,000 sets of travelling mechanism products (axle plus suspension project)" and the "project for upgrade and technical transformation of production lines of refrigerated and intelligent distribution vehicles"; and to extend the dates of getting ready for intended use to December 31, 2023, December 31, 2024, and April 30, 2024.
- On August 23, 2023, the Company held the 7th meeting in 2023 of the 2nd session of the Board of Directors and the 6th meeting in 2023 of the 2nd session of the Supervisory Committee and on September 20, 2023, the Company held the 3rd extraordinary general meeting for 2023, at which the Resolution on Termination and Changes of Certain A Share Proceeds-funded Investment Projects was considered and approved, authorizing the Company to terminate the sub-project of the "digital transformation, research and development project", namely the "project for digital upgrade of core modules of semi-trailers" and the sub-project for "project for lighthouse factory upgrade and construction", namely the "annual production of 50,000 sets of travelling mechanism products (axle plus suspension project)", and use the proceeds from A Share of RMB460,958 million for "project for upgrade of the sophisticated production lines of Star-chained semi-trailers", "project for upgrade and transformation of the sophisticated production lines of Champion tankers" and the "project for upgrade of the sophisticated production lines of TB Truck Body".
- The Company convened the 3rd meeting of the 2nd session of the Board of Directors for 2024 and the 3rd meeting of the 2nd session of the Supervisory Committee for 2024 on March 21, 2024, which considered and approved the Resolution on Re-demonstration and Termination of A Share Proceeds-funded Projects, intending to terminate the sub-project of the "project for upgrade of the sophisticated production lines of Star-chained semi-trailers", namely the "project for upgrade of the sophisticated production lines of Silver Star-chained semi-trailers"; as well as the "project for upgrade of the sophisticated production lines of TB Truck Body". The resolution is subject to consideration of the general meeting of the Company.
- II. New marketing construction project
- During the Reporting Period, the Company convened the 4th meeting of the 2nd session of the Board of Directors for 2023 and the 3rd meeting of the 2nd session of the Supervisory Committee for 2023 on March 27, 2023 and the 2022 annual general meeting on May 25, 2023, which considered and approved the Resolution on Re-demonstration and Termination of A Share Proceeds-funded Projects, authorizing the Company to terminate the new marketing construction project, based on the actual situation of the A Share proceeds-funded projects.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Whether the Project was Changed (Including Partial Investment of Surplus Proceeds)	Total Committed Investment of Proceeds	Adjusted Total Investment	Investment for the Reporting Period	Total Investment as at the End of the Reporting Period (2)	Investment Progress as at the End of the Reporting Period (3)=(2)/(1)	Date on Which the Project is Ready for its Intended Use	Total Benefits as at the End of the Reporting Period	Whether the Expected Benefits are Achieved	Whether There are Significant Changes in the Project Feasibility
Description of significant changes in the project feasibility	N/A								
Amount, use and progress in the use of surplus proceeds	N/A								
Change of location of the raised proceeds-funded projects						During the Reporting Period, there is no change in the location of the raised proceeds-funded projects of the Company.			
Adjustments to the implementation method of the raised proceeds-funded projects						During the Reporting Period, there is no change in the implementation method of the raised proceeds-funded projects of the Company.			
Initial investments and fund replacements in raised proceeds-funded projects						On August 25, 2021, the Company convened the 10th meeting of the Board for 2021 and the 4th meeting of the Supervisory Committee for 2021, which considered and approved the Resolution on Replacement of Self-raised Funds Invested in the Raised Proceeds-funded Projects and Used to Cover the Issue Expenses in Advance with Raised Proceeds from A Share Offering, authorizing the Company to replace the self-raised funds totaling RMB326.2496 million invested in the proceeds-funded projects and used to cover the issue expenses in advance, with the raised proceeds from A Share offering. The issue expenses of RMB41.4293 million (exclusive of value-added tax) were paid by the Company out of its self-raised funds in advance, while RMB284.8203 million of the self-raised funds was invested in the A Share proceeds-funded projects in advance.			
Use of unutilized raised proceeds for temporary replenishment of working capital						During the Reporting Period, there are no unutilized raised proceeds used for temporary replenishment of working capital.			
Amount of and reasons for the remaining balance of raised proceeds after the implementation of the project						As of December 31, 2023, the raised proceeds of the Company are still in the progress of investing, and therefore the remaining balance of raised proceeds is not available.			

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Whether the Project was Changed (Including Partial Investment of Surplus Proceeds)	Total Committed Investment of Proceeds	Adjusted Total Investment	Investment for the Reporting Period	Total Investment as at the End of the Reporting Period (2)	Investment at the End of the Reporting Period (3)=(2)/(1)	Date on Which the Project is Ready for its Intended Use (Note 1)	Total Benefits as at the End of the Reporting Period	Whether the Expected Benefits are Achieved	Whether There are Significant Changes in the Project Feasibility
Proposed use and investment of the unutilized raised proceeds									
Problems or other matters in the use and disclosure of the raised proceeds									

As of December 31, 2023, the unutilized raised proceeds of the Company were deposited in the special account for raised proceeds in demand deposits, with a balance of RMB772.7201 million (including net interest income of raised proceeds exclusive of bank charges and account management fees).

On August 23, 2023, the Company convened the 7th meeting of the Board for 2023 and the 6th meeting of the 2nd session of the Supervisory Committee for 2023, which considered and approved the Proposal on Using Part of the Idle Proceeds from A Shares for Cash Management, it was agreed that on the premise of not affecting the construction of the investment projects of the proceeds from A shares and the use of the proceeds and effectively controlling the risks, the Company and its subsidiaries intend to use part of the unutilized proceeds from A shares not exceeding RMB880.00 million (inclusive) for cash management, which will be used to purchase products that meet the requirements of high security and good liquidity, including agreed deposits, call deposits, large certificates of deposit and capital preservation bank wealth management products. The term of a single investment product shall not exceed 12 months and the use period shall be valid for 12 months from the date of consideration and approval by the Board of the Company. Within the above quota and period of use, the funds can be used on a rolling basis, and the Board authorizes the Chief Executive Officer and President of the Company and their authorized officers to exercise decision-making authority and sign relevant contractual documents. The independent directors expressed their consents and performed the necessary procedures. As of December 31, 2023, the balance of the Company's agreed deposit account was RMB679.7348 million, which did not exceed the deliberation limit and validity period of the Board and the Supervisory Committee of the Company regarding the use of part of the idle proceeds from A Shares for cash management.

Note 1: The basis and method of calculating "benefits for the Reporting Period" are the same as those for calculating the committed benefits.

Note 2: The Company has terminated the sub-projects of the "Light Tower Plant upgrade and construction project," namely the "project for upgrade and technology transformation of coating lines," the "project for digital upgrade of semi-trailers of Yangzhou Tonghua" and the "annual production of 50,000 sets of travelling mechanism products (axle plus suspension project)," as well as the sub-projects of the "digital transformation, research and development project," namely the "project for digital upgrade of core modules of semi-trailers" and the "project for digital upgrade of the new generation intelligent refrigerated van body module" in 2023, and extended the "CIMC intelligent logistics equipment project (phase I)" and the "project for upgrade and technical transformation of production lines of refrigerated and intelligent distribution vehicles" in 2023.

Note 3: The Company has terminated the project in 2023.

Note 4: The remaining proceeds of RMB18.8094 million from the terminated fund-raising projects have not been clearly earmarked for intended use, and the unused proceeds from the original projects were deposited in the Company's special account for the proceeds.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(3) Change of Use of Proceeds from A Shares

√ Applicable □ Not applicable

Unit: RMB'0,000

Project after Changes	Corresponding Original Committed Projects	Total Proceeds Raised Intended to Invest into Projects after Changes (1)	The Actual	Actual	Investment Progress as of the End of the Period (3)=(2)/(1)	Date when the Project Reaches the Scheduled Usable Status	The Benefit Realized during the Reporting Period	Whether the Expected Benefits are Realized	Whether
			Amount Invested during the Reporting Period	Accumulated Amount Invested as of the End of the Period (2)					the Project Feasibility has been Changed Significantly after Changes
Project for upgrading of high-end manufacturing production lines of semi-trailers under Star-chained Semi-trailer Business Group	-	37,010.80	5,751.12	5,751.12	16%	August 2025	N/A	N/A	No
Project for upgrading and improving of high-end production lines of tank trucks under Champion Tanker Business Group	-	8,006.00	2,305.79	2,305.79	29%	August 2026	N/A	N/A	No
Project for upgrading of high-end manufacturing production lines of truck bodies under TB Business Group	-	1,079.00	-	-	0%	August 2025	N/A	N/A	No
Total	-	46,095.80	8,056.91	8,056.91	-	-	-	-	-

Description of the reason for change, decision-making procedures and information disclosure (by project)

On March 27, 2023, the Company convened the 4th meeting of the 2nd session of the Board for 2023 and the 3rd meeting of the 2nd session of the Supervisory Committee for 2023, and convened the 2022 annual general meeting on May 25, 2023, which considered and approved the Resolution on Re-demonstration and Termination of A Share Proceeds-funded Projects, authorizing the Company to terminate the sub-projects of the Light Tower Plant upgrade and construction project, namely the "project for upgrade and technology transformation of coating lines", the "project for digital upgrade of semi-trailers of Yangzhou Tonghua" and the new marketing construction project. For details, please refer to the Announcement on Re-demonstration and Termination and Postponement of Certain A Share Proceeds-funded Projects (Announcement No. 2023-031) disclosed by the Company on March 28, 2023 on the website of Cninfo.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

	Total Proceeds	The Actual Amount Invested during the Reporting Period	Actual Accumulated Amount Invested as of the End of the Period (2)	Investment Progress as of the End of the Period (3)=(2)/(1)	Date when the Project Reaches the Scheduled Usable Status	The Benefit Realized during the Reporting Period	Whether the Expected Benefits are Realized	Whether the Project Feasibility has been Changed Significantly after Changes
Project after Changes	Corresponding Raised Intended to Invest into Committed Projects Changes (1)							

The Company convened the 7th meeting of the 2nd session of the Board for 2023 and the 6th meeting of the 2nd session of the Supervisory Committee for 2023 on August 23, 2023, and convened the 3rd extraordinary general meeting for 2023 on September 20, 2023, which considered and approved the Resolution on Termination and Changes of Certain A Share Proceeds-funded Projects, authorizing the Company to terminate the sub-project of the digital transformation, research and development project, namely the "project for digital upgrade of core modules of semi-trailers" and "project for digital upgrade of the new generation intelligent refrigerated van body module" and the sub-projects of the Light Tower Plant upgrade and construction project, namely "annual production of 50,000 sets of travelling mechanism products (axle plus suspension project)" in line with reality of the A Share proceeds-funded projects; authorizing the Company to use the proceeds from A Shares of RMB460.958 million for the "project for upgrading of high-end manufacturing production lines of semi-trailers under Star-chained Semi-trailer Business Group", "project for upgrading and improving of high-end production lines of tank trucks under Champion Tanker Business Group" and "project for upgrading of high-end manufacturing production lines of truck bodies under TB Business Group".

The Company convened the 3rd meeting of the 2nd session of the Board for 2024 and the 3rd meeting of the 2nd session of the Supervisory Committee for 2024 on March 21, 2024, which considered and approved the Resolution on Re-demonstration and Termination of A Share Proceeds-funded Projects, intending to terminate the sub-project of the "Project for upgrading of high-end manufacturing production lines of semi-trailers under Star-chained Semi-trailer Business Group", namely the "project for upgrade of the sophisticated production lines of Silver Star-chained semi-trailers", as well as the "Project for upgrading of high-end manufacturing production lines of truck bodies under TB Business Group". The resolution is subject to consideration of the general meeting of the Company.

Information on and reasons for the failure to get ready for the intended use or achieve expected benefits (by project)	N/A
Description of significant changes in the project feasibility after changes	N/A

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

(4) *Use of Proceeds from H Share*

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

On December 5, 2019, March 25, 2020, October 12, 2020, and November 20, 2020, the Company announced the changes in the use of the net Proceeds from H Shares. The Company intended to further change the use of Proceeds from H Shares on August 25, 2021, and the proposed change was approved at the 1st extraordinary general meeting of the Company for 2021 on September 29, 2021. For relevant information, please refer to the Company's related announcements issued on the same dates respectively.

On January 1, 2023, the net proceeds from H Shares carried forward by the Company from the previous year were approximately HK\$79.3 million. The use of the net proceeds from H Shares and the utilization as of December 31, 2023, which are intended to be utilized in the next 5 years from the Listing Date of our H Shares, are as follows:

	Original Intended Amount <i>(HK\$ in millions)</i>	Utilized Amount as of December 31, 2023 <i>(HK\$ in millions)</i>	Utilized Amount during the Reporting Period <i>(HK\$ in millions)</i>	Unutilized Amount as of December 31, 2023 <i>(HK\$ in millions)</i>
Intended Use of Net Proceeds				
Develop new manufacturing or assembly plants	1,248.3	1,200.5	29.9	47.7
- Develop a new automated production facility for chassis trailers in the coastline regions along the eastern or southern US	38.8	38.8	-	-
- Develop a new assembly plant for high-end refrigerated semi-trailers in the UK or Poland	32.1	29.1	6.7	3.0
- Develop a new automated production facility for refrigerated semi-trailers in Monon, the US	163.0	159.4	-	3.6
- Develop a new assembly plant for swap bodies and flatbed semi-trailers in the Netherlands	105.2	105.2	-	-
- Develop a new assembly plant for refrigerated semi-trailers in Canada	20.2	20.2	-	-
- Develop a new manufacturing plant in Jiangmen, China	87.0	79.6	-	7.4

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Intended Use of Net Proceeds	Original	Utilized	Utilized Amount	Unutilized
	Intended Amount	Amount as of	during the	Amount as of
	(HK\$ in millions)	December 31, 2023	Reporting Period	December 31, 2023
	(HK\$ in millions)	(HK\$ in millions)	(HK\$ in millions)	(HK\$ in millions)
- Technical reform and informatization construction for Xi'an plant in China	32.7	14.7	9.6	18.1
- Develop a new manufacturing plant in Baoji City, China	70.0	70.0	-	-
- Build a vehicle park in Kunming, China	78.4	78.4	-	-
- Expand the manufacturing plant for semi-trailers in Dongguan, China	114.8	105.7	1.6	9.1
- Expand the manufacturing plant for dry truck bodies and refrigerated truck bodies in Zhenjiang, China	34.4	27.9	12.1	6.6
- Expand the manufacturing and assembly plant for chassis trailers in Rayong, Thailand	193.5	193.5	-	-
- Increase the registered capital and production capacity of subsidiaries in the UK (note)	278.1	278.1	-	-
Research and develop new products	66.6	64.9	-	1.7
- Invest in industrial funds	34.4	34.4	-	-
- Develop high-end refrigerated semi-trailers	26.3	24.6	-	1.7
- Develop other trailer products	5.8	5.8	-	-
Repay the principal amount and interests of bank borrowings	153.8	153.8	-	-
Working capital and general corporate purposes	151.5	151.5	-	-
Total	1,620.0	1,570.7	29.9	49.4

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

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

VIII. DISPOSAL OF SUBSTANTIAL ASSETS AND EQUITY INTERESTS

1. Disposal of Substantial Assets

Applicable Not applicable

The Company did not dispose of any substantial assets during the Reporting Period.

2. Disposal of Substantial Equity Interests

Applicable Not applicable

Counterparty	Equity Interests Disposed of	Date of Disposal	Transaction Price (RMB'0,000)	Net Profit of the Company from Disposal of Equity Interests from the Beginning of the Period to the Date of Disposal (RMB'0,000)	Impact of Disposal on the Company	Is it a Related Party Transaction	Relationship with the Counterparty	Have All Interests Involved Been Transferred	Is the Transaction Carried out as Scheduled; if Not, Describe the Reasons and the Measures Taken by the Company	Date of Disclosure	Disclosure Index
CIMC Group	100% equity interests in Shenzhen CIMC Special Vehicle	April 3, 2023	131,699.86	-4,182.58	The transaction is in line with the Company's future strategic planning, which will facilitate the supply-side structural reform promoted by the Company and enhance the quality and efficiency of the Company's operation. The transaction will not have any adverse impact on the financial status, operating results, future main business and sustainable operating capabilities of the Company, nor will it harm the interests of the Company and its Shareholders as a whole.	Yes	Controlling shareholder of the Company	Yes	Yes	February 6, 2023	For details, please refer to the Announcement on Transfer of Equity in Wholly-owned Subsidiary and Connected/Related Party Transactions disclosed on the website of Cimic
				34.64%	Based on the appraised value and taking into account commercial reasons, installment payments and other factors, the specific price is determined by both parties through negotiation	Yes					

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

IX. ANALYSIS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES

✓ Applicable □ Not applicable

Principal subsidiaries and associates contributing to more than 10% of the Company's net profits

Unit: RMB

Company Name	Company Type	Principal Activities	Registered Capital	Total Assets	Net Assets	Revenue	Operating	
							Profits	Net Profits
Vanguard National Trailer Corporation	Subsidiary	Manufacturing of road transport vehicles and provision of relevant services	USD: 10	2,014,777,161.60	1,626,098,650.14	4,902,175,225.52	836,208,423.56	630,363,191.28
CIMC Reefer Trailer Inc	Subsidiary	Manufacturing of road transport vehicles and provision of relevant services	USD: 10	1,478,840,415.32	800,630,110.28	2,785,381,170.79	570,776,366.99	414,932,406.40
CIMC Vehicle Investment Holding Co., Ltd.	Subsidiary	Investment holding	USD: 50,000	4,233,738,779.38	3,508,234,592.04		399,968,904.64	319,905,201.76
CIMC Intermodal Equipment LLC	Subsidiary	Manufacturing of transport vehicles and provision of relevant services	USD: 10,000,000	614,029,619.35	442,770,577.80	1,986,668,016.46	295,023,734.44	295,023,734.44
Yangzhou CIMC Tonghua Special Vehicles Co., Ltd.	Subsidiary	Development, manufacturing and sales of specialty vehicles, modified vehicles, special vehicles, semitrailer series and their parts, and provision of after-sales technical services	RMB: 566,020,750	3,372,809,418.23	1,365,199,137.37	3,117,032,845.81	172,316,846.42	149,738,780.72
Wuhu CIMC Ruijiang Automobile Co., Ltd.	Subsidiary	Development, production and sales of various specialty vehicles, ordinary mechanical products and metal structure parts, and provision of relevant consulting and after-sales services	RMB: 379,038,112.14	1,473,115,398.23	672,880,311.53	2,392,314,653.83	65,246,488.82	60,521,922.62
CIMC Vehicle Europe Coopératief U.A.	Subsidiary	Manufacturing of transport vehicles and provision of relevant services	EUR: 10,000	1,351,984,018.34	1,182,499,477.39	957,059,934.95	38,182,185.09	28,819,390.38

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)***Acquisition and disposal of subsidiaries during the Reporting Period**

√ Applicable □ Not applicable

Company Name	Method of Acquiring and Disposing of Subsidiaries During the Reporting Period	Impact on Overall Production, Operation and Performance
CIE Manufacturing (Canada) Co.,Ltd	Newly established	No significant impact
Shenzhen SF-Trailernet Technology Co., Ltd. (深圳市星火車聯科技有限公司)	Acquisition	No significant impact
Shenzhen Zhongan Jizhi Technology LLP	Acquisition	No significant impact
Shenzhen Xinghuo Jizhi Technology LLP (深圳市星火集智科技合夥企業(有限合夥))	Acquisition	No significant impact
Shenzhen CIMC Special Vehicle	Disposal	The transaction is in line with the Company's future strategic planning, which will facilitate the supply-side structural reform promoted by the Company and enhance the quality and efficiency of the Company's operation. The transaction will not have any adverse impact on the financial status, operating results, future main business and sustainable operating capabilities of the Company, nor will it harm the interests of the Company and its Shareholders as a whole.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Company Name	Method of Acquiring and Disposing of Subsidiaries During the Reporting Period	Impact on Overall Production, Operation and Performance
Shanghai CIMC Automobile Examination and Repair Co., Ltd. (上海中集汽車檢測修理有限公司)	Disposal	No significant impact
Shanghai Changyi Vehicle Sales Co., Ltd. (上海常毅汽車銷售有限公司)	Acquisition	No significant impact
Guangxi Jihong Tiancheng Automobile Sales Service Co., Ltd. (廣西集鴻天成汽車銷售服務有限公司)	Newly established	No significant impact
Hubei CIMC Vehicle Sales Service Co., Ltd.	Deregistered	No significant impact
Sichuan CIMC Vehicle Logistics Equipment Co., Ltd.	Absorption and Merger	No significant impact

Description of principal subsidiaries and associates

During the Reporting Period, North American Business of the Company captured market opportunities, and its profit maintained a sound growth trend as compared with the same period of the previous year. The net profit of subsidiaries Vanguard National Trailer Corporation, CIMC Reefer Trailer Inc and CIMC Intermodal Equipment LLC increased by 54%, 151%, and 140% year on year respectively.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

X. STRUCTURED ENTITIES CONTROLLED BY THE COMPANY

Applicable Not applicable

XI. FUTURE DEVELOPMENT PROSPECT OF THE COMPANY

(I) Changes in the Macro Situation and Industry Pattern

In 2024, the global economy will continue to undergo profound changes with significant uncertainties. According to the forecast of the International Monetary Fund, the global economic growth is projected at 3.1% in 2024, and moderating inflation and steady growth will open path to soft landing. In addition, the global economy faces increased fragmentation risks due to geopolitical tensions and other factors, and the supply chain begins to show signs of fragmentation. The global economy will continue to grapple with brittleness, anxiety, non-linearity and incomprehensibility.

In 2024, China's economic recovery is expected to gradually gain momentum in terms of both quality and speed amidst a mix of opportunities and challenges. In face of unsettling uncertainties during the transition from high-speed growth to high-quality growth, companies that have deepened supply-side reforms are poised to seize opportunities. China's commercial vehicle industry will usher in new growth opportunities after painful adjustments.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Semi-trailers in the Chinese market

The implementation opinions of the National Development and Reform Commission and the Ministry of Transport propose to “further reduce logistics costs and improve the efficiency of logistics to adapt to modern and high-quality development.” The logistics and transportation industry of China will further promote industry integration and large-scale development. As the core carrier of cargo transportation, the high-quality development of semi-trailers will have a direct influence on the efficiency of China’s road transportation system.

With the continuous advancement of infrastructure construction and the improvement of residents’ consumption in China, semi-trailers are expected to further expand application scenarios and maintain a strong development momentum. In addition, due to the increasing expectation that low-bed trailers will gradually phase out of the bulk cargo transportation market as well as intensified industry supervision and tightening “carbon peaking and carbon neutrality” policies, the semi-trailer industry of China is transitioning towards standardized, new energy and intelligent products.

Semi-trailers in overseas markets

In 2024, the increasing anticipation of U.S. interest rate cuts may gradually alleviate inflationary pressure. As the impact of tightening global supply chains and labor shortages on the North American semi-trailer industry weakens, the supply and demand in the North American semi-trailer market will return to normal. Furthermore, the North American economy exhibits resilience, and the revitalization of the U.S. manufacturing industry is expected to increase the demand for logistics and transportation.

In 2024, the Europe is expected to experience weak consumer sentiment and sluggish economic growth. As Red Sea tensions lead to delays in shipping logistics, manufacturing companies are grappling with increased shipping costs. Semi-trailer manufacturing companies in the Europe are making breakthroughs and seeking for incremental space relying on refined management, cost reduction and efficiency improvement.

In 2024, the Asia-Pacific region and emerging markets are expected to become the main sources of global economic growth, which will further reinforce the multi-polar development of the global economy. The land-based international logistics channels under the “Belt and Road” Initiative will further drive the demand of Belt and Road countries for logistics and transportation equipment, so that there is space for the demand growth in the semi-trailer market of emerging countries and regions.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Specialty Vehicle Market in China

In 2024, driven by the transformation and upgrading of the industry, the specialty vehicle industry of China is expected to experience a steady rebound, accelerating the high-quality development of the industry. The steady advancement of infrastructure construction and the vigorous efforts to boost consumption will support the demand in China's specialty vehicle market.

China's new energy specialty vehicles have entered a stage of rapid growth due to favorable policies, with a sharp increase in the penetration of new energy vehicles and a large demand for replacement. Meanwhile, the new energy specialty vehicles show development prospects in terms of intelligent driving, enhanced safety performance, cost reduction and efficiency improvement.

(II) Development Strategy of the Company

Accelerating the development of new productive forces to traverse the blue ocean of the 3rd venture

Currently, the world is undergoing accelerated changes unseen in a century. While steadfastly promoting high-quality development, China has shown steady economic improvement, achieved significant progress in the construction of a modern industrial system, and made solid strides towards building China into a great modern socialist country in all respects. Meanwhile, there are bottlenecks in the domestic circulation, as well as rising complexity, severity and uncertainty in the international circulation. The disturbing volatility, uncertainty, complexity and ambiguity (VUCA) is becoming more torturous brittleness, anxiety, non-linear and incomprehensibility (BANI).

In 2024, Chinese companies will face challenges stemming from the transition from high-speed growth to high-quality growth, and withstand the torment and impact of brittleness, anxiety, non-linear and incomprehensibility, which may cause severe challenges to their development and operation environment.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Over the past two decades, the Company has forged ahead against formidable challenges, from the tenacious fight in the Chinese market, to the hardship in turning the tide in the North American market, and to the formidable transformation in the European market, and finally emerged victorious in the pioneering “1st and 2nd ventures”.

The Company started its 3rd venture at the opportune moment to accelerate the development of new productive forces. The essence of the “Star-chained Manufacturing Network” lies in the exploration of more refined, more resilient and higher-quality growth, which is also our main strategy to address the challenges arising from BANI over the next decade.

In 2024, the top priority of CIMC Vehicles is to advance the “Star-chained Manufacturing Network” and promote the “Sanhao development”. The Company will strengthen the foundation of Star Chain LTP Production Centers, facilitate the agile development of the CIMC Light Tower Semi-trailer Business Group and the Tonghua Pioneer Semi-trailer Business Group, and improve the construction of middle and back offices and governance structure of the “Star-chained Manufacturing Network”. Moreover, the Company will promote the transformation and upgrading of the governance structure of North American Business, and facilitate the integration of “Champion Tanker” and European liquid tank trailer businesses.

In 2024, the Company will adhere to the development philosophy of the 3rd venture, namely promoting rapid iteration and eliminating redundancy, and make steadfast efforts to optimize its assets and organization.

CIMC Vehicles will forge its resilience with practical actions to traverse the blue ocean of the 3rd venture.

Firstly, prioritizing the development of “Star-chained Manufacturing Network” to build a benchmark for the supply-side reform, a model of high-quality development and a paradigm of dual-wheel drive

Since its launch in 2023, the “Star-chained Manufacturing Network” is efficiently promoted based on unique advantages of the Company. Through integrating the resources of 7 semi-trailer plants in China, the Company has opened up the processes of procurement, production, circulation, distribution and consumption, and has built a combat organization base on “Star Chain LTP Group” and with “CIMC Light Tower Semi-trailer Business Group” and “Tonghua Pioneer Semi-trailer Business Group” as the front line. Therefore, the Company has achieved a leapfrog improvement in market share, sales and profits.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Firstly, the “Star-chained Manufacturing Network” will promote the distribution of business groups and upgrade the consumer side relying on reforms of production and circulation sides, so as to significantly improve sales and profits and build a benchmark for the supply-side reform. Secondly, the “Star-chained Manufacturing Network” will break through the development bottleneck of semi-trailer business, and obtain core technologies to develop world-class products and support sustainable high-quality development, thus becoming a model of high-quality development. Thirdly, the “Star-chained Manufacturing Network” will seize the great opportunity from industry reform to enhance global resource allocation capabilities, so as to build a paradigm of dual-wheel drive.

In terms of Star-chained Sourcing (LTS), the Company has achieved a significant transformation from inception to execution. Leveraging the modular definition capabilities and precise production forecasts of Star-chained products, the Company has formulated a comprehensive procurement strategy shifting from separate procurement by each plant to centralized procurement, thus steadily enhance the competitiveness of products.

In terms of Light Tower Plant Production (LTP), the Company has realized the iteration from full-category production to specialized production lines and product division. Relying on the Star-chained production line with the work island as the smallest unit, the Company has developed flexible standards and labor allocation adapting to modular production, which improved the overall production efficiency. In addition, the Company integrated the needs of market, R&D and production, and completed the definition of annual modular vehicles.

In terms of Light Tower Logistics (LTL), the Company has integrated separate processes, built an order center to connect the decoupled supply and demand sides, and established an active inventory management model to enhance mass delivery capacity.

In terms of Local Manufacturing (LoM), the Company has successfully shifted from order-based production which is close to production to modular product-driven local manufacturing model, forming significant barriers in delivery cycle.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In terms of distribution (sales channels), the Company promoted the upgrade from a position of weakness to strength. With focus on the adjustment of the top level, the Company can identify key regional growth opportunities in a systematic way to increase sales and expand the 2nd-hand vehicle business.

Currently, the “Star-chained Manufacturing Network” has completed planning stage and construction stage. During the planning stage, the Company has established the Star Chain LTP Group, the CIMC Light Tower Semi-trailer Business Group and the Tonghua Pioneer Semi-trailer Business Group, ensuring the new organizational model can meet business requirements. During the construction stage, the Company closely focused on the top-level strategic design of operation models and business planning, and established the Star-chained organization in a unified manner to refine the specific processes, enabling ongoing iteration of the Star-chained organization. Under the leadership of our management, the organization of “Star-chained Manufacturing Network” has achieved organic growth and independent operation.

The Company has completed the top-level design of the “Star-chained Manufacturing Network”, equipped with capabilities for fission and replication. Within the Star-chained architecture, the Company continued to expand the coverage of the “Star-chained Manufacturing Network”, which enhanced the synergy between domestic and foreign markets and significantly expanded incremental space.

The “Star-chained Manufacturing Network” will enter the full implementation stage since 2024. At this stage, the Company will take rigorous measures to undertake existing results and insights of the “Star-chained Manufacturing Network”, ensure the timely and high-quality implementation of the strategic design, shift from defensive to offensive thinking, and achieve the goals of the “Star-chained Manufacturing Network” with flexible mentality and means.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Secondly, promoting “Sanhao Development Centers” and exploring new models for integrated development

By deepening the cooperation with tractor manufacturers, the Company promoted the in-depth integration in 7 aspects, namely product development, marketing organization, channel organization, brand building, marketing policy, promotion and delivery, and service coordination. Through jointly building “Sanhao Development Centers”, the Company and tractor manufacturers can give full play to their own advantages to develop solutions integrating tractors, bodies and vehicles, thus creating sustained value for customers and enhancing both sales and brand recognition. The development of “excellent in three areas”, namely “excellent tractors with excellent trailers”, “excellent horses with excellent saddles” and “excellent trucks with excellent tanks”, has become a valuable strategic exploration for the high-quality development of China’s commercial vehicles.

The Company has bolstered the layout of “Sanhao Development Centers” to increase the market share of its businesses. As at the end of 2023, the Company has established 12 “Sanhao Development Centers” in China, which are located in Xi’an, Dongguan, Guangzhou, Nanning, Zhengzhou, Kunming, Chengdu, Fuyang, Yinchuan, Shijiazhuang, Urumqi and Taiyuan. These “Sanhao Development Centers” have significantly enhanced the brand influence and sales volume of “excellent tractors with excellent trailers”, “excellent horses with excellent saddles” and “excellent trucks with excellent tanks”.



SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

“Excellent tractors with excellent trailers” is a benchmark project for integrated road heavy trucks, which is jointly developed by the Company and tractor manufacturers. Through joint research and development, production and sales, the project will provide customers with the integrated heavy truck and semi-trailer featuring five excellent aspects, and promote the growth in sales and channel integration. “Excellent tractors with excellent trailers” is the 1st pioneering project for the integrated tractor and trailer in the world, and is undergoing accelerated development with the support of the version 2.0 of integrated tractor and trailer. In the future, the Company will continue to strengthen the technology research and development and the iterative optimization of the integrated tractor and trailer, and provide customers with better integrated tractor and trailer to create value for customers.

“Excellent horses with excellent saddles” focuses on the assemble and supporting business of dump truck and cargo truck bodies. The Company worked with tractor manufacturers in the integrated design of chassis and body, synchronized production scheduling and after-sales linkage. By integrating resources, the Company provided differentiated commercial vehicle products for the global market, which were highly recognized by the market. In face of increasingly stringent emission standards in the domestic market, the in-depth layout of new energy commercial vehicles and the steady improvement of demand in overseas markets, “excellent horses with excellent saddles” project will continue to carry out the innovative exploration of joint product technologies and joint marketing models, consolidate its position in the domestic market, and expand its share in overseas markets. Through enhancing the quality and cost-effectiveness of fully-assembled vehicles, the Company can provide global end users with integrated vehicles featuring $1+1>2$.

“Excellent trucks with excellent tanks” is an innovative cooperation between the Company and tractor manufacturers in the tank truck sector, which is primarily engaged in the joint research and development, production, and sales of 2 core products, namely tank trailers and integrated concrete mixer trucks. Currently, the Company has successfully developed and launched the P2 plug-in hybrid new energy vehicles, and developed “Future Tank”, the 1st intelligent and safe tank semi-trailer for hazardous chemicals in the industry. In the future, the “excellent trucks with excellent tanks” business will continue to be customer-centric, and closely focus on products of “three excellent areas” and the value concept of “five excellent aspects”. Relying on its leading advantages in the development and sales of cutting-edge tank trucks, the business will pioneer the high-quality development of the specialty tank vehicle industry.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Thirdly, adhering to intercontinental operation, and promoting “Deep Space Exploration Plan” and “Champion Tanker Growth Program” in North America

Guided by the ideological framework of the “Star-chained Manufacturing Network” and in the context of the 3rd venture, the Company promoted the “Deep Space Exploration Plan” in North America, advanced the transformation and upgrading of the governance structure, and completed the “shared narrowband evolution” of a series of products. As the North American Business enters uncharted waters, the Company has facilitated the sustainable and high-quality development of the North American Business while ensuring safe operations, by shaping a new development pattern and promoting the structural reforms in production organizations and methods.

Due to increasing competition in the European and Chinese markets, evolving market demands and accelerated technological innovation, many companies need to reassess their competitive edge and strategic positioning. The Champion Tanker Business Group continued to promote the “Champion Tanker Growth Program”, facilitate the integration and synergy of “Champion Tanker” and European liquid tank trailer businesses, step up the construction of the “Light Tower Manufacturing Network”, and enhance the comprehensive competitiveness of the supply chain, so as to adapt to market changes, constantly enhance customer value, secure the leading position of its tank truck business in major global markets, and empower the building of a unified global tank truck market.

Fourthly, deepening organizational development and reform, and building a “stable and agile” organization

During the implementation of the “Star-chained Manufacturing Network”, the Company deepened its organizational development and reform, and adopted a design that combines rigidity and softness to inject agile elements into the stable main organization. The Company strengthened the foundation of Star Chain LTP Group, facilitated the agile development of the CIMC Light Tower Semi-trailer Business Group and the Tonghua Pioneer Semi-trailer Business Group, and improved the construction of middle and back offices and governance structure of the “Star-chained Manufacturing Network”. Moreover, the Company promoted the 2nd transformation and upgrading of governance structure and senior management team of the Company, with a view to building a “stable and agile” organization.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

The Company has established the Star-chained middle and back offices and virtual operation centers, which will provide a sound and unified organizational and institutional foundation for the “Star-chained Manufacturing Network”. The “Star-chained Manufacturing Network” involves a number of legal entities and personnel of the Company. By building a unified governance structure as well as middle and back organizations, the Company defined the governance structure organization and standard procedures to enhance organizational efficiency, which will provide standard services for organizations under the “Star-chained Manufacturing Network” and make meaningful attempts for the integration of subsequent businesses and organizations.

Meanwhile, the Company actively promoted the iterative capability building for the senior management team, and has successfully completed the “Senior Leadership Training Program”. In the future, the Company will prepare for and launch the “Future Leadership Improvement Program”, which aims to cultivate 30 to 50 core members of the senior management team to lead the 3rd venture.

Fifthly, completing the prototype development of new energy concrete mixer truck and promoting its commercialization

The Company has a full knowledge of business scenarios of semi-trailers and is capable to define products. Since the launch of EV-RT exploration, the Company continued to deepen innovation to develop the innovation and entrepreneurship platform for the integrated new energy tractor and trailer (EV-RT), and formulate the architecture system and product standards for new-generation integrated new energy tractor and trailer. Currently, the project team has established a preliminary structure of EV-RT platform, completed the design, trial production and test calibration of prototype vehicle, achieved the communication between tractor and trailer, auxiliary trailer drive and energy recovery, and made exploration and breakthroughs in the coordinated control over driving force and braking force of tractors and trailers.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

The research and development team started with short-distance scenarios, and gradually expanded to all scenarios and products. In 2023, the Company selected concrete mixer trucks as the 1st application scenario, and deepened the cooperation with tractor manufacturers to develop P2 plug-in EV-RT mixer trucks, to cater to the needs of “lowering vehicle costs, reducing energy consumption, and registering green license”. The new product has the advantage of stable cost performance, complies with national policies on new energy vehicles, and exhibits a strong economic effectiveness throughout its life cycle.



The Company provides customers with integrated solutions, promotes the concept of modular production for new energy products, and incorporates scenario-based modules based on the new energy tractors and trailers, with a view to gaining the 1st-mover advantage in the electric semi-trailers, overtaking in a different road, and promoting the reform of the industry.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

(III) Business Plan for 2024

The 3rd venture consists of 3 stages. The 1st stage is the “Star-chained Manufacturing Network” from 2023 to 2025. The Company will fully promote the implementation of Star-chained sophisticated manufacturing system, significantly improve the semi-trailer business in internal circulation and Belt and Road markets, with substantial increases in revenue and production efficiency. The 2nd stage is the testing phase for integrated new energy tractor and trailer from 2025 to 2027. During this stage, the Champion Tanker Business Group will transition into a phase of high-quality development, and the integrated tractor and trailer will emerge as an incremental business. The 3rd stage spans from 2028 to 2030. The international circulation will usher in high-quality development, and the integrated tractor and trailer will incorporate into the international circulation, leading to a significant growth in international circulation businesses.

1. *Star-Chained Light Tower Pioneer Group*

Under the efficient deployment of the “Star-chained Manufacturing Network”, the Star Chained Light Tower Pioneer Group will implement specialized production in alignment with the business group + LTP business model, gradually improve modular design, finalize modular products, and launch annual models and annual selected models on a regular basis. The Company will promote value marketing, increase the sales proportion of modular products, and enhance increase market sales and share. Meanwhile, the Star-Chained Light Tower Pioneer Group will continue to promote the implementation of the integrated tractor and trailer project, develop fully-assembled vehicle solutions, and promote the high-quality development of the integrated tractor and trailer.

In 2024, the “Star-chained Manufacturing Network” will enter the full implementation stage. The Company will build domestic semi-trailer new productive forces, seize a new round of transportation equipment “old for new” policy opportunities, aiming to achieve breakthroughs in the growth of semi-trailer business in China.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

2. *Champion Tanker Business Group*

The Champion Tanker Business Group will continue to promote the reshaping of LTP and LoM, and further expand the market coverage of the tank trailer business. The multi-brand operation will enable the rapid expansion of the scale of chemical logistics equipment, strengthen and refine the media segment. The Champion Tanker Business Group will reposition channel capabilities, optimize and upgrade existing channels, expand the distribution network, and provide a strong support for sales channels.

In terms of new energy vehicles, the Champion Tanker Business Group will promote the concept of modular production for new energy products, and incorporate scenario-based modules based on the new energy tractors and trailers, with a view to gaining the 1st-mover advantage in the electric semi-trailers, overtaking in a different road, and promoting the reform of the industry.

Meanwhile, on the new journey of the 3rd venture and under the framework of intercontinental operation, the Champion Tanker Business Group will continue to promote the “Champion Tanker Growth Program”, and facilitate the integration and synergy of “Champion Tanker” and European liquid tank trailer businesses. Through building the “Light Tower Manufacturing Network”, the Champion Tanker Business Group will integrate resources, optimize supply chains, improve the quality and efficiency of products and services, and jointly promote the building of a unified global tank truck market. The Champion Tanker Business Group will build the international operation capabilities covering the entire value chain, and enhance the leading position of the Company’s tank truck business in major global markets.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

3. North American Business

In 2024, the North American Business will continue to promote the transformation and upgrading of the governance structure, as well as the development of “shared narrowband evolution” project, so as to expand business scope, break supply bottlenecks and constraints, explore new development paths and achieve high-quality integration, thereby increasing the resilience of the North American Business. Meanwhile, the Company will promote the steady development of the North American Business.

As the demand for semi-trailers in North America returns to normal, the North American Business will continue to accelerate the modular upgrade of products, optimize the product delivery cycle, and reduce costs and increase efficiency through internal and external synergy, so as to adapt to the change of orders resulting from the changes in the market demand in North America and stabilize profitability.

4. European Business

As the demand in the European semi-trailer market slows down in 2024, the European Business will actively make breakthroughs and seek for incremental space relying on refined management, cost reduction and efficiency improvement.

The European Business will continue to improve the layout of LoM manufacturing plants, promote cost reduction and efficiency increase, and improve the supply of key components based on the global supply chain system, so as to consolidate the high-quality business development and increase the market share. Meanwhile, the European Business will actively explore new products and businesses, and introduce new development patterns with new growth opportunities.

5. Dump Truck and Heavy Cargo Truck Business

The Dump Truck and Heavy Cargo Truck Business of the company will continue to upgrade its organizational structure and establish a strong market engine. It will maintain a stable market position, enhance the cost performance of products, develop differentiated competition, and ensure the steady improvement in stock businesses. The Dump Truck and Heavy Cargo Truck Business will also increase sales and improve profitability through the cooperation with high-quality channels, create a 2nd growth curve to seek for multiple breakthroughs, and expand and transform towards “manufacturing + service”.

Meanwhile, the Dump Truck and Heavy Cargo Truck Business of the company will capture development opportunities from the accelerated new energy transformation, give full play to the advantages of LTP+LoM delivery, and step up the local layout to seize the market share.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

(IV) Risks to which the Company May be Subject and Responsive Initiatives

1. Macroeconomic fluctuation and industry cyclical risks

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

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

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

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

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

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

3. *Risks of international trade conflicts*

With the business model of “Intercontinental Operation, Local Manufacturing”, the overseas operation of the Company is subject to many risks and restrictions in relation to business operation in overseas countries and regions, such as overseas regulatory regulations, local industry standards, trade restrictions, technical barriers, protectionism and economic sanctions. During the Reporting Period, CIE, a subsidiary of the Company based in the United States, received a notice from the U.S. Customs and Border Protection (CBP), stating that CBP had initiated the EAPA investigation on whether the container chassis trailers and chassis subassemblies that were shipped by the Company’s DS Plant in Thailand to CIE in the United States evaded U.S. anti-dumping duties and countervailing duties imposed on Chinese-origin chassis and chassis subassemblies. The subject of the investigation was only one of the Company’s legal entities under North American Business. The relevant matters are in progress, as of the Date of the Report, the Group has not been notified of the results of the investigation. Therefore, there is uncertainty about the impact of the EAPA investigation on the Group.

The Company is an A+H-share listed company. Upon receiving notice of CBP’s EAPA investigation, CIE responded swiftly at highest priority, and actively took relevant measures to cope with the EAPA investigation. The Company asserted that the existing business practice does not violate U.S. anti-dumping duties and countervailing duties or EAPA, and will protect the legitimate rights and interests of the Group. CIE received a notice from CBP that it has extended the final determination date of the EAPA investigation results from February 18, 2024 to April 18, 2024. As of the Date of the Report, the Group has not been notified of the results of the investigation.

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

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

4. Risk of exchange rate fluctuations

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

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

5. Risks of research and development, and innovation

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

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

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

6. Risk from environmental protection policies

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

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

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)***XII. REGISTER OF RECEPTION OF RESEARCH, COMMUNICATIONS AND INTERVIEWS DURING THE REPORTING PERIOD**

√ Applicable □ Not applicable

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main contents of discussion and data provided	Brief description on research
March 28, 2023	Shenzhen	Offline meeting + online live streaming	Institutional investors Small and medium investors	Investors participating in the presentation for 2022 annual results	Statement of the Annual Results of 2022	For details, please refer to the record form of investor relations and activities disclosed by the Company on the website of Cninfo on April 19, 2023
March 29, 2023	Shenzhen	Teleconference	Institutional investors	66 institutions including CICC and BOCI Securities	Statement of the Annual Results of 2022	For details, please refer to the record form of investor relations and activities disclosed by the Company on the website of Cninfo on April 19, 2023
From March 28 to April 4, 2023	Guangzhou, Hangzhou and Beijing	On-site meeting	Institutional investors	34 institutions including E Fund, Invesco Great Wall and GF Fund	Statement of the Annual Results of 2022	For details, please refer to the record form of investor relations and activities disclosed by the Company on the website of Cninfo on April 19, 2023
From April 6 to April 11, 2023	Shanghai	On-site meeting	Institutional investors	32 institutions including Wanjia Asset, Zhong Ou AMC and Origin Asset Management	Statement of the Annual Results of 2022	For details, please refer to the record form of investor relations and activities disclosed by the Company on the website of Cninfo on April 20, 2023
April 13, 2023	Beijing	On-site meeting	Institutional investors	28 institutions including CCB Fund, Taikang Pension and Penghua Fund	Statement of the Annual Results of 2022	For details, please refer to the record form of investor relations and activities disclosed by the Company on the website of Cninfo on April 20, 2023

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main contents of discussion and data provided	Brief description on research
From April 12 to April 14, 2023	Hong Kong	On-site meeting	Institutional investors	13 institutions including AIA and Aspex Management	Statement of the Annual Results of 2022	For details, please refer to the record form of investor relations and activities disclosed by the Company on the website of Cninfo on April 20, 2023
From April 14 to April 21, 2023	Shenzhen	On-site meeting	Institutional investors	25 institutions including Southern Asset Management, Invesco Great Wall and Zhong Rong Fund	Statement of the Annual Results of 2022	For details, please refer to the record form of investor relations and activities disclosed by the Company on the website of Cninfo on April 28, 2023
From April 24 to April 26, 2023	Singapore	On-site meeting	Institutional investors	8 institutions including FENGHE ASIA FUND LTD and Arisaig Capital	Statement of the Annual Results of 2022	For details, please refer to the record form of investor relations and activities disclosed by the Company on the website of Cninfo on April 28, 2023
April 27, 2023	Shenzhen	Teleconference	Institutional investors	135 institutions including CITIC Securities, Essence Securities and Dacheng Fund	Statement of the Results First Quarterly of 2023	For details, please refer to the record form of investor relations and activities disclosed by the Company on the website of Cninfo on May 16, 2023
From April 27 to May 12, 2023	Unlimited	On-site meeting and teleconference	Institutional investors	129 institutions including Essence Securities, Zhongtai Securities and Caitong Securities	Statement of the Results First Quarterly of 2023	For details, please refer to the record form of investor relations and activities disclosed by the Company on the website of Cninfo on May 16, 2023
June 9, 2023	Luoyang	Field research	Institutional investors	41 institutions including Essence Fund and Caitong Securities	Statement of the Results First Quarterly of 2023	For details, please refer to the record form of investor relations and activities disclosed by the Company on the website of Cninfo on June 9, 2023

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main contents of discussion and data provided	Brief description on research
June 14, 2023	Shenzhen	Offline meeting + online live streaming	Institutional investors	19 institutions including East Money Information and Essence Securities	Statement of the Results First Quarterly of 2023	For details, please refer to the record form of investor relations and activities disclosed by the Company on the website of Cninfo on June 14, 2023
From June 27 to June 30, 2023	Hong Kong, Shanghai	On-site meeting	Institutional investors	23 institutions including J.P. Morgan Asset and UBS	Statement of the Results First Quarterly of 2023	For details, please refer to the record form of investor relations and activities disclosed by the Company on the website of Cninfo on July 5, 2023
August 24, 2023	Shenzhen	On-site meeting + online live streaming	Institutional investors Small and medium investors	Investors participating in the presentation for 2023 interim results	Statement of the 2023 Interim Results	For details, please refer to the record form of investor relations and activities disclosed by the Company on the website of Cninfo on August 28, 2023
From August 24 to August 30, 2023	Unlimited	On-site meeting and teleconference	Institutional investors	193 institutions including CICC, Topsperity Securities and UBS	Statement of the 2023 Interim Results	For details, please refer to the record form of investor relations and activities disclosed by the Company on the website of Cninfo on August 31, 2023
From August 31 to September 4, 2023	Shanghai, Ningbo, Beijing	On-site meeting	Institutional investors	24 institutions including HUAXI Securities, Harvest Fund and Tianhong Asset Management	Statement of the 2023 Interim Results	For details, please refer to the record form of investor relations and activities disclosed by the Company on the website of Cninfo on September 5, 2023

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main contents of discussion and data provided	Brief description on research
September 5, 2023	Shenzhen, Shanghai, Beijing	On-site meeting	Institutional investors	8 institutions including China Life Asset Management, Tenbagger Capital and ICBC Wealth Management	Statement of the 2023 Interim Results	For details, please refer to the record form of investor relations and activities disclosed by the Company on the website of Cninfo on September 5, 2023
September 6, 2023	Beijing, Shanghai	On-site meeting	Institutional investors	23 institutions including Soochow Securities, CMFM and ICBC Credit Suisse Asset Management	Statement of the 2023 Interim Results	For details, please refer to the record form of investor relations and activities disclosed by the Company on the website of Cninfo on September 8, 2023
September 7, 2023	Wuxi, Shanghai, Hong Kong	On-site meeting and teleconference	Institutional investors	12 institutions including CITIC Securities, Haitong Securities and Ruisheng Investment	Statement of the 2023 Interim Results	For details, please refer to the record form of investor relations and activities disclosed by the Company on the website of Cninfo on September 8, 2023
September 8, 2023	Hong Kong, Shanghai	On-site meeting and teleconference	Institutional investors	10 institutions including CICC, Fosun Wealth and Alpha Fund	Statement of the 2023 Interim Results	For details, please refer to the record form of investor relations and activities disclosed by the Company on the website of Cninfo on September 10, 2023
October 26, 2023	Shenzhen	Online conference	Institutional investors	103 institutions including CICC, CITIC Securities and Wanjia Asset	Statement of the Third Quarterly Results of 2023	For details, please refer to the record form of investor relations and activities disclosed by the Company on the website of Cninfo on October 26, 2023

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main contents of discussion and data provided	Brief description on research
October 27, 2023	Shenzhen	Online conference	Institutional investors	Fullgoal Fund, Longrising, Ping An Asset, Zhongtai Securities and Zhong Ou AMC	Statement of the Third Quarterly Results of 2023	For details, please refer to the record form of investor relations and activities disclosed by the Company on the website of Cninfo on October 27, 2023
October 30, 2023	Shenzhen	Online conference	Institutional investors	19 institutions including UBS, Citi and Alliance Bernstein	Statement of the Third Quarterly Results of 2023	For details, please refer to the record form of investor relations and activities disclosed by the Company on the website of Cninfo on October 30, 2023
October 31, 2023	Shenzhen	Online and offline conference	Institutional investors	China Universal, ICBC Credit Suisse, Huatai Asset Management, Harvest Fund	Statement of the Third Quarterly Results of 2023	Disclosed on the record form of investor relations and activities on the website of Cninfo on October 31, 2023
November 13, 2023	Shanghai	On-site meeting	Institutional investors	10 institutions including CITIC Securities, CICC, Banxia Fund and Caitong Securities	Statement of the Third Quarterly Results of 2023	Disclosed on the record form of investor relations and activities on the website of Cninfo on November 15, 2023
November 15, 2023	Shenzhen	Online and offline conference	Institutional investors	26 institutions including CICC, Longlife Investment, Yude Investment and CITIC Securities	Statement of the Third Quarterly Results of 2023	Disclosed on the record form of investor relations and activities on the website of Cninfo on November 17, 2023
From November 22 to November 23, 2023	Guangzhou, Hangzhou	On-site meeting	Institutional investors	23 institutions including CITIC Securities, Maxwealth Fund, Hui Capital and TX Capital	Statement of the Third Quarterly Results of 2023	Disclosed on the record form of investor relations and activities on the website of Cninfo on November 24, 2023

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

XIII. IMPLEMENTATION OF THE “DOUBLE IMPROVEMENT OF QUALITY AND RETURN” ACTION PLAN

Whether the Company has disclosed the “Double Improvement of Quality and Return” action plan

Yes No

XIV. DISCLOSURE UNDER THE HONG KONG STOCK EXCHANGE LISTING RULES

1. Significant Investments during the Reporting Period

During the Reporting Period, the Group did not hold any significant investments including any investment in an investee company with a value of 5% or more of the Group’s total assets.

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

On February 17, 2023, the Company officially entered into the equity transfer agreement with CIMC Group in respect of transfer of equity of Shenzhen CIMC Special Vehicle Co., Ltd. with CIMC VEHICLE INVESTMENT HOLDINGS COMPANY LIMITED, a wholly-owned subsidiary of the Company. Pursuant to the equity transfer agreement, the Company and CIMC VEHICLE INVESTMENT HOLDINGS COMPANY LIMITED will sell their 75% and 25% equity interests in Shenzhen CIMC Special Vehicle, respectively, and CIMC Group will acquire 100% equity interest in Shenzhen CIMC Special Vehicle and all interests, benefits attached and all rights legally entitled, and all obligations assumed in accordance with laws. According to the terms in the equity transfer agreement in respect of transfer of equity of Shenzhen CIMC Special Vehicle Co., Ltd. and confirmed by both parties, the adjusted consideration of equity transfer was RMB1,316,998,600, payable in cash. After the Completion, the Company and CIMC VEHICLE INVESTMENT HOLDINGS COMPANY LIMITED will no longer hold any interest in Shenzhen CIMC Special Vehicle. Shenzhen CIMC Special Vehicle will no longer be a subsidiary of the Company, and Shenzhen CIMC Special Vehicle will no longer be included in the consolidated accounts of the Company. For relevant information, please refer to the announcements of the Company dated February 6, 2023, February 17, 2023 and the circular dated March 6, 2023.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

On August 23, 2023, the Company entered into an equity transfer agreement with Shenzhen CIMC Investment Co., Ltd. and CIMC Vehicles (Group) Co., Ltd. regarding Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. Pursuant to the equity transfer agreement, the Company agrees to sell and Shenzhen CIMC Investment Co., Ltd. agrees to acquire 3.7991% equity interests in Shenzhen CIMC Tongchuang Supply Chain Co., Ltd., at a consideration of RMB22,286,900, payable in cash. Upon completion of the Disposal, the Company will cease to hold any equity interests in Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. For relevant information, please refer to the announcement of the Company dated August 23, 2023.

Save as disclosed above, the Group has no other details of material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

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

Save as disclosed in “5. Use of Proceeds” in “VII. Investment Analysis” under “Section IV Management Discussion and Analysis” in this report, and the “2024 Regular Investment Plan” set out in the “Announcement on Resolutions of the Third Meeting of the Second Session of the Board of Directors in 2024” issued by the Company on March 21, 2024, as of the Date of the Report, the Group had no other plans for significant investment or purchase of capital assets in the future approved by the Board.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

4. Liquidity and Financial Resources

As at December 31, 2023, the Group had cash and cash equivalents of RMB5,894.1 million (December 31, 2022: RMB4,682.8 million). As at December 31, 2023, the Group had borrowings of RMB639.5 million (December 31, 2022: RMB881.8 million).

	As at December 31, 2023 (RMB in millions)	As at December 31, 2022 (RMB in millions)
Long-term borrowings		
– Bank borrowings	198.8	331.2
– Bank borrowings, guaranteed	42.0	–
Subtotal	240.8	331.2
Current portion of long-term borrowings		
– Bank borrowings	221.1	82.6
– Bank borrowings, guaranteed	–	–
Subtotal	221.1	82.6
Short-term borrowings		
– Bank borrowings	130.2	229.5
– Bank borrowings, guaranteed	40.1	238.4
– Loans from 3rd parties	–	–
– Discounted bills	7.2	–
Subtotal	177.5	468.0
Total borrowings	639.5	881.8

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

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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

	As at December 31, 2023 (RMB in millions)	As at December 31, 2022 (RMB in millions)
Within one year	398.6	550.6
One to two years	202.8	143.0
Two to five years	38.0	188.2
Over five years	—	—
Total	<u>639.5</u>	<u>881.8</u>

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

During the Reporting Period, the Group's major cash inflow items are net cash inflow generated from operating activities of RMB1,790.2 million (2022: RMB1,153.9 million).

There is no seasonal variation in the Group's borrowing needs. As at December 31, 2023, the interest rate range for short-term borrowings was 2.8% to 6.4% (December 31, 2022: 0.8% to 6.0%), and the interest rate range for long-term borrowings was 3.1% to 4.7% (December 31, 2022: 4.0% to 4.7%). Borrowings at fixed interest rates were approximately RMB189.2 million (December 31, 2022: RMB355.1 million). It is expected that the Group's short-term borrowings will be repaid by its own funds or bank credit facilities. During the Reporting Period, the Group has maintained sufficient cash at bank and liquidity to repay all borrowings as they fell due, and there was no material default in terms of borrowings.

As at December 31, 2023, the Group had current assets of RMB16,521.5 million (December 31, 2022: RMB14,673.4 million), and current liabilities of RMB7,740.5 million (December 31, 2022: RMB8,128.2 million). As at December 31, 2023, the Group's current ratio was approximately 2.1 times (December 31, 2022: 1.8 times). The current ratio equals to total current assets divided by total current liabilities. The current ratio was improved as compared to 2022.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

5. Capital Structure

During the Reporting Period, the Group had been adopting a prudent financial management policy and handling capital expenditures with caution. After the Reporting Period, the Group will continue to monitor its liquidity and financial resources, and manage them to maintain a good gearing ratio. As at December 31, 2023, the Group's gearing ratio (equal to total debt divided by total equity multiplied by 100%) was 4.1% (December 31, 2022: 7.6%). The decrease in gearing ratio was mainly due to the decrease of the Group's total debt as at the end of the Reporting Period.

As at December 31, 2023, the Group's cash and cash equivalents were mainly denominated in Renminbi, HK dollars and US dollars, and borrowings were also mainly denominated in Renminbi, Great Britain Pound and Euro. The Group was exposed to foreign exchange risk primarily through sales and purchases, capital expenditures and other expenses that are denominated in a currency other than the functional currency of the relevant subsidiaries. The Group's foreign exchange exposure mainly arises from the conversion of Renminbi against US dollars, Thailand Baht, Great Britain Pound, HK dollars and Euro. The Group manages our foreign exchange risk by performing regular reviews of net foreign exchange exposure and minimizes these exposures through entering into foreign exchange forward contracts. The effective period of the Group's hedging activities must not exceed 12 months or the term of the relevant borrowings. The management of the Group continues to monitor the market environment and its own foreign exchange risk profile, and considers appropriate hedging measures when necessary. As at December 31, 2023, the notional amount of outstanding foreign exchange forward contracts held by the Group was converted to RMB286.9 million.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

6. Capital Commitments

As at December 31, 2023, the Group's capital commitments were approximately RMB13.8 million (December 31, 2022: approximately RMB70.1 million), representing a year-on-year decrease of 80%, mainly due to the gradual completion of purchase contracts which have been entered into but have not been performed in whole or in part in the previous year.

The Group has funded and will continue to fund a substantial portion of its capital commitments from operating cash flow and the proceeds from the Public Offering, and may utilize borrowings to provide required funds if a financing gap still exists. In 2023, our outstanding capital commitments were mainly attributable to the upgrading and improvement of factories and equipment and outward investment.

7. Pledge of the Group's Assets

As at December 31, 2023, except for the guarantees for the pledge of bank deposits as disclosed in "Financial guarantees" in "8. Contingent Liabilities" under this section, the Group had no fixed assets pledged for the guarantees for property preservation in civil procedure (December 31, 2022: nil).

8. Contingent Liabilities

Financial guarantees

The Group entered into financial guarantee contracts relating to customer vehicle mortgage loans mainly with Huishang Bank, Postal Savings Bank of China, Industrial Bank, Sinotruk Auto Finance Co., Ltd. (重汽汽車金融有限公司) and CIMC Finance Company Ltd. (中集集團財務有限公司), etc. to provide guarantees in respect of banking facilities granted to dealers and customers of the Group, who had drawn down loans under banking facilities granted to settle outstanding payables arising from purchasing of vehicles from the Group. As at December 31, 2023, the outstanding balance of the above guarantees provided by the Group to dealers and customers totalled RMB808.1 million (December 31, 2022: RMB1,986.1 million), and the bank deposits pledged for these guarantees were RMB55.3 million (December 31, 2022: RMB113.0 million).

9. Significant Contracts

During the Reporting Period, there was no significant contract entered into between the Company and CIMC Group under Appendix D2 of the Hong Kong Stock Exchange Listing Rules, except those set out in the section headed "XIV. Material Connected/Related Transactions" of "Section IX Significant Events" in this report.

SECTION V REPORT OF THE BOARD

This section contains the Report of the Board prepared in accordance with the relevant requirements of the Hong Kong Stock Exchange Listing Rules. It should be read in conjunction with other sections of this report and the audited financial statements of the Group and the notes thereto, which have been prepared in accordance with the China Accounting Standards for Business Enterprises.

1. PRINCIPAL BUSINESSES

The Company is the world's leader in the sophisticated manufacturing of semi-trailers and specialty vehicles, a pioneer in the high-quality development of road transport equipment in China, and an explorer and innovator in new energy specialty vehicles in China. According to the 2023 Global OEM Ranking List published by Global Trailer, the Company ranked 1st among semi-trailer manufacturers in the world, for the 11th consecutive year.

2. FINANCIAL POSITION AND PERFORMANCE

The financial position of the Group as of December 31, 2023 and the profit for the year are set out in "Section XIII Auditor's Report" in this report, respectively.

3. BUSINESS REVIEW

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

4. CLOSURE OF REGISTER OF MEMBERS OF H SHARES

The closure of register of members H Shares will be set out in the circular of the General Meeting to be issued.

SECTION V REPORT OF THE BOARD *(Continued)*

5. FIXED ASSETS AND CONSTRUCTION IN PROGRESS

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

As of December 31, 2023, the Group did not have any percentage of properties held for development and/or sale, or investment (as defined in Rule 14.04(9) of the Hong Kong Stock Exchange Listing Rules) exceeding 5%.

6. RESERVES

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

7. DISTRIBUTABLE RESERVES

As of December 31, 2023, the Company's reserves available for distribution to Shareholders (including retained surplus) were approximately RMB7,240.72 million (December 31, 2022: RMB5,486.89 million).

8. MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2023, details of the major customers and suppliers of the Group are set out in "IV. Analysis of Core Businesses" in "Section IV Management Discussion and Analysis" in this report.

During the year ended December 31, 2023, none of the Directors and their respective associates or any shareholder who, to the knowledge of the Directors, held more than 5% of the Company's issued share capital, had any interest in any of the Group's five largest suppliers and five largest customers.

SECTION V REPORT OF THE BOARD *(Continued)*

9. ENVIRONMENTAL POLICIES AND PERFORMANCE

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

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

The Environmental, Social and Governance Report as required by Appendix C2 of the Hong Kong Stock Exchange Listing Rules is published in conjunction with the annual report separately by the Company before April 30, 2024.

10. COMPLIANCE WITH LAWS AND REGULATIONS

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

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

11. MAJOR RISKS AND UNCERTAINTIES

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

SECTION V REPORT OF THE BOARD *(Continued)*

12. RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

During the Reporting Period, the relationship between the Group and employees (including but not limited to employee diversity and benefits), customers, suppliers will be set out separately in the 2023 Social Responsibility and Environmental, Social and Governance Report, which is published simultaneously with this annual report before April 30, 2024.

13. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

As of December 31, 2023, details of the Company's subsidiaries, associates and joint ventures are set out in Note 8 to "Section XIII Auditor's Report" in this report.

14. DONATIONS

The amount of charities and other donations made by the Group during the year was approximately RMB0.22 million (2022: RMB0.01 million).

15. CONNECTED TRANSACTIONS

The connected transactions of the Group for the year ended December 31, 2023 are set out in the section headed "XIV. Material Connected/Related Transactions" in "Section IX Significant Events" in this report.

16. SHARE CAPITAL

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

As of December 31, 2023, the Company has issued 2,017,600,000 shares with a par value of RMB1.00 per share (total issued share capital of RMB2,017,600,000), including 1,453,680,000 A Shares with a nominal value of RMB1.00 each and 563,920,000 H Shares with a nominal value of RMB1.00 each.

SECTION V REPORT OF THE BOARD *(Continued)*

As at December 31, 2023, the Company's share capital is as follows:

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

17. ADVANCE TO AN ENTITY

For the year ended December 31, 2023, there was no advance extended by the Company to an entity which is subject to disclosure.

18. PLEDGE OF SHARES BY CONTROLLING SHAREHOLDERS

For the year ended December 31, 2023, there was no pledge of Shares by the Controlling Shareholders.

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

For the year ended December 31, 2023, there was no loan agreement of the Company with covenants relating to specific performance of the Controlling Shareholders.

20. BREACH OF LOAN AGREEMENTS

For the year ended December 31, 2023, there was no breach of the loan agreements by the Company in which the loan involved would have a significant impact on the business operations of the Company.

21. FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

For the year ended December 31, 2023, there was no financial assistance or guarantee to affiliated companies by the Company which is subject to disclosure.

SECTION V REPORT OF THE BOARD *(Continued)*

22. DIRECTORS AND SUPERVISORS

Executive Director

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

Non-executive Directors

Mr. Mai Boliang (*Chairman*)

Mr. Zeng Han

Mr. He Jin

Mr. Wang Yu

Ms. Lin Qing

Independent non-executive Directors

Mr. Feng Jinhua

Mr. Fan Zhaoping

Mr. Cheng Hok Kai Frederick

Supervisors

Ms. Wang Jinghua (*Chairman*)

Mr. Feng Baochun

Mr. Song Yanwen

SECTION V REPORT OF THE BOARD *(Continued)*

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

According to Rule 13.51B(1) of the Hong Kong Stock Exchange Listing Rules, the changes in information on Directors from the publication of the 2023 interim report to the Date of the Report are disclosed as follows:

Mr. Mai Boliang, the chairman and non-executive Director, ceased to serve as CEO of the CIMC Group, the Controlling Shareholder, on September 26, 2023.

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

24. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

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

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

SECTION V REPORT OF THE BOARD *(Continued)*

25. INTERESTS IN CONTRACTS OF SIGNIFICANCE OF DIRECTORS AND SUPERVISORS

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

26. INTERESTS OF DIRECTORS IN COMPETING BUSINESSES

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

27. MANAGEMENT CONTRACTS

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

28. PERMITTED INDEMNITY PROVISION

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

29. MAJOR LITIGATION AND ARBITRATION

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

30. PRE-EMPTIVE RIGHTS

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

SECTION V REPORT OF THE BOARD *(Continued)*

31. EXTERNAL AUDITOR

PricewaterhouseCoopers Zhong Tian LLP, the domestic auditor of the Company, has audited the Company's financial statements for the year ended December 31, 2023, and will retire at the 2023 annual general meeting and will not be re-appointed. Having been approved by the Board upon the Audit Committee's recommendation, a resolution for the appointment of KPMG Huazhen LLP as the auditor of the Company's financial statements under China Accounting Standards, is to be proposed at the 2023 annual general meeting. Such appointment is subject to the approval of the Shareholders at the 2023 annual general meeting.

At the meeting of the Board of the Company on August 25, 2021 and the 1st extraordinary general meeting for 2021 on September 29, 2021, the Company approved relevant proposals to uniformly adopt the China Accounting Standards for Business Enterprises. Therefore, PricewaterhouseCoopers, which provides overseas audit services according to the International Financial Reporting Standards, resigned at the 2021 annual general meeting and will not be re-appointed, while PricewaterhouseCoopers Zhong Tian LLP, as the original sole auditor of the Company, is responsible for providing both domestic and overseas audit services according to the China Accounting Standards for Business Enterprises.

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

32. DIVIDENDS AND TAXES IN 2023

The Company is currently actively promoting the H Share Buy-back Offer and Withdrawal of Listing plan. Taking into account the scale of funds required for the H Share Buy-back Offer and Withdrawal of Listing plan the Company intends to implement, as well as the production or operation needs of the Company, while ensuring the capital needs of the Company's project construction, research and development, production and other daily operation, the Board of Directors recommended that the proposed profit distribution plan for 2023 is that no cash dividends will be distributed, no bonus shares will be issued and shares will not be converted from capital reserve into share capital.

SECTION V REPORT OF THE BOARD *(Continued)*

33. EMPLOYEES, REMUNERATION POLICY AND PENSION SCHEME

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

For details of the pension scheme during the Reporting Period, please refer to Note 7 (32) to “Section XIII Auditor’s Report” in this report.

34. OTHER SIGNIFICANT EVENTS

On February 19, 2024, the Company announced that CIE, a wholly-owned subsidiary of the Company in the United States, received a notification from the U.S. Customs and Border Protection (“**CBP**”) that it had initiated an investigation under the Enforce and Protect Act (the “**EAPA**”) into whether CIE had evaded U.S. anti-dumping duties (“**AD**”) and countervailing duties (“**CVD**”) by importing Chinese-origin chassis and chassis subassemblies that were transshipped through Thailand via DS Plant (another wholly-owned subsidiary of the Company). Upon receiving notice of CBP’s EAPA investigation, the Group responded swiftly at highest priority, attached great importance to and actively took relevant measures to cope with the EAPA investigation, advocated that the existing business practice does not violate U.S. AD/CVD laws or EAPA and to protect both the legal rights and the interests of the Group. The investigation results are expected to be released on April 18, 2024. As of the Date of the Report, the Group has not been notified of the results of the investigation, and it is difficult to accurately estimate the impact this investigation may have on the production, operations, and financial performance of the Group. Therefore, there is uncertainty about the impact of the EAPA investigation on the Group. For details, please refer to the announcement of the Company issued on February 19, 2024.

35. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

Major events of the Group occurring after the Reporting Period to the Date of the Report are set out in Note 17 of “Section XIII Auditor’s Report” in this report, which constitutes part of the report of the Board.

SECTION V REPORT OF THE BOARD *(Continued)*

At the Ninth Meeting of the Second Session of the Board of Directors of the Company held on November 27, 2023 for the year 2023, the Company agreed to the potential proposal to repurchase all the issued H Shares in the issued share capital of the Company (other than those held by CIMC Group and its parties acting in concert with it) and authorized to carry out the relevant plan and preliminary preparatory work; At the Second Meeting of the Second Session of the Board of Directors for the year 2024 held on March 11, 2024, the Company considered and passed the “Proposal for the Company to Carry Out the H Shares Repurchase Offer and Delisting and Reduction of the Company’s Registered Capital” and other related matters, and agreed to repurchase all the issued H Shares (other than those held by CIMC Group and its parties acting in concert with it) of 146,729,400 Shares at the H Shares Repurchase Offer Price of HK\$7.5 per Share, the total funding for the H Share Repurchase Offer is approximately HK\$1,100,470,500, which will be funded by the Company’s internal cash resources. If the H Share Repurchase Offer becomes unconditional in all respects, the repurchased H Shares will be canceled, the registered capital of the Company will be reduced accordingly and the Company will apply to the Hong Kong Stock Exchange for withdrawal of the listing status of the H Shares. At the Fourth Meeting of the Second Session of the Board of Directors for the year 2024 held on March 25, 2024, the Company considered and passed the “Proposal on Distributing the Offer Document”, and distributed the offer document to H share shareholders on March 27, 2024; At the Second Extraordinary General Meeting in 2024, the 1st A Shareholders’ class meeting in 2024 and the 1st H Shareholders’ class meeting in 2024, held on April 18, 2024, the Company considered and passed the “Proposal for the Company to Carry Out the H Shares Repurchase Offer and Delisting and Reduction of the Company’s Registered Capital” and the “Proposal on Authorizing the Board of Directors and its Authorized Persons to Fully Handle Matters Related to the H-Share Repurchase Offer and Delisting”. For details, please refer to the announcements of the Company issued on November 28, 2023, November 29, 2023, December 27, 2023, January 26, 2024, February 26, 2024, March 11, 2024, March 26, 2024, March 27, 2024 and April 18, 2024.

Save as disclosed herein, there were no significant changes subsequent to December 31, 2023 and as of the Date of the Report.

36. FUTURE DEVELOPMENT OF THE GROUP

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

By order of the Board

Mai Boliang

Chairman

Shenzhen, the PRC, March 21, 2024

SECTION VI REPORT OF THE SUPERVISORY COMMITTEE

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

I. COMPOSITION OF THE SUPERVISORY COMMITTEE

As at December 31, 2023, the Supervisory Committee of the Company consists of three members, including one employee representative Supervisor and two non-employee representative Supervisors. According to the requirements of the Articles of Association of the Company, each Supervisor shall serve for a term of three years, which is renewable upon reelection and reappointment.

The composition of the Supervisory Committee is as follows:

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

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

II. HOLDING OF THE MEETINGS OF SUPERVISORY COMMITTEE IN 2023

In 2023, under the principle of accountability to all Shareholders of the Company, the members of the Supervisory Committee strengthened their coordination and cooperation with the Board and the senior management, conscientiously performed their supervisory duties, and better played the supervisory role of the Supervisory Committee, thus promoting the Company's standardized operation and healthy development and safeguarding the rights and interests of the Company and its Shareholders.

The Supervisory Committee convened its meetings and earnestly performed its duties in accordance with laws. In 2023, the Supervisory Committee held a total of 7 meetings. The attendance of Supervisors at meetings of the Supervisory Committee is as follows:

Supervisor	Number of Meetings Expected to Attend	Number of Meetings Attended	Attendance Rate
Wang Jinghua	7	7	100%
Feng Baochun	7	7	100%
Song Yanwen	7	7	100%

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

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

Session	Date of Meeting	Date of Disclosure	Resolution of Meeting
The 1st meeting of the 2nd session of the Supervisory Committee in 2023	February 6, 2023	February 6, 2023	The following were considered and approved: 1. The Proposal on Transfer of Equity in Wholly-owned Subsidiary and Connected/Related Party Transactions
The 2nd meeting of the 2nd session of the Supervisory Committee in 2023	February 21, 2023	February 21, 2023	The following were considered and approved: 1. The Proposal on Continuous Foreign Exchange Forward Hedging Business in 2023
The 3rd meeting of the 2nd session of the Supervisory Committee in 2023	March 27, 2023	March 28, 2023	The following were considered and approved: 1. The Work Report of the Supervisory Committee for 2022 2. The Final Financial Accounts for 2022, the Annual Report 2022, the Summary of the Annual Report 2022, and the Announcement of Annual Results for the Year ended December 31, 2022 3.1. The Proposal on Provision of Guarantees for Subsidiaries, Their Distributors and Customers in 2023 3.2. The Proposal on External Guarantees and Connected/Related Party Transactions 4. The Profit Distribution Plan for 2022 5. The Proposal on Estimations of Ordinary Related Transactions with Shandong Linglong Tire Co., Ltd. for 2023 6. The Special Report on Securities Investment and Foreign Exchange Forward Hedging Business in 2022 7. The Report on Continuous Risk Assessment of CIMC Finance Co., Ltd. in 2022

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

Session	Date of Meeting	Date of Disclosure	Resolution of Meeting
			8.The Special Report on Deposit and Actual Use of A Share Proceeds in 2022
			9.The Report on Self-evaluation of Internal Control in 2022
			10.The Proposal on Reconsideration and Termination of Certain A Share Proceeds-funded Projects
			11.The Proposal on Reconsideration and Postponement of Certain A Share Proceeds-funded Projects
The 4th meeting of the 2nd session of the Supervisory Committee in 2023	April 26, 2023	April 27, 2023	The following were considered and approved: 1.The 2023 First Quarterly Report
The 5th meeting of the 2nd session of the Supervisory Committee in 2023	May 19, 2023	May 22, 2023	The following were considered and approved: 1.The Proposal on the Employee Stock Ownership Scheme (2023-2027) (Draft) of CIMC Vehicles (Group) Co., Ltd. and its Summary 2.The Proposal on the Measures for the Administration of Employee Stock Ownership Scheme (2023-2027) of CIMC Vehicles (Group) Co., Ltd.

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

Session	Date of Meeting	Date of Disclosure	Resolution of Meeting
The 6th meeting of the 2nd session of the Supervisory Committee in 2023	August 23, 2023	August 24, 2023	The following were considered and approved: <ol style="list-style-type: none"> 1. The Interim Results Report for 2023, the 2023 Interim Report, the Summary of the 2023 Interim Report, and the Interim Results Announcement for the Six Months Ended June 30, 2023 2. The Proposal on Termination and Changes of Certain A Share Proceeds-funded Projects 3. The Proposal on Interim Profit Distribution in 2023 4. The 2023 Interim Special Report on Deposit and Actual Use of A Share Proceeds 5. The Proposal on Using Part of the Idle Proceeds from A Shares for Cash Management 6. The Report on Continuous Risk Assessment of CIMC Finance Co., Ltd. 7. The Proposal on Transfer of Equity in Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. and Connected/Related Party Transactions
The 7th meeting of the 2nd session of the Supervisory Committee in 2023	October 25, 2023	October 26, 2023	The following were considered and approved: <ol style="list-style-type: none"> 1. The 2023 Third Quarterly Report

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

III. MAIN REVIEW OPINIONS OF THE SUPERVISORY COMMITTEE

1. Standard operation and corporate governance of the Company

In 2023, the Supervisory Committee conscientiously performed its duties in accordance with the Company Law of the People's Republic of China, the Articles of Association and other relevant provisions. During the Reporting Period, members of the Supervisory Committee were in attendance at all meetings of the Board. In accordance with relevant laws and regulations, the Supervisory Committee supervised the procedures and the decision-making procedures of general meetings and Board meetings, the implementation by the Board of the resolutions of general meetings and the implementation of decisions of the Company. The Supervisory Committee believes that during the Reporting Period, the Company had legal decision-making procedures and sound internal control systems, and in daily work, the Directors and the senior management did not violate the Articles of Association, harm the interests of the Company, or abuse their power or damage the interests of the Shareholders and employees.

2. Financial position of the Company

In 2023, the Supervisory Committee reviewed the Annual Report 2022, the 2023 First Quarterly Report, the Interim Report 2023, the 2023 Third Quarterly Report and other documents submitted by the Board. The Supervisory Committee believes that the procedures of preparation of the Company's financial reports comply with laws, administrative regulations and the relevant requirements of the China Securities Regulatory Commission, and the reports truly, accurately and completely reflect the Company's operation, management and finance and do not contain false representations, misleading statements or material omissions.

3. Information disclosure of the Company

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

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

4. Transfer of equity in wholly-owned subsidiary and connected/related party transactions

The Supervisory Committee believes that the Company's transfer of equity in wholly-owned subsidiary and connected/related party transactions are based on CIMC Group's intention to acquire 100% equity in Shenzhen CIMC Special Vehicle from the Company, which aims to integrate its relevant industrial resources in Shenzhen and improve resource efficiency. As the Company planned and promoted the structural reform of production organization since 2022, such transaction is in line with the future strategic plan of the Company, and is conducive to promote the supply-side structural reform of the Company and enhance its operating quality and efficiency. The transaction is in line with the strategic layout of both parties. The pricing of the connected/related party transaction is fair and does not damage the interests of the Company and Shareholders. Therefore, the Supervisory Board agreed to this proposal.

5. Development of forward exchange rate hedging business by the Company and its majority-owned subsidiaries in 2023

The Supervisory Committee believes that the foreign exchange forward hedging business of the Company and its majority-owned subsidiaries focuses on foreign exchange receipts and payments, so as to better avoid and prevent the risks of fluctuations in foreign exchange rates and interest rates. The Company has developed the Foreign Exchange Risk Management System, and corresponding internal control and risk prevention mechanisms to prevent transaction risks. Development of forward exchange rate hedging business by the Company and its majority-owned subsidiaries is in the interests of the Company and its majority-owned subsidiaries and does not damage the interests of the Company and all shareholders, especially minority shareholders. The Supervisory Committee unanimously agreed on the matter of the Company in relation to the foreign exchange forward hedging business in 2023.

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

6. Provision by the Company of guarantees for its majority-owned subsidiaries and distributors in 2023

The Supervisory Committee believes that the provision by the Company of guarantees for the majority-owned subsidiaries in 2023 will help meet the needs of majority-owned subsidiaries for business development and promote their business development. The financial risks of the provision by the Company of guarantees for the subsidiaries are under control; the provision by the Company of guarantees for the subsidiaries will not adversely affect the normal operation and business development of the Company; the provision by the Company of guarantees for its distributors and customers for the purpose of selling products is in the ordinary and usual course of business based on market practices and conducive to the development of the business of the Company. The Company has taken effective risk control measures to ensure that the risks are relatively controllable. The Company provided guarantees for its majority-owned subsidiaries and distributors in 2023, without damage to the interests of the Company and Shareholders, especially the minority Shareholders.

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

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

8. Profit distribution of the Company

The Supervisory Committee believes that the Company's profit distribution plan for 2022 takes into account the immediate and long-term interests of shareholders of the Company, and complies with relevant laws and regulations such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and the Articles of Association, and is in line with the interests of the Company and all Shareholders. The Supervisory Committee agreed to submit the Profit Distribution Plan for 2022 for consideration at the general meeting.

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

9. Estimations of ordinary related transactions between the Company and Shandong Linglong Tire Co., Ltd. in 2023

The Supervisory Committee believes that ordinary related party transactions between the Company and Shandong Linglong Tire Co., Ltd. are in line with the operation and business development needs of the Company. The pricing of related party transactions between the Company and Shandong Linglong Tire Co., Ltd. is based on the principles of fairness and reasonableness, and does not damage the interests of the Company and Shareholders, especially the minority Shareholders. Therefore, the Supervisory Committee agreed to the Proposal on Estimations of Ordinary Related Transactions with Shandong Linglong Tire Co., Ltd. for 2023.

10. The Special Report of the Company on Securities Investment and Foreign Exchange Forward Hedging Business in 2022

The Supervisory Committee believes that the securities investment of the Company in 2022 does not violate the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange and the Self-regulatory Guidelines No. 2 for the Companies Listed on the Shenzhen Stock Exchange – the Standardized Operation of Companies Listed on the ChiNext Market, and also strictly abides by the Management System for Securities Investment of the Company. The foreign exchange forward hedging business of the Company in 2022 is based on real trade background and for the purpose of hedging, and does not violate laws, regulations and normative documents.

11. Reconsideration and termination of certain A share proceeds-funded projects

The Supervisory Committee believes that the termination of certain A Share Proceeds-funded Projects by the Company is a reasonable decision based on the actual situation of market development and changes and the actual needs of the Company, which is conducive to improving the efficiency in the use of the proceeds, reducing investment risks and promoting the sustained and stable development of the Company's business. Approval procedures were performed for the termination of certain A Share Proceeds-funded Projects. The termination complies with relevant regulations such as the Regulatory Guidelines for Listed Companies No. 2 – Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies, the Self-regulatory Guidelines No. 2 for the Companies Listed on the Shenzhen Stock Exchange – the Standardized Operation of Companies Listed on the ChiNext Market, the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange and the System for Management of Raised Funds of the Company. There is no prejudice to the interests of the Company and its shareholders. Therefore, the Supervisory Committee agreed to the termination of certain A Share Proceeds-funded Projects and agreed to submit the termination to the general meeting for consideration.

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

12. Reconsideration and postponement of certain A share proceeds-funded projects

The Supervisory Committee believes that the postponement of certain A Share Proceeds-funded Projects by the Company is a reasonable decision based on the actual situation of market development and changes and the actual needs of the Company, which is conducive to improving the efficiency in the use of the proceeds, reducing investment risks and promoting the sustained and stable development of the Company's business. Approval procedures were performed for the postponement of certain A Share Proceeds-funded Projects. The postponement complies with relevant regulations such as the Regulatory Guidelines for Listed Companies No. 2 – Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies, the Self-regulatory Guidelines No. 2 for the Companies Listed on the Shenzhen Stock Exchange – the Standardized Operation of Companies Listed on the ChiNext Market, the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange and the System for Management of Raised Funds of the Company. There is no prejudice to the interests of the Company and its shareholders. Therefore, the Supervisory Committee agreed to the postponement of certain A Share Proceeds-funded Projects.

13. The Employee Stock Ownership Scheme (2023-2027) (Draft) of CIMC Vehicles (Group) Co., Ltd. and its Summary

After review, the Supervisory Committee believes that:

- (1) There is no circumstance under which the Company is forbidden to implement the employee stock ownership scheme as prescribed in relevant laws, regulations and normative documents, including the Guiding Opinions on the Pilot Implementation of Employee Stock Ownership Scheme by Listed Companies.
- (2) The contents of the Employee Stock Ownership Scheme (2023-2027) (Draft) of CIMC Vehicles (Group) Co., Ltd. and its summary are in compliance with the requirements of relevant laws, regulations and normative documents, including the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and the Guiding Opinions on the Pilot Implementation of Employee Stock Ownership Scheme by Listed Companies, as well as the provisions of the Articles of Association.

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

- (3) The employee stock ownership scheme is conducive to further improving the modern corporate governance system, stimulating employees' sense of mission and responsibility, and promoting the long-term, sustained and healthy development of the Company, and will not damage the interests of the Company and all of its Shareholders.
- (4) All holders of the employee stock ownership scheme meet the conditions of holder stipulated in the Guiding Opinions on the Pilot Implementation of Employee Stock Ownership Scheme by Listed Companies and other laws, regulations and normative documents, comply with the criteria for determining participants of the employee stock ownership scheme, and hold legal and valid subject qualifications. The funding sources of the employee stock ownership scheme embrace legal remuneration to employees, self-raised funds and other methods permitted by laws and regulations. There is no compulsory participation by employees in the form of apportionment or forced distribution. There is no case in which the Company extends financial assistance to holders of the employee stock ownership scheme or guarantees for their loans.
- (5) The decision-making procedure for considering proposals on the employee stock ownership scheme is legal and effective, and such proposals are subject to consideration at the general meeting.

14. The Measures for the Administration of Employee Stock Ownership Scheme (2023-2027) of CIMC Vehicles (Group) Co., Ltd.

After review, the Supervisory Committee believes that the contents of the Measures for the Administration of Employee Stock Ownership Scheme (2023-2027) of CIMC Vehicles (Group) Co., Ltd. are in compliance with the requirements of relevant laws, regulations and normative documents, including the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and the Guiding Opinions on the Pilot Implementation of Employee Stock Ownership Scheme by Listed Companies, as well as the provisions of the Articles of Association. These Measures are conducive to ensuring the successful implementation and regulated operation of the employee stock ownership scheme of the Company and facilitating its sustained development, and will not damage the interests of the Company and all of its Shareholders.

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

15. Termination and changes of part of the A share proceeds-funded projects

The Supervisory Committee believes that the Company's termination and change of part of the A Share Proceeds-funded Projects is a reasonable decision made in combination with the market environment and the actual development of the Company, which meets the needs of the Company's strategic development, conducive to improving the service efficiency of the proceeds and promotes the sustainable and stable development of the Company's business. This matter has fulfilled the corresponding approval procedures and complies with the relevant provisions of the Guidelines for the Supervision of Listed Companies No. 2 – Supervisory Requirements for the Management and Use of Funds Raised by Listed Companies, the Self-regulatory Guidelines for Listed Companies No. 2 of Shenzhen Stock Exchange – Standardized Operation of Listed Companies on the ChiNext Market, the Listing Rules of GEM of Shenzhen Stock Exchange, and the Company's Proceeds Management System. There is no prejudice to the interests of the Company and its shareholders. Therefore, the Supervisory Board agreed to this resolution and agreed to submit it to the general meeting of the Company for deliberation.

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

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

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

17. Transfer of equity in Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. and connected/related party transactions

The Supervisory Committee believes that the transfer by the Company of the equity of Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. is in line with the actual situation and development strategy of the Company, the interests of the Company and shareholders as a whole, and does not damage the interests of the Company and Shareholders, especially minority Shareholders. It agrees to the Proposal on Transfer of Equity in Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. and Connected/Related Party Transactions.

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

The Company has established a relatively sound internal control system, which can be effectively implemented and has played a role in risk prevention and control in all aspects of the Company's operation and management. The Company's Report on Self-evaluation of Internal Control in 2022 comprehensively, objectively and truly reflects the construction and operation of the internal control system of the Company.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

I. BASIC INFORMATION ON CORPORATE GOVERNANCE

During the Reporting Period, the Company continuously improved its corporate governance structure, established and perfected its internal control systems, and enhanced its standard operation level, in accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Standards for the Governance of Listed Companies, the Administrative Measures for Information Disclosure of Listed Companies, the SZSE Listing Rules, the Guide on Self-supervision of Companies Listed on the Shenzhen Stock Exchange No.2 – Standard Operation of Companies Listed on ChiNext Market, relevant laws, regulations and business rules of the CSRC. During the Reporting Period, the Company formulated the Working Rules for Special Meetings of Independent Non-executive Directors, and further amended corporate governance systems including the Terms of Reference for the Audit Committee of the Board, the Terms of Reference for the Remuneration Committee of the Board, the Terms of Reference for the Strategy and Investment Committee of the Board, the Terms of Reference for the Nomination Committee of the Board, and the Management System for Investor Relations.

(I) Shareholders and general meetings

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

During the Reporting Period, the Company held a total of 4 general meetings, which considered and approved 14 resolutions.

(II) The Company and its Controlling Shareholder

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

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

(III) Directors and the Board

The Board of the Company comprises 9 Directors, including 3 independent non-executive Directors. The procedures for selecting and appointing Directors, the number of Directors and the composition of the Board comply with laws, regulations and the Articles of Association. The Directors of the Company are able to carry out their work in accordance with the Company Law of the People's Republic of China, the Articles of Association, the Rules of Procedures for the Board and the Working Rules for Independent Non-executive Directors, attend meetings of the Board, special committees of the Board and general meetings, and perform their duties and obligations diligently and responsibly. Meanwhile, they actively participate in relevant training to get familiar with relevant laws and regulations, and effectively improve their ability to perform their duties. During the Reporting Period, the Company held a total of 10 Board meetings, which considered and approved 52 resolutions.

(IV) Supervisors and the Supervisory Committee

The Supervisory Committee of the Company comprises 3 Supervisors, including 1 employee representative Supervisor and 2 non-employee representative Supervisors. The procedures for selecting and appointing Supervisors, the number of Supervisors and the composition of the Supervisory Committee comply with laws, regulations and the Articles of Association. Based on the principle of accountability to Shareholders, the Supervisors are able to earnestly perform their duties in accordance with the Company Law of the People's Republic of China, the Articles of Association and the Rules of Procedure for the Supervisory Committee, and independently supervise the Company's major issues, related transactions, financial position, and the legality and compliance of performance by the Directors and the senior management of their duties, thus safeguarding the legitimate rights and interests of the Company and its Shareholders. During the Reporting Period, the Company held a total of 7 meetings of the Supervisory Committee, which considered and approved 25 resolutions.

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

(V) Information disclosure and transparency

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

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

(VI) Stakeholders

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

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

Yes No

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

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

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

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

(I) Integrity of assets

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

(II) Independence in terms of personnel

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

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

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

(III) Independence in terms of finance

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

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

(IV) Independence in terms of organizations

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

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

(V) Independence in terms of business

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

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

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

III. HORIZONTAL COMPETITION

Applicable Not applicable

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

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

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

1. Information on the General Meetings during the Reporting Period

Session	Type of the Meeting	Proportion of Participating Investors	Date of Meeting	Date of Disclosure	Resolution of Meeting
The 1st extraordinary general meeting in 2023	Extraordinary general meeting	69.32%	March 23, 2023	March 23, 2023	For details, refer to the Announcement on the Resolutions of the First Extraordinary General Meeting in 2023 disclosed on the website of Cninfo.
2022 annual general meeting	Annual general meeting	67.97%	May 25, 2023	May 25, 2023	For details, refer to the Announcement on the Resolutions of the Annual General Meeting in 2022 disclosed on the website of Cninfo.
The 2nd extraordinary general meeting in 2023	Extraordinary general meeting	66.25%	June 15, 2023	June 15, 2023	For details, refer to the Announcement on the Resolutions of the Second Extraordinary General Meeting in 2023 disclosed on the website of Cninfo.
The 3rd extraordinary general meeting in 2023	Extraordinary general meeting	65.30%	September 20, 2023	September 20, 2023	For details, refer to the Announcement on the Resolutions of the Third Extraordinary General Meeting in 2023 disclosed on the website of Cninfo.

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

Applicable Not applicable

V. ARRANGEMENTS OF THE COMPANY FOR DIFFERENCE IN VOTING RIGHTS

Applicable Not applicable

VI. GOVERNANCE OF COMPANIES WITH A RED CHIP STRUCTURE

Applicable Not applicable

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT (Continued)

VII. INFORMATION ON DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Basic Information

Name	Title	Employment Status	Gender	Age	Start Date of Term of Office	End Date of Term of Office	Number of Shares Held				Reasons for Changes in Shareholding	
							at the Beginning of the Period (Share)	Increase in Shareholding During the Period (Share)	Reduction in Shareholding During the Period (Share)	Other Changes (Share)		Number of Shares Held at the End of the Period (Share)
Mai Boliang	Chairman of the Board and non-executive Director	In office	Male	65	October 10, 2018	September 28, 2024	0	0	0	0	0	N/A
Li Guiqing	Executive Director, Chief Executive Officer and President	In office	Male	59	October 10, 2018	September 28, 2024	2,500	0	0	0	2,500	N/A
Zeng Han	Non-executive Director	In office	Male	48	September 29, 2021	September 28, 2024	0	0	0	0	0	N/A
Wang Yu	Non-executive Director	In office	Male	51	October 10, 2018	September 28, 2024	0	0	0	0	0	N/A
He Jin	Non-executive Director	In office	Male	44	May 31, 2022	September 28, 2024	0	0	0	0	0	N/A
Lin Qing	Non-executive Director	In office	Female	43	September 30, 2022	September 28, 2024	0	0	0	0	0	N/A
Feng Jinhua	Independent non-executive Director	In office	Male	67	June 26, 2019	September 28, 2024	0	0	0	0	0	N/A
Fan Zhaoping	Independent non-executive Director	In office	Male	69	June 26, 2019	September 28, 2024	0	0	0	0	0	N/A
Cheng Hok Kai Frederick	Independent non-executive Director	In office	Male	60	June 26, 2019	September 28, 2024	0	0	0	0	0	N/A

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT (Continued)

Name	Title	Employment Status	Gender	Age	Start Date of Term of Office	End Date of Term of Office	Number of Shares Held				Reasons for Changes in Shareholding	
							at the Beginning of the Period (Share)	Increase in Shareholding During the Period (Share)	Reduction in Shareholding During the Period (Share)	Other Changes (Share)		Number of Shares Held at the End of the Period (Share)
Wang Jinghua	Chairman of the Supervisory Committee	In office	Female	60	September 29, 2021	September 28, 2024	0	0	0	0	0	N/A
Feng Baochun	Supervisor	In office	Male	54	November 30, 2021	September 28, 2024	0	0	0	0	0	N/A
Song Yanwen	Supervisor	In office	Male	57	September 29, 2021	September 28, 2024	0	0	0	0	0	N/A
Jiang Qiwen	Executive vice president	Out of office	Male	60	December 1, 2021	December 31, 2023	0	0	0	0	0	N/A
Wang Zhujiang	Senior vice president and chief technology officer	In office	Male	59	January 21, 2022	January 20, 2025	0	0	0	0	0	N/A
Mao Yi	Vice president, secretary of the Board and joint company secretary	In office	Female	49	January 21, 2022 July 8, 2022	January 20, 2025 July 7, 2025	0	0	0	0	0	N/A
Li Xiaofu	Vice president	In office	Male	39	December 1, 2021	November 30, 2024	0	0	0	0	0	N/A
Zhan Rui	Financial director	In office	Male	42	December 1, 2021	November 30, 2024	0	0	0	0	0	N/A
Total							2,500	0	0	0	0	2,500

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

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

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

Yes No

Changes of Directors, Supervisors and senior management of the Company

Applicable Not applicable

Name	Position	Categories	Date	Reason
Jiang Qiwen	Executive Vice President	Separated upon expiry of the term of office	December 31, 2023	The term of Mr. Jiang Qiwen as Executive Vice President has expired on December 31, 2023, and the Company will not renew his position as executive vice president
Ding Zhengxiang	Senior Vice President	Appointed	March 21, 2024	At the 3rd meeting of the 2nd session of the Board for 2024 held on March 21, 2024, the Board agreed to appoint Mr. Ding Zhengxiang as the senior vice president
Zhang Ling	Executive Vice President	Appointed	March 21, 2024	At the 3rd meeting of the 2nd session of the Board for 2024 held on March 21, 2024, the Board agreed to appoint Mr. Zhang Ling as the executive vice president

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT (Continued)

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

As at December 31, 2023, the interests and/or short positions of the Directors, Supervisors and chief executive of the Company (the “Chief Executive”) in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they are taken or deemed to have under such provisions of the SFO, or which are required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Nature of Interest	Class of Shares	Number of Shares/ Underlying Shares Held	Long Position/ Short Position	Approximate Percentage of the Relevant Class of Shares	Approximate Percentage of the Total Issued Share Capital of the Company
Li Guiping	Interest in controlled corporation (Note 1)	A Shares	89,046,400	Long position	6.13%	4.41%
	Beneficial owner (Note 1)	A Shares	21,272	Long position	0.00%	0.00%
	Beneficial owner	H Shares	2,500	Long position	0.00%	0.00%
Wang Yu	Interest in controlled corporation (Note 2)	A Shares	68,336,400	Long position	4.70%	3.39%
He Jin	Interest of spouse (Note 3)	A Shares	1,000	Long position	0.00%	0.00%

Notes:

- (1) Mr. Li Guiping is an executive Director, Chief Executive Officer and President of the Company. Mr. Li Guiping is a participant of Phase I Stock Ownership Scheme (2023-2027), therefore he is deemed to be interested in 21,272 A Shares held through the Phase I Employee Stock Ownership Scheme (2023-2027). Mr. Li Guiping is the general partner of Shenzhen Longhui, a general partner of Xiangshan Huajin and is interested in 47.37% of the shares, therefore he is deemed to be interested in 68,336,400 A Shares held by Xiangshan Huajin. Mr. Li Guiping is interested in 80% of the equity interest of Longyuan Investment, a general partner of Hainan Longyuan, and therefore he is also deemed to be interested in 20,710,000 A Shares held by Hainan Longyuan.
- (2) Mr. Wang Yu is a non-executive Director. Mr. Wang Yu is interested in 26.32% of the shares of Shenzhen Longhui, a general partner of Xiangshan Huajin, and therefore is also deemed to be interested in 68,336,400 A Shares held by Xiangshan Huajin.
- (3) Mr. He Jin is a non-executive Director, and is deemed to be interested in the 1,000 A Shares held by his spouse, Ms. Yu Siwei.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)***Long Positions in the Shares/Underlying Shares of Associated Corporations**

Associated Corporation	Class of Shares Held in the Associated Corporation	Name of Director	Capacity	Number of Shares/ underlying Shares held	Approximate
					Percentage of the Relevant Class of Shares
CIMC Group	A Shares	Mai Boliang	Beneficial owner <i>(Note 1)</i>	890,465	0.04% <i>(Note 2)</i>
	A Shares	He Jin	Beneficial owner <i>(Note 1)</i>	26,100	0.00% <i>(Note 2)</i>
CIMC Enric	Ordinary Share	Mai Boliang	Beneficial owner <i>(Note 1)</i>	7,260,000	0.36% <i>(Note 3)</i>
		Wang Yu	Beneficial owner <i>(Note 1)</i>	1,170,000	0.06% <i>(Note 3)</i>
		Zeng Han	Beneficial owner <i>(Note 1)</i>	1,250,000	0.06% <i>(Note 3)</i>
China Jiangsu Vanguard Trailer Rental Co., Ltd. (江蘇掛車幫租賃有限公司)	Domestic Shares	Li Guiping	Interest in controlled corporation <i>(Note 4)</i>	10,000,000	3.85%
Shenzhen SF-Trailer.net Technology Co., Ltd. (深圳市星火車聯科技有限公司)	Domestic Shares	Li Guiping	Interest in controlled corporation <i>(Note 5)</i>	1,200,000	17.14%

Notes:

1. Mr. Mai Boliang, Mr. He Jin, Mr. Wang Yu and Mr. Zeng Han are non-executive Directors. As at December 31, 2023, Mr. Mai Boliang and Mr. He Jin held 890,465 and 26,100 A Shares in issue of CIMC Group respectively, and Mr. Mai Boliang, Mr. Wang Yu and Mr. Zeng Han held 7,260,000, 1,170,000 and 1,250,000 ordinary shares of CIMC Enric respectively. CIMC Group and CIMC Enric are associated corporations of the Company.
2. The approximate percentage of shareholding is calculated based on the total issued A share capital of 2,302,682,490 shares of CIMC Group as of December 31, 2023.
3. The approximate percentage of shareholding is calculated based on the total issued ordinary share capital of 2,028,277,588 shares of CIMC Enric as at December 31, 2023.
4. Mr. Li Guiping is an executive Director, Chief Executive Officer and President. China Jiangsu Vanguard Trailer Rental Co., Ltd. (江蘇掛車幫租賃有限公司) is a holding subsidiary of the Company. As Mr. Li Guiping has a 34% equity interest in Shenzhen Huixin Enterprise Management Center (Limited Partnership) (深圳匯信企業管理中心(有限合伙)), Mr. Li Guiping discloses his 3.85% equity interest in China Jiangsu Vanguard Trailer Rental Co., Ltd..
5. Mr. Li Guiping is an executive Director, Chief Executive Officer and President. Shenzhen SF-Trailer.net Technology Co., Ltd. (深圳市星火車聯科技有限公司) is a holding subsidiary of the Company. Mr. Li Guiping has a 4.8% equity interest in Shenzhen Yuanxin Investment Partnership (Limited Partnership) (深圳源欣投資合夥企業(有限合伙)), and therefore he discloses his interest in 17.14% of the shares of Shenzhen SF-Trailer.net Technology Co., Ltd. (深圳市星火車聯科技有限公司).

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

3. Employment

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

Biographical Details of Directors:

Executive Director

Mr. Li Guiping (李貴平), aged 59, born in January 1965, with Chinese nationality and without the right of permanent residence abroad, is currently an executive Director, the Chief Executive Officer and the President. Prior to joining the Group, Mr. Li Guiping held various positions in CIMC Group from 1987 to 2009, including the head of various operation and production departments from June 1987 to October 1989, an assistant manager of airport equipment department from October 1989 to August 1991, and a deputy manager and the deputy general manager of container operation department from February 1993 to April 2009. Mr. Li Guiping joined the Group in April 2003 and has served in various management positions including directorship of certain subsidiaries, associates and/or portfolio companies of the Company. He served as the deputy general manager of the Company from April 2003 to March 2010, the general manager of the Company from March 2010 to January 2018 and has acted as the Chief Executive Officer, the President and a Director since January 2018. In addition to his positions within the Group, Mr. Li Guiping also currently serves as an executive director of Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd., and acts as the chairman of the board of directors at Shenzhen Xinghuo Chelian Technology Co., Ltd. and Jiangsu Wanjing Technology Co., Ltd. Mr. Li Guiping obtained a bachelor's degree in engineering with a major in industrial management engineering from the college of management of Shanghai Jiao Tong University (上海交通大學) in the PRC in July 1986 and a master's degree in science from Southern Connecticut State University in the United States in May 1993. Mr. Li Guiping obtained the qualification of senior economist from the Department of Human Resources of Guangdong Province (廣東省人事廳) in January 2000. In November 2014, Mr. Li Guiping completed the Berkeley Institute on Higher Education Program for Executives from Chinese State Enterprises in the Center for Studies in Higher Education, University of California, Berkeley, the United States. From 2012 to 2020, Mr. Li Guiping was elected as the vice president of China Association of Automobile Manufacturers and the chairman of the special vehicle branch association of the China Association of Automobile Manufacturers. In October 2016, he was appointed as an adjunct professor of Jiangsu University. From June 2017 to June 2020, he was appointed as a visiting professor of Shenzhen University. In July 2018, he was elected as a director of the Federation of Shenzhen Commerce (深圳市深商總會).

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

Mr. Mai Boliang (麥伯良), aged 65, born in January 1959, with Chinese nationality and without the right of permanent residence abroad, is currently the Chairman and a non-executive Director. Mr. Mai Boliang is also a member of the Nomination Committee. Before joining the Group, Mr. Mai Boliang has held various positions and acted as a director in CIMC Group and its subsidiaries, associates and/or portfolio companies since 1982, including the president of CIMC Group since March 1994, chief executive officer and president of CIMC Group between August 2015 and August 27, 2020, an executive Director of CIMC Group since March 1994, the Chairman of CIMC Group from August 27, 2020, and chief executive officer of CIMC Group between March 28, 2022 to September 26, 2023. Mr. Mai Boliang currently acts as the chairman and executive director of CIMC Group. In August 1996, Mr. Mai Boliang joined the Company as a Director and currently serves as the Chairman of the Board and a non-executive Director. Mr. Mai Boliang obtained a bachelor's degree in engineering from the department of mechanical engineering of South China University of Technology(華南理工大學) in the PRC in July 1982. Mr. Mai Boliang is currently the honorary president of China Container Industry Association(中國集裝箱行業協會) and the president of Shenzhen Association for Listed Companies.

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

Mr. Zeng Han (曾邗), aged 48, born in May 1975, with Chinese nationality and without the right of permanent residence abroad, is currently a non-executive Director. Mr. Zeng Han is also a member of the Strategy and Investment Committee and Remuneration Committee. Mr. Zeng Han joined CIMC Group in 1999, and served as manager of the accounting division of the financial management department, assistant general manager, deputy general manager and executive deputy general manager of the financial management department successively. From 2009 to 2010, he acted as manager of the financial department of CIMC Enric Holdings Limited (stock code: 3899). Since 2015, he has successively served as director of subsidiaries of CIMC Group including CIMC Container Holding Co., Ltd. (中集集團集裝箱控股有限公司), CIMC Enric Holdings Limited, Yantai CIMC Raffles Offshore Ltd. (煙台中集來福士海洋工程有限公司) and CIMC-TianDa Holdings Company Limited (中集天達控股有限公司). Meanwhile, he acts as the chairman of the board of directors at Shenzhen CIMC Investment Co., Ltd. (深圳市中集投資有限公司), CIMC Modern Logistics Development Co., Ltd. (中集現代物流發展有限公司) (currently known as CIMC Wetrans Logistics Technology (Group) Co., Ltd. (中集世聯達物流科技(集團)股份有限公司)), and CIMC Capital Holdings Co. Ltd. (中集資本控股有限公司), the general manager of Shenzhen Southern CIMC Containers Manufacture Co., Ltd. (深圳南方中集集裝箱製造有限公司), the general manager of the financial informatization project department of CIMC. Mr. Zeng Han has served as vice president of CIMC Group since March 28, 2023 and chief financial officer of CIMC Group since March 26, 2020, and general manager of the financial management department of CIMC Group since March 2017. In January 2018, he was appointed as general manager of the financial management department which has been established by consolidating the former financial management department and the former capital management department. Mr. Zeng Han graduated from Hangzhou Institute of Electronic Engineering (杭州電子工業學院) with a bachelor's degree in economics in July 1996, and later graduated from Jiangsu University of Science and Technology with a master's degree in management in June 1999. Mr. Zeng Han is a certified public accountant in China.

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

Mr. Wang Yu (王宇), aged 52, born in April 1972, with Chinese nationality and without the right of permanent residence abroad, is a non-executive Director. Mr. Wang Yu is also the chairman of the Strategy and Investment Committee. Mr. Wang Yu joined the Group in November 2014 and has served as a non-executive Director since then. Prior to joining the Group, Mr. Wang Yu worked for International Data Group (China) Investment Ltd. (國際數據(中國)投資有限公司) as the legal counsel from January 2001 to December 2002. From 2003 to August 2023, Mr. Wang Yu served as the general manager of legal department of CIMC Group. He is currently a director of certain subsidiaries, associates and/or portfolio companies of CIMC Group, including a director of CIMC-TianDa Holdings (Shenzhen) Company Limited (中集天達控股(深圳)有限公司), a non-executive director of CIMC Enric Holdings Limited (a company listed on the Hong Kong Stock Exchange (stock code: 3899)), the chairman and the general manager of Shenzhen Qianhai CIMC Qigu Investment Co., Ltd. (深圳前海中集麒谷投資有限公司) (currently known as CIMC Xinde Leasing (Shenzhen) Co., Ltd. (中集鑫德租賃(深圳)有限公司)), a director of Nantong CIMC Pacific Ocean Engineering Co., Ltd. (南通中集太平洋海洋工程有限公司). Mr. Wang Yu obtained a bachelor's degree in transportation management from Dalian Maritime University (大連海事大學, formerly known as Dalian Maritime College (大連海運學院)) in the PRC in July 1993 and a master's degree in law from Dalian Maritime University (大連海事大學) in the PRC in June 1996. Mr. Wang Yu obtained lawyer's qualification certificate from the Ministry of Justice of the PRC in July 1996. Mr. Wang Yu is currently an arbitrator in China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會).

Mr. He Jin (賀瑾), aged 44, born in July 1979, with Chinese nationality but without permanent residency abroad, is a non-executive Director. Mr. He Jin is also a member of the Strategy and Investment Committee. Mr. He Jin graduated from Hunan University in 2002 with a bachelor's degree in law. Mr. He Jin is currently the general manager of the human resources department of CIMC Group. Mr. He Jin joined CIMC Group in October 2003. He worked for Shenzhen Southern CIMC Containers Manufacture Co., Ltd. from October 2003 to December 2007, and CIMC (Chongqing) Logistics Equipment Manufacturing Co., Ltd. from December 2007 to February 2009. He has worked at the human resources department of CIMC Group since February 2009.

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

Ms. Lin Qing (林清), aged 43, born in November 1980, with Chinese nationality but without permanent residency abroad, is a non-executive Director. Ms. Lin Qing obtained a Master of Economics degree from Shanghai University of International Business and Economics in March 2006 and a Master of Science in Finance degree from London Business School in September 2012. Ms. Lin Qing served as the investment manager at Riemann Investment Co., Ltd. (黎曼投資有限公司) from 2006 to 2007, the senior manager at Ashland Partners & Company LLP. from 2007 to 2011, an independent director of Shanghai Aladdin Biochemical Technology Co., Ltd. (上海阿拉丁生化科技股份有限公司) from February 2019 to October 2022. She joined the direct investment department of Ping An Trust Co., Ltd. (平安信託有限責任公司) in September 2012. She currently serves as the deputy investment director of Ping An Capital Co., Ltd.

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

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

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

Mr. Fan Zhaoping (范肇平), aged 69, born in April 1954, with Chinese nationality and without the right of permanent residence abroad, is currently an independent non-executive Director. Mr. Fan is also the chairman of the Remuneration Committee, a member of the Audit Committee, Nomination Committee and Strategy and Investment Committee. Mr. Fan Zhaoping has substantial working and management experience in the road transportation and logistics industry. Prior to joining the Company, Mr. Fan Zhaoping served as an assistant manager of finance department, a manager, a supervisor, a director and the chairman of Shenzhen Chiwan Petroleum Supply Base Co., Ltd. (深圳赤灣石油基地股份有限公司) consecutively from 1988 to 2016, a manager of finance department, a manager of financial investment department, an assistant general manager and the deputy general manager of China Nanshan Development (Group) Incorporation (中國南山開發(集團)股份有限公司) consecutively from 1991 to 2014, the vice chairman and the chairman of the executive committee of Shenzhen Chiwan Sembawang Engineering Co. Ltd. (深圳赤灣勝寶旺海洋工程有限公司) from 2012 to 2018, and the external supervisor of Sinotrans Limited (中國外運股份有限公司), a company listed on the SEHK (stock code: 0598) and a leading integrated logistics service provider in the PRC, since June 2018. Mr. Fan Zhaoping was appointed as our non-executive Director on December 10, 2017 and resigned from such position on October 10, 2018, during which Mr. Fan Zhaoping participated in the decision-making of the Company in his capacity as a member of the Board, but he was not involved in the daily management and operations of the Company and had no executive functions over the Company. He has been serving as an independent non-executive Director since June 26, 2019. Mr. Fan Zhaoping obtained a bachelor's degree in accounting from Central University of Finance and Economics (中央財經大學) in the PRC in July 1982 and a master's degree in financial accounting from Research Institute of Financial Science of the Ministry of Finance of the PRC (財政部財政科學研究所) in September 1986. In December 1987, Mr. Fan Zhaoping obtained the qualification of assistant researcher from the MOF.

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

Mr. Cheng Hok Kai Frederick (鄭學啟), aged 60, born in January 1964, with British nationality, is an independent non-executive Director. Mr. Cheng Hok Kai Frederick is also the chairman of the Audit Committee. Prior to joining the Company, Mr. Cheng Hok Kai Frederick served as the audit assistant and senior accountant of Price Waterhouse (currently known as PricewaterhouseCoopers) consecutively from November 1985 to August 1988, primarily responsible for audit assignments for various companies; the finance director of Asia Pacific and Japan of LSI Logic Hong Kong Limited from July 1997 to August 2004, primarily responsible for finance and accounting function for the operation in Asia Pacific and Japan; the finance director of Pacific Rim of Mentor Graphics Asia Pte Ltd. from August 2004 to April 2006, primarily responsible for the finance and accounting function of the operation in the Pacific Rim; the finance director for Asia Pacific region of the Autodesk Asia Pte Ltd. from April 2006 to June 2008, primarily responsible for finance and accounting function of the operation in Asia Pacific; and the chief financial officer, company secretary, managing director of corporate finance and investment and authorized representative of PuraPharm Corporation Limited (培力控股有限公司, a company listed on the SEHK (stock code: 1498)) consecutively from April 2010 to January 2018. Mr. Cheng Hok Kai Frederick acted as an executive director in San'ai Health Industry Group Company Limited (三愛健康產業集團有限公司, a company listed on the SEHK (stock code: 1889)) from May 2019 to October 2019, and an independent non-executive director, the chairman of the audit committee and a member of the nomination committee and remuneration committee in Luzhou Xinglu Water (Group) Co., Ltd. (瀘州市興瀘水務(集團)股份有限公司, a company listed on the SEHK (stock code: 2281)) from March 2017 to March 2022. Mr. Cheng Hok Kai Frederick is currently an independent non-executive director, the chairman of the audit committee and a member of the remuneration committee in JiaXing Gas Group Co., Ltd. (嘉興市燃氣集團股份有限公司, a company listed on the SEHK (stock code: 9908)). He was appointed as the independent non-executive director and the chairman of the audit committee in China Shun Ke Long Holdings Limited (中國順客隆控股有限公司, a company listed on the SEHK (stock code: 0974)) on July 27, 2020. He was appointed as chief financial officer of Advanced Assembly Materials International Limited (先進封裝材料國際有限公司) on January 1, 2021. Mr. Cheng Hok Kai Frederick obtained his bachelor's degree in finance and accounting from the University of Salford in the UK in July 1985, and his master's degree in accounting from the University of New South Wales in Australia in May 1992. Mr. Cheng Hok Kai Frederick was admitted as a certified practicing accountant of CPA Australia (formerly known as the Australian Society of Certified Practicing Accountants) and an associate member of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) in February 1992 and April 1992, respectively. Mr. Cheng Hok Kai Frederick became a fellow member of the Hong Kong Institute of Certified Public Accountants and CPA Australia in March 2003 and January 2004, respectively. Mr. Cheng Hok Kai Frederick was admitted as an associate member by the Chartered Governance Institute.U.K. (formerly known as the Institute of Chartered Secretaries and Administrators.U.K.) in April 1995 and a member of the Governance Institute of Australia (formerly known as Chartered Secretaries Australia) in December 1996. Mr. Cheng Hok Kai Frederick became a fellow member of both the Institute of Chartered Secretaries and Administrators U.K. and the Governance Institute of Australia in June 2012 and November 2013, respectively.

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

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

Biographical Details of Supervisors:

Ms. Wang Jinghua (王靜華), aged 60, born in November 1963, with Chinese nationality and without the right of permanent residence abroad, is currently the Chairman of the Supervisory Committee. Ms. Wang Jinghua joined CIMC Group in 1990. From 1990 to 2003, she successively served as director of the planning and audit department and general manager of the enterprise management department of CIMC Group. From 2003 to 2007, she acted as deputy general manager of Southern CIMC Container Co., Ltd. (南方中集集裝箱公司). From 2008 to 2015, she served as segment vice president of CIMC Offshore Engineering Co., Ltd. From 2016 to 2017, she acted as executive vice president of CIMC Offshore Engineering Co., Ltd. Since 2016, she has successively served as supervisor of subsidiaries of CIMC Group, including CIMC Container Holding Co., Ltd., Shenzhen CIMC Haigong Investment Co., Ltd., CIMC Qianhai Financial Leasing (Shenzhen) Co., Ltd., CIMC Finance Co., Ltd., CIMC Marine Engineering Academe Co., Ltd., CIMC Capital Holdings Co. Ltd., CIMC Transportation Technology Co., Ltd., CIMC Financing and Leasing Co., Ltd., Shenzhen CIMC Sharing Logistics Service Co., Ltd., CIMC Security Technology Co., Ltd., Shenzhen CIMC Architectural Design Institute Co., Ltd., Shenzhen CIMC Investment Co., Ltd., C&C Trucks Co., Ltd. and CIMC Offshore Engineering Co., Ltd. Since 2018, Ms. Wang Jinghua has served as secretary to the discipline inspection commission and general manager of the audit and supervision department of CIMC Group. Ms. Wang Jinghua acts as deputy director of the audit committee of Guangdong Internal Control Association (廣東省內部控制協會), professional mentor of China Enterprise Anti-fraud Alliance, and part-time supervisor of master's degree candidates at Southwest University of Political Science & Law. Ms. Wang Jinghua graduated from Taiyuan University of Technology in Shanxi (山西太原工業大學) in July 1985 and the postgraduate course in enterprise management in China University of Technology in July 1987. Thereafter, she obtained an international MBA degree from Peking University and an EMBA degree from China Europe International Business School.

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

Mr. Feng Baochun (馮寶春), aged 54, born in May 1969, holds a college degree, with Chinese nationality and without the right of permanent residence abroad, and is currently a non-employee representative Supervisor. Mr. Feng Baochun joined Zhaoyuan Tire Factory (招遠縣輪胎廠) in 1988. From November 1991 to July 1993, he acted as the deputy section chief of general affairs section and equipment section at Yantai Tire Factory (煙台輪胎廠). From August 1993 to October 2003, he worked as deputy head of technical transformation division and head of development division of Zhaoyuan Rubber Group Company (招遠橡膠集團公司). From November 2003 to June 2009, he served as deputy manager and manager of the sales company of Shandong Linglong Rubber Group Co., Ltd. (山東玲瓏橡膠集團有限公司). From July 2009 to July 2019, he served as assistant general manager and head of domestic supporting department, and deputy general manager of Shandong Linglong Tire Co., Ltd. (山東玲瓏輪胎股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 601966)). From July 2019 to June 2022, he served as the vice president of Shandong Linglong Tire Co., Ltd. Since July 2022, he has served as the director and vice president of Shandong Linglong Tire Co., Ltd. Mr. Feng Baochun is also the supervisor of Linglong Group Co., Ltd. (玲瓏集團有限公司).

Mr. Song Yanwen (宋延文), aged 57, born in October 1966, with Chinese nationality and without the right of permanent residence abroad, is currently an employee representative Supervisor. Mr. Song Yanwen joined CIMC Group in 1999, and successively served as an engineer and chief engineer of technical development department in CIMC Group from 1999 to 2002. He served as the chief engineer of Semitrailer Research Institute of the Company from 2002 to 2010 and has been serving as the technology and project management team leader of the chief technology officer and senior engineer of the Company since 2011. Since 2016, he has been serving as the chairman of the labor union of the Company. From July 2016 to June 2022, he served as the secretary of the Party branch of the Company. Since 2021, he has been serving as the director of the training center of the chief technology officer of the Company. Mr. Song Yanwen has been serving as a member of the Standing Committee of the Working Committee of China Merchants Shekou Industrial Zone Holdings Co., Ltd. and a representative of the Seventh Congress of Shenzhen Federation of Trade Unions since 2019. He has been serving as a member of the Trailer Subtechnical Committee of the National Technical Committee of Auto Standardization since 2021. Mr. Song Yanwen graduated from Northeast Forestry University (東北林業大學) in July 1990. From June to September 2005, he participated in the 1st international cadre training class of CIMC, and studied on a full-time basis. From March to June 2006, he worked and studied at the factory of Vanguard National Trailer, a subsidiary of the Company, in the United States. From May to July 2008, he worked at the factory of LAG Trailers N.V., a subsidiary of the Company, in Belgium.

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

Biographical Details of Senior Management:

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

Mr. Wang Zhujiang (王柱江), aged 59, born in October 1964, with Chinese nationality and without the right of permanent residence abroad. Mr. Wang Zhujiang held a master’s degree in business administration. He is currently a senior vice president and chief technology officer of the Company. Mr. Wang Zhujiang acted as the general manager of Wuhu CIMC Ruijiang Automobile Co., Ltd. (蕪湖中集瑞江汽車有限公司), a subsidiary of the Company from March 2007 to May 2021. He served as a senior vice president of the core strategic development project of the Company from June 2021 to November 2021. Since December 2021, he has acted as the head of the team of the Group for the preparation of the establishment of the “Champion Tanker” business group. Since January 2022, he has served as the chief executive officer of the Champion Tanker business group. Mr. Wang Zhujiang is currently an executive director of Wuhu Ruijiang Investment Co., Ltd. (蕪湖瑞江投資有限公司).

Mr. Jiang Qiwen (蔣啟文), aged 60, born in June 1963, with Chinese nationality and without the right of permanent residence abroad. Mr. Jiang Qiwen graduated from Zhengzhou University (鄭州大學) with a major in Commercial and Business Management. Mr. Jiang Qiwen is currently a senior advisor to the CEO of the Company. From April 1984 to January 1996, Mr. Jiang Qiwen successively served as a worker, monitor, dispatcher and manager assistant in the production department of Shenzhen Southern CIMC Containers Manufacture Co., Ltd. (深圳南方中集集裝箱製造有限公司); from January 1996 to December 2000, he served as the manager of the production department of Shenzhen CIMC-TianDa Airport Support Co., Ltd. (深圳中集天達空港設備有限公司); from April 2000 to January 2004, he served as the manager of the production department of Shenzhen Southern CIMC Containers Manufacture Co., Ltd.; from April 2004 to January 2017, he successively served as assistant to the general manager, deputy general manager, executive deputy general manager and general manager of Shenzhen CIMC Special Vehicle Co., Ltd. (深圳中集專用車有限公司); from January 2017 to December 2021, he served as the president of Shenzhen CIMC Special Vehicle Consortium; and since August 2018, he has been serving as the chairman of Zhumadian CIMC Huajun Casting Co., Ltd. (駐馬店中集華駿鑄造有限公司). Mr. Jiang Qiwen served as the senior vice president of the Company from December 16, 2019 to December 1, 2021 and acted as the president of Tonghua Consortium from December 2021 to December 2022. He served as the executive vice president of CIMC Vehicles from December 2021 to December 31, 2023. Since January 1, 2024, he has been serving as a senior advisor to the CEO of the Company.

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

Mr. Li Xiaofu (李曉甫), aged 39, born in October 1984, with Chinese nationality and without the right of permanent residence abroad, is currently a vice president of the Company. He obtained a bachelor's degree in engineering with a major in ground weapon motor engineering from Beijing Institute of Technology (北京理工大學) and a doctor's degree in engineering with a major in vehicle engineering from South China University of Technology (華南理工大學). Prior to joining the Group, Mr. Li Xiaofu served as an engineer of electrical control branch of high-tech department in Automotive Engineering Institute of Guangzhou Automobile Group Co., Ltd. (GAEI) (廣州汽車集團股份有限公司汽車工程研究院(廣汽研究院)). Mr. Li Xiaofu joined the Group in October 2013 and served as a senior research and development engineer at research and development center of the Company up to March 2015. Mr. Li Xiaofu subsequently served as a senior research and development engineer and project leader of the Light Tower project from March 2015 to September 2017, primarily responsible for "Light Tower" plant planning, application research on auto-manufacturing technology in semi-trailer manufacturing, leading the team, coordinating several cross-departmental and cross-enterprise upgrading projects of "Manufacturing Light-towerlization" in the Group. Mr. Li Xiaofu subsequently served as an office director of our technology office from September 2017 to July 2018, primarily responsible for assisting the chief technology officer in managing the chief technology officer and structuring three-core working system, relevant designing and manufacturing for various product platforms, incubating and managing digital projects. Mr. Li Xiaofu has made outstanding contributions to the Group over the years and has been serving as the chief technology officer of the Group from July 2018 to December 2023, primarily responsible for the overall technology of the Group. Mr. Li Xiaofu has served as the non-employee representative Supervisor of the Company from December 7, 2018 to November 30, 2021. Mr. Li Xiaofu has served as the chief executive officer of the Truck Bodies Business Strategy Division of the Company from June 2021 to May, 2022, the chief executive officer and president of the Truck Bodies Business Group from June 2022 to December 2023, and the president of the Champion Tanker business group of the Company from January 2024. Mr. Li Xiaofu acted as a director of Shenzhen Shuxiang Technology Co., Ltd. (深圳數翔科技有限公司), an investee company of the Company, from June 2018 to June 2020. Mr. Li serves as a director of Shenzhen SF-Trailernet Technology Co., Ltd. (深圳市星火車聯科技有限公司), an investee company of the Company and a supervisor of Jiangsu Wanjing Technology Co., Ltd. (江蘇萬京技術有限公司).

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

Ms. Mao Yi (毛弋), aged 49, born in January 1975, with Chinese nationality and without the right of permanent residence abroad, is currently the vice president, the joint company secretary and the secretary of the Board of the Company. Ms. Mao Yi graduated from the University of Hong Kong with a master's degree in business administration (MBA), and holds a degree of doctor of business administration from Business School Netherlands. Prior to joining the Group, Ms. Mao Yi served as a secretary to the general manager of Shenzhen Qianhai Co., Ltd. (深圳前海股份有限公司) from July 1996 to June 1997; a business assistant in the strategic development department and the container operation department at China International Marine Containers (Group) Co., Ltd. from July 1997 to January 2002. Ms. Mao Yi formally joined the Group in January 2002 and has held various positions in the Group. Ms. Mao Yi served as a sales assistant and an administrative assistant to the general manager of the Company from January 2002 to September 2010; she worked as the manager of the human resources department and the director of human resources at the Company from September 2010 to April 2018; she served as director of human resources of the Company from April 2018 to February 2022; she served as the assistant president of the Company from September 2019 to January 2022; she has acted as the vice president of the Company since January 2022; she has served as the secretary of the Board and joint company secretary of the Company since July 2022. Ms. Mao Yi currently works as the chairman of Shenzhen CIMC Vehicles Park Investment and Management Co., Ltd., Shaanxi CIMC Vehicle Industrial Park Investment and Development Co., Ltd., Shaanxi CIMC Vehicle Industrial Park Property Management Co., Ltd., Chengdu CIMC Traffic Equipment Manufacturing Co., Ltd., Shenyang CIMC Industrial Park Investment and Development Co., Ltd., Chengdu CIMC Industrial Park Investment and Development Co., Ltd., and Chengdu CIMC Industrial Park Management Co., Ltd., which are subsidiaries of CIMC; she currently serves as a supervisor of Shenzhen Qiyuan Enterprise Management Center Co., Ltd. (深圳市啟源企業管理中心有限責任公司), Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd. (深圳市龍源港城投資發展有限責任公司) and Mortiseon Smart Technology Co., Ltd. (眸迪智慧科技有限公司); she served as the chairman and general manager of Shenzhen Shuxiang Technology Co., Ltd. (深圳數翔科技有限公司), an investee company of the Company, from June 2020 to October 2022; she acted as a supervisor of Shenzhen Chuangyuan Enterprise Management Co., Ltd. (深圳市創源企業管理有限責任公司) from April 2019 to October 2022.

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

Mr. Zhan Rui (占銳), aged 42, born in 1981, with Chinese nationality and without the right of permanent residence abroad, is currently a financial director of the Company. He obtained a bachelor's degree in Global Economy and Trade from the Zhongnan University of Economics and Law (中南財經政法大學) and a master's degree in Business Administration from the Cardiff University, United Kingdom (英國卡迪夫大學). Prior to joining the Group, Mr. Zhan Rui served as the tax consultant of PricewaterhouseCoopers Zhong Tian LLP Shenzhen Branch from 2007 to 2009 and the research executive of Shenzhen Minghua Xinde Asset Management Ltd. (深圳市明華信德私募證券基金管理有限公司) from 2010 to 2011. Mr. Zhan Rui joined the Group in January 2011 as the financial executive in the finance department of the Company. From 2012 to 2013, he served as the financial director of subsidiaries of the Company in Australia and was responsible for the financial management matters of those subsidiaries. From 2013 to 2015, Mr. Zhan Rui acted as the financial director of CIMC Silvergreen GmbH in Europe and was responsible for the financial management matters of CIMC Silvergreen GmbH and its subsidiaries. In 2015, Mr. Zhan Rui served as the deputy manager of the global financial management department of the Company, as well as the head of financing and funding plan managers. From 2015 to 2017, Mr. Zhan Rui completed the construction of the fund management function and the overseas corporate financial management system of the Company. In June 2017, Mr. Zhan Rui served as the business manager for the southern hemisphere region of the global business expansion department of the Company. From 2018 to 2019, he acted as the managing director of the subsidiaries of the Company in Australia, fully managing the businesses of 3 factories and 2 subsidiaries of the Company in Australia. Mr. Zhan Rui served as the financial controller and head of the fund management department of the Company from March 2020 to December 2021 and has acted as the financial director of the Group from December 1, 2021.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT (Continued)

Positions Held in Shareholders' Companies

√ Applicable □ Not applicable

Name of Employee	Name of Shareholder	Position at Shareholders' Companies	Start Date of Term of Office	End Date of Term of Office	Is any Remuneration or Allowance Received from the Employer
Mai Boliang	China International Marine Containers (Group) Co., Ltd.	Chairman and Executive Director	June 28, 2022	Conclusion of the 2024 AGM of CIMC Group	Yes
	China International Marine Containers (Group) Co., Ltd.	Chief executive officer	March 28, 2022	September 26, 2023	Yes
Zeng Han	China International Marine Containers (Group) Co., Ltd.	Financial controller	March 26, 2020	Conclusion of the 2023 AGM of CIMC Group	Yes
		Vice president	March 28, 2023	Conclusion of the 2025 AGM of CIMC Group	Yes
	China International Marine Containers (Hong Kong) Limited	Director	February 10, 2021	–	Yes
Wang Yu	China International Marine Containers (Group) Co., Ltd.	General manager of the legal department	January 23, 2003	August 31, 2023	Yes
		Assistant to the president	May 1, 2018	–	Yes
He Jin	China International Marine Containers (Group) Co., Ltd.	General manager of the human resources department	January 1, 2020	–	Yes
Wang Jinghua	China International Marine Containers (Group) Co., Ltd.	Secretary to the discipline inspection commission and general manager of the audit and supervision department	January 4, 2018	–	Yes
Description of employment with the employers	Nil				

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT (Continued)

Position held in other companies

√ Applicable □ Not applicable

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

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT (Continued)

Name of Employee	Name of Employer	Position at Employer	Start Date of Term of Office	End Date of Term of Office	Is any Remuneration or Allowance Received from the Employer
	Guangdong Jilve Investment Consulting Co., Ltd. (廣東集略投資諮詢有限公司)	Vice chairman	August 26, 2014	–	No
	CIMC Wetrans Logistics Technology (Group) Co., Ltd. (中集世聯達物流科技(集團)股份有限公司)	Chairman	March 12, 2014	–	No
	CIMC Enric Holdings Limited	Director	May 18, 2018	May 17, 2024	No
	Enric Integration (HK) Company Limited	Director	May 18, 2018	–	No
	CIMC Enric Hong Kong Limited	Director	May 18, 2018	–	No
	Enric Investment Group Limited	Director	May 18, 2018	–	No
	Enric Langfang Investment Limited	Director	May 18, 2018	–	No
	Enric Anhui Investment Limited	Director	May 18, 2018	–	No
	Enric Shijiazhuang Investment Limited	Director	May 18, 2018	–	No
	Sound Winner Holdings Limited	Director	May 18, 2018	–	No
	Perfect Vision International Limited	Director	May 18, 2018	–	No
	Win Score Investments Limited	Director	May 18, 2018	–	No
	Charm Ray Holdings Limited	Director	May 18, 2018	–	No
	CIMC-TianDa Holdings Company Limited	Director	December 30, 2019	–	No
	CIMC Capital Holdings Co. Ltd.	Chairman	April 6, 2021	–	No

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

Name of Employee	Name of Employer	Position at Employer	Start Date of Term of Office	End Date of Term of Office	Is any Remuneration or Allowance Received from the Employer
	CIMC Capital Management Co., Ltd. (中集資本管理有限公司)	Chairman	April 6, 2021	–	No
	CIMC Financial Leasing Co., Ltd.	Director	March 31, 2017	–	No
	CIMC Xinde Leasing (Shenzhen) Co., Ltd.	Director	April 27, 2018	–	No
	CIMC Finance Co., Ltd.	Director	May 25, 2018	December 1, 2023	No
	CIMC Container (Group) Co., Ltd. (formerly known as CIMC Container Holding Co., Ltd.)	Director	December 11, 2012	–	No
	Shenzhen CIMC Haigong Investment Co., Ltd.	Director	October 24, 2019	–	No
	CIMC Transportation Equipment (International) Holdings Limited	Director	November 1, 2019	–	No
	CIMC Offshore Engineering Co., Ltd.	Director	December 27, 2019	–	No
	CIMC Raffles Marine Engineering (Singapore) Pte Ltd.	Director	August 1, 2019	–	No
	Yantai CIMC Raffles Offshore Ltd.	Director	October 30, 2019	March 2, 2023	No
	Yantai CIMC Raffles Shipyard Ltd.	Director	April 24, 2020	March 2, 2023	No
	CIMC Marine Engineering Academe Co., Ltd.	Director	March 24, 2020	–	No
	CIMC OFFSHORE HOLDING LIMITED	Director	September 1, 2020	–	No

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

Name of Employee	Name of Employer	Position at Employer	Start Date of Term of Office	End Date of Term of Office	Is any Remuneration or Allowance Received from the Employer
	Haiyang CIMC Raffles Offshore Ltd.	Supervisor	April 28, 2014	February 1, 2023	No
	Longkou CIMC Raffles Offshore Engineering Co., Ltd.	Supervisor	August 9, 2007	May 1, 2023	No
	CIMC Shenfa Development Co., Ltd.	Director and general manager	Director: November 19, 2020 General manager: December 27, 2021	–	No
	Shenzhen CIMC Industry & City Development Group Co., Ltd.	Director	July 3, 2017	–	No
	CIMC-TianDa Holdings (Shenzhen) Company Limited	Chairman	May 28, 2021	–	No
	Shenzhen CIMC Fresh Business Management Co., Ltd. (深圳市中集集鮮生商業管理有限公司)	Director	January 25, 2022	–	No
	Effective Time Investments Limited	Director	November 1, 2019	–	No
	Sharp Vision Holdings Limited	Director	August 16, 2021	–	No
	Mangrove Capital Limited	Director	March 13, 2017	–	No
	Mangrove Fund Management (Shenzhen) Co., Ltd.	Director	December 13, 2016	–	No
	CIMC Marine Technology Group Co., Ltd. (中集海洋科技集團有限公司)	Director	October 1, 2022	–	No

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

Name of Employee	Name of Employer	Position at Employer	Start Date of Term of Office	End Date of Term of Office	Is any Remuneration or Allowance Received from the Employer
	CIMC Energy Storage Technology Co., Ltd. (中集儲能科技有限公司)	Director	February 1, 2023	–	No
	Shenzhen CIMC Special Vehicle Co., Ltd.	Director and general manager	April 1, 2023	–	No
	Shenzhen CIMC Innovation Industry Development Co., Ltd. (深圳中集創新產業發展有限公司)	Director and general manager	June 1, 2023	–	No
Wang Yu	Shenzhen Qianhai CIMC Qigu Investment Co., Ltd.	Chairman and general manager	Chairman: December 24, 2019 General manager: April 19, 2017	–	Yes
	Shenzhen CIMC Investment Co., Ltd.	Director	September 20, 2019	–	No
	CIMC-TianDa Holdings (Shenzhen) Company Limited	Director	November 29, 2016	–	No
	Nantong CIMC Pacific Ocean Engineering Co., Ltd.	Director	November 17, 2006	–	No
	CIMC Enric Holdings Limited	Non-executive director	September 5, 2016	May 1, 2023	Yes
	CIMC Xinde Leasing (Shenzhen) Co., Ltd.	Chairman	July 14, 2021	–	No
	CIMC Container (Group) Co., Ltd. (formerly known as CIMC Container Holding Co., Ltd.)	Director	March 5, 2021	–	No
	CIMC Capital Holdings Co. Ltd.	Director	April 6, 2021	–	No

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT (Continued)

Name of Employee	Name of Employer	Position at Employer	Start Date of Term of Office	End Date of Term of Office	Is any Remuneration or Allowance Received from the Employer
	CIMC Capital Management Co., Ltd. (中集資本管理有限公司)	Director	April 6, 2021	–	No
	CIMC Cold Chain Technology Co., Ltd.	Director	October 21, 2021	–	No
Cheng Hok Kai Frederick	Advanced Assembly Materials International Limited (先進封裝材料國際有限公司)	Chief finance officer	January 1, 2021	–	Yes
	Jiaying Gas Group Co., Ltd.	Independent non-executive director	September 23, 2019	–	Yes
	China Shun Ke Long Holdings Limited	Independent non-executive director	July 27, 2020	–	Yes
He Jin	Dongguan CIMC Enterprise Management Service Co., Ltd. (東莞中集企業管理服務有限公司)	Manager and director	December 27, 2019	–	No
	CIMC Management Training (Shenzhen) Co., Ltd. (中集管理培訓(深圳)有限公司)	Director	February 5, 2021	–	No
	Shenzhen CIMC Logistics Service Co., Ltd. (深圳中集共享後勤服務有限公司)	Director	September 19, 2019	–	No
Feng Jinhua	China Merchants Securities Co., Ltd.	Independent non-executive director	November 29, 2022	–	Yes
Fan Zhaoping	Sinotrans Limited	Supervisor	June 1, 2018	–	Yes
Wang Jinghua	CIMC Container (Group) Co., Ltd. (formerly known as CIMC Container Holding Co., Ltd.)	Supervisor	October 11, 2012	–	No

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

Name of Employee	Name of Employer	Position at Employer	Start Date of Term of Office	End Date of Term of Office	Is any Remuneration or Allowance Received from the Employer
	CIMC Offshore Engineering Co., Ltd.	Supervisor	December 27, 2019	–	No
	Shenzhen CIMC Haigong Investment Co., Ltd.	Supervisor	December 24, 2019	–	No
	C&C Trucks Co., Ltd.	Supervisor	February 26, 2018	March 9, 2023	No
	CIMC Wetrans Logistics Technology (Group) Co., Ltd. (中集世聯達物流科技(集團)股份有限公司)	Chairman of the supervisory committee	March 12, 2014	–	No
	CIMC Finance Co., Ltd.	Chairman of the supervisory committee	December 27, 2019	–	No
	Shenzhen CIMC Industry & City Development Group Co., Ltd.	Chairman of the supervisory committee	October 26, 2020	–	No
	Shenzhen CIMC Investment Co., Ltd.	Supervisor	June 22, 2018	–	No
	CIMC Security Technology Co., Ltd.	Supervisor	July 19, 2019	–	No
	Shenzhen CIMC Architectural Design Institute Co., Ltd.	Supervisor	January 14, 2021	–	No
	Yantai CIMC Raffles Offshore Ltd.	Supervisor	May 27, 2022	–	No
	CIMC Marine Technology Group Co., Ltd. (中集海洋科技集團有限公司)	Supervisor	October 25, 2022	–	No
	Shenzhen CIMC Fresh Business Management Co., Ltd. (深圳市中集集鮮生商業管理有限公司)	Supervisor	January 25, 2022	–	No

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT (Continued)

Name of Employee	Name of Employer	Position at Employer	Start Date of Term of Office	End Date of Term of Office	Is any Remuneration or Allowance Received from the Employer
	Shenzhen CIMC Innovation Indus-try Development Co., Ltd. (深圳中集創新產業發展有限公司)	Supervisor	June 5, 2023	–	No
	CIMC Management Training (Shenzhen) Co., Ltd. (中集管理培訓(深圳)有限公司)	Supervisor	January 7, 2022	–	No
Feng Baochun	Shandong Linglong Tire Co., Ltd.	Vice president	July 8, 2019	–	Yes
	Linglong Group Co., Ltd. (玲瓏集團有限公司)	Director	July 6, 2022	–	
	Linglong Group Co., Ltd. (玲瓏集團有限公司)	Supervisor	January 1, 2013	–	No
Song Yanwen	Shenzhen Beiwo Agricultural Products Trading Co., Ltd. (深圳市北沃農產品貿易有限公司)	Supervisor	August 14, 2020	–	No
Li Xiaofu	Shenzhen Yuanxin Investment Partnership (Limited Partnership)	Executive partner	February 27, 2017	–	No
	Shenzhen Qiyuan Enterprise Management Center Co., Ltd. (深圳市啟源企業管理中心有限責任公司)	Executive director and general manager	May 14, 2019	–	No
	Jiangsu Wanjing Technology Co., Ltd.	Supervisor	May 15, 2018	–	No
Mao Yi	Mortiseon Smart Technology Co., Ltd. (眸迪智慧科技有限公司)	Supervisor	September 26, 2023	–	No

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

Name of Employee	Name of Employer	Position at Employer	Start Date of Term of Office	End Date of Term of Office	Is any Remuneration or Allowance Received from the Employer
	Shenzhen CIMC Vehicles Park Investment and Management Co., Ltd.	Chairman	July 5, 2018	–	No
	Shaanxi CIMC Vehicle Industrial Park Investment and Development Co., Ltd.	Chairman	August 10, 2018	–	No
	Shaanxi CIMC Vehicle Industrial Park Property Management Co., Ltd.	Chairman	August 4, 2020	–	No
	Chengdu CIMC Traffic Equipment Manufacturing Co., Ltd.	Chairman	September 26, 2012	–	No
	Shenyang CIMC Industrial Park Investment and Development Co., Ltd.	Chairman	July 23, 2018	–	No
	Chengdu CIMC Industrial Park Investment and Development Co., Ltd.	Chairman	February 10, 2010	–	No
	Chengdu CIMC Industrial Park Management Co., Ltd.	Chairman	August 23, 2010	–	No

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

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

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

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

Applicable Not applicable

For details, refer to “XII. Punishment and Rectification” of “Section IX Significant Events” in this report.

4. Remuneration of Directors, Supervisors and Senior Management

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

1. Decision-making procedures for the remuneration of Directors, Supervisors and senior management: The remuneration of all Directors shall be considered at the general meeting after consideration by the Remuneration Committee and the Board; the remuneration of Supervisors shall be considered at the general meeting after consideration and approval by the Supervisory Committee; the remuneration of senior management shall be considered by the Board after review by the Remuneration Committee.
2. Basis for determining the remuneration of Directors, Supervisors and senior management: The Company has a formal and transparent policy on the remuneration of Directors, Supervisors, senior management and other remuneration-related matters. The remuneration of the Company’s senior management is determined based on their specific posts or positions at the Company, the industry and market benchmarks, and is closely linked with the results of operations of the Company and the performance of individuals. None of the Directors, Supervisors and senior management shall participate in determining their remuneration. During the Reporting Period, executive Directors, non-executive Directors and Supervisors, other than independent non-executive Directors, were not remunerated by the Company for their services as such; Directors and Supervisors who concurrently hold the position of senior management or other positions at the Company were remunerated according to the remuneration system for such positions.
3. Actual payment of remuneration to Directors, Supervisors and senior management: As at the end of the Reporting Period, all remunerations payable to Directors, Supervisors and senior management in 2023 were paid.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT (Continued)

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

Unit: RMB'0,000

Name	Title	Gender	Age	Employment status (in office, out of office, removed)	Total pre-tax remuneration received from the Company	Is any remuneration received from related parties of the Company
Mai Boliang	Chairman of the Board and non-executive Director	Male	65	In office	0	Yes
Li Guiping	Executive Director, Chief Executive Officer and President	Male	59	In office	598.17	No
Zeng Han	Non-executive Director	Male	48	In office	0	Yes
Wang Yu	Non-executive Director	Male	52	In office	0	Yes
He Jin	Non-executive Director	Male	44	In office	0	Yes
Lin Qing	Non-executive Director	Female	43	In office	0	Yes
Feng Jinhua	Independent non-executive Director	Male	67	In office	20.00	No
Fan Zhaoping	Independent non-executive Director	Male	69	In office	20.00	No
Cheng Hok Kai Frederick	Independent non-executive Director	Male	60	In office	20.00	No
Wang Jinghua	Chairman of the Supervisory Committee	Female	60	In office	0	Yes
Feng Baochun	Supervisor	Male	54	In office	0	Yes
Song Yanwen	Supervisor	Male	57	In office	28.96	No
Jiang Qiwen	Executive vice president	Male	60	Out of office	233.32	No
Wang Zhujiang	Senior vice president and chief technology officer	Male	59	In office	87.28	No
Mao Yi	Vice president, secretary of the Board and joint company secretary	Female	49	In office	191.05	No
Li Xiaofu	Vice president	Male	39	In office	234.09	No
Zhan Rui	Financial director	Male	42	In office	157.48	No
Total	—	—	—	—	<u>1,590.34</u>	—

Note: If there is any discrepancy between the total count and the sum of the sub-values in the above table, it is due to rounding.

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

VIII. PERFORMANCE OF DUTIES BY DIRECTORS DURING THE REPORTING PERIOD

1. Meetings of the Board During the Reporting Period

Session	Date of Meeting	Date of Disclosure	Resolution of Meeting
The 1st meeting of the 2nd session of the Board in 2023	February 6, 2023	February 6, 2023	The following were considered and approved: 1. The Proposal on Transfer of Equity in Wholly-owned Subsidiary and Connected/Related Party Transactions 2. The Proposal on Request for Convening the First Extraordinary General Meeting in 2023
The 2nd meeting of the 2nd session of the Board in 2023	February 21, 2023	February 21, 2023	The following were considered and approved: 1. The Proposal on Continuous Foreign Exchange Forward Hedging Business in 2023 2. The Proposal on Change of Representative of Securities Affairs
The 3rd meeting of the 2nd session of the Board in 2023	February 27, 2023	N/A	Panoramic strategic exploration on the 3rd venture of CIMC Vehicles (general outline)

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

Session	Date of Meeting	Date of Disclosure	Resolution of Meeting
The 4th meeting of the 2nd session of the Board in 2023	March 27, 2023	March 28, 2023	<p>The following were considered and approved:</p> <ol style="list-style-type: none"> 1. The Work Report of the Board for 2022 2. The Final Financial Accounts for 2022, the Annual Report 2022, the Summary of the Annual Report 2022, the Announcement of Annual Results for the Year ended December 31, 2022, and the 2022 Special Report on Fund Utilization by Controlling Shareholders and Other Related Parties 3. The Fund Plan for 2023 <ol style="list-style-type: none"> 3.1 The Proposal on Total Financing Credit Line in 2023 3.2 The Proposal on Provision of Guarantees for Subsidiaries, Their Distributors and Customers in 2023 3.3 The Proposal on External Guarantees and Connected/Related Party Transactions 4. The Profit Distribution Plan for 2022 5. The Investment Plan for 2023 6. The Proposal on Assessment Results in 2022 7. The Proposal on Appointment of Auditors in 2023 8. The Proposal on Estimations of Ordinary Related Transactions with Shandong Linglong Tire Co., Ltd. for 2023 (including the Report on Ordinary Related Transactions/Continuing Related Party Transactions in 2022) 9. The Special Report on Securities Investment and Foreign Exchange Forward Hedging Business in 2022 10. The Report on Continuous Risk Assessment of CIMC Finance Co., Ltd. in 2022 11. The Special Report on Deposit and Actual Use of A Share Proceeds in 2022 12. The Report on Self-evaluation of Internal Control in 2022 13. The Proposal on 2023 Senior Management Remuneration Plan 14. The Proposal on Limit on Charity and Social Responsibility Funds in 2023 15. The Proposal on Proposed Grant of General Mandate to Issue New Shares 16. The Proposal on Reconsideration and Termination of Certain A Share Proceeds-funded Projects 17. The Proposal on Reconsideration and Postponement of Certain A Share Proceeds-funded Projects 18. The Proposal on Amendment to the Working Rules for the Remuneration Committee of the Board 19. The Proposal on Request for Convening 2022 Annual General Meeting

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

Session	Date of Meeting	Date of Disclosure	Resolution of Meeting
The 5th meeting of the 2nd session of the Board in 2023	April 26, 2023	April 27, 2023	The following were considered and approved: <ol style="list-style-type: none"> 1. The 2023 First Quarterly Report 2. The Proposal on 2022 Social Responsibility and Environmental, Social and Governance Report
The 6th meeting of the 2nd session of the Board in 2023	May 19, 2023	May 22, 2023	The following were considered and approved: <ol style="list-style-type: none"> 1. The Proposal on the Employee Stock Ownership Scheme (2023-2027) (Draft) of CIMC Vehicles (Group) Co., Ltd. and its Summary 2. The Proposal on the Measures for the Administration of Employee Stock Ownership Scheme (2023-2027) of CIMC Vehicles (Group) Co., Ltd. 3. The Proposal on Proposed Authorization to the Board to Deal with Matters Relating to the Employee Stock Ownership Scheme (2023-2027) 4. The Proposal on Request for Convening the Second Extraordinary General Meeting in 2023

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

Session	Date of Meeting	Date of Disclosure	Resolution of Meeting
The 7th meeting of the 2nd session of the Board in 2023	August 23, 2023	August 24, 2023	<p>The following were considered and approved:</p> <ol style="list-style-type: none"> 1. The Interim Results Report for 2023, the 2023 Interim Report, the Summary of the 2023 Interim Report, the Interim Results Announcement for the Six Months Ended June 30, 2023, and the 2023 Interim Special Report on Fund Utilization by Controlling Shareholders and Other Related Parties 2. The Investment Progress Review for Self-raised Funds and Investment Plan for Proceeds for the First Half of 2023 3. The Proposal on Termination and Changes of Certain A Share Proceeds-funded Projects 4. The Proposal on 2023 Annual Assessment Plan of CIMC Vehicles 5. The Proposal on the Panoramic Star-Chained Organization of CIMC Vehicles 6. The Proposal on Interim Profit Distribution in 2023 7. The 2023 Interim Special Report on Deposit and Actual Use of A Share Proceeds 8. The Proposal on Using Part of the Idle Proceeds from A Shares for Cash Management 9. The Report on Continuous Risk Assessment of CIMC Finance Co., Ltd. 10. The Proposal on Transfer of Equity in Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. and Connected/Related Party Transactions 11. The Proposal on Request for Convening the Third Extraordinary General Meeting in 2023

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

Session	Date of Meeting	Date of Disclosure	Resolution of Meeting
The 8th meeting of the 2nd session of the Board in 2023	October 25, 2023	October 26, 2023	The following were considered and approved: 1. The 2023 Third Quarterly Report
The 9th meeting of the 2nd session of the Board in 2023	November 27, 2023	November 29, 2023	The following were considered and approved: 1. The Proposal on Planning for H Share Buy-back and Withdrawal of Listing and Promoting Preparatory Matters
The 10th meeting of the 2nd session of the Board in 2023	December 15, 2023	December 15, 2023	The following were considered and approved: 1. The Proposal on Amendment to the Working Rules for Independent Non-executive Directors 2. The Proposal on Formulation of the Working Rules for Special Meetings of Independent Non-executive Directors 3. The Proposal on Amendment to the Working Rules for the Audit Committee of the Board 4. The Proposal on Amendment to the Working Rules for the Remuneration Committee of the Board 5. The Proposal on Amendment to the Working Rules for the Nomination Committee of the Board 6. The Proposal on Amendment to the Working Rules for the Strategy and Investment Committee of the Board 7. The Proposal on Amendment to the Management System for Investor Relations 8. The Proposal on Request for Convening the First Extraordinary General Meeting in 2024

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

2. Attendance of Directors at Board Meetings and General Meetings

Attendance of Directors at Board Meetings and General Meetings							
Name of Director	Number of Board Meetings Expected to Attend During the Reporting Period	Number of Board Meetings Attended in Person	Number of Board Meetings Attended by Remote Means	Number of Board Meetings Attended by Proxy	Number of Absences from Board Meetings	Are there Two Consecutive Failures to Attend Board Meetings in Person	Number of General Meetings Attended
Li Guiping	10	3	7	0	0	No	2
Zeng Han	10	3	7	0	0	No	3
Wang Yu	10	3	7	0	0	No	2
He Jin	10	3	7	0	0	No	3
Lin Qing	10	2	8	0	0	No	4
Feng Jinhua	10	2	8	0	0	No	4
Fan Zhaoping	10	3	7	0	0	No	4
Cheng Hok Kai Frederick	10	3	7	0	0	No	3

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

Applicable Not Applicable

3. Objections of Directors to Relevant Matters of the Company

Did Directors have objections to relevant matters of the Company

Yes No

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

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

4. Other Descriptions of Performance of Duties by Directors

Were the recommendations of Directors to the Company accepted

Yes No

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

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

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

Name of Committee	Member	Number of Meetings	Date of Meeting	Content of Meeting	Important Opinions and Suggestions	Other Information on Performance of Duties	Matters of Objection (If Any)
Audit Committee	Cheng Hok Kai Frederick, Feng Jinhua and Fan Zhaoping	7	February 10, 2023	Considering the Proposal on Development of Forward Exchange Rate Hedging Business in 2023			

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

Name of Committee	Member	Number of Meetings	Date of Meeting	Content of Meeting	Important Opinions and Suggestions	Other Information on Performance of Duties	Matters of Objection (If Any)
			March 21, 2023	<p>1. Considering the Final Financial Accounts for 2022 (including the Annual Report 2022), the Summary of the Annual Report 2022, the Announcement of Annual Results for the Year ended December 31, 2022, the 2022 Special Report on Fund Utilization by Controlling Shareholders and Other Related Parties, the Budget Report for 2023, the Fund Plan for 2023, the Profit Distribution Plan for 2022, the Proposal on Appointment of Auditors in 2023, the Special Report on Continuing Connected Transactions with CIMC Group in 2022, the Special Report on Ordinary Related Transactions with Jiangsu Wanjing Technology Co., Ltd. and Shandong Linglong Tire Co., Ltd. in 2022, the Proposal on Estimations of Ordinary Related Transactions with Shandong Linglong Tire Co., Ltd. for 2023, the Special Report on Securities Investment and Foreign Exchange Forward Hedging Business in 2022, the Report on Continuous Risk Assessment of CIMC Finance Co., Ltd., the Special Report on Deposit and Actual Use of A Share Proceeds in 2022, the Report on Self-evaluation of Internal Control in 2022, the Proposal on Reconsideration and Termination of Certain A Share Proceeds-funded Projects, and the Proposal on Reconsideration and Postponement of Certain A Share Proceeds-funded Projects</p> <p>2. Hearing the special report of auditors on the 2022 audit work of the Company</p>	Further suggestions were made on overseas securities investments of the Company and financial statements of overseas subsidiaries, etc.		

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

Name of Committee	Member	Number of Meetings	Date of Meeting	Content of Meeting	Important Opinions and Suggestions	Other Information on Performance of Duties	Matters of Objection (If Any)
			April 19, 2023	Considering the 2023 First Quarterly Report, the Proposal on 2022 Social Responsibility and Environmental, Social and Governance Report, and the 2023 First Quarterly Report on Internal Audit			
			August 17, 2023	1. Considering the Interim Results Report for 2023 (including the 2023 Interim Report), the Summary of the 2023 Interim Report, the Interim Results Announcement for the Six Months Ended June 30, 2023, the 2023 Interim Special Report on Fund Utilization by Controlling Shareholders and Other Related Parties, the 2023 B2 Budget, the Proposal on Interim Profit Distribution in 2023, the 2023 Interim Special Report on Deposit and Actual Use of Proceeds, the Proposal on Using Part of the Idle Proceeds from A Shares for Cash Management, the Report on Continuous Risk Assessment of CIMC Finance Co., Ltd., and the Special Report on Internal Audit for the First Half of 2023 2. Hearing the special report of auditors on the audit work of the Company for the First Half of 2023	Further suggestions were made on the tracking of business management of the Company		

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

Name of Committee	Member	Number of Meetings	Date of Meeting	Content of Meeting	Important Opinions and Suggestions	Other Information on Performance of Duties	Matters of Objection (If Any)
			October 20, 2023	Considering the 2023 Third Quarterly Report, and the Briefing of Internal Control and Audit Work for the Third Quarterly of 2023			
			October 24, 2023	Report on the auditor selection and bidding process for 2024 and report on the results of the 1st round of "2 out of 4" selection			
			December 4, 2023	Considering the Proposal on Amendment to the Working Rules for the Audit Committee of the Board			
Strategy and Investment Committee	Wang Yu, Zeng Han, He Jin and Fan Zhaoping	5	January 29, 2023	Considering the Proposal on Transfer of Equity in Shenzhen CIMC Special Vehicle			
			March 22, 2023	Considering the Investment Plan for 2023, the Proposal on Reconsideration and Termination of Certain A Share Proceeds-funded Projects, and the Proposal on Reconsideration and Postponement of Certain A Share Proceeds-funded Projects			
			August 2, 2023	Considering the Proposal on Summary of the First Batch of Projects with Placement of RMB700 million in 2023			

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

Name of Committee	Member	Number of Meetings	Date of Meeting	Content of Meeting	Important Opinions and Suggestions	Other Information on Performance of Duties	Matters of Objection (If Any)
			August 16, 2023	Considering the Investment Progress Review for Self-raised Funds and Investment Plan for Proceeds for the First Half of 2023, the Proposal on Termination and Changes of Certain A Share Proceeds-funded Projects, and the Proposal on Transfer of Equity in Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. and Connected/Related Party Transactions			
			December 4, 2023	Considering the Proposal on Amendment to the Working Rules for the Strategy and Investment Committee of the Board			
Remuneration Committee	Fan Zhaoping, Feng Jinhua and Zeng Han	6	March 21, 2023	Considering the Proposal on Assessment Results in 2022, the Proposal on 2023 Senior Management Remuneration Plan, and the Proposal on Amendment to the Working Rules for the Remuneration Committee of the Board	Further suggestions were made on performance assessment of the management of the Company		
			April 12, 2023	Considering the Proposal on the Employee Stock Ownership Scheme (2023-2027) (Draft) of CIMC Vehicles (Group) Co., Ltd. and its Summary, and the Proposal on the Measures for the Administration of Employee Stock Ownership Scheme (2023-2027) of CIMC Vehicles (Group) Co., Ltd.	Suggestions were made on employee stock ownership scheme of the Company		

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

Name of Committee	Member	Number of Meetings	Date of Meeting	Content of Meeting	Important Opinions and Suggestions	Other Information on Performance of Duties	Matters of Objection (If Any)
			May 29, 2023	Considering the Proposal on the 2022 Performance + Leadership Assessment of Senior Management of CIMC Vehicles	Further suggestions were made on the assessment and evaluation of senior management of the Company		
			August 15, 2023	Considering the Proposal on 2023 Annual Assessment Plan of CIMC Vehicles (Group) Co., Ltd.	Suggestions were made on comprehensive assessment indicators of the Company, etc.		
			November 2, 2023	Considering the Measures for the Administration of Special Rewards of CIMC Vehicles (Group) Co., Ltd.	Suggestions were made on the principles and proportions of awards under the Measures for the Administration of Special Rewards		
			December 4, 2023	Considering the Proposal on Amendment to the Working Rules for the Remuneration Committee of the Board			
Nomination Committee	Feng Jinhua, Mai Boliang and Fan Zhaoping	2	August 12, 2023	Considering the Proposal on the Panoramic Star-Chain Organization of CIMC Vehicles			
			December 4, 2023	Considering the Proposal on Amendment to the Working Rules for the Nomination Committee of the Board			

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

Attendance of Directors at Meeting of Special Committees

Special Committees	Audit Committee		Remuneration Committee		Nomination Committee		Strategy and Investment Committee	
	Number of Meetings Expected to Attend	Number of Meetings Attended	Number of Meetings Expected to Attend	Number of Meetings Attended	Number of Meetings Expected to Attend	Number of Meetings Attended	Number of Meetings Expected to Attend	Number of Meetings Attended
Name of Director								
Mai Boliang	0	0	0	0	2	2	0	0
Li Guiping	0	0	0	0	0	0	0	0
Zeng Han	0	0	6	5	0	0	5	5
Wang Yu	0	0	0	0	0	0	5	5
Lin Qing	0	0	0	0	0	0	0	0
He Jin	0	0	0	0	0	0	5	5
Feng Jinhua	7	7	6	6	2	2	0	0
Fan Zhaoping	7	7	6	6	2	2	5	4
Cheng Hok Kai Frederick	7	7	0	0	0	0	0	0

X. INFORMATION ON WORK OF THE SUPERVISORY COMMITTEE

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

Yes No

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

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

XI. INFORMATION ON EMPLOYEES OF THE COMPANY

1. Number of Employees, Composition of Employees by Categories and Their Educational Attainment

Number of in-service employees at the parent company as at the end of the Reporting Period (person)	200
Number of in-service employees at major subsidiaries as at the end of the Reporting Period (person)	10,045
Total number of in-service employees of the Group as at the end of the Reporting Period (person)	10,245
Total number of salaried employees during the period (person)	10,245
Number of retired employees with expenses borne by the parent company and major subsidiaries (person)	11

Composition of Employees by Categories

<u>Category</u>	<u>Number of Employees (Person)</u>
Production personnel	5,972
Sales personnel	992
Technician	654
Financial personnel	244
Administrative personnel	1,873
Manager	<u>510</u>
Total	<u><u>10,245</u></u>

Educational Attainment

<u>Education Level</u>	<u>Number (Person)</u>
Doctoral degree or above	5
Master's degree	220
Bachelor's degree	1,848
College degree	2,324
High school degree or below	<u>5,848</u>
Total	<u><u>10,245</u></u>

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

In the process of employee selection and evaluation, the Group adheres to the principle of “open recruitment, comprehensive inspection, and merit-based admission”, and comprehensively considers educational background, work experience, training experience, skills and other aspects. The Group undertakes to provide equal job opportunities for all applicants regardless of their gender, age, nationality and race. The Group is committed to promoting gender diversity in its workforce (including senior management). As at December 13, 2023, the number of male contract employees (including senior management) of the Group was 9,256, accounting for 90.35% of its total contract employees, and the number of female contract employees (including senior management) was 989, accounting for 9.65% of the total number of its total contract employees (including senior management). Details of the employee diversity will be set out separately in the 2023 Social Responsibility and Environmental, Social and Governance Report to be published before April 30, 2023.

2. Remuneration Policy

The Group adheres to the talent philosophy and strategy of “putting the strugglers 1st, and creating, building and sharing together”, and strictly complies with labor laws and relevant laws and regulations in the place where the Company is located. Under the “position value, individual ability and individual contribution” salary philosophy and orientation, the Group implements a performance appraisal mechanism for fair work, and continuously improves its employee remuneration and benefit systems. Meanwhile, the Group actively ponders over the challenges in its development, continuously innovates its thinking, establishes and improves a diversified incentive system, and actively explores long-term incentives. It continuously improves the competence and performance of its employees and stimulates the vitality of the organization and its employees by using differentiated incentives and motivation tools, so as to help the Group and its employees develop steadily in the long term. In 2023, the remuneration of employees of the Group amounted to RMB2,672.18 million (2022: RMB2,018.4 million).

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

3. Training Plans

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

4. Labor Outsourcing

Applicable Not applicable

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

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

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

Applicable Not applicable

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

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

Specific Explanation on Cash Dividend Policy

Was it in compliance with the requirements of the Company's Articles of Association and the resolution of the general meeting:	Yes
Were the dividend distribution criteria and proportion well-defined and clear:	Yes
Were related decision-making processes and mechanisms complete:	Yes
Did independent Directors fulfil their duties and play their roles:	Yes
Were the minority Shareholders given opportunities to sufficiently voice their opinions and make requests and were their legal interests fully protected:	Yes
Were conditions and procedures legal and transparent in the case of adjustments or changes to the cash dividend policy:	Not applicable

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

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

Yes No Not applicable

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

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

Number of bonus shares for every 10 shares (share)	0
Amount of dividend for every 10 shares (RMB) (inclusive of tax)	0
Number of shares converted for every 10 shares (share)	0
Equity base of distribution plan (share)	2,017,600,000.00
Cash dividends (RMB) (inclusive tax)	0.00
Cash dividends distributed by other methods (such as repurchase of shares) (RMB)	0
Total cash dividends (including those distributed by other methods) (RMB)	0
Distributable profit (RMB)	967,545,455.93
Total cash dividends (including those distributed by other methods) as a percentage of the total profit distribution	<u>0.00%</u>

Information on the Cash Distribution

Other

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)*Detailed Description of the Plans for Profit Distribution or
Conversion of Capital Reserve into Share Capital

According to the audit by PricewaterhouseCoopers Zhong Tian LLP, the net profit attributable to shareholders of the Company in 2023 was RMB2,455,670,702.61, and the net profit attributable to shareholders of the Company after deducting nonrecurring gains or losses was RMB1,553,393,232.96.

As at December 31, 2023, the consolidated cumulative undistributed profits of the Company was RMB7,240,720,335.59, and the capital reserves were RMB4,800,640,940.30. At the end of the year, the cumulative undistributed profits of the parent company was RMB967,545,455.93, and the capital reserves were RMB4,620,483,419.93.

The proposed profit distribution plan for 2023 of the Board is that no cash dividend will be distributed, no bonus shares will be issued and shares will not be converted from capital reserve into share capital.

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

Applicable Not applicable

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

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

The Company intends to buy back all the issued H Shares (other than those held by CIMC Group and its concert parties) by way of offer and cancel the corresponding H Shares, and voluntarily withdraw the listing status of the Company's H Shares on The Stock Exchange of Hong Kong Limited. Taking into account the scale of funds required for the H Share Buy-back Offer and Withdrawal of Listing plan the Company intends to implement, as well as the production or operation needs of the Company, while ensuring the capital needs of the Company's project construction, research and development, production and other daily operation, the Company intends to decide that no cash dividends will be distributed, no bonus shares will be issued and shares will not be converted from capital reserve into share capital in 2023.

Undistributed profits of the Company will be used for the capital expenditures of the planned H Share Buy-back and Withdrawal of Listing, as well as the capital expenditures for the Company's project construction, research and development, production and other daily operation.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)***XIII. IMPLEMENTATION OF THE COMPANY'S SHARE INCENTIVE PLAN, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES**

Applicable Not applicable

1. Share Incentives

Applicable Not applicable

Share incentives for directors and senior management

Applicable Not applicable

Appraisal and incentives of senior management

Applicable Not applicable

2. Implementation of Employee Stock Ownership Plan

Applicable Not applicable

On May 19, 2023, the Company convened the 6th meeting of the 2nd session of the Board of Directors for 2023 and the 5th meeting of the 2nd session of the Supervisory Committee for 2023, which considered and approved the relevant proposals including the proposal on the Employee Stock Ownership Plan (2023-2027) (Draft) of CIMC Vehicles (Group) Co., Ltd. and its summary. The above proposals were considered and approved at the 2023 Second Extraordinary General Meeting dated June 15, 2023. The Employee Stock Ownership Plan (2023-2027) is being implemented in phases. In principle, no more than 4 stock ownership plans will be established on a rolling basis during the period from 2023 to 2027, with each of the employee stock ownership plan being independent of each other. The lock-up period of A Shares of CIMC Vehicles as purchased through the secondary market in the Stock Ownership Plan of each phase is 12 months, and no transactions are allowed during the lock-up period. The stock source of the Stock Ownership Plan of each phase is the A Shares of CIMC Vehicles as purchased through the secondary market (including but not limited to bidding transactions and block transactions) and other ways permitted by laws and regulations.

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

During the Reporting Period, the Company had established Phase I Employee Stock Ownership Plan (2023-2027) and had completed the purchase of shares on November 7, 2023 through bidding transactions. Phase I Employee Stock Ownership Plan (2023-2027) cumulatively purchased 677,000 A shares of the Company, representing 0.05% of the Company's A share capital and 0.03% of the Company's total share capital, with a total transaction amount of RMB6,870,196.59 (inclusive of transaction costs) and an average bid price of RMB10.15 per share, with a lock-up period from November 8, 2023 to November 7, 2024. Holders of Phase I Employee Stock Ownership Plan (2023-2027) are not required to pay any additional purchase price.

For details of the above, please refer to relevant announcements of the Company dated May 22, 2023, June 15, 2023 and November 8, 2023 and the circular of the Company dated May 29, 2023 respectively.

The specifics of the Employee Stock Ownership Plan (2023-2027) and Phase I Employee Stock Ownership Plan (2023-2027) are set forth below:

(1) Purpose

By executing the Employee Stock Ownership Plan (2023-2027), it will further improve the modern corporate governance system, stimulate the sense of mission and responsibility of employees, guide employees to operate steadily, promote long-term, sustainable and healthy development of the Company, as well as enhance the confidence of the capital market in the Company.

(2) Holders and shareholding limit

Holders of the Employee Stock Ownership Plan (2023-2027) refer to specific employees who participate in the Stock Ownership Plan of each phase under the Program and play an important role in the medium and long-term development of the Company, including directors, senior executives and significant executives of the Company. All Holders hold positions in and have concluded labor contracts/employment contracts with the Company or its subsidiaries.

The participants of Phase I Stock Ownership Plan (2023-2027) include directors, senior executives and significant executives of the Company.

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

The total number of corporate stocks held by the surviving Stock Ownership Plan of each phase shall not exceed 10% of the total share capital of the Company, and the total number of corporate stocks corresponding to the equity of the Stock Ownership Plan as acquired by a single Holder shall not exceed 1% of the total share capital of the Company.

(3) Allocation of Interests

There is no performance evaluation index set up for Employee Stock Ownership Plan (2023-2027). After the lock-up period of the corporate stocks held by the Stock Ownership Plan of each phase expires, the Stock Ownership Plan can transfer the A Shares of the Company held by it to the stock accounts of the Holders or distribute the proceeds from the sale of such A Shares to the Holders through legal means such as non-transaction transfer or sale in the secondary market, on the premise of complying with laws and regulations and relevant provisions of the Program and according to the instructions of the Management Committee of Stock Ownership Plan.

(4) Progress

During the Reporting Period, the Company has implemented Phase I Employee Stock Ownership Plan (2023-2027) as follows:

Scope of employees	Number of employees	Total number of stocks held (share)	Changes	Percentage of total share capital of listed companies	Funding sources for the implementation of the Program
Directors, senior executives and significant executives of the Company	25	677,000	No	0.03%	Legal remuneration to employees, self-raised funds and other methods permitted by laws and regulations

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

Shareholdings of Directors, Supervisors and senior management in Phase I Employee Stock Ownership Plan (2023-2027) during the Reporting Period:

Name	Post	Number of shares held at the beginning of the Reporting Period (share)	Number of shares held at the end of the Reporting Period (share)	Percentage of total share capital of listed companies
Li Guiping	Executive Director, chief executive officer and president	0	21,272	0.0011%
Jiang Qiwen	Executive vice president	0	25,119	0.0012%
Wang Zhujiang	Senior vice president	0	29,247	0.0014%
Mao Yi	Vice president, secretary of the Board of Directors and joint company secretary	0	25,119	0.0012%
Li Xiaofu	Vice president	0	25,119	0.0012%
Zhan Rui	Financial officer	0	27,051	0.0013%
Significant management employees in other key positions (19 people)		0	524,073	0.0260%

Changes in asset management institutions during the Reporting Period

Applicable Not applicable

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

Changes in equity due to the disposal of shares by Holders during the Reporting Period

Applicable Not applicable

Exercise of Shareholders' rights during the Reporting Period

Applicable Not applicable

Other relevant information on and description of Employee Stock Ownership Plan during the Reporting Period

Applicable Not applicable

Changes in members of the Management Committee of Employee Stock Ownership Plan

Applicable Not applicable

Financial impact of Employee Stock Ownership Plan on the listed companies and related accounting treatment during the Reporting Period

Applicable Not applicable

The stocks of Employee Stock Ownership Plan implemented during the Reporting Period are purchased through the secondary market and funded by legal remuneration to employees and self-raised funds with no share-based payment expenses involved.

Termination of Employee Stock Ownership Plan during the Reporting Period

Applicable Not applicable

Other descriptions:

Nil

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

3. Other Employee Incentive Measures

Applicable Not applicable

Save as stated above, the Company does not have any share incentive plans or other employee stock ownership plans.

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

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

1. Construction and Implementation of Internal Control

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

The Company's management organization system for internal control of risks comprising the Audit Committee of the Board, the internal audit and internal control department supervises and evaluates the Company's internal control management. The Report on Self-evaluation of Internal Control for 2023 comprehensively, truly and accurately reflects the actual situation of the Company's internal control. There were no critical or major deficiencies in the internal control of the Company during the Reporting Period.

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

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)***2. Details of Critical Deficiencies in Internal Control Identified during the Reporting Period**

Yes No

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

To optimize the shareholding structure of Shenzhen Xinghuo Chelian Technology Co., Ltd. (“Xinghuo Chelian”) and enhance the synergies of the industry, CIMC Vehicles acquired new subsidiaries, namely Xinghuo Chelian, Shenzhen Zhongan Jizhi Technology LLP and Shenzhen Xinghuo Jizhi Technology LLP in February 2023. To integrate the resource advantages of Shanghai Changyi Vehicle Sales Co., Ltd. (“Shanghai Changyi”) into the platform for Key Account of Shanghai CIMC Special Vehicles Co., Ltd., CIMC Vehicles acquired a new subsidiary, Shanghai Changyi in May 2023.

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

During the Reporting Period, the Company managed its subsidiaries in accordance with the System of CIMC Vehicles (Group) Co., Ltd. for Management of Majority-owned Subsidiaries. The integration of the aforementioned newly acquired subsidiaries is as follows.

Company Name	Integration Plan	Integration Progress	Difficulties in Integration	Solutions Adopted	Progress in Solution	Subsequent Solution Plan
Shenzhen Xinghuo Chelian Technology Co., Ltd., Shenzhen Zhongan Jizhi Technology LLP and Shenzhen Xinghuo Jizhi Technology LLP	<ol style="list-style-type: none"> incorporating the financial affairs into the Financial Sharing Center of CIMC Vehicles (Group) Co., Ltd. for centralization and management; Newly expansion of strategic synergy business 	<ol style="list-style-type: none"> The financial affairs have been incorporated into the Financial Sharing Center for centralization and management; On the basis of the original intelligent trailer terminals and services, 360-view and other businesses have been newly expanded. 	None	None	None	None

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

Company Name	Integration Plan	Integration Progress	Difficulties in Integration	Solutions Adopted	Progress in Solution	Subsequent Solution Plan
Shanghai Changyi Vehicle Sales Co., Ltd.	<ol style="list-style-type: none"> Sharing the same management team with Shanghai CIMC Special Vehicles Co., Ltd.; Carrying out the liquidation and realization of asset packages (accounts receivable, other receivables, prepayments and inventories). 	<ol style="list-style-type: none"> The team of Shanghai CIMC Special Vehicles Co., Ltd. is responsible for daily management; The liquidation and realization of asset packages have been completed. 	None	None	None	None

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

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

1. Report on Evaluation of Internal Control

Date of disclosure of the internal control evaluation report	March 22, 2024
Index for disclosure of the report on the evaluation of internal control	Website of Cninfo at http://www.cninfo.com.cn/
Total assets of companies covered by the evaluation as a percentage of the total consolidated assets of the Company	86%
Revenue of companies covered by the evaluation as a percentage of the consolidated revenue of the Company	91%

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

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

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

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

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

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

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

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

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

Opinions in the Internal Control Assurance Report

We believe that CIMC Vehicles has maintained effective internal control over financial reporting in all material respects in accordance with the Basic Standards for Internal Control of Enterprises as at December 31, 2023.

Disclosure of the internal control assurance report Disclosed

Date of disclosure of the internal control assurance report March 22, 2024

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

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

Are there critical deficiencies in non-financial reporting No

Did the auditors issue a modified internal control assurance report

Yes No

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

Yes No

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

Applicable Not applicable

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

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

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

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

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

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

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

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

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

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

1. BOARD OF DIRECTORS

(1) Corporate Governance Functions

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

(2) Duties and Assignments

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

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

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

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

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

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

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

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

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

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

(3) Chairman and Chief Executive Officer

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

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

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

(4) Board Composition

The Board consists of 9 members, of which there are 3 independent non-executive Directors who constitute one-third of the Board, bringing in a sufficient independent voice. The other members are 1 executive Director and 5 non-executive Directors.

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

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

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

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

(5) Responsibilities of Directors

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

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

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

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

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

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

(6) Director's Attendance

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

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

(7) Directors' Time Commitments

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

(8) Directors' Training and Professional Development

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

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

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

Due to their own professional capacities, Directors also participated in other trainings relating to the roles, functions and duties as a Director of a listed company or further enhancement of their professional development. All the Directors (including Mr. Li Guiping, Mr. Mai Boliang, Mr. Zeng Han, Mr. Wang Yu, Mr. He Jin, Ms. Lin Qing, Mr. Feng Jinhua, Mr. Fan Zhaoping and Mr. Cheng Hok Kai Frederick) had provided their training records for the year ended December 31, 2023 to the Company.

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

(9) Appointment and Resignation of Directors

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

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

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

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

(10) Nomination of Directors

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

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

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

(11) Board Diversity Policy

According to the requirements of the Hong Kong Stock Exchange Listing Rules, the Company has formulated and adopted a “Board Diversity Policy” which sets out the approach to achieve diversity of the Board. The Company considers that having a diverse Board is of vital importance to the Company’s business development, and the Board has 1 female, namely Ms. Lin Qing. A summary of the Board Diversity Policy is set out below:

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

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

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

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

(12) Mechanisms to Ensure Independent Views

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

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

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

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

2. SUPERVISORY COMMITTEE

The Supervisory Committee is the supervisory body of the Company, and shall be accountable to the general meeting. Supervisory Committee shall exercise its supervisory rights independently in accordance with the laws to protect the legitimate interests of Shareholders and the Company. The Supervisory Committee is composed of 3 Supervisors, with Ms. Wang Jinghua serving as the chairman of the committee. The Supervisory Committee shall hold at least 1 meeting every six months. Notice of the meeting shall be served in writing to all Supervisors ten days before such meeting is held. Supervisors can propose an interim meeting of the Supervisory Committee. Notice of the interim meeting of the Supervisory Committee shall be given in writing to all Supervisors three days before the date of the meeting. The terms of office of a Supervisor shall be three years, and Supervisors are eligible for re-election upon term expiration.

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

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

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

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

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

Details of Directors' remuneration for the year ended December 31, 2023 are set out in Note XII (9) to the financial statements.

As at December 31, 2023, the remuneration payable to the members of senior management of the Company fell within the following bands for 2023:

Remuneration range	Number of individuals
RMB0 to RMB1,000,000	1
RMB1,000,001 to RMB2,000,000	2
RMB2,000,001 to RMB3,000,000	2
RMB3,000,001 to RMB4,000,000	0
RMB4,000,001 to RMB5,000,000	0
RMB5,000,001 to RMB6,000,000	1

4. DELEGATION BY THE BOARD AND MANAGEMENT FUNCTIONS

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

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

The senior management, led by the President, is responsible for executing strategies and plans drawn up by the Board and reporting to the Board periodically to ensure proper execution. Functions and responsibilities of the Board are set out in "1. Board of Directors" in this section.

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

5. BOARD COMMITTEES

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

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

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

(1) Audit Committee

As of the Date of the Report, the Audit Committee is chaired by Mr. Cheng Hok Kai Frederick, who possesses professional financial qualifications. The other members of the Audit Committee are Mr. Feng Jinhua and Mr. Fan Zhaoping. All the above three Directors are independent non-executive Directors and none of them is a former partner of the external auditor of the Group. The Audit Committee shall be responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating the internal and external auditing work and internal control. The following matters shall be submitted to the board of directors for consideration with the approval of a majority of all members of the Audit Committee:

- disclosure of financial information in financial accounting reports and periodic reports, and internal control evaluation reports;
- appointment or dismissal of the accounting firm that undertakes the Company's auditing work;
- appointment or dismissal of the Company's chief financial officer;
- changes in accounting policies, accounting estimates or corrections of material accounting errors that are made for reasons other than changes in accounting standards; and

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

- other matters as stipulated by laws, administrative regulations, CSRC regulations and the Articles of Association.

Save for the above, the major responsibilities of the Audit Committee are:

- to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, to approve the remuneration and terms of engagement of the external auditor, and addressing any matters in relation to the resignation or dismissal of the external auditor;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of its audit process in accordance with applicable standards. The Audit Committee shall discuss with the external auditor on the nature, scope and method of its audit and reporting obligations before the audit commences;
- to develop and implement policy on engaging the external auditor to supply non-audit services;
- to oversight and review the Company's financial controls, internal control and risk management systems;
- to monitor the Company's internal audit systems and ensuring the implementation of such systems;
- to facilitate communications between the internal audit department and the external auditor;
- to review the Company's financial and accounting policies and practices;
- to monitor the Company's financial reporting system, risk management and internal control systems; and
- to assess and determine the environmental, social and governance risks of the Company, and to ensure the establishment of an appropriate and effective control system for environmental, social and governance risks and internal control system.

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

The Audit Committee meets the external auditor and senior management of the Company regularly. During the Reporting Period, the Audit Committee held 7 meetings in total, which mainly involved topics are set out in “IX. Information on Special Committees of the Board during the Reporting Period” in the “Section VII Corporate Governance and Corporate Governance Report” of this Report. During the Reporting Period, the Board of Directors had no disagreement with the Audit Committee on the selection, appointment, resignation or dismissal of external auditors.

The Audit Committee also organised the preparation and review of the 2022 Annual Report and 2023 Interim Report according to relevant disclosure requirements on the annual financial report. During the Reporting Period, the Audit Committee had several meetings and communications with the external auditor in the absence of the Directors. On March 21, 2024, the Audit Committee reviewed the audited consolidated financial statements for the year ended December 31, 2023. It also reviewed the internal control system and the effectiveness of the Company’s internal audit function by periodically listening to the internal audit work report of the Internal Audit and Compliance Department. The statement made by PricewaterhouseCoopers Zhong Tian LLP, the Company’s external auditor, on its reporting responsibilities for financial statements is set out in the section “Section XIII Auditor’s Report” of this Report.

(2) Remuneration Committee

As of the Date of the Report, the Remuneration Committee is chaired by Mr. Fan Zhaoping, an independent non-executive Director. Its other members are Mr. Zeng Han, a non-executive Director, and Mr. Feng Jinhua, an independent non-executive Director. The Remuneration Committee is responsible for formulating assessment criteria for directors and senior management and conducting the assessment, formulating and reviewing the remuneration policies and programs for directors and senior management, and making recommendations to the Board on the following matters:

- remuneration of directors and senior management;
- formulation or change of share incentive plans and employee stock ownership plans, and fulfillment of the conditions for granting and exercising the rights and interests of incentive recipients;
- directors and senior management arrange shareholding plans in subsidiaries that are to be spun off; and

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

- other matters as stipulated by laws, administrative regulations, CSRC regulations and the Articles of Association.

Save as above, specific duties of the Remuneration Commission are:

- to make recommendations to the board of directors regarding the remuneration policy and structure for directors and senior management and on the establishment of formal and transparent procedures for developing the remuneration policy;
- to consider and approve compensation recommendations of the management with reference to corporate goals and objectives of the Board;
- to make recommendations to the Board on the remuneration packages of executive directors and senior management. The remuneration packages shall include benefits in kind, pension rights and compensation payments (including compensation for loss or termination of their office or appointment);
- to make recommendations to the Board on the remuneration of non-executive Directors;
- to consider salaries paid by comparable companies, necessary time commitment and responsibilities and employment conditions of the Company and its subsidiaries;
- reviewing and approving the Senior Management's remuneration proposals with reference to the Board's corporate goals and objectives;
- to review and approve the compensation payable to executive Directors and senior management for their loss or termination of office or appointment to ensure that such compensation is consistent with the contractual terms and is otherwise fair and reasonable and not excessive;
- to review and approve the compensation arrangements relating to dismissal of the Directors for misconduct or removal of such Directors to ensure that these arrangements is consistent with relevant contractual terms and is otherwise reasonable and appropriate;
- to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration; and

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

- To review and/or approve the matters in relation to the share schemes specified in Chapter 17 of the Hong Kong Stock Exchange Listing Rules.

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

(3) Nomination Committee

As of the Date of the Report, the Nomination Committee is chaired by Mr. Feng Jinhua, an independent non-executive Director. Its other members are Mr. Mai Boliang, the Chairman and a non-executive Director, and Mr. Fan Zhaoping, an independent non-executive Director. The Nomination Committee shall be responsible for formulating criteria and procedures for the selection of directors and senior management, selecting and reviewing candidates for directors and senior management and their qualifications, and making recommendations to the Board on the following matters:

- nomination or appointment or removal of directors;
- appointment or dismissal of senior management; and
- other matters as stipulated by laws, administrative regulations, CSRC regulations and the Articles of Association.

Save as above, specific duties of the Nomination Committee include:

- to review periodically the structure, size, composition and relevant qualifications (including skill, expertise and experience) of the board of directors at least once annually, make recommendations on any proposed changes to the board of directors to complement the Company’s corporate strategy;
- to review the nominee’s qualifications for office and form a clear opinion of the review;
- to identify and determine individuals suitably qualified to become board members (including whether the individuals can bring to the board of directors the perspectives, skills and experiences and how the individuals can contribute to the diversity of the board of directors) and make recommendation to the board of directors on the selection of individuals nominated for directorships;

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

- to assess the independence of the independent non-executive directors of the Company;
- to assess the number of directorship of other listed companies held by candidates to be nominated as the independent non-executive directors of the Company. In principle, an independent non-executive Director shall not concurrently serve as an independent director in more than 3 domestic listed companies, and shall ensure enough time and energy to effectively perform his/her duties;
- to develop and maintain a policy for the nomination of the directors which includes the nomination procedures and the process and criteria adopted by the Nomination Committee to identify, select and recommend candidates for directorship during the year, and to review periodically and disclose the policy and progress made towards achieving the objectives set in the nomination policy in the corporate governance report of the Company;
- to develop and maintain a policy concerning the diversity of the board of directors, and to review periodically and disclose in the diversity policy or a summary of the policy in the corporate governance report of the Company;
- to review annually the time required from non-executive directors and independent non-executive directors. Performance evaluations should be used to assess whether the non-executive directors and independent non-executive directors are spending enough time in fulfilling their duties;
- to make recommendations to the board of directors on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman of the board of directors and the chief executive officer. The Nomination Committee shall make recommendations on appointment of directors with due regard to the diversity policy of the Company and in accordance with the challenges and opportunities faced by the Company; and
- to research and make recommendations on the selection criteria and procedures for senior management; to select the candidates for senior management members; to review the candidates for senior management members and making recommendations to the Board.

During the Reporting Period, the Nomination Committee held 2 meetings in total. The main topics involved are set out in “IX. Information on Special Committees of the Board during the Reporting Period” in the “Section VII Corporate Governance and Corporate Governance Report”

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

(4) Strategy and Investment Committee

As of the Date of the Report, the Strategy and Investment Committee is chaired by Mr. Wang Yu, a non-executive Director. Its other members are Mr. Zeng Han, Mr. He Jin, being non-executive Directors and Mr. Fan Zhaoping, an independent non-executive Director. The major responsibilities of the Strategy and Investment Committee are:

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

During the Reporting Period, the Strategy and Investment Committee held 5 meetings in total. The main topics involved are set out in "IX. Information on Special Committees of the Board during the Reporting Period" in the "Section VII Corporate Governance and Corporate Governance Report" in this Report.

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

6. SECURITIES TRANSACTIONS BY THE DIRECTORS AND SUPERVISORS

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

Ms. Yu Siwei (“**Ms. Yu**”), the spouse of Mr. He Jin (“**Mr. He**”), a Director of the Company, dealt in A Shares of the Company by way of call auction. Ms. Yu bought 1,000 A Shares on July 17, 2023, sold 1,000 A Shares on July 25, 2023, and bought 1,000 A Shares on July 26, 2023. The above transactions violated the provisions of A.3(a)(ii), A.6 and B.8 of the Model Code, and constitute the short-swing transaction under Article 44 of the Securities Law of the PRC (“**Securities Law**”). As at the end of the Reporting Period, Mr. He is deemed to hold 1,000 A Shares under the Securities and Futures Ordinance.

The Company paid high attention to the incident upon knowing it, and has conducted relevant verification and investigation in a timely manner. Mr. He and his spouse Ms. Yu have actively cooperated with the investigation and made corrections. Upon verification, Ms. Yu made the above transactions due to her insufficient knowledge of relevant laws and regulations, and her dealing in shares of the Company was a discretionary act based on her judgment of the secondary market. Mr. He was not aware of this short-swing transaction, and did not inform Ms. Yu of information on the operations of the Company prior to and following this short-swing transaction. Therefore, there was no insider dealing in shares of the Company, benefit from insider information, or intentional violation of rules. Mr. He has expressed deep remorse for failing to perform his supervision obligations to his spouse in a timely manner, and Ms. Yu was also fully aware of the severity of this non-compliant transaction and has expressed sincere apology for the adverse impact of the above transaction on the Company and the market. Ms. Yu undertook that she will consciously comply with the provisions of the Securities Law, the Several Provisions on the Reduction of Shares Held in a Listed Company by the Shareholders, Directors, Supervisors, and Senior Executives of the Listed Company, the Hong Kong Stock Exchange Listing Rules, the Securities and Futures Ordinance and other relevant laws and regulations, carefully learn the relevant requirements of relevant laws and regulations, strictly abide by the relevant regulations, and avoid the recurrence of such incident in the future.

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

The Company has adopted the following actions and measures in relation to the incident:

- (1) According to the provisions of Article 44 of the Securities Law and the relevant policies of the Company, the Company has confiscated all earning of RMB630 obtained by Ms. Yu from the short-swing transaction.
- (2) The Company issued the Announcement on Apology for Short-swing Transaction by Relative of Director (《關於董事親屬短線交易的致歉公告》) on the Shenzhen Stock Exchange after the closing of market on July 28, 2023 and an overseas regulatory announcement on the website of the Hong Kong Stock Exchange, and Mr. He has also made a corresponding declaration of interests as to the deemed holding of shares on July 28, 2023 according to the Securities and Futures Ordinance.
- (3) The Company will continue to strengthen the training and publicity on compliance, require Directors, Supervisors, senior management and Shareholders holding more than 5% of Shares to further learn the relevant laws, regulations and normative documents, including the Securities Law, the Rules on the Management of Shares Held by the Directors, Supervisors, and Senior Management of Listed Companies and the Changes Thereof (《上市公司董事、監事和高級管理人員所持本公司股份及其變動管理規則》), the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, the Hong Kong Stock Exchange Listing Rules and the Securities and Futures Ordinance, and to strictly abide by the relevant regulations. The Company will continue to procure relevant personnel to strictly regulate the dealing in shares of the Company, and avoid the recurrence of such incident in the future.

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

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

7. JOINT COMPANY SECRETARIES

The joint company secretaries of the Company are Ms. Mao Yi and Ms. Au Wai Ching. Ms. Mao Yi is the vice president and the secretary of the Board of the Company, who is responsible for the reporting to the Chairman and/or the President of the Company on corporate governance matters, and ensures that the Board procedures are followed, facilitating communications among Directors as well as with Shareholders and management of the Company. In addition, Ms. Au Wai Ching, a senior manager of SWCS Corporate Services Group (Hong Kong) Limited, an external service provider, has been engaged by the Company as its joint company secretary to act jointly with Ms. Mao Yi. The primary contact person with Ms. Au Wai Ching at the Company is Ms. Mao Yi. Both Ms. Mao Yi and Ms. Au Wai Ching have confirmed that they have taken no less than 15 hours of relevant professional training during the year ended December 31, 2023. Their trainings satisfied the requirements under Rule 3.29 of the Hong Kong Stock Exchange Listing Rules.

8. ACCOUNTABILITY AND AUDIT

(1) Financial reporting

The Board, the Supervisory Committee and the senior management shall ensure the truthfulness, accuracy and completeness of the annual, interim and quarterly reports of the Company and other financial information required to be made in accordance with statutory requirements, ensure that there are no false information, misleading statements or material omissions, and accept joint and several liabilities. The Board has been aware of its responsibility to prepare the financial statements for the fiscal year 2023 to give a true and fair view of the financial position, results and cash flows of the Group and facilitate investors' understanding and assessment.

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

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

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

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

(2) Risk management and internal control

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

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

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

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

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

During the Reporting Period, the Internal Audit and Compliance Department of the Group continued to strengthen the risk control capability, implement internal control defect rectification plans and form closed-loop management, systematically improve anti-risk capability, improve rules and regulations, and implement internal control informatization, and confirmed the effectiveness and adequacy of these systems with the Audit Committee and the Board for the year ended December 31, 2023.

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

The Company treats and releases insider information strictly in accordance with relevant requirements of the SZSE Listing Rules, the Hong Kong Stock Exchange Listing Rules, SFO and Management System for Inside Information, and prohibits any unauthorized use or release of confidential or inside information. Company Secretary works closely with the senior management in identifying potential inside information and assessing the materiality thereof, and where appropriate, reporting such information to the Board to carry out further actions necessary to comply with the applicable laws and regulations. The Directors, Supervisors and senior management of the Company have adopted all reasonable measures (including but not limited to restricting the scope of insiders, registering relevant insiders, signing confidentiality agreements with 3rd-party organizations (if necessary), and regularly reminding insiders of the requirements to be complied with when dealing the Shares of Company) to ensure proper precautionary measures are in place to prevent from violating the disclosure requirements of the Company.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)***9. AUDITOR AND ITS REMUNERATION**

The Company engaged PricewaterhouseCoopers Zhong Tian LLP as its auditors for 2023 until the conclusion of the 2023 annual general meeting.

For the year ended December 31, 2023, the remunerations for the professional services provided by PricewaterhouseCoopers Zhong Tian LLP engaged by the Group are as follows:

Services provided by the external auditor	Amount <i>(RMB)</i>
– Audit services	7,130,081.48
– Non-audit service Tax consulting	<u>94,339.62</u>
Total	<u><u>7,224,421.10</u></u>

10. COMMUNICATION WITH SHAREHOLDERS**(1) Effective communication**

The Board believes that effective communication of full and clear information of the Company is the key to enhance corporate governance standards and Shareholders' and investors' confidence. The Company is committed to promoting the work for the relationship with shareholders and investors, strengthening communication with shareholders and investors, and increasing their understanding of the Company.

The Company holds conferences with analysts and the press to announce its annual results. In order to facilitate communication between the Company, Shareholders and investors, the Directors and designated employees will maintain on-going dialogue with investors and analysts through roadshows and marketing activities for investors.

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

The Company will keep the Shareholders and investors informed of its latest development via various publications such as announcements, circulars, annual and interim reports and press releases, which are available on the Company's website in both English and Chinese. The Company enables investors to fully express their opinions, through an investor hotline, e-mail, an interactive platform of Shenzhen Stock Exchange for investor relations, and solicitation of problems from investors before results presentations. Meanwhile, in order to promote communication between the Company and investors, the Company reports its operating conditions and financial data, and answers questions from investors and analysts through its results presentations.

The annual general meeting provides a constructive communication platform for the Company to maintain regular two-way effective communication with shareholders and regularly review the effectiveness of communication channels. The Company will arrange the Chairman and the respective chairman or member(s) of each of the Board committees (including the special meetings of independent non-executive Directors, where applicable), or if failing so due to unexpected and/or uncontrollable reasons, his/their duly appointed delegate(s), to attend the general meetings to exchange views with Shareholders and answer their questions. All Directors are encouraged to attend general meetings and develop a balance understanding of the view of Shareholders.

The external auditor will also be invited to attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

Separate resolutions are proposed on each substantially separate issue, including the election or re-election of each Director nominated.

To ensure the votes cast are properly counted and recorded, it is the practice of the Company to appoint representatives of its share registrar in Hong Kong as scrutineer of the voting procedures in general meetings.

The Company reviewed the policy of communication with shareholders and investors for 2023. After considering the existing various communication channels and participation channels, the Company believed that the policy of communication with shareholders was properly implemented and effective.

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

(2) Shareholders' rights

Any Shareholder is encouraged and entitled to attend all general meetings of the Company, provided that their Shares have been recorded in the register of members of the Company. Where an annual general meeting is convened by the Company, it shall issue a written notice at least 21 days prior to the meeting, and in the case of an extraordinary general meeting, it shall issue a written notice at least 15 days prior to the meeting, to notify all the registered shareholders of the matters proposed to be considered at the meeting as well as the date and place of the meeting.

At the general meeting, all resolutions will be voted by way of poll in accordance with the SZSE Listing Rules, the Hong Kong Stock Exchange Listing Rules, the Articles of Association and other relevant provisions. The chairman of the general meeting will explain the detailed procedures for voting by way of poll at the beginning of the meeting and answer the Shareholders' questions during the meeting.

The Board, the Supervisory Committee and Shareholders severally or jointly holding more than 3% of the Company's Shares, shall be entitled to put forward proposals to the Company. In addition, Shareholders may convene an extraordinary general meeting in accordance with Article 66 of the Articles of Association. According to the Articles of Association, Shareholder(s) severally or jointly holding more than 10% of the Company's Shares may, by submitting a written request to the Board, require an extraordinary general meeting. The Board shall, pursuant to laws, administrative regulations and the provisions of the Articles of Association, give a written reply on whether or not to convene the extraordinary general meeting within 10 days after receipt of the proposal. If the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after the resolution is made by the Board. In the event of any change to the original proposal set forth in the notice, the consent of relevant Shareholder(s) shall be obtained. If the Board does not agree to convene the extraordinary general meeting or fails to give a reply within 10 days after receipt of the proposal, Shareholder(s) severally or jointly holding more than 10% of the Company's Shares shall be entitled to propose to the Supervisory Committee to convene an extraordinary general meeting, and shall put forward such proposal to the Supervisory Committee in writing. If the Supervisory Committee agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after receipt of the said proposal. In the event of any change to the original proposal set forth in the notice, the consent of relevant Shareholder(s) shall be obtained. In the case of failure to issue the notice for the general meeting within the term stipulated, the Supervisory Committee shall be deemed

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

as failing to convene and preside over the general meeting. The Shareholder(s) severally or jointly holding more than 10% of the Company's Shares for more than 90 consecutive days may convene and preside over such meeting by itself/themselves.

A Shareholder may propose a person other than a Director of the Company for election as a Director at a general meeting. The "Procedures for Shareholders to Nominate Director Candidates" has been published on the Company's website.

Shareholders should direct their questions about their shareholdings to the Company's share registrar in Hong Kong.

Shareholders may make enquiries with the Board at the general meetings. Alternatively, Shareholders may at any time send their enquiries and concerns to the Board by addressing to the Company Secretary whose contact information are set out in "Investor relations contacts" hereafter in this section.

Shareholders and investors may at any time make a request for the Company's information to the extent such information is publicly available.

Details on the general meeting and investor reception activities of the Group during the Reporting Period are set out in "IV. Information on Annual General Meeting and Extraordinary General Meeting During the Reporting Period" in "Section VII Corporate Governance and Corporate Governance Report" and "XII. Register of Reception of Research, Communications and Interviews During the Reporting Period" in "Section IV Management Discussion and Analysis" in this report.

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

11. DIVIDEND POLICY

The Board of the Company has approved and updated the “Dividend Policy” on August 26, 2019. According to the dividend policy, dividends to be distributed by the Company each year shall be range from 40% to 60% of the net profit attributable to owners of the Company for the previous fiscal year, subject to the relevant laws and regulations of the PRC and Hong Kong and the Articles of Association. Pursuant to applicable laws, the declaration and payment of any dividends would require the approval of the Board at its discretion, and depend on our actual and expected results of operations, cash flows, financial position, general business conditions, business strategies, expected working capital requirements, future expansion plans, legal, regulatory and other contractual restrictions, and other factors that the Board considers appropriate.

The Company may declare and pay dividends in cash or by other ways that the Company considers appropriate. Any dividends for every fiscal year will be subject to Shareholders’ approval. Any dividends to be distributed by the Company will be decided by the Board at its discretion. In addition, the dividend policy of the Company will also be subject to the Articles of Association, the Company Law of the People’s Republic of China, and any other applicable PRC laws and regulations. In any event, the Company will pay dividends out of the profit after tax only after the Company has made the following allocations: (i) recovery of accumulated losses, if any; (ii) allocation to the statutory common reserve fund of an amount of not less than 10% of the Company’s profit after tax, as determined under the Company Law of the People’s Republic of China; and (iii) allocation, if any, to a discretionary common reserve fund of an amount approved by the Shareholders at a general meeting.

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

The minimum allocation to the statutory common reserve fund is 10% of the Company's profit after tax, as determined under the Company Law of the People's Republic of China. When the statutory common reserve fund reaches and is maintained at or above 50% of the registered capital of the Company, no further allocation to this statutory common reserve fund will be required. Pursuant to the Articles of Association, after the completion of the global offering, the dividend can only be paid out of the distributable profit calculated according to the PRC generally accepted accounting principles or the international financial reporting standards whichever is lower.

Any distributable profits that are not distributed in any given year will be retained and become available for distribution in subsequent years.

In order to fully consider the interests of Shareholders with rights, the Company has made a plan in respect of the policy for dividend distribution to be made upon the completion of the A Share Offering. On June 22, 2020, the Company held the 2019 annual general meeting, the 1st domestic Shareholders' class meeting in 2020, and the 1st H Shareholders' class meeting in 2020, at which the Proposal on the Profit Distribution Policy and Shareholder Return Plan for the Next Three Years Following the A Share Offering and Listing on the ChiNext Market ("**Return Plan**") was considered and approved. According to the Return Plan, subject to the conditions for cash dividends and in accordance with Article 8 of the Administrative Measures for the Issuance of Securities by Listed Companies, the total profit distributed in cash over the next three years after the listing of A Share of the Company (namely July 8, 2021) shall not be less than 30% of the average annual distributable profit over the three years. The Company may distribute dividends in shares while distributing cash dividends. For details, please refer to the Prospectus for the Initial Public Offering and Listing of Shares of CIMC Vehicles (Group) Co., Ltd. on the ChiNext Market published by the Company on July 5, 2021.

The Company intends to buy back all the issued H Shares (other than those held by CIMC Group and its concert parties) by way of offer and cancel the corresponding H Shares, and voluntarily withdraw the listing status of the Company's H Shares on The Stock Exchange of Hong Kong Limited. Taking into account the scale of funds required for the H Share Buy-back Offer and Withdrawal of Listing plan the Company intends to implement, as well as the production or operation needs of the Company, while ensuring the capital needs of the Company's project construction, research and development, production and other daily operation, the Company intends to decide that no cash dividends will be distributed, no bonus shares will be issued and shares will not be converted from capital reserve into share capital in 2023.

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

12. INVESTOR RELATIONS CONTACTS

The Company values feedbacks from Shareholders, the investors and the public. Enquiries and proposals are welcome and can be put to the Company via the following means:

By phone: 86-755-26802116

By email: ir_vehicles@cimc.com

The latest investor relations information is available at the Company's website at www.cimcvehiclesgroup.com.

13. ARTICLES OF ASSOCIATION

During the Reporting Period, the Company did not amend the Articles of Association. The Articles of Association has been published on the websites of the Shenzhen Stock Exchange, the Hong Kong Stock Exchange and the Company.

14. CORPORATE CULTURE

The Company has built a multi-level cultural system with core values, business principles and behavior orientation to create a harmonious, trusting, practical and progressive corporate atmosphere, enhance employees' sense of belonging and responsibility, and enable them to give full play to their abilities and potentials, thus realizing long-term sustainable development. Details about the corporate culture of the Company are set out in the "Group Profile" section of the official website of the Company. The Board of the Group has been adhering to good corporate culture, constantly deepened and improved the Company's operation and ensured that the correct corporate culture is followed. In order to ensure the consistency of the ethical conduct and integrity standards of employees with the corporate culture of integrity, the Company carries out anti-corruption training for all employees, punish employees who violate the corporate culture of integrity, and reward employees who make special contributions to maintaining the corporate culture of integrity.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

I. MAJOR ENVIRONMENTAL PROTECTION ISSUES

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

Yes No

Environmental protection-related policies and industry standards

The subsidiaries of the Group shall comply with the following environmental protection laws, regulations and industry standards in the course of production and operation:

- (1) Environmental protection laws and regulations: The subsidiaries of the Group strictly abide by laws, regulations and industry standards including the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste, the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on Prevention and Control of Water Pollution, the Integrated Emission Standard of Air Pollutants, the Standard for Control of Fugitive Emission of Volatile Organic Compounds, the Integrated Wastewater Discharge Standard, the Standard for Pollution Control on Hazardous Waste Storage, as well as the relevant environmental protection responsibilities and requirements;
- (2) Pollutant discharge permit system: The subsidiaries of the Group strictly abide by the Regulation on the Administration of Permitting of Pollutant Discharges, obtained legal pollutant discharge permits in accordance with local pollutant discharge permit systems, and monitored and disclosed pollutant discharge data as required;
- (3) Environmental impact assessment: The subsidiaries of the Group conducted environmental impact assessments for construction, expansion or reconstruction projects in strict compliance with laws and regulations including the Regulations on the Administration of Construction Project Environmental Protection and the Law of the PRC on Environmental Impact Assessment, ensuring the full assessment and control of impacts on the environment;
- (4) ISO14001 Standards: The subsidiaries of the Group have established an environmental management system according to the certification standards of international environmental management system, and ensured that their environmental management meets international standards;

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

- (5) Industry environmental standards: In strict compliance with industry environmental protection standards including the Emission Standard of Volatile Organic Compounds for Surface Coating (Vehicle Manufacturing Industry), the Emission Standard of Volatile Organic Compounds for Industrial Surface Coating and the Boiler Air Pollutant Discharge Standard, the subsidiaries of the Group continued to improve process conditions, adopt efficient environmental protection equipment and facilities, reduce pollutant emissions, and ensure that the products and the production process meets the industry environmental requirements.

Environmental protection administrative licensing

S/N	Name of Company or Subsidiary	Pollutant Discharge Permit Number	Validity Period of Current Certificate
1	Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd.	91321091608706482E002V (Semi-trailer Plant) 91321091608706482E003V (Tank Truck Plant)	From December 23, 2022 to December 22, 2027 From December 13, 2023 to December 12, 2028
2	Zhumadian CIMC Huajun Vehicle Co., Ltd.	91411700175914226P001R	From October 20, 2021 to October 19, 2026
3	CIMC Vehicles (Shandong) Co., Ltd.	9137010061320142XH001C	From December 27, 2023 to December 26, 2028
4	Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd.	913708327986915837001Q	From May 24, 2023 to May 23, 2028
5	CIMC Vehicles (Jiangmen) Co., Ltd.	91440705769334958U001C	From September 30, 2022 to September 29, 2027
6	Dongguan CIMC Special Vehicle Co., Ltd.	91441900398195118U001Q	From September 29, 2022 to September 28, 2027
7	Gansu CIMC Huajun Vehicles Co., Ltd.	91620000784046137M001V	Deregistered in November 2023
8	Luoyang CIMC Lingyu Automobile Co., Ltd.	91410300799163918F001R	From January 07, 2022 to January 06, 2027

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

Industry emission standards and details of the pollutant emissions involved in production and operation activities

Name of company or subsidiary	Type of major and specific pollutants	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission			
Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd.	Atmospheric pollution	Particulate matter	Organised emission	3	Semi-trailer KTL workshop, B6 coating workshop	9.400mg/m ³	Integrated Emission Standard of Air Pollutants DB32/4041-2021	1.7999	8.2927	Not exceeded			
				1	Semi-trailer hazardous waste warehouse	0.450mg/m ³		0.0047	5.2350	Not exceeded			
				3	Semi-trailer KTL workshop, shower room	3.900mg/m ³		Boiler Air Pollutant Discharge Standard DB32/4385-2022	0.0236	8.2927	Not exceeded		
				3	Semi-trailer KTL workshop, shower room	40.000mg/m ³			0.2647	5.5162	Not exceeded		
				3	Semi-trailer KTL workshop, shower room	Not detected			0	0.2711	Not exceeded		
				3	Semi-trailer KTL workshop, shower room	<1			-	Not approved by regulators	Not exceeded		
				2	Tanker powder spraying workshop, shower room	5.100mg/m ³			Boiler Air Pollutant Discharge Standard GB13271-2014	0.0215	8.2927	Not exceeded	
				2	Tanker powder spraying workshop, shower room	48.000mg/m ³				0.2171	5.5162	Not exceeded	
				2	Tanker powder spraying workshop, shower room	Not detected				0	0.2711	Not exceeded	
				2	Tanker powder spraying workshop, shower room	<1				-	Not approved by regulators	Not exceeded	
				11	Semi-trailer KTL workshop, B6 coating workshop; tanker powder spraying workshop, coating workshop	18.800mg/m ³				Emission Standard of Air Pollutants for Industrial Kilns and Furnaces DB 32/3728-2020	0.1191	8.2927	Not exceeded
				11	Semi-trailer KTL workshop, B6 coating workshop; tanker powder spraying workshop, coating workshop	135.000mg/m ³					1.5954	5.5162	Not exceeded

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

Name of company or subsidiary	Type of major and specific pollutants	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
		Sulfur dioxide	Organised emission	11	Semi-trailer KTL workshop, B6 coating workshop; tanker powder spraying workshop, coating workshop	26.000mg/m ³		0.1240	0.2711	Not exceeded
		Ringelmann Blackness	Organised emission	10	Semi-trailer KTL workshop, B6 coating workshop; tanker powder spraying workshop, coating workshop	<1		-	Not approved by regulators	Not exceeded
		Particulate matter	Organised emission	2	Semi-trailer KTL workshop, B6 coating workshop	8.300mg/m ³	Emission Standard of Air Pollutants for Surface Coating (Vehicle Parts and Components) DB32/3966-2021	0.5945	8.2927	Not exceeded
		Methylbenzene +Xylene	Organised emission	1	Semi-trailer B6 coating workshop	0.366mg/m ³		0.0319	Not approved by regulators	Not exceeded
		Non-methane total hydrocarbons	Organised emission	4	Semi-trailer KTL workshop, B6 coating workshop	14.807mg/m ³		1.7127	5.2350	Not exceeded
		Particulate matter	Organised emission	2	Tanker coating workshop	2.700mg/m ³	Integrated Emission Standard of Air Pollutants GB16297-1996	0.5819	8.2927	Not exceeded
		Particulate matter	Organised emission	2	Tanker coating workshop	4.400mg/m ³		0.4524	8.2927	Not exceeded
		Fluoride	Organised emission	1	Tanker coating workshop	1.970 mg/m ³		0.0505	Not approved by regulators	Not exceeded
		Nitric oxide	Organised emission	1	Tanker coating workshop	0.356mg/m ³		0.0331	5.5162	Not exceeded
		Methylbenzene	Organised emission	2	Tanker coating workshop	0.158mg/m ³	Emission Standard of Volatile Organic Compounds for Surface Coating (Vehicle Manufacturing Industry) DB32/2862-2016	0.0127	Not approved by regulators	Not exceeded

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

Name of company or subsidiary	Type of major and specific pollutants	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
		Xylene	Organised emission	2	Tanker coating workshop	0.191mg/m ³		0.0117	Not approved by regulators	Not exceeded
		Non-methane total hydrocarbons	Organised emission	7	Tanker powder spraying workshop, coating workshop, hazardous waste warehouse	47.200mg/m ³		0.5580	5.2350	Not exceeded
		Non-methane total hydrocarbons	Organised emission	1	Semi-trailer KTL workshop	6.900mg/m ³	Emission Standard of Volatile Organic Compounds for Industrial Enterprise (DB12/524-2020)	0.0096	5.2350	Not exceeded
		Phosphoric acid fume	Organised emission	1	Semi-trailer KTL workshop	Not detected	Reference to Integrated Emission Standard of Air Pollutants DB31/933-2015	0	Not approved by regulators	Not exceeded
	Water pollution	pH	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	8.4	Wastewater Quality Standards for Discharge to Municipal Sewers GB/T31962-2015 (Grade B), Integrated Wastewater Discharge Standard GB8978-1996 (Level III)	-	Not approved by regulators	Not exceeded
		SS	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	87.000mg/L		6.9675	Not approved by regulators	Not exceeded
		Five-day biochemical oxygen demand	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	93.000mg/L		6.3003	Not approved by regulators	Not exceeded
		Anionic surfactant	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	2.550mg/L		0.1360	Not approved by regulators	Not exceeded
		Total nickel	Indirect emission	2	Main outlet of semi-trailer plant	0.220mg/L		0.0028	0.0080	Not exceeded
		Total phosphorus	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	7.640mg/L		0.7926	1.0060	Not exceeded
		COD	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	495.500mg/L		42.9774	103.8420	Not exceeded

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

Name of company or subsidiary	Type of major and specific pollutants	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission	
Zhumadian CIMC Huajun Vehicle Co., Ltd.		Total nitrogen	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	67.000mg/L		5.1837	9.9740	Not exceeded	
		Petroleum	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	7.670mg/L		0.1753	Not approved by regulators	Not exceeded	
		Total chromium	Indirect emission	1	Main outlet of tanker plant	Not detected		0	0.00003	Not exceeded	
		Fluoride	Indirect emission	1	Main outlet of tanker plant	16.400mg/L		1.0799	Not approved by regulators	Not exceeded	
		Ammonia nitrogen	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	44.650mg/L		4.9319	5.7810	Not exceeded	
		Total zinc	Indirect emission	1	Main outlet of semi-trailer plant	0.150mg/L		0.0023	Not approved by regulators	Not exceeded	
		Total manganese	Indirect emission	1	Main outlet of semi-trailer plant	0.900mg/L		0.0188	Not approved by regulators	Not exceeded	
		Atmospheric pollution	Methylbenzene	Organised emission	13	The outer edge of coating workshop	0.898 mg/m ³	Emission Standard of Volatile Organic Compounds for Industrial Surface Coating DB41/1951-2020	0.3517	Not approved by regulators	Not exceeded
			Xylene	Organised emission	13	The outer edge of coating workshop	3.160 mg/m ³		2.5221	Not approved by regulators	Not exceeded
			Non-methane total hydrocarbons	Organised emission	15	The outer edge of coating workshop	11.600 mg/m ³		12.6003	58.8350	Not exceeded
			Particulate matter	Organised emission	34	The outer edge of sanding Workshop	31.300 mg/m ³	Integrated Emission Standard of Air Pollutants GB16297-1996	14.2574	Not approved by regulators	Not exceeded
			Nitric oxide	Organised emission	10	Dump, Light Tower, semi-trailer, special gas outlets	96.000 mg/m ³	Henan Provincial Local Standards – Emission Standard of Air Pollutants for Industrial Kilns and Furnaces DB41/1066 – 2020	9.4666	Not approved by regulators	Not exceeded

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

Name of company or subsidiary	Type of major and specific pollutants	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
		Sulfur dioxide	Organised emission	10	Dump, Light Tower, semi-trailer, special gas outlets	Not detected		0	Not approved by regulators	Not exceeded
		Ringelmann Blackness	Organised emission	10	Dump, Light Tower, semi-trailer, special gas outlets	<1		-	Not approved by regulators	Not exceeded
	Water pollution	COD	Indirect emission	1	The main outlet of the plant	44.250mg/L	Integrated Waste water Discharge Standard 8978-1996	1.1736	3.4440	Not exceeded
		Ammonia nitrogen	Indirect emission	1	The main outlet of the plant	8.190 mg/L		0.1488	0.4750	Not exceeded
		Five-day biochemical oxygen demand	Indirect emission	1	The main outlet of the plant	13.775mg/L		0.3246	Not approved by regulators	Not exceeded
		pH	Indirect emission	1	The main outlet of the plant	7.4		-	Not approved by regulators	Not exceeded
		Total phosphorus	Indirect emission	1	The main outlet of the plant	0.960 mg/L		0.0326	Not approved by regulators	Not exceeded
		Fluoride	Indirect emission	1	The main outlet of the plant	0.520mg/L		0.0245	Not approved by regulators	Not exceeded
		Anionic surfactant	Indirect emission	1	The main outlet of the plant	0.213mg/L		0.0063	Not approved by regulators	Not exceeded
		Petroleum	Indirect emission	1	The main outlet of the plant	0.082mg/L		0.0093	Not approved by regulators	Not exceeded
		Phosphate	Indirect emission	1	The main outlet of the plant	0.620 mg/L		0.0183	0.2316	Not exceeded
		SS	Indirect emission	1	The main outlet of the plant	18.000 mg/L		0.5394	Not approved by regulators	Not exceeded
		Total nickel	Indirect emission	1	The main outlet of the plant	Not detected		0	0	Not exceeded
CIMC Vehicles (Shandong) Co., Ltd.	Atmospheric pollution	Nitric oxide	Organised emission	2	The boiler room of refrigeration and cold	46.000mg/m ³	Boiler Air Pollutant Discharge Standard of Shandong (DB37/2374-2018)	0.1645	Not approved by regulators	Not exceeded
		Sulfur dioxide	Organised emission	2	The boiler room of refrigeration and cold	4.000mg/m ³		0.0065	Not approved by regulators	Not exceeded
		Particulate matter	Organised emission	2	The boiler room of refrigeration and cold	3.900mg/m ³		0.0093	Not approved by regulators	Not exceeded

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

Name of company or subsidiary	Type of major and specific pollutants	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
		Methylbenzene	Organised emission	3	Painting workshop – painting line (small parts, colour separation), hazardous waste temporary storage room	0.186mg/m ³	Shandong Province Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing (DB37/2801.1-2016)	0.0051	Not approved by regulators	Not exceeded
		Xylene	Organised emission	3	Painting workshop – painting line (small parts, colour separation), hazardous waste temporary storage room	2.370mg/m ³		0.0469	Not approved by regulators	Not exceeded
		Non-methane total hydrocarbons	Organised emission	5	Painting workshop – painting line (small parts, colour separation), plate making process, cold foaming process, hazardous waste temporary storage room	26.600mg/m ³		1.7976	20.6500	Not exceeded
		Sulfur dioxide	Organised emission	2	Painting workshop – painting colour separation line, small parts drying line	5.000mg/m ³	Shandong Provincial Standard – Regional and Integrated Emission Standard of Air Pollutants (DB37/2376-2019)	0.0310	Not approved by regulators	Not exceeded
		Nitric oxide	Organised emission	2	Painting workshop – painting colour separation line, small parts drying line	35.000mg/m ³		0.2540	Not approved by regulators	Not exceeded
		Particulate matter	Organised emission	6	Painting workshop – painting line (small parts, colour separation), drying line (small parts, colour separation), carving and trimming, woodworking cutting	3.300mg/m ³		0.5674	Not approved by regulators	Not exceeded

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

Name of company or subsidiary	Type of major and specific pollutants	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd.	Atmospheric pollution	Particulate matter	Organised emission	7	Shot blasting room, centralized welding fume collection	4.400mg/m ³	Shandong Provincial Standard – Regional and Integrated Emission Standard of Air Pollutants (DB37/2376-2019)	1.6309	Not approved by regulators	Not exceeded
				1	Drying room	17.000mg/m ³		1.2624	Not approved by regulators	Not exceeded
				1	Drying room	3.000mg/m ³		0.1584	Not approved by regulators	Not exceeded
				1	Painting room, drying room	4.350mg/m ³	Shandong Province Volatile Organic Compounds Emission Standard Part I:Automotive Manufacturing (DB37/2801.1-2016)	0.5378	78.6450	Not exceeded
				1	Painting room, drying room	0.125mg/m ³		0.0117	Not approved by regulators	Not exceeded
				1	Painting room, drying room	0.435mg/m ³		0.0126	Not approved by regulators	Not exceeded
CIMC Vehicles (Jiangmen) Co., Ltd.	Atmospheric pollution	Methylbenzene +Xylene	Organised emission	3	3 for the painting line	16.200 mg/m ³	DB44/816-2010 Emission Standard of Volatile Organic Compounds for Surface Coating (Vehicle Manufacturing Industry)	0.6922	Not approved by regulators	Not exceeded
				3	3 for the painting line	35.700mg/m ³		1.7692	2.900	Not exceeded
				4	1 in the sanding room, 3 in the paint grinding room	<20 mg/m ³	DB44/27-2001 Emission Limits of Air Pollutants	2.7333	Not approved by regulators	Not exceeded
				1	1 in the drying room	8.000mg/m ³	GB9078-1996 Emission Standard of Air Pollutants for Industrial Kilns and Furnaces	0.0057	0.0800	Not exceeded

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

Name of company or subsidiary	Type of major and specific pollutants	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
Dongguan CIMC Special Vehicle Co., Ltd.	Atmospheric pollution	Nitric oxide	Organised emission	1	1 in the drying room	55.000mg/m ³		0.0721	0.4400	Not exceeded
		Particulate matter	Organised emission	15	Structure workshop, coating workshop	20.300mg/m ³	Air Pollutant Emission Limits DB44/27-2001 Period II Class 2 standard	5.1483	Not approved by regulators	Not exceeded
		Manganese and its compounds	Organised emission	6	Structure workshop	0.077mg/m ³		0.0039	Not approved by regulators	Not exceeded
		Sulfur dioxide	Organised emission	8	Coating workshop	3.000mg/m ³		0.0473	0.2978	Not exceeded
		Nitric oxide	Organised emission	8	Coating workshop	25.000mg/m ³		0.2271	2.9114	Not exceeded
		VOCs	Organised emission	2	Coating workshop	9.780mg/m ³	Emission Standard of Volatile Organic Compounds for Surface Coating (Vehicle Manufacturing Industry) DB44/816-2010	0.0857	0.0870	Not exceeded
	Water pollution	COD	Direct emission	1	Industrial wastewater outlet	12.000mg/l	Environmental Quality Standard for Surface Water GB3838-2002	0.1027	0.6600	Not exceeded
		BOD5	Direct emission	1	Industrial wastewater outlet	3.700mg/l		0.0317	Not approved by regulators	Not exceeded
		Total phosphorus	Direct emission	1	Industrial wastewater outlet	0.080mg/l		0.0007	Not approved by regulators	Not exceeded
		Petroleum	Direct emission	1	Industrial wastewater outlet	0.380mg/l		0.0033	Not approved by regulators	Not exceeded
	Total zinc	Direct emission	1	Industrial wastewater outlet	0.025mg/l		0.0002	Not approved by regulators	Not exceeded	
	Total nickel	Direct emission	1	Industrial wastewater outlet	0.060mg/l		0.0005	Not approved by regulators	Not exceeded	
	Total manganese	Direct emission	1	Industrial wastewater outlet	0.062mg/l		0.0005	Not approved by regulators	Not exceeded	

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

Name of company or subsidiary	Type of major and specific pollutants	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
Gansu CIMC Vehicles Co., Ltd.	Atmospheric pollution	Fluoride	Direct emission	1	Industrial wastewater outlet	0.760mg/l		0.0065	Not approved by regulators	Not exceeded
		Total nitrogen	Direct emission	1	Industrial wastewater outlet	1.420mg/l		0.0122	0.0405	Not exceeded
		SS	Direct emission	1	Industrial wastewater outlet	15.000mg/l	Discharge Standard of Water Pollutants for Electroplating DB44/1597-2015	0.1284	Not approved by regulators	Not exceeded
		COD	Indirect emission	1	Domestic sewage outlet	209.000mg/l	Discharge Limits of Water Pollutants DB44/26-2001	9.6966	Not approved by regulators	Not exceeded
		SS	Indirect emission	1	Domestic sewage outlet	73.000mg/l		3.3868	Not approved by regulators	Not exceeded
		BOD	Indirect emission	1	Domestic sewage outlet	63.800mg/l		2.9600	Not approved by regulators	Not exceeded
		Ammonia nitrogen	Indirect emission	1	Domestic sewage outlet	13.600mg/l		0.6310	Not approved by regulators	Not exceeded
		Total phosphorus	Indirect emission	1	Domestic sewage outlet	2.750mg/l		0.1276	Not approved by regulators	Not exceeded
	Water pollution	Xylene	Organised emission	1	Coating workshop	0.530mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996)	0.0446	Not approved by regulators	Not exceeded
		Methylbenzene	Organised emission	1	Coating workshop	1.660mg/m ³		0.1466	Not approved by regulators	Not exceeded
		Particulate matter	Organised emission	4	Coating workshop and sanding room	10.600mg/m ³		2.0703	Not approved by regulators	Not exceeded
		Nitric oxide	Organised emission	1	Coating workshop	25.000mg/m ³		0.0049	Not approved by regulators	Not exceeded
		VOCs	Organised emission	1	Coating workshop	5.230mg/m ³		0.9222	66.5000	Not exceeded
	SS	Indirect emission	1	The main outlet of the plant	52.000mg/L	Integrated Wastewater Discharge Standard GB8978-1996	0.6774	Not approved by regulators	Not exceeded	

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

Name of company or subsidiary	Type of major and specific pollutants	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
		Five-day biochemical oxygen demand	Indirect emission	1	The main outlet of the plant	12.900mg/L		0.1346	Not approved by regulators	Not exceeded
		CODcr	Indirect emission	1	The main outlet of the plant	33.000mg/L		0.3681	Not approved by regulators	Not exceeded
		Ammonia nitrogen	Indirect emission	1	The main outlet of the plant	19.300mg/L		0.2450	Not approved by regulators	Not exceeded
		Total phosphorus	Indirect emission	1	The main outlet of the plant	2.350mg/L		0.0254	Not approved by regulators	Not exceeded
		pH	Indirect emission	1	The main outlet of the plant	8.1		-	Not approved by regulators	Not exceeded
Luoyang CIMC Lingyu Automobile Co., Ltd.	Atmospheric pollution	Particulate matter ⁴	Organised emission	22	Cutting and welding fume treatment facilities	3.600mg/m ³	Special Plan for Industrial Pollution Control in Luoyang City in 2020 (Luo Huan Gong Jian Ban [2020] No.14)	1.3148	Not approved by regulators	Not exceeded
		Particulate matter ¹	Organised emission	11	Drying room of the painting workshop, drying room of the powder spraying line, powder curing room and hot cleaning furnace	5.700mg/m ³	Standards in Table 1 in the Standards of Atmospheric Pollution Emissions from Industrial Furnaces (DB41/1066-2020)	0.1018	Not approved by regulators	Not exceeded
		Sulfur dioxide ¹	Organised emission	11	Drying room of the painting workshop, drying room of the powder spraying line, powder curing room and hot cleaning furnace	6.000mg/m ³		0.0493	Not approved by regulators	Not exceeded
		Nitric oxide ¹	Organised emission	11	Drying room of the painting workshop, drying room of the powder spraying line, powder curing room and hot cleaning furnace	69.000mg/m ³		0.6764	Not approved by regulators	Not exceeded
		Nitric oxide ²	Organised emission	1	Gas-fired boiler of the powder spraying line (spare boiler, not used in 2023)	0	Boiler Air Pollutant Discharge Standard (DB41/2089-2021)	0	Not approved by regulators	Not exceeded

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

Name of company or subsidiary	Type of major and specific pollutants	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
		Particulate matter ²	Organised emission	1		0		0	Not approved by regulators	Not exceeded
		Sulfur dioxide ²	Organised emission	1		0		0	Not approved by regulators	Not exceeded
		Particulate matter ³	Organised emission	8	The painting room, polishing room and sandblasting room of the painting workshop, the shot blasting room and the powder spraying room of the powder spraying line	8.900mg/m ³	Class 2 standards in Table 2 of the Integrated Emission Standard of Air Pollutants (GB16297 – 1996)	2.4160	Not approved by regulators	Not exceeded
		Non-methane total hydrocarbons	Organised emission	3	Exhaust gas treatment facilities for painting and drying in the painting workshop, the powder curing room and hot cleaning furnace of the powder spraying line	45.870mg/m ³	Standards in Table 1 in the Standards of Volatile Organic Compounds Emissions from Industrial Coating Processes (DB41/1951-2020)	2.6965	18.5100	Not exceeded
	Water pollution	COD	Indirect emission	1	The main sewage outlet of the plant	286.178mg/L	Class 3 standard in Table 4 in the Integrated Wastewater Discharge Standard (GB8978-1996)	1.5524	8.9060	Not exceeded
		SS	Indirect emission	1	The main sewage outlet of the plant	18.000mg/L		0.2522	Not approved by regulators	Not exceeded
		Fluoride	Indirect emission	1	The main sewage outlet of the plant	3.680mg/L		0.0498	Not approved by regulators	Not exceeded
		pH	Indirect emission	1	The main sewage outlet of the plant	8.0		–	Not approved by regulators	Not exceeded
		Anionic surfactant	Indirect emission	1	The main sewage outlet of the plant	0.151mg/L		0.0021	Not approved by regulators	Not exceeded
		COD	Indirect emission	1	The main sewage outlet of the plant	22.200mg/L		0.1772	Not approved by regulators	Not exceeded
		Ammonia nitrogen	Indirect emission	1	The main sewage outlet of the plant	39.718mg/L	Waste water Quality Standards for Discharge to Municipal Sewers (GB/T 31962-2015)	0.1139	1.2140	Not exceeded

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

Name of company or subsidiary	Type of major and specific pollutants	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
		Phosphate	Indirect emission	1	The main sewage outlet of the plant	3.372mg/L	Waste water Quality Standards for Discharge to Municipal Sewers (GB/T 31962-2015)	0.0184	Not approved by regulators	Not exceeded
		Petroleum	Indirect emission	1	The main sewage outlet of the plant	0.060mg/L		0.0013	Not approved by regulators	Not exceeded

Treatment of Pollutants

Yangzhou
CIMC Tong
Hua Special
Vehicles Co.,
Ltd.

Industrial sewage:
3 sets of sewage treatment systems:

- (1) 1 set of semi-trailer electrophoresis wastewater treatment system: the maximum capacity of treating wastewater with phosphorus and heavy metal is 4.5 m³/h and the maximum capacity of treating wastewater without phosphorus and heavy metal is 8 m³/h. Wastewater with phosphorus and heavy metal is pre-treated by secondary coagulation-sedimentation; wastewater without phosphorus and heavy metal is pre-treated by coagulation-sedimentation + flotation. Pre-treated industrial wastewater and domestic sewage are discharged to the municipal network after the anaerobic process + aerobic process + membrane bioreactor (MBR) treatment in compliance with pipe incorporation standards.
- (2) 1 set of semi-trailer plant coating wastewater treatment system, with a designed capacity of 2 m³/h. Wastewater is recycled to the painting room after treated with solvent and discharged regularly after the treatment in compliance with standards.
- (3) 1 set of tanker plant coating wastewater treatment system: Wastewater with heavy metals after flocculation and sedimentation, and wastewater without heavy metals after pH adjustment + sedimentation are subjected to air flotation + hydrolysis acidification + contact oxidation + sedimentation. Such treated wastewater is discharged via pipes after reaching the standard. The designed treatment capacity is 40t/d.

Currently, all the above facilities are in normal operation.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Industrial exhaust:

- (1) 6 sets of sanding waste gas dust removal facilities, with cyclone dust removal + filter barrel dust removal process; the air speed at the inlet of cyclone dust collector is 18-22 m/s; the air speed of filter barrel dust collector is 0.85 m/min; the filtration precision is 5-10 μ m.
- (2) 2 sets of paint spray and touch-up waste gas activated carbon adsorption + catalytic combustion facilities, adopting the activated carbon adsorption + catalytic combustion process, with a designed air treatment volume of 120,000 m³/h each. The equipments are in normal operation.
- (3) 1 set of paint spray+ zeolite wheel adsorption and concentration of drying exhaust gas + thermal storage oxidation exhaust gas treatment equipment, which adopts the advanced process of “zeolite wheel adsorption and concentration + desorption + thermal storage oxidation combustion”, with a designed air treatment volume of 120,000 m³/h each. The equipment is in normal operation.
- (4) 32 sets of dust removal devices for welding waste gas treatment, adopting the mobile welding dust removal device to treat welding and polishing.
- (5) 2 sets of canteen fume purification devices, adopting the fume purification device to treat the canteen fume.
- (6) Low-nitrogen burners are installed for 2 sets of natural gas boilers in the shower room.
- (7) 2 sets of activated carbon adsorption devices for the hazardous waste warehouse.
- (8) 1 set of phosphorus waste gas purification device, adopting the waste gas washing tower, with an air treatment volume of 25,000 m³/h, filtration speed of 1.8-2 m/s and efficiency of 95%.
- (9) 1 set of electro-coating waste gas purification device, emitting the waste gas collected by the suction hood after the treatment of waste gas washing tower, with an air treatment volume of 25,000 m³/h, filtration speed of 1.8-2 m/s and efficiency of 90%.
- (10) 1 set of electro-drying waste gas catalytic combustion device, adopting the catalytic combustion process, with a designed air treatment volume of 4,000 Nm³/h.
- (11) 1 set of powder solidification waste gas filter cotton + activated carbon adsorption device, adopting the filter cotton + activated carbon adsorption process, with the filtration area of the filter cotton filtration system being 4.4 m² and the thickness of 50 mm, the filtration area of activated carbon adsorption being 204.4 m² and the filter layer of 200 mm.
- (12) 1 set of acid pickling waste gas purification device, adopting waste gas purification tower to treat waste gas, with an air treatment volume of 25,000 m³/h and efficiency of 90%.
- (13) Low-nitrogen burners are installed for 1 set of natural gas hot water boiler for degreasing and heating of zirconization tank.
- (14) 1 set of powder solidification waste gas catalytic combustion device, adopting the catalytic combustion process, with a designed waste gas treatment volume of 1,500 Nm³/h;
- (15) 1 set of putty polishing waste gas filter device, adopting secondary filtration (filter cotton + filter bag) method, with the filtration efficiency of about 90%;

Currently, all the above facilities are in normal operation.

Hazardous waste:

The Company has built 8 hazardous waste temporary storage rooms in accordance with relevant requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2023), with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels.

Currently, all the above facilities are in normal operation.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Zhumadian CIMC Industrial sewage:

- Huajun Vehicle Co., Ltd.
- (1) 1 set of phosphorus-containing inorganic wastewater treatment system, adopting reactive precipitation + TMF + RO + flocculation reaction + secondary biochemical treatment. The treated water is returned to the phosphating washing tank, and the treatment capacity is 4.5 m³/h.
 - (2) 1 set of non-phosphorus organic waste water treatment system, adopting reactive precipitation + flotation + biochemical treatment + MBR + RO + flocculation reaction + secondary biochemical treatment. Part of the treated water is returned to the phosphating washing tank; a small part of the treated water is discharged to the wastewater treatment plant through the municipal network; the treatment capacity is 9 m³/h.
 - (3) Domestic sewage is discharged to the municipal network after treated by the septic tank.
- Currently, facilities (2) and (3) are in normal operation, while facility (1) is suspended due to changes in production processes.

Industrial exhaust:

- (1) 3 sets of plasma gas cutting dust collection and treatment facilities, each with a treatment capacity of 6,000 m³/h.
 - (2) 10 sets of robotic welding fume collection and treatment facilities, each with a treatment capacity of 5,000 m³/h.
 - (3) 1 set of frame line welding fume collection and treatment facilities, with a treatment capacity of 8,000 m³/h
 - (4) 1 set of lifting welding robot welding fume collection and treatment facilities, with capacity of 8,000 m³/h.
 - (5) 2 sets of carving and trimming line robot welding fume collection and treatment facilities, each with a treatment capacity of 10,000 m³/h, adopting the filter cartridge dust removal process;
 - (6) 8 sets of sanding dust collection and treatment facilities, each with a treatment capacity of 80,000 m³/h, adopting the bag dust collecting process.
 - (7) 1 set of electrophoresis tank organic waste gas collection and treatment facilities, with a treatment capacity of 35,000 m³/h, adopting the activated carbon adsorption process.
 - (8) 1 set of electro-drying organic waste gas catalytic combustion treatment facilities, with a treatment capacity of 10,000 m³/h, adopting the catalytic combustion process.
 - (9) 1 set of powder coating waste gas collection and treatment facilities, with a treatment capacity of 30,000 m³/h, adopting the UV photo-oxidation + activated carbon adsorption process.
 - (10) 11 sets of manual painting waste gas catalytic combustion facilities, each with a treatment capacity of 170,000 m³/h, adopting the activated carbon adsorption + catalytic combustion desorption process.
 - (11) 4 set of manual painting washing + activated carbon adsorption treatment facilities, each with a treatment capacity of 150,000 m³/h, adopting the washing + activated carbon adsorption process.
- Currently, all the above facilities are in normal operation.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Hazardous waste:

- (1) The Company has built 2 hazardous waste warehouses, with a closed and wind, rain and sun-proof space. The warehouse is managed under the dual administrator and lock system; the floor has been hardened and treated to prevent any infiltration; cofferdams are established to avoid any leakage. The warehouse sets waste liquid collection measures in place; hazardous waste is stored properly in intact packaging and by category.

Currently, all the above facilities are in normal operation.

CIMC Vehicles
(Shandong)
Co., Ltd.

Industrial sewage:

The Company has 2 sets of sewage treatment systems, consisting of industrial wastewater treatment station and domestic sewage treatment station.

- (1) Industrial wastewater treatment station with a capacity of 2.08 m³/h, adopts the “electrooxidation + flotation + biochemical reaction + sedimentation + sand filtration” process. After the treatment, the wastewater that meets the reclaimed water standards will be reused in the water rotation process of the painting line, with no external discharge.
- (2) Domestic sewage treatment station with a capacity of 2.5 m³/h, adopts the process of “combining the physical and biochemical processes, with the biochemical process as the primary force”. After the treatment, the wastewater that meets the Grade-A standard of the Wastewater Quality Standard for Discharge to Municipal Sewers (GB/T31962-2015) is discharged to the municipal network, and ultimately treated deeply by Everbright Water (Zhangqiu) Operating Limited.

Currently, all the above facilities are in normal operation.

Industrial exhaust:

- (1) 2 sets of catalytic combustion facilities, with a designed capacity of 60,000 m³/h and 80,000 m³/h respectively, adopting the activated carbon adsorption and desorption + catalytic combustion process.
- (2) 1 set of four-stage filtration + zeolite wheel adsorption and desorption + RTO equipment is provided, with the designed air treatment capacity of 70,000 m³/h and the four-stage filtration+ zeolite wheel adsorption and desorption + RTO process.
- (3) 1 set of UV photocatalytic purification + activated carbon adsorption facilities, with a designed capacity of 20,000 m³/h, adopting the UV photocatalytic purification process.
- (4) 2 sets of filter cartridge dust removal facilities, with a designed capacity of 10,000 m³/h and 1,500 m³/h, adopting the filter cartridge filtration process.
- (5) 2 sets of low-nitrogen combustion facilities, with the rated power of 0.7 MW and 1.4 MW, adopting the low-nitrogen combustion process.
- (6) 2 sets of drying waste gas treatment facilities, each with the rated power of 0.75 MW, adopting the direct combustion process.
- (7) 1 set of blanking dust treatment facilities, with rated power of 22kW and air volume of 20,000 m³/h, adopting the bag central treatment process.
- (8) 1 set of two-stage activated carbon adsorption facility, with the air treatment capacity of 20,000m³/h, adopting the two-stage activated carbon adsorption process.

Currently, all the above facilities are in normal operation.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Hazardous waste:

- (1) The Company has built 1 hazardous waste temporary storage room in accordance with requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2023), with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels.

Currently, all the above facilities are in normal operation.

Shandong
Wanshida
Special
Purpose
Vehicle
Manufacturing
Co., Ltd.

Industrial sewage:

- (1) 1 set of painting wastewater treatment system, with the capacity of 4 m³/h; after treated by “flotation + Fenton reagent flocculation precipitation + sedimentation + filtration process”, the wastewater is discharged to the domestic sewage treatment station of the plant;
- (2) 1 set of domestic sewage treatment system, with the capacity of 4 m³/h, adopting the “hydrolytic acidification + SBR + contact oxidization + sand filtration + disinfection process.” After the treatment, the wastewater meets Grade-A standard set out in the Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB 18918 – 2002) and the quality standard for water used in greening work contained in the Reuse of Urban Recycling Water – Water Quality for Urban Miscellaneous Water Consumption (GB/T18920-2002), and is all used in the greening and road water spraying in the plant, with no external emission.

Currently, all the above facilities are in normal operation.

Industrial exhaust:

- (1) 4 sets of CNC cutting machine fume collection and treatment facilities, each with a designed capacity of 5,000 m³/h, adopting the filter cartridge dust removal process;
- (2) 3 sets of shot blasting machine fume collection and treatment facilities, each with a designed capacity of 5,000 m³/h, adopting the filter cartridge dust removal process;
- (3) 16 sets of fume collection and treatment facilities, with a designed capacity of 1,000 m³/h, adopting the filter cartridge dust removal process;
- (4) 2 sets of painting waste gas collection and treatment facilities, with the designed capacity of 100,000 m³/h and 120,000 m³/h, adopting the activated carbon adsorption and desorption + catalytic combustion process;
- (5) 2 sets of centralized welding fume collection and treatment facilities, with the designed air treatment capacity of 100,000 m³/h and the filter cartridge dedusting process.

Among 16 sets of fume collection and treatment facilities in facility (3), 12 facilities have been temporarily suspended due to changes in work stations, while other facilities are in normal operation.

Hazardous waste:

- (1) The Company has built 1 hazardous waste temporary storage room in accordance with requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2023), with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels.

Currently, all the above facilities are in normal operation.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

CIMC Vehicles (Jiangmen) Co., Ltd. Industrial sewage:

(1) Production wastewater: 1 set of pressure test circulating water system and 1 set of paint circulating water system.

(2) Domestic wastewater: 1 set of canteen domestic wastewater integrated treatment system.

Currently, all the above facilities are in normal operation.

Industrial exhaust:

(1) 4 sets of VOCs treatment facilities for the paint line, 1 set of particulate matter treatment facilities for the sand blasting line, 3 sets of particulate matter treatment facilities in the paint grinding room, 1 set of canteen purification system, 3 sets of CNC cutting dust removal system, and 3 sets of laser cutting dust removal system.

Currently, all the above facilities are in normal operation.

Hazardous waste:

The Company has built the hazardous waste temporary warehouse, with an area of 180 m².

Currently, all the above facilities are in normal operation.

Dongguan CIMC Special Vehicle Co., Ltd. Industrial sewage:

(1) The coating workshop is equipped with a wastewater treatment station, with the total treatment capacity of 237t/d. The phosphating wastewater treatment system and the nonphosphorus wastewater treatment system are separately set for different characteristics of the coating workshop wastewater: ① Phosphating wastewater treatment system adopts physical and chemical precipitation + ultrafiltration + RO reverse osmosis + DTRO + evaporation concentration process. After the treatment reaches the reuse water standard, the reclaimed water is reused to the phosphating process, while the concentrated wastewater is entrusted to external agencies for environmentally friendly and harmless treatment, thus realizing zero discharge of heavy metals; ② Nonphosphorus wastewater treatment system adopts physical and chemical precipitation + biochemical process + ultrafiltration + RO reverse osmosis + sand filtration process. The treated reclaimed water which reaches the reuse standard is reused to the processes of pure water preparation, degreasing and washing. The concentrated water produced is further treated and discharged after reaching the level 4 standard of surface water. The coating workshop has arranged special personnel responsible for the ordinary operation of the wastewater treatment system, and each manshift records the operation of the wastewater treatment station.

(2) The oily wastewater from the canteen is treated by oil and residue removal process; the toilet wastewater is treated by Level III septic tank; other domestic sewage is treated by residue removal process. After such treatment, other domestic sewage is discharged to the municipal network after residue removal treatment when meeting the Time Slot II Level III Standard set out in the Discharge Limits of Water Pollutants DB44/26-2001.

Currently, all the above facilities are in normal operation.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Industrial exhaust:

- (1) 3 sets of laser cutting flue gas collection and treatment facilities, with a total treatment capacity of 18,000 m³/h.
- (2) 5 sets of robotic welding fume collection and treatment facilities, with a total treatment capacity of 147,000 m³/h.
- (3) 1 set of sanding dust removal system, with a total treatment capacity of 73,000 m³/h.
- (4) 1 set of electrophoresis tank organic waste gas filtering device, with a total treatment capacity of 36,500 m³/h.
- (5) 1 set of electrophoresis drying room exhaust gas catalytic combustion treatment device, with a total treatment capacity of 3,000 m³/h.

Currently, all the above facilities are in normal operation.

Hazardous waste:

The Company has built 1 hazardous waste temporary warehouse, with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage.

Currently, all the above facilities are in normal operation.

Gansu CIMC
Vehicles Co.,
Ltd.

Industrial sewage:

- (1) The domestic sewage of the Company is discharged into the municipal pipe network after passing through the septic tank;
- (2) A hydraulic cyclone system is used in the Company's painting room to discharge wastewater to the circulating pool, for recycling in a closed loop, without externally discharging industrial wastewater.

The above facilities were in normal operation until November 1, 2023, and discontinued on November 1, 2023 when the company ceased production.

Industrial exhaust:

- (1) 2 sets of laser cutting flue gas collection and treatment facilities, with a treatment capacity of 11,000m³/h and 8,000m³/h respectively.
- (2) 7 sets of mobile welding fume collection and treatment devices, each with a treatment capacity of 4,000 m³/h.
- (3) Painting exhaust in the painting room: 2 sets of hydraulic cyclone treatment + activated carbon adsorption + desorption and catalytic combustion processes, with a treatment capacity of 84,000 m³/h and 126,000 m³/h respectively.

The above facilities were in normal operation until November 1, 2023, and discontinued on November 1, 2023 when the company ceased production.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Hazardous waste:

- (1) One hazardous waste warehouse which is enclosed, wind, rain and sun-proof, with floor hardened and treated to prevent any infiltration, and cofferdams to avoid any leakage, and waste liquid collection measures; hazardous waste is stored properly in intact packaging and by category. The warehouse is in normal operation.

The above facilities were in normal operation until November 1, 2023, and discontinued on November 1, 2023 when the company ceased production.

Luoyang CIMC

Industrial sewage:

Lingyu
Automobile Co.,
Ltd.

- (1) 1 set of industrial wastewater treatment facilities, with a treatment capacity of 120 m³/d and the “coagulation-sedimentation + hydrolyze acidification + biocontact oxidation” process. The wastewater meets the Class 3 standard in Table 4 of the Integrated Wastewater Discharge Standard (GB8978 – 1996) after the treatment and is discharged to the wastewater treatment plant of the whole plant through main outlet of the plant and the municipal sewage pipe network.
- (2) 1 set of sewage treatment facilities of the plant, with a treatment capacity of 240 m³/d and the “hydrolyze acidification + bio-contact oxidation” process. After the treatment, the wastewater meets the Class 3 standard in Table 4 of the Integrated Wastewater Discharge Standard (GB8978 – 1996) and is discharged to the city’s wastewater treatment plant for through the municipal network.

Currently, all the above facilities are in normal operation.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Industrial exhaust:

- (1) 3 sets of painting, drying VOCs waste gas treatment facilities, with a designed air treatment capacity of 136,000 m³/h, 146,000 m³/h and 140,000 m³/h respectively, and the “activated carbon adsorption/desorption + catalytic combustion” process.
- (2) 2 sets of dust removal facilities for the manual sandblasting room, with a designed air treatment capacity of 22,206 m³/h and 30,000 m³/h, and the bag dust collecting process.
- (3) 1 set of dust removal facilities of the polishing room, with a designed air treatment capacity of 136,000 m³/h and the filter cartridge dust removal process.
- (4) 3 sets of numerical-controlled cutting fume and dust removal facilities, with a designed air treatment capacity of 6,290 m³/h and the filter cartridge dust removal process.
- (5) 4 sets of welding fume and dust removal facilities of the semi-trailer workshop, 1 set with a designed air treatment capacity of 6,290 m³/h, 3 sets with a designed air treatment capacity of 15,000 m³/h and the filter cartridge dust removal process.
- (6) 8 sets of welding fume and dust removal facilities of the tank workshop, with a designed air treatment capacity of 15,000 m³/h and the filter cartridge dust removal process.
- (7) 4 sets of welding fume and dust removal facilities of the mixing workshop, 2 sets with a designed air treatment capacity of 30,000 m³/h, 2 sets with a designed air treatment capacity of 24,000 m³/h and the filter cartridge dust removal process.
- (8) 1 set of shot blasting dust removal facilities for the powder spraying lines, with a designed air treatment capacity of 90,000 m³/h and the cyclone + filter cartridge dust removal process.
- (9) 3 sets of powder spraying dust treatment facilities for the powder spraying lines, with a designed air treatment capacity of 32,000 m³/h, 32,000 m³/h and 24,000 m³/h, respectively and the cyclone + filter cartridge dust removal process.
- (10) 1 set of powder curing waste gas treatment facilities for the powder spraying lines, with a designed air treatment capacity of 3,000 m³/h and the catalytic combustion process.
- (11) 4 sets of laser cutting fume and dust removal facilities, of which 2 sets have a designed air treatment capacity of 2,500 m³/h, and the remaining 2 sets have a designed air treatment capacity of 3,500 m³/h, with the filter cartridge dust removal process.
- (12) 2 sets of welding fume and dust removal facilities for the automatic welding production line for mixer truck frames, with the designed air flow rate of 30,000m³/h and 56,000m³/h, respectively, and the filter cartridge dust removal process.

Currently, all the above facilities are in normal operation.

Hazardous waste:

The Company has built 1 hazardous waste temporary storage room with the floor hardened and treated to prevent infiltration, difference areas for different types of hazardous waste, and classification labels. Currently, all the above facilities are in normal operation.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Environmental self-monitoring program

Eight major environmental supervision subsidiaries of the Group carried out environmental monitoring in accordance with relevant requirements, and engaged qualified 3rd-party agencies to regularly monitor wastewater, waste gas and noise.

Contingency plans for unexpected environment-related events

Whether contingency plans have been prepared and are within validity period	Eight major environmental supervision subsidiaries have prepared contingency plans for unexpected environment-related events and are within the validity period
Whether contingency plans have been filed with government authorities	Eight major environmental supervision subsidiaries have filed contingency plans for unexpected environment-related events with government authorities
Whether contingency drills have been carried out and relevant information	Eight major environmental supervision subsidiaries have carried out contingency drills for unexpected environment-related events

Investment amount and environmental protection tax in environmental governance and protection

Environmental protection investment and tax payment of the Group in 2023

Category	Total environmental protection investment in 2023	Total environmental protection investment of major environmental supervision subsidiaries	Total environmental protection tax of major environmental supervision subsidiaries
Amount (RMB'0,000)	2,908.78	1,484.49	15.09

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

Applicable Not applicable

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

In active response to the national “dual carbon” policy, the Group continued to work on energy conservation and carbon reduction through various methods such as designing clean energy products, changing the energy usage structure, improving energy utilization rate, and accelerating solar energy construction. In 2023, the measures taken by the Group to reduce carbon emissions include:

- (1) Optimization of energy management: Subsidiaries of the Group strengthened energy management and monitored the use of equipment relying on information technology. For instance, Yangzhou CIMC Tong Hua launched a cloud control system for air compressor stations to effectively solve the frequent starting and high no-load rate of air compressors, reducing the annual electricity consumption by approximately 570,000 kwh and the annual carbon emissions by approximately 400 tons.
- (2) Use of clean energy: The Group actively promoted the application of clean energy and made full use of roof resources to install photovoltaic panels. As at December 31, 2023, rooftop photovoltaic projects of eight enterprises, namely Wuhu CIMC Ruijiang Automobile Co., Ltd., Qingdao CIMC Reefer Trailer Co., Ltd., Dongguan CIMC Special Vehicle Co., Ltd., CIMC Vehicle (Jiangmen) Co., Ltd., Yangzhou CIMC Tonghua Special Vehicles Co., Ltd., Jiangsu Baojing Auto Parts Co., Ltd., CIMC Taizijie Vehicle Body Manufacturing (Jiangmen) Co., Ltd. and China Jiangsu Vanguard Trailer Rental Co., Ltd., were put into use. In 2023, the total photovoltaic power generation exceeded 15.36 million kwh, reducing carbon emissions by a total of over 10,160 tons. In 2024, the Group will continue to cause its subsidiaries to carry out rooftop photovoltaic power generation projects, so as to further increase the use of clean energy and reduce greenhouse gas emissions.
- (3) Research and development of green products: In line with the development trend of the new energy automobile industry in China, the Group continued to promote the research, development and design of new energy products. Relying on the development of various products such as “electric mixer trucks” and “hydrogen refrigerated trucks”, the Group can enhance the utilization rate of clean energy and contribute to reducing carbon emissions.
- (4) Green supply chain management: The Group proactively promoted the green supply chain management enterprise certification of its subsidiaries, paid attention to green environmental protection requirements in its supply chain management, and encouraged the use of low-carbon materials and environment-friendly production processes in the cooperation with suppliers. In 2023, the Group added a new national-level green supply chain management enterprise — Zhumadian CIMC Huajun Vehicle Co., Ltd.

In the future, the Group will intensify technological innovation and green management to continuously promote energy conservation and carbon reduction.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Administrative punishment for environmental issues during the Reporting Period

Name of Company or Subsidiary	Reasons for Punishment	Violations	Punishment	Impact on the Production and Operation of the Listed Company	Rectification Measures of the Company
Shanghai Jibao Tiancheng Automobile Examination and Repair Co., Ltd. (上海集寶天誠汽車檢測修理有限公司) (formerly named as Shanghai CIMC Automobile Examination and Repair Co., Ltd.)	On April 10, 2023, Shanghai Baoshan Ecological Environment Bureau issued a written decision on administrative punishment: H0113HF [2023] No. 17. The Company issued a false report in relation to the emission inspection on HDT3866 diesel vehicles on February 4, 2023	Violation of Paragraph 1 of Article 54 of the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution	A fine of RMB100,000	No major impact	None Description: The company has completed the registration of industry and commerce changes for equity change on April 7, 2023, and ceased to be a subsidiary of the Company.

Other disclosable environmental information

None

Other environmental information

- (1) Number of subsidiaries that have attained the ISO14001 environmental management system certification: 16 subsidiaries.
- (2) Number of major environmental supervision subsidiaries that have attained the ISO14001 environmental management system certification: 8 subsidiaries.
- (3) Subsidiaries that have been selected into the list of national-level green factory enterprises as at December 2023: Zhumadian CIMC Huajun Vehicle Co., Ltd., CIMC-SHAC (Xi'an) Special Vehicles Co., Ltd., Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd., Wuhu CIMC Ruijiang Automobile Co., Ltd., and Dongguan CIMC Special Vehicle Co., Ltd. Subsidiaries that have been selected into the list of national-level green supply chain management enterprises: Zhumadian CIMC Huajun Vehicle Co., Ltd. and Wuhu CIMC Ruijiang Automobile Co., Ltd.
- (4) Subsidiaries that have been selected into the list of provincial green factory enterprises as at December 2023: Gansu CIMC Huajun Vehicles Co., Ltd. and CIMC Vehicles (Shaanxi) Automobile Co., Ltd.
- (5) Subsidiaries that have been selected into the list of municipal green factory enterprises as at December 2023: Liangshan CIMC Dongyue Vehicles Co., Ltd.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Reasons for not disclosing other environmental information

None

II. SOCIAL RESPONSIBILITY

Was the social responsibility report published

Yes No

During the Reporting Period, the Company actively practiced the corporate social responsibility, and published the 2022 Social Responsibility and Environmental, Social and Governance Report on the website of the Hong Kong Stock Exchange (<https://www.hkexnews.hk>) and the website of Cninfo (<http://www.cninfo.com.cn/>) on April 26, 2023.

The Company's 2023 Social Responsibility and Environmental, Social and Governance Report is expected to be published together with this annual report before April 30, 2024.

III. CONSOLIDATING AND EXPANDING THE RESULTS OF POVERTY ALLEVIATION AND RURAL REVITALIZATION

The Group's efforts to consolidate and expand the results of poverty alleviation and rural revitalization are set out in the 2023 Social Responsibility and Environmental, Social and Governance Report which is expected to be published together with this annual report before April 30, 2024.

IV. ENVIRONMENTAL POLICY AND PERFORMANCE

The Group is deeply aware of the importance of environmental protection and has adopted strict environmental protection measures to ensure that the Group complies with existing environmental laws and regulations. For specific environmental protection measures and relevant laws and regulations to be complied with, please refer to the Group's 2023 Social Responsibility and Environmental, Social and Governance Report (which is expected to be published together with this annual report before April 30, 2024). As of the Date of the Report, save for the above, the Group has not violated any relevant environmental laws and regulations that have a material impact on the Group's development, performance and business.

SECTION IX SIGNIFICANT EVENTS

I. PERFORMANCE OF COMMITMENT

1. Commitment Completed during the Reporting Period and Not Yet Completed as at the End of the Reporting Period by the Company's De Facto Controllers, Shareholders, Related Parties, Acquirers, the Company and other Parties to the Commitment

Applicable Not applicable

Commitment	Party Making the Commitment	Type of Commitment	Description of Commitment	Effective Date of Commitment	Term of Commitment	Fulfillment
Commitment made in the acquisition report or the equity change report	N/A					
Commitment made in asset restructuring	N/A					
Commitment made in IPO or refinancing	CIMC Group and CIMC Hong Kong	Share lock-up commitment	1. Within 36 months following the date of listing of A Shares of the Company on the Shenzhen Stock Exchange, the commitment maker will not transfer or engage other persons to manage shares directly or indirectly held by the commitment maker prior to the offering and listing of A Shares of the Company, and such shares will not be repurchased by the Company.	July 8, 2021	36 months from the date of listing of the shares of the Company	In progress

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Commitment	Party Making the Commitment	Type of Commitment	Description of Commitment	Effective Date of Commitment	Term of Commitment	Fulfillment
			<p>2. If the closing price of A Shares of the Company is lower than the Offer Price for the offering and listing of A Shares for 20 consecutive trading days within 6 months following the listing of A Shares of the Company or at the end of 6 months after the listing of A Shares (or the 1st trading day after the date if the date is not a trading day), the lock-up period for A Shares held by the commitment maker will be automatically extended by 6 months. Offer Price means the offer price for the offering and listing of A Shares of the Company. If the Offer Price goes ex-rights and ex-dividend due to profit distribution, conversion of capital reserve into share capital, follow-on offering and placing after the offering and listing of A Shares of the Company, the Offer Price shall go ex-rights and ex-dividend in accordance with relevant provisions of the Shenzhen Stock Exchange.</p> <p>3. If the CSRC and the Shenzhen Stock Exchange have other special provisions on the above share lock-up period, such provisions shall apply.</p>			
	Li Guiping, Wang Yu, Zeng Beihua, Li Zhimin, Ye Jianfeng, Jiang Qiwen and Sun Chun'an	Share lock-up commitment	1. Within 12 months following the date of listing of A Shares of the Company on the Shenzhen Stock Exchange, I will not transfer or engage other persons to manage Domestic Shares directly or indirectly held by me prior to the offering and listing of A Shares of the Company, and such shares will not be repurchased by the Company.	July 8, 2021	12 months from the date of listing of the shares of the Company	In progress except for point 1 and point 2

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Commitment	Party Making the Commitment	Type of Commitment	Description of Commitment	Effective	Date of	Term of	Fulfillment
					Commitment	Commitment	
			<p>2. If the closing price of A Shares of the Company is lower than the Offer Price for the offering and listing of A Shares for 20 consecutive trading days within 6 months following the listing of A Shares of the Company or at the end of 6 months after the listing of A Shares (or the 1st trading day after the date if the date is not a trading day), the lock-up period for A Shares held by me will be automatically extended by 6 months. Offer Price means the offer price for the offering and listing of A Shares of the Company. If the Offer Price goes ex-rights and ex-dividend due to profit distribution, conversion of capital reserve into share capital, follow-on offering and placing after the offering and listing of A Shares of the Company, the Offer Price shall go ex-rights and ex-dividend in accordance with relevant provisions of the Shenzhen Stock Exchange.</p> <p>3. After the expiry of the lock-up period and during my term of office as a Director/senior management of the Company, I will report to the Company the shares of the Company held by me and the changes in the shareholding, and the number of shares transferred by me each year shall not exceed 25% of the total number of shares of the Company held by me; I will not transfer the shares of the Company held by me within six months after my resignation; if I resign before the expiry of my term of office, I shall continue to comply with the above restrictions and other provisions of the Company Law in relation to the transfer of shares by directors/senior management within my term of office determined at the time of employment, and within six months after the expiry of my term of office. In case of any change in shares of the Company held by me as a result of equity distribution by the Company and otherwise, I shall continue to comply with the above provisions.</p>				

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Commitment	Party Making the Commitment	Type of Commitment	Description of Commitment	Effective Date of Commitment	Term of Commitment	Fulfillment
			<p>4. If I reduce my holding of A Shares of the Company within 2 years following the expiry of the lock-up period, the price for the disposal of the shares shall not be lower than the Offer Price for the offering and listing of A Shares. If A Shares goes ex-rights and ex-dividend due to the distribution of cash dividends, bonus issue, conversion of capital reserve into share capital, issuance of new shares, etc. from the date when A Shares of the Company are listed on the Shenzhen Stock Exchange to the date of such reduction in the number of A Shares held, the Offer Price shall be adjusted accordingly in accordance with relevant regulations of the CSRC and the Shenzhen Stock Exchange.</p> <p>5. During the term of the commitment above, the validity of the commitment will not be affected by the change of my position, my resignation and other reasons. During the term, I shall continue to fulfill the above commitment.</p> <p>6. If the CSRC and the Shenzhen Stock Exchange have other special provisions on the above share lock-up period, such provisions shall apply.</p> <p>7. In respect of the reduction in my shareholding, I will perform the information disclosure obligation in strict compliance with the rules of the China Securities Regulatory Commission and the Shenzhen Stock Exchange, and the statutory restrictions specified by the China Securities Regulatory Commission and the Shenzhen Stock Exchange on the period, number and proportion of shareholding reduction. I will not reduce my shareholding if so required by law.</p>			

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Commitment	Party Making the Commitment	Type of Commitment	Description of Commitment	Effective Date of Commitment	Term of Commitment	Fulfillment
	Li Xiaofu	Share lock-up commitment	<p>1. Within 12 months following the date of listing of A Shares of the Company on the Shenzhen Stock Exchange, I will not transfer or engage other persons to manage Domestic Shares directly or indirectly held by me prior to the offering and listing of A Shares of the Company, and such shares will not be repurchased by the Company.</p> <p>2. After the expiry of the lock-up period and during my term of office as a Supervisor of the Company, I will report to the Company the shares of the Company held by me and the changes in the shareholding, and the number of shares transferred by me each year shall not exceed 25% of the total number of shares of the Company held by me; I will not transfer the shares of the Company held by me within six months after my resignation; if I resign before the expiry of my term of office, I shall continue to comply with the above restrictions and other provisions of the Company Law in relation to the transfer of shares by supervisors within my term of office determined at the time of employment, and within six months after the expiry of my term of office. In case of any change in shares of the Company held by me as a result of equity distribution by the Company and otherwise, I shall continue to comply with the above provisions.</p> <p>3. During the term of the commitment above, the validity of the commitment will not be affected by the change of my position, my resignation and other reasons. During the term, I shall continue to fulfill the above commitment.</p> <p>4. If the CSRC and the Shenzhen Stock Exchange have other special provisions on the above share lock-up period, such provisions shall apply.</p>	July 8, 2021	12 months from the date of listing of the shares of the Company	In progress except for point 1

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Commitment	Party Making the Commitment	Type of Commitment	Description of Commitment	Effective Date of Commitment	Term of Commitment	Fulfillment
			5. In respect of the reduction in my shareholding, I will perform the information disclosure obligation in strict compliance with the rules of the China Securities Regulatory Commission and the Shenzhen Stock Exchange, and the statutory restrictions specified by the China Securities Regulatory Commission and the Shenzhen Stock Exchange on the period, number and proportion of shareholding reduction. I will not reduce my shareholding if so required by law.			
	CIMC Group	Shareholding reduction commitment	1. The commitment maker may reduce its holding of A Shares of the Company, in accordance with the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, the Provisions on Reduction in Shareholding by Shareholders, Directors, Supervisors and Senior Management of Listed Companies (CSRC Announcement [2017] No. 9), the Implementation Rules on Reduction in Shareholdings of the Shareholders, Directors, Supervisors and Senior Management of Company Listed on the Shenzhen Stock Exchange (SZS [2017] No. 820) and other relevant laws, regulations and normative documents, and subject to the above provision. If the Provisions on Reduction in Shareholding by Shareholders, Directors, Supervisors and Senior Management of Listed Companies (CSRC Announcement [2017] No. 9) and the Implementation Rules on Reduction in Shareholdings of the Shareholders, Directors, Supervisors and Senior Management of Company Listed on the Shenzhen Stock Exchange (SZS [2017] No. 820) are amended or abolished, the commitment maker will reduce its shareholding, in accordance with the laws, regulations and normative documents amended from time to time, as well as relevant requirements of securities regulatory authorities.	July 8, 2021	2 years following the expiry of the lock-up period	In progress

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Commitment	Party Making the Commitment	Type of Commitment	Description of Commitment	Effective Date of Commitment	Term of Commitment	Fulfillment
			<p>2. If the commitment maker reduces its holding of A Shares of the Company within 2 years following the expiry of the lock-up period, the price for the disposal of the shares shall not be lower than the Offer Price for the offering and listing of A Shares (excluding A Shares of the Company purchased by the commitment maker from an open market after the offering and listing of A Shares of the Company). Offer Price means the offer price for the offering and listing of A Shares of the Company. If the Offer Price goes ex-rights and ex-dividend due to profit distribution, conversion of capital reserve into share capital, follow-on offering and placing after the offering and listing of A Shares of the Company, the Offer Price shall go ex-rights and ex-dividend in accordance with relevant provisions of the Shenzhen Stock Exchange.</p>			
			<p>3. The commitment maker will be legally liable for the reduction in its holding of A Shares of the Company in violation of the commitment or mandatory provisions of laws.</p>			

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Commitment	Party Making the Commitment	Type of Commitment	Description of Commitment	Effective Date of Commitment	Term of Commitment	Fulfillment
	Shanghai Taifu, Taizhou Taifu and Xiangshan Huajin	Shareholding reduction commitment	<p>1. The commitment maker may reduce its holding of A Shares of the Company, in accordance with the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, the Provisions on Reduction in Shareholding by Shareholders, Directors, Supervisors and Senior Management of Listed Companies (CSRC Announcement [2017] No. 9), the Implementation Rules on Reduction in Shareholdings of the Shareholders, Directors, Supervisors and Senior Management of Company Listed on the Shenzhen Stock Exchange (SZS [2017] No. 820) and other relevant laws, regulations and normative documents, and subject to the above provision. If the Provisions on Reduction in Shareholding by Shareholders, Directors, Supervisors and Senior Management of Listed Companies (CSRC Announcement [2017] No. 9) and the Implementation Rules on Reduction in Shareholdings of the Shareholders, Directors, Supervisors and Senior Management of Company Listed on the Shenzhen Stock Exchange (SZS [2017] No. 820) are amended or abolished, the commitment maker will reduce its shareholding, in accordance with the laws, regulations and normative documents amended from time to time, as well as relevant requirements of securities regulatory authorities.</p> <p>2. The commitment maker will be legally liable for the reduction in its holding of A Shares of the Company in violation of the commitment or mandatory provisions of laws.</p>	July 8, 2021	Long-term performance	In progress

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Commitment	Party Making the Commitment	Type of Commitment	Description of Commitment	Effective Date of Commitment	Term of Commitment	Fulfillment
	CIMC Vehicles, CIMC Group and in-service Directors (other than independent non-executive Directors) and senior management of the Company	IPO share price stabilization commitment	<p>The A Share price stabilization measures will be taken if the closing price of A Shares of the Company for 20 consecutive trading days (the 20th trading day is the "trigger date") is less than the latest audited net assets per share of the Company (the net assets per share will be adjusted accordingly if there is any change in the net assets or the total number of shares of the Company after the latest audit reference date due to profit distribution, conversion of capital reserve into share capital, follow-on offering, placement and other ex-right and ex-dividend matters) within three years following the date of listing of A Shares of the Company, other than due to force majeure and 3rd-party malicious speculation.</p> <p>If the conditions for taking the A share price stabilization measures are met, the Company and relevant responsibly entities will take the A share price stabilization measures in the following order of priority, depended on the actual situation of the Company and stock market conditions:</p> <ol style="list-style-type: none"> 1. Repurchase of A Shares by the Company; 2. Increase by the Controlling Shareholder in its holding of shares of the Company; 3. Increase by in-service Directors (other than independent non-executive Directors) and senior management in their holding of A Shares of the Company 	July 8, 2021	Within 36 months from the date of listing of the shares of the Company	In progress

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Commitment	Party Making the Commitment	Type of Commitment	Description of Commitment	Effective Date of Commitment	Term of Commitment	Fulfillment
	CIMC Vehicles	Dividend distribution commitment	<p>1. Dividend distribution method</p> <p>The Company may distribute dividends to investors in cash, shares or a combination thereof. Subject to ensuring the normal operation of the Company, cash dividends are preferred.</p> <p>2. Conditions for cash dividends</p> <p>The Company shall distribute cash dividends if:</p> <p>(1) the distributable profit (i.e. the after-tax profit after deducting losses and reserves) of the Company for the year is positive;</p> <p>(2) an auditor issues a standard unqualified opinion report on the Company's financial reports for the year;</p> <p>(3) there are no significant capital expenditures and other events of the Company (except for the proceeds-funded projects). Significant capital expenditure means: the total expenditures of the Company in the next 12 months for proposed external investment, acquisition of assets or purchase of equipment reaching or exceeding 10% of the latest audited net assets of the Company attributable to the parent company.</p>	July 8, 2021	Long-term performance	In progress

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Commitment	Party Making the Commitment	Type of Commitment	Description of Commitment	Effective	Date of	Term of	Fulfillment
			<p>3. Profit distribution and cash dividend payout ratio</p> <p>As the Company attaches great importance to reasonable returns to investors, the dividend policy was approved by the Board of the Company on August 26, 2019 in order to reward Shareholders and in consideration of the financial and business conditions of the Company. According to the dividend policy, dividends to be distributed by the Company each year shall be between 40% and 60% of the net profit attributable to the parent company for the previous fiscal year, subject to the relevant laws and regulations of the PRC and Hong Kong and the Articles of Association. Pursuant to applicable laws, the declaration and payment of any dividends require the approval of the Board at its discretion, and depend on our actual and expected results of operations, cash flows, financial position, general business conditions, business strategies, expected working capital requirements, future expansion plans, legal, regulatory and other contractual restrictions, and other factors that the Board considers appropriate. In addition, any dividend of the Company for each fiscal year shall be subject to approval by the general meeting.</p> <p>Subject to the conditions for cash dividends and in accordance with Article 8 of the Administrative Measures for the Issuance of Securities by Listed Companies, the total profit distributed in cash over the next three years after the listing of A Share of the Company shall not be less than 30% of the average annual distributable profit over the three years. The Company may distribute stock dividends while distributing cash dividends.</p> <p>The Board of the Company shall distinguish the following conditions in comprehensive consideration of features of the industry in which the Company operates, the development stage, its own business model, profitability, whether there is any significant expenditure arrangements and otherwise, and propose differentiated cash dividend policies according to the procedures specified in the Articles of Association:</p>				

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Commitment	Party Making the Commitment	Type of Commitment	Description of Commitment	Effective Date of Commitment	Term of Commitment	Fulfillment
			<p>(1) If the Company is at the mature stage of development without significant capital expenditure arrangements, the cash dividend shall account for at least 80% in the profit distribution;</p> <p>(2) If the Company is at the mature stage of development with significant capital expenditure arrangements, the cash dividend shall account for at least 40% in the profit distribution;</p> <p>(3) If the Company is at the growth stage of development with significant capital expenditure arrangements, the cash dividend shall account for at least 20% in the profit distribution. If it is difficult to distinguish the Company's stage of development but there are significant capital expenditure arrangements, Item (3) shall apply.</p> <p>4. Frequency of profit distribution</p> <p>Subject to the profit distribution conditions and ensuring the normal operation and long-term development of the Company, the Company will, in principle, distribute profits annually, after consideration and approval at the annual general meeting. The Board of the Company may advise the Company to carry out interim profit distribution according to the Company's profitability and capital needs, and submit the proposal at the general meeting for consideration and approval.</p>			
	CIMC Group	Commitment as to avoidance of horizontal competition	1. As of the date of issue of the letter, the commitment maker and the enterprises controlled by it (excluding the Company and the enterprises controlled by the Company, similarly hereinafter) are not in horizontal competition, directly or indirectly, with the core businesses of the Company and the enterprises controlled by the Company.	July 26, 2020	Long-term performance	In progress

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Commitment	Party Making the Commitment	Type of Commitment	Description of Commitment	Effective Date of Commitment	Term of Commitment	Fulfillment
			<p>2. The commitment maker and the enterprises controlled by it will not, in any way, directly or indirectly engage in or participate in any business or activity that is or may be in competition with the core business of the Company and the enterprises controlled by the Company.</p> <p>3. If the commitment maker and the enterprises controlled by it violate the above commitments, causing losses to the Company or other Shareholders of the Company, the commitment maker will be liable for corresponding compensation by laws.</p> <p>4. The commitment letter comes into force on the date of signature by the commitment maker and will terminate if: (1) the commitment maker ceases to be a Controlling Shareholder of the Company; or (2) A Shares of the Company are delisted.</p> <p>5. The commitment letter is governed by and construed in accordance with the laws of China.</p> <p>6. The commitment letter is irrevocable.</p>			
	CIMC Group	Commitment as to the regulation of related transactions	<p>1. The commitment maker and the enterprises controlled by the commitment maker (excluding the Company and the enterprises controlled by the Company, similarly hereinafter) will exercise the rights of Shareholders, perform the obligations of Shareholders and maintain the independence of the Company in terms of assets, finance, personnel, business and organizations in strict accordance with laws, regulations and other normative documents.</p> <p>2. The commitment maker and the enterprises controlled by it will not exploit their status as Shareholders to cause the general meeting or the Board of the Company to make resolutions that infringe the legitimate rights and interests of minority Shareholders through related transactions.</p>	July 26, 2020	Long-term performance	In progress

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Commitment	Party Making the Commitment	Type of Commitment	Description of Commitment	Effective Date of Commitment	Term of Commitment	Fulfillment
			<p>3. With regard to related transactions of the commitment maker and the enterprises controlled by it that are related to the business activities of the Company and unavoidable, the commitment maker and the enterprises controlled by it will strictly comply with laws, regulations and normative documents in relation to related transactions and relevant requirements in the internal system of the Company as to related transactions, and will implement decision-making procedures for related transactions, ensure fair pricing, and perform the obligation of information disclosure in a timely manner in accordance with laws.</p> <p>4. If the rights and interests of CIMC Vehicles or its Shareholders are damaged due to the violation of the above commitment and guarantees by the commitment maker and the enterprise controlled by it, the commitment maker will be liable for corresponding compensation by laws.</p> <p>5. The commitment comes into force on the date of signature by the commitment maker and remains valid as long as the commitment maker is a related party of the Company.</p> <p>6. The commitment letter is governed by and construed in accordance with the laws of China.</p> <p>7. The commitment letter is irrevocable.</p>			
	CIMC Group	Commitment as to avoidance of appropriation of funds	1. As of the date of issue of the commitment letter, the commitment maker and other enterprises controlled by it (excluding the Company and the enterprises controlled by the Company, similarly hereinafter) have not misappropriated the funds of the Company and the enterprises controlled by the Company.	July 26, 2020	Long-term performance	In progress

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Commitment	Party Making the Commitment	Type of Commitment	Description of Commitment	Effective Date of Commitment	Term of Commitment	Fulfillment
			<p>2. The commitment maker and other enterprises controlled by it undertake that they will not exploit the status and influence of the commitment maker in the Company to appropriate or transfer the funds, assets and other resources of the Company and the enterprises controlled by the Company, in violation of regulations, or require the Company and the enterprises controlled by the Company to provide guarantees in violation of regulations.</p> <p>3. If the commitment maker and the enterprises controlled by it violate the above commitments, causing losses to the Company or other Shareholders of the Company, the commitment maker will be liable for corresponding compensation by laws.</p> <p>4. The commitment letter comes into force on the date of signature by the commitment maker and remains valid as long as the commitment maker is a Controlling Shareholder of the Company.</p> <p>5. The commitment letter is governed by and construed in accordance with the laws of China.</p> <p>6. The commitment letter is irrevocable.</p>			
	CIMC Vehicles	Measures and commitment as to making up for the dilution of current returns	In order to further comply with the Opinions of the General Office of the State Council on Further Strengthening the Work of Protection of the Legitimate Rights and Interests of Minority Investors in the Capital Markets (GBF [2013] No. 110) and to protect the rights of minority investors to know and their interests in accordance with the Guiding Opinions on Matters Concerning the Dilution of Current Return as a Result of the Initial Public Offering, Refinancing and Material Asset Restructuring, considering that the offering and listing may reduce the current return, the Company will comply with and adopt the following principles and measures to speed up the development of core businesses and improve its profitability, thus achieving an improvement in its asset quality and an increase in its revenue and future profits, as well as its sustainable development, and fully protect the interests of its Shareholders, especially minority Shareholders, and pay attention to the medium and long-term return to Shareholders.	July 8, 2021	Long-term performance	In progress

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Commitment	Party Making the Commitment	Type of Commitment	Description of Commitment	Effective Date of Commitment	Term of Commitment	Fulfillment
			<ol style="list-style-type: none"> 1. Consolidation and development of the Company's core businesses, improvement in the Company's comprehensive competitiveness and sustained profitability; 2. Enhancement of proceeds management and efficiency in the use of proceeds; 3. Enhancement of the Company's operation management, internal control, and risk prevention awareness; 4. Strict implementation of cash dividend policy of the Company for ensuring the returns to Shareholders of the Company. 			
	Directors and senior management of the Company	Measures and commitment as to making up for the dilution of current returns	<ol style="list-style-type: none"> 1. I will not transfer any gains and benefits to other entities or individuals without consideration or under unfair conditions, or otherwise damage the interests of the Company; 2. I will restrict position-related consumption of Directors and senior management; 3. I will not use the Company's assets to carry out any investment or consumption activity irrelevant to my performance of duties; 4. I will actively promote the improvement in the Company's remuneration system to make it more in line with the requirements of making up for the current returns; support the linkage between the remuneration system formulated by the Board or the Nomination Committee and the Remuneration Committee and the implementation of the Company's measures for making up for the returns, and strictly comply with the systems; 	July 8, 2021	Long-term performance	In progress

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Commitment	Party Making the Commitment	Type of Commitment	Description of Commitment	Effective Date of Commitment	Term of Commitment	Fulfillment
			<p>5. I will actively support the linkage between the vesting conditions for share incentives and the implementation of the Company's measures for making up for the returns, if the Company has a share incentive plan (if any). I will strictly comply with the measures for making up for the returns formulated by the Company, and will actively take all necessary and reasonable measures to supervise and urge the implementation of the measures of the Company for making up for the returns within the scope of my authority, in accordance with relevant regulations published by CSRC, the stock exchange and other regulatory authorities in the future.</p> <p>If the CSRC or the stock exchange publishes other new regulatory requirements on measures for making up for the returns and my undertakings after the date of the undertakings, and the above undertakings fail to meet such requirements, I undertake to make supplemental undertakings according to the requirements of the CSRC or the stock exchange then.</p>			
Share incentive commitment	N/A					
Other commitments to minority Shareholders of the Company	N/A					
Other commitments	N/A					
Is the commitment fulfilled on schedule	Yes					
In case of failure to complete the commitment on schedule, the reasons for the failure and the work plan for the next step should be described in detail	N/A					

SECTION IX SIGNIFICANT EVENTS *(Continued)*

2. If the Company has Profit Forecasts for its Assets or Projects, and the Reporting Period is Covered by the Profit Forecast Period, the Company Should Provide Descriptions as to the Profit from the Assets or Projects Reaching the Original Profit Forecasts and the Reasons

Applicable Not applicable

II. TIE-UP OF FUNDS BY CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES FOR NON-OPERATING PURPOSES

Applicable Not applicable

During the Reporting Period, the Controlling Shareholder and other related parties did not tie up funds of the Company for non-operating purposes.

III. EXTERNAL GUARANTEE IN VIOLATION OF REGULATIONS

Applicable Not applicable

During the Reporting Period, the Company did not provide guarantees externally in violation of regulations.

IV. DESCRIPTION OF INFORMATION IN THE LATEST “MODIFIED AUDIT REPORT” OF THE BOARD

Applicable Not applicable

V. DESCRIPTION PROVIDED BY THE BOARD, THE SUPERVISORY COMMITTEE AND THE INDEPENDENT DIRECTORS (IF ANY) AS TO THE “MODIFIED AUDIT REPORT” OF THE ACCOUNTING FIRMS FOR THE REPORTING PERIOD

Applicable Not applicable

VI. DESCRIPTION PROVIDED BY THE BOARD AS TO CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES OR CORRECTION OF MATERIAL ACCOUNTING ERRORS DURING THE REPORTING PERIOD

Applicable Not applicable

SECTION IX SIGNIFICANT EVENTS *(Continued)*

VII. DESCRIPTION OF CHANGES IN THE SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS AS COMPARED WITH THE FINANCIAL REPORT FOR THE PREVIOUS YEAR

Applicable Not applicable

Please refer to Note 9 changes in the consolidation scope to “Section XIII Auditor’s Report” in this report

VIII. ENGAGEMENT AND REMOVAL OF ACCOUNTING FIRMS

Current accounting firms

<u>Name of the PRC Accounting Firm</u>	PricewaterhouseCoopers Zhong Tian LLP
Remuneration of the PRC accounting firm (RMB’0,000)	543
Audit tenure of the PRC accounting firm	12
Name of certified public accountant of the PRC accounting firm	Chen Zhiming, Liu Yufeng
Continuing service year of certified public accountant of the PRC accounting firm	1 year; 2 years

Note: The remuneration of the PRC accounting firm in 2023 includes audit fees for annual financial statements, service fees for internal control assurance report, and service fees for A-share special assurance report.

Did the appointment of accounting firms changed

Yes No

Engagement of internal control audit accounting firms, financial advisers or sponsors

Applicable Not applicable

During the year, the Company engaged PricewaterhouseCoopers Zhong Tian LLP to issue an assurance report on the effectiveness of internal control over audit report at a cost of RMB0.45 million.

In the year, the Company engaged UBS AG Hong Kong Branch as the financial consultant for the H Share Buy-back Offer and Withdrawal of Listing plan, with a fee of US\$250,000.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

IX. DELISTING AFTER DISCLOSURE OF THE ANNUAL REPORT

Applicable Not applicable

X. MATTERS IN RELATION TO BANKRUPTCY REORGANIZATION

Applicable Not applicable

During the Reporting Period, there were no matters of the Company in relation to bankruptcy reorganization.

XI. MATERIAL LITIGATION AND ARBITRATION

Applicable Not applicable

During the year, the Company was not involved in material litigation and arbitration.

XII. PUNISHMENT AND RECTIFICATION

Applicable Not applicable

Illegal deal in of Shares of the Company by Directors, Supervisors, senior management and shareholders with shareholding of more than 5%

Applicable Not applicable

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Names of Directors, Supervisors, senior management and shareholders with shareholding of more than 5%	Details of illegal deal in of Shares of the Company	Time to recover earnings from suspected violations	Amount of earnings recovered from suspected violations (RMB)	Accountability measures taken by the Board
He Jin	Ms. Yu Siwei, the spouse of Mr. He Jin (a Director of the Company), dealt in Shares of the Company by way of call auction on July 17, 2023, July 25, 2023, and July 26, 2023, respectively. The above transactions violated the relevant provisions of the Securities Law of the People's Republic of China, the Rules on the Management of Shares Held by the Directors, Supervisors, and Senior Management Officers of Listed Companies and the Changes Thereof and the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, and constitute the short-swing transaction	July 28, 2023	630.00	<ol style="list-style-type: none"> 1. Upon the Board's knowledge of this matter, the Company has confiscated all earnings obtained by Ms. Yu from such short-swing transactions on July 28, 2023; 2. The Company will continue to strengthen the training and publicity on compliance, require Directors, Supervisors, senior management and Shareholders holding more than 5% of Shares to further learn the relevant laws, regulations and normative documents, including the Securities Law, the Rules on the Management of Shares Held by the Directors, Supervisors, and Senior Management of Listed Companies and the Changes Thereof (《上市公司董事、監事和高級管理人員所持本公司股份及其變動管理規則》), and the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, and to strictly abide by the relevant regulations. The Company will continue to procure relevant personnel to strictly regulate the dealing in shares of the Company, and avoid the recurrence of such incident in the future.

SECTION IX SIGNIFICANT EVENTS (Continued)

XIII. CREDIT STANDING OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS

Applicable Not applicable

XIV. MATERIAL CONNECTED/RELATED TRANSACTIONS

1. Related Transaction in Relation to Ordinary Operation

Applicable Not applicable

Party to Related Transaction	Related Relationship	Type of Related Transaction	Contents of Related Transaction	Pricing Principle of Related Transaction	Price for Related Transaction	Amount of Related Transaction (RMB 0,000)	Percentage of Amount of Similar Transactions	Approved Transaction Limit (RMB 0,000)	Is the Approved Limit Exceeded	Settlement Method for Related Transaction	Available Market Price for Similar Transactions	Disclosure Date of Transactions	Disclosure Index
CIMC Group, its holding subsidiaries and associates	Controlling Shareholder and its fellow subsidiaries	Purchase of goods from related parties	Purchase of goods from related parties	Market price/markup on cost	—	54,934.84	2.87%	135,000	No	Cash settlement	—	August 26, 2021 and June 2, 2022	For details, refer to the Announcement on Estimations of Ordinary Related Transactions for 2022-2024 and the Announcement on Revision to the Estimated Cap on Daily Related Party Transactions in 2022-2024 disclosed on the website of Ciminfo at http://www.ciminfo.com.cn/
CIMC Group, its holding subsidiaries and associates	Controlling Shareholder and its fellow subsidiaries	Purchase of services from related parties	Purchase of services from related parties	Market price	—	7,635.98	0.40%	55,000	No	Cash settlement	—		

SECTION IX SIGNIFICANT EVENTS (Continued)

Party to Related Transaction	Relationship	Type of Related Transaction	Contents of Related Transaction	Pricing Principle of Related Transaction	Price for Related Transaction (RMB'0,000)	Amount of Related Transaction (RMB'0,000)	Percentage of Amount of Similar Transactions	Approved Transaction Limit (RMB'0,000)	Is the Approved Limit Exceeded	Settlement Method for Related Transaction	Available Market Price for Similar Transactions	Date of Disclosure	Disclosure Index
CIMC Group, its holding subsidiaries and associates	Controlling Shareholder and its fellow subsidiaries	Sale of goods to related parties	Sale of goods	Market price/markup on cost	—	19,518.11	0.73%	51,000	No	Cash settlement	—	—	—
	Controlling Shareholder and its fellow subsidiaries	Provision of services to related parties	Sale of services	Market price/markup on cost	—	419.53	0.02%	5,500	No	Cash settlement	—	—	—
Total					—	82,508.46	—	246,500	—	—	—	—	—
Details of large sales return				Nil									
<p>If the total amount of ordinary related transactions to be carried out during the period is estimated by type, the actual performance (if any) during the Reporting Period</p> <p>In 2023, the total amount of connected transactions between the Group on the one hand and CIMC Group and its fellow subsidiaries on the other did not exceed the estimated annual cap. In 2023, the total amount of goods and services actually purchased in transactions with the above related parties was RMB625,708,200, far less than the approved transaction amount, mainly due to the actual amount of related party purchases falling to meet expectations as a result of the Group's change of transportation methods, expansion of transportation channels, and the decline in the purchase amount of containers and transportation service fees by related parties in the year. In 2023, the total amount of goods and services actually sold in transactions with the above related parties was RMB199,376,400, far less than the approved transaction amount, mainly due to the actual number of products sold to the above related parties falling to meet expectations as a result of the impact of the domestic economic downturn in the year on the overall market demand for domestic semi-trailers and specialty vehicles.</p>													
Reasons for significant differences between the transaction price and the market reference price (if applicable)													N/A

SECTION IX SIGNIFICANT EVENTS (Continued)

2. Related Transactions Involving Acquisition or Disposal of Assets or Equity Interests

Applicable Not applicable

Related Party Relationship	Type of Related Transaction	Contents of Related Transaction	Pricing Principle of Related Transaction	Book Value of Transferred Assets		Settlement Method for Transaction	Transaction Profit and Loss (RMB'0,000)	Date of Disclosure	Disclosure Index
				(RMB'0,000)	(RMB'0,000)				
CIMC Group Controlling shareholder of the Company	Related Transactions Involving Disposal of Equity Interests	The Company and its wholly-owned subsidiary CIMC VEHICLE INVESTMENT HOLDINGS COMPANY LIMITED transferred the total 100% equity of Shenzhen CIMC Vehicle Co., Ltd. held by them to CIMC Group, the controlling shareholder of the Company	Based on the appraised value and taking into account commercial reasons, installment payments and other factors, the specific price is determined by both parties through negotiation	20,596.06	125,648.89	Cash settlement	84,797.43	February 6, 2023	For details, please refer to the Announcement on Transfer of Equity in Wholly-owned Subsidiary and Connected/Related Party Transactions disclosed on the website of Cninfo at http://www.cninfo.com.cn/

Reasons for significant differences between the transfer price and the book value or appraised value (if any)

According to the Equity Transfer Agreement in Relation to Shenzhen CIMC Vehicle Co., Ltd., the parties thereunder confirmed that the adjusted equity transfer price of 100% equity of Shenzhen CIMC Special Vehicle is RMB1,316,998,600. There is no significant difference between the transfer price before and after adjustment and the appraised value.

Impact on the operating results and financial status of the Company

The transaction is in line with the Company's future strategic planning, which will facilitate the supply-side structural reform promoted by the Company and enhance the quality and efficiency of the Company's operation. The transaction will not have any adverse impact on the financial status, operating results, future main business and sustainable operating capabilities of the Company, nor will it harm the interests of the Company and its Shareholders as a whole.

If the relevant transaction involves any performance agreement, the actual performance during the Reporting Period

N/A

SECTION IX SIGNIFICANT EVENTS *(Continued)*

3. Related Transaction Involving Joint External Investment

Applicable Not applicable

During the Reporting Period, the Company did not carry out related transactions involving joint external investment.

4. Related Claims and Debts

Applicable Not applicable

Whether there are non-operating related claims or debts

Applicable Not applicable

During the Reporting Period, the Company had no non-operating related claims or debts.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

5. Dealings with Financial Companies with Related Relationships

Applicable Not applicable

Deposit business

Related Party	Related Relationship	Maximum Daily Deposit Limit (RMB'0,000)	Deposit Interest Rate Range	Beginning Balance (RMB'0,000)	Amount Incurred During the Period		Ended Balance (RMB'0,000)
					Total Deposit During the Period (RMB'0,000)	Total Withdrawal During the Period (RMB'0,000)	
CIMC Finance Company Ltd.	Common controlling shareholder	70,000	The interest rate is determined by reference to: (1) the interest rate published by the People's Bank of China for similar deposits and for the same period; (2) the interest rate charged by CIMC Finance Company Ltd. to other subsidiaries of CIMC Group (excluding the Company) for similar deposits and for the same period; (3) the interest rate offered by independent 3rd-party commercial banks to the Company and its subsidiaries for similar deposits and for the same period.	68,813.72	1,688,240.68	1,690,199.14	66,855.26

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Loan business

Related Party	Related Relationship	Loan Amount (RMB'0,000)	Deposit Interest Rate Range	Amount Incurred During the Period			Ended Balance (RMB'0,000)
				Beginning Balance (RMB'0,000)	Total Amount of Loans for the Period (RMB'0,000)	Total Amount of Repayment for the Period (RMB'0,000)	
CIMC Finance Company Ltd.	Common controlling shareholder	35,000	The interest rate is determined by reference to: (1) Interest rates of similar loans for the same period announced by the People's Bank of China; (2) Interest rates of similar loans provided by independent commercial banks and/or other non-bank financial institutions to Group for the same period; (3) Interest rates of loans from Party A to Party B shall not be higher than the interest rate of similar loans from other financial institutions to Party B.	14,050.58	4,900.00	6,855.59	12,095.00

Credit or other financial businesses

Related Party	Related Relationship	Type of Business	Total amount (RMB'0,000)	Actual amount (RMB'0,000)
Financial guarantees provided by CIMC Finance Company Ltd.	Common controlling shareholder	The Company and its holding subsidiaries are jointly and severally liable for guaranteeing the repayment of the financing obtained by customers and distributors from CIMC Finance Company Ltd., which is related parties, for purchasing the Company's products.	36,210.94	8,888.83

6. Dealings Between Financial Companies Controlled by the Company and Related Parties

Applicable Not applicable

SECTION IX SIGNIFICANT EVENTS *(Continued)*

7. Other Material Related Transactions

√ Applicable Not applicable

- (1) On March 27, 2023, the Company convened the 4th meeting of the 2nd session of the Board of Directors for 2023 and the 3rd meeting of the 2nd session of the Supervisory Committee for 2023, which respectively considered and approved the Proposal on Estimations of Ordinary Related Transactions with Shandong Linglong Tire Co., Ltd. for 2023, and agreed to the issues in relation to ordinary related transactions with Shandong Linglong Tire Co., Ltd. for 2023.
- (2) On August 23, 2023, the Company held the 7th meeting of the 2nd session of the Board of Directors for 2023 and the 6th meeting of the 2nd session of the Supervisory Committee for 2023, at which the Proposal on Transfer of Equity in Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. and Connected/Related Party Transactions was considered and approved, agreeing to transfer the equity of Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. held by the Company to Shenzhen CIMC Investment Co., Ltd., a related party of the Company.

Information on websites for disclosure of holding announcements on material connected transactions

Name of Holding Announcement	Date of Disclosure of Holding Announcement	Name of Website for Disclosure of Holding Announcement
Announcement on Estimations of Ordinary Related Transactions with Shandong Linglong Tire Co., Ltd. for 2023	March 28, 2023	Cninfo (http://www.cninfo.com.cn/)
Announcement on Transfer of Equity and Related party/Connected Transactions of Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	August 24, 2023	Cninfo (http://www.cninfo.com.cn/)

SECTION IX SIGNIFICANT EVENTS *(Continued)*

8. Connected Transactions Prepared in Accordance with the Hong Kong Stock Exchange Listing Rules

CIMC Group holds more than 10% of the issued share capital of the Company, and is therefore a Substantial Shareholder of the Company as defined in the Hong Kong Stock Exchange Listing Rules. Accordingly, pursuant to Chapter 14A of the Hong Kong Stock Exchange Listing Rules, CIMC Group is a connected person of the Company, and its associates (“**CIMC Group Connected Persons**”, and, for the avoidance of doubt, excluding the Group) are the connected persons of the Company.

The following is a summary of connected transactions and continuing connected transactions during the Reporting Period:

(1) Deposit Service Framework Agreement

Parties: CIMC Financial Institution; and
the Company.

Reasons for the transaction: Since January 1, 2023, the Group has deposited cash into its bank accounts maintained with CIMC Financial Institution, a non-wholly owned subsidiary of CIMC and a non-bank financial institution, and CIMC Financial Institution has provided deposit services to the Group. In return, the Group receives interest income from CIMC Financial Institution on such deposits. Such deposit service is within the ordinary and usual course of business of CIMC Financial Institution and CIMC Financial Institution is restricted from providing such deposit service to independent parties from the public in accordance with applicable PRC laws. As of December 31, 2023, CIMC Financial Institution had a registered capital of RMB1,000 million.

Principal terms: The Company entered into a deposit service framework agreement (the “**Deposit Service Framework Agreement**”) with CIMC Financial Institution on September 29, 2021, pursuant to which CIMC Financial Institution will provide deposit services to the Group. For the deposit services provided, the Company deposits cash into the bank accounts of the Company maintained with CIMC Financial Institution, including cash generated from the Company’s daily business operations and proceeds generated from the Company’s financing activities. In return, CIMC Financial Institution pays deposit interests to the Company. The term of the Deposit Service Framework Agreement shall commence on January 1, 2022 and be effective for three years.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Pricing policy: Interest rates for the deposits placed by the Group with CIMC Financial Institution shall be determined with reference to: (i) the interest rates published by the PBOC for deposits of a similar type for the same period; (ii) the interest rate for deposits of a similar type for the same period placed by CIMC Group (excluding the Group) with CIMC Financial Institution; and (iii) the interest rate for deposits of a similar type for the same period offered by independent commercial banks and/or other non-bank financial institutions to the Company.

Proposed annual caps: The maximum daily balance of deposit and the aggregate annual amount of interest income in respect of the Deposit Service Framework Agreement for the three years ended December 31, 2022, 2023 and 2024 shall not exceed the caps set out below:

Items	Proposed annual cap for the year ended December 31 (RMB'000)		
	2022	2023	2024
Maximum daily balance of deposit placed by the Group with CIMC Financial Institution	700,000	700,000	700,000
Interest income derived from the cash deposit	<u>14,000</u>	<u>14,000</u>	<u>14,000</u>

During the Reporting Period, the maximum daily balance of deposit placed by the Group with CIMC Financial Institution was RMB692.41 million, and the interest income from deposit recognised by the Group for the year ended December 31, 2023 was RMB9.79 million.

Basis of annual caps: The above annual caps for maximum daily balance of deposit are determined with reference to (i) historical balance of deposits placed by the Group with CIMC Financial Institution; and (ii) the Company's efforts to reduce its balance of deposits in order to further enhance the Company's financial independence from CIMC Group in the future.

In respect of the deposit services to be provided by CIMC Group Connected Persons to the Group, the above proposed annual caps for the interest income to be received by the Company from CIMC Financial Institution are determined based on the expected interest rates of approximately 2.0% of its maximum outstanding deposit amount, which is generally in line with prevailing market rates.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

(2) Procurement and Service Framework Agreement

Parties: CIMC Group (on behalf of CIMC Group Connected Persons, as the supplier); and
The Company (on behalf of the Group, as the purchaser).

Reasons for the transaction: The Company has purchased products and services from CIMC Group Connected Persons. The Company will continue to procure such products and services from CIMC Group Connected Persons as CIMC Group Connected Persons have been providing the Company with such products and services with standard and quality commensurate with the requisite safety and quality standard of the Company. Therefore, the Company believes that CIMC Group Connected Persons are familiar with the Company's safety and quality standards, have a better understanding of their respective operations from previous cooperation, are able to meet the Company's requirements efficiently and reliably, and are faster and more efficient than other independent 3rd parties.

Principal terms: On September 29, 2021, the Company entered into a procurement and services framework agreement (the "Procurement and Services Framework Agreement") with CIMC Group (on behalf of CIMC Group Connected Persons), pursuant to which CIMC Group Connected Persons will supply raw materials, containers, truck chassis and vehicle parts and components and logistics services to the Group. The Procurement and Services Framework Agreement came into force on January 1, 2022 and is valid for three years. A supplemental agreement to the Procurement and Services Framework Agreement was entered into by and between the Company and CIMC to amend the annual cap and was considered and approved at the 1st extraordinary general meeting in 2022 held on July 15, 2022, and the annual cap was changed to the one specified in the paragraph headed "Annual cap" below.

Pricing policy: In order to ensure that the terms of transactions in respect of the procurement of products and general services by the Group from CIMC Group Connected Persons are fair and reasonable and in line with market practices, and that the terms of transactions will be no less favorable to the Group than the terms for transactions between the Group and independent 3rd parties, the Group has adopted the following measures:

- (a) to have regular contact with the suppliers of the Group (including CIMC Group Connected Persons) to keep abreast of market developments and the price trend of products and general services;

SECTION IX SIGNIFICANT EVENTS *(Continued)*

- (b) After considering various factors such as quality, payment, flexibility and after-sales service, the Company will evaluate, review and compare the quotations or proposals obtained, in consideration of other factors, such as continuity of business cooperation, product quality and suitability, payment period, end-customer selection and provision of after-sales service, so as to ensure that the transaction is in the best interests of the Group and all its shareholders.

Raw materials, containers, truck chassis and vehicle parts and components

In the case of purchase of raw materials, containers, truck chassis and vehicle parts and components: if market prices of similar raw materials, containers, truck chassis and vehicle parts and components are available, market prices and quotations from CIMC Group will be taken into consideration; If no relevant market prices of similar products are available, raw material, labor and other production-related costs arising from procurement or production of relevant raw materials, parts and components will be taken into consideration, and the procurement costs will be calculated, based on expected reasonable profit margin plus cost.

Services

The fees of logistics services will be charged on the basis of the volume, size and weight of the semi-trailers, truck bodies or components and parts to be shipped, custodial requirements, and delivery and handling requirements. When determining the prices, the procurement department of the Group will also make reference to market prices charged by logistics service providers to other enterprises engaging in the same industry. When the Group procures relevant products and services in its ordinary and usual course of business, it selects suppliers and determines the relevant procurement terms through negotiations based on the categories and scale of the procurement. The Group implements various internal approval and monitoring procedures, including obtaining quotations from other independent suppliers of similar products and services and considers assessment criteria (including price, quality, suitability, payment terms, and time required for the provision and delivery of the products and services) before entering into any new procurement arrangement with CIMC Group, and reviews such quotes, together with the offer from CIMC Group.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Annual caps: The maximum aggregate annual amounts in respect of the Procurement Framework Agreement for the three years ended December 31, 2022, 2023 and 2024 shall not exceed the caps set out below:

Items	Proposed annual cap for the year ended December 31 (RMB'000)		
	2022	2023	2024
Goods procurement	1,150,000	1,350,000	1,450,000
Services received	<u>450,000</u>	<u>550,000</u>	<u>550,000</u>
Total	<u><u>1,600,000</u></u>	<u><u>1,900,000</u></u>	<u><u>2,000,000</u></u>

During the Reporting Period, the Group purchased goods amounting to RMB549.35 million and received services amounting to RMB76.36 million, totaling RMB625.71 million.

Basis for determining caps: In determining the annual caps on the above procurement amount, the Company takes into consideration: (i) the historical amount of procurement and services from CIMC Group Connected Persons; (ii) the macroeconomic situation, market demand and industry standards, and the future development strategy and business plan of the Group; (iii) the quantity and market price fluctuation of products and services expected to be purchased from CIMC Group; and (iv) the proposed annual caps on the amount of procurement from CIMC Group Connected Persons for the next three years, which will exclude the caps on the amount of procurement and services from Jiangsu Wanjing, while the proposed annual caps on the amount of procurement from Jiangsu Wanjing will be determined separately.

(3) *Provision of Products and Services Framework Agreement*

Parties: CIMC Group (on behalf of CIMC Group Connected Persons, as the purchaser); and

The Company (on behalf of the Group, as the supplier).

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Reasons for the transaction: The Company has been providing CIMC Group Connected Persons semi-trailers, truck bodies and components as well as container repairing and supply chain services etc. In the ordinary and usual course of our business, the Group provides various products and general services to CIMC Group Connected Persons. Our Directors, including independent non-executive Directors, consider that the provision of products and general services to CIMC Group Connected Persons would benefit the Group for the following reasons:

- (a) The Group has established long-term cooperation relationships with CIMC Group Connected Persons and understands the business plans, quality control and other special requirements of both parties; in addition, as the Group and CIMC Group Connected Persons are subsidiaries of CIMC Group, the Group can obtain relatively comprehensive information in terms of customer credit assessment of CIMC Group Connected Persons before sales, and more efficiently carry out financial work including reconciliation of accounts receivable from sales, and collection of payments;
- (b) The prices and terms of products and services provided by the Group to CIMC Group Connected Persons are no less favorable to the Group than those provided by the Group to independent 3rd parties;
- (c) Entering into the Provision of Products and Services Framework Agreement enables the Group to sell products to CIMC Group Connected Persons for their manufacturing and business operations, so that the Group can additionally maintain a stable source of revenue; and
- (d) Based on relevant annual caps, none of the connected transactions under the Provision of Products and Services Framework Agreement will exceed 5% of the revenue of the Group. Therefore, the Board believes that the relevant connected transactions will not lead to the dependency of the Group on CIMC Group Connected Persons.

Principal terms: On September 29, 2021, the Company entered into a provision of products and services framework agreement (the “**Provision of Products and Services Framework Agreement**”) with CIMC Group (on behalf of CIMC Group Connected Persons), pursuant to which CIMC Group Connected Persons will purchase semi-trailers, truck bodies, components, container repairing and supply chain services from the Group. The Provision of Products and Services Framework Agreement came into force on January 1, 2022 and is valid for three years.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Pricing policy: In order to ensure that the provision by the Group of products and services to CIMC Group Connected Persons complies with the consensus and arm's length principles, and that the transaction terms under the agreement are on normal commercial terms.

Semi-trailers and truck bodies

In determining the prices of semi-trailers, truck bodies, parts and components, the Group will take into consideration the profit margin of similar products sold by the Group to independent 3rd parties and relevant costs of selling the products. Costs include but are not limited to raw materials, auxiliary materials, depreciation, labor, energy, taxes and other costs and expenses. The Group ensures that the pricing basis is no less favorable than the price offered to an independent 3rd party under the same circumstances and is in the interests of the Group and all its Shareholders.

Other services fees

The fees for the provision of vehicle and equipment lease services, supply chain services and container maintenance are determined through arm's length negotiation between the parties. The Group will consider the previously applicable prices of relevant services, in consideration of comparable market prices; if no reference prices are available in the market, the price will be based on cost plus a reasonable profit margin. The Group ensures that the terms of the services provided to CIMC Group Connected Persons are fair and reasonable to the Group.

Annual cap: The maximum aggregate annual amounts in respect of the Provision of Products and Services Framework Agreement for the three years ended December 31, 2022, 2023 and 2024 shall not exceed the following:

Items	Proposed annual cap for the year ended December 31 (RMB'000)		
	2022	2023	2024
Amount of goods sold	460,000	510,000	560,000
Amount of services provided	<u>50,000</u>	<u>55,000</u>	<u>60,000</u>
Total	<u>510,000</u>	<u>565,000</u>	<u>620,000</u>

During the Reporting Period, the Group sold goods amounting to RMB195.18 million and provided services amounting to RMB4.20 million, totaling RMB199.38 million.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Basis of caps: The annual caps are determined with reference to (i) the historical sales to CIMC Group Connected Persons; and (ii) the steady increase in the sales of products and the volume of related supporting services to be provided by the Group to CIMC Group Connected Persons, after taking into account, among other things, the macroeconomic situation, market demand, market price fluctuations, industry standards and the development strategies and business expansion plans of CIMC Group and the Group; and (iii) the fact that the exclusion of the cap on the amount of goods sold and services provided in transactions with Jiangsu Wanjiang does not have a significant impact in considering the annual cap on the amount of goods sold and services provided in transactions with CIMC Group Connected Persons in the next three years.

(4) Financial Guarantees Framework Agreement

Parties: CIMC Group (on behalf of CIMC Group Connected Persons); and
The Company (on behalf of the Group).

Reasons for the transaction: Certain customers of the Group may obtain financing from commercial banks in the PRC or other non-bank financial institutions (including non-bank financial institution(s) of CIMC Group (“**CIMC Financial Group**”)) for the purchase of products from the Group. Following such financing arrangement, the Group has, based on our credit assessment of the relevant customers, entered into financial guarantee contracts with the lenders which are the commercial banks or other non-bank financial institutions in the PRC (including CIMC Financial Group) to provide financial guarantees for the benefit of, and to facilitate financing to, such customers. The provision of financial guarantees to facilitate a customer’s purchase of products from the Group is a service offered by the Group to its customers and is a common practice in the semi-trailer and truck body industry and in line with market practice.

Principal terms: The Company entered into a financial guarantees framework agreement on September 29, 2021 (the “**Financial Guarantees Framework Agreement**”) with CIMC Group (on behalf of CIMC Group Connected Persons), pursuant to which the Group agrees to provide financial guarantees and performance bond to CIMC financial institutions, so that CIMC financial institutions can provide financing to customers of the Group. The term of the Financial Guarantees Framework Agreement shall commence on January 1, 2022 and be effective for three years.

Pricing policy: The financial guarantees provided by the Group to the CIMC Financial Group are on normal commercial terms or better to the Group compared to those of the financial guarantees provided by the Group to independent commercial banks in the PRC and/or other non-bank financial institutions.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Annual caps: The maximum daily balance in respect of the Financial Guarantees Framework Agreement for the three years ending December 31, 2022, 2023 and 2024 shall not exceed the caps set out below:

Items	Proposed annual cap for the year ended December 31 (RMB'000)		
	2022	2023	2024
Maximum daily balance of financial guarantees provided by the Group to CIMC Financial Group	<u>820,000</u>	<u>820,000</u>	<u>820,000</u>

During the Reporting Period, the maximum daily balance of financial guarantees provided by the Group to CIMC Financial Group amounted to RMB641 million.

Basis of caps: The above annual caps are determined with reference to: (i) historical balance of financial guarantees provided by the Group to CIMC Financial Group; (ii) the expected increase in demand for financing of customers taking into account estimated increase in the demand for certain types of semi-trailers and truck bodies; and (iii) the development strategies and business expansion plan of the Group.

The above continuing connected transactions and the Supplementary Agreement were considered and approved by the Board on August 25, 2021 and June 2, 2022 and approved by the independent Shareholders on September 29, 2021 and July 15, 2022, respectively. For relevant information, please refer to the announcements of the Company dated August 25, 2021 and June 2, 2022 and the circulars of the Company dated September 13, 2021 and June 24, 2022.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

(5) Transfer of equity in Shenzhen CIMC Special Vehicle Co., Ltd.

On February 17, 2023, the Company entered into the equity transfer agreement in respect of transfer of equity of Shenzhen CIMC Special Vehicle with CIMC VEHICLE INVESTMENT HOLDINGS COMPANY LIMITED, a wholly-owned subsidiary of the Company and CIMC Group. As at the date of the Agreement, CIMC Group and its associates directly and indirectly own approximately 56.78% shares in the Company and is a controlling shareholder of the Company. Therefore, CIMC Group is a connected person of the Company. The Equity Transfer Agreement to be entered into and the transactions contemplated thereunder constitute connected transactions of the Company pursuant to Chapter 14A of the Hong Kong Stock Exchange Listing Rules. Pursuant to the Agreement, the Company and CIMC VEHICLE INVESTMENT HOLDINGS COMPANY LIMITED agreed to transfer their 75% and 25% equity interests in Shenzhen CIMC Special Vehicle, respectively, and CIMC Group agreed to acquire 100% equity interest in Shenzhen CIMC Special Vehicle. According to the terms in the Equity Transfer Agreement in Relation to Shenzhen CIMC Special Vehicle Co., Ltd. and confirmed by both parties, the adjusted consideration of equity transfer was RMB1,316,998,600. Since the highest applicable percentage ratio (as defined in the Hong Kong Stock Exchange Listing Rules) of the Equity Transfer Agreement and the transactions contemplated thereunder exceeds 5%, the Equity Transfer Agreement and the transactions contemplated thereunder are subject to reporting, announcement, circular and Independent Shareholder's approval requirements under Chapter 14A of the Hong Kong Stock Exchange Listing Rules. In addition, since the highest applicable percentage ratio (as defined in the Hong Kong Stock Exchange Listing Rules) of the Equity Transfer Agreement to be entered into and the transactions contemplated thereunder exceeds 5% but is less than 25%, the Equity Transfer Agreement and the transactions contemplated thereunder also constitute a disclosable transaction of the Company and is subject to the reporting and announcement requirements of Chapter 14 of the Hong Kong Stock Exchange Listing Rules. For relevant information, please refer to the announcements of the Company dated February 6, 2023 and February 17, 2023 and the 2023 Interim Report.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

(6) *Transfer of equity in Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.*

On August 23, 2023, the Company entered into an equity transfer agreement in respect of the transfer of equity in Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. with Shenzhen CIMC Investment Co., Ltd. (“CIMC Investment”). As at the date of the Agreement, CIMC Group directly and indirectly owns approximately 56.78% shares in the Company and is a controlling shareholder of the Company. CIMC Investment is wholly owned by CIMC Group and is an associate of CIMC Group. Therefore, both CIMC Group and CIMC Investment are connected persons of the Company. The Disposal under the Equity Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Stock Exchange Listing Rules. Pursuant to the Agreement, the Company agreed to transfer its 3.7991% equity interests in Shenzhen CIMC Tongchuang Supply Chain Co., Ltd., and Shenzhen CIMC Investment Co., Ltd. agreed to acquire 3.7991% equity in Shenzhen CIMC Tongchuang Supply Chain Co., Ltd., at a consideration of RMB22,286,900. As the highest applicable percentage ratio (as defined in the Hong Kong Stock Exchange Listing Rules) in respect of the Disposal is more than 0.1% but less than 5%, the transaction under the Equity Transfer Agreements is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and Independent Shareholders’ approval requirements pursuant to Chapter 14A of the Hong Kong Stock Exchange Listing Rules. For relevant information, please refer to the announcement of the Company dated August 23, 2023.

Save as disclosed above, the Company did not have any disclosable connected transactions and continuing connected transactions under Chapter 14A of the Hong Kong Stock Exchange Listing Rules.

(7) *Annual Review Conducted by Independent Non-executive Directors and the External Auditor*

The Company’s independent non-executive Directors have reviewed the aforementioned continuing connected transactions and confirmed that these transactions have been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or better; and
- (3) in accordance with the terms of the relevant agreements governing the transactions and on terms that are fair and reasonable and in interests of the Company and the Shareholders as a whole.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

The Company's external auditor reported on the above transactions of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Stock Exchange Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The external auditor has issued a letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group above in accordance with Rule 14A.56 of the Hong Kong Stock Exchange Listing Rules. The external auditor has the following conclusions in the letter on continuing connected transactions disclosed by the Group:

- a. nothing has come to the auditor's attention that causes him to believe that the disclosed continuing connected transactions have not been approved by the Company's Board of Directors;
- b. for transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes him to believe that the transactions were not, in all material respects, conducted in accordance with the pricing policies of the Group;
- c. nothing has come to the auditor's attention that causes him to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- d. with respect to the aggregate amount of each of the above continuing connected transactions, nothing has come to the auditor's attention that causes him to believe that the disclosed continuing connected transactions have exceeded the maximum aggregate annual value in respect of each of the disclosed continuing connected transactions of the Company.

Save as disclosed above, during the Reporting Period, the Related Party Transactions set out in note 12 (5) to "Section XIII Auditor's Report" did not constitute connected transactions or continuing connected transactions of the Company which shall be disclosed pursuant to the provisions in respect of connected transaction disclosure requirements under Chapter 14A of the Hong Kong Stock Exchange Listing Rules.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

XV. MATERIAL CONTRACTS AND THEIR PERFORMANCE

1. Custody, Contracting and Lease

(1) *Custody*

Applicable Not applicable

During the Reporting Period, there were no custodian projects on which the profit or loss of the Company exceeded 10% of the total profit of the Company.

(2) *Contracting*

Applicable Not applicable

During the Reporting Period, there were no contracting projects on which the profit or loss of the Company exceeded 10% of the total profit of the Company.

(3) *Lease*

Applicable Not applicable

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Information on lease

1. As a Lessee

The assets leased by the Group mainly include houses, buildings and machinery equipment used in the daily production and operation. The lease term for houses and buildings is generally 1-20 years and the lease term for machinery equipment is generally 1-5 years. Lease contracts generally specify that the Group shall not sublease the leased assets.

2. As a Lessor

The Group leases out some of its houses, buildings, machinery equipment, transport machines and other equipment for a term ranging from 1 month to 20 years which may be extended according to the needs of the lessees. Under lease contracts, the rent shall be adjusted annually based on market rent conditions.

Projects on which the profit or loss of the Company exceeded 10% of the total profit of the Company for the Reporting Period

Applicable Not applicable

During the Reporting Period, there were no lease projects on which the profit or loss of the Company exceeded 10% of the total profit of the Company for the Reporting Period.

SECTION IX SIGNIFICANT EVENTS (Continued)

2. Material Guarantee

√ Applicable □ Not applicable

Unit: RMB'0,000

External guarantees of the Company and its subsidiaries (excluding guarantees to subsidiaries)										
Name of Principal	Date of Disclosure of Announcement on Guarantee	Guarantee Limit	Date of Incurrence	Actual Guarantee Amount	Type of Guarantee	Security (If Any)	Counter Guarantee (If Any)	Term of Guarantee	Is the Guarantee Fulfilled	Are Guarantees provided for Related Parties
	Vehicle customers and distributors of Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd.	March 28, 2023	320,000	January 1, 2023	6,644.61	Joint and several guarantee	Nil	Counter guarantee was provided	1-3 years	No
Vehicle customers and distributors of Wuhu CIMC Ruijiang Automobile Co., Ltd.			January 1, 2023	35,902.00	Joint and several guarantee	Nil	Counter guarantee was provided	1-3 years	No	No
Vehicle customers and distributors of Zhumadian CIMC Huajun Vehicle Co., Ltd.			January 1, 2023	255.67	Joint and several guarantee	Nil	Counter guarantee was provided	1-3 years	No	No
Vehicle customers and distributors of Shenzhen CIMC Special Vehicle Co., Ltd. and CIMC Vehicle (Jiangmen) Co., Ltd.			January 1, 2023	15,598.17	Joint and several guarantee	Nil	Counter guarantee was provided	1-3 years	No	No
Vehicle customers and distributors of Luoyang CIMC Lingyu Automobile Co., Ltd.			January 1, 2023	22,162.26	Joint and several guarantee	Nil	Counter guarantee was provided	1-3 years	No	No
Vehicle customers and distributors of Chongqing CIMC Vehicle Sales Service Co., Ltd.			January 1, 2023	194.43	Joint and several guarantee	Nil	Counter guarantee was provided	1-3 years	No	No

SECTION IX SIGNIFICANT EVENTS *(Continued)*

External guarantees of the Company and its subsidiaries (excluding guarantees to subsidiaries)

Name of Principal	Date of Disclosure of Announcement on Guarantee Limit	Guarantee Limit	Date of Incurrence	Actual Guarantee Amount	Type of Guarantee	Security (If Any)	Counter Guarantee (If Any)	Term of Guarantee	Is the Guarantee Fulfilled	Are Guarantees provided for Related Parties
Vehicle customers of Shanghai CIMC Vehicle Sales Services Co., Ltd.			January 1, 2023	52.29	Joint and several guarantee	Nil	Counter guarantee was provided	1-3 years	No	No
Vehicle customers of Shaanxi CIMC Vehicle Sales Service Co., Ltd.			January 1, 2023	/	Joint and several guarantee	Nil	Counter guarantee was provided	1-3 years	No	No
Customers of Kunming CIMC Vehicle Industrial Park Development Co., Ltd.	March 28, 2023	4,000	/	/	Joint and several guarantee	Nil	Counter guarantee was provided	1-3 years	No	No
Total external guarantee limit approved during the Reporting Period (A1)			324,000.00		Total amount of external guarantee incurred during the Reporting Period (A2)					16,626.78
Total external guarantee limit approved as at the end of the Reporting Period (A3)			324,000.00		Total balance of external guarantee provided as at end of the Reporting Period (A4)					80,809.43

SECTION IX SIGNIFICANT EVENTS (Continued)

Guarantee from the Company to Subsidiaries										
Name of Principal	Date of Disclosure of Announcement on Guarantee Limit	Guarantee Limit	Date of Incurrence	Actual		Counter		Term of Guarantee	Is the Guarantee Fulfilled	Are Guarantees provided for Related Parties
				Guarantee Amount	Type of Guarantee	Security (If Any)	Guarantee (If Any)			
Liangshan CIMC Dongyue Vehicles Co., Ltd.	March 28, 2023	200,000	January 12, 2023	2,132.8	Joint and several guarantee	Nil	Equity pledge by minority shareholders	1 year	No	No
Liangshan CIMC Dongyue Vehicles Co., Ltd.			March 23, 2023	2,118.4	Joint and several guarantee	Nil	Equity pledge by minority shareholders	1 year	No	No
Zhumadian CIMC Huajun Casting Co., Ltd.			January 28, 2023	2,825.00	Joint and several guarantee	Nil	Nil	1 year	No	No
Zhumadian CIMC Huajun Casting Co., Ltd.			January 6, 2023	3308.65	Joint and several guarantee	Nil	Nil	1 year	No	No
CIMC Taizijie Vehicle Body Manufacturing (Jiangmen) Co., Ltd.			August 4, 2022	1,000.00	Joint and several guarantee	Nil	Nil	1 year	No	No
Kunming CIMC Vehicle Industrial Park Development Co., Ltd.			January 17, 2023	1,749.40	Joint and several guarantee	Nil	Nil	1 year	No	No
Kunming CIMC Vehicle Industrial Park Development Co., Ltd.			February 20, 2023	4,000.00	Joint and several guarantee	Nil	Nil	3 years	No	No
Kunming CIMC Vehicle Industrial Park Development Co., Ltd.			July 12, 2023	250.60	Joint and several guarantee	Nil	Nil	3 years	No	No
Total approved guarantee limit for subsidiaries during the Reporting Period (B1)			200,000.00		Total amount of guarantee to subsidiaries incurred during the Reporting Period (B2)					28,671.63
Total guarantee limit approved for subsidiaries as at the end of the Reporting Period (B3)			200,000.00		Total balance of guarantee to subsidiaries incurred as at the end of the Reporting Period (B4)					17,384.85

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Total amount of guarantee of the Company (i.e. the sum of the above three major items)

Description of the guarantee liability incurred or the evidence indicating the possibility of joint and several liabilities (if any) during the Reporting Period, with regard to outstanding guarantee contracts	The Company provides guarantees for repayment of financing obtained by eligible customers from financial institutions, for purchase of vehicles. As at December 31, 2023, the amount of subrogation liability incurred by the Company due to late payment of customers was RMB10.5261 million
Description of the provision of external guarantee in violation of specified procedures (if any)	Not applicable

Note: The total approved limit of guarantee from the Company and its subsidiaries to subsidiaries during the Reporting Period was RMB2,000 million.

3. Engagement of Other Persons for Management of Cash Assets

(1) *Engagement for Wealth Management*

Applicable Not applicable

During the Reporting Period, the Company had no Engagement for Wealth Management.

(2) *Entrusted Loans*

Applicable Not applicable

During the Reporting Period, the Company had no entrusted loans.

4. Other Material Contracts

Applicable Not applicable

During the Reporting Period, the Company had no other material contracts.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

XVI. OTHER MATERIAL MATTERS

Applicable Not applicable

1. **Matters in relation to Over 1% Increase in Holding of H Shares by the Controlling Shareholder**

For details, refer to the Announcement on Over 1% Increase in Holding of H Shares by the Controlling Shareholder (Announcement No. 2023-002) disclosed on January 19, 2023 on the website of Cninfo at (<http://www.cninfo.com.cn/>), and the announcement published on the website of the Hong Kong Stock Exchange at (<https://www.hkexnews.hk/>).

2. **Matters in relation to Change in Shareholdings of Shareholders with over 5% of the Shares**

For details, please see the Announcement on Pre-disclosure of Reduction in Holdings of A Shares by Shareholders with More Than 5% of Shares (Announcement No. 2023-008) disclosed on February 6, 2023, the Announcement on Change of Over 1% in Holdings of A Shares by Shareholders with More than 5% of Shares (Announcement No. 2023-014) disclosed on February 21, 2023, the Indicative Announcement on Equity Change of Shareholders with More than 5% of Shares (Announcement No. 2023-015) and the Condensed Statement of Changes in Equity disclosed on February 23, 2023, the Announcement on Change of over 1% in Holdings of Shareholders with More than 5% of Shares (Announcement No. 2023-032) disclosed on March 31, 2023, the Announcement on Change of over 1% in Holdings of Shareholders with More than 5% of Shares (Announcement No. 2023-042) disclosed on April 28, 2023, the Announcement on Passage of Half of the Period for Reduction in Holdings of A Shares by Shareholders with More than 5% of Shares (Announcement No. 2023-044) disclosed on May 11, 2023, and the Announcement on Change of over 1% in Holdings of Shareholders with More than 5% of Shares (Announcement No. 2023-052) disclosed on June 2, 2023, the Announcement on Change of Over 1% in Holdings of A Shares by Shareholders with More than 5% of Shares (Announcement No.: 2023-057) disclosed on July 4, 2023, the Announcement on Expiry of the Period for Reduction in Holdings of A Shares by Shareholders with More than 5% and Results of the Reduction (Announcement No.: 2023-076) disclosed on September 28, 2023 on the website of Cninfo at (<http://www.cninfo.com.cn/>) and the announcements published on the website of the Hong Kong Stock Exchange at (<https://www.hkexnews.hk/>).

SECTION IX SIGNIFICANT EVENTS *(Continued)*

3. Matters in relation to the Foreign Exchange Forward Hedging Business in 2023

For details, refer to the Announcement on the Foreign Exchange Forward Hedging Business in 2023 (Announcement No. 2023-012) disclosed on February 21, 2023 on the website of Cninfo at (<http://www.cninfo.com.cn/>), and the announcement published on the website of the Hong Kong Stock Exchange at (<https://www.hkexnews.hk/>).

4. Use of Certain Unutilized A Share Proceeds for Cash Management

For details, refer to the Announcement on Using Part of the Idle Proceeds from A Shares for Cash Management (Announcement No. 2023-070) disclosed on August 24, 2023 on the website of Cninfo at (<http://www.cninfo.com.cn/>), and the announcement published on the website of the Hong Kong Stock Exchange at (<https://www.hkexnews.hk/>).

5. Equity Distribution for 2022

For details, refer to the Announcement on the Profit Distribution Plan for 2022 (Announcement No. 2023-026) disclosed on March 28, 2023 and the Announcement on Distribution of Equity for A Shares in 2022 (Announcement No. 2023-058) disclosed on July 14, 2023 on the website of Cninfo at (<http://www.cninfo.com.cn/>), and the announcements published on the website of the Hong Kong Stock Exchange at (<https://www.hkexnews.hk/>).

SECTION IX SIGNIFICANT EVENTS *(Continued)*

6. Planning for H Share Buy-back and Withdrawal of Listing:

For details, refer to the Announcement on Trading Suspension Due to Planning of Major Issues (Announcement No.: 2023-087) disclosed on November 28, 2023, the Announcement on Notice of Major Issues and Resumption of Trading (Announcement No.: 2023-090) and (1) Announcement Pursuant to Rule 3.7 of the Takeovers Code, Rule 13.09 of the Hong Kong Stock Exchange Listing Rules and Inside Information Provisions Under Part XIVA of the Securities and Futures Ordinance and (2) Resumption of Trading disclosed on November 29, 2023, the Announcement on the Progress of Major Issues (Announcement No.: 2023-094) and the Monthly Update Announcement Pursuant to Rule 3.7 of the Takeovers Code disclosed on December 27, 2023, the Announcement on the Progress of Major Issues (Announcement No.: 2024-005) and the Monthly Update Announcement Pursuant to Rule 3.7 of the Takeovers Code disclosed on January 26, 2024, the Announcement on the Progress of Major Issues (Announcement No.: 2024-013) and the Monthly Update Announcement Pursuant to Rule 3.7 of the Takeovers Code disclosed on February 26, 2024, the Announcement on the Progress of Major Issues and Resumption of Trading (Announcement No.: 2024-019) and the Announcement on (1) Conditional Cash Offer by UBS on Behalf of CIMC Vehicles (Group) Co., Ltd. to Buy-back All the Issued H Shares (Other Than Those Held by CIMC Group and Its Concert Parties) at HK\$7.5 Per H Share; (2) Proposed Voluntary Withdrawal of Listing of the H Shares of CIMC Vehicles (Group) Co., Ltd. from The Stock Exchange of Hong Kong Limited; and (3) Resumption of Trading disclosed on March 11, 2024, the Offer Document Relating to (1) Conditional Cash Offer by UBS on Behalf of CIMC Vehicles (Group) Co., Ltd. to Buy-Back All the Issued H Shares (Other Than Those Held by CIMC Group and Its Concert Parties) at HK\$7.5 Per H Share; and (2) Proposed Voluntary Withdrawal of Listing of the H Shares of CIMC Vehicles (Group) Co., Ltd. from The Stock Exchange of Hong Kong Limited and the Notice of Convening the 2024 Second Extraordinary General Meeting, the 2024 First A Shareholders' Class Meeting and the 2024 First H Shareholders' Class Meeting of CIMC Vehicles (Group) Co., Ltd. (Announcement No. 2024-035) disclosed on March 27, 2024, and the Announcement on Resolutions Passed at the 2024 Second Extraordinary General Meeting, the 2024 First A Shareholders' Class Meeting and the 2024 First H Shareholders' Class Meeting (Announcement No. 2024-039) disclosed on April 18, 2024 on the website of Cninfo at (<http://www.cninfo.com.cn/>).

7. Amendment to Relevant Systems of the Company

For details, refer to the Announcement on Resolutions of the Tenth Meeting of the Second Session of the Board of Directors in 2023 (Announcement No. 2023-092) disclosed on December 15, 2023 on the website of Cninfo at (<http://www.cninfo.com.cn/>), relevant amendment to systems and the announcement published on the website of the Hong Kong Stock Exchange at (<https://www.hkexnews.hk/>).

SECTION IX SIGNIFICANT EVENTS *(Continued)*

8. Funds Established with Investment from the Company and Professional Investment Organizations

Shenzhen Bay Angel Phase III Venture Capital Limited Partnership (深圳灣天使三期創業投資合夥企業(有限合夥)) was established by the Company, Shenzhen Angel FOF Co., Ltd. (深圳市天使投資引導基金有限公司), Zhenjiang Tuanshan Capital Management Company Limited (鎮江團山資本管理有限公司) and Shenzhen City Shen Fu Bao (Group) Limited (深圳市深福保(集團)有限公司) on June 3, 2021, with the registered capital of RMB165 million, of which the subscribed capital contributions were RMB75.00 million from the Company with a shareholding percentage of 45.46%, RMB58.35 million from Shenzhen Angel FOF Co., Ltd. with a shareholding percentage of 35.36%, RMB20.00 million from Zhenjiang Tuanshan Capital Management Company Limited with a shareholding percentage of 12.12%, and RMB10.00 million from Shenzhen City Shen Fu Bao (Group) Limited with a shareholding percentage of 6.06%. The capital contribution to Shenzhen Bay Angel Phase III Venture Capital Limited Partnership was paid in three instalments, with the 1st, 2nd and 3rd instalments being 40%, 30% and 30% of the capital contribution respectively.

In 2021, Shenzhen Bay Angel Phase III Venture Capital Limited Partnership obtained the filing certificate for a private investment fund from the Asset Management Association of China, and had the 1st instalment paid by all partners.

In 2022, Shenzhen Bay Angel Phase III Venture Capital Limited Partnership has completed the 1st phase of investment.

In 2023, Shenzhen Bay Angel Phase III Venture Capital Limited Partnership had the 2nd and 3rd instalments paid. As at December 31, 2023, Shenzhen Bay Angel Phase III Venture Capital Limited Partnership had all instalments paid.

In 2023, Shenzhen Bay Angel Phase III Venture Capital Limited Partnership has completed the 2nd phase of investment.

XVII. OTHER SIGNIFICANT MATTERS OF SUBSIDIARIES OF THE COMPANY

Applicable Not applicable

SECTION X CHANGES IN SHARES AND SHAREHOLDERS

I. CHANGES IN SHARES

1. Changes in Shares

Unit: Share

	Prior to Change		Increase/Decrease (+/-)					Upon Change	
	Number	Percentage	Issuance of New Shares	Bonus Issue	Conversion of Capital Reserve into Share Capital	Others	Sub-total	Number	Percentage
I. Shares subject to selling restrictions	1,013,428,475	50.23%						1,013,428,475	50.23%
1. State-owned shares									
2. Shares held by state-owned legal persons									
3. Shares held by other domestic investors	728,443,475	36.10%						728,443,475	36.10%
of which: Shares held by domestic legal persons	728,443,475	36.10%						728,443,475	36.10%
Shares held by domestic natural persons									
4. Shares held by foreign investors	284,985,000	14.12%						284,985,000	14.12%
of which: Shares held by foreign legal persons	284,985,000	14.12%						284,985,000	14.12%
Shares held by foreign natural persons									
II. Shares not subject to selling restrictions	1,004,171,525	49.77%						1,004,171,525	49.77%
1. RMB ordinary shares	725,236,525	35.95%						725,236,525	35.95%
2. Domestic listed foreign shares									
3. Overseas listed foreign shares	278,935,000	13.83%						278,935,000	13.83%
4. Others									
III. Total shares	<u>2,017,600,000</u>	<u>100.00%</u>						<u>2,017,600,000</u>	<u>100.00%</u>

SECTION X CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

Reasons for changes in shares

Applicable Not applicable

Approval for changes in shares

Applicable Not applicable

Transfer for changes in shares

Applicable Not applicable

Impact of changes in shares on financial indicators including the basic earnings per share, diluted earnings per share and net assets per share attributable to ordinary Shareholders of the Company for the previous year or latest period

Applicable Not applicable

Other information whose disclosure is considered necessary by the Company or required by securities regulatory authorities

Applicable Not applicable

2. Changes in Shares Subject to Selling Restrictions

Applicable Not applicable

II. ISSUANCE AND LISTING OF SECURITIES

1. Issuance of Securities (Excluding Preference Shares) during the Reporting Period

Applicable Not applicable

2. Changes in the Total Number of Shares, the Shareholder Structure and the Asset and Liability Structure of the Company

Applicable Not applicable

3. Existing Employee Shares

Applicable Not applicable

SECTION X CHANGES IN SHARES AND SHAREHOLDERS (Continued)

III. INFORMATION ON SHAREHOLDERS AND DE FACTO CONTROLLERS

1. Number of Shareholders and the Shareholding

Unit: Share

Total number of ordinary Shareholders as at the end of the Reporting Period	Total number of Shareholders: 39,892 (of which, holders of A Shares: 39,851, and holders of H Shares: 41)	Total number of ordinary Shareholders as at the end prior to the date of A Share annual report	Total number of Shareholders: 42,158 (of which, holders of A Shares: 42,117, and holders of H Shares: 41)	Total number of preferred Shareholders whose voting rights were restored as at the end of the Reporting Period (if any)	Total number of preferred Shareholders whose voting rights were restored as at the end of the month prior to the publication date of A Share annual report (if any)	Total number of Shareholders holding shares with special voting rights (if any)

Shareholdings of the Shareholders holding more than 5% of the shares or the top ten Shareholders
(Excluding shares holding by the margin refinancing business)

Name of Shareholder	Nature of Shareholder	Shareholding percentage	Number of Shares held as at the end of the Reporting Period	Changes during the Reporting Period	Number of Shares held subject to trading restrictions	Number of Shares held not subject to trading restrictions	Pledged, charged or frozen shares Status Number
CIMC Group	Domestic non-state-owned legal person	36.10%	728,443,475	0	728,443,475	0	
CIMC Hong Kong (note 1)	Overseas legal person	20.68%	417,190,600	13,935,000	284,985,000	132,205,600	
HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司) (note 2)	Overseas legal person	7.27%	146,669,932	-13,932,000	0	146,669,932	

SECTION X CHANGES IN SHARES AND SHAREHOLDERS (Continued)

Name of Shareholder	Nature of Shareholder	Shareholding percentage	Number of Shares held as at the end of the Reporting Period	Changes during the Reporting Period	Number of Shares held subject to trading restrictions	Number of Shares held not subject to trading restrictions	Pledged, charged or frozen shares	
							Status	Number
Ping An Capital Co., Ltd. (平安資本有限責任公司) – Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金 合夥企業(有限合夥))	Others	3.53%	71,184,088	-55,045,500	0	71,184,088		
Ping An Capital Co., Ltd. (平安資本有限責任公司) – Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企 業(有限合夥))	Others	3.44%	69,483,605	-52,201,900	0	69,483,605		
Xiang Shan Hua Jin	Domestic non-state- owned legal person	3.39%	68,336,400	-7,541,100	0	68,336,400		
Hong Kong Securities Clearing Company Ltd (香港中央結算有限公司)	Overseas legal person	2.16%	43,537,265	41,731,462	0	43,537,265		
Hainan Longyuan	Domestic non-state- owned legal person	1.03%	20,710,000	-2,450,000	0	20,710,000		
Abu Dhabi Investment Authority	Overseas legal person	0.85%	17,081,857	17,081,857	0	17,081,857		

SECTION X CHANGES IN SHARES AND SHAREHOLDERS (Continued)

Name of Shareholder	Nature of Shareholder	Shareholding percentage	Number of Shares held as at the end of the Reporting Period		Changes during the Reporting Period	Number of Shares held subject to trading restrictions	Number of Shares held not subject to trading restrictions	Pledged, charged or frozen shares	
			the Reporting Period	the Reporting Period				Status	Number
Bank of China – Invesco Great Wall Strategy Select Flexible Allocation of Hybrid Securities Investment Funds (中國銀行—景順長城策略精選靈活配置混合型證券投資基金)	Others	0.72%	14,591,071	14,591,071		0	14,591,071		
Strategic investors or ordinary legal persons becoming top ten Shareholders by way of placing of new Shares (if any)		Not applicable							
Description of connected relationships or concerted actions of the above shareholders			<ol style="list-style-type: none"> 1. CIMC Hong Kong is a wholly-owned subsidiary of CIMC Group; 2. Each of Ping An Capital Co., Ltd. (平安資本有限責任公司) – Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥)) and Ping An Capital Co., Ltd. (平安資本有限責任公司) – Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企業(有限合夥)) is a partnership private equity investment fund. The executive partner of Ping An Capital Co., Ltd. (平安資本有限責任公司) – Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥)) is Ping An Capital Co., Ltd. (平安資本有限責任公司), and the executive partner of Ping An Capital Co., Ltd. (平安資本有限責任公司) – Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企業(有限合夥)) is Ping An Decheng. Both Ping An Decheng and Ping An Capital Co., Ltd. (平安資本有限責任公司) are enterprises whose equity interests are indirectly owned as to 100% by Ping An Group (a listed company, 601318.SH/02318. HK). Ping An Capital Co., Ltd. (平安資本有限責任公司) – Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥)) and Ping An Capital Co., Ltd. (平安資本有限責任公司) – Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企業(有限合夥)) are under the control of the same entity and are persons acting in concert. Saved as disclosed above, the Company is not aware of any other related relationship among the above shareholders, or whether they are persons acting in concert. 						

SECTION X CHANGES IN SHARES AND SHAREHOLDERS (Continued)

Name of Shareholder	Nature of Shareholder	Shareholding percentage	Number of Shares held as at the end of the Reporting Period	Changes during the Reporting Period	Number of Shares held subject to trading restrictions	Number of Shares held not subject to trading restrictions	Pledged, charged or frozen shares Status	Number
Description of entrusting/being entrusted voting rights or waiving voting rights of the above Shareholders		Not applicable						
Special description of the special accounts for repurchase held by the top ten Shareholders (if any)		Not applicable						

Shareholding of the Top 10 Shareholders not Subject to Selling Restrictions

Name of Shareholder	Number of Shares Held not Subject to Selling Restrictions as at the End of Reporting Period	Class of Shares	Number
HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司) (note 2)	146,669,932	Overseas-listed foreign shares	146,669,932
CIMC Hong Kong (note 1)	132,205,600	Overseas-listed foreign shares	132,205,600
Ping An Capital Co., Ltd. (平安資本有限責任公司) – Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金 合夥企業(有限合夥))	71,184,088	RMB ordinary shares	71,184,088
Ping An Capital Co., Ltd. (平安資本有限責任公司) – Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企 業(有限合夥))	69,483,605	RMB ordinary shares	69,483,605

SECTION X CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

Name of Shareholder	Number of Shares Held not Subject to Selling Restrictions as at the End of Reporting Period	Class of Shares	
		Class of Shares	Number
Xiang Shan Hua Jin	68,336,400	RMB ordinary shares	68,336,400
Hong Kong Securities Clearing Company Ltd (香港中央結算有限公司)	43,537,265	RMB ordinary shares	43,537,265
Hainan Longyuan	20,710,000	RMB ordinary shares	20,710,000
Abu Dhabi Investment Authority	17,081,857	RMB ordinary shares	17,081,857
Bank of China – Invesco Great Wall Strategy Select Flexible Allocation of Hybrid Securities Investment Funds (中國銀行－景順長城策略精選 靈活配置混合型證券投資基金)	14,591,071	RMB ordinary shares	14,591,071
Invesco Great Wall Fund – China Life Insurance Company Limited – Dividend Insurance – Invesco Great Wall Fund Guoshou Equity Balanced Equity Portfolio Single Asset Management Plan (available for sale) (景順長城基金－中國人壽保險 股份有限公司－分紅險－景順 長城基金國壽股份均衡股票型 組合單一資產管理計劃 (可供出售))	7,810,306	RMB ordinary shares	7,810,306

SECTION X CHANGES IN SHARES AND SHAREHOLDERS (Continued)

Name of Shareholder	Number of Shares Held not Subject to Selling Restrictions as at the End of Reporting Period	Class of Shares	
		Class of Shares	Number
Description of the connected relationship or concerted actions between the top 10 Shareholders of tradable shares not subject to selling restrictions, and between the top 10 Shareholders of tradable shares not subject to selling restrictions and the top 10 Shareholders	<p>1. CIMC Hong Kong is a wholly-owned subsidiary of CIMC Group;</p> <p>2. Each of Ping An Capital Co., Ltd. (平安資本有限責任公司) – Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥)) and Ping An Capital Co., Ltd. (平安資本有限責任公司) – Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企業(有限合夥)) is a partnership private equity investment fund. The executive partner of Ping An Capital Co., Ltd. (平安資本有限責任公司) – Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥)) is Ping An Capital Co., Ltd. (平安資本有限責任公司), and the executive partner of Ping An Capital Co., Ltd. (平安資本有限責任公司) – Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企業(有限合夥)) is Ping An Decheng. Both Ping An Decheng and Ping An Capital Co., Ltd. (平安資本有限責任公司) are enterprises whose equity interests are indirectly owned as to 100% by Ping An Group (a listed company, 601318.SH/02318. HK). Ping An Capital Co., Ltd. (平安資本有限責任公司) – Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥)) and Ping An Capital Co., Ltd. (平安資本有限責任公司) – Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企業(有限合夥)) are under the control of the same entity and are persons acting in concert.</p> <p>Saved as disclosed above, the Company is not aware of any other connected relationship between the above Shareholders or whether they are persons acting in concert.</p>		
Information on Shareholders participating in the margin trading and securities lending business (if any)	Not applicable		

Note 1: As at the end of the Reporting Period, 132,205,600 H Shares of the Company held by CIMC Hong Kong were registered under HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司). The number of shares held by CIMC Hong Kong and the shareholding percentage in the above table have taken into account the number of such shares.

Note 2: HKSCC NOMINEES LIMITED(香港中央結算(代理人)有限公司) is the nominee holder on behalf of the non-registered shareholders of the H Shares. As at the end of the Reporting Period, 278,875,532 H Shares were registered under HKSCC NOMINEES LIMITED(香港中央結算(代理人)有限公司). The number of Shares held and the shareholding percentage of HKSCC NOMINEES LIMITED(香港中央結算(代理人)有限公司) in the above table do not take into account the 132,205,600 H Shares registered thereunder and held by CIMC Hong Kong.

SECTION X CHANGES IN SHARES AND SHAREHOLDERS (Continued)

Participation of the top 10 shareholders in shares lent under the margin refinancing business

Applicable Not applicable

Changes in the top 10 shareholders from the previous period

Applicable Not applicable

Unit: Share

Name of Shareholder (full name)	Changes in the Top 10 Shareholders from the Previous Period				
	Addition/Exit during the Reporting Period	Number of Shares Lent under the Margin Refinancing at the End of the Period and not yet Returned		Number of Shares Held in the General Account and Credit Account of Shareholders at the End of the Period and Shares Lent under the Margin Refinancing and not yet Returned	
		Total Number	Percentage of Total Share Capital	Total Number	Percentage of Total Share Capital
Central Enterprises Poor Regions Industry Investment Fund Co., Ltd. (中央企業鄉村產業投資基金股份有限公司)	Exit	0	0%	0	0%
Guangzhou Gongkong Capital Management Co., Ltd.(廣州工控資本管理有限公司)	Exit	0	0%	392,796	0.02%
China Insurance Investment Co., Ltd. – China Insurance Investment Fund (Limited Partnership) (中保投資有限責任公司—中國保險投資基金(有限合夥))	Exit	0	0%	0	0%
Hong Kong Securities Clearing Company Ltd (香港中央結算有限公司)	Addition	0	0%	43,537,265	2.16%
Abu Dhabi Investment Authority	Addition	0	0%	17,081,857	0.85%
Bank of China – Invesco Great Wall Strategy Select Flexible Allocation of Hybrid Securities Investment Funds (中國銀行—景順長城策略精選靈活配置混合型證券投資基金)	Addition	0	0%	14,591,071	0.72%

SECTION X CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

Whether the Company had voting rights difference arrangement

Applicable Not applicable

Whether any agreed repurchase transaction was entered into by the Company's top ten ordinary Shareholders and the top ten ordinary Shareholders not subject to trading restrictions during the Reporting Period

Yes No

There was no agreed repurchase transaction entered into by the Company's top ten ordinary Shareholders and the top ten ordinary Shareholders not subject to trading restrictions during the Reporting Period.

2. Controlling Shareholders of the Company

Nature of the Controlling Shareholders: unclear

Type of the Controlling Shareholders: legal person

Name of Controlling Shareholder	Legal representative/ Company leader	Date of establishment	Organization code	Main business
China International Marine Containers (Group) Co., Ltd.	Mai Boliang	January 14, 1980	91440300618869509J	The general business items include container manufacture and repair and related businesses, processing and manufacture of various parts, structural components and relevant equipment by using existing equipment of the Company, as well as provision of the following processing services: cutting, press forming, riveting, surface treatment (including sandblast painting, welding and assembly). Addition: container leasing.

SECTION X CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

Name of Controlling Shareholder	Legal representative/ Company leader	Date of establishment	Organization code	Main business
Shareholdings of Controlling Shareholders who have control or hold shares in other domestic or overseas listed companies during the Reporting Period	As at December 31, 2023, the shareholdings of Controlling Shareholders who have control or hold shares in other domestic or overseas listed companies is as follows:			
	1.	1,371,016,211 shares of CIMC Enric, a company listed on the Hong Kong Stock Exchange (stock code: 03899);		
	2.	459,000,000 shares of CIMC Safeway Technologies Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 301559) held by WIN SCORE INVESTMENTS LIMITED, a non-wholly owned subsidiary of CIMC Group;		
	3.	185,600,000 shares of CIMC Ocean En-Tech Holding Co., Ltd., a company listed on the Hong Kong Stock Exchange (stock code: 00206);		
	4.	13,520,833 shares of Otto Energy Limited, a company listed on the Australian Securities Exchange (stock code: OEL);		
	5.	209,586,211 shares of Shoucheng Holdings Limited, a company listed on the Hong Kong Stock Exchange (stock code: 00697);		
	6.	794,656 shares of Novogene Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 688315);		
	7.	40,000,000 shares of China Railway Special Cargo Logistics Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 001213);		
	8.	10,335,757 shares of CSG Holding Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 000012);		
	9.	64,972,927 shares of Jade Bird Fire Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 002960);		
	10.	3,200,000 shares of Shandong Linglong Tire Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 601966).		

Changes in Controlling Shareholders during the Reporting Period

Applicable Not applicable

There was no change in the Controlling Shareholders of the Company during the Reporting Period.

SECTION X CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

3. De Facto Controller of the Company and Persons Acting in Concert

Nature of the de facto controller: Nil

Type of the de facto controller: Nil

Description of the fact that the Company had no de facto controller

As at the end of the Reporting Period, CIMC Group directly held 36.10% of the Company's shares, and held 20.68% of the Company's shares through CIMC Hong Kong, a wholly-owned subsidiary of CIMC Group. CIMC Group held a total of 56.78% of the Company's shares with CIMC Hong Kong and was the Controlling Shareholder of the Company. CIMC Group had a relatively scattered shareholding with no de facto controller. Therefore, the Company had no de facto controller.

Whether there are any Shareholders at the ultimate controlling level with shareholdings above 10% in the Company

Yes No

Legal person Natural person

Shareholding at the ultimate controlling level

Name of Shareholders at the ultimate controlling level	Legal representative/ Company leader	Date of establishment	Organization code	Main business
Shenzhen Capital (Hong Kong) Container Investment Co., Ltd.	Shi Lan (Designated Representative)	September 22, 2020	-	Investment
China Merchants (CIMC) Investment Limited	Hu Xianfu	January 17, 1995	-	Investment and control
Shareholdings of Controlling Shareholders at the ultimate controlling level who have control or hold shares in other domestic or overseas listed companies during the Reporting Period	None			

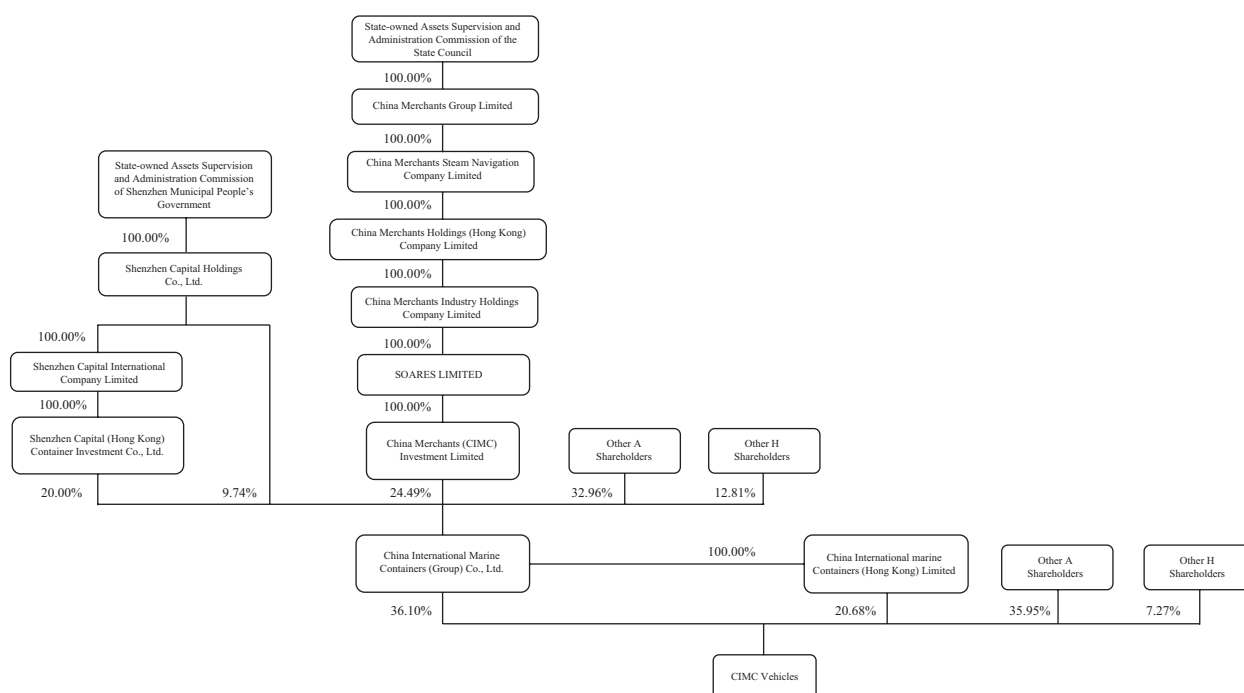
SECTION X CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

Changes in de facto controller during the Reporting Period

Applicable Not applicable

There was no change in the de facto controllers of the Company during the Reporting Period.

Chart of equity and the controlling relationship between the Company and the de facto controllers



De facto controller controls the Company through trust or other asset management

Applicable Not applicable

4. Shares Pledged by Controlling Shareholder or the Largest Shareholder of the Company and Persons acting in Concert with it Account for 80% of Shares Held by Them in the Company

Applicable Not applicable

5. Corporate Shareholders Holding over 10% of the Shares

Applicable Not applicable

SECTION X CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

6. Restrictions on Reduction in the Shareholdings of Controlling Shareholder, De Facto Controllers, Reorganizers and Other Commitment Makers

Applicable Not applicable

IV. REPURCHASE OF SHARES DURING THE REPORTING PERIOD

Progress in the repurchase of shares

Applicable Not applicable

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

Applicable Not applicable

V. DISCLOSURE OF SHAREHOLDINGS OF THE SUBSTANTIAL SHAREHOLDERS AND OTHER PARTIES UNDER THE SFO OF HONG KONG

As of December 31, 2023, to the knowledge of Directors, the following persons other than the Directors, Supervisors and Chief Executive of the Company had interests and/or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept pursuant to Section 336 of the SFO:

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares	Long Position/ Short Position	Approximate Percentage of the Relevant Class of Shares	Approximate
						Percentage of the Total Issued Share Capital of the Company
CIMC Group	Beneficial owner	A Shares	728,443,475	Long position	50.11%	36.10%
	Interest in controlled corporation <i>(note 1)</i>	H Shares	417,190,600	Long position	73.98%	20.68%
CIMC Hong Kong	Beneficial owner	H Shares	417,190,600	Long position	73.98%	20.68%
Ping An Life Insurance	Interest in controlled corporation <i>(note 2)</i>	A Shares	140,667,693	Long position	9.68%	6.97%

SECTION X CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares	Long Position/ Short Position	Approximate Percentage of the Relevant Class of Shares	Approximate Percentage of the Total Issued Share Capital of the Company
Shenzhen Pingan Yuanxin Investment Development Holdings Co., Ltd. (深圳市平安遠欣投資發展控股有限公司)	Interest in controlled corporation <i>(note 3)</i>	A Shares	140,667,693	Long position	9.68%	6.97%
Ping An Financial	Interest in controlled corporation <i>(note 3&4)</i>	A Shares	140,667,693	Long position	9.68%	6.97%
Ping An Group	Interest in controlled corporation <i>(note 3,4&5)</i>	A Shares	140,667,693	Long position	9.68%	6.97%
Hong Kong Tiancheng Investment & Trading Co. Limited	Beneficial owner	H Shares	39,948,500	Long position	7.08%	1.98%
Shandong Linglong Tire Co., Ltd.	Interest in controlled corporation <i>(note 6)</i>	H Shares	39,948,500	Long position	7.08%	1.98%
Linglong Group Co., Ltd. (玲瓏集團有限公司)	Interest in controlled corporation <i>(note 6)</i>	H Shares	39,948,500	Long position	7.08%	1.98%
Wang Xicheng	Interest in controlled corporation <i>(note 6)</i>	H Shares	39,948,500	Long position	7.08%	1.98%

SECTION X CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

Notes:

- (1) *CIMC Hong Kong is a wholly owned subsidiary of CIMC Group and therefore CIMC Group is deemed to be interested in H Shares held by CIMC Hong Kong. As at December 31, 2023, CIMC Hong Kong held 417,190,600 H Shares.*
- (2) *Ping An Life Insurance is the limited partner of Taizhou Taifu and Shanghai Taifu, respectively holding 47.62% and 40.36% of their equity interests, and therefore it is deemed to be interested in 69,483,605 A Shares and 71,184,088 A Shares held by Taizhou Taifu and Shanghai Taifu.*
- (3) *Shenzhen Ping'an Yuanxin Investment Development Holdings Co., Ltd. (深圳市平安遠欣投資發展控股有限公司) owns 100% of the equity interest in Shenzhen Sidao Branch Investment Co., Ltd. (深圳市思道科投資有限公司), which in turn holds 55.12% equity interest in Ping An Health Partnership. Ping An Health Partnership is the limited partner of Taizhou Taifu, holding 38.33% of its equity interests. In addition, Shenzhen Ping'an Yuanxin Investment Development Holdings Co., Ltd. (深圳市平安遠欣投資發展控股有限公司) wholly controls Ping An Capital Co., Ltd., which in turn is the executive partner of Shanghai Taifu. Therefore, Shenzhen Ping'an Yuanxin Investment Development Holdings Co., Ltd. (深圳市平安遠欣投資發展控股有限公司) is deemed to be interested in 69,483,605 A Shares and 71,184,088 A Shares held by Taizhou Taifu and Shanghai Taifu.*
- (4) *Ping An Decheng (the executive partner of Taizhou Taifu) is wholly-owned by Ping An Financial, and therefore, Ping An Financial is deemed to be interested in 69,483,605 A Shares held by Taizhou Taifu. Meanwhile, Shenzhen Ping'an Yuanxin Investment Development Holdings Co., Ltd. (深圳市平安遠欣投資發展控股有限公司) is wholly-owned by Ping An Financial. Therefore, Ping An Financial is deemed to be interested in 71,184,088 A Shares held by Shanghai Taifu.*
- (5) *Ping An Financial is ultimately controlled by Ping An Group and therefore Ping An Group is also deemed to be interested in 71,184,088 A Shares and 69,483,605 A Shares held by Shanghai Taifu and Taizhou Taifu, respectively.*
- (6) *Mr. Wang Xicheng is interested in 51% of the shares of Linglong Group Co., Ltd. (玲瓏集團有限公司) which in turn holds 39.05% of the equity interest of Shandong Linglong Tire Co., Ltd.. Hong Kong Tiancheng Investment & Trading Co. Limited is also a wholly owned subsidiary of Shandong Linglong Tire Co., Ltd., and therefore all of them are deemed to be interested in the H Shares held by Hong Kong Tiancheng Investment & Trading Co. Limited.*

SECTION X CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

VI. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

At the Ninth Meeting of the Second Session of the Board of Directors of the Company held on November 27, 2023 for the year 2023, the Company agreed to the potential proposal to repurchase all the issued H Shares in the issued share capital of the Company (other than those held by CIMC Group and its parties acting in concert with it) and authorized to carry out the relevant plan and preliminary preparatory work; At the Second Meeting of the Second Session of the Board of Directors for the year 2024 held on March 11, 2024, the Company considered and passed the “Proposal for the Company to Carry Out the H Shares Repurchase Offer and Delisting and Reduction of the Company’s Registered Capital” and other related matters, and agreed to repurchase all the issued H Shares (other than those held by CIMC Group and its parties acting in concert with it) of 146,729,400 Shares at the H Shares Repurchase Offer Price of HK\$7.5 per Share, the total funding for the H Share Repurchase Offer is approximately HK\$1,100,470,500, which will be funded by the Company’s internal cash resources; At the Fourth Meeting of the Second Session of the Board of Directors for the year 2024 held on March 25, 2024, the Company considered and passed the “Proposal for Distributing Offer Documents” and the offer documents were distributed to H Share Shareholders on March 27, 2024; At the 2024 Second Extraordinary General Meeting, the 2024 First A Shareholders’ Class Meeting and the 2024 First H Shareholders’ Class Meeting held on April 18, 2024, the Company considered and passed the “Proposal for the Company to Carry Out the H Shares Repurchase Offer and Delisting and Reduction of the Company’s Registered Capital” and “Proposal for the Authorization to the Board and its Authorized Persons to Exercise Full Power to Deal with Matters relating to the H Shares Repurchase Offer and Delisting.” If the H Share Repurchase Offer becomes unconditional in all respects, the repurchased H Shares will be canceled, the registered capital of the Company will be reduced accordingly and the Company will apply to the Hong Kong Stock Exchange for withdrawal of the listing status of the H Shares.

For details, please refer to the announcements of the Company issued on November 28, 2023, November 29, 2023, December 27, 2023, January 26, 2024, February 26, 2024, March 11, 2024, March 26, 2024, March 27, 2024, and April 18, 2024.

As at the Date of the Report, the Company had not yet started the repurchase of shares.

Save as disclosed above, there was no purchase, sale or redemption of any listed securities by the Company or its subsidiaries during the Reporting Period.

VII. PUBLIC FLOAT

As at the Date of the Report, according to the information available to the Company and to the knowledge of the Directors, the public float of the Company is not less than 15.80%, complying with the relevant regulations of Rules 8.08 and 13.32 of the Hong Kong Stock Exchange Listing Rules.

SECTION XI INFORMATION ON PREFERENCE SHARES

Applicable Not applicable

During the Reporting Period, the Company had no preference shares.

SECTION XII INFORMATION ON BONDS

Applicable Not applicable

SECTION XIII AUDITOR'S REPORT

[English Translation for Reference Only]

PwC ZT Shen Zi (2024) No. 10077

(Page 1 of 7)

To the shareholders of CIMC Vehicles (Group) Co., Ltd.,

OPINION

What we have audited

We have audited the accompanying financial statements of CIMC Vehicles (Group) Co., Ltd. (“**CIMC Vehicles**”), which comprise:

- the consolidated and company balance sheets as at 31 December 2023;
- the consolidated and company income statements for the year then ended;
- the consolidated and company cash flow statements for the year then ended;
- the consolidated and company statements of changes in shareholders' equity for the year then ended; and
- notes to the financial statements.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of CIMC Vehicles as at 31 December 2023, and their financial performance and cash flows for the year then ended in accordance with the requirements of the Accounting Standards for Business Enterprises (“CASs”).

BASIS FOR OPINION

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

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

SECTION XIII AUDITOR'S REPORT

[English Translation for Reference Only]

PwC ZT Shen Zi (2024) No. 10077

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KEY AUDIT MATTERS

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

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

- Provision for bad debts of accounts receivables
- Goodwill impairment assessment

Key Audit Matters

Provision for bad debts of accounts receivables

Refer to Note 2(10) "Financial instruments", Note 2(28)(a)(i) "Accounting estimates on provision for impairment of receivables" and Note 4(5) "Accounts receivables" to the financial statements.

As at 31 December 2023, book balance of accounts receivables in the consolidated financial statements amounted to approximately RMB 3,937 million, with provision for bad debts of approximately RMB 260 million.

Management measures the provision for bad debts based on the lifetime expected credit losses ("ECL") of accounts receivables. In determining ECL, management classified the accounts receivables into certain groups based on credit risk characteristics and made adjustments to the ECL rates to calculate the ECL, by considering historical credit loss rates and with reference to current conditions and forward-looking forecasts of future economic trend .

How our audit addressed the Key Audit Matter

We have performed the following procedures to address this key audit matter:

1. Understood, evaluated and validated internal controls over the provision for bad debts of accounts receivables, including the review and approval for making provision for bad debts of accounts receivables. By considering the degree of uncertainty in accounting estimates in relation to the provision for bad debts of accounts receivables and the level of other inherent risk factors, we assessed the inherent risks of material misstatement;
2. Understood accounting policy for the provision for bad debts of accounts receivables, and assessed whether relevant accounting policy meets the requirements of the CASs;
3. Evaluated the reasonableness of the measurement methods of the ECL; tested the accuracy of classification of accounts receivables on a sample basis; tested the accuracy of calculation of historical credit loss rates based on historical collection condition and ageing of accounts receivables of different risk groups; tested the accuracy of ageing of accounts receivables on a sample basis;

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KEY AUDIT MATTERS *(Continued)*

Key Audit Matters

We identified this as a key audit matter due to the significance of accounts receivables and the involvement of management's critical accounting estimates and judgements involved in determining the provision for bad debts of accounts receivables.

Goodwill impairment assessment

Refer to Note 2(19) "Impairment of long-term assets", Note 2(28)(a)(ii) "Accounting estimates on provision for impairment of goodwill" and Note 4(18) "Goodwill" to the financial statements.

As at 31 December 2023, the cost of goodwill in the consolidated balance sheet amounted to approximately RMB 466 million, with provision for impairment of approximately RMB 38 million.

At the balance sheet date, management performed the impairment assessment to determine the recoverable amount of the asset group (including goodwill) at the higher of the fair value less costs to sell and the present value of the expected future cash flows. Management determines the recoverable amount of the asset group using the discounted cash flow model, and key assumptions used in preparing the estimated future cash flows of the asset group include revenue growth rates in the forecast period, gross margins, terminal revenue growth rates and pre-tax discount rates.

How our audit addressed the Key Audit Matter

4. With the assistance of internal experts, reviewed the reasonableness of management's adjustments to forward-looking factors, and recalculated the ECL adjusted based on the forward-looking factors;

Based on the procedures performed, we considered that management's critical estimates and judgements used in the provision for bad debts of accounts receivables were supported by available evidence.

We have performed the following procedures to address this key audit matter:

1. Understood, evaluated and validated internal controls over the impairment assessment of goodwill, including the review and approval of valuation models, key assumptions and calculation of impairment charge. By considering the degree of uncertainty in accounting estimates in relation to the provision for impairment of goodwill and the level of other inherent risk factors, we assessed the inherent risks of material misstatement;
2. Understood management's accounting policy for identification of asset group and allocation of goodwill, and assessed whether relevant accounting policy and management's goodwill impairment evaluation method meets requirements of the CASs;
3. Obtained management's worksheets for goodwill impairment test and tested the mathematical accuracy of the calculations;
4. Compared the asset group's historical actual results with prior year budgets and forecasts, to assess the reliability of management's forecasts of cash flows;

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PwC ZT Shen Zi (2024) No. 10077

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KEY AUDIT MATTERS *(Continued)*

Key Audit Matters

We identified this as a key audit matter due to the involvement of management's critical accounting estimates and judgements in key assumptions used in the impairment assessment of goodwill.

How our audit addressed the Key Audit Matter

5. Challenged the reasonableness of key assumptions used in the management's estimation of future cash flows:
 - Revenue growth rates in the forecast period and gross margins: Compared the revenue growth rates in the forecast period and gross margins with historical data and approved financial budget, to assess the reasonableness of the revenue growth rates in the forecast period and gross margins with reference to industry and market developments;
 - Terminal revenue growth rates: Compared the terminal revenue growth rates with the long-term inflation rate obtained from our independent observation, to assess the reasonableness of the terminal revenue growth rates;
 - Pre-tax discount rates: Engaged our in-house valuation experts in comparing the pre-tax discount rates with the cost of capital of comparable entities, to evaluate the reasonableness of the pre-tax discount rates;
6. Reviewed the sensitivity analysis prepared by management on the key assumptions, and assessed the potential impacts on test results.

Based on the procedures performed, we considered that management's critical estimates and judgements used in the goodwill impairment assessment were supported by available evidence.

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OTHER INFORMATION

Management of CIMC Vehicles is responsible for the other information. The other information comprises all of the information included in 2023 annual report of CIMC Vehicles other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND AUDIT COMMITTEE FOR THE FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing CIMC Vehicles' financial reporting process.

SECTION XIII AUDITOR'S REPORT

[English Translation for Reference Only]

PwC ZT Shen Zi (2024) No. 10077

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AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on CIMC Vehicles' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause CIMC Vehicles to cease to continue as a going concern.
- Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the CIMC Vehicles to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

SECTION XIII AUDITOR'S REPORT

[English Translation for Reference Only]

PwC ZT Shen Zi (2024) No. 10077

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

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Zhong Tian LLP Signing CPA Chen Zhiming (Engagement Partner)

Shanghai, the People's Republic of China Signing CPA Liu Yufeng
21 March 2024

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2023

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

	Note	31 December 2023	31 December 2022
ASSETS			
Current assets			
Cash at bank and on hand	4(1)	6,010,493,754.22	4,850,527,987.23
Financial assets held for trading	4(2)	–	22,209,407.79
Derivative financial assets	4(3)	4,052,573.06	6,161,436.00
Notes receivables	4(4)	116,104,599.18	93,034,550.82
Accounts receivables	4(5)	3,676,322,131.75	3,121,505,473.81
Receivables financing	4(6)	236,715,903.76	258,818,435.64
Advances to suppliers	4(7)	231,892,127.78	239,789,397.31
Other receivables	4(8)	811,439,773.35	232,452,952.37
Inventories	4(9)	5,126,507,013.11	5,514,764,338.69
Current portion of non-current assets		88,027,456.00	88,906,160.21
Other current assets	4(10)	219,965,838.77	245,182,741.32
Total current assets		16,521,521,170.98	14,673,352,881.19
Non-current assets			
Long-term receivables		23,366,970.40	13,964,818.87
Other non-current financial assets	4(11)	10,786,384.58	10,786,384.58
Long-term equity investments	4(12)	225,783,156.07	193,282,252.60
Investment properties	4(13)	390,311,689.15	405,746,795.38
Fixed assets	4(14)	4,755,845,985.93	4,933,210,366.18
Construction in progress	4(15)	173,473,647.19	247,577,774.52
Right-of-use assets	4(16)	280,460,404.40	238,375,993.30
Intangible assets	4(17)	771,646,990.03	844,157,433.69
Goodwill	4(18)	427,569,019.55	402,268,655.29
Long-term prepaid expenses		18,706,855.83	34,258,397.20
Deferred tax assets	4(19)	172,942,277.67	143,858,729.81
Other non-current assets	4(20)	65,413,328.13	76,389,581.39
Total non-current assets		7,316,306,708.93	7,543,877,182.81
TOTAL ASSETS		23,837,827,879.91	22,217,230,064.00

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2023

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

	Note	31 December 2023	31 December 2022
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	4(22)	177,548,038.46	467,995,600.44
Derivative financial liabilities	4(3)	41,836.74	5,683,205.67
Notes payables	4(23)	860,905,021.75	809,432,692.20
Accounts payables	4(24)	3,335,563,804.55	3,740,535,444.53
Advances from customers		5,872,578.76	11,619,033.61
Contract liabilities	4(25)	706,477,774.21	618,541,399.99
Employee benefits payable	4(26)	817,026,253.83	640,955,242.09
Taxes payable	4(27)	229,798,198.43	331,548,587.53
Other payables	4(28)	1,056,870,944.51	1,142,928,896.80
Including: Dividends payable		7,521,250.00	3,791,956.19
Current portion of non-current liabilities	4(29)	278,345,479.18	126,750,345.95
Other current liabilities	4(30)	272,003,836.53	232,168,335.30
Total current liabilities		7,740,453,766.95	8,128,158,784.11
Non-current liabilities			
Long-term borrowings	4(31)	240,808,622.53	331,206,865.99
Lease liabilities	4(32)	214,636,063.27	188,590,165.71
Deferred income	4(33)	72,186,852.46	71,970,975.17
Deferred tax liabilities	4(19)	106,682,496.32	120,722,396.58
Other non-current liabilities		15,966,621.50	16,099,977.15
Total non-current liabilities		650,280,656.08	728,590,380.60
Total liabilities		8,390,734,423.03	8,856,749,164.71
Shareholders' equity			
Share capital	4(34)	2,017,600,000.00	2,017,600,000.00
Capital surplus	4(36)	4,800,640,940.30	4,800,309,693.04
Other comprehensive income	4(37)	321,673,763.52	72,001,695.05
Special reserve	4(35)	8,681,390.12	–
Surplus reserve	4(38)	419,541,717.33	322,977,011.06
Undistributed profits	4(39)	7,240,720,335.59	5,486,894,339.25
Total equity attributable to shareholders of the parent company		14,808,858,146.86	12,699,782,738.40
Minority interests		638,235,310.02	660,698,160.89
Total shareholders' equity		15,447,093,456.88	13,360,480,899.29
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		23,837,827,879.91	22,217,230,064.00

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

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

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2023

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

	<i>Note</i>	31 December 2023	31 December 2022
ASSETS			
Current assets			
Cash at bank and on hand		2,469,076,879.88	2,507,272,276.81
Receivables financing		1,860,000.00	289,100.00
Accounts receivables	<i>16(1)</i>	289,273,377.69	279,253,005.24
Other receivables	<i>16(2)</i>	1,200,308,806.11	1,044,980,628.00
Other current assets		24,705,415.47	5,818,797.75
Total current assets		<u>3,985,224,479.15</u>	<u>3,837,613,807.80</u>
Non-current assets			
Other non-current financial assets		10,786,384.58	10,786,384.58
Long-term equity investments	<i>16(3)</i>	5,848,060,577.62	5,568,418,761.89
Investment properties		2,253,738.26	2,292,131.60
Fixed assets		63,705,945.76	27,868,641.57
Construction in progress		6,782,927.56	17,752,377.88
Right-of-use assets		10,514,071.35	11,775,617.49
Intangible assets		42,178,990.50	18,632,997.26
Long-term prepaid expenses		1,537,726.01	2,074,887.36
Other non-current assets		1,515,000.00	4,719,632.00
Total non-current assets		<u>5,987,335,361.64</u>	<u>5,664,321,431.63</u>
TOTAL ASSETS		<u>9,972,559,840.79</u>	<u>9,501,935,239.43</u>

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2023

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

	<i>Note</i>	31 December 2023	31 December 2022
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payables		416,081.34	694,753.25
Contract liabilities		557,456.40	302,352.29
Employee benefits payable		193,263,258.25	138,316,748.67
Taxes payable		2,372,829.42	1,693,006.24
Other payables		1,719,008,487.46	1,664,424,174.78
Current portion of non-current liabilities		7,358,481.72	6,767,201.72
Other current liabilities		2,522,045.48	1,391,369.41
Total current liabilities		1,925,498,640.07	1,813,589,606.36
Non-current liabilities			
Lease liabilities		3,454,319.60	5,437,061.90
Total non-current liabilities		3,454,319.60	5,437,061.90
Total liabilities		1,928,952,959.67	1,819,026,668.26
Shareholders' equity			
Share capital		2,017,600,000.00	2,017,600,000.00
Capital surplus	16(4)	4,620,483,419.93	4,620,152,172.67
Other comprehensive income		18,436,287.93	18,436,287.93
Special reserve		—	—
Surplus reserve		419,541,717.33	322,977,011.06
Undistributed profits		967,545,455.93	703,743,099.51
Total shareholders' equity		8,043,606,881.12	7,682,908,571.17
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		9,972,559,840.79	9,501,935,239.43

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

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

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

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

Item	Note	2023	2022
I. Revenue	4(40)	25,086,577,013.05	23,620,612,415.36
Less: Cost of sales	4(40)	(20,330,353,377.21)	(20,483,415,549.37)
Taxes and surcharges	4(41)	(97,652,124.57)	(90,667,099.09)
Selling expenses	4(42)	(677,523,640.09)	(526,427,065.63)
Administrative expenses	4(43)	(1,367,706,555.24)	(1,033,811,219.18)
Research and development expenses	4(44)	(396,517,482.31)	(305,577,661.69)
Financial income	4(45)	68,340,002.54	90,927,713.09
Including: Interest expenses		37,317,913.42	50,325,067.19
Interest income		121,707,452.39	73,299,541.36
Add: Other income	4(49)	68,691,039.16	76,964,384.28
Investment income/(losses)	4(50)	1,094,826,678.73	(23,910,442.91)
Including: Share of profit of associates and joint ventures		12,955,250.98	827,837.27
Fair value losses	4(51)	(99,441.31)	(7,346,053.56)
Credit impairment losses	4(48)	(70,585,659.76)	(30,571,517.45)
Asset impairment losses	4(47)	(125,641,525.25)	(38,321,104.02)
Gains on disposals of assets	4(52)	12,318,686.84	224,181,720.41
II. Operating profit		3,264,673,614.58	1,472,638,520.24
Add: Non-operating income	4(53)	9,159,339.88	11,946,394.12
Less: Non-operating expenses	4(54)	(13,068,339.00)	(9,805,896.48)
III. Total profit		3,260,764,615.46	1,474,779,017.88
Less: Income tax expenses	4(55)	(813,003,671.70)	(361,171,952.63)
IV. Net profit		2,447,760,943.76	1,113,607,065.25
Classified by business continuity			
Net profit from continuing operations		2,447,760,943.76	1,113,607,065.25
Net profit from discontinued operations		—	—
Classified by ownership			
Net profit attributable to shareholders of the parent company		2,455,670,702.61	1,117,958,345.49
Minority interests		(7,909,758.85)	(4,351,280.24)

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

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

Item	Note	2023	2022
V. Other comprehensive income, net of tax		249,652,115.55	200,901,441.01
Attributable to shareholders of the parent company		249,672,068.47	201,007,623.74
Items that may be reclassified subsequently to profit or loss		249,672,068.47	201,007,623.74
Currency translation differences		249,672,068.47	200,824,656.68
Fair value changes on conversion date over the carrying amount for investment property		-	182,967.06
Attributable to minority interests		(19,952.92)	(106,182.73)
VI. Total comprehensive income		<u>2,697,413,059.31</u>	<u>1,314,508,506.26</u>
Attributable to shareholders of the parent company		2,705,342,771.08	1,318,965,969.23
Attributable to minority interests		(7,929,711.77)	(4,457,462.97)
VII. Earnings per share	<i>4(56)</i>		
Basic earnings per share (RMB)		1.22	0.55
Diluted earnings per share (RMB)		1.22	0.55

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

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

COMPANY INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

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

Item	Note	2023	2022
I. Revenue	16(5)	85,800,242.20	71,738,713.30
Less: Cost of sales	16(5)	–	(363,117.78)
Taxes and surcharges		(563,068.51)	(352,394.92)
Selling expenses		(9,972,168.07)	(8,997,305.10)
Administrative expenses		(265,047,781.02)	(137,425,144.18)
Research and development expenses		(21,871,199.35)	(15,622,551.40)
Financial income		21,453,663.45	26,882,350.12
Including: Interest expenses		33,662,708.15	20,450,779.64
Interest income		60,047,385.23	44,904,541.68
Add: Other income		2,369,511.98	824,129.10
Investment income	16(6)	1,302,243,349.66	680,614,482.03
Including: Share of profit of associates and joint ventures		13,382,051.83	3,094,630.52
(Losses)/Gains arising from changes in fair value		(38,393.34)	2,813,223.07
Credit impairment losses		(1,365,209.64)	(1,551,707.42)
(Losses)/Gains on disposals of assets		(74,352.73)	1,093.49
II. Operating profit		1,112,934,594.63	618,561,770.31
Add: Non-operating income		249,094.27	126,711.46
Less: Non-operating expenses		(698,146.87)	(570.86)
III. Total profit		1,112,485,542.03	618,687,910.91
Less: Income tax expenses		(146,838,479.34)	–
IV. Net profit		965,647,062.69	618,687,910.91
Classified by business continuity			
Net profit from continuing operations		965,647,062.69	618,687,910.91
Net profit from discontinued operations		–	–
V. Other comprehensive income, net of tax		–	–
VI. Total comprehensive income		965,647,062.69	618,687,910.91

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

Legal representative:

Principal in charge of accounting:

Head of accounting department:

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

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

Item	Note	2023	2022
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		23,243,813,337.04	26,726,930,256.55
Refund of taxes and surcharges		293,399,585.56	286,841,120.73
Cash received relating to other operating activities	4(57)(a)	270,425,159.39	357,439,427.54
Sub-total of cash inflows from operating activities		23,807,638,081.99	27,371,210,804.82
Cash paid for goods and services		(16,539,190,662.78)	(22,320,524,950.56)
Cash paid to and on behalf of employees		(2,476,300,281.95)	(1,906,226,834.10)
Payments of taxes and surcharges		(1,717,365,128.51)	(1,080,982,275.09)
Cash paid relating to other operating activities	4(57)(b)	(1,284,578,362.51)	(909,569,229.05)
Sub-total of cash outflows from operating activities		(22,017,434,435.75)	(26,217,303,288.80)
Net cash from operating activities	4(58)(a)	1,790,203,646.24	1,153,907,516.02
II. Cash flows from investing activities			
Cash received from disposals of investments	4(57)(c)	63,239,888.31	15,375,458.78
Cash received from returns on investments		20,387,027.68	1,041,792.00
Net proceeds from disposals of fixed assets, intangible assets and other long-term assets		88,701,049.27	369,935,539.33
Net proceeds from disposals of subsidiaries and other business units	4(58)(b)	790,011,777.37	—
Sub-total of cash inflows from investing activities		962,339,742.63	386,352,790.11
Payment for fixed assets, intangible assets and other long-term assets		(519,114,791.93)	(537,739,078.21)
Cash paid for investments	4(57)(d)	(45,000,000.00)	(95,422,744.67)
Payments for acquisition of subsidiaries and other business units		(9,427,902.99)	—
Cash paid relating to other investing activities	4(57)(e)	(41,464,315.85)	(19,155,837.10)
Sub-total of cash outflows from investing activities		(615,007,010.77)	(652,317,659.98)
Net cash from investing activities		347,332,731.86	(265,964,869.87)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

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

Item	Note	2023	2022
III. Cash flows from financing activities			
Cash received from capital contributions		7,990,689.12	100,000,000.00
Including: Cash received from capital contributions by minority shareholders of subsidiaries		7,990,689.12	50,000,000.00
Cash received from borrowings		486,751,546.69	1,418,373,117.98
Sub-total of cash inflows from financing activities		494,742,235.81	1,518,373,117.98
Cash repayments of borrowings		(732,683,330.59)	(1,891,636,361.89)
Cash payments for distribution of dividends, profits or interest expenses		(658,675,960.38)	(508,519,135.53)
Including: Dividends or profits paid to minority shareholders by subsidiaries		(21,534,982.01)	(59,847,285.41)
Cash paid relating to other financing activities	4(57)(f)	(77,691,979.28)	(72,320,043.62)
Sub-total of cash outflows from financing activities		(1,469,051,270.25)	(2,472,475,541.04)
Net cash from financing activities		(974,309,034.44)	(954,102,423.06)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		48,007,359.81	54,273,611.68
V. Net increase/(decrease) in cash and cash equivalents		1,211,234,703.47	(11,886,165.23)
Add: Cash and cash equivalents at the beginning of the year	4(58)(a)	4,682,817,168.35	4,694,703,333.58
VI. Cash and cash equivalents at the end of the year	4(58)(d)	5,894,051,871.82	4,682,817,168.35

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

Legal representative:

Principal in charge of accounting:

Head of accounting department:

COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

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

Item	Note	2023	2022
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		78,235,829.24	37,258,052.03
Refund of taxes and surcharges		—	13,200,830.31
Cash received relating to other operating activities		88,038,563.54	54,765,873.91
Sub-total of cash inflows from operating activities		166,274,392.78	105,224,756.25
Cash paid for goods and services		—	—
Cash paid to and on behalf of employees		(109,315,253.99)	(101,732,238.10)
Payments of taxes and surcharges		(158,819,565.03)	(3,298,845.63)
Cash paid relating to other operating activities		(127,555,867.35)	(60,521,172.29)
Sub-total of cash outflows from operating activities		(395,690,686.37)	(165,552,256.02)
Net cash from operating activities		(229,416,293.59)	(60,327,499.77)
II. Cash flows from investing activities			
Cash received from disposals of investments		615,302,580.17	290,397,914.39
Cash received from returns on investments		589,429,142.00	599,488,110.16
Net proceeds from disposals of fixed assets, intangible assets and other long-term assets		323,301.94	17,118.14
Net proceeds from disposals of subsidiaries and other business units		—	—
Cash received relating to other investing activities		169,588,727.84	364,734,539.08
Sub-total of cash inflows from investing activities		1,374,643,751.95	1,254,637,681.77
Payment for fixed assets, intangible assets and other long-term assets		(49,699,251.19)	(29,001,127.32)
Cash paid for investments		(356,247,317.12)	(572,255,300.00)
Cash paid relating to other investing activities		(300,000,000.00)	(431,500,000.00)
Sub-total of cash outflows from investing activities		(705,946,568.31)	(1,032,756,427.32)
Net cash from investing activities		668,697,183.64	221,881,254.45

COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

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

Item	Note	2023	2022
III. Cash flows from financing activities			
Cash received from capital injections		–	–
Cash received relating to other financing activities		<u>2,493,350,297.62</u>	<u>954,941,580.52</u>
Sub-total of cash inflows from financing activities		<u>2,493,350,297.62</u>	<u>954,941,580.52</u>
Cash payments for distribution of dividends, profits or interest expenses		(605,280,000.00)	(403,520,000.00)
Cash paid relating to other financing activities		<u>(2,365,766,663.09)</u>	<u>(333,425,749.70)</u>
Sub-total of cash outflows from financing activities		<u>(2,971,046,663.09)</u>	<u>(736,945,749.70)</u>
Net cash from financing activities		<u>(477,696,365.47)</u>	<u>217,995,830.82</u>
IV. Effect of foreign exchange rate changes on cash and cash equivalents		<u>220,078.49</u>	<u>(1,389,932.74)</u>
V. Net (decrease)/increase in cash and cash equivalents		(38,195,396.93)	378,159,652.76
Add: Cash and cash equivalents at the beginning of the year		<u>2,507,272,276.81</u>	<u>2,129,112,624.05</u>
VI. Cash and cash equivalents at the end of the year		<u><u>2,469,076,879.88</u></u>	<u><u>2,507,272,276.81</u></u>

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

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

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

Item	Attributable to shareholders of the parent company						Total shareholders' equity
	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Sub-total	
Balance at 1 January 2022	2,017,600,000.00	4,754,868,324.01	(129,005,928.69)	261,108,219.97	4,834,324,784.85	11,738,895,400.14	12,386,573,960.38
Movements for the year ended 31 December 2022							
Total comprehensive income							
Net profit	-	-	-	-	1,117,958,345.49	1,117,958,345.49	1,113,607,065.25
Other comprehensive income	-	-	201,007,623.74	-	-	201,007,623.74	200,901,441.01
Total comprehensive income	-	-	201,007,623.74	-	1,117,958,345.49	1,318,965,969.23	1,314,508,506.26
Capital injections by shareholders							
Others	-	20,894,688.06	-	-	-	20,894,688.06	20,894,688.06
Profit distribution							
Appropriation to surplus reserve	-	-	-	61,868,791.09	(61,868,791.09)	-	-
Profit distribution to shareholders	-	-	-	-	(403,520,000.00)	(403,520,000.00)	(466,976,908.14)
Capital injections from minority interests	-	7,240,367.41	-	-	-	7,240,367.41	48,603,878.40
Transactions with minority interests	-	16,644,560.82	-	-	-	16,644,560.82	56,215,021.59
Others	-	661,752.74	-	-	-	661,752.74	661,752.74
Balance at 31 December 2022	2,017,600,000.00	4,800,309,693.04	72,001,695.05	322,977,011.06	5,486,894,339.25	12,699,782,738.40	13,360,480,899.29

4(38)

4(39)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

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

Item	Note	Attributable to shareholders of the parent company						Total shareholders' equity		
		Share capital	Capital surplus	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits		Sub-total	Minority interests
Balance at 1 January 2023		2,017,600,000.00	4,800,309,693.04	72,001,695.05	-	322,977,011.06	5,466,894,339.25	12,699,782,738.40	660,698,160.89	13,360,480,899.29
Movements for the year ended										
31 December 2023										
Total comprehensive income		-	-	249,672,068.47	-	-	2,455,670,702.61	2,455,670,702.61	(7,909,758.85)	2,447,760,943.76
Net profit		-	-	249,672,068.47	-	-	-	249,672,068.47	(19,952.92)	249,652,115.55
Other comprehensive income		-	-	-	-	-	-	-	-	-
Total comprehensive income		-	-	249,672,068.47	-	-	2,455,670,702.61	2,705,342,771.08	(7,929,711.77)	2,697,413,059.31
Capital injections by shareholders		-	-	-	-	-	-	-	-	-
Profit distribution		-	-	-	-	-	-	-	-	-
Appropriation to surplus reserve	4(38)	-	-	-	-	96,564,706.27	(96,564,706.27)	-	-	-
Profit distribution to shareholders	4(39)	-	-	-	-	-	(605,280,000.00)	(605,280,000.00)	(25,264,275.82)	(630,544,275.82)
Capital injections from minority interests		-	-	-	-	-	-	-	9,023,850.12	9,023,850.12
Others	4(36)	-	331,247.26	-	-	-	-	331,247.26	-	331,247.26
Appropriation to and utilisation of production safety expenses		-	-	-	-	-	-	-	-	-
Appropriation to special reserve		-	-	-	35,001,165.02	-	-	35,001,165.02	4,900,909.21	39,902,074.23
Utilisation of special reserve		-	-	-	(26,319,774.90)	-	-	(26,319,774.90)	(3,193,622.61)	(29,513,397.51)
Balance at 31 December 2023		2,017,600,000.00	4,800,640,940.30	321,673,763.52	8,661,390.12	419,541,717.33	7,240,720,335.59	14,808,850,146.86	638,235,310.02	15,447,093,456.88

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

Legal representative:

Principal in charge of accounting:

Head of accounting department:

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

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

Item	Note	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
Balance at 1 January 2022		<u>2,017,600,000.00</u>	<u>4,620,483,419.93</u>	<u>18,436,287.93</u>	<u>261,108,219.97</u>	<u>550,443,979.69</u>	<u>7,468,071,907.52</u>
Movements for the year ended 31 December 2022							
Total comprehensive income							
Net profit		-	-	-	-	618,687,910.91	618,687,910.91
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income		-	-	-	-	618,687,910.91	618,687,910.91
Profit distribution							
Appropriation to surplus reserve	4(38)	-	-	-	61,868,791.09	(61,868,791.09)	-
Profit distribution to shareholders	4(39)	-	-	-	-	(403,520,000.00)	(403,520,000.00)
Others	16(4)	-	(331,247.26)	-	-	-	(331,247.26)
Balance at 31 December 2022		<u>2,017,600,000.00</u>	<u>4,620,152,172.67</u>	<u>18,436,287.93</u>	<u>322,977,011.06</u>	<u>703,743,099.51</u>	<u>7,682,908,571.17</u>
Movements for the year ended 31 December 2023							
Total comprehensive income							
Net profit		-	-	-	-	965,647,062.69	965,647,062.69
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income		-	-	-	-	965,647,062.69	965,647,062.69
Profit distribution							
Appropriation to surplus reserve	4(38)	-	-	-	96,564,706.27	(96,564,706.27)	-
Profit distribution to shareholders	4(39)	-	-	-	-	(605,280,000.00)	(605,280,000.00)
Others	16(4)	-	331,247.26	-	-	-	331,247.26
Balance at 31 December 2023		<u>2,017,600,000.00</u>	<u>4,620,483,419.93</u>	<u>18,436,287.93</u>	<u>419,541,717.33</u>	<u>967,545,455.93</u>	<u>8,043,606,881.12</u>

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

Legal representative:

Principal in charge of accounting:

Head of accounting department:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

1 GENERAL INFORMATION

CIMC Vehicles (Group) Co., Ltd. (中集車輛 (集團) 股份有限公司) (the “Company”) was formerly known as CIMC Vehicles (Group) Co., Ltd. (中集車輛 (集團) 有限公司) (the “Predecessor”). The Predecessor, formerly named as “Shenzhen Tianda Heavy Machinery Ltd.”, is a sino-foreign joint venture approved for incorporation by Wai Jing Mao He Zi Zheng Zi (1996) No. 0861 issued by the People’s Government of Shenzhen on 29 August 1996, with a registered capital of USD 1,000,000. On 21 November 1997, as approved by the Shenzhen Administration for Industry and Commerce, the Predecessor was renamed as “Shenzhen CIMC Heavy Machinery Ltd.” And on 22 June 2004, as approved by the Shenzhen Administration for Industry and Commerce, the Predecessor was renamed as “CIMC Vehicles (Group) Co., Ltd.” (中集車輛 (集團) 有限公司). The registered capital was USD 60,000,000, of which USD 42,000,000 and USD 18,000,000 were contributed by China International Marine Containers (Group) Co., Ltd. (“CIMC Group”) and China International Marine Containers (Hong Kong) Limited (“CIMC HK”) respectively. The address of the Company’s registered office and headquarter is No. 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen.

In 2007, according to the Predecessor’s Board resolutions, China Resource SZITIC Trust Co., Ltd. (formerly known as “Shenzhen International Trust and Investment Co., Ltd.”, hereinafter “CR Trust”) made a capital contribution of USD 15,000,000 to the Predecessor. The registered capital of the Predecessor increased from USD 60,000,000 to USD 75,000,000. CR Trust was held by management personnel related to the vehicles business of CIMC Group and core employees of the Predecessor, with a shareholding of 56%, 24% and 20% by CIMC Group, CIMC HK and CR Trust respectively after the capital increase.

In 2011, investors increased the Predecessor’s registered capital by USD 93,000,000 in proportion to their contributions to the registered capital. After the capital increase, the registered capital was USD 168,000,000.

In 2015, the Board of Directors of the Predecessor passed the *Board Resolution on Capital Increase and Introduction of Strategic Investors*, whereby the registered capital of the Predecessor increased by USD 44,225,068, which was subscribed by four new investors, namely Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (“Shanghai Taifu”), Shenzhen Nan Shan Da Cheng New Material Investment Partnership (Limited Partnership) (“Nanshan Dacheng”), Sumitomo Corporation, Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd. Shanghai Taifu, Nanshan Dacheng, Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd. and Sumitomo Corporation made additional contributions of USD 35,700,000, USD 3,276,352, USD 3,276,352 and USD 1,972,364 respectively to the Predecessor according to the proportions agreed, increasing the registered capital of the Predecessor from USD 168,000,000 to USD 212,225,068. After this capital increase, the shareholding of the original investors changed in proportion to capital contributions. Specifically, CIMC Group, CIMC HK, CR Trust, Shanghai Taifu, Nanshan Dacheng, Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd. and Sumitomo Corporation held equity interests of 44.330%, 18.999%, 15.832%, 16.822%, 1.544%, 1.544% and 0.929% respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

1 GENERAL INFORMATION *(Continued)*

In 2016, Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd. transferred its 1.544% equity interests in the Predecessor to Shenzhen Long Yuan Gang Cheng Enterprise Management Centre (Limited Partnership) (“Shenzhen Longyuan”). In 2017, CR Trust transferred its 10.7735% and 5.0585% equity interests in the Predecessor to Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (“Taizhou Taifu”) and Xiangshan Hua Jin Equity Investment Partnership (Limited Partnership) (“Xiangshan Huajin”). The equity interests held by the rest of the shareholders remained unchanged.

In 2018, the Predecessor completed the business registration of the overall change to a joint-stock limited company, with a total of 1,500,000,000.00 shares at the par value of RMB 1 per share. The Predecessor was renamed as “CIMC Vehicles (Group) Co., Ltd.” (中集車輛 (集團) 股份有限公司).

The parent company and the ultimate holding company of the Company is CIMC Group. The Company’s shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 11 July 2019, and listed on the ChiNext of the Shenzhen Stock Exchange on 8 July 2021. As at 31 December 2023, the Company’s total share capital was RMB 2,017,600,000.00, with a par value of RMB 1 per share.

The Company and its subsidiaries (collectively referred to as “the Group”) are mainly engaged in design, manufacture and sales of various high-tech and high-performance specialty vehicles and semi-trailers series and their spare parts (excluding restricted items), processing and manufacture of general mechanical products and metal structures and related businesses, as well as provision of relevant consulting services. In 2023, the main business of the Group is consistent with the approved scope of business operations.

Please refer to Note 6 for details of subsidiaries included in the consolidation scope. Subsidiaries included in the consolidation scope in the current year include Shenzhen SF-Trailer.net Technology Co. Ltd. (“Xinghuo Chelian”), Shenzhen Zhongan Jizhi Technology LLP, Shenzhen Xinghuo Jizhi Technology LLP, Shanghai Changyi Automobile Sales Co., Ltd. (“Shanghai Changyi”), CIE Manufacturing (Canada) Co., Ltd. and Guangxi Jihong Tiancheng Automobile Sales and Service Co., Ltd. Please refer to Note 5(1) and (3) for details. Subsidiaries excluded in the consolidation scope in the current year include Shenzhen CIMC Vehicle Co., Ltd. (“Shenzhen CIMC Vehicle”) and Shanghai CIMC Automobile Examination and Repair Co., Ltd. Please refer to Note 5(2) and (3) for details.

These financial statements were authorised for issue by the Board of Directors on 21 March 2024.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group determines the specific accounting policies and accounting estimates based on the features of its business operations, primarily comprising the provision for ECL of receivables (Note 2(10)), costing of inventories (Note 2(11)), accounting of long-term equity investments (Note 2(12)), measurement model of investment properties (Note 2(13)), criteria for determining impairment of long-term assets (Note 2(19)), depreciation of fixed assets and amortisation of intangible assets and right-of-use assets (Note 2(14), (17) and (26)), measurement of provisions (Note 2(22)), revenue recognition and measurement (Note 2(23)), etc.

Key judgements, critical accounting estimates and key assumptions applied by the Group in determining significant accounting policies are set out in Note 2(28).

(1) Basis of preparation

The financial statements were prepared in accordance with the *Accounting Standard for Business Enterprises – Basic Standard*, and the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (hereafter collectively referred to as “the Accounting Standards for Business Enterprises” or “CASs”) and the disclosure requirements in the *Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Rules on Financial Reporting* issued by the China Securities Regulatory Commission.

The financial statements are prepared on a going concern basis.

The new Hong Kong *Companies Ordinance* came into effect on 3 March 2014. Some notes to the financial statements have been prepared in accordance with the requirements of the Hong Kong *Companies Ordinance*.

(2) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for the year ended 31 December 2023 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the Group’s and the Company’s financial position as at 31 December 2023 and their financial performance, cash flows and other information for the year then ended.

(3) Accounting year

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(4) Recording currency

The recording currency of the Company is Renminbi (RMB). Subsidiaries of the Company determine their recording currency according to the main economic environment in which they operate. The recording currency of the Company and its domestic subsidiaries is RMB. The recording currency of Hong Kong and overseas subsidiaries is the local currency. The financial statements are presented in RMB.

(5) Method and basis for determining materiality criteria

Project	Materiality criteria
Major construction in progress	Single construction in progress with beginning or ending balance accounting for over 0.05% of total assets
Material group of asset groups with recoverable amount measured using the discounted future cash flow model	Cost of goodwill of single group of asset groups accounts for over 10% of total cost of goodwill of the Group
Material non-wholly-owned subsidiaries	Minority interests account for over 5% of consolidated net assets of the Group
Material joint ventures or associates	Carrying amount of single associate and joint venture accounts for over 1% of consolidated total assets of the Group or investment income from long-term equity investments under equity method accounts for over 5% of consolidated net profit of the Group
Collection, reversal or write-off of significant accounts receivables	Book balance of accounts receivables on an individual basis accounts for over 5% of book balance of accounts receivables on a collective basis or exceeds RMB 10 million
Material business combinations not under common control	Carrying amount of net assets of the subsidiary acquired accounts for over 5% of net assets attributable to the parent company of the Group

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(6) Business combinations

(a) Business combinations under common control

The consideration paid and net assets obtained by the Group in a business combination are measured at the carrying amount. If the combined party is acquired from a 3rd party by the ultimate controlling party in a prior year, the consideration paid and net assets obtained by the Group are measured based on the carrying amounts of the combined party's assets and liabilities (including the goodwill arising from the acquisition of the combined party by the ultimate controlling party) presented in the consolidated financial statements of the ultimate controlling party. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital surplus (share premium). If the capital surplus (share premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs directly attributable to the combination are included in profit or loss for the current period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

(b) Business combinations not under common control

The cost of combination and identifiable net assets obtained by the Group in a business combination are measured at fair value at the acquisition date. Where the cost of the combination exceeds the Group's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill; where the cost of combination is lower than the Group's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period. Costs directly attributable to the combination are included in profit or loss for the current period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(7) Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profit realised before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting period of the Company. For subsidiaries acquired from business combinations involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant intra-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of subsidiaries' shareholders' equity and the portion of subsidiaries' net profits and losses and comprehensive incomes for the period not attributable to the Company are recognised as minority interests, net profit or loss attributable to minority interests and total comprehensive income attributable to minority interests, and presented separately in the consolidated financial statements under shareholders' equity, net profit and total comprehensive income respectively. When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess is allocated against the balance of minority interests. Unrealised profits and losses resulting from the sales of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to shareholders of the parent company. 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 company and net profit attributable to minority interests in accordance with the allocation proportion of the parent in the subsidiary. Unrealised profits and losses resulting from the sales of assets by one subsidiary to another are eliminated and allocated between net profit attributable to shareholders of the parent company and net profit attributable to minority interests in accordance with the allocation proportion of the parent company in the subsidiary.

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(8) 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.

(9) Foreign currency translation

(a) 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 as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(b) Translation of foreign currency financial statements

The asset and liability items in the balance sheets for overseas operations are translated at the spot exchange rates on the balance sheet date. Among the shareholders' equity items, the items other than "undistributed profits" are translated at the spot exchange rates of the transaction dates. The income and expense items in the income statements for overseas operations are translated at the spot exchange rates of the transaction dates. The differences arising from the above translation are presented in other comprehensive income. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(10) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset, a financial liability or an equity instrument is recognised when the Group becomes a party to the contractual provisions of the instrument.

(a) *Financial assets*

(i) *Classification and measurement*

Based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, financial assets are classified as: (1) financial assets at amortised cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

At initial recognition, the financial assets are measured at fair value. Transaction costs that are directly attributable to the acquisition of the financial assets are included in the initially recognised amounts, except for the financial assets at fair value through profit or loss, the related transaction costs of which are expensed in profit or loss for the current period. Accounts receivables or notes receivables arising from sales of products or rendering of services (excluding or without regard to significant financing components) are initially recognised at the consideration that is entitled to be received by the Group as expected.

Debt instruments

The debt instruments held by the Group refer to the instruments that meet the definition of financial liabilities from the perspective of the issuer, and are measured in the following three categories:

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(10) Financial instruments *(Continued)*

(a) **Financial assets** *(Continued)*

(i) *Classification and measurement (Continued)*

Measured at amortised cost:

The objective of the Group's business model is to hold the financial assets to collect the contractual cash flows, and the contractual cash flow characteristics are consistent with a basic lending arrangement, which gives rise on specified dates to the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The interest income of such financial assets is recognised using the effective interest rate method. Such financial assets mainly comprise cash at bank and on hand, notes receivables, accounts receivables, other receivables and long-term receivables. Long-term receivables that are due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current assets.

Measured at fair value through other comprehensive income:

The objective of the Group's business model is to hold the financial assets for both collection of the contractual cash flows and selling such financial assets, and the contractual cash flow characteristics are consistent with a basic lending arrangement. Such financial assets are measured at fair value through other comprehensive income, except for the impairment gains or losses, foreign exchange gains and losses, and interest income calculated using the effective interest rate method which are recognised in profit or loss for the current period. Such financial assets mainly include receivables financing.

Measured at fair value through profit or loss:

Debt instruments held by the Group that do not meet the criteria for amortised cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. Financial assets that are due over one year as from the balance sheet date and are expected to be held over one year are presented as other non-current financial assets. Others are presented as financial assets held for trading.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(10) Financial instruments *(Continued)*

(a) **Financial assets** *(Continued)*

(i) *Classification and measurement (Continued)*

Equity instruments

Investments in equity instruments, over which the Group has no control, joint control or significant influence, are measured at fair value through profit or loss under financial assets held for trading. Investments in equity instruments expected to be held over one year as from the balance sheet date are presented as other non-current financial assets.

(ii) *Impairment*

The Group recognises loss provision on the basis of ECL for financial assets at amortised cost, investments in debt instruments at fair value through other comprehensive income, as well as financial guarantee contracts.

Giving consideration to reasonable and supportable information that is available without undue cost or effort at the balance sheet date on past events, current conditions and forecasts of future economic conditions weighted by the probability of default, the Group recognises the ECL as the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to collect.

For notes receivables, accounts receivables and receivables financing arising from sales of goods and rendering of services in the ordinary course of operating activities, the Group recognises the lifetime ECL regardless of whether there exists a significant financing component.

Apart from notes receivables, accounts receivables and receivables financing mentioned above, at each balance sheet date, the ECL of financial instruments at different stages is measured respectively. 12-month ECL is recognised for financial instruments in Stage 1 which have not had a significant increase in credit risk since initial recognition; lifetime ECL is recognised for financial instruments in Stage 2 which have had a significant increase in credit risk since initial recognition but are not deemed to be credit-impaired; and lifetime ECL is recognised for financial instruments in Stage 3 that are credit-impaired.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(10) Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

(ii) Impairment *(Continued)*

For the financial instruments with low credit risk as at the balance sheet date, the Group assumes there is no significant increase in credit risk since initial recognition. The Group determines them as the financial instruments in Stage 1 and recognises the 12-month ECL.

For the financial instruments in Stage 1 and Stage 2, the interest income is calculated by applying the effective interest rate to the book balance (before net of ECL provision). For the financial instrument in Stage 3, the interest income is calculated by applying the effective interest rate to the amortised cost (net of ECL provision).

The Group classifies the receivables into certain groups on the basis of credit risk characteristics, and calculates the ECL for each group respectively. Basis for determining groups and method for provision are as follows:

Bank acceptance notes	Domestic banks
Trade acceptance notes	Domestic customers
Ageing group of accounts receivables from customers	Overdue date as the starting time point of ageing

For notes receivables which are classified into different groups, the Group calculates the ECL with reference to historical credit loss experience, current conditions and forecasts of future economic conditions, and based on the exposure at default and the lifetime ECL rates.

For accounts receivables which are classified into different groups, the Group prepare the cross-reference between the number of overdue days and the lifetime ECL rates to calculate the ECL, with reference to historical credit loss experience, current conditions and forecasts of future economic conditions.

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FOR THE YEAR ENDED 31 DECEMBER 2023

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(10) Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

(ii) Impairment *(Continued)*

For other receivables that are classified into groups, the Group calculates the ECL with reference to historical credit loss experience, current conditions and forecasts of future economic conditions, and based on the exposure at default and the 12-month or lifetime ECL rates. The Group classifies other receivables into certain groups on the basis of credit risk characteristics. The basis for determining the groups is as follows:

Group 1	Deposits and guarantees
Group 2	Tax refund
Group 3	Receivables from staff
Group 4	Disbursement of vehicle mortgage loans
Group 5	Receivables from related parties
Group 6	Others

The Group recognises the loss provision made or reversed into profit or loss for the current period. For debt instruments classified as at fair value through other comprehensive income, the Group recognises the impairment loss or gain in profit or loss for the current period meanwhile adjusts other comprehensive income.

(iii) Derecognition

A financial asset is derecognised when one of the following criteria is satisfied: (i) the contractual rights to receive the cash flows from the financial asset are expired, (ii) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, or (iii) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

When a financial asset is derecognised, the difference between the carrying amount and the consideration received as well as the cumulative changes in fair value that are previously recognised directly in other comprehensive income is recognised in profit or loss for the current period, except for an investment in other equity instruments, the difference aforementioned is recognised in retained earnings instead.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(10) Financial instruments *(Continued)*

(b) Financial liabilities

Financial liabilities are classified as financial liabilities at amortised cost and financial liabilities at fair value through profit or loss at initial recognition.

Financial liabilities of the Group mainly comprise financial liabilities at amortised cost, including notes payables, accounts payables, other payables and borrowings. Such financial liabilities are initially recognised at fair value, net of transaction costs incurred, and subsequently measured using the effective interest rate method. Financial liabilities with maturities of no more than one year (inclusive) are presented as current liabilities, and those with maturities of over one year but due within one year (inclusive) as from the balance sheet date are presented as current portion of non-current liabilities; and others are presented as non-current liabilities.

A financial liability is derecognised or partly derecognised when the underlying present obligation is discharged or partly discharged. The difference between the carrying amount of the derecognised part of the financial liability and the consideration paid is recognised in profit or loss for the current period.

(c) Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. In valuation, the Group adopts valuation techniques applicable in the current situation and supported by adequate available data and other information, selects inputs with the same characteristics as those of assets or liabilities considered in relevant transactions of assets or liabilities by market participants, and gives priority to the use of relevant observable inputs. When relevant observable inputs are not available or feasible, unobservable inputs are adopted.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(11) Inventories

(a) Classification

Inventories include raw materials, work in progress, finished goods, spare parts, materials processed on commission, and low-value consumables, and are stated at the lower of cost and net realisable value.

(b) Costing of inventories

Cost is determined using the weighted average method. The cost of finished goods and work in progress comprise raw materials, direct labour and systematically allocated production overhead based on the normal production capacity.

Basis for determining net realisable values of inventories and method for making provision for decline in the value of inventories

Provision for decline in the value of inventories is determined at the excess amount of the carrying amount of the inventories over their net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated contract fulfilment costs to completion and estimated selling expenses and related taxes. For inventories that have same or similar uses and are produced and marketed in the same geographical area, provision for decline in value of inventories is determined on an aggregate basis.

(c) The Group adopts the perpetual inventory system.

(d) Amortisation method for low-value consumables and packaging materials

Turnover materials include low-value consumables and packaging materials. Low-value consumables are amortised into expenses based upon numbers of usage, and packaging materials are expensed when issued.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(12) Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, and the Group's long-term equity investments in its joint ventures and associates.

Subsidiaries are the investees over which the Company is able to exercise control. A joint venture is a joint arrangement which is structured through a separate vehicle over which the Group has joint control together with other parties and only has rights to the net assets of the arrangement based on legal forms, contractual terms and other facts and circumstances. An associate is an investee over which the Group has significant influence on its financial and operating policy decisions.

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted to the equity method when preparing the consolidated financial statements. Investments in joint ventures and associates are accounted for using the equity method.

(a) Determination of investment cost

For long-term equity investments acquired through a business combination involving enterprises under common control, the investment cost shall be the share of the carrying amount of owners' equity of the acquiree in the consolidated financial statements of the ultimate controlling party at the combination date; for long-term equity investments acquired through a business combination involving enterprises not under common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through a business combination: for long-term equity investments acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(12) Long-term equity investments *(Continued)*

(b) Subsequent measurement and recognition of profit and loss

Long-term equity investments accounted for using the cost method are measured at initial investment cost. Cash dividends or profit distributions declared by the investees are recognised as investment income in profit or loss for the current period.

For long-term equity investments accounted for using the equity method, where the initial investment cost exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the investment is initially measured at that cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is included in profit or loss for the current period and the cost of the long-term equity investments is adjusted upwards accordingly.

For long-term equity investments accounted for using the equity method, the Group recognises the investment income according to its share of net profit or loss of the investee. The Group does not recognise further losses when the carrying amount of the long-term equity investments together with any long-term interests that, in substance, form part of the Group's net investment in the investee is reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions are satisfied, the Group continues recognising the investment losses and the provisions at the amount it expects to undertake. The Group's share of changes in the investee's owners' equity other than those arising from the net profit or loss, other comprehensive income and profit distribution is recognised in capital surplus with a corresponding adjustment to the carrying amount of the long-term equity investments. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by the investee.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(12) Long-term equity investments *(Continued)*

(b) Subsequent measurement and recognition of profit and loss *(Continued)*

Unrealised gains or losses on transactions between the Group and its investees are eliminated to the extent of the Group's equity interests in the investees, based on which the investment income or losses are recognised on the Company's financial statements. When preparing the consolidated financial statements, for the portion of unrealised gains and losses attributable to the Group arising from downstream transactions in which the Group invests or sells assets to the investees, on the basis of the elimination result on the Company's financial statements, the Group should eliminate the portion of unrealised revenue and costs or asset disposal gains and losses attributable to the Group, and adjust investment income or losses accordingly; for the portion of unrealised gains and losses attributable to the Group arising from the upstream transactions in which the investees invest or sell assets to the Group, on the basis of the elimination result on the Company's financial statements, the Group should eliminate the portion of unrealised gains and losses included in the carrying amount of the relevant assets, and adjust the carrying amount of long-term equity investments accordingly. Any losses resulting from transactions between the Group and its investees, which are attributable to asset impairment losses are not eliminated.

(c) Basis for determining existence of control, joint control or significant influence over investees

Control is the power over the investee to enjoy variable returns by participating in related activities of the investee and the ability to affect the return amount by executing the power over the investee.

Joint control is the sharing of control over an arrangement according to related agreement, and exists only when the decisions relating to the activity of the arrangement require the unanimous consent of the parties sharing control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

(d) Impairment of long-term equity investments

The carrying amounts of long-term equity investments in subsidiaries, joint ventures and associates are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note 2(19)).

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(13) Investment properties

Investment properties, including land use rights that have already been leased out, buildings that are held for the purpose of leasing and buildings that are being constructed or developed for future use for leasing, are measured initially at cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss for the period in which they are incurred.

Investment properties are subsequently measured using the fair value model and are not depreciated or amortised. The carrying amount of investment properties is adjusted based on their fair value at the balance sheet date, and the difference between the fair value and the original carrying amount is recognised in profit or loss for the current period.

When an investment property is transferred to owner-occupied property, it is reclassified to fixed asset or intangible asset with the carrying amount determined at the fair value of the investment property at the date of the transfer, and the difference between the fair value and the original carrying amount of the investment property is recognised in profit or loss for the current period. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is transferred to investment properties with the carrying amount determined at the fair value at the date of the transfer. If the fair value at the date of the transfer is less than the original carrying amount of the fixed asset or the intangible asset, the difference is recognised in profit or loss for the current period; otherwise, it is included in other comprehensive income and transferred into profit or loss for the current period when the investment property is disposed.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sales, transfer, retirement or damage of an investment property after deducting its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(14) Fixed assets

(a) Recognition and initial measurement of fixed assets

Fixed assets comprise buildings, machinery and equipment, motor vehicles, electronic and other equipment.

Fixed assets are recognised when it is probable that the related economic benefits will flow to the Group and the costs can be reliably measured. Fixed assets purchased or constructed by the Group are initially measured at cost at the time of acquisition.

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

(b) Depreciation of fixed assets

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated net residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the estimated net residual values expressed as a percentage of cost and the annual depreciation rates of fixed assets are as follows:

	Estimated useful lives	Estimated net residual values	Annual depreciation rates
Buildings	20 to 30 years	10%	3.0% to 4.5%
Machinery and equipment	10 to 12 years	10%	7.5% to 9.0%
Motor vehicles	5 years	10%	18.0%
Electronic and other equipment	4.5 to 5 years	10%	18.0% to 20.0%

The estimated useful life and the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at each year-end.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(14) Fixed assets *(Continued)*

(c) The carrying amount of a fixed asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(19)).

(d) Disposals of fixed assets

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

(15) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the construction in progress ready for its intended use. Construction in progress is transferred to fixed assets when the asset is ready for its intended use, and depreciation is charged starting from the following month. The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(19)).

(16) Borrowing costs

The borrowing costs that are directly attributable to acquisition and construction of an asset that needs a substantially long period of time for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of an asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For the specific borrowings obtained for the acquisition or construction of an asset qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation is determined by deducting any interest income earned from depositing the unused specific borrowings in the banks or any investment income arising in the temporary investment of those borrowings during the capitalisation period.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(16) Borrowing costs *(Continued)*

The capitalised amount of general borrowings intended to be used for the acquisition and construction of qualifying assets is determined by the weighted average of the excess of accumulated capital expenditure over capital expenditure of the special borrowings multiplied by the weighted average effective interest rate of the utilised general borrowings. The effective interest rate is the interest rate at which the future cash flows of the borrowings over the estimated life or a shorter applicable period are discounted into the initial recognised amount of the borrowings.

(17) Intangible assets

Intangible assets include land use rights, technological know-how and trademarks, software use rights, customer relationships and customer contracts, and are measured at cost.

(a) Land use rights

Land use rights are amortised on the straight-line basis over their approved use period of 20 to 50 years. If the acquisition costs of the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the acquisition costs are recognised as fixed assets.

(b) Technological know-how and trademarks

Technological know-how and trademarks are amortised on the straight-line basis over the period of 5 to 10 years as stipulated by laws.

(c) Software use rights

Software use rights are amortised on the straight-line basis over 5 to 10 years.

(d) Customer relationships

Customer relationships are amortised on the straight-line basis over 5 to 10 years.

(e) Customer contracts

Customer contracts are amortised on the straight-line basis over 9 months.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(17) Intangible assets *(Continued)*

(f) *Periodical review of useful life and amortisation method*

For an intangible asset with a finite useful life, review of its useful life and amortisation method is performed at each year-end, with adjustment made as appropriate.

(g) *Research and development*

The expenditure on research and development includes materials consumed in research and development activities implemented by the Group, employee benefits expenses of the R&D department, depreciation and amortisation expenses on equipment, software and other assets used for R&D, R&D tests, R&D technical service fee and licensing fee.

Expenditure on the research phase, such as expenditure on planned research, assessment and selection for manufacturing technique, is recognised in profit or loss for the period in which it is incurred. Before mass production, expenditure on the development phase, such as expenditure on design and test for finalised application, is capitalised only if all of the following conditions are satisfied:

- the development of manufacturing technique has been fully demonstrated by technical team;
- management has approved the budget for the development of manufacturing technique;
- the research and analysis of preliminary market survey indicate that products manufactured with such technique are marketable;
- adequate technical and financial supports are available for development of manufacturing techniques and subsequent mass production; and
- expenditure on development of manufacturing techniques can be reliably collected.

Other development expenditures that do not meet the conditions above are recognised in profit or loss for the period in which they are incurred. Development costs previously recognised as expenses are not recognised as an asset in a subsequent period. Capitalised expenditure on the development phase is presented as development costs in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(17) Intangible assets *(Continued)*

(h) Impairment of intangible assets

The carrying amount of the intangible assets is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(19)).

(18) Long-term prepaid expenses

Long-term prepaid expenses include the expenditure for improvements to right-of-use assets, and other expenditures that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

(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 an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of the fair value less costs to sell and the present value of the future cash flows expected to be derived from it. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the impairment test, the carrying amount of goodwill is allocated to the related asset groups or group of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or a group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is 1st deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset group or group of asset groups in proportion to the carrying amounts of assets other than goodwill.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(19) Impairment of long-term assets *(Continued)*

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

(20) Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for termination of employment relationship, which include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

(a) Short-term employee benefits

Short-term employee benefits include wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs and short-term paid absences. The short-term employee benefits actually incurred are recognised as a liability in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Non-monetary benefits are measured at fair value.

(b) Post-employment benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's post-employment benefits mainly include the premiums or contributions on basic pensions and unemployment insurance, both of which belong to defined contribution plans.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(20) Employee benefits *(Continued)*

(b) Post-employment benefits (Continued)

Basic pensions

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to the bases and percentage prescribed by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

(c) Termination benefits

The Group provides compensation for terminating the employment relationship with employees before the end of the employment contracts or as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts. The Group recognises a liability arising from compensation for termination of the employment relationship with employees, with a corresponding charge to profit or loss for the current period at the earlier of the following dates: 1) when the Group cannot unilaterally withdraw an employment termination plan or a curtailment proposal; 2) when the Group recognises costs or expenses for a restructuring that involves the payment of termination benefits.

The termination benefits expected to be settled within one year since the balance sheet date are classified as employee benefits payable.

(21) Profit distribution

Cash dividend is recognised as a liability for the period in which the dividend is approved by the shareholders' meeting.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(22) Provisions

Provisions for product warranties and onerous contracts, etc. are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in determining 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 carrying amount of the provision arising from passage of time is recognised as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Loss provision for financial guarantee contracts which is recognised on the basis of ECL is presented as provisions.

The provisions expected to be settled within one year since the balance sheet date are classified as current liabilities.

(23) Revenue

Revenue is recognised when obligations in a contract are performed, that is, the control of the goods is transferred to the customer. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the benefits from the asset.

When any of the below criteria is met, the Group is subject to fulfilment obligations satisfied over time; otherwise, at a point in time:

- (1) the customer simultaneously receives and consumes the benefits provided by the Group's fulfilment as the Group fulfils.
- (2) the Group's fulfilment creates or enhances an asset that the customer controls as the asset is created or enhanced.
- (3) the Group's fulfilment does not create an asset with an alternative use to the Group, and the Group has an enforceable right to payment for fulfilment completed to date.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(23) Revenue *(Continued)*

In respect of a contract obligation that is to be fulfilled within a period, the Group should recognise the revenue based on the progress of the obligation fulfilment within the period, except that the progress of the obligation fulfilment fails to be reasonably determined.

Where the progress of the obligation fulfilment cannot be reasonably determined, revenue is recognised at the amount of cost incurred if it is expected that the cost can be compensated till the progress of the obligation fulfilment can be reasonably determined.

(a) Sales of goods

Revenue from the sales of vehicles directly to customers, is recognised at a point in time when the customers obtain the control of the goods, being when the products are delivered to customers and the customers have accepted the goods in accordance with the sales contract.

The vehicles are often sold to distributors with rebates based on aggregate sales over a 12-month period. The related revenue is recognised based on the price specified in the contract net of the rebates as determined based on historical experience using the expected value method.

The Group recognises receivables when the goods are delivered, because the Group is entitled to the unconditional collection of the consideration when goods are delivered. The credit term provided by the Group to the customers is generally 30 to 180 days, which is consistent with industry practice and there is no significant financing component.

The Group provides warranties for the sales of products, and recognises corresponding provisions (Note 2(22)). The Group does not provide any additional services or warranties, and thus such warranties do not constitute separate performance obligations.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(23) Revenue *(Continued)*

(b) Rendering of services

The Group provides repair, replacement and transportation services to external parties. The related revenue is recognised based on the stage of completion within a certain period, which is determined based on proportion of costs incurred to date to the estimated total costs. On the balance sheet date, the Group re-estimates the stage of completion to reflect the actual status of contract fulfilment.

When the Group recognises revenue based on the stage of completion, the amount with an unconditional collection right obtained by the Group is recognised within accounts receivables, and the remainder is recognised as a contract asset. Meanwhile, loss provisions for accounts receivables and contract assets are recognised on the basis of ECL. If the contract price received or receivable exceeds the amount for the completed service, the excess portion will be recognised within contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

Contract costs include contract fulfilment costs and contract acquisition costs. Costs incurred for provision of services are recognised as contract fulfilment costs, which are recognised as the cost of sales of main operations based on the stage of completion when recognising revenue. Incremental costs incurred by the Group for the acquisition of contract are recognised as the contract acquisition costs. For contract acquisition costs with the amortisation period within one year, the costs are included in the profit or loss for the current period as incurred. For contract acquisition costs with the amortisation period beyond one year, the costs are included in the profit or loss for the current period on the same basis as recognition of revenue from rendering of services under relevant contract. If the carrying amount of the contract costs is higher than the remaining consideration expected to be obtained by rendering of the services net of the estimated cost to be incurred, the Group makes provision for impairment on the excess portion and recognises it as asset impairment losses. As at the balance sheet date, based on whether the amortisation period of the contract fulfilment costs is more than one year when initially recognised, the amount of the Group's contract fulfilment costs net of related provision for asset impairment is presented as inventories or other non-current assets. For contract acquisition costs with amortisation period beyond one year at the initial recognition, the amount net of related provision for asset impairment is presented as other non-current assets.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(24) Government grants

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government, including tax return and financial subsidy.

Government grants are recognised when the grants can be received and the Group can comply with all attached conditions. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

Government grants related to assets refer to government grants which are obtained by the Group for the purposes of purchase, construction or acquisition of the long-term assets. Government grants related to income refer to the government grants other than those related to assets.

Government grants related to assets are recorded as deferred income and recognised in profit or loss on a systemic basis over the useful lives of the assets. Government grants related to income that compensate the future costs, expenses or losses are recorded as deferred income and recognised in profit or loss in the subsequent periods in which those costs, expenses or losses are recognised. Government grants related to income that compensate the incurred costs, expenses or losses are directly recognised in profit or loss for the current period, or deducted against related costs, expenses or losses. The Group applies the presentation method consistently to the similar government grants in the financial statements.

Government grants that are related to ordinary activities are included in operating profit, otherwise, they are recorded in non-operating income or expenses.

The interest subsidies directly received from government are recorded as a reduction of borrowing costs.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(25) 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 the temporary differences 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) and does not give rise to equal taxable and deductible temporary differences. At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of reversal of the temporary differences, and it is probable that the temporary differences will not be reversed in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, associates and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

Deferred tax assets and deferred tax liabilities are offset when:

- the deferred tax assets and deferred tax liabilities are related to the same tax payer within the Group and the same taxation authority; and,
- that tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(26) Lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as the lessee

At the lease commencement date, the Group recognises the right-of-use asset and measures the lease liability at the present value of the lease payments that are not paid at that date. Lease payments include fixed payments, the exercise price of a purchase option or termination penalty if the lessee is reasonably certain to exercise that option etc. Variable lease payments which are determined in proportion to sales are excluded from lease payments and recognised in profit or loss for the current period as incurred. Lease liabilities that are due within one year (inclusive) as from the balance sheet date are presented as current portion of non-current liabilities.

Right-of-use assets of the Group comprise leased buildings, machinery and equipment and motor vehicles. Right-of-use assets are measured initially at cost which comprises the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date and any initial direct costs, less any lease incentives received. If there is reasonable certainty that the Group will obtain ownership of the underlying asset by the end of the lease term, the asset is depreciated over its remaining useful life; otherwise, the asset is depreciated over the shorter of the lease term and its remaining useful life. The carrying amount of the right-of-use asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(19)).

For short-term leases with a term of 12 months or less and leases of an individual asset (when new) of low-value, the Group chooses to include the lease payments in the cost of the underlying assets or in the profit or loss for the current period on a straight-line basis over the lease term, instead of recognising right-of-use assets and lease liabilities.

The Group accounts for a lease modification as a separate lease if both: (1) the modification increases the scope of the lease by adding the right to use one or more underlying assets; (2) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the contract.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(26) Lease *(Continued)*

For a lease modification that is not accounted for as a separate lease, the Group redetermines the lease term at the effective date of the lease modification, and remeasures the lease liability by discounting the revised lease payments using a revised discount rate, except for the contract modification that could be accounted for by applying the practical expedient in accordance with regulations of the Ministry of Finance. For a lease modification which decreases the scope of the lease or shortens the lease term, the Group decreases the carrying amount of the right-of-use asset, and recognises in profit or loss any gain or loss relating to the partial or full termination of the lease. For other lease modifications which lead to the remeasurement of lease liabilities, the Group correspondingly adjusts the carrying amount of the right-of-use asset.

For the eligible rent reductions agreed upon for existing leases, the Group applies the practical expedient and records the undiscounted concessions in profit or loss for the current period when the agreement is reached to discharge the original payment obligation with corresponding adjustment of lease liabilities.

The Group as the lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. An operating lease is a lease other than a finance lease.

(a) Operating leases

Where the Group leases out self-owned buildings, machinery and equipment, and motor vehicles under operating leases, rental income therefrom is recognised on a straight-line basis over the lease term. Variable rental that is linked to a certain percentage of sales is recognised in rental income as incurred.

For a lease modification, the Group accounts for it as a new lease from the effective date of the modification, and considers any lease payments received in advance and receivable relating to the lease before modification as receivables of the new lease.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(27) Segment information

The Group identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenue and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group. Two or more operating segments that have similar economic characteristics and satisfy certain conditions can be aggregated into one single operating segment.

(28) Critical accounting estimates and judgements

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

(a) *Critical accounting estimates and key assumptions*

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are outlined below:

(i) *Accounting estimates on provision for impairment of receivables*

Management measures the provision for bad debts based on the lifetime ECL of accounts receivables. In determining ECL, based on groups of credit risk characteristics, the Group prepares the cross-reference between the overdue days of accounts receivables and the lifetime ECL rates to calculate the ECL, by considering historical credit loss rates, past collection information and ageing profiles of accounts receivables, and with reference to current conditions and forward-looking factors.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(28) Critical accounting estimates and judgements *(Continued)*

(a) *Critical accounting estimates and key assumptions (Continued)*

(i) *Accounting estimates on provision for impairment of receivables (Continued)*

When considering forward-looking information, the Group takes different economic scenarios into consideration. In 2023, the economic scenario weights of “benchmark”, “unfavourable” and “favourable” accounted for 68%, 16% and 16 % respectively. The Group regularly monitors and reviews assumptions and parameters related to the calculation of ECL, including China fiscal balance and China money supply growth rate. In 2023, the Group considered the uncertainty under different macroeconomic scenarios and updated the relevant assumptions and parameters. The key macroeconomic parameters are China fiscal balance and China money supply growth rate, whose effects on the three different economic scenarios are 1.23, 1.95, 0.77 respectively.

(ii) *Accounting estimates on provision for impairment of goodwill*

The Group tests whether goodwill has suffered any impairment at least on an annual basis to determine whether the carrying amount exceeds the recoverable amount of the assets. If there is indication that the carrying amount of goodwill may not be fully recoverable, a provision for impairment and an impairment loss are recognised.

The recoverable amount of an asset (asset group) is the higher of the fair value less costs to sell and the present value of the future cash flows expected to be derived from it. The Group determines the recoverable amount using the discounted cash flow model. In assessing the present value of future cash flows, significant estimates and judgements are exercised over the asset's (asset group's) production, selling price, gross margins, related operating costs and the discount rate to calculate the present value. The Group estimates the recoverable amount based on all available information, including the forecast of yield, selling price and related operating costs based on reasonable and supportable assumptions.

If management revises the growth rate that is used in the calculation of the future cash flows of an asset (asset group), and the revised rate is lower than the current rate, the Group would need to recognise further impairment against goodwill.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(28) Critical accounting estimates and judgements *(Continued)*

(a) *Critical accounting estimates and key assumptions (Continued)*

(ii) *Accounting estimates on provision for impairment of goodwill (Continued)*

If management revises the gross margin that is used in the calculation of the future cash flows of an asset (asset group), and the revised gross margin is lower than the one currently used, the Group would need to recognise further impairment against goodwill.

If management revises the pre-tax discount rate applied to the discounted cash flows, and the revised pre-tax discount rate is higher than the one currently applied, the Group would need to recognise further impairment against goodwill.

If the actual growth rate and gross margin are higher or the actual pre-tax discount rate is lower than management's estimates, the impairment loss of goodwill previously provided for is not allowed to be reversed by the Group.

(iii) *Accounting estimates on provision for decline in the value of inventories*

As described in Note 2(11), the net realisable value of inventories is under the Group's regular review, and as a result, provision for inventories is recognised for the excess of inventories' carrying amounts over their net realisable values. When making estimates of net releasable value, the Group takes into consideration the use of inventories held on hand and other information available to form the underlying assumptions, including the inventories' market prices and the Group's historical operating costs. The actual selling price, costs to completion, selling expenses and related taxes may vary with the changes in market conditions, production techniques or actual use of the inventories, which would result in the change in the provision for decline in the value of inventories. The adjustment on the provision for decline in the value of inventories will affect the profit or loss for the period in which the estimation change is made.

(iv) *Accounting estimates on measurement of fair value of investment properties*

The Group recognises the fair value of the investment properties based on the valuation assessed by the independent professional valuer, the valuation assessed by management or quoted prices of the independent 3rd-party buyer. To assess the fair value of investment properties, as stated in Note 14(1), several significant judgements and assumptions are used.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(28) Critical accounting estimates and judgements *(Continued)*

(a) *Critical accounting estimates and key assumptions (Continued)*

(v) *Accounting estimates on impairment of fixed assets*

The Group performs impairment tests for fixed assets if there is any indication that the fixed assets may be impaired. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of the fair value less costs to sell and the present value of the future cash flows expected to be derived from it. These calculations require the use of estimates (Note 4(14)).

When the Group determines the recoverable amount using the present value of the expected future cash flows, as there are uncertainties of the economic environment of relevant regions, the revenue growth rate, gross profit margin and pre-tax discount rate used in calculating the present value of expected future cash flows are also subject to uncertainties.

If management revises the growth rate that is used in the calculation of the future cash flows of the asset group, and the revised rate is lower than the current rate, the Group would need to recognise further impairment against the assets.

If management revises the gross profit margin that is used in the calculation of the future cash flows of the asset group, and the revised gross profit margin is lower than the one currently used, the Group would need to recognise further impairment against the assets.

If management revises the pre-tax discount rate applied to the discounted cash flows, and the revised pre-tax discount rate is higher than the one currently applied, the Group would need to recognise further impairment against the assets.

If the actual growth rate and gross margin are higher or the actual pre-tax discount rate is lower than management's estimates, the impairment loss of goodwill previously provided for is not allowed to be reversed by the Group.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(28) Critical accounting estimates and judgements *(Continued)*

(a) *Critical accounting estimates and key assumptions (Continued)*

(vi) *Income taxes and deferred income taxes*

The Group is subject to enterprise income tax in numerous jurisdictions. There are some transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is required from the Group in determining the provision for income tax in each of these jurisdictions. Where the final tax outcomes of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The Group prudently evaluates tax implications of transactions and tax provisions are made accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised based on deductible tax losses and deductible temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. The Group reviews judgements made for the deferred income tax on a continuous basis. If estimate shows that future taxable income is likely to be obtained, corresponding deferred tax assets are recognised.

As stated in Note 3(2), some subsidiaries of the Group are high-tech enterprises. The "High-Tech Enterprise Certificate" is effective for three years. Upon expiration, application for high-tech enterprise should be submitted again to the relevant government authorities. Based on the past experience of reassessment for high-tech enterprise upon expiration and the actual condition of the subsidiaries, the Group considers that the subsidiaries are able to obtain the qualification for high-tech enterprises in future years, and therefore a preferential tax rate of 15% is used to calculate the corresponding deferred income tax. If some subsidiaries cannot obtain the qualification for high-tech enterprise upon expiration, then the subsidiaries are subject to a statutory tax rate of 25% for the calculation of the income tax, which further influences the recognised deferred tax assets, deferred tax liabilities and income tax expenses.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(28) Critical accounting estimates and judgements *(Continued)*

(a) *Critical accounting estimates and key assumptions (Continued)*

(vi) *Income taxes and deferred income taxes (Continued)*

A deferred tax asset is recognised for the carryforward of unused deductible losses to the extent that it is probable that future taxable profits will be available against which the deductible losses can be utilised. Future taxable profits include taxable profits that can be achieved through normal operations and the increase in taxable profits due to the reversal of taxable temporary differences arising from previous period in future period. The Group needs to apply estimates and judgements in determining the timing and amount of future taxable profits. If there is any difference between the actual and the estimates, adjustment may be made to the carrying amount of deferred tax assets.

(vii) *Warranties*

As described in Note 2(22), the Group makes provisions under the warranties it gives on the sales of its transport vehicles to consumers based on the recent claim experience. Because it is possible that the recent claim experience may not be indicative of future claims that the Group will receive in respect of past sales, a considerable level of management's judgement is required and exercised to estimate the provision. Any difference between the actual and the estimates will affect profit or loss in future years.

(viii) *Accounting estimates on risk reserve of financial guarantee contracts for vehicle mortgage loans*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the contract holder for a loss it incurs if a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. The issuer shall measure such financial liabilities at the higher of: (i) the amount of loss provision recognised in accordance with the financial instruments standard and (ii) the amount initially recognised less accumulative amortisation recognised in accordance with the revenue standard.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(28) Critical accounting estimates and judgements *(Continued)*

(a) *Critical accounting estimates and key assumptions (Continued)*

(viii) *Accounting estimates on risk reserve of financial guarantee contracts for vehicle mortgage loans (Continued)*

In accordance with the provisions of financial guarantee contracts related to financial guarantees for vehicle mortgage loans provided for consumers by the Group, the Group and its subsidiaries, as vehicle financing guarantors for consumers of transportation vehicles sold, shall perform obligations or assume liabilities in accordance with the contracts when the consumers (the debtors) fail to perform obligations, and for the guarantee contract liability, make provisions for the ending balance of vehicle loan guarantee based on vehicle loans status. The Group considers loss experience of recent years when making provisions.

(29) Significant changes in accounting policies

In 2022, the Ministry of Finance issued the *Circular on Issuing Interpretation No. 16 of Accounting Standards for Business Enterprises* (Interpretation No. 16). The Group and the Company adopted the new lease standard since 1 January 2021, and recognised deferred income taxes related to temporary differences arising from lease liabilities and right-of-use assets on a net basis. From 1 January 2023, the Group and the Company applied Interpretation No. 16 which clarifies that deferred income taxes related to assets and liabilities arising from a specific single transaction are not applicable for initial recognition exemption, and recognised deferred tax assets and deferred tax liabilities separately for equal deductible temporary differences and taxable temporary differences arising from above transactions and disclosed the related information in the notes. The relevant disclosures in the notes as at 31 December 2022 are adjusted accordingly. The implementation of Interpretation No. 16 has no impact to the Group and the Company's profit or loss for the year ended 31 December 2022, as well as financial statement line items as at 1 January 2022 and 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

3 TAXATION

(1) The income tax rates applicable to the Company and its main subsidiaries are as follows:

	2023	2022	Tax base
The Company	25%	25%	Taxable income
Subsidiaries registered in China	15%-25%	15%-25%	Taxable income
Subsidiaries registered in Hong Kong, China	16.5%	16.5%	Taxable income
Subsidiaries registered in British Virgin Islands	–	–	Taxable income
Subsidiaries registered in Australia	30%	30%	Taxable income
Subsidiaries registered in Thailand	20%	20%	Taxable income
Subsidiaries registered in South Africa	28%	28%	Taxable income
Subsidiaries registered in the US	25%-28%	25%-26%	Taxable income
Subsidiaries registered in Netherlands	19%-25.8%	16.5%-25%	Taxable income
Subsidiaries registered in Belgium	25%	25%	Taxable income
Subsidiaries registered in Poland	19%	19%	Taxable income
Subsidiaries registered in UK	25%	19%	Taxable income
Subsidiaries registered in Germany	15%	15%	Taxable income
Subsidiaries registered in Russia	20%	20%	Taxable income
Subsidiaries registered in Vietnam	20%	20%	Taxable income
Subsidiaries registered in Malaysia	24%	24%	Taxable income
Subsidiaries registered in Bahrain	–	–	Taxable income
Subsidiaries registered in Canada	25%-26.5%	28%	Taxable income
Subsidiaries registered in Djibouti	–	–	Taxable income

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

3 TAXATION (Continued)

(1) (Continued)

The subsidiaries entitled to the favourable tax are presented as follows:

Name of entity	Local statutory tax rate	Favourable tax rates		Reason
		2023	2022	
Wuhu CIMC Ruijiang Automobile Co., Ltd.	25%	15%	15%	High-tech enterprises
Zhumadian CIMC Huajun Vehicle Co., Ltd. ("CIMC Huajun")	25%	15%	15%	High-tech enterprises
Gansu CIMC Vehicles Co., Ltd.	25%	15%	15%	High-tech enterprises
Yangzhou CIMC Tonghua Special Vehicles Co., Ltd. ("Yangzhou Tonghua")	25%	15%	15%	High-tech enterprises
Dongguan CIMC Special Vehicle Co., Ltd.	25%	15%	15%	High-tech enterprises
Zhumadian CIMC Huajun Casting Co., Ltd.	25%	15%	15%	High-tech enterprises
Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd.	25%	15%	15%	High-tech enterprises
CIMC Vehicles (Shandong) Co., Ltd.	25%	15%	15%	High-tech enterprises
Luoyang CIMC Lingyu Automobile Co., Ltd.	25%	15%	15%	High-tech enterprises
CIMC Vehicle (Jiangmen) Co., Ltd.	25%	15%	15%	High-tech enterprises
Jiangsu Baojing Auto Parts Co., Ltd.	25%	15%	15%	High-tech enterprises
Qingdao CIMC Reefer Trailer Co., Ltd.	25%	15%	15%	High-tech enterprises
CIMC-SHAC (Xi'an) Special Vehicle Co., Ltd.	25%	15%	15%	The western region development enterprises

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

3 TAXATION (Continued)

(2) Other main categories and rates of taxes applicable to the Group are set out below:

Category	2023	2022	Tax base
Value-added tax ("VAT") (China)	6%, 9% and 13%	6%, 9% and 13%	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (South Africa)	15%	15%	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (Thailand)	7%	7%	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (Vietnam)	10%	10%	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (UK)	20%	20%	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (Germany)	19%	19%	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (Russia)	20%	20%	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (Canada)	13%	13%	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (Belgium)	21%	21%	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible input VAT of the current period)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

3 TAXATION (Continued)

(2) (Continued)

Category	2023	2022	Tax base
VAT (Australia)	10%	10%	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (Poland)	23%	23%	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (Malaysia)	–	–	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (Netherlands)	21%	21%	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (Bahrain)	5%	5%	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible input VAT of the current period)
City maintenance and construction tax (China)	7%	7%	The payment amount of VAT
Educational surcharge (China)	5%	5%	The payment amount of VAT

Pursuant to the provisions including the *Circular on Enterprise Income Tax Policy concerning Deductions for Equipment and Appliances* (Cai Shui [2018] No. 54) and the *Announcement on Extending the Implementation Period of Certain Preferential Tax Policies* (Cai Shui [2021] No. 6) issued by the State Taxation Administration, during the period from 1 January 2018 to 31 December 2023, the cost of newly purchased equipment with the original cost less than RMB 5 million can be fully deducted against taxable profit in the next month after the asset is put into use, instead of being depreciated annually for tax filing.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash at bank and on hand

	31 December 2023	31 December 2022
Cash on hand	285,754.42	394,404.68
Cash at bank	5,251,857,868.54	4,034,154,922.68
Deposits at Finance Company	641,908,248.86	648,267,840.99
Other cash balances	116,441,882.40	167,710,818.88
– Deposited at Finance Company	26,644,337.24	39,869,392.69
	<u>6,010,493,754.22</u>	<u>4,850,527,987.23</u>
Including: Overseas deposits	<u>2,473,368,472.77</u>	<u>1,124,059,583.82</u>

CIMC Finance Company Ltd. (“Finance Company”) is a financial institution established with the approval of the People’s Bank of China. The ultimate controlling party of Finance Company is CIMC Group. As at 31 December 2023 and 31 December 2022, balances with Finance Company include deposits and guarantees (Note 8(6)(k)) at Finance Company, and related guarantees have been classified into other cash balances.

As at 31 December 2023 and 31 December 2022, other cash balances of the Group mainly included vehicle mortgage loan guarantees, notes guarantees and other guarantees.

(2) Financial assets held for trading

	31 December 2023	31 December 2022
Financial assets held for trading –		
Investment in listed entity ^(a)	–	22,209,407.79

(a) In July 2022, the Group entered into an investment agreement to invest equity interest in a company listed in Hong Kong, China, with total consideration of USD 6,000,000.00. This investment has been accounted for as an investment in equity instruments at fair value through profit or loss.

In July 2023, the Group disposed of the investment. Gains or losses arising from changes in fair value amounted to RMB 18,054,732.82 (Note 4(51)) and investment income amounted to RMB 6,434,000.45 (Note 4(50)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(3) Derivative financial assets and derivative financial liabilities

	31 December 2023	31 December 2022
Derivative financial assets – Forward exchange contracts (Note 13(1)(a))	<u>4,052,573.06</u>	<u>6,161,436.00</u>
Derivative financial liabilities – Forward exchange contracts (Note 13(1)(a))	<u>41,836.74</u>	<u>5,683,205.67</u>

Forward exchange contracts held by the Group as at 31 December 2023 were unsettled forward contracts denominated in USD of subsidiaries with a nominal amount of USD 40,449,549.00 (Forward exchange contracts held by the Group as at 31 December 2022 were unsettled forward contracts denominated in USD of domestic subsidiaries with a nominal amount of USD 48,200,000.00).

(4) Notes receivables

	31 December 2023	31 December 2022
Trade acceptance notes	104,805,407.83	36,400,973.57
Bank acceptance notes	13,262,375.28	57,586,756.68
Less: Provision for bad debts	<u>(1,963,183.93)</u>	<u>(953,179.43)</u>
	<u>116,104,599.18</u>	<u>93,034,550.82</u>

(a) As at 31 December 2023, the Group had no pledged bank acceptance notes presented in notes receivables (31 December 2022: RMB 3,255,345.28). As at 31 December 2023 and 31 December 2022, the Group had no pledged trade acceptance notes presented in notes receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(4) Notes receivables (Continued)

(b) In 2023, the Group discounted and endorsed bank acceptance notes and transferred substantially all the risks and rewards of ownership of the bank acceptance notes to other parties. The carrying amounts of bank acceptance notes derecognised were RMB 15,788,290.32 and RMB 0 respectively, and the losses on discount were included in investment income.

(c) As at 31 December 2023, the Group's endorsed or discounted but not yet due notes receivables presented as notes receivables are as follows:

	Derecognised	Not derecognised
Trade acceptance notes	–	71,004,778.40
Bank acceptance notes	–	14,397,115.04
	–	85,401,893.44

In 2023, certain bank acceptance notes of certain subsidiaries of the Group were discounted and endorsed for the purpose of daily treasury management. The objective of the business model was to manage such notes receivables to both collect their contractual cash flows, and sell financial assets which satisfies the derecognition criteria. Therefore, these bank acceptance notes were reclassified to financial assets at fair value through other comprehensive income under receivables financing (Note 4(6)). The remaining bank acceptances and trade acceptances that do not meet the above conditions and business models are presented as notes receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(4) Notes receivables *(Continued)*

(d) Provision for bad debts

For notes receivables arising from sales of goods and rendering of services in the ordinary course of operating activities, the Group recognises the lifetime ECL regardless of whether there exists a significant financing component.

- (i) Provision for bad debts made on a collective basis for notes receivables is analysed as follows:

Group – Bank acceptance notes:

As at 31 December 2023, the Group measured the provision for bad debts based on lifetime ECL. The provision for bad debts is RMB 66,318.48 (31 December 2022: RMB 172,760.27), and the amount of RMB 106,441.79 (2022: RMB 41,301.55) is recognised in the profit for the current period. The Group believes that its bank acceptance notes are not exposed to significant credit risk and the probability of default of these banks is very low.

Group – Trade acceptance notes:

As at 31 December 2023, the Group measured the provision for bad debts based on lifetime ECL. The provision for bad debts is RMB 1,896,865.45 (31 December 2022: RMB 780,419.16), and the amount of RMB 1,116,446.29 (2022: RMB 27,640.33) is recognised in the loss for the current period.

- (ii) The provision for bad debts in 2023 amounted to RMB 1,963,183.93 (2022: RMB 953,179.43), of which RMB 953,179.43 (2022: RMB 966,840.65) was collected or reversed.
- (iii) No notes receivables were written off in 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Accounts receivables

	31 December 2023	31 December 2022
Accounts receivables	3,936,735,654.67	3,294,607,520.44
Less: Provision for bad debts	(260,413,522.92)	(173,102,046.63)
	<u>3,676,322,131.75</u>	<u>3,121,505,473.81</u>

The credit terms of accounts receivables granted by the Group are generally ranged from 30 days to 180 days.

(a) The ageing of accounts receivables based on their recording dates is analysed as follows:

	31 December 2023	31 December 2022
Within 1 year (inclusive)	3,717,772,998.44	3,083,345,472.07
1 to 2 years (inclusive)	110,963,483.60	145,766,591.22
2 to 3 years (inclusive)	53,978,949.08	16,981,204.75
Over 3 years	<u>54,020,223.55</u>	<u>48,514,252.40</u>
	<u>3,936,735,654.67</u>	<u>3,294,607,520.44</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Accounts receivables (Continued)

- (b) As at 31 December 2023, the five largest accounts receivables aggregated by debtors are summarised and analysed as follows:

	Balance	Provision for bad debts	% of total balance
Total balance of the five largest accounts receivables	739,234,952.36	23,399,651.20	18.78%

- (c) In 2023 and 2022, the Group had no accounts receivables derecognised due to transfer of financial assets.

(d) Provision for bad debts

For the accounts receivables, the Group recognises the lifetime ECL regardless of whether there exists a significant financing component.

- (i) Provision for bad debts made on a collective basis for accounts receivables is analysed as follows:

	31 December 2023		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rates	Amount
Not overdue	2,536,713,861.63	2.09%	52,912,312.95
Overdue within 1 year	1,245,492,652.57	8.17%	101,767,472.75
Overdue 1 to 2 years	62,550,956.38	36.80%	23,021,261.92
Overdue 2 to 3 years	40,527,514.75	77.14%	31,261,805.96
Overdue over 3 years	51,450,669.34	100.00%	51,450,669.34
	<u>3,936,735,654.67</u>		<u>260,413,522.92</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Accounts receivables (Continued)

(d) Provision for bad debts (Continued)

(i) (Continued)

	31 December 2022		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rates	Amount
Not overdue	2,314,106,991.08	2.11%	48,891,105.80
Overdue within 1 year	817,078,983.64	4.78%	39,091,986.01
Overdue 1 to 2 years	108,661,396.91	29.84%	32,422,846.36
Overdue 2 to 3 years	13,035,538.25	84.17%	10,971,497.90
Overdue over 3 years	41,724,610.56	100.00%	41,724,610.56
	<u>3,294,607,520.44</u>		<u>173,102,046.63</u>

(ii) The provision for bad debts in 2023 amounted to RMB 104,679,684.23 (2022: RMB 50,093,473.90), of which RMB 15,961,338.48 (2022: RMB 17,678,619.18) was collected or reversed. The Group has no significant accounts receivables collected or reversed.

(e) No accounts receivables were written off in 2023 (2022: Accounts receivables written off was RMB 7,495,847.35, and the provision for bad debts amounted to RMB 7,495,847.35). In 2023 and 2022, the Group had no significant accounts receivables written off.

(f) As at 31 December 2023 and 31 December 2022, the Group had no accounts receivables pledged to the bank as a guarantee for short-term borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(6) Receivables financing

	31 December 2023	31 December 2022
Bank acceptance notes	237,439,755.05	259,594,363.78
Less: Provision for bad debts	<u>(723,851.29)</u>	<u>(775,928.14)</u>
	<u>236,715,903.76</u>	<u>258,818,435.64</u>

In 2023, certain bank acceptance notes of certain subsidiaries of the Group were discounted and endorsed for the purpose of daily treasury management. The objective of the business model was to manage such notes receivables to both collect their contractual cash flows, and sell financial assets which satisfies the derecognition criteria. Therefore, these bank acceptance notes were reclassified to financial assets at fair value through other comprehensive income. In 2023, the Group discounted and endorsed bank acceptance notes and transferred substantially all the risks and rewards of ownership of the bank acceptance notes to other parties. The carrying amounts of bank acceptance notes derecognised were RMB 3,321,198,377.98 and RMB 514,045,814.23 respectively, and the losses on discount were included in investment income.

As at 31 December 2023, the Group considered that the credit risk characteristics of bank acceptance notes were similar and no provision for impairment was made on an individual basis for bank acceptance notes. The Group also believes that its bank acceptance notes are not exposed to significant credit risk and the probability of default of these banks is very low. The Group measured the provision for bad debts based on lifetime ECL. The provision for bad debts is RMB 723,851.29 (31 December 2022: RMB 775,928.14), and the amount of RMB 52,076.85 (2022: RMB 811,325.60) is recognised in the profit for the current period.

The Group pledged some bank acceptance notes for the purpose of issuing bank acceptance notes. As at 31 December 2023, the Group's pledged bank acceptance notes receivable with a carrying amount of RMB 2,000,000.00 (31 December 2022: RMB 7,309,187.09) were presented as receivables financing.

As at 31 December 2023, the Group's endorsed or discounted but not yet due notes receivables presented as receivables financing are as follows:

	Derecognised	Not derecognised
Bank acceptance notes	<u>2,284,422,072.53</u>	<u>—</u>

No receivables financing was written off in 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(7) Advances to suppliers

(a) The ageing of advances to suppliers is analysed as follows:

	31 December 2023		31 December 2022	
	Amount	% of total balance	Amount	% of total balance
Within 1 year (inclusive)	222,528,576.90	95.96%	232,061,848.59	96.77%
1 to 2 years (inclusive)	8,038,895.62	3.47%	7,333,582.50	3.06%
2 to 3 years (inclusive)	1,105,743.76	0.48%	88,358.00	0.04%
Over 3 years	218,911.50	0.09%	305,608.22	0.13%
	<u>231,892,127.78</u>	<u>100.00%</u>	<u>239,789,397.31</u>	<u>100.00%</u>

As at 31 December 2023, the advances to suppliers aged over one year amounted to RMB 9,363,550.88 (31 December 2022: RMB 7,727,548.72), which were mainly prepayments for raw materials. Since the raw materials have not been delivered, the payment has not been settled.

(b) As at 31 December 2023, the five largest advances to suppliers aggregated by debtors are summarised and analysed as follows:

	Amount	% of total balance
Total balance of the five largest advances to suppliers	<u>86,534,914.98</u>	<u>37.32%</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) Other receivables

	31 December 2023	31 December 2022
Receivables from related parties (Note 8(6)(d))	552,228,056.61	29,484,444.99
Receivables from staff	6,619,764.20	6,133,672.18
Tax refund receivable	60,175.62	5,473,976.92
Deposits and guarantees	124,242,326.19	90,975,981.36
Disbursement of vehicle mortgage loans	10,386,008.56	25,253,825.91
Receivables from equity/asset transfer	23,831,481.47	10,902,601.47
Reimbursed expenses	67,037,102.09	60,552,852.44
Vendor rebates	18,541,794.16	18,181,653.37
Others	19,307,352.58	8,373,996.12
	822,254,061.48	255,333,004.76
Less: Provision for bad debts	(10,814,288.13)	(22,880,052.39)
	811,439,773.35	232,452,952.37

The Group does not have amounts that are attributed to other parties and presented as other receivables due to centralised fund management.

(a) The ageing of other receivables is analysed as follows:

	31 December 2023	31 December 2022
Within 1 year (inclusive)	743,766,292.29	156,751,395.39
1 to 2 years (inclusive)	40,003,939.52	67,856,634.49
2 to 3 years (inclusive)	13,417,165.60	1,875,538.66
Over 3 years	25,066,664.07	28,849,436.22
	822,254,061.48	255,333,004.76

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) Other receivables (Continued)

(b) Movements in loss provision and book balance

	Stage 1				Stage 3			
	12-month ECL (group)		12-month ECL (individual)		Lifetime ECL (credit impaired)		Total	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Book balance	Provision for bad debts
31 December 2022	221,713,214.66	3,923,262.74	-	-	33,619,790.10	18,956,789.65	22,880,052.39	22,880,052.39
Increase in the current year	599,813,516.64	2,000,603.14	-	-	5,963,329.62	4,809,810.63	6,810,413.77	6,810,413.77
Reversal in the current year	(9,658,678.38)	(2,057,914.77)	-	-	(19,404,514.67)	(7,025,666.77)	(9,083,581.54)	(9,083,581.54)
Write-off in the current year	-	-	-	-	(1,426,632.32)	(1,426,632.32)	(1,426,632.32)	(1,426,632.32)
Including: Write-off in the current year	-	-	-	-	(1,426,632.32)	(1,426,632.32)	(1,426,632.32)	(1,426,632.32)
Derecognition	-	-	-	-	-	-	-	-
Other decreases	-	-	-	-	(8,365,964.17)	(8,365,964.17)	(8,365,964.17)	(8,365,964.17)
31 December 2023	811,868,052.92	3,865,951.11	-	-	10,386,008.56	6,948,337.02	10,814,288.13	10,814,288.13

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) Other receivables (Continued)

(b) Movements in loss provision and book balance (Continued)

- (i) The Group had no other receivables transferred to Stage 1 in the current year.
- (ii) As at 31 December 2023 and 31 December 2022, there was no provision for bad debts made on an individual basis.

As at 31 December 2023 and 31 December 2022, the Group did not have other receivables at Stage 2. Other receivables at Stage 1 and Stage 3 are analysed as follows:

- (iii) As at 31 December 2023, other receivables for which the related provision for bad debts was provided on a collective basis are analysed as follows:

Stage 1	Book balance	12-month ECL rates	Provision for bad debts	Reason
Receivables from related parties	552,228,056.61	-	-	Loss provision was made based on the 12-month ECL
Tax refund receivable	60,175.62	-	-	
Deposits and guarantees	124,242,326.19	-	-	
Receivables from staff	6,619,764.20	-	-	
Others	128,717,730.30	3.00%	3,865,951.11	
	<u>811,868,052.92</u>		<u>3,865,951.11</u>	

Stage 3	Book balance	Lifetime ECL rates	Provision for bad debts	Reason
Disbursement of vehicle mortgage loans	10,386,008.56	66.90%	6,948,337.02	Loss provision was made based on the lifetime ECL
	<u>10,386,008.56</u>		<u>6,948,337.02</u>	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) Other receivables (Continued)

(b) Movements in loss provision and book balance (Continued)

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

Stage 1	Book balance	12-month ECL rates	Provision for bad debts	Reason
Receivables from related parties	29,484,444.99	-	-	Loss provision was made based on the 12-month ECL
Tax refund receivable	5,473,976.92	-	-	
Deposits and guarantees	90,975,981.36	-	-	
Receivables from staff	6,133,672.18	-	-	
Others	<u>89,645,139.21</u>	4.38%	<u>3,923,262.74</u>	
	<u>221,713,214.66</u>		<u>3,923,262.74</u>	
Stage 3	Book balance	Lifetime ECL rates	Provision for bad debts	Reason
Disbursement of vehicle mortgage loans	25,253,825.91	41.94%	10,590,825.46	Loss provision was made based on the lifetime ECL
Others	<u>8,365,964.19</u>	100.00%	<u>8,365,964.19</u>	
	<u>33,619,790.10</u>		<u>18,956,789.65</u>	

(c) The provision for bad debts in 2023 amounted to RMB 6,810,413.77 (2022: RMB 16,704,790.10), of which RMB 9,083,581.54 (2022: RMB 6,807,305.27) was collected or reversed.

(d) The book balance of other receivables that were written off in 2023 was RMB 1,426,632.32 (2022: RMB 7,613,608.84), and the provision for bad debts amounted to RMB 1,426,632.32 (2022: RMB 7,613,608.84). In 2023, the book balance of other receivables decreased by RMB 8,365,964.17 due to the disposal of Shenzhen CIMC Vehicle, and the provision for bad debts decreased by RMB 8,365,964.17 accordingly.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) Other receivables (Continued)

(e) As at 31 December 2023, the five largest other receivables aggregated by debtors are analysed as follows:

Name of entity	Nature	Balance	Ageing	% of total balance	Provision for bad debts
CIMC Group	Receivable from equity transfer and current accounts	527,423,741.96	Within 1 year	64.14%	-
Dongguan CIMC Innovation Industrial Park Development Co., Ltd.	Construction funds of disbursement for employee dormitory	16,552,122.00	Over 3 years	2.01%	-
Urumqi High-tech Zone Government	Receivables from asset transfer	12,928,880.00	Within 1 year	1.57%	-
Shaanxi Heavy Duty Automobile Co., Ltd.	Deposits, guarantees and vendor rebates	8,517,223.84	Within 1 year, 1 to 5 years	1.04%	-
Guangdong Huajin Automobile Parts Manufacturing Co., Ltd.	Vendor rebates	5,730,973.45	Within 1 year	0.70%	-
		<u>571,152,941.25</u>		<u>69.46%</u>	<u>-</u>

(f) As at 31 December 2023, the Group did not have government grants recognised at amounts receivable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(9) Inventories

(a) Inventories are summarised by category as follows:

	31 December 2023		
	Book balance	Provision for decline in the value of inventories and impairment of contract fulfilment costs	Carrying amount
Raw materials	1,732,604,818.09	(103,559,139.87)	1,629,045,678.22
Work in progress	947,764,740.89	(14,441,338.37)	933,323,402.52
Finished goods	2,232,475,919.53	(64,994,351.24)	2,167,481,568.29
Materials processed on commission	19,223,411.37	–	19,223,411.37
Spare parts	363,712,556.38	–	363,712,556.38
Low-value consumables	12,652,742.32	–	12,652,742.32
Contract fulfilment costs ⁽ⁱ⁾	1,067,654.01	–	1,067,654.01
	5,309,501,842.59	(182,994,829.48)	5,126,507,013.11
	31 December 2022		
	Book balance	Provision for decline in the value of inventories and impairment of contract fulfilment costs	Carrying amount
Raw materials	2,051,386,588.92	(63,972,025.54)	1,987,414,563.38
Work in progress	1,376,915,919.31	(6,417,457.04)	1,370,498,462.27
Finished goods	1,791,872,311.82	(37,163,925.87)	1,754,708,385.95
Materials processed on commission	21,385,613.84	–	21,385,613.84
Spare parts	362,520,949.18	–	362,520,949.18
Low-value consumables	17,223,754.38	–	17,223,754.38
Contract fulfilment costs ⁽ⁱ⁾	1,012,609.69	–	1,012,609.69
	5,622,317,747.14	(107,553,408.45)	5,514,764,338.69

(i) The book balance of contract fulfilment costs mainly refers to transportation costs incurred to fulfil sale contracts prior to the transferring of control over goods to customers. In 2023, the amount of contract fulfilment costs recognised in cost of sales was RMB 14,961,361.28 (2022: RMB 13,266,964.41).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(9) Inventories (Continued)

- (b) Provision for decline in the value of inventories and impairment of contract fulfilment costs is analysed as follows:

	31 December 2022	Movements in the current year			Currency translation differences	31 December 2023
		Provision	Reversal	Write-off		
Raw materials	(63,972,025.54)	(69,209,364.85)	9,258,213.45	21,159,406.87	(795,369.80)	(103,559,139.87)
Work in progress	(6,417,457.04)	(8,726,702.40)	-	801,922.82	(99,101.75)	(14,441,338.37)
Finished goods	(37,163,925.87)	(48,001,145.19)	3,398,277.88	16,820,312.34	(47,870.40)	(64,994,351.24)
	<u>(107,553,408.45)</u>	<u>(125,937,212.44)</u>	<u>12,656,491.33</u>	<u>38,781,642.03</u>	<u>(942,341.95)</u>	<u>(182,994,829.48)</u>

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

	Specific basis for determining net realisable value	Reasons for reversal or write-off of provision for decline in the value of inventories in the current year
Raw materials	Market price	Inventories have been used or sold, and the realisable value picks up
Work in progress	The estimated selling price of finished goods, less the estimated costs to completion and estimated selling expenses and related taxes	Inventories have been used or sold, and the realisable value picks up
Finished goods	The estimated selling price of inventories, less the estimated selling expenses and related taxes	Inventories have been used or sold, and the realisable value picks up
Materials processed on commission	The estimated selling price of finished goods, less the estimated costs to completion and estimated selling expenses and related taxes	Inventories have been used or sold, and the realisable value picks up

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(10) Other current assets

	31 December 2023	31 December 2022
Taxes to be deducted and prepaid	215,461,626.51	237,139,757.50
Others	<u>4,504,212.26</u>	<u>8,042,983.82</u>
	<u>219,965,838.77</u>	<u>245,182,741.32</u>

(11) Other non-current financial assets

	31 December 2023	31 December 2022
Investment in unlisted entity	<u>10,786,384.58</u>	<u>10,786,384.58</u>

(12) Long-term equity investments

	31 December 2023	31 December 2022
Joint ventures (a)	49,654,941.06	51,188,276.33
Associates (b)	<u>176,128,215.01</u>	<u>142,093,976.27</u>
	225,783,156.07	193,282,252.60
Less: Provision for impairment of long-term equity investments	<u>—</u>	<u>—</u>
	<u>225,783,156.07</u>	<u>193,282,252.60</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12) Long-term equity investments (Continued)

(a) Joint ventures

	Movements in the current year										Ending balance of provision for impairment
	31 December 2022	Increase in investments	Decrease in investments	Share of net profit/(loss) under equity method	Share of other comprehensive income	Share of other changes in equity	Cash dividends/profit declared	Provision for impairment	Currency translation effect	31 December 2023	
Xinghuo Chelian ⁽ⁱ⁾	867,944.20	-	-	(109,020.70)	-	(758,923.50)	-	-	-	-	-
Shenzhen Zhongnan Jizhi Technology LLP ⁽ⁱ⁾	-	-	-	-	-	-	-	-	-	-	-
Jiangsu Wanjiang Technology Co., Ltd. *	8,523,186.02	-	-	(433,745.04)	-	-	-	-	-	8,089,440.98	-
GoldSuwan Autoparts Manufacture Co., Ltd.	41,797,146.11	-	-	(999,583.93)	-	-	-	-	767,937.90	41,565,500.08	-
	51,188,276.33	-	-	(1,542,349.67)	-	(758,923.50)	-	-	767,937.90	49,654,941.06	-

* Joint ventures directly held by the Company.

Equity related information in joint ventures is set forth in Note 6(2).

(i) In 2023, the Company acquired the equity interests held by other shareholders of Xinghuo Chelian. After the acquisition, the Company holds 64.89% of the equity interests of Xinghuo Chelian, and obtains control over Xinghuo Chelian. Therefore, it was included in the consolidation scope of the Group. Related information is set forth in Note 5.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12) Long-term equity investments (Continued)

(b) Associates

	Movements in the current year							Ending balance of provision for 2023 impairment	
	31 December 2022	Addition/ Increase in investments	Decrease in investments	Share of net profit/(loss) under equity method	Share of other comprehensive income	Share of other changes in equity	Cash dividends/ profit declared		Provision for impairment Others
Senju (Shanghai) International Trade Co., Ltd.	626,352.64	-	-	127,069.66	-	-	-	-	753,422.30
Shenzhen Shuixiang Technology Co., Ltd. ⁽ⁱ⁾	-	-	-	-	-	-	-	-	-
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. ⁽ⁱⁱ⁾	24,573,097.28	-	(21,879,267.32)	890,264.63	-	(322,465.34)	(3,261,629.25)	-	-
Chengdu CIMC Industrial Park Investment and Development Co., Ltd.	87,574,641.97	-	-	5,990,713.83	-	-	-	-	93,565,355.80
CIMC Commercial Tires Inc. ⁽ⁱ⁾	-	-	-	-	-	-	-	-	-
Shenzhen Bay Angel Phase III Venture Capital Partnership (Limited Partnership) ⁽ⁱⁱⁱ⁾	29,319,884.38	45,000,000.00	-	7,489,552.53	-	-	-	-	81,809,436.91
	142,093,976.27	45,000,000.00	(21,879,267.32)	14,497,600.65	-	(322,465.34)	(3,261,629.25)	-	176,128,215.01

Equity related information in associates is set forth in Note 6(2).

- (i) The carrying amount of the Group's investment in these associates under the equity method was reduced to zero, and the excess loss was recognised for future audit, relevant information for which was disclosed in Note 6(2).
- (ii) In 2023, the Company entered into an equity transfer agreement with Shenzhen CIMC Investment Co., Ltd., to transfer its 3.7991% of equity interests in Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. at a price of RMB 22,286,900.00.
- (iii) The Company participated in the establishment of Shenzhen Bay Angel Phase III Venture Capital Partnership (Limited Partnership), with a subscribed capital contribution of RMB 75,000,000.00. In 2023, the Company had paid the remaining subscription of RMB 45,000,000.00.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(13) Investment properties

	Buildings and relevant land use rights
31 December 2022	405,746,795.38
Changes in fair value	(17,619,000.83)
Transfer from fixed assets	2,068,143.71
Currency translation differences	115,750.89
31 December 2023	<u>390,311,689.15</u>

In 2023 and 2022, the Group had no capitalised borrowing cost recognised in investment properties.

In 2023, the impact on the Group's profit or loss resulting from the changes in fair value of investment properties was a loss of RMB 17,619,000.83 (2022: a profit of RMB 9,956,174.98) (Note 4(51)).

As at 31 December 2023, buildings and land use rights with a carrying amount of approximately RMB 101,956,700.33 (31 December 2022: RMB 108,747,443.32) didn't obtain the property ownership certificate due to unfinished procedures. The Group has eligible right to use and dominate the above-mentioned buildings and land use rights.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) Fixed assets

	Buildings		Machinery and equipment		Motor vehicles		Electronic and other equipment		Total
	Self-use	Lease	Self-use	Lease	Self-use	Lease	Self-use	Lease	
Cost									
31 December 2022	3,355,612,648.48	2,274,635.40	3,473,829,737.60	117,004,673.54	185,008,685.91	389,381,198.95	238,370,873.29	102,455,739.27	7,863,938,192.44
Increase in the current year									
Purchase	70,448,400.48	-	37,699,361.47	22,464,938.81	9,695,935.73	77,950,834.65	19,959,853.92	-	238,219,325.06
Transfer from construction in progress	54,155,635.23	-	224,786,109.63	-	1,223,919.58	-	7,553,006.08	-	287,718,670.52
Business combinations not under common control	-	-	-	-	164,864.00	-	1,142,323.00	-	1,307,187.00
Decrease in the current year									
Transfer to investment properties	(4,029,750.22)	-	-	-	-	-	-	-	(4,029,750.22)
Disposal or scrapping	(214,775,017.13)	-	(276,357,910.78)	-	(18,549,678.10)	(13,480,640.09)	(26,436,784.49)	(4,372,122.85)	(553,972,153.44)
Currency translation effect	35,783,261.17	-	29,691,321.55	-	2,960,723.61	-	2,480,913.17	-	70,916,219.50
31 December 2023	3,297,195,178.01	2,274,635.40	3,489,648,619.47	139,469,612.35	180,504,450.73	453,851,393.51	243,070,184.97	98,083,616.42	7,904,097,690.86
Accumulated depreciation									
31 December 2022	831,063,982.74	481,304.89	1,547,862,593.68	19,364,852.32	122,476,543.17	190,760,793.18	150,440,957.13	45,058,462.81	2,907,509,489.92
Increase in the current year	112,492,322.01	295,997.52	186,214,784.37	14,207,892.89	33,111,910.42	71,170,639.32	10,484,358.26	14,326,145.12	452,304,049.91
Decrease in the current year									
Transfer to investment properties	(1,961,606.51)	-	-	-	-	-	-	-	(1,961,606.51)
Disposal or scrapping	(98,426,278.62)	-	(123,740,232.13)	-	(17,299,201.64)	(7,656,283.67)	(19,893,633.67)	(4,022,500.54)	(271,038,130.27)
Currency translation effect	7,683,945.34	-	16,060,106.17	-	1,970,644.78	-	1,233,064.60	-	26,947,760.89
31 December 2023	850,852,364.96	777,302.41	1,636,397,252.09	33,572,745.21	140,259,896.73	254,275,148.83	142,264,746.32	55,362,107.39	3,113,761,563.94

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) Fixed assets (Continued)

	Buildings		Machinery and equipment		Motor vehicles		Electronic and other equipment		Total
	Self-use	Lease	Self-use	Lease	Self-use	Lease	Self-use	Lease	
Provision for impairment									
31 December 2022	150,736.69	-	18,564,076.88	-	30,435.32	-	4,473,087.45	-	23,218,336.34
Increase in the current year	-	-	12,271,186.93	-	-	-	-	-	12,271,186.93
Write-off on disposal	-	-	(923,045.75)	-	-	-	-	-	(923,045.75)
Currency translation effect	-	-	(76,336.53)	-	-	-	-	-	(76,336.53)
31 December 2023	150,736.69	-	29,835,881.53	-	30,435.32	-	4,473,087.45	-	34,490,140.99
Carrying amount									
31 December 2023	2,446,192,076.36	1,497,332.99	1,823,415,485.85	105,896,867.14	40,214,118.68	199,576,244.68	96,332,351.20	42,721,509.03	4,755,845,985.93
31 December 2022	2,524,397,929.05	1,793,330.51	1,907,403,067.04	97,639,821.22	62,501,707.42	198,620,405.77	83,456,828.71	57,397,276.46	4,933,210,366.18

In 2023, depreciation charged to fixed assets amounted to RMB 452,304,049.91 (2022: 436,437,644.45), of which the depreciation expenses charged in the cost of sales, selling expenses, administrative expenses and research and development expenses were RMB 342,839,909.31, RMB 6,364,562.62, RMB 80,412,986.25 and RMB 22,686,591.73 (2022: RMB 342,092,507.78, RMB 8,370,868.16, RMB 58,648,493.90 and RMB 27,325,774.61), respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(14) Fixed assets *(Continued)*

In 2023, some of the Company's subsidiaries had certain assets that were no longer functioning properly, were in disrepair or had sustained losses. After evaluation, the Group considered that there were indications of impairment for the production machines of these subsidiaries. The production line, which includes these machines was tested for impairment as an asset group, and the Group used the present value of the future cash flow expected to be derived from it for determining the recoverable amount after comparing the fair value less the cost of disposal and the present value of the future cash flows expected to be derived from the asset groups. The Group recognised a total provision of RMB 12,271,186.93 for impairment of certain assets that were no longer functioning properly or in disrepair.

The valuation method adopted by the Group was primarily income approach. The Group determines the growth rates and the gross margins based on its past experience and forecast on future market development. The forecast period growth rates are built on the five-year approved budget, and the terminal growth rates represent the growth rates applied by management to extrapolate cash flows beyond the forecast period. The discount rates used by the management are the pre-tax rates that are able to reflect the risks specific to the related assets. The main assumptions applied in calculating discounted future cash flows are as follows:

Forecast period	5 years
Revenue growth rates in the forecast period	– 30%-27%
Terminal revenue growth rates	2%
Gross margins	6.2%-15%
Pre-tax discount rates	13.28%-15.15%

In 2023, the cost of fixed assets transferred from construction in progress amounted to RMB 287,718,670.52 (2022: RMB 610,484,806.95).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) Fixed assets (Continued)

(i) Temporarily idle fixed assets

As at 31 December 2023, buildings, machinery and equipment and electronic and other equipment with a carrying amount of RMB 23,488,210.60 (a cost of RMB 46,971,248.76) (31 December 2022: a carrying amount of RMB 24,718,698.15 and a cost of RMB 46,971,248.76) were temporarily idle. The analysis is as follows:

	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Buildings	30,403,742.20	8,509,510.80	–	21,894,231.40
Machinery and equipment	15,619,724.96	13,909,626.32	157,414.32	1,552,684.32
Electronic and other equipment	947,781.60	852,884.41	53,602.31	41,294.88
	<u>46,971,248.76</u>	<u>23,272,021.53</u>	<u>211,016.63</u>	<u>23,488,210.60</u>

(ii) Fixed assets with pending certificates of ownership:

As at 31 December 2023, buildings with a carrying amount of RMB 533,255,622.47 (31 December 2022: RMB 512,399,551.36) had not been granted the property ownership certificates, or of which, property ownership transfer procedures were not processed. The Group has eligible right to use and dominate the above-mentioned buildings.

(iii) No provision on residual value guarantees was specified in the lease contract for machinery and equipment, motor vehicles and electronic and other equipment signed by the Group as the lessor.

(iv) As at 31 December 2023 and 31 December 2022, the Group had no fixed assets as collateral.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(15) Construction in progress

	31 December 2023			31 December 2022		
	Cost	Provision for impairment	Carrying amount	Cost i)	Provision for impairment	Carrying amount
CIMC smart logistics equipment project	-	-	-	111,964,539.31	-	111,964,539.31
Vanguard Trenton & Monon GA Plant	-	-	-	39,821,453.80	-	39,821,453.80
Baoji manufacturing plant project	20,160,835.93	-	20,160,835.93	19,033,580.37	-	19,033,580.37
Kunming vehicle park project	25,545,687.60	-	25,545,687.60	6,024,518.95	-	6,024,518.95
Automatic storage and automatic tyre assembly project	12,035,398.23	-	12,035,398.23	5,695,155.55	-	5,695,155.55
Others	115,731,725.43	-	115,731,725.43	65,038,526.54	-	65,038,526.54
	173,473,647.19	-	173,473,647.19	247,577,774.52	-	247,577,774.52

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(15) Construction in progress (Continued)

(a) Movements of major construction in progress

Project name	Budgeted amount	31 December 2022	Increase in the current year	Transfer to fixed assets/intangible assets in the current year	Other decreases	Currency translation differences	31 December 2023	% of project investment to the budget	Work progress	Source of funds
CIMC smart logistics equipment project	456,000,000.00	111,964,539.31	16,496,809.95	(128,461,349.26)	-	-	-	100%	100%	Raised funds
Vanguard Trenton & Monon GA Plant	94,067,957.11	39,821,453.80	-	(40,307,457.81)	-	486,004.01	-	100%	100%	Self-owned
Baoji manufacturing plant project	45,000,000.00	19,033,580.37	7,633,608.79	(6,506,353.23)	-	-	20,160,835.93	76%	80%	Raised funds
Kunming vehicle park project	119,460,000.00	6,024,518.95	20,028,525.10	(507,356.45)	-	-	25,545,667.60	80%	80%	Raised funds/ Self-owned
Automatic storage and automatic tyre assembly project	32,770,000.00	5,695,155.55	18,876,498.65	(12,536,255.97)	-	-	12,035,398.23	76%	90%	Self-owned
Others		65,038,526.54	172,480,834.35	(122,384,100.65)	-	596,465.19	115,731,725.43			Raised funds/ Self-owned
		247,577,774.52	235,516,276.84	(310,702,873.37)	-	1,082,469.20	173,473,647.19			
Including: Capitalised borrowing costs		-	2,152,890.31	-	-	-	2,152,890.31			

i) The equipment purchased at a cost of RMB 233,563,035.29 met the design requirements and was ready for use after installation, commissioning and acceptance in 2023, and was transferred to fixed assets accordingly.

ii) The plants self-built at a cost of RMB 54,155,635.23 was ready for use after completion and acceptance in 2023, and was transferred to fixed assets accordingly.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(16) Right-of-use assets

	Buildings	Machinery and equipment, and others	Total
Cost			
31 December 2022	325,329,253.62	19,321,642.86	344,650,896.48
Increase in the current year			
New lease contracts	43,765,560.40	46,986,147.64	90,751,708.04
Decrease in the current year			
Other decreases	(8,725,684.25)	–	(8,725,684.25)
Currency translation differences	11,778,330.09	1,533,389.85	13,311,719.94
31 December 2023	372,147,459.86	67,841,180.35	439,988,640.21
Accumulated depreciation			
31 December 2022	96,981,676.69	9,293,226.49	106,274,903.18
Increase in the current year			
Depreciation charge	46,539,317.41	11,704,210.45	58,243,527.86
Decrease in the current year			
Other decreases	(8,725,684.25)	–	(8,725,684.25)
Currency translation differences	3,217,769.04	517,719.98	3,735,489.02
31 December 2023	138,013,078.89	21,515,156.92	159,528,235.81
Provision for impairment			
31 December 2022	–	–	–
31 December 2023	–	–	–
Carrying amount			
31 December 2023	234,134,380.97	46,326,023.43	280,460,404.40
31 December 2022	228,347,576.93	10,028,416.37	238,375,993.30

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(17) Intangible assets

	Land use rights	Technological know-how and trademarks	Software use rights	Customer contracts	Customer relationships	Total
Cost						
31 December 2022	949,354,989.89	143,763,119.46	80,032,912.02	16,704,259.00	95,884,362.17	1,285,739,642.54
Increase in the current year						
Purchase	–	640,435.52	21,080,880.47	–	–	21,721,315.99
Transfer from construction in progress	–	653,600.78	22,330,602.07	–	–	22,984,202.85
Business combinations not under common control	–	116,600.00	–	–	–	116,600.00
Decrease in the current year						
Disposal	(98,531,329.84)	(482,966.65)	(4,857,532.77)	–	–	(103,871,829.26)
Currency translation differences	1,321,722.00	7,293,894.36	1,445,796.77	1,276,386.00	5,616,639.24	16,954,438.37
31 December 2023	852,145,382.05	151,984,683.47	120,032,658.56	17,980,645.00	101,501,001.41	1,243,644,370.49
Accumulated amortisation						
31 December 2022	189,245,895.12	95,953,861.41	42,566,484.12	16,704,259.00	57,715,114.21	402,185,613.86
Increase in the current year						
Amortisation charge	17,278,393.44	12,157,987.20	16,596,736.38	–	3,819,307.55	49,852,424.57
Decrease in the current year						
Disposal	(28,494,108.86)	(482,966.65)	(2,995,629.97)	–	–	(31,972,705.48)
Currency translation differences	306,800.68	5,214,396.13	1,086,373.68	1,276,386.00	3,331,825.86	11,215,782.36
31 December 2023	178,336,980.38	112,843,278.09	57,253,964.21	17,980,645.00	64,866,247.63	431,281,115.31
Provision for impairment						
31 December 2022	–	4,483,608.64	–	–	34,912,986.35	39,396,594.99
Currency translation differences	–	(402,097.27)	–	–	1,721,767.43	1,319,670.16
31 December 2023	–	4,081,511.37	–	–	36,634,753.78	40,716,265.15
Carrying amount						
31 December 2023	673,808,401.67	35,059,894.01	62,778,694.35	–	–	771,646,990.03
31 December 2022	760,109,094.77	43,325,649.41	37,466,427.90	–	3,256,261.61	844,157,433.69

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(17) Intangible assets (Continued)

In 2023, the amortisation of intangible assets amounted to RMB 49,852,424.57 (2022: RMB 48,000,297.10).

As at 31 December 2023, the Group had no land use rights without certificates of ownership or as collateral (31 December 2022: nil).

As at 31 December 2023, the Group had no intangible assets with ownership restricted (31 December 2022: RMB 35,812,917.79).

Expenditures on research and development incurred in 2023 amounted to RMB 396,517,482.31 (2022: RMB 305,577,661.69), all of which were recognised in profit or loss for the current period. As at 31 December 2023, the Group had no intangible assets arising from internal research and development (31 December 2022: nil). Total expenditures on research and development by nature are set out in Note 4(44).

(18) Goodwill

	31 December 2022	Increase in the current year	Currency translation differences	31 December 2023
Goodwill -				
CIMC Vehicles UK Limited ("Vehicles UK")	325,439,257.00	-	24,867,078.00	350,306,335.00
CIMC Huajun	35,740,080.73	-	-	35,740,080.73
Others	78,657,826.44	-	943,211.95	79,601,038.39
	<u>439,837,164.17</u>	<u>-</u>	<u>25,810,289.95</u>	<u>465,647,454.12</u>
Less: Provision for impairment -				
Others	(37,568,508.88)	-	(509,925.69)	(38,078,434.57)
	<u>402,268,655.29</u>	<u>-</u>	<u>25,300,364.26</u>	<u>427,569,019.55</u>

All the goodwill of the Group has been allocated to the relevant asset groups or groups of asset groups on the acquisition date, including Vehicles UK, CIMC Huajun, CIMC Vehicles (Shandong) Co., Ltd., Yangzhou Tonghua, Shanghai CIMC Vehicle Logistics Equipment Co., Ltd., Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd., and CIMC Intermodal Equipment LLC. The Group's allocation of goodwill was not changed in the current year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(18) Goodwill (Continued)

When testing the goodwill for impairment, the Group compared the carrying amount of relevant asset groups or groups of asset groups (including goodwill) and the recoverable amount, and an impairment loss is recognised for the amount by which the assets' carrying amount exceeds their recoverable amount.

The Group determines the growth rates and the gross margins based on its past experience and forecast on future market development. The forecast period growth rates are built on the five-year budget approved by the management, and the terminal growth rates are the weighted average growth rates applied by management to extrapolate cash flows beyond the forecast period, which are consistent with those estimated in the industry reports, and do not exceed the long-term average growth rates of each product. The discount rates are the pre-tax rates that are able to reflect the risks specific to the related asset groups or groups of asset groups.

The main assumptions applied in calculating the recoverable amount and discounted future cash flows for the Group's significant asset groups in 2023 are as follows:

	Vehicles UK(a)
Revenue growth rates in the forecast period	-10.3%-5%
Terminal revenue growth rates	2%
Gross margins	9.6%-10.65%
Pre-tax discount rates	15.3%
Recoverable amount	839,533,922.59

The main assumptions applied in calculating discounted future cash flows for the Group's significant asset groups in 2022 are as follows:

	Vehicles UK
Revenue growth rates in the forecast period	2%-7%
Terminal revenue growth rates	2%
Gross margins	7.4%-7.9%
Pre-tax discount rates	16%

- (a) If the revenue growth rates in the forecast period of Vehicles UK had decreased to 84.60% from current estimates while other conditions had been held constant, goodwill would have been impaired; if the pre-tax discount rates used by Vehicles UK had increased to 18.26% from current estimates while other conditions had been held constant, goodwill would have been impaired; if the gross margins used by Vehicles UK had decreased to 8.84% from current estimates while other conditions had been held constant, goodwill would have been impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(19) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets before offsetting

	31 December 2023		31 December 2022	
	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Provision for decline in the value of inventories	119,352,493.38	18,655,910.32	73,089,545.49	12,177,042.16
Provisions	93,043,825.84	14,482,469.69	136,965,938.94	25,221,942.94
Employee benefits payable	205,764,642.36	32,104,462.89	149,484,393.22	24,019,780.91
Provision for bad debts	135,512,531.10	22,417,946.30	135,156,070.85	22,004,220.81
Intra-group unrealised profits	125,213,398.15	32,982,055.57	172,050,845.64	43,569,779.48
Deferred income	66,177,875.23	10,760,946.73	61,410,597.32	9,489,936.93
Accrued expenses	171,454,950.06	27,005,683.06	252,102,070.22	42,930,955.68
Deductible losses	387,786,666.04	59,414,479.68	264,118,011.49	41,200,844.22
Lease liabilities	233,270,587.35	60,687,899.57	211,727,228.35	50,713,508.36
Others	15,608,905.29	3,247,402.83	39,778,700.97	9,944,308.69
	<u>1,553,185,874.80</u>	<u>281,759,256.64</u>	<u>1,495,883,402.49</u>	<u>281,272,320.18</u>
Including:				
Expected to be recovered within one year (inclusive)		117,335,617.94		145,232,395.94
Expected to be recovered after one year		<u>164,423,638.70</u>		<u>136,039,924.24</u>
		<u>281,759,256.64</u>		<u>281,272,320.18</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(19) Deferred tax assets and deferred tax liabilities (Continued)

(b) Deferred tax liabilities before offsetting

	31 December 2023		31 December 2022	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Accelerated depreciation of long-term assets	(337,763,137.14)	(55,360,096.30)	(533,143,641.49)	(96,197,808.40)
Business combinations not under common control	(77,699,693.48)	(19,424,923.37)	(94,336,465.43)	(20,407,544.16)
Changes in fair value of financial assets held for trading and derivative financial instruments	(3,241,592.74)	(479,963.40)	(4,946,259.33)	(765,774.28)
Adjustments in fair value of investment properties	(303,542,478.23)	(75,454,174.53)	(326,369,567.70)	(80,096,636.53)
Right-of-use assets	(230,601,135.48)	(59,923,930.40)	(220,537,383.05)	(54,848,082.86)
Others	(20,193,114.80)	(4,856,387.29)	(31,008,706.18)	(5,820,140.72)
	<u>(973,041,151.87)</u>	<u>(215,499,475.29)</u>	<u>(1,210,342,023.18)</u>	<u>(258,135,986.95)</u>
Including:				
Expected to be recovered within one year (inclusive)		(75,934,137.93)		(80,862,410.81)
Expected to be recovered after one year		(139,565,337.36)		(177,273,576.14)
		<u>(215,499,475.29)</u>		<u>(258,135,986.95)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(19) Deferred tax assets and deferred tax liabilities (Continued)

- (c) Deductible temporary differences and deductible losses that are not recognised as deferred tax assets are analysed as follows:

	31 December 2023	31 December 2022
Deductible temporary differences	272,684,383.75	192,843,584.22
Deductible losses	919,447,225.44	986,006,667.66
	<u>1,192,131,609.19</u>	<u>1,178,850,251.88</u>

- (d) Deductible losses that are not recognised as deferred tax assets will be expired in following years:

	31 December 2023	31 December 2022
2023	–	51,435,355.84
2024	42,971,366.12	41,492,400.07
2025	56,800,341.17	56,412,620.47
2026	307,803,123.86	295,280,391.64
2027	244,364,196.26	242,764,344.83
2028 and beyond	267,508,198.03	298,621,554.81
	<u>919,447,225.44</u>	<u>986,006,667.66</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(19) Deferred tax assets and deferred tax liabilities (Continued)

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

	31 December 2023		31 December 2022	
	Offsetting amount	Balance after offsetting	Offsetting amount	Balance after offsetting
Deferred tax assets	(108,816,978.97)	172,942,277.67	(137,413,590.37)	143,858,729.81
Deferred tax liabilities	108,816,978.97	(106,682,496.32)	137,413,590.37	(120,722,396.58)

For the possible taxation effect from the cumulative undistributed profits of foreign subsidiaries, no deferred tax liabilities were recognised for the taxable temporary differences of RMB 3,829,575,469.89 (31 December 2022: RMB 2,269,200,140.90), as the Group has full discretion in determining the policy for dividend distribution and has neither such plan in foreseeable future nor the intent to dispose of these subsidiaries.

(20) Other non-current assets

	31 December 2023	31 December 2022
Prepayment for equipment	65,413,328.13	76,389,581.39

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(21) Provision for asset impairment and losses

	31 December 2022	Increase in the current year	Decrease in the current year		Currency translation differences	31 December 2023
			Reversal	Write-off/Disposal		
Provision for bad debts of notes receivables	953,179.43	1,963,183.93	(953,179.43)	-	-	1,963,183.93
Including: Provision for bad debts on an individual basis	-	-	-	-	-	-
Provision for bad debts on a collective basis	953,179.43	1,963,183.93	(953,179.43)	-	-	1,963,183.93
Provision for bad debts of accounts receivables	173,102,046.63	104,679,684.23	(15,961,338.48)	-	(1,406,869.46)	260,413,522.92
Including: Provision for bad debts on an individual basis	-	-	-	-	-	-
Provision for bad debts on a collective basis	173,102,046.63	104,679,684.23	(15,961,338.48)	-	(1,406,869.46)	260,413,522.92
Provision for bad debts of receivables financing	775,928.14	723,851.29	(775,928.14)	-	-	723,851.29
Provision for bad debts of other receivables	22,880,052.39	6,810,413.77	(9,083,581.54)	(9,792,596.49)	-	10,814,288.13
Provision for bad debts of long- term receivables	1,505,337.35	373,590.06	(274,170.10)	-	-	1,604,757.31
Current portion of non-current assets	3,486,194.86	2,230,165.24	(1,077,629.54)	186,046.81	-	4,824,777.37
Provision for financial guarantees	<u>34,442,570.30</u>	<u>1,867,808.07</u>	<u>(19,937,209.60)</u>	-	-	<u>16,373,168.77</u>
Sub-total	<u>237,145,309.10</u>	<u>118,648,696.59</u>	<u>(48,063,036.83)</u>	<u>(9,606,549.68)</u>	<u>(1,406,869.46)</u>	<u>296,717,549.72</u>
Provision for decline in the value of inventories and impairment of contract fulfilment costs	107,553,408.45	125,937,212.44	(12,656,491.33)	(38,781,642.03)	942,341.95	182,994,829.48
Provision for impairment of fixed assets	23,218,336.34	12,271,186.93	-	(923,045.75)	(76,336.53)	34,490,140.99
Provision for impairment of intangible assets	39,396,594.99	-	-	-	1,319,670.16	40,716,265.15
Provision for impairment of goodwill	37,568,508.88	-	-	-	509,925.69	38,078,434.57
Others	<u>5,545,584.17</u>	<u>152,543.70</u>	<u>(62,926.49)</u>	-	-	<u>5,635,201.38</u>
Sub-total	<u>213,282,432.83</u>	<u>138,360,943.07</u>	<u>(12,719,417.82)</u>	<u>(39,704,687.78)</u>	<u>2,695,601.27</u>	<u>301,914,871.57</u>
	<u>450,427,741.93</u>	<u>257,009,639.66</u>	<u>(60,782,454.65)</u>	<u>(49,311,237.46)</u>	<u>1,288,731.81</u>	<u>598,632,421.29</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(22) Short-term borrowings

	31 December 2023	31 December 2022
Guaranteed ^(a)		
RMB	40,086,750.68	92,595,662.64
GBP	–	32,796,571.32
THB	–	113,055,174.92
	40,086,750.68	238,447,408.88
Unsecured		
RMB	89,065,743.04	30,025,361.07
USD	–	119,414,625.49
EUR	20,828,205.00	19,670,685.00
GBP	20,329,875.00	60,437,520.00
	130,223,823.04	229,548,191.56
Pledged ^(b)		
RMB	7,237,464.74	–
	177,548,038.46	467,995,600.44

(a) The Group's short-term guaranteed borrowings include the guaranteed borrowings of CIMC Taizijie Vehicle Body Manufacturing (Jiangmen) Co., Ltd. and Zhumadian CIMC Huajun Casting Co., Ltd. (both of which are subsidiaries of the Group) amounting to RMB 40,086,750.68, all of which are guaranteed by the Company.

(b) As at 31 December 2023, bank borrowings of RMB 7,237,464.74 (31 December 2022: nil) comprise of short-term borrowings as obtained from the discounting of trade acceptance notes by Luoyang CIMC Lingyu Automobile Co., Ltd. and Wuhu CIMC Ruijiang Automobile Co., Ltd. (both of which are subsidiaries of the Group).

(c) As at 31 December 2023, the Group had no overdue short-term borrowings, and the interest rate ranged from 2.80% to 6.43% (31 December 2022: 0.80% to 5.98%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(23) Notes payables

	31 December 2023	31 December 2022
Trade acceptance notes	185,030,103.25	101,965,578.70
Bank acceptance notes	675,874,918.50	707,467,113.50
	860,905,021.75	809,432,692.20

As at 31 December 2023, the Group had no overdue outstanding notes receivables (31 December 2022: nil).

(24) Accounts payables

	31 December 2023	31 December 2022
Related parties (Note 8(6)(h))	173,579,904.82	221,415,018.33
Third parties	3,161,983,899.73	3,519,120,426.20
	3,335,563,804.55	3,740,535,444.53

(i) As at 31 December 2023, accounts payables with aging over one year amounted to RMB 51,546,044.92 (31 December 2022: RMB 78,645,390.80), which were mainly material costs payable, and have not yet been settled.

(ii) The ageing of accounts payables based on their recording dates is as follows:

	31 December 2023	31 December 2022
0-30 days	1,919,912,547.12	2,207,910,273.84
31-60 days	534,670,049.94	935,903,109.43
61-90 days	339,984,368.56	136,928,659.54
Over 90 days	540,996,838.93	459,793,401.72
	3,335,563,804.55	3,740,535,444.53

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(25) Contract liabilities

	31 December 2023	31 December 2022
Advances for goods	706,477,774.21	618,541,399.99

In 2023, contract liabilities with an opening carrying amount of RMB 593,900,061.43 (2022: RMB 531,925,097.04) were realised as revenue.

(26) Employee benefits payable

	31 December 2023	31 December 2022
Short-term employee benefits payable ^(a)	797,066,645.68	608,083,560.84
Defined contribution plans payable ^(b)	14,651,423.38	23,435,380.25
Termination benefits payable ^(c)	5,308,184.77	9,436,301.00
	817,026,253.83	640,955,242.09

(a) Short-term employee benefits

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Wages and salaries, bonus, allowances and subsidies	576,739,416.99	2,265,287,846.97	(2,074,276,439.44)	767,750,824.52
Staff welfare	5,414,146.71	62,056,083.76	(62,760,025.97)	4,710,204.50
Social security contributions	7,061,862.95	44,031,132.69	(50,001,246.78)	1,091,748.86
Including: Medical insurance	5,974,240.61	39,905,100.19	(44,867,760.03)	1,011,580.77
Work injury insurance	625,396.12	3,735,358.93	(4,345,602.62)	15,152.43
Maternity insurance	462,226.22	390,673.57	(787,884.13)	65,015.66
Housing funds	1,822,810.71	53,949,490.21	(54,725,511.68)	1,046,789.24
Labour union funds and employee education funds	7,264,128.89	12,945,339.17	(13,770,047.16)	6,439,420.90
Other short-term employee benefits	9,781,194.59	41,839,408.13	(35,592,945.06)	16,027,657.66
	608,083,560.84	2,480,109,300.93	(2,291,126,216.09)	797,066,645.68

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(26) Employee benefits payable (Continued)

(b) Defined contribution plans

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Basic pensions	23,327,366.26	121,718,743.04	(130,431,740.26)	14,614,369.04
Unemployment insurance	108,013.99	4,310,249.53	(4,381,209.18)	37,054.34
	<u>23,435,380.25</u>	<u>126,028,992.57</u>	<u>(134,812,949.44)</u>	<u>14,651,423.38</u>

Monthly payments of premiums on the basic pensions and unemployment insurance are calculated according to the bases and percentage prescribed by local authorities of Ministry of Human Resource and Social Security, and such payments cannot be used to offset the amounts that the Group should pay for employees in future periods.

(c) Termination benefits payable

	31 December 2023	31 December 2022
Other termination benefits ⁽ⁱ⁾	5,308,184.77	9,436,301.00

(i) In 2023, other termination benefits paid by the Group for termination of the employment relationship were RMB 66,044,544.43 (2022: RMB 13,073,169.37).

(27) Taxes payable

	31 December 2023	31 December 2022
Unpaid VAT	55,227,052.59	67,389,222.19
Enterprise income tax payable	107,815,092.56	189,015,798.31
Land use tax payable	5,636,917.85	4,530,306.83
Individual income tax payable	14,970,523.18	18,322,821.78
City maintenance and construction tax payable	2,786,339.83	2,180,690.69
Educational surcharge payable	2,060,247.80	1,643,876.62
Others	41,302,024.62	48,465,871.11
	<u>229,798,198.43</u>	<u>331,548,587.53</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(28) Other payables

	31 December 2023	31 December 2022
Payables to related parties (<i>Note 8(6)(i)</i>)	67,391,374.56	96,122,124.09
Dividends due to non-controlling interests	7,521,250.00	3,791,956.19
Accrued expenses	401,365,178.89	296,076,966.01
Deposits for quality guarantees and temporary receipts	307,624,017.00	412,161,288.86
Freight expenses payable	58,377,969.78	37,389,419.25
Payables for equipment	105,397,974.01	159,932,835.76
Advances/Payables for land use rights	23,934,472.69	23,934,472.69
Payables for equity transfer	10,932,782.29	10,932,782.29
Others	74,325,925.29	102,587,051.66
	<u>1,056,870,944.51</u>	<u>1,142,928,896.80</u>

(a) As at 31 December 2023, other payables with aging over one year amounted to RMB 52,532,722.42 (31 December 2022: RMB 41,289,610.39), mainly representing advances/payables for land use rights, which had not been settled due to unfinished procedures.

(29) Current portion of non-current liabilities

	31 December 2023	31 December 2022
Current portion of long-term borrowings (<i>Note 4(31)</i>)	221,098,722.98	82,598,864.99
Current portion of lease liabilities (<i>Note 4(32)</i>)	57,246,756.20	44,151,480.96
	<u>278,345,479.18</u>	<u>126,750,345.95</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(30) Other current liabilities

	31 December 2023	31 December 2022
Warranties ^(a)	175,621,047.42	139,192,610.32
Risk reserve for vehicle mortgage loans ^(b)	16,373,168.77	34,442,570.30
Accrued litigation and compensation loss	2,230,299.24	1,645,386.81
Output VAT to be recognised	69,936,274.22	44,022,067.12
Others	7,843,046.88	12,865,700.75
	<u>272,003,836.53</u>	<u>232,168,335.30</u>

(a) The Group provides after-sale quality maintenance commitments to consumers who purchase transportation vehicles. In case of failures and quality problems that are not caused by accidents during the warranty period for transportation vehicles sold, the Group undertakes the warranty responsibility as per the contract. Provision for warranties is made based on the Group's estimated obligation for such quality warranties.

(b) In accordance with the provisions of financial guarantee contracts related to auto financial guarantees provided for consumers by the Group and its subsidiaries, the Group and its subsidiaries, as vehicle financing guarantors for consumers of transportation vehicles sold, shall perform obligations or assume liabilities in accordance with the contracts when the debtors fail to perform obligations, and the financial contract liabilities are subsequently measured at the higher of the amount initially recognised net of accumulated amortisation and the provisions determined according to the contingency principle. The amount of warranties is provided based on the risk assessment on the Group's loss arising from compensation for the guarantee contracts.

(c) Changes in warranties and risk reserve for vehicle mortgage loans

	31 December 2022	Increase in the current year	Decrease in the current year	Currency translation differences	31 December 2023
Warranties	139,192,610.32	86,340,487.62	(53,092,615.38)	3,180,564.86	175,621,047.42
Risk reserve for vehicle mortgage loans	<u>34,442,570.30</u>	<u>1,867,808.07</u>	<u>(19,937,209.60)</u>	-	<u>16,373,168.77</u>
	<u>173,635,180.62</u>	<u>88,208,295.69</u>	<u>(73,029,824.98)</u>	<u>3,180,564.86</u>	<u>191,994,216.19</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(31) Long-term borrowings

	31 December 2023	31 December 2022
Guaranteed ^(a)	60,068,750.00	–
Unsecured	401,838,595.51	413,805,730.98
	461,907,345.51	413,805,730.98
Less: Current portion of long-term borrowings (Note 4(29))		
Guaranteed	(18,020,625.00)	–
Unsecured	(203,078,097.98)	(82,598,864.99)
	(221,098,722.98)	(82,598,864.99)
	240,808,622.53	331,206,865.99

(a) As at 31 December 2023, the Group's long-term guaranteed borrowings (31 December 2022: no long-term guaranteed borrowings) represent those of Kunming CIMC Vehicle Industrial Park Development Co., Ltd., a subsidiary of the Group guaranteed by the Company.

(b) As at 31 December 2023, the Group had no overdue long-term borrowings, and the interest rate ranged from 3.05% to 4.65% (31 December 2022: 4.00% to 4.65%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(32) Lease liabilities

	31 December 2023	31 December 2022
Lease liabilities	271,882,819.47	232,741,646.67
Less: Current portion of lease liabilities (Note 4(29))	<u>(57,246,756.20)</u>	<u>(44,151,480.96)</u>
	<u>214,636,063.27</u>	<u>188,590,165.71</u>

(a) As at 31 December 2023, the future minimum lease payments of short-term leases and low-value asset leases adopting the practical expedient according to the new lease standard were RMB 2,115,360.13 (31 December 2022: RMB 4,978,479.09), which should be paid within one year. In addition, there were no other potential future cash outflows resulted from other lease liabilities.

(33) Deferred income

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Government grants	<u>71,970,975.17</u>	<u>36,804,372.00</u>	<u>(36,588,494.71)</u>	<u>72,186,852.46</u>

(a) Government grants

	31 December 2022	Increase in the current year	Decrease in the current year			Currency translation differences	31 December 2023
			Other income	Offset against financial expenses	Other decreases		
Government grants related to assets	59,213,419.17	13,510,000.00	(8,641,707.57)	-	(19,042,170.43)	-	45,039,541.17
Government grants related to income	<u>12,757,556.00</u>	<u>23,294,372.00</u>	<u>(2,798,774.88)</u>	<u>(6,100,211.80)</u>	<u>-</u>	<u>(5,630.03)</u>	<u>27,147,311.29</u>
	<u>71,970,975.17</u>	<u>36,804,372.00</u>	<u>(11,440,482.45)</u>	<u>(6,100,211.80)</u>	<u>(19,042,170.43)</u>	<u>(5,630.03)</u>	<u>72,186,852.46</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(34) Share capital

	31 December 2022	Movements in the current year	31 December 2023
Shares with limited sales conditions			
Ordinary shares denominated in RMB	728,443,475.00	–	728,443,475.00
H shares	<u>284,985,000.00</u>	<u>–</u>	<u>284,985,000.00</u>
Shares without limited sales conditions			
Ordinary shares denominated in RMB	725,236,525.00	–	725,236,525.00
H shares	<u>278,935,000.00</u>	<u>–</u>	<u>278,935,000.00</u>
	<u>2,017,600,000.00</u>	<u>–</u>	<u>2,017,600,000.00</u>

(35) Special reserve

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Production safety expenses	<u>–</u>	<u>35,001,165.02</u>	<u>(26,319,774.90)</u>	<u>8,681,390.12</u>

Pursuant to the *Circular on Issuing the Administrative Measures for the Collection and Utilisation of Enterprise Production Safety Expenses* (Cai Zi [2022] No. 136), the Group appropriates the actual revenue in prior year to the production safety expenses on a monthly basis and uses it within the prescribed scope.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(36) Capital surplus

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Share premium	4,768,464,279.39	–	–	4,768,464,279.39
Other capital surplus - Others	31,845,413.65	653,712.60	(322,465.34)	32,176,660.91
	<u>4,800,309,693.04</u>	<u>653,712.60</u>	<u>(322,465.34)</u>	<u>4,800,640,940.30</u>

	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022
Share premium	4,744,910,598.42	25,281,049.83	(1,727,368.86)	4,768,464,279.39
Other capital surplus - Others	9,957,725.59	21,887,688.06	–	31,845,413.65
	<u>4,754,868,324.01</u>	<u>47,168,737.89</u>	<u>(1,727,368.86)</u>	<u>4,800,309,693.04</u>

In May 2022, other shareholders of Shenzhen CIMC Tongchuang Supply Chain Co., Ltd., an associate of the Company, made an additional investment of RMB 187,517,500.00, while the Company did not do so. As a result, the Company's shareholding in Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. was diluted from 10% to 5.52%. The difference in the equity held by the Company before and after the capital increase was offset against capital surplus of RMB 331,247.26.

In March 2023, other shareholders of Shenzhen CIMC Tongchuang Supply Chain Co., Ltd., an associate of the Company, made an additional investment of RMB 200,000,000.00, while the Company did not do so. As a result, the Company's shareholding in Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. was further diluted from 5.52% to 3.7991%. The difference in the equity held by the Company before and after the capital increase was offset against capital surplus of RMB 322,465.34.

In September 2023, the Company disposed of Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. The total capital surplus of RMB 653,712.60 offset by the above two equity dilutions were carried forward to investment income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(37) Other comprehensive income

	Other comprehensive income in the balance sheet		Other comprehensive income in the income statement for the year ended 31 December 2023			
	31 December 2022	31 December 2023	Amount before tax	Less: income tax expenses	Attributable to the parent company, net of tax	Attributable to non-controlling interests, net of tax
Other comprehensive income that will not be reclassified to profit or loss						
Currency translation differences	-	-	(19,952.92)	-	-	(19,952.92)
Other comprehensive income that will be reclassified to profit or loss						
Excess of fair value over carrying amount when owner-occupied properties transfer to investment properties measured at fair value at the date of change	670,752.82	670,752.82	-	-	-	-
Currency translation differences	71,330,942.23	321,003,010.70	249,672,068.47	-	249,672,068.47	-
	72,001,695.05	321,673,763.52	249,652,115.55	-	249,672,068.47	(19,952.92)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(37) Other comprehensive income (Continued)

	Other comprehensive income in the balance sheet		Other comprehensive income in the income statement for the year ended 31 December 2022			
	31 December 2021	31 December 2022	Amount before tax	Less: Income tax expenses	Attributable to the parent company, net of tax	Attributable to non-controlling interests, net of tax
Other comprehensive income that will not be reclassified to profit or loss						
Currency translation differences	-	-	(106,182.73)	-	-	(106,182.73)
Other comprehensive income that will be reclassified to profit or loss						
Excess of fair value over carrying amount when owner-occupied properties transfer to investment properties measured at fair value at the date of change	487,785.76	670,752.82	182,967.06	-	182,967.06	-
Currency translation differences	(129,493,714.45)	71,330,942.23	200,824,656.68	-	200,824,656.68	-
	(129,005,928.69)	72,001,695.05	200,901,441.01	-	201,007,623.74	(106,182.73)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(38) Surplus reserve

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Statutory surplus reserve	<u>322,977,011.06</u>	<u>96,564,706.27</u>	<u>–</u>	<u>419,541,717.33</u>

	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022
Statutory surplus reserve	<u>261,108,219.97</u>	<u>61,868,791.09</u>	<u>–</u>	<u>322,977,011.06</u>

In accordance with the *Company Law of the People's Republic of China* and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulates to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the share capital after approval from the appropriate authorities. According to the resolution of the Board of Directors, the Company appropriated 10% of the net profit to the statutory surplus reserve in 2023, amounting to RMB 96,564,706.27 (2022: 10% of the net profit, amounting to RMB 61,868,791.09).

(39) Undistributed profits

	2023	2022
Undistributed profits at the beginning of the year	5,486,894,339.25	4,834,324,784.85
Add: Net profit attributable to the shareholders of the Company	2,455,670,702.61	1,117,958,345.49
Less: Appropriation to statutory surplus reserve	(96,564,706.27)	(61,868,791.09)
Dividends payable on ordinary shares ^(a)	(605,280,000.00)	(403,520,000.00)
Undistributed profits at the end of the year	<u>7,240,720,335.59</u>	<u>5,486,894,339.25</u>

(a) Approved by the general meeting on 25 May 2023, the Company distributed cash dividends to the shareholders of the Company, at RMB 0.30 per share (tax inclusive) for 2,017,600,000 shares issued. A total of RMB 605,280,000.00 were distributed. The Company had paid the above-mentioned dividends to all shareholders in July 2023.

(b) Approved by the general meeting on 31 May 2022, the Company distributed cash dividends to the shareholder of the Company, at RMB0.20 per share (tax inclusive). Calculated according to 2,017,600,000 shares issued, totaling at RMB403,520,000.00.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(40) Revenue and cost of sales

	2023	2022
Revenue from main operations	24,721,795,934.78	23,397,710,446.29
Revenue from other operations	364,781,078.27	222,901,969.07
	25,086,577,013.05	23,620,612,415.36
	2023	2022
Cost of sales from main operations	20,147,331,502.56	20,401,996,431.49
Cost of sales from other operations	183,021,874.65	81,419,117.88
	20,330,353,377.21	20,483,415,549.37

(a) Revenue and cost of sales from main operations

	2023		2022	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Sales of vehicles	21,933,398,001.86	17,811,075,440.32	20,778,578,566.71	18,189,406,702.53
Sales of parts and components	2,440,021,387.62	2,114,358,597.78	2,221,737,967.12	1,981,475,724.43
Others	348,376,545.30	221,897,464.46	397,393,912.46	231,114,004.53
	24,721,795,934.78	20,147,331,502.56	23,397,710,446.29	20,401,996,431.49

(b) Revenue and cost of sales from other operations

	2023		2022	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Sales of scrap	94,870,475.49	1,922,087.31	108,590,393.43	8,529,709.19
Others	269,910,602.78	181,099,787.34	114,311,575.64	72,889,408.69
	364,781,078.27	183,021,874.65	222,901,969.07	81,419,117.88

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(40) Revenue and cost of sales (Continued)

(c) Disaggregation of revenue and cost of sales:

	2023	2022
Revenue		
Including: Recognised at a point in time	24,764,821,045.94	23,264,407,681.07
Recognised over time	154,870,603.69	190,609,948.39
Rental income ⁽ⁱ⁾	166,885,363.42	165,594,785.90
	25,086,577,013.05	23,620,612,415.36
	2023	2022
Cost of sales		
Including: Related revenue recognised at a point in time	20,131,858,690.45	20,281,625,246.81
Related revenue recognised over time	93,986,923.99	103,132,801.04
Cost of rental income ⁽ⁱ⁾	104,507,762.77	98,657,501.52
	20,330,353,377.21	20,483,415,549.37

(i) Rental income of the Group comes from leasing of self-owned buildings, machinery and equipment, motor vehicles, electronic and other equipment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(41) Taxes and surcharges

	2023	2022	Taxation base
City maintenance and construction tax	16,601,580.20	15,814,624.23	7% of the payment amount of VAT
Educational surcharge	11,863,431.98	11,367,489.21	5% of the payment amount of VAT
Property tax	27,107,556.86	24,372,489.22	The residual value and rental income of properties and the prescribed tax rate
Land use tax	23,047,225.71	25,834,650.41	The area of land actually used and the prescribed unit tax
Stamp tax	16,529,256.95	6,687,250.99	The amount included in the taxable vouchers or the number of vouchers and the prescribed tax rate or unit tax
Others	2,503,072.87	6,590,595.03	
	<u>97,652,124.57</u>	<u>90,667,099.09</u>	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(42) Selling expenses

	2023	2022
Employee benefits expenses	281,380,844.72	242,264,791.66
Depreciation and amortisation expenses	7,626,316.03	8,455,601.76
Travelling, entertainment and selling expenses	127,477,924.20	124,969,692.23
Product warranty expenses	86,340,487.62	30,754,567.51
External sale commission of products	65,036,794.84	36,393,458.40
Advertising and exhibition fees	14,170,981.16	10,690,540.30
Maintenance fees	25,524,806.19	18,785,558.18
Professional service fee	5,882,648.69	2,344,429.84
Storage fees	3,972,268.15	5,995,429.51
Insurance premiums	15,254,222.93	14,584,589.29
Others	44,856,345.56	31,188,406.95
	<u>677,523,640.09</u>	<u>526,427,065.63</u>

(43) Administrative expenses

	2023	2022
Employee benefits expenses	782,324,633.16	588,576,045.65
Depreciation and amortisation expenses	165,985,222.30	129,343,571.74
Rentals	16,282,119.75	15,109,660.14
Entertainment expenses	19,773,888.78	15,909,534.32
Travelling expenses	24,235,079.24	14,092,051.05
Transportation expenses	3,795,611.47	3,540,451.93
Professional service fee	172,956,256.41	97,132,593.34
Material consumption and low-value products	10,845,722.24	17,451,070.85
Charges and local fees	6,351,102.22	8,685,164.01
Insurance premiums	33,725,455.76	22,295,979.05
External maintenance charges	16,084,161.40	10,592,369.73
Utilities	13,999,579.42	12,842,523.44
Funding for establishment	1,094,332.29	7,327,032.90
Human resource related expenses	10,012,267.61	3,422,251.20
Others	90,241,123.19	87,490,919.83
	<u>1,367,706,555.24</u>	<u>1,033,811,219.18</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(44) Research and development expenses

	2023	2022
Employee benefits expenses	117,448,336.41	109,014,533.43
Direct material consumption	199,186,777.66	117,068,105.39
Depreciation and amortisation	27,644,920.50	29,911,601.59
Design fee	12,012,368.74	10,620,621.54
Test fee	24,869,782.93	24,886,404.64
Others	15,355,296.07	14,076,395.10
	396,517,482.31	305,577,661.69

(45) Financial income

	2023	2022
Interest costs on borrowings	32,284,167.11	46,807,635.68
Add: Interest costs on lease liabilities	11,133,958.11	10,625,764.84
Government grants (Note 4(33))	(6,100,211.80)	(7,108,333.33)
Interest expenses	37,317,913.42	50,325,067.19
Less: Interest income	(121,707,452.39)	(73,299,541.36)
Exchange losses	11,341,695.51	(76,212,516.26)
Others	4,707,840.92	8,259,277.34
	(68,340,002.54)	(90,927,713.09)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(46) Expenses by nature

The cost of sales, selling expenses, administrative expenses and research and development expenses in the income statement are listed as follows by nature:

	2023	2022
Changes in inventories of finished goods and work in progress	(161,602,622.38)	(195,429,622.12)
Raw materials and low-value consumables used	17,798,183,813.70	18,559,034,781.56
Employee benefits expenses	2,672,182,837.93	2,018,439,549.17
Depreciation and amortisation expenses	583,071,021.29	549,559,254.81
Rentals ⁽ⁱ⁾	38,599,701.24	21,924,077.37
Design fee and test fee	52,237,447.74	35,507,026.18
Shipping and handling expenses	440,877,623.12	420,775,653.58
Charges and local fees	6,351,102.22	8,685,164.01
Professional service fee	178,838,905.10	99,477,023.17
Including: Auditor's remuneration	7,224,421.10	8,115,726.46
– Audit services	7,130,081.48	8,093,394.71
– Non-audit services	94,339.62	22,331.75
Utility expenses	223,944,621.50	203,256,095.33
Processing and repair expenses	249,367,997.83	175,961,689.72
Travelling, entertainment and selling expenses	181,753,786.93	164,989,262.81
Insurance premiums	70,670,393.16	37,325,650.78
Product warranty expenses	86,340,487.62	30,754,567.51
Other expenses – other administrative expenses	105,143,334.55	101,780,655.86
Other expenses – other selling expenses	128,036,389.71	84,267,835.16
Other expenses – other manufacturing expenses	118,104,213.59	32,922,830.97
	<u>22,772,101,054.85</u>	<u>22,349,231,495.87</u>

(i) As disclosed in Note 2(26), the Group directly recognises the lease payments of short-term leases and low value leases in profit or loss. In 2023, the amount was RMB 38,599,701.24 (2022: RMB 21,924,077.37).

(ii) For the daily maintenance and repair expenses of fixed assets that do not meet the criteria of capitalisation, the Group included the costs related to the production and processing of inventories in the costs of inventories and recognised as cost of sales accordingly, and included the costs related to the research and development department, the administrative department and the sale department in research and development expenses, administrative expenses and selling expenses, respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(47) Asset impairment losses

	2023	2022
Provision for inventories and costs incurred to fulfil a contract	113,280,721.11	38,412,877.63
Losses on impairment of fixed assets	12,271,186.93	–
Others	89,617.21	(91,773.61)
	<u>125,641,525.25</u>	<u>38,321,104.02</u>

(48) Credit impairment losses

	2023	2022
Losses on/(Reversal of) provision for notes receivables	1,010,004.50	(13,661.22)
Provision for accounts receivables	88,718,345.75	32,414,854.72
Reversal of provision for receivables financing	(52,076.85)	(811,325.60)
(Reversal of)/Losses on provision for other receivables	(2,273,167.77)	9,897,484.83
Provision for long-term receivables (including current portion of non-current assets)	1,251,955.66	3,206,206.23
Reversal of provision for financial guarantee contracts	(18,069,401.53)	(14,122,041.51)
	<u>70,585,659.76</u>	<u>30,571,517.45</u>

(49) Other income

	2023	2022
Government grants	60,546,788.29	74,441,701.39
– Asset related	8,641,707.57	12,784,207.92
– Income related	51,905,080.72	61,657,493.47
Additional deduction of input VAT	7,449,312.26	1,164,853.37
Refund of service fee for withholding individual income tax	694,938.61	1,357,829.52
	<u>68,691,039.16</u>	<u>76,964,384.28</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(50) Investment income/(losses)

	2023	2022
Investment income from long-term equity investments under equity method	12,955,250.98	827,837.27
Investment income/(losses) from disposals of long-term equity investments	1,108,855,449.64	(3,322.91)
Investment losses from disposals of derivative financial instruments	(25,093,063.43)	(19,155,837.10)
Investment income from disposals of financial assets held for trading	5,319,605.46	–
Investment income/(losses) from holding financial assets held for trading	1,114,394.99	(412,216.68)
Other investment losses	(8,324,958.91)	(5,166,903.49)
	<u>1,094,826,678.73</u>	<u>(23,910,442.91)</u>

(a) A portion of notes receivables were discounted and derecognised, with losses incurred of RMB 4,850,446.58 (2022: RMB 5,166,903.49) included in investment income for the current period in 2023.

(51) Losses arising from changes in fair value

	2023	2022
Fair value change on investment properties	(17,619,000.83)	9,956,174.98
Fair value change on financial assets held for trading	18,054,732.82	(18,500,587.98)
Fair value change on derivative financial instruments	(535,173.30)	(1,582,725.14)
Fair value change on other non-current financial assets	–	2,781,084.58
	<u>(99,441.31)</u>	<u>(7,346,053.56)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(52) Gains on disposals of assets

	2023	2022	Amount recognised in non-recurring gain or loss in 2023
Gains on disposals of fixed assets	27,262,100.76	203,128,131.67	27,262,100.76
Losses on disposals of fixed assets	(14,869,061.20)	(13,015,215.40)	(14,869,061.20)
(Losses)/Gains on disposals of intangible assets	(74,352.72)	34,068,804.14	(74,352.72)
	<u>12,318,686.84</u>	<u>224,181,720.41</u>	<u>12,318,686.84</u>

(53) Non-operating income

	2023	2022	Amount recognised in non-recurring gain or loss in 2023
Unpayable payables	2,704,417.19	2,635,859.82	2,704,417.19
Penalty income	3,521,102.08	7,580,525.19	3,521,102.08
Compensation income	1,147,551.81	336,962.36	1,147,551.81
Others	1,786,268.80	1,393,046.75	1,786,268.80
	<u>9,159,339.88</u>	<u>11,946,394.12</u>	<u>9,159,339.88</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(54) Non-operating expenses

	2023	2022	Amount recognised in non-recurring gain or loss in 2023
Losses on scrapping of fixed assets	8,321,260.28	3,195,718.80	8,321,260.28
Compensation expenses	1,721,414.52	3,293,507.70	1,721,414.52
Penalty expenses	422,037.80	2,543,711.43	422,037.80
Donation expenses	215,000.00	9,220.00	215,000.00
Others	2,388,626.40	763,738.55	2,388,626.40
	<u>13,068,339.00</u>	<u>9,805,896.48</u>	<u>13,068,339.00</u>

(55) Income tax expenses

	2023	2022
Current income tax calculated based on tax law and related regulations	856,127,119.82	381,516,622.36
Deferred income tax	<u>(43,123,448.12)</u>	<u>(20,344,669.73)</u>
	<u>813,003,671.70</u>	<u>361,171,952.63</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(55) Income tax expenses (Continued)

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 as follows:

	2023	2022
Total profit	3,260,764,615.46	1,474,779,017.88
Income tax calculated at applicable tax rates	815,191,153.87	368,694,754.47
Effect of different tax rates	(11,454,036.98)	(51,282,750.82)
Effect of tax rate changes	(1,021,552.23)	(301,367.50)
Income not subject to tax	(22,792,493.54)	(2,019,966.80)
Costs, expenses and losses not deductible for tax purposes	13,705,038.68	19,440,819.46
Utilisation of previously unrecognised deductible losses and temporary differences	(25,088,782.69)	(3,664,824.59)
Adjustment on taxation in previous year	(9,618,152.28)	(7,998,970.30)
Deductible temporary differences for which no deferred tax asset was recognised	24,241,569.72	1,987,334.24
Deductible losses for which no deferred tax asset was recognised	60,266,201.33	60,495,230.57
Research and development expenses bonus deduction	(30,425,274.18)	(24,178,306.10)
Income tax expenses	813,003,671.70	361,171,952.63

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(56) Earnings per share

(a) Basic earnings per share

The basic earnings per share is calculated by dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of outstanding ordinary shares:

	2023	2022
Consolidated net profit attributable to ordinary shareholders of the Company	2,455,670,702.61	1,117,958,345.49
Weighted average number of outstanding ordinary shares	2,017,600,000.00	2,017,600,000.00
Basic earnings per share (RMB/share)	1.22	0.55
Including:		
– Basic earnings per share from continuing operations:	1.22	0.55

(b) 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 outstanding ordinary shares. There were no dilutive potential ordinary shares for the years ended 31 December 2023 and 2022, and therefore, diluted earnings per share are the same as the basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(57) Notes to the cash flow statement

The Group does not present cash flows on a net basis and the significant cash flow items are set out below:

(a) *Cash received relating to other operating activities*

	2023	2022
Interest	121,707,452.39	73,299,541.36
Government grants	85,910,677.84	92,725,114.06
Others	62,807,029.16	191,414,772.12
	<u>270,425,159.39</u>	<u>357,439,427.54</u>

(b) *Cash paid relating to other operating activities*

	2023	2022
Shipping and handling expenses	461,866,173.65	396,490,435.32
Travelling, entertainment and selling expenses	181,753,786.93	164,989,262.81
Rental, insurance and miscellaneous charges related to sale	161,507,542.14	88,182,573.62
Product warranty expenses	86,340,487.62	59,170,372.48
Professional service fee	178,838,905.10	99,881,963.55
Advertising and exhibition fees	14,170,981.16	10,690,540.30
External sale commission of products	65,036,794.84	36,393,458.40
Others	135,063,691.07	53,770,622.57
	<u>1,284,578,362.51</u>	<u>909,569,229.05</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(57) Notes to the cash flow statement (Continued)

(c) Cash received from disposals of investments

	2023	2022
Cash received from disposals of associates	21,879,267.32	15,375,458.78
Cash received from disposals of financial assets held for trading	41,360,620.99	–
	<u>63,239,888.31</u>	<u>15,375,458.78</u>

(d) Cash paid to acquire investments

	2023	2022
Cash paid to acquire non-current financial assets	–	8,005,300.00
Cash paid to acquire equities of unlisted companies	–	41,772,837.67
Cash paid to acquire investments in joint ventures and associates	45,000,000.00	45,644,607.00
	<u>45,000,000.00</u>	<u>95,422,744.67</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(57) Notes to the cash flow statement (Continued)

(e) Cash paid relating to other investing activities

	2023	2022
Cash paid to dispose of derivative financial instruments	<u>41,464,315.85</u>	<u>19,155,837.10</u>

(f) Cash paid relating to other financing activities

	2023	2022
Repayments of lease liabilities	<u>77,691,979.28</u>	49,689,215.04
Repayments of financing leaseback	<u>–</u>	<u>22,630,828.58</u>
	<u>77,691,979.28</u>	<u>72,320,043.62</u>

In 2023, total cash outflows for leases paid by the Group amounted to RMB 77,691,979.28 (2022: RMB 72,320,043.62), except for the repayments of lease liabilities classified as cash paid relating to financing activities, the remaining was classified as cash paid relating to operating activities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(58) Supplementary information to the cash flow statement

(a) Supplementary information to the cash flow statement

Reconciliation from net profit to cash flows from operating activities

	2023	2022
Net profit	2,447,760,943.76	1,113,607,065.25
Add/Less: Asset impairment losses	125,641,525.25	38,321,104.02
Credit impairment losses	70,585,659.76	30,571,517.45
Depreciation of right-of-use assets	58,243,527.86	50,191,091.80
Depreciation of fixed assets	452,304,049.91	436,437,644.45
Amortisation of intangible assets	49,852,424.57	48,000,297.10
Amortisation of long-term prepaid expenses	22,671,018.95	14,930,221.46
Gains on disposals of fixed assets, intangible assets and other long-term assets	(3,997,426.56)	(220,986,001.61)
Losses arising from changes in fair value	99,441.31	7,346,053.56
Financial expenses	37,317,913.42	57,433,400.52
Investment (income)/losses	(1,103,151,637.64)	18,743,539.42
Increase in deferred tax assets	(36,246,901.67)	(6,391,960.03)
Decrease in deferred tax liabilities	(7,262,853.03)	(13,952,709.70)
(Decrease)/Increase in inventories	265,701,776.83	(613,981,772.62)
Increase in operating receivables	(769,657,886.74)	(129,221,208.79)
Increase/(Decrease) in operating payables	180,342,070.26	322,859,233.74
Net cash flows from operating activities	<u>1,790,203,646.24</u>	<u>1,153,907,516.02</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(58) Supplementary information to the cash flow statement (Continued)

(a) Supplementary information to the cash flow statement (Continued)

Significant operating, investing and financing activities that do not involve cash receipts and payments

	2023	2022
Right-of-use assets increased in the current year	<u>90,751,708.04</u>	<u>52,415,996.57</u>

Changes in cash and cash equivalents

	2023	2022
Cash and cash equivalents at the end of the year	<u>5,894,051,871.82</u>	4,682,817,168.35
Less: Cash and cash equivalents at the beginning of the year	<u>(4,682,817,168.35)</u>	<u>(4,694,703,333.58)</u>
Net (decrease)/increase in cash and cash equivalents	<u>1,211,234,703.47</u>	<u>(11,886,165.23)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(58) Supplementary information to the cash flow statement (Continued)

(b) Disposals of subsidiaries

	2023	2022
Cash and cash equivalents received in the current year from disposals of subsidiaries in the current year	792,799,189.74	—
Including: Shenzhen CIMC Vehicle	790,199,189.74	—
Shanghai CIMC Automobile Examination and Repair Co., Ltd.	2,600,000.00	—
Less: Cash and cash equivalents held by the subsidiary at the date when control right is lost	(2,787,412.37)	—
Including: Shenzhen CIMC Vehicle	(2,561,155.39)	—
Shanghai CIMC Automobile Examination and Repair Co., Ltd.	(226,256.98)	—
Net cash received from disposals of subsidiaries	<u>790,011,777.37</u>	—

Considerations for disposals of subsidiaries in 2023

Shenzhen CIMC Vehicle	1,316,998,649.72
Shanghai CIMC Automobile Examination and Repair Co., Ltd.	<u>2,600,000.00</u>
	<u>1,319,598,649.72</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(58) Supplementary information to the cash flow statement (Continued)

(b) Disposals of subsidiaries (Continued)

Net assets at disposal date of the subsidiaries as disposed in 2023

	Shenzhen CIMC Vehicle	Shanghai CIMC Automobile Examination and Repair Co., Ltd.
Current assets	152,753,647.85	621,577.95
Non-current assets	219,065,340.47	2,689,749.97
Current liabilities	(138,703,124.79)	(1,831,669.53)
Non-current liabilities	(27,155,300.65)	—
	<u>205,960,562.88</u>	<u>1,479,658.39</u>

(c) Changes in liabilities arising from financing activities

	Bank borrowings (including those to be settled within one year)	Lease liabilities (including those to be settled within one year)	Other payables – Dividends payable	Total
31 December 2022	881,801,331.42	232,741,646.67	3,791,956.19	1,118,334,934.28
Cash inflows from financing activities	486,751,546.69	—	—	486,751,546.69
Cash outflows from financing activities	(764,544,308.96)	(77,691,979.28)	(626,814,982.01)	(1,469,051,270.25)
Interest accrued in the current year	32,284,167.11	11,133,958.11	—	43,418,125.22
Dividends accrued in the current year	—	—	630,544,275.82	630,544,275.82
Changes that do not involve cash receipts and payments (Note 4(58)(a))	—	90,751,708.04	—	90,751,708.04
Others	3,162,647.71	14,947,485.93	—	18,110,133.64
31 December 2023	<u>639,455,383.97</u>	<u>271,882,819.47</u>	<u>7,521,250.00</u>	<u>918,859,453.44</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(58) Supplementary information to the cash flow statement *(Continued)*

(d) *Cash and cash equivalents*

	31 December 2023	31 December 2022
Cash		
Including: Cash on hand	285,754.42	394,404.68
Cash at bank and Finance Company that can be readily drawn on demand	5,893,766,117.40	4,682,422,763.67
Cash and cash equivalents at the end of the year	<u>5,894,051,871.82</u>	<u>4,682,817,168.35</u>

- (i) As stated in Note 4(1), as at 31 December 2023, other cash balances of RMB 116,441,882.40 (31 December 2022: RMB 167,710,818.88) were not included in cash and cash equivalents.
- (ii) As at 31 December 2023, the funds raised through the issuance of RMB-denominated ordinary shares in previous years amounted to RMB 772,720,551.53, and were presented as cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(59) Monetary items dominated in foreign currencies

	31 December 2023		
	Amount in foreign currency	Exchange rate	Amount in RMB
Cash at bank and on hand –			
USD	262,568,264.30	7.0936	1,862,554,239.67
EUR	10,150,069.24	7.8597	79,776,499.22
HKD	29,622,605.89	0.9077	26,888,439.37
AUD	7,844,608.95	4.8534	38,073,025.07
GBP	27,692,648.15	9.0355	250,216,922.39
THB	948,496,900.42	0.2073	196,623,407.46
Others			<u>43,642,133.39</u>
			<u>2,497,774,666.57</u>
Accounts receivables –			
USD	250,045,586.97	7.0936	1,773,723,375.76
EUR	5,349,155.82	7.8597	42,042,759.99
HKD	2,699,000.00	0.9077	2,449,882.30
AUD	6,808,975.86	4.8534	33,046,683.44
JPY	88,224,610.09	0.0501	4,422,435.03
GBP	26,090,212.89	9.0355	235,738,118.61
THB	42,411,955.76	0.2073	8,791,998.43
Others			<u>39,311,596.61</u>
			<u>2,139,526,850.17</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(59) Monetary items dominated in foreign currencies (Continued)

	31 December 2023		
	Amount in foreign currency	Exchange rate	Amount in RMB
Other receivables –			
USD	6,982,282.95	7.0936	49,529,522.35
EUR	3,004,649.25	7.8597	23,615,641.69
HKD	36,760,485.73	0.9077	33,367,492.90
AUD	381,199.82	4.8534	1,850,115.21
THB	210,718,853.55	0.2073	43,682,018.34
Others			<u>3,655,442.71</u>
			<u>155,700,233.20</u>
Short-term borrowings –			
EUR	2,650,000.00	7.8597	20,828,205.00
GBP	2,250,000.00	9.0355	<u>20,329,875.00</u>
			<u>41,158,080.00</u>
Accounts payables –			
USD	73,452,229.97	7.0936	521,040,738.49
EUR	4,151,872.14	7.8597	32,632,469.48
HKD	1,859.56	0.9077	1,687.92
AUD	75,921.47	4.8534	368,477.28
GBP	29,757,833.69	9.0355	268,876,906.30
THB	16,219,162.36	0.2073	3,362,232.36
Others			<u>4,349,929.09</u>
			<u>830,632,440.92</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(59) Monetary items dominated in foreign currencies (Continued)

	31 December 2023		
	Amount in foreign currency	Exchange rate	Amount in RMB
Other payables –			
USD	3,659,224.40	7.0936	25,957,074.21
EUR	538,882.00	7.8597	4,235,450.86
HKD	39,759,040.29	0.9077	36,089,280.87
AUD	3,793,287.29	4.8534	18,410,340.53
GBP	1,272,301.00	9.0355	11,495,875.69
THB	26,081,340.40	0.2073	5,406,661.87
Others			8,730,276.16
			<u>110,324,960.19</u>
Current portion of non-current liabilities –			
USD	2,352,043.22	7.0936	16,684,453.78
CAD	1,436,865.51	5.3639	7,707,202.91
AUD	1,752,859.67	4.8534	8,507,329.11
GBP	768,995.66	9.0355	6,948,260.32
			<u>39,847,246.12</u>
Lease liabilities –			
USD	4,238,679.83	7.0936	30,067,499.25
CAD	10,550,745.24	5.3639	56,593,142.39
AUD	9,806,486.16	4.8534	47,594,799.92
GBP	7,495,958.30	9.0355	67,729,731.20
			<u>201,985,172.76</u>

Foreign currencies in which the above monetary items are denominated refer to all currencies other than RMB (the scope of which is different from the foreign currency items in Note 13(1)(a)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

5 CHANGES IN THE CONSOLIDATION SCOPE

(1) Business combinations involving entities not under common control

- (a) In February 2023, the Group entered into an equity transfer agreement with Shenzhen Anxing It Co.,Ltd. and a natural person shareholder for the purchase of 22.8571% and 3.4286% equity interests in Xinghuo Chelian, a joint venture, respectively, as well as the purchase of 40% equity interests of Shenzhen Zhongan Jizhi Technology LLP held by Shenzhen Anxing It Co.,Ltd. and 0.9901% equity interests of Shenzhen Xinghuo Jizhi Technology LLP held by the natural person shareholder. After the acquisition, the Group held 64.89% equity interests of Xinghuo Chelian and 75% equity interests of Shenzhen Zhongan Jizhi Technology LLP, which were included in the consolidated financial statements of the Company.

Shenzhen Zhongan Jizhi Technology LLP held 99.01% equity interests of Shenzhen Xinghuo Jizhi Technology LLP. After Shenzhen Zhongan Jizhi Technology LLP was included into the Company's consolidated financial statements, the Company indirectly held 74.26% equity interests of Shenzhen Xinghuo Jizhi Technology LLP, and Shenzhen Xinghuo Jizhi Technology LLP was included in the consolidated financial statements of the Company.

- (b) In April 2023, the Group entered into an equity transfer agreement with Shanghai Shenyi Special Vehicle Components and Parts Co.,Ltd., the original shareholder of Shanghai Changyi, and a natural person shareholder for the purchase of 90.2009% and 9.7991% equity interests of Shanghai Changyi, respectively. After the acquisition, the Group held 100% equity interests of Shanghai Changyi and Shanghai Changyi was included in the consolidated financial statements of the Company.

There were no significant impacts of the above-mentioned business combinations on the Group's financial statements for the year ended 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

5 CHANGES IN THE CONSOLIDATION SCOPE (Continued)

(2) Disposals of subsidiaries

(a) Aggregated information of subsidiaries disposed in the current year:

Subsidiaries	Consideration received from the disposal	Disposal ratio	Disposal way	Time point of loss of control	Basis for judgement of the time point of loss of control	Difference between consideration received from the disposal and corresponding share of net assets in the consolidated financial statements	Amount transferred to investment income or losses from other comprehensive income related to initial equity investment in the subsidiary
Shenzhen CIMC Vehicle	1,316,998,649.72	100%	Disposals of equity interests	3 April 2023	The register of shareholders and articles of association were changed	1,111,038,086.84	-
Shanghai CIMC Automobile Examination and Repair Co., Ltd.	2,600,000.00	100%	Disposals of equity interests	7 April 2023	The register of shareholders and articles of association were changed	1,120,341.61	-

(i) On 7 April 2023, the Company disposed of all of its equity interests in Shanghai CIMC Automobile Examination and Repair Co., Ltd. The gains on disposal were RMB 1,120,341.61.

(ii) On 3 April 2023, the Company disposed of all of its equity interests in Shenzhen CIMC Vehicle. The gains on disposal were RMB 1,111,038,086.84.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

5 CHANGES IN THE CONSOLIDATION SCOPE *(Continued)*

(2) Disposals of subsidiaries *(Continued)*

(b) *Gains or losses on disposal are as follows:*

(i) *Shenzhen CIMC Vehicle*

The calculation of gains or losses on disposal is as follows:

	Amount
Consideration received from the disposal	1,316,998,649.72
Less: Share of net assets of Shenzhen CIMC Vehicle in the consolidated financial statements	<u>(205,960,562.88)</u>
Investment income from the disposal	<u>1,111,038,086.84</u>

(ii) *Shanghai CIMC Automobile Examination and Repair Co., Ltd.*

The calculation of gains or losses on disposal is as follows:

	Amount
Consideration received from the disposal	2,600,000.00
Less: Share of net assets of Shanghai CIMC Automobile Examination and Repair Co., Ltd. in the consolidated financial statements	<u>(1,479,658.39)</u>
Investment income from the disposal	<u>1,120,341.61</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

5 CHANGES IN THE CONSOLIDATION SCOPE *(Continued)*

(3) Changes in the consolidation scope due to other reasons

- (a) On 21 March 2023, the Company established its wholly-owned subsidiary CIE Manufacturing (Canada) Co., Ltd.
- (b) On 3 November 2023, the Company established Guangxi Jihong Tiancheng Automobile Sales and Service Co., Ltd. with 70% of shareholding.
- (c) On 13 April 2023, the Company's wholly-owned subsidiary Guangzhou CIMC Vehicle Sales Services Co., Ltd. merged the Company's wholly-owned subsidiary Sichuan CIMC Vehicle Logistics Equipment Co., Ltd.
- (d) The Company's wholly-owned subsidiary Hubei CIMC Vehicle Sales Services Co., Ltd. completed its business de-registration on 11 December 2023 and was no longer included in the consolidation scope of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

6 INTERESTS IN OTHER ENTITIES

(1) Interests in subsidiaries

(a) Constitution of the Group

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
Benjiu Tengyue Semitrailer Parts (Shenzhen) Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Sales of semitrailers, vans and other specialty vehicles and modified vehicles built by CIMC Group and its subsidiaries; sales of chassis, tractors and related spare parts	RMB 16.5 million	100%	-	By establishment
Gansu CIMC Vehicles Co., Ltd.	Legal entity	Gansu, the PRC	Gansu, the PRC	Refitting of specialty vehicle, trailer and fittings, production of auto parts; sales of raw materials relating to car, motorcycle and metals and chemicals	RMB 25 million	-	100%	By establishment
Qingdao CIMC Special Vehicle Co., Ltd.	Legal entity	Shandong, the PRC	Shandong, PRC	Development, production and sales of kinds of specialty vehicles, semitrailer and relevant parts; relevant consultation and after-sales services	RMB 200.81 million	59.18%	40.82%	By establishment
CIMC Vehicles (Liaoning) Co., Ltd.	Legal entity	Liaoning, the PRC	Liaoning, the PRC	Development and production of kinds of semitrailer, specialty vehicles and relevant parts, and providing relevant technical services	RMB 30 million	75%	25%	By establishment
CIMC-SHAC (Xi'an) Special Vehicle Co., Ltd.	Legal entity	Shaanxi, the PRC	Shaanxi, the PRC	Development and production of kinds of semitrailer, specialty vehicles and relevant parts, and providing relevant technical services	RMB 88 million	60.80%	14.20%	By establishment
Guangzhou CIMC Vehicle Logistics Equipment Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Wholesale and retail of vehicles, auto parts, metal materials, hardware and electrical equipment, and electromechanical equipment; maintenance of mechanical equipment	RMB 15 million	100%	-	By establishment

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FOR THE YEAR ENDED DECEMBER 31, 2023

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

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
Shanghai CIMC Vehicle Logistics Equipment Co., Ltd.	Legal entity	Shanghai, the PRC	Shanghai, the PRC	Development, construction operation, leasing, sales, property management and relevant services of storage and supporting facilities	RMB 90,204,082	40%	60%	By acquisition
Shanghai CIMC Baojian Vehicle Comprehensive Inspection Co., Ltd.	Legal entity	Shanghai, the PRC	Shanghai, the PRC	Inspection of integrated performance for motor vehicles; storage of vehicles	RMB 3.3 million	-	79.23%	By establishment
CIMC Vehicle (Jiangmen) Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Development, production and sales of auto parts (excluding engines), containers, folding boxes, tank containers, products of composite materials, tank trucks and automotive trailers, and provision of related after-sales services; sales of automobile (excluding those subject to management of automobile brand marketing)	RMB 144,215,315	75%	-	By establishment
Xinjiang CIMC Vehicle Logistics Equipment Co., Ltd.	Legal entity	Xinjiang, the PRC	Xinjiang, the PRC	Sales of hardware and electrical equipment; electromechanical equipment and chemical products; maintenance of mechanical equipment; storage of logistic equipment; leasing and retreading of tires	RMB 0.5 million	100%	-	By establishment
CIMC Vehicle (Group) Xinjiang Co., Ltd.	Legal entity	Xinjiang, the PRC	Xinjiang, the PRC	Production and sales of mechanical equipment and development of relevant technology	RMB 80 million	100%	-	By establishment

NOTES TO THE FINANCIAL STATEMENTS

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

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
Chongqing CIMC Vehicle Sales Service Co., Ltd.	Legal entity	Chongqing, the PRC	Chongqing, the PRC	Sales of vehicles, auto parts, metal materials, hardware and electrical equipment, and electromechanical equipment; maintenance of mechanical equipment; storage services; import and export of goods	RMB 0.5 million	-	71.47%	By establishment
Nanning CIMC Vehicle Logistics Equipment Co., Ltd.	Legal entity	Guangxi, the PRC	Guangxi, the PRC	Sales of specialty vehicles and semitrailers; purchasing and selling agency of auto parts, metal materials, hardware and electrical equipment and electromechanical equipment; maintenance of mechanical equipment	RMB 0.5 million	100%	-	By establishment
Qingdao CIMC Reefer Trailer Co., Ltd.	Legal entity	Shandong, the PRC	Shandong, the PRC	Manufacturing and sales of kinds of transportation equipment such as refrigerating and insulating equipment, and providing relevant technical services and maintenance	USD 29,404,963	62.25%	37.75%	By establishment
Yangzhou Tonghua	Legal entity	Jiangsu, the PRC	Jiangsu, the PRC	Development, manufacturing and sales of specialty vehicles, modified vehicles, semitrailers and parts, and after-sales services	RMB 566,020,750	100%	-	By acquisition
CIMC Vehicles (Shandong) Co., Ltd.	Legal entity	Shandong, the PRC	Shandong, the PRC	Development and manufacturing of refrigerators trucks, tank trucks, semitrailers, van vehicles, specialty vehicles and other kinds of serials products, and rendering of technical services	USD 18,990,100	44%	43.01%	By acquisition

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FOR THE YEAR ENDED DECEMBER 31, 2023

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

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
CIMC Huajun	Legal entity	Henan, the PRC	Henan, the PRC	Refitting of specialty vehicle, trailer and fittings, production of auto parts, sales of various automotive related products and logistics	RMB 302.43 million	82.69%	17.31%	By acquisition
Shanghai CIMC Vehicle Sales Services Co., Ltd.	Legal entity	Shanghai, the PRC	Shanghai, the PRC	Wholesale and retail of auto parts; sales of vehicles (sedan car excluded); processing, assembly and maintenance of vans, etc.	RMB 5 million	-	100%	By establishment
Luoyang CIMC Lingyu Automobile Co., Ltd.	Legal entity	Henan, the PRC	Henan, the PRC	Production and sales of passenger transport vehicles, tank transport vehicles; processing of machines; import and export business	RMB 122,745,705.94	71.47%	-	By establishment
Wuhu CIMC Ruijiang Automobile Co., Ltd.	Legal entity	Anhui, the PRC	Anhui, the PRC	Development, production and sales of various specialty vehicles; ordinary mechanical products and metal structure parts, and relevant consulting and after-sales services	RMB 379,038,112.14	72.26%	-	By establishment
Liangshan CIMC Dongyue Vehicles Co., Ltd.	Legal entity	Shandong, the PRC	Shandong, the PRC	Production and sales of trailers, specialty vehicles and relevant parts	RMB 90 million	70.10%	-	By establishment
Shenzhen CIMC Vehicle Marketing Service Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Sales of kinds of specialty vehicles, engineering machinery and automotive chassis parts	RMB 15 million	100%	-	By establishment
Shanghai CIMC Special Vehicles Co., Ltd.	Legal entity	Shanghai, the PRC	Shanghai, the PRC	Development and production of van semitrailers and van vehicles	RMB 10 million	75%	25%	By establishment
Shaanxi CIMC Vehicle Sales Service Co., Ltd.	Legal entity	Shaanxi, the PRC	Shaanxi, the PRC	Sales of vehicles and auto parts	RMB 10 million	100%	-	By establishment

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

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
CIMC Jidong (Qinhuangdao) Vehicle Manufacturing Co., Ltd.	Legal entity	Hebei, the PRC	Hebei, the PRC	Sales of vehicles and auto parts	RMB 70 million	50%	25%	By establishment
Zhumadian CIMC Huajun Automobile Trading Co., Ltd.	Legal entity	Henan, the PRC	Henan, the PRC	Sales of brand vehicles (operating with letter of authorization); sales of trailers, farm vehicles and relevant parts; automobile decoration; operation of FAW car; repair of vehicles	RMB 10 million	100%	-	By acquisition
Zhumadian CIMC Huajun Casting Co., Ltd.	Legal entity	Henan, the PRC	Henan, the PRC	Production, processing, sales and R&D of casting parts; R&D, manufacturing and sales of auto parts and mechanical parts	RMB 297,762,000	68.06%	31.94%	By establishment
Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd.	Legal entity	Shandong, the PRC	Shandong, the PRC	Production and sales of trailers, specialty vehicles and relevant parts	RMB 66 million	-	73.78%	By acquisition
Dongguan CIMC Special Vehicle Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Development, production and sales of all kinds of high-tech and high-performance specialty vehicles, refitted vehicles, special semitrailer series (the production of above products is subject to the announcement of relevant national authorities) and their spare parts; new mechanical equipment for road and port, containers, folding boxes, special containers, general mechanical products and metal structures; technical after-sales services; import and export of goods and technologies	RMB 431,898,600	100.00%	-	By establishment

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

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
Jiangsu Baojing Auto Parts Co., Ltd.	Legal entity	Jiangsu, the PRC	Jiangsu, the PRC	Design and production of automotive axle tubes and other components, technical services; self-operation and agency of import and export of various goods and technologies (excluding the goods and technologies of which the operation is restricted or the import and export is forbidden by government) (The business that is subject to the approval of relevant authorities are only allowed to be carried out after the approval has been obtained.)	RMB 115,456,000	87.87%	12.13%	By acquisition
China Jiangsu Vanguard Trailer Rental Co., Ltd.	Legal entity	Jiangsu, the PRC	Jiangsu, the PRC	Leasing of vehicles, machinery equipment; repair and maintenance of leased equipment and facilities, etc.	RMB 260 million	32.69%	19.23%	By establishment
Shenzhen Shengji Logistics and Transportation Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	International and domestic freight forwarding agency; leasing of vehicles	RMB 20 million	-	51.92%	By establishment
Wuhan Shengji Logistics and Transportation Co., Ltd.	Legal entity	Hubei, the PRC	Hubei, the PRC	General freight; leasing of containers and automobiles	RMB 6 million	-	51.92%	By establishment
Shanghai Rongji Logistics Co., Ltd.	Legal entity	Shanghai, the PRC	Shanghai, the PRC	Land transport of freights; vehicle leasing and storage services	RMB 6 million	-	51.92%	By establishment
Xinghuo Chelian	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Computer databases, computer system analysis; provision of computer technical services and consulting, e-commerce, web-based business services, database services and consulting	RMB 7 million	54.29%	10.60%	By acquisition

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

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
Shenzhen Zhongnan Jizhi Technology LLP	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Technology development and sales of computer software and information system software, and investment in industries	RMB 1 million	75.00%	-	By acquisition
Shenzhen Xinghuo Jizhi Technology LLP	Legal entity	Guangdong, the PRC	Guangdong, the PRC	The general business items include development and sales of computer software and information system software, and investment in industries	RMB 1.01 million	-	74.26%	By acquisition
Shanghai Changyi	Legal entity	Shanghai, the PRC	Shanghai, the PRC	Sales of vehicles, auto parts and components, machinery and equipment and accessories, installation and maintenance of machinery and equipment (except special equipment), vehicle licensing services	RMB 20.41 million	100.00%	-	By acquisition
Guangzhou CIMC Vehicle Sales Services Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Sales of vehicles, auto parts and components, wholesale and retail of products; information and trade consulting services; import and export of technologies and trade agency	RMB 40.01 million	100.00%	-	By establishment
Guangzhou CIMC Vehicle Drop and Pull Leasing Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Operation of roads and parking lots; leasing of vehicles, containers and machinery equipment; wholesale and retail of auto parts; commodity information technology consulting service, freight transport, etc.	RMB 5 million	-	51.92%	By establishment
Zhumadian CIMC Wanjia Axle Co., Ltd.	Legal entity	Henan, the PRC	Henan, the PRC	Design, production, sales and technical service of vehicle axles and other auto parts	RMB 20 million	100.00%	-	By establishment

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

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
CIMC Taizijie Vehicle Body Manufacturing (Jiangmen) Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Production, R&D, sales of new intelligent logistics machinery and equipment, specialty vehicles, semitrailers, modified vehicles, auto parts, special machinery and equipment for roads and ports, mechanical products and metal structures; after-sales service, and technical consulting services	RMB 559.88 million	100.00%	-	By establishment
CIMC Taizijie Vehicle Body Manufacturing (Zhenjiang) Co., Ltd.	Legal entity	Jiangsu, the PRC	Jiangsu, the PRC	Development, production and sales of kinds of specialty vehicles, semitrailer and relevant parts; relevant consultation and after-sales services	RMB 170.79 million	82.43%	17.57%	By establishment
Wuhu CIMC Ruijiang Automobile Marketing Service Co., Ltd.	Legal entity	Anhui, the PRC	Anhui, the PRC	Sales, sales agency and after-sales services of a variety of heavy trucks, specialty vehicles, engineering equipment, automobile chassis, engines and components; sales of 2nd-hand car, R&D, transfer, services and consulting of technology	RMB 5 million	-	72.26%	By establishment
Zhenjiang Shenxing Tabao Technology Co., Ltd.	Legal entity	Jiangsu, the PRC	Jiangsu, the PRC	Production, processing and sales of security products; electronic products, and semitrailer parts	RMB 10 million	31.00%	20.00%	By acquisition
Zhenjiang Vanguard Trailer Logistics Technology Co., Ltd.	Legal entity	Jiangsu, the PRC	Jiangsu, the PRC	Mechanical equipment leasing; vehicle leasing; repair and maintenance of motor vehicles; technical services, technology development, technical consultation, technical exchange, technology transfer, technology promotion; information system integration services.	RMB 20 million	-	51.92%	By establishment

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

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
Kuming CIMC Vehicle Industrial Park Development Co., Ltd.	Legal entity	Yunnan, the PRC	Yunnan, the PRC	Project investment and management by using enterprise's own funds; warehousing services; property management; sales of automobiles, auto parts, metal materials, hardware and electrical equipment, mechanical and electrical equipment and chemical products; maintenance of machinery and equipment; leasing of sites, houses and tires; import and export of goods and technologies; leasing of billboards.	RMB 70 million	100.00%	-	By establishment
Yingkou Xinsheng Vehicles Manufacturing Co., Ltd.	Legal entity	Liaoning, the PRC	Liaoning, the PRC	Development and production of various semi-trailers, specialty vehicles and their parts, and relevant technical services	RMB 30 million	75.00%	25.00%	By establishment
CIMC Vehicles (Shaanxi) Automobile Co., Ltd.	Legal entity	Shaanxi, the PRC	Shaanxi, the PRC	Manufacturing of auto parts and accessories; R&D of auto parts, sales of new vehicles, repair and maintenance of motor vehicles, modification services of motor vehicles, information consulting services, sales of metal material, leasing of land use rights, leasing of houses, production of road motor vehicle, import and export of goods	RMB 120 million	60.00%	-	By establishment

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6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
Senju (Jiangmen) Science And Technology Material Co., Ltd. ("Jiangmen Senju")	Legal entity	Guangdong, the PRC	Guangdong, the PRC	R&D, manufacturing and sales of environmentally-friendly composite materials, metal matrix composite materials, metal layered composite materials, surface-treated aluminium (steel) coils, building materials and solar energy materials and other composite materials and relevant products, and technical services and maintenance of the above products; manufacturing and sales of vehicle body parts.	RMB 66,977,737.77	20.00%	75.00%	By acquisition
Yangzhou Vanguard Trailer Logistics Technology Co., Ltd.	Legal entity	Jiangsu, the PRC	Jiangsu, the PRC	Land freight transportation; leasing of machinery equipment and vehicles; domestic freight agency; technical services; warehousing services, etc.	RMB 6 million	-	51.92%	By establishment
Shenzhen Vanguard Trailer Logistics Technology Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Leasing of machinery equipment, vehicles and containers; wholesale and retail of auto parts; technology consulting services, etc.	RMB 6 million	-	51.92%	By establishment
Ordos Shengji Logistics Technology Ltd.	Legal entity	Inner Mongolia, the PRC	Inner Mongolia, the PRC	Land freight transportation; leasing services; domestic freight forwarding; technical services; warehousing services; parts, machinery and equipment; electrical equipment and chemical products sales; electronic components, hardware products wholesale; special equipment sales and rental, etc.	RMB 6 million	-	51.92%	By establishment

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6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
Zhumadian Vanguard Logistics Ltd.	Legal entity	Henan, the PRC	Henan, the PRC	Land freight transportation; leasing services; domestic freight forwarding; technical services; warehousing services; sales of machinery and equipment; electronic components, electrical equipment and chemical products; wholesale of hardware products, etc.	RMB 6 million	-	51.92%	By establishment
Guangxi Jihong Tiancheng Automobile Sales and Service Co., Ltd.	Legal entity	Guangxi, the PRC	Guangxi, the PRC	Repair of special-purpose equipment; sales of vehicles; sales of trams; retail of auto parts; sales of metal materials	RMB 10 million	70%	-	By establishment
CIMC Vehicle Investment Holdings Co., Ltd.	Legal entity	BVI	BVI	Investment holding	USD 50,000	100%	-	By establishment
CIMC Vehicles (HK) Ltd.	Legal entity	Hong Kong	Hong Kong	Production and sales of kinds of specialty vehicles	HKD 10,000	-	100%	By establishment
Manson Technology Limited	Legal entity	Hong Kong	Hong Kong	Investment holding	HKD 10,000	100%	-	By establishment
CIMC Vehicles (Bahrain) Factory WLL	Legal entity	Bahrain	Bahrain	Sales and services of land transport vehicles	BHD 565,000	-	70%	By establishment
CIMC Australia Road Transport Equipment Pty Ltd.	Legal entity	Australia	Australia	Investment holding	AUD 8.3 million	-	100%	By establishment
General Transport Equipment Pty Ltd.	Legal entity	Australia	Australia	Manufacturing and services of land transport vehicles	AUD 24	-	100%	By establishment
Charm Beat Enterprises Limited	Legal entity	BVI	BVI	Holdings investment	USD 1	-	100%	By establishment

NOTES TO THE FINANCIAL STATEMENTS

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6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
CIMC Vehicle Europe GmbH	Legal entity	Germany	Germany	Manufacturing and services of land transport vehicles	EUR 1 million	-	100%	By establishment
Growth Fortune (Pty) Ltd.	Legal entity	South Africa	South Africa	Manufacturing and services of land transport vehicles	ZAR 5,175	-	100%	By establishment
Dee Siam Manufacturing Co., Ltd.	Legal entity	Thailand	Thailand	Manufacturing and services of land transport vehicles	THB 1,221,220,600	-	100%	By establishment
CIMC Trailer RUS LLC	Legal entity	Russia	Russia	Sales and services of land transport vehicles	RUB 60 million	-	100%	By establishment
Vehicles UK	Legal entity	UK	UK	Investment holding	GBP 100	-	100%	By establishment
SDC Trailers Limited	Legal entity	UK	UK	Manufacturing, sales and services of land transport vehicles	GBP 146,292	-	100%	By acquisition
Retlan Manufacturing Limited	Legal entity	UK	UK	Manufacturing, sales and services of land transport vehicles	GBP 692,041	-	100%	By acquisition
MDF Engineering Ltd.	Legal entity	UK	UK	Manufacturing, sales and services of land transport vehicles	GBP 1	-	100%	By acquisition
CIMC USA INC	Legal entity	USA	USA	Investment holding	USD 10	-	100%	By establishment
Vanguard National Trailer Corporation	Legal entity	USA	USA	Manufacturing and services of land transport vehicles	USD 10	-	100%	By acquisition
RRE Company LLC	Legal entity	USA	USA	Manufacturing and services of land transport vehicles	USD 1	-	100%	By establishment
CIMC Reefer Trailer Inc.	Legal entity	USA	USA	Manufacturing and services of land transport vehicles	USD 10	-	100%	By establishment
CIMC Intermodal Equipment Co., Ltd. (former name "Direct Chassis, LLC")	Legal entity	USA	USA	Manufacturing and services of land transport vehicles	USD 10 million	-	100%	By acquisition

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
CIMC Vehicle Australia Pty Ltd.	Legal entity	Australia	Australia	Manufacturing and services of land transport vehicles	AUD 0.1 million	-	100%	By establishment
Marshall Lethlean Industries Pty Ltd.	Legal entity	Australia	Australia	Manufacturing and services of land transport vehicles	AUD 3.1 million	-	100%	By establishment
CIMC Holdings Australia Pty Ltd.	Legal entity	Australia	Australia	Investment holding	AUD 14,714 million	-	100%	By establishment
CIMC Vehicle Europe Cooperatie U.A.	Legal entity	Netherlands	Netherlands	Investment holding	EUR 10,000	-	100%	By establishment
Burg Carrosserie B.V.	Legal entity	Netherlands	Netherlands	Investment holding	EUR 18,151	-	100%	By acquisition
Exploitatimaatschappij Intraproges B.V.	Legal entity	Netherlands	Netherlands	Investment holding	EUR 15,882	-	100%	By acquisition
Leg Trailers NV Bree	Legal entity	Belgium	Belgium	Manufacturing and services of land transport vehicles	EUR 3,245 million	-	100%	By acquisition
Immoburg NV Bree	Legal entity	Belgium	Belgium	Manufacturing and services of land transport vehicles	EUR 248,000	-	100%	By acquisition
LAG Service Polska Sp.z.o.o.	Legal entity	Poland	Poland	Manufacturing and services of land transport vehicles	PLN 50,000	-	100%	By acquisition
LAG Polska Sp.z.o.o.	Legal entity	Poland	Poland	Manufacturing and services of land transport vehicles	PLN 51,800	-	100%	By acquisition
LAG Immopoliska Sp.z.o.o.	Legal entity	Poland	Poland	Manufacturing and services of land transport vehicles	PLN 5,000	-	100%	By acquisition
Burg trailer Service BV	Legal entity	Netherlands	Netherlands	Manufacturing and services of land transport vehicles	EUR 18,000	-	100%	By acquisition
CIMC Vehicles (Malaysia) SDN BHD	Legal entity	Malaysia	Malaysia	Sales and services of land transport vehicles	MYR 3,575,692	-	100%	By establishment

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
CIMC Trailer Poland sp. z o.o.	Legal entity	Poland	Poland	Manufacturing and services of land transport vehicles	EUR 8.8 million	-	100%	By establishment
CIMC Vehicles South Africa (Pty) Ltd.	Legal entity	South Africa	South Africa	Manufacturing, sales and services of land transport vehicles	ZAR 100	-	100%	By acquisition
CIMC Vehicle (Vietnam) Co., Ltd.	Legal entity	Vietnam	Vietnam	Sales and services of land transport vehicles	USD 1 million	-	100%	By establishment
Growth Fortune FZE	Legal entity	Djibouti	Djibouti	Manufacturing and services of land transport vehicles	USD 9.25 million	-	100%	By establishment
DJIBOUTI CIMC HUAJUN VEHICLE FZE	Legal entity	Djibouti	Djibouti	Assembly, manufacturing, accessories and services	USD 2.2 million	-	100%	By establishment
SDC Pioneer Limited (former name "CIMC Intermodal Equipment UK Limited")	Legal entity	UK	UK	Manufacturing and services of land transport vehicles	GBP 10,000	-	100%	By establishment
CIMC Refrigerated Trailer Co., Ltd.	Legal entity	Canada	Canada	Manufacturing and services of land transport vehicles	CAD 1,000	-	100%	By establishment
CIMC Intermodal Equipment NL B.V.	Legal entity	Netherlands	Netherlands	Manufacturing and services of land transport vehicles	EUR 1	-	100%	By establishment
CIE Manufacturing (Canada) Co., Ltd	Legal entity	Canada	Canada	Manufacturing and services of land transport vehicles	USD 120	-	100%	By establishment

As at 31 December 2023, no subsidiaries of the Group issued debt securities.

(b) *The Group has no subsidiaries with significant minority interests*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(2) Investments in joint ventures and associates

As at 31 December 2023 and 31 December 2022, the Group had no significant joint ventures or associates.

(a) Summarised financial information for immaterial joint ventures and associates

	2023	2022
Joint ventures:		
Aggregated carrying amount of investments	<u>49,654,941.06</u>	<u>51,188,276.33</u>
Aggregate of the following items in proportion		
Net loss <i>(i)</i>	<u>(1,542,349.67)</u>	(8,442,062.93)
Other comprehensive income <i>(i)</i>	<u>767,937.90</u>	<u>(1,434,638.55)</u>
Total comprehensive income	<u>(774,411.77)</u>	<u>(9,876,701.48)</u>
Associates:		
Aggregated carrying amount of investments	<u>176,128,215.01</u>	<u>142,093,976.27</u>
Aggregate of the following items in proportion		
Net profit <i>(i)</i>	<u>14,497,600.65</u>	9,269,900.20
Other comprehensive income <i>(i)</i>	<u>—</u>	<u>—</u>
Total comprehensive income	<u>14,497,600.65</u>	<u>9,269,900.20</u>

(i) The net profit and other comprehensive income have taken into account the impacts of both the fair value of the identifiable assets and liabilities upon acquisition of investments in joint ventures and associates and the unification of accounting policies adopted by the joint ventures and the associates to those adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(2) Investments in joint ventures and associates *(Continued)*

(b) *Excess loss incurred in associates*

	Accumulated unrecognised losses at the beginning of the year	Unrecognised losses in the current year	Accumulated unrecognised losses at the end of the year
Excess loss incurred in joint ventures and associates	<u>(11,097,655.19)</u>	<u>(5,260.54)</u>	<u>(11,102,915.73)</u>

7 SEGMENT INFORMATION

The main businesses of the Group include the production and sales of special purpose vehicles. The Group considers all these businesses as one single operating segment as they have the similar economic characteristics and are similar in respect of the nature of products, the types of customers, the methods for distributing the products or providing the services, as well as the influence by laws and administrative regulations. Therefore, the segment information was not presented in the financial statements.

The Group presents revenue from external customers and non-current assets (excluding financial assets, long-term equity investments, and deferred tax assets, similarly hereinafter) by regions: The revenue from external customers is categorised by locations of rendering of services and sales of goods. Non-current assets are categorised by locations of real objects (for fixed assets) or location of related business assigned (for intangible assets and goodwill).

Revenue from external customers	2023	2022
China	8,629,381,293.29	8,335,182,315.08
North America	10,854,831,911.05	11,038,903,449.26
Europe	3,063,450,164.31	2,421,040,958.94
Other regions	<u>2,538,913,644.40</u>	<u>1,825,485,692.08</u>
	<u>25,086,577,013.05</u>	<u>23,620,612,415.36</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

7 SEGMENT INFORMATION *(Continued)*

Total non-current assets	31 December 2023	31 December 2022
China	4,926,134,145.36	5,337,664,834.77
North America	720,816,264.63	657,052,243.40
Europe	899,921,417.64	823,394,663.03
Other regions	336,556,092.58	363,873,255.75
	6,883,427,920.21	7,181,984,996.95

During 2023 and 2022, the revenue derived from a single customer did not exceed 10% of the Group's revenue.

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(1) The parent company

(a) General information of the parent company

	Place of registration	Nature of business
CIMC Group	Shenzhen, the PRC	Investment holding

The Company's ultimate controlling party is CIMC Group, incorporated in Shenzhen, the PRC.

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

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
CIMC Group	5,392,520,385.00	-	-	5,392,520,385.00

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(1) The parent company (Continued)

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

	31 December 2023		31 December 2022	
	Shareholding (%)	Voting rights (%)	Shareholding (%)	Voting rights (%)
CIMC Group	<u>56.78%</u>	<u>56.78%</u>	<u>56.09%</u>	<u>56.09%</u>

- (i) CIMC HK, a subsidiary of CIMC Group, purchased 27,052,600 H shares of the Company at an average price of HKD 5.20 per share from 20 December 2021 to 19 January 2023 through centralised price bidding and block trading from observable markets at a total amount of approximately HKD 140 million. The source of funds for the increased shares was CIMC HK's own funds. As at 31 December 2023, the proportion of equity interests in the Company held by CIMC HK to the total issued shares of the Company had increased to approximately 20.68% and the proportion of equity interests in the Company held by CIMC Group to the total issued shares of the Company had increased to approximately 56.78%.

(2) Subsidiaries

The general information and other related information of subsidiaries are set out in Note 6.

(3) Joint ventures and associates

The information of joint ventures and associates that have related party transactions with the Group are as follows:

Name of the entity	Relationship with the Group
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	Controlled by the parent company of the Company since 21 September 2023 when it was changed from an associate
Chengdu CIMC Industrial Park Investment and Development Co., Ltd. and its subsidiaries	Associates
CIMC Commercial Tires Inc.	Formerly an associate of the Group, de-registered in September 2023
Xinghuo Chelian	A subsidiary of the Group since February 2023, formerly a joint venture of the Group
Jiangsu Wanjing Technology Co., Ltd.	Joint ventures

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(4) Other related parties

Name of the entity	Relationship with the Group
CIMC HK	Controlled by the parent company of the Company
Yangzhou TongLee Reefer Container Co., Ltd.	Controlled by the parent company of the Company
CIMC Yiketong Parts Co., Ltd.	Controlled by the parent company of the Company
Taicang CIMC Reefer Logistics Equipment Co., Ltd.	Controlled by the parent company of the Company
Shenzhen CIMC Production City Development Group Co., Ltd. and its subsidiaries	Associate of the parent company
CIMC Capital Ltd. and its subsidiaries	Associate of the parent company
Nantong CIMC ECO New Material Development Co., Ltd.	Associate of the parent company
Shanghai CIMC Baowell Industries Co., Ltd.	Controlled by the parent company of the Company
Qingdao CIMC Chuangying Composite Material Technology Co., Ltd.	Controlled by the parent company of the Company
Qingdao Lida Chemical Co., Ltd.	Controlled by the parent company of the Company
Qianhai Ruiji Technology Co., Ltd.	Controlled by the parent company of the Company
Shenzhen CIMC Vehicle	Controlled by the parent company of the Company since 3 April 2023 when it was changed from a subsidiary
NYK Zhenhua Logistics (Tianjin) Co., Ltd.	Joint venture of the Company's parent company
Jiaxing CIMC New Material Technology Development Ltd. (Former name "Jiaxing CIMC Wood Co., Ltd.")	Controlled by the parent company of the Company
Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd.	Controlled by the parent company of the Company
Dalian CIMC Special Logistics Equipment Co., Ltd.	Controlled by the parent company of the Company
Finance Company	Controlled by the parent company of the Company
CIMC Enric Holdings Limited and its subsidiaries	Controlled by the parent company of the Company
CIMC Burg B.V. and its subsidiaries	Controlled by the parent company of the Company

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(4) Other related parties *(Continued)*

Name of the entity	Relationship with the Group
C&C Trucks Co., Limited and its subsidiaries	Controlled by the parent company of the Company
CIMC Transportation Equipment (International) Holdings Limited	Controlled by the parent company of the Company
Shenzhen Jijia Meiyu Apartment Management Co., Ltd.	Controlled by the parent company of the Company
CIMC Cold Chain Development Institution Co., Ltd.	Controlled by the parent company of the Company
CIMC Teshunda Supply Chain Services Co., Ltd.	Controlled by the parent company of the Company
CIMC Tianda Holdings Co., Ltd. and its subsidiaries	Controlled by the parent company of the Company
Guangdong CIMC Building Construction Co., Ltd.	Controlled by the parent company of the Company
Yangzhou Tailee Special Equipment Co., Ltd.	Controlled by the parent company of the Company
Taicang CIMC Special Logistics Equipment Co., Ltd.	Controlled by the parent company of the Company
Qingdao CIMC Container Manufacture Co., Ltd.	Controlled by the parent company of the Company
Qingdao CIMC Lengfang Technology Co., Ltd.	Controlled by the parent company of the Company
CIMC Intermodal Equilink (Shanghai) Supply Chain Management Co., Ltd.	Controlled by the parent company of the Company
Shenzhen Qianhai Tongchuang New Metal Materials Co., Ltd.	Controlled by the parent company of the Company
Qingdao CIMC Reefer Container Manufacture Co., Ltd.	Controlled by the parent company of the Company
CIMC Intermodal Equilink (Hong Kong) Limited	Controlled by the parent company of the Company
Oriental Post Logistics Technology (Jiangxi) Co., Ltd. (i)	The company in which the director of the Company serves
Putian Jierui Logistics Co., Ltd.	The company in which the director of the Company serves
Shandong Linglong Tire Co., Ltd.	The company in which the supervisor of the Company serves

(j) As the director of the Company ceased to be the director from 28 March 2022, Oriental Post Logistics Technology (Jiangxi) Co., Ltd. did not constitute a related party of the Group from 28 March 2023.

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FOR THE YEAR ENDED DECEMBER 31, 2023

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions

(a) Pricing policy

- (k) The price of the related party transactions of the Group in the ordinary course of business is determined according to the terms negotiated between the Group and related parties.

(b) Purchase of goods

	2023	2022
Shanghai CIMC Baowell Industries Co., Ltd.	245,882,305.95	159,422,719.11
Shandong Linglong Tire Co., Ltd.	170,271,319.65	197,969,839.33
Shenzhen Qianhai Tongchuang New Metal Materials Co., Ltd.	99,150,369.59	337,886.11
Qingdao CIMC Reefer Container Manufacture Co., Ltd.	58,006,646.31	10,912,273.94
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	39,873,251.80	247,367,766.37
Qingdao CIMC Container Manufacture Co., Ltd.	23,434,552.12	127,296,541.24
CIMC Enric Holdings Limited and its subsidiaries	13,302,413.25	21,321,915.77
Taicang CIMC Reefer Logistics Equipment Co., Ltd.	11,453,481.32	9,772,876.53
Qingdao CIMC Chuangying Composite Material Technology Co., Ltd.	8,031,178.58	6,072,914.04
Qingdao Lida Chemical Co., Ltd.	7,399,409.94	17,651,690.35
Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd.	7,323,850.12	11,420,812.30
Jiangsu Wanjing Technology Co., Ltd.	5,037,779.30	11,658,412.02
Dalian CIMC Special Logistics Equipment Co., Ltd.	3,854,867.26	13,106,548.67
Jiaxing CIMC New Material Technology Development Ltd.	2,917,007.37	549,704.62
CIMC Group	51,283.02	63,499,304.80
Taicang CIMC Special Logistics Equipment Co., Ltd.	—	169,293,644.34
Others	28,667,784.69	25,282,175.56
	724,657,500.27	1,092,937,025.10

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FOR THE YEAR ENDED DECEMBER 31, 2023

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(c) Purchase of services

	2023	2022
CIMC Teshunda Supply Chain Services Co., Ltd.	56,224,211.45	385,791,778.44
CIMC Group	6,483,203.30	6,746,724.57
Qingdao CIMC Lengfang Technology Co., Ltd.	6,194.69	2,929,902.75
Others	13,002,412.96	36,517,504.24
	75,716,022.40	431,985,910.00

(d) Sales of goods

	2023	2022
CIMC Enric Holdings Limited and its subsidiaries	160,184,471.93	164,135,362.57
Guangdong CIMC Building Construction Co., Ltd.	8,972,500.45	35,132,503.27
CIMC Intermodal Equilink (Hong Kong) Limited	5,348,250.83	–
Dalian CIMC Special Logistics Equipment Co., Ltd.	5,309,734.50	18,053,097.30
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	2,783,115.11	2,772,869.84
Yangzhou TongLee Reefer Container Co., Ltd.	130,672.57	2,481,694.69
CIMC Intermodal Equilink (Shanghai) Supply Chain Management Co., Ltd.	5,207.95	4,482,234.51
CIMC Yiketong Parts Co., Ltd.	–	3,660,796.46
Oriental Post Logistics Technology (Jiangxi) Co., Ltd.	–	3,138,884.98
Others	13,346,779.46	5,278,495.21
	196,080,732.80	239,135,938.83

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FOR THE YEAR ENDED DECEMBER 31, 2023

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5) Related party transactions *(Continued)*

(e) Rendering of services

	2023	2022
Putian Jierui Logistics Co., Ltd.	11,626,971.34	–
Shandong Linglong Tire Co., Ltd.	7,579,887.26	3,206,862.73
CIMC Enric Holdings Limited and its subsidiaries	954,085.18	2,282,408.35
Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd.	79,301.30	3,423,234.91
Others	<u>1,533,650.38</u>	<u>1,295,131.31</u>
	<u>21,773,895.46</u>	<u>10,207,637.30</u>

(f) Interest income

	2023	2022
Finance Company	<u>9,789,902.70</u>	<u>10,480,009.84</u>

(g) Interest costs and service charges

	2023	2022
Finance Company	<u>5,826,997.51</u>	<u>3,673,516.36</u>

(h) Borrowings from the related party

	2023	2022
Finance Company	<u>49,000,000.00</u>	<u>156,117,589.79</u>

(i) Repayment to the related party

	2023	2022
Finance Company	<u>68,555,866.21</u>	<u>15,611,759.02</u>

NOTES TO THE FINANCIAL STATEMENTS

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(j) Leases

Interest costs on lease liabilities in the current year with the Group as the lessee:

	2023	2022
Shenzhen Jijia Meiyu Apartment Management Co., Ltd.	–	1,397.63
CIMC Group	318,301.38	–
	318,301.38	1,397.63

The rental for short-term leases and low-value leases and related property management expenditures paid by the Group as the lessee in the current year:

	2023	2022
Shenzhen Jijia Meiyu Apartment Management Co., Ltd.	1,238,145.12	1,613,269.34
Xinghuo Chelian	–	590,021.01
Others	643,806.20	376,125.44
	1,881,951.32	2,579,415.79

Rental income obtained by the Group as the lessor in the current year:

	2023	2022
C&C Trucks Co., Limited and its subsidiaries	1,361,467.89	–
NYK Zhenhua Logistics (Tianjin) Co., Ltd.	–	1,302,599.49
Others	266,756.79	1,810,862.86
	1,628,224.68	3,113,462.35

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5) Related party transactions *(Continued)*

(k) Disposal of equity

	2023	2022
Disposal of equity in Shenzhen CIMC Vehicle to CIMC Group <i>(Note 5(2))</i>	1,316,998,649.72	—
Sales of equity in Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. to subsidiaries of CIMC Group <i>(Note 4(12)(b))</i>	22,286,900.00	—
	<u>1,339,285,549.72</u>	<u>—</u>

(l) Debts waived by the related party

	2023	2022
CIMC BURG B.V. and its subsidiaries	<u>—</u>	<u>20,894,688.06</u>

(m) Remuneration of key management

	2023	2022
Remuneration of key management	<u>15,903,398.41</u>	<u>16,871,813.17</u>

(6) Balances with related parties

(a) Notes receivables

	31 December 2023	31 December 2022
CIMC Enric Holdings Limited and its subsidiaries	<u>1,500,000.00</u>	<u>500,000.00</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(6) Balances with related parties *(Continued)*

(b) Receivables financing

	31 December 2023	31 December 2022
CIMC Enric Holdings Limited and its subsidiaries	948,486.00	16,377,252.42
CIMC Capital Ltd. and its subsidiaries	–	2,187,000.00
	948,486.00	18,564,252.42

(c) Accounts receivables

	31 December 2023	31 December 2022
CIMC Enric Holdings Limited and its subsidiaries	50,366,620.99	56,074,063.71
Shandong Linglong Tire Co., Ltd.	11,126,595.12	3,185,870.76
Putian Jierui Logistics Co., Ltd.	4,695,427.15	–
Guangdong CIMC Building Construction Co., Ltd.	975,955.33	11,885,774.57
C&C Trucks Co., Limited and its subsidiaries	273,342.55	33,342.55
Yangzhou Tailee Special Equipment Co., Ltd.	–	238,327.20
Oriental Post Logistics Technology (Jiangxi) Co., Ltd.	–	2,446,555.61
Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd.	–	1,888,422.52
CIMC Yiketong Parts Co., Ltd.	–	1,244,880.00
Others	3,858,703.08	2,922,519.37
	71,296,644.22	79,919,756.29

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(6) Balances with related parties *(Continued)*

(d) Other receivables

	31 December 2023	31 December 2022
CIMC Group <i>(i)</i>	527,423,741.96	–
Shenzhen CIMC Production City Development Group Co., Ltd. and its subsidiaries	16,552,122.00	16,552,122.00
C&C Trucks Co., Limited and its subsidiaries	4,000,000.00	5,016,000.00
CIMC Capital Ltd. and its subsidiaries	800,000.00	800,000.00
Chengdu CIMC Industrial Park Investment and Development Co., Ltd. and its subsidiaries	284,729.28	431,018.18
Jiangsu Wanjing Technology Co., Ltd.	1,603.38	526,914.90
Oriental Post Logistics Technology (Jiangxi) Co., Ltd.	–	20,000.00
Qingdao CIMC Container Manufacture Co., Ltd.	–	3,191,006.44
Others	3,165,859.99	2,947,383.47
	<u>552,228,056.61</u>	<u>29,484,444.99</u>

(i) Receivables from CIMC Group are mainly the final payment for equity transfer from disposals of Shenzhen CIMC Vehicle, amounting to RMB 526,799,459.98. According to the equity transfer agreement signed by both parties, such final payment will be charged before 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(6) Balances with related parties *(Continued)*

(e) Advances to suppliers

	31 December 2023	31 December 2022
C&C Trucks Co., Limited and its subsidiaries	2,053,008.49	1,984,824.84
Shenzhen CIMC Vehicle	2,000,000.00	–
CIMC Enric Holdings Limited and its subsidiaries	1,695,867.29	1,296,692.80
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	317,267.28	3,332,298.48
Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd.	–	3,986,901.66
Shandong Linglong Tire Co., Ltd.	–	424,257.99
Qingdao CIMC Container Manufacture Co., Ltd.	–	4,396,751.98
Others	77,003.12	290,960.20
	6,143,146.18	15,712,687.95

(f) Principal and interest of short-term borrowings

	31 December 2023	31 December 2022
Finance Company	49,021,434.72	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(6) Balances with related parties *(Continued)*

(g) Notes payables

	31 December 2023	31 December 2022
Shandong Linglong Tire Co., Ltd.	15,200,000.00	41,550,599.00
Shenzhen Qianhai Tongchuang New Metal Materials Co., Ltd.	9,960,000.00	–
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	4,340,516.26	21,796,001.83
Jiangsu Wanjing Technology Co., Ltd.	400,000.00	750,000.00
CIMC Enric Holdings Limited and its subsidiaries	300,000.00	1,301,225.00
Others	3,000,000.00	1,900,000.00
	33,200,516.26	67,297,825.83

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FOR THE YEAR ENDED DECEMBER 31, 2023

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Balances with related parties (Continued)

(h) Accounts payables

	31 December 2023	31 December 2022
Shenzhen CIMC Vehicle	54,912,208.21	–
Shandong Linglong Tire Co., Ltd.	38,623,305.57	19,383,502.85
Shanghai CIMC Baowell Industries Co., Ltd.	30,072,744.47	81,597,820.54
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	14,956,796.55	11,634,767.19
Shenzhen Qianhai Tongchuang New Metal Materials Co., Ltd.	9,151,471.59	15,885.21
CIMC Enric Holdings Limited and its subsidiaries	5,567,905.58	11,631,811.29
Nantong CIMC ECO New Material Development Co., Ltd.	3,841,101.81	19,092.00
Jiangsu Wanjing Technology Co., Ltd.	3,126,272.36	2,190,489.37
Qingdao Lida Chemical Co., Ltd.	1,699,594.56	3,417,273.33
CIMC Teshunda Supply Chain Services Co., Ltd.	1,008,862.67	38,392,185.82
C&C Trucks Co., Limited and its subsidiaries	49,613.86	49,613.86
CIMC Burg B.V. and its subsidiaries	–	761,617.01
Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd.	–	14,799.78
CIMC Cold Chain Development Institution Co., Ltd.	–	–
CIMC Group	–	47,202,855.08
Others	10,570,027.59	5,103,305.00
	173,579,904.82	221,415,018.33

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(6) Balances with related parties *(Continued)*

(i) Other payables

	31 December 2023	31 December 2022
CIMC HK	46,453,793.04	47,786,353.44
Chengdu CIMC Industrial Park Investment and Development Co., Ltd. and its subsidiaries	2,661,453.45	1,296,442.62
CIMC Tianda Holdings Co., Ltd. and its subsidiaries	279,350.90	953,803.60
Qianhai Ruiji Technology Co., Ltd.	209,742.70	1,130,840.05
C&C Trucks Co., Limited and its subsidiaries	35,714.61	1,500,000.00
CIMC Burg B.V. and its subsidiaries	–	21,792,443.84
CIMC Group	–	22,755.00
CIMC Transportation Equipment (International) Holdings Limited	–	16,234,511.98
Others	17,751,319.86	5,404,973.56
	67,391,374.56	96,122,124.09

(j) Contract liabilities

	31 December 2023	31 December 2022
Dalian CIMC Special Logistics Equipment Co., Ltd.	521,959.29	1,145,714.00
CIMC Enric Holdings Limited and its subsidiaries	362,831.86	1,043,601.48
Others	143,349.74	338,339.18
	1,028,140.89	2,527,654.66

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FOR THE YEAR ENDED DECEMBER 31, 2023

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(6) Balances with related parties *(Continued)*

(k) Cash at bank and on hand

	31 December 2023	31 December 2022
Finance Company	<u>668,552,586.10</u>	<u>688,137,233.68</u>

(l) Employee benefits payable

	31 December 2023	31 December 2022
Key management	<u>15,903,398.41</u>	<u>16,871,813.17</u>

(m) Principal and interest of long-term borrowings

	31 December 2023	31 December 2022
Finance Company	<u>72,048,821.71</u>	<u>140,700,397.70</u>

As at 31 December 2023, the balance of current portion of long-term borrowings in the abovementioned balance amounted to RMB 71,949,964.59 (31 December 2022: RMB 45,193,531.62).

On 26 April 2022, the Group entered into a *Framework Agreement for Financial Services of Loans* with Finance Company with a term of three years. The interest rate of loans from Finance Company is not higher than the interest rate of the Group's loans of the same type for the same period from other financial institutions in China under the same credit terms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(7) Benefits and interests of directors

(a) *Remuneration of directors, supervisors and senior management*

Remuneration of directors, supervisors and senior management for the year ended 31 December 2023 are as follows:

Name	Fees	Salary and allowance	Pension plan contribution	Bonus	Other allowances and benefits	Remuneration for other services in connection with the management of the Company or subsidiaries	Total
Directors -							
Mai Boliang <i>(ii)</i>	-	-	-	-	-	-	-
Li Guiping <i>(i)</i>	-	1,560,000.00	47,557.80	4,332,800.00	41,339.36	-	5,981,697.16
Wang Yu <i>(ii)</i>	-	-	-	-	-	-	-
Zeng Han <i>(ii)</i>	-	-	-	-	-	-	-
Cheng Hok Kai	200,000.00	-	-	-	-	-	200,000.00
Feng Jinhua	200,000.00	-	-	-	-	-	200,000.00
Fan Zhaoping	200,000.00	-	-	-	-	-	200,000.00
He Jin <i>(ii)</i>	-	-	-	-	-	-	-
Lin Qing	-	-	-	-	-	-	-
	<u>600,000.00</u>	<u>1,560,000.00</u>	<u>47,557.80</u>	<u>4,332,800.00</u>	<u>41,339.36</u>	<u>-</u>	<u>6,581,697.16</u>

(i) Mr. Li Guiping served as Executive Director, CEO and President.

(ii) Such directors are paid by the parent company CIMC Group.

In 2023, no director of the Group waived his/her remuneration.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(7) Benefits and interests of directors *(Continued)*

(a) *Remuneration of directors, supervisors and senior management (Continued)*

Remuneration of directors, supervisors and senior management for the year ended 31 December 2023 are as follows: *(Continued)*

Name	Fees	Salary and allowance	Pension plan contribution	Bonus	Other allowances and benefits	Remuneration for other services in connection with the management of the Company or subsidiaries	Total
Supervisors -							
Wang Jinghua <i>(i)</i>	-	-	-	-	-	-	-
Feng Baochun	-	-	-	-	-	-	-
Song Yanwen	-	182,256.00	27,000.00	39,000.00	41,300.00	-	289,556.00
	-	182,256.00	27,000.00	39,000.00	41,300.00	-	289,556.00

(i) Such supervisors are paid by the parent company CIMC Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(7) Benefits and interests of directors *(Continued)*

(a) Remuneration of directors, supervisors and senior management *(Continued)*

Remuneration of directors, supervisors and senior management for the year ended 31 December 2023 are as follows: (Continued)

Name	Fees	Salary and allowance	Pension plan contribution	Bonus	Other allowances and benefits	Remuneration for other services in connection with the management of the Company or subsidiaries	Total
Senior management -	-						
Li Xiaofu	-	792,363.97	47,557.80	1,459,600.00	41,339.36	-	2,340,861.13
Jiang Qiwen <i>(i)</i>	-	1,242,000.00	-	1,070,000.00	21,173.16	-	2,333,173.16
Wang Zhujiang	-	600,000.00	44,387.28	190,000.00	38,439.36	-	872,826.64
Zhan Rui	-	642,000.00	47,557.80	835,280.00	49,949.36	-	1,574,787.16
Mao Yi	-	822,000.00	47,557.80	999,600.00	41,339.36	-	1,910,497.16
	-	4,098,363.97	187,060.68	4,554,480.00	192,240.60	-	9,032,145.25

(i) The term of office of Mr. Jiang Qiwen as Executive Vice President expired on 31 December 2023. The Group will not continue to appoint him as Executive Vice President.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(7) Benefits and interests of directors (Continued)

(a) Remuneration of directors, supervisors and senior management (Continued)

Remuneration of directors, supervisors and senior management for the year ended 31 December 2022 are as follows:

Name	Fees	Salary and allowance	Pension plan contribution	Bonus	Other allowances and benefits	Remuneration for other services in connection with the management of the Company or subsidiaries	Total
Directors -							
Mai Boliang	-	-	-	-	-	-	-
Li Guiping	-	1,562,900.00	44,874.00	3,734,800.00	37,800.96	-	5,380,374.96
Wang Yu	-	-	-	-	-	-	-
Zeng Han	-	-	-	-	-	-	-
Huang Haicheng (i)	-	-	-	-	-	-	-
Chen Bo (i)	-	-	-	-	-	-	-
Cheng Hok Kai	200,000.00	-	-	-	-	-	200,000.00
Feng Jinhua	200,000.00	-	-	-	-	-	200,000.00
Fan Zhaoping	200,000.00	-	-	-	-	-	200,000.00
He Jin	-	-	-	-	-	-	-
Lin Qing (ii)	-	-	-	-	-	-	-
	<u>600,000.00</u>	<u>1,562,900.00</u>	<u>44,874.00</u>	<u>3,734,800.00</u>	<u>37,800.96</u>	<u>-</u>	<u>5,980,374.96</u>

(i) Mr. Chen Bo served as the director of the Company from 1 January 2022 to 28 March 2022. Mr. Huang Haicheng served as the director of the Company from 1 January 2022 to 7 September 2022.

(ii) Mr. He Jin has been appointed as the director of the Company since 31 May 2022. Ms. Lin Qing has been appointed as the director of the Company since 30 September 2022.

In 2022, no director of the Group waived his/her remuneration.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(7) Benefits and interests of directors (Continued)

(a) Remuneration of directors, supervisors and senior management (Continued)

Remuneration of directors, supervisors and senior management for the year ended 31 December 2022 are as follows: (Continued)

Name	Fees	Salary and allowance	Pension plan contribution	Bonus	Other allowances and benefits	Remuneration for other services in connection with the management of the Company or subsidiaries	Total
Supervisors -							
Wang Jinghua	-	-	-	-	-	-	-
Feng Baochun	-	-	-	-	-	-	-
Song Yanwen	-	179,156.00	27,000.00	58,800.00	15,840.00	-	280,796.00
	-	179,156.00	27,000.00	58,800.00	15,840.00	-	280,796.00

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(7) Benefits and interests of directors (Continued)

(a) Remuneration of directors, supervisors and senior management (Continued)

Remuneration of directors, supervisors and senior management for the year ended 31 December 2022 are as follows: (Continued)

Name	Fees	Salary and allowance	Pension plan contribution	Bonus	Other allowances and benefits	Remuneration for other services in connection with the management of the Company or subsidiaries	Total
Senior management -							
Li Zhimin (iii)	-	704,018.33	41,134.50	373,120.00	34,850.88	-	1,153,123.71
Sun Chun'an (iii)	-	43,939.72	2,493.00	11,305.56	2,166.72	-	59,905.00
Li Xiaofu	-	824,900.00	44,874.00	962,000.00	37,800.96	-	1,869,574.96
Jiang Qiwen	-	1,202,700.00	44,874.00	2,332,000.00	37,800.96	-	3,617,374.96
Wang Zhujiang (iv)	-	850,283.33	42,381.00	472,222.22	35,834.24	-	1,400,720.79
Zhan Rui	-	653,790.00	44,874.00	380,640.00	37,800.96	-	1,117,104.96
Mao Yi (iv)	-	774,778.15	42,381.00	539,844.44	35,834.24	-	1,392,837.83
	-	5,054,409.53	263,011.50	5,071,132.22	222,088.96	-	10,610,642.21

(iii) Ms. Li Zhimin served as the senior management of the Company from 1 January 2022 to 1 December 2022. Mr. Sun Chun'an served as the senior management of the Company from 1 January 2022 to 21 January 2022.

(iv) Ms. Mao Yi has been appointed as the senior management of the Company since 21 January 2022. Mr. Wang Zhujiang has been appointed as the senior management of the Company since 21 January 2022.

Other allowances and benefits mainly include housing funds, pensions and medical insurance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(7) Benefits and interests of directors *(Continued)*

(b) Directors' retirement benefits

In 2023, the Group had no retirement benefits (2022: Nil).

(c) Directors' termination benefits

In 2023, the Group did not terminate the appointment of any directors in advance, therefore, there was no compensation for early termination (2022: Nil).

(d) Consideration paid to 3rd parties in return for director services

In 2023, the Company paid no consideration to any 3rd parties in return for director services (2022: Nil).

(e) Loans, quasi-loans and other transactions provided to the directors, the legal persons controlled by the directors, and associated persons of the directors

As at 31 December 2023, the Company provided no loans, quasi-loans and guarantees to the directors, the legal persons controlled by the directors, and associated persons of the directors (31 December 2022: Nil).

(f) Substantial interests of directors in transactions, arrangements or contracts

In 2023, the Company did not sign any important transactions, arrangements or contracts related to the Group's business within which the directors of the Company directly or indirectly had substantial interests (2022: Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(8) The five individuals whose remunerations are the highest

The five individuals whose remunerations were the highest in the Group for 2023 included one director (2022: one) whose remunerations are reflected in the Note 8(7). The total remunerations of the remaining four individuals (2022: four) are as follows:

	2023	2022
Basic salary, housing subsidy and other subsidies	8,705,150.35	7,908,033.67
Bonus	29,511,075.97	14,790,896.04
Pension plan contribution	223,978.30	157,864.32
Sign-on bonus	–	–
Severance package	–	–
	<u>38,440,204.62</u>	<u>22,856,794.03</u>

	Number of individuals	
	2023	2022
Remuneration range:		
HKD 4,000,001-HKD 4,500,000	–	1
HKD 5,000,001-HKD 5,500,000	–	1
HKD 6,000,001-HKD 6,500,000	2	–
HKD 6,500,001-HKD 7,000,000	1	–
HKD 7,500,001-HKD 8,000,000	–	1
HKD 9,000,001-HKD 9,500,000	–	1
HKD 23,000,001-HKD 23,500,000	1	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

9 CONTINGENCIES

(1) External guarantees provided

The Group works with Finance Company, Hui Shang Bank, Sinotruk Auto Finance Co. Ltd., Industrial Bank, etc to carry out credit business for vehicle buyers and has entered into loan guarantee contracts to provide banks with credit guarantee for the dealers and customers of the Group and its controlled subsidiaries in respect of banking facilities granted to purchase vehicles. As at 31 December 2023, the loans of the above dealers and customers guaranteed by the Group amounted to RMB 808,094,361.49.

The bank borrowings of the subsidiaries of the Group are guaranteed by the Company. As at 31 December 2023, the principal of borrowings guaranteed amounted to RMB 100,000,000.00, and the interest amounted to RMB 155,500.68.

The bank acceptance notes and performance guarantees of the subsidiaries of the Company are guaranteed by the Company. As at 31 December 2023, the balance of the guarantees amounted to RMB 97,565,672.95.

(2) EAPA investigation

On 24 July 2023, CIMC Intermodal Equipment, LLC (“CIE”), a subsidiary of the Group, received a notice of investigation from U.S. Customs and Border Protection (“CBP”). Since 24 April 2023, CBP has launched an investigation under the *Enforce and Protect Act* into CIE’s importation of skeleton vehicles and components from China through another wholly-owned subsidiary of the Group in Thailand. The Group has responded to the investigation and concluded that the current business model of CIE does not violate anti-dumping duties, countervailing duties and relevant provisions of the *Enforce and Protect Act*. CBP has not yet announced the relevant findings. According to the notice received from CBP by the Group, the publication date of the findings has been extended to 18 April 2024. As at the issuance date of these financial statements, the relevant investigation was still in progress, and the Group was unable to judge the final determination and estimate the financial impact reliably. The Group will continue to closely monitor the subsequent progress of the matter.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

9 CONTINGENCIES (Continued)

(3) Litigation

As at 31 December 2023, there was an outstanding litigation case involving sludge tipper products in CIMC-SHAC (Xi'an) Special Vehicle Co., Ltd. ("CIMC-SHAC"), a subsidiary of the Group. Shaanxi Transportation Group (Xi'an) Shunfeng Construction Engineering Co., Ltd. sued two dealers of CIMC-SHAC and CIMC-SHAC, as the 1st and the 2nd defendants of the case respectively, for the purchase of sludge tipper products that did not match the product data advertised and published by the Company, and claimed compensation for their economic losses of approximately RMB 69.71 million and all litigation expenses incurred in the case. The litigation in this case was still pending as at the issuance date of these financial statements. Based on the reasonable assessment of the information currently available, including the opinions of the relevant lawyers, the Group believes that the litigation will not have a significant impact on the financial position and financial performance of the Group.

In addition to the above investigation and litigation, the Group has a number of other non-significant litigation cases that are pending. The Group, after consulting relevant lawyers or assessing their opinions, believes that such cases are not expected to have a significant impact on the financial position and financial performance of the Group.

10 COMMITMENTS

(1) Capital commitments

(a) *Capital expenditures contracted for but are not yet necessary to be recognised on the balance sheet*

	31 December 2023	31 December 2022
Investment contracts that have been signed but not fulfilled or not absolutely fulfilled ⁽ⁱ⁾	5,000,000.00	45,350,000.00
Purchase and construction contracts that have been signed but not fulfilled or not absolutely fulfilled	<u>8,844,909.82</u>	<u>24,731,186.70</u>
	<u>13,844,909.82</u>	<u>70,081,186.70</u>

(i) The Company participated in the establishment of Mortiseon Smart Technology Co., Ltd., with a subscribed capital contribution of RMB 5,000,000.00, which would be fully paid within 45 days after the partnership issues the *Notice of Contribution*.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

11 EVENTS AFTER THE BALANCE SHEET DATE

On 27 November 2023, the Company held the 9th meeting of the Second Board of Directors for 2023, agreeing on a potential proposal to repurchase all issued H shares (except those held by CIMC Group and its persons acting in concert) in the share capital issued by the Company, and approving relevant plan and preliminary preparation. On 11 March 2024, the Company held the 2nd meeting of the Second Board of Directors for 2024, reviewing and approving the *Proposal on the Offer of Repurchase of H Shares and the Withdrawal and Reduction of the Registered Capital of the Company* and other matters, agreeing to repurchase 146,729,400 H Shares issued (except those held by CIMC Group and its persons acting in concert). The offer price for repurchase of H shares is HKD 7.5 per share. The total amount of the offer for repurchase of H shares is approximately HKD 1,100,470,500. The source of funding is the internal cash resources of the Company. If the offer for repurchase of H shares becomes unconditional in all respects, the H shares repurchased will be cancelled, the registered capital of the Company will be reduced accordingly, and the Company will apply to the Stock Exchange of Hong Kong Limited for the delisting of H shares.

12 OPERATING LEASE PROCEEDS AFTER THE BALANCE SHEET DATE

As the lessor, the Group's undiscounted lease proceeds receivable after the balance sheet date are as follows:

	31 December 2023	31 December 2022
Within 1 year	170,808,260.34	191,780,239.10
1 to 2 years	165,800,098.56	191,965,549.58
2 to 3 years	158,618,912.37	198,452,000.30
3 to 4 years	154,993,849.08	9,754,431.78
4 to 5 years	152,936,028.18	6,872,207.21
Over 5 years	19,324,266.72	23,412,654.42
	<u>822,481,415.25</u>	<u>622,237,082.39</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

13 FINANCIAL INSTRUMENTS AND RISKS

The Group's activities expose it to a variety of financial risks: market risk (primarily including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group has made risk management policies to identify and analyse the risks it is exposed to and set appropriate risk resistant level and design relevant internal control procedures to monitor the Group's risk level. The Group reviews regularly these risk management policies and relevant internal control to adapt to changes in market condition or its operating activities.

(1) Market risk

(a) Foreign exchange risk

The Group's operational activities are carried out in the Chinese mainland and overseas. A majority of the transactions are denominated in RMB and USD. The Group is exposed to foreign exchange risk arising from the recognised assets and liabilities, and future transactions denominated in foreign currencies, primarily with respect to USD, EUR and HKD. The Group continuously monitors the amount of assets and liabilities, and transactions denominated in foreign currencies to minimise the foreign exchange risk. Therefore, the Group considers entering into forward exchange contracts or currency swap contracts to mitigate the foreign exchange risk (Note 4(3)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

13 FINANCIAL INSTRUMENTS AND RISKS (Continued)

(1) Market risk (Continued)

(a) Foreign exchange risk (Continued)

The financial assets and financial liabilities denominated in foreign currencies, which are held by the subsidiaries of the Group, whose recording currency is RMB, are expressed in RMB as at 31 December 2023 and 31 December 2022 as follows:

	31 December 2023					Total
	USD	EUR	HKD	JPY	Others	
Financial assets denominated in foreign currency						
Cash at bank and on hand	29,841,959.54	2,493,109.97	947,564.38	-	4.79	33,282,638.68
Accounts receivables	409,332,368.82	11,671,835.59	-	4,422,435.03	14,788,253.85	440,214,893.29
Other receivables	5,505,751.12	-	26,172.54	-	-	5,531,923.66
Derivative financial assets	3,401,635.23	-	-	-	-	3,401,635.23
	<u>448,081,714.71</u>	<u>14,164,945.56</u>	<u>973,736.92</u>	<u>4,422,435.03</u>	<u>14,788,258.64</u>	<u>482,431,090.86</u>
Financial liabilities denominated in foreign currency						
Short-term borrowings	-	-	-	-	-	-
Accounts payables	8,320,836.91	3,333,370.84	1,687.92	37,907.67	2,339,441.11	14,033,244.45
Other payables	42,060,412.97	1,211,150.54	4,625,697.21	-	-	47,897,260.72
Derivative financial liabilities	41,836.74	-	-	-	-	41,836.74
	<u>50,423,086.62</u>	<u>4,544,521.38</u>	<u>4,627,385.13</u>	<u>37,907.67</u>	<u>2,339,441.11</u>	<u>61,972,341.91</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

13 FINANCIAL INSTRUMENTS AND RISKS (Continued)

(1) Market risk (Continued)

(a) Foreign exchange risk (Continued)

	31 December 2022					Total
	USD	EUR	HKD	JPY	Others	
Financial assets						
denominated						
in foreign currency						
Cash at bank and on						
hand	45,393,525.86	782,546.38	11,693.89	13,613.18	872,367.89	47,073,747.20
Accounts receivables	419,078,902.82	8,484,496.09	58,955.82	699,544.77	4,495,964.79	432,817,864.29
Other receivables	4,196,753.81	-	26,172.54	-	-	4,222,926.35
Derivative financial						
assets	5,684,728.43	-	-	-	-	5,684,728.43
	<u>474,353,910.92</u>	<u>9,267,042.47</u>	<u>96,822.25</u>	<u>713,157.95</u>	<u>5,368,332.68</u>	<u>489,799,266.27</u>
Financial liabilities						
denominated in foreign						
currency						
Short-term borrowings	119,414,625.50	-	-	-	-	119,414,625.50
Accounts payables	29,061,759.52	2,230,383.95	200,648.21	39,719.55	1,412,528.89	32,945,040.12
Other payables	46,908,370.97	22,205,471.89	-	-	48,116.11	69,161,958.97
Derivative financial						
liabilities	5,683,205.67	-	-	-	-	5,683,205.67
	<u>201,067,961.66</u>	<u>24,435,855.84</u>	<u>200,648.21</u>	<u>39,719.55</u>	<u>1,460,645.00</u>	<u>227,204,830.26</u>

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

13 FINANCIAL INSTRUMENTS AND RISKS (Continued)

(1) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Sensitivity analysis

As at 31 December 2023 and 31 December 2022, if the RMB had strengthened/weakened against the USD and JPY due to the change in exchange rate while all other variables other than exchange rate had been held constant, the shareholders' equity and net profit of the Group would have increased/(decreased) and if the RMB had weakened/strengthened against the EUR and HKD due to the change in exchange rate while all other variables other than exchange rate had been held constant, the shareholders' equity and net profit of the Group would have increased/(decreased) as follows. The effect is presented in RMB using the spot exchange rates on the balance sheet date.

	31 December 2023	31 December 2022
RMB against USD		
Strengthened by 2.50%	(2,279,120.79)	(4,837,208.00)
Weakened by 2.50%	2,279,120.79	4,837,208.00
RMB against EUR		
Strengthened by 2.50%	(180,382.95)	284,415.25
Weakened by 2.50%	180,382.95	(284,415.25)
RMB against HKD		
Strengthened by 2.50%	68,505.90	1,946.74
Weakened by 2.50%	(68,505.90)	(1,946.74)
RMB against JPY		
Strengthened by 2.50%	(82,209.89)	(12,626.97)
Weakened by 2.50%	82,209.89	12,626.97

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

13 FINANCIAL INSTRUMENTS AND RISKS (Continued)

(1) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Sensitivity analysis (Continued)

The financial assets and financial liabilities denominated in foreign currencies, which are held by the subsidiaries of the Group, whose recording currency is USD, are expressed in RMB as at 31 December 2023 and 31 December 2022 as follows:

	31 December 2023				
	RMB	GBP	HKD	EUR	Total
Financial assets denominated in foreign currency					
Cash at bank and on hand	<u>1,532,443.46</u>	<u>2,107,237.80</u>	<u>14,507.97</u>	<u>222,853.18</u>	<u>3,877,042.41</u>
Financial liabilities denominated in foreign currency					
Short-term borrowings	-	20,329,875.00	-	20,828,205.00	41,158,080.00
Other payables	-	-	-	-	-
	<u>-</u>	<u>20,329,875.00</u>	<u>-</u>	<u>20,828,205.00</u>	<u>41,158,080.00</u>
	31 December 2022				
	RMB	GBP	HKD	EUR	Total
Financial assets denominated in foreign currency					
Cash at bank and on hand	<u>13,684.60</u>	<u>2,422,822.00</u>	<u>37,810.26</u>	<u>15,682,747.20</u>	<u>18,157,064.06</u>
Financial liabilities denominated in foreign currency					
Short-term borrowings	-	60,437,520.03	-	19,670,685.03	80,108,205.06
Other payables	<u>594,196.97</u>	-	<u>32,146.99</u>	-	<u>626,343.96</u>
	<u>594,196.97</u>	<u>60,437,520.03</u>	<u>32,146.99</u>	<u>19,670,685.03</u>	<u>80,734,549.02</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

13 FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

(1) Market risk *(Continued)*

(a) Foreign exchange risk *(Continued)*

Sensitivity analysis (Continued)

As at 31 December 2023 and 31 December 2022, if the USD had strengthened/weakened against the RMB, GBP, HKD and EUR due to the change in exchange rate while all other variables other than exchange rate had been held constant, the shareholders' equity and net profit of the Group would have increased/(decreased) as follows. The effect is presented in RMB using the spot exchange rates on the balance sheet date.

	31 December 2023	31 December 2022
USD against RMB		
Strengthened by 2.50%	(28,733.31)	10,884.61
Weakened by 2.50%	28,733.31	(10,884.61)
USD against GBP		
Strengthened by 2.50%	341,674.45	1,087,775.59
Weakened by 2.50%	(341,674.45)	(1,087,775.59)
USD against HKD		
Strengthened by 2.50%	(272.02)	(106.19)
Weakened by 2.50%	272.02	106.19
USD against EUR		
Strengthened by 2.50%	386,350.35	74,773.83
Weakened by 2.50%	(386,350.35)	(74,773.83)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

13 FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

(1) Market risk *(Continued)*

(b) Interest rate risk

The Group's interest rate risk arises from long-term interest bearing borrowings including long-term bank borrowings. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. GBP-denominated with floating rates, amounting to RMB 20,329,875.00 (31 December 2022: RMB 60,437,520.00), GBP-denominated with floating rates linked to SONIA, amounting to RMB 0 (31 December 2022: RMB 32,736,990.00) and EUR-denominated with floating rates linked to EURIBOR, amounting to RMB 20,828,205.00 (31 December 2022: RMB 19,670,685.00). As at 31 December 2023, the Group's long-term interest bearing borrowings were mainly RMB-denominated with floating rates, amounting to RMB 401,636,650.61 (31 December 2022: RMB 413,605,830.82) (Note 4(29), Note 4(31)).

The Group continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new borrowing and the interest costs with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial performance. The Group makes adjustments timely with reference to the latest market conditions and may enter into interest rate swap agreements to mitigate its exposure to interest rate risk. During 2023 and 2022, the Group did not enter into any interest rate swap agreements.

As at 31 December 2023, if interest rates on the floating rate borrowings had risen/fallen by 50 basis points while all other variables had been held constant, the Group's net profit would have been approximately RMB 1,803,180.24 (31 December 2022: RMB 2,120,562.45) lower/higher respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

13 FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

(2) Credit risk

The Group's credit risk mainly arises from cash at bank and on hand, notes receivables, accounts receivables, receivables financing, other receivables, financial guarantee contracts, etc., and derivative financial assets that are not included in the impairment assessment scope. As at the balance sheet date, the carrying amount of the Group's financial assets represented the maximum exposure of the Group; and the maximum credit risk exposures off the balance sheet to the above financial guarantee obligations are disclosed in Note 13(3).

The Group expects that there is no significant credit risk associated with cashes except those on hand since they are mainly deposited at financial institutions with good credit, and the Group does not expect that there will be any significant losses from non-performance by these counterparties.

In addition, financial guarantees and loan commitments may expose the Group to credit risks from the default of counterparties. The Group has established strict application and approval requirements on financial guarantees and loan commitments, considering information including internal and external credit ratings, and continuously monitors the credit exposure and changes in credit ratings of counterparties and other relevant information, to ensure the overall credit risk of the Group is manageable.

In addition, the Group has policies to limit the credit exposure on notes receivables, accounts receivables, receivables financing and other receivables. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from 3rd 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 chase settlement by using written payment reminders, or shorten/cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

As at 31 December 2023, the Group had no significant collateral and other credit enhancements held as a result of the debtor's mortgage (31 December 2022: Nil).

(3) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. The Group monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

13 FINANCIAL INSTRUMENTS AND RISKS (Continued)

(3) Liquidity risk (Continued)

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

	31 December 2023				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	179,829,063.17	-	-	-	179,829,063.17
Derivative financial liabilities	41,836.74	-	-	-	41,836.74
Notes payables	860,905,021.75	-	-	-	860,905,021.75
Accounts payables	3,335,563,804.55	-	-	-	3,335,563,804.55
Other payables	655,505,765.62	-	-	-	655,505,765.62
Long-term borrowings	210,389,081.83	213,451,496.12	41,644,950.90	-	465,485,528.85
Lease liabilities	65,764,410.70	56,830,278.50	104,370,852.97	69,572,748.55	296,538,290.72
	<u>5,307,998,984.36</u>	<u>270,281,774.62</u>	<u>146,015,803.87</u>	<u>69,572,748.55</u>	<u>5,793,869,311.40</u>
	31 December 2022				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	469,500,056.84	-	-	-	469,500,056.84
Derivative financial liabilities	5,683,205.67	-	-	-	5,683,205.67
Notes payables	809,432,692.20	-	-	-	809,432,692.20
Accounts payables	3,740,535,444.53	-	-	-	3,740,535,444.53
Other payables	846,851,930.79	-	-	-	846,851,930.79
Long-term borrowings	85,226,505.47	226,903,365.27	132,973,333.33	-	445,103,204.07
Lease liabilities	46,057,317.02	41,458,356.96	90,125,339.65	80,642,992.44	258,284,006.07
	<u>6,003,287,152.52</u>	<u>268,361,722.23</u>	<u>223,098,672.98</u>	<u>80,642,992.44</u>	<u>6,575,390,540.17</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

13 FINANCIAL INSTRUMENTS AND RISKS (Continued)

(3) Liquidity risk (Continued)

- (i) As at the balance sheet date, the Group's financial guarantees provided to external parties are analysed below based on the maximum amounts and the earliest periods in which the guarantees could be called:

	31 December 2023				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Financial guarantees	<u>496,692,753.10</u>	<u>228,513,332.79</u>	<u>82,888,275.60</u>	<u>-</u>	<u>808,094,361.49</u>

	31 December 2022				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Financial guarantees	<u>588,592,169.31</u>	<u>1,138,441,623.45</u>	<u>259,032,177.47</u>	<u>-</u>	<u>1,986,065,970.23</u>

- (ii) Bank borrowings and other borrowings are analysed by repayment terms as follows:

	31 December 2023		31 December 2022	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Within 1 year	<u>277,576,505.13</u>	<u>121,070,256.31</u>	506,613,211.46	46,608,916.58
1 to 2 years (inclusive)	<u>202,765,474.76</u>	-	124,423,133.33	102,480,231.94
2 to 5 years (inclusive)	<u>38,043,147.77</u>	-	132,973,333.34	-
	<u>518,385,127.66</u>	<u>121,070,256.31</u>	<u>764,009,678.13</u>	<u>149,089,148.52</u>

14 FAIR VALUE ESTIMATES

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

14 FAIR VALUE ESTIMATES (Continued)

(1) Assets and liabilities measured at fair value on a recurring basis

As at 31 December 2023, the assets measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets held for trading –				
Investment in listed entity	-	-	-	-
Other non-current financial assets –				
Investment in unlisted entity	-	-	10,786,384.58	10,786,384.58
Derivative financial assets –				
Forward exchange contracts	-	4,052,573.06	-	4,052,573.06
Receivables financing –				
Notes receivables	-	-	236,715,903.76	236,715,903.76
Total financial assets	-	4,052,573.06	247,502,288.34	251,554,861.40
Non-financial assets				
Investment properties	-	-	390,311,689.15	390,311,689.15
Total	-	4,052,573.06	637,813,977.49	641,866,550.55

As at 31 December 2023, the liabilities measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Derivative financial liabilities –				
Forward exchange contracts	-	41,836.74	-	41,836.74

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

14 FAIR VALUE ESTIMATES (Continued)

(1) Assets and liabilities measured at fair value on a recurring basis (Continued)

As at 31 December 2022, the assets measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets held for trading –				
Investment in listed entity	22,209,407.79	–	–	22,209,407.79
Other non-current financial assets –				
Investment in unlisted entity	–	–	10,786,384.58	10,786,384.58
Derivative financial assets –				
Forward exchange contracts	–	6,161,436.00	–	6,161,436.00
Receivables financing –				
Notes receivables	–	–	258,818,435.64	258,818,435.64
Total financial assets	<u>22,209,407.79</u>	<u>6,161,436.00</u>	<u>269,604,820.22</u>	<u>297,975,664.01</u>
Non-financial assets				
Investment properties	–	–	405,746,795.38	405,746,795.38
Total	<u>22,209,407.79</u>	<u>6,161,436.00</u>	<u>675,351,615.60</u>	<u>703,722,459.39</u>

As at 31 December 2022, the liabilities measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Derivative financial liabilities –				
Forward exchange contracts	–	5,683,205.67	–	5,683,205.67

NOTES TO THE FINANCIAL STATEMENTS

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

14 FAIR VALUE ESTIMATES *(Continued)*

(1) Assets and liabilities measured at fair value on a recurring basis *(Continued)*

The Group takes the date on which events causing the transfers between the levels take place as the timing specific for recognising the transfers. There was no transfer between Level 1 and Level 2 for the current year.

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation techniques or the latest financing price.

In addition to considering the assessment of management, the Group entrusts external valuers to evaluate the fair value of investment properties. The methods primarily comprise rental income model. The inputs mainly include rate of return/capitalisation rate, monthly rental, etc.

As receivables financing are not traded in an active market, the fair value is determined using discounted cash flow analysis.

NOTES TO THE FINANCIAL STATEMENTS

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

14 FAIR VALUE ESTIMATES *(Continued)*

(1) Assets and liabilities measured at fair value on a recurring basis *(Continued)*

The changes in Level 3 financial assets are analysed below:

	Other non-current financial assets – Investment in unlisted entity
1 January 2023	10,786,384.58
Gains arising from changes in fair value	–
Disposals in the current year	–
Currency translation differences	–
31 December 2023	<u>10,786,384.58</u>
Changes in unrealised gains or losses included in profit or loss for the current year with respect to assets still held as at 31 December 2023	<u>–</u>
	Other non-current financial assets – Investment in unlisted entity
1 January 2022	–
Gains arising from changes in fair value	2,781,084.58
Purchases in the current year	8,005,300.00
Currency translation differences	–
31 December 2022	<u>10,786,384.58</u>
Changes in unrealised gains or losses included in profit or loss for the current year with respect to assets still held as at 31 December 2022	<u>2,781,084.58</u>

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FOR THE YEAR ENDED DECEMBER 31, 2023

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

14 FAIR VALUE ESTIMATES (Continued)

(1) Assets and liabilities measured at fair value on a recurring basis (Continued)

The changes in Level 3 non-financial assets are analysed below:

	Investment properties
1 January 2023	405,746,795.38
Transfer from fixed assets	2,068,143.71
Gains arising from changes in fair value	(17,619,000.83)
Currency translation differences	115,750.89
31 December 2023	<u>390,311,689.15</u>
Changes in unrealised gains or losses included in profit or loss for the current year with respect to assets still held as at 31 December 2023	<u>(17,619,000.83)</u>
	Investment properties
1 January 2022	393,130,062.84
Gains arising from changes in fair value	9,956,174.98
Transfer from fixed assets	2,698,870.49
Currency translation differences	(38,312.93)
31 December 2022	<u>405,746,795.38</u>
Changes in unrealised gains or losses included in profit or loss for the current year with respect to assets still held as at 31 December 2022	<u>9,956,174.98</u>

The Group's finance department is responsible for the valuation of assets, and at the same time external independent valuers are entrusted to evaluate the fair value of the Group's investment properties. The above valuation results are independently verified and accounted for by the finance department of the Group, and disclosure information in relation to fair value is prepared based on the verified valuation results.

NOTES TO THE FINANCIAL STATEMENTS

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

14 FAIR VALUE ESTIMATES (Continued)

(1) Assets and liabilities measured at fair value on a recurring basis (Continued)

Information about the Level 3 fair value measurements is as follows:

	Fair value as at 31 December 2023	Valuation technique	Name	Inputs			Observable/ Unobservable
				Scope/ Weighted average	Relationship with fair value		
Investment properties – Completed investment properties	- 384,837,122.15	- Income approach	- Rate of return/ Capitalisation rate	- 5%-11.89%	- (a)	- Unobservable	
Land use rights	5,474,567.00	Direct comparison approach	Market quotes (RMB/m ²)	3-72 150-600	(a)	Unobservable	

	Fair value as at 31 December 2022	Valuation technique	Name	Inputs			Observable/ Unobservable
				Scope/ weighted average	Relationship with fair value		
Investment properties – Completed investment properties	- 400,244,313.77	- Income approach	- Rate of return/ Capitalisation rate	- 2.46%-12.12%	- (a)	- Unobservable	
Land use rights	5,502,481.61	Direct comparison approach	Market quotes (RMB/m ²)	13-263 150-690	(a)	Unobservable	

(a) Relationship between unobservable inputs and fair value:

- The higher is rate of return/capitalisation rate, the lower is the fair value;
- The higher is the market quotes/monthly rental, the higher is the fair value.

NOTES TO THE FINANCIAL STATEMENTS

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

14 FAIR VALUE ESTIMATES *(Continued)*

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

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

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

15 CAPITAL MANAGEMENT

The Group's capital management policies aim to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Group's total capital is calculated as 'shareholders' equity' as shown in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements, and monitors capital on the basis of debt-to-asset ratio.

As at 31 December 2023 and 31 December 2022, the Group's debt-to-asset ratio is as follows:

	31 December 2023	31 December 2022
Total liabilities	8,390,734,423.03	8,856,749,164.71
Total assets	<u>23,837,827,879.91</u>	<u>22,217,230,064.00</u>
Debt-to-asset ratio	<u>35.20%</u>	<u>39.86%</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

(1) Accounts receivables

	31 December 2023	31 December 2022
Accounts receivables	298,161,915.14	286,776,333.05
Less: Provision for bad debts	<u>(8,888,537.45)</u>	<u>(7,523,327.81)</u>
	<u>289,273,377.69</u>	<u>279,253,005.24</u>

(a) *The ageing of accounts receivables based on their recording dates is analysed as follows:*

	31 December 2023	31 December 2022
Within 1 year (inclusive)	277,374,402.89	271,407,682.59
1 to 2 years (inclusive)	9,989,789.21	12,644,998.08
2 to 3 years (inclusive)	9,329,292.76	1,930,105.10
Over 3 years	<u>1,468,430.28</u>	<u>793,547.28</u>
	<u>298,161,915.14</u>	<u>286,776,333.05</u>

(b) *As at 31 December 2023, the five largest accounts receivables aggregated by debtors are summarised and analysed as follows:*

	Balance	Provision for bad debts	% of total balance
Total balance of the five largest accounts receivables	<u>192,052,557.23</u>	<u>—</u>	<u>64.41%</u>

(c) *In 2023 and 2022, the Company had no accounts receivables derecognised due to transfer of financial assets.*

(d) *Provision for bad debts*

For the accounts receivables, the Company recognises the lifetime ECL regardless of whether there exists a significant financing component.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(1) Accounts receivables (Continued)

(d) Provision for bad debts (Continued)

- (i) Provision for bad debts made on a collective basis for accounts receivables is analysed as follows:

	31 December 2023		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rates	Amount
Not overdue	261,221,188.27	–	–
Overdue within 1 year	24,448,757.36	5.00%	1,222,437.88
Overdue 1 to 2 years	6,894,099.94	30.00%	2,068,229.99
Overdue 2 to 3 years	4,129,439.29	100.00%	4,129,439.30
Overdue over 3 years	1,468,430.28	100.00%	1,468,430.28
	<u>298,161,915.14</u>		<u>8,888,537.45</u>

	31 December 2022		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rates	Amount
Not overdue	251,284,162.99	–	–
Overdue within 1 year	20,123,519.60	5.00%	1,006,175.99
Overdue 1 to 2 years	12,644,998.08	30.00%	3,793,499.44
Overdue 2 to 3 years	1,930,105.10	100.00%	1,930,105.10
Overdue over 3 years	793,547.28	100.00%	793,547.28
	<u>286,776,333.05</u>		<u>7,523,327.81</u>

- (ii) The provision for bad debts in 2023 amounted to RMB 4,586,929.47 (2022: RMB 3,878,287.56), of which RMB 3,221,719.83 (2022: RMB 2,326,580.14) was collected or reversed. In 2023 and 2022, the Company had no significant accounts receivables collected or reversed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(1) **Accounts receivables** (Continued)

(e) *No accounts receivables were written off in the current year.*

(f) *As at 31 December 2023 and 31 December 2022, the Company did not have accounts receivables pledged.*

(2) **Other receivables**

	31 December 2023	31 December 2022
Receivables from related parties	943,186,039.85	562,009,236.95
Dividends receivable	254,031,082.41	480,967,332.41
Deposits and guarantees	891,141.38	947,672.48
Receivables from staff	1,998,405.04	808,112.76
Others	202,137.43	248,273.40
	1,200,308,806.11	1,044,980,628.00
Less: Provision for bad debts	—	—
	1,200,308,806.11	1,044,980,628.00

The Company does not have amounts that are attributed to other parties and presented as other receivables due to centralised fund management.

(a) *The ageing of other receivables is analysed as follows:*

	31 December 2023	31 December 2022
Within 1 year (inclusive)	663,675,977.99	468,105,132.65
1 to 2 years (inclusive)	153,404,877.06	268,640,389.85
2 to 3 years (inclusive)	223,434,959.90	209,331,097.57
Over 3 years	159,792,991.16	98,904,007.93
	1,200,308,806.11	1,044,980,628.00

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(2) Other receivables (Continued)

(b) Movements in loss provision and book balance

	Stage 1			Stage 3			Total
	12-month ECL (group)	12-month ECL (individual)	Sub-total	Lifetime ECL (credit impaired)			
	Provision for bad debts	Provision for bad debts	Provision for bad debts	Provision for bad debts	Provision for bad debts	Provision for bad debts	
	Book balance	Book balance		Book balance			
31 December 2022	1,044,980,628.00	-	-	-	-	-	-
Increase in the current year	764,133,465.00	-	-	-	-	-	-
Decrease in the current year	(608,805,286.89)	-	-	-	-	-	-
31 December 2023	1,200,308,806.11	-	-	-	-	-	-

As at 31 December 2023 and 31 December 2022, the Company did not have other receivables at Stage 2 or Stage 3. Other receivables at Stage 1 are analysed as follows:

- (i) As at 31 December 2023 and 31 December 2022, the Company did not have other receivables for which the related provision for bad debts was provided on an individual basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(2) Other receivables (Continued)

(e) As at 31 December 2023, the five largest other receivables aggregated by debtors are analysed as follows:

	Nature	Balance	Ageing	% of total other receivables	Provision for bad debts
CIMC Group	Receivables from equity transfer and current accounts	395,708,008.90	Within 1 year	32.97%	-
Yangzhou Tonghua	Dividends receivable and intra-group accounts	212,621,134.28	Within 1 year, 1 to 2 years, 2 to 3 years	17.71%	-
Dongguan CIMC Special Vehicle Co., Ltd.	Dividends receivable and intra-group accounts	199,159,465.83	Within 1 year, 1 to 2 years	16.59%	-
Yingkou Xinsheng Vehicles Manufacturing Co., Ltd.	Intra-group accounts	110,281,909.33	Within 1 year, 1 to 2 years, 2 to 3 years, over 3 years	9.19%	-
CIMC Taizijie Vehicle Body Manufacturing (Zhenjiang) Co., Ltd.	Intra-group accounts	68,870,358.63	Within 1 year, 1 to 2 years, 2 to 3 years, over 3 years	5.74%	-
		<u>986,640,876.97</u>		<u>82.20%</u>	<u>-</u>

(3) Long-term equity investments

	31 December 2023	31 December 2022
Subsidiaries (a)	5,666,182,055.54	5,418,700,006.22
Joint ventures (b)	8,089,440.98	9,391,130.22
Associates (c)	173,789,081.10	140,327,625.45
	5,848,060,577.62	5,568,418,761.89
Less: Provision for impairment of long-term equity investments	-	-
	5,848,060,577.62	5,568,418,761.89

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(3) Long-term equity investments (Continued)

(a) Subsidiaries

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023	Ending balance of provision for impairment	Cash dividends declared in the current year
Yangzhou Tonghua	467,230,357.90	131,720,000.00	-	598,950,357.90	-	100,172,000.00
CIMC Vehicles (Shandong) Co., Ltd.	72,437,800.51	-	-	72,437,800.51	-	-
CIMC Huajun	307,248,713.68	43,300,000.00	-	350,548,713.68	-	70,973,807.56
Benjiu Tengyue Semitrailer Parts (Shenzhen) Co., Ltd.	16,494,581.51	-	-	16,494,581.51	-	-
Shenzhen CIMC Vehicle	76,251,600.00	-	(76,251,600.00)	-	-	-
Qingdao CIMC Special Vehicle Co., Ltd.	130,477,107.59	-	-	130,477,107.59	-	66,630,000.00
CIMC Vehicle (Jiangmen) Co., Ltd.	100,840,327.90	-	-	100,840,327.90	-	25,563,750.00
Shanghai CIMC Vehicle Logistics Equipment Co., Ltd.	36,071,909.60	-	-	36,071,909.60	-	3,408,245.52
CIMC Vehicles (Liaoning) Co., Ltd.	22,500,000.00	-	-	22,500,000.00	-	-
CIMC-SHAC (Xi'an) Special Vehicles Co., Ltd.	53,500,000.00	-	-	53,500,000.00	-	-
Guangzhou CIMC Vehicle Logistics Equipment Co., Ltd.	15,000,000.00	-	-	15,000,000.00	-	-
CIMC Vehicle Investment Holdings Co., Ltd.	1,485,394,347.13	-	-	1,485,394,347.13	-	-
Luoyang CIMC Lingyu Automobile Co., Ltd.	87,726,881.55	-	-	87,726,881.55	-	-
Wuhu CIMC Ruijiang Automobile Co., Ltd.	251,589,305.07	13,000,000.00	-	264,589,305.07	-	38,211,919.00
Shanghai Changyi	-	10,712,130.82	-	10,712,130.82	-	-
Liangshan CIMC Dongyue Vehicles Co., Ltd.	66,189,261.20	-	-	66,189,261.20	-	4,860,734.00
CIMC Vehicle (Group) Xinjiang Co., Ltd.	80,000,000.00	-	-	80,000,000.00	-	-
Sichuan CIMC Vehicle Logistics Equipment Co., Ltd.	5,000,000.00	-	(5,000,000.00)	-	-	-
Guangxi Jihong Tiancheng Automobile Sales and Service Co., Ltd.	-	7,000,000.00	-	7,000,000.00	-	-
Shanghai CIMC Special Vehicles Co., Ltd.	7,500,000.00	-	-	7,500,000.00	-	-
CIMC Jidong (Qinhuangdao) Vehicle Manufacturing Co., Ltd.	35,000,000.00	-	-	35,000,000.00	-	-
Shenzhen CIMC Vehicle Marketing Service Co., Ltd.	15,000,000.00	-	-	15,000,000.00	-	-
Qingdao CIMC Reefer Trailer Co., Ltd.	127,403,130.30	-	-	127,403,130.30	-	49,410,806.67
Zhumadian CIMC Huajun Casting Co., Ltd.	202,662,000.00	-	-	202,662,000.00	-	-
Manson Technology Limited	208,008,108.50	-	-	208,008,108.50	-	-
Zhumadian CIMC Huajun Automobile Trading Co., Ltd.	10,000,000.00	-	-	10,000,000.00	-	-
China Jiangsu Vanguard Trailer Rental Co., Ltd.	85,000,000.00	-	-	85,000,000.00	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(3) Long-term equity investments (Continued)

(a) Subsidiaries (Continued)

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023	Ending balance of provision for impairment	Cash dividends declared in the current year
Jiangsu Baojing Auto Parts Co., Ltd.	34,172,280.04	20,000,000.00	-	54,172,280.04	-	-
Guangzhou CIMC Vehicle Sales Services Co., Ltd.	35,010,000.00	5,000,000.00	-	40,010,000.00	-	-
Zhumadian CIMC Wanjia Axle Co., Ltd.	20,000,000.00	-	-	20,000,000.00	-	-
CIMC Taizijie Vehicle Body Manufacturing (Jiangmen) Co., Ltd.	559,880,000.00	-	-	559,880,000.00	-	-
CIMC Taizijie Vehicle Body Manufacturing (Zhenjiang) Co., Ltd.	100,000,000.00	36,500,000.00	-	136,500,000.00	-	-
Zhenjiang Shenxing Taibao Technology Co., Ltd.	3,313,207.13	-	-	3,313,207.13	-	-
Dongguan CIMC Special Vehicle Co., Ltd.	516,538,000.00	51,630,000.00	-	568,168,000.00	-	-
Kunming CIMC Vehicle Industrial Park Development Co., Ltd.	70,000,000.00	-	-	70,000,000.00	-	-
Yingkou Xincheng Vehicles Manufacturing Co., Ltd.	22,500,000.00	-	-	22,500,000.00	-	-
Xinghuo Chelian	-	4,554,551.50	-	4,554,551.50	-	-
Shenzhen Zhongan Jizhi Technology LLP	-	816,967.00	-	816,967.00	-	-
CIMC Vehicles (Shaanxi) Automobile Co., Ltd.	72,000,000.00	-	-	72,000,000.00	-	-
Jiangmen Senju	14,261,086.61	-	-	14,261,086.61	-	-
Other subsidiaries	6,500,000.00	5,000,000.00	(500,000.00)	11,000,000.00	-	-
	<u>5,418,700,006.22</u>	<u>329,233,649.32</u>	<u>(81,751,600.00)</u>	<u>5,666,182,055.54</u>	<u>-</u>	<u>359,231,262.75</u>

(b) Joint ventures

Refer to Note 4(12) for the Company's investments in joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(3) Long-term equity investments (Continued)

(c) Associates

	Movements in the current year							Ending balance of provision for 31 December 2023	
	Increase in investments	Decrease in investments	Share of net profit/(loss) under equity method	Share of other comprehensive income	Share of other changes in equity	Cash dividends/profit declared	Provision for impairment		Others
31 December 2022									
Senju (Shanghai) International Trade Co., Ltd.	626,352.64	-	127,069.66	-	-	-	-	-	753,422.30
Shenzhen Shuxiang Technology Co., Ltd.	-	-	-	-	-	-	-	-	-
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	24,573,097.28	(21,879,267.33)	890,264.64	-	(322,465.34)	(3,261,629.25)	-	-	-
Chengdu CIMC Industrial Park Investment and Development Co., Ltd.	85,808,291.15	-	5,417,930.75	-	-	-	-	-	91,226,221.90
Shenzhen Bay Angel Phase III Venture Capital Partnership (Limited Partnership)	29,319,884.38	45,000,000.00	7,489,552.52	-	-	-	-	-	81,809,436.90
	140,327,625.45	45,000,000.00	13,924,817.57	-	(322,465.34)	(3,261,629.25)	-	-	173,789,081.10

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(4) Capital surplus

	31 December 2022	Increase in current year	Decrease in current year	31 December 2023
Share premium	4,615,910,102.72	–	–	4,615,910,102.72
Other capital surplus – Others	4,242,069.95	653,712.60	(322,465.34)	4,573,317.21
	<u>4,620,152,172.67</u>	<u>653,712.60</u>	<u>(322,465.34)</u>	<u>4,620,483,419.93</u>
	31 December 2021	Increase in current year	Decrease in current year	31 December 2022
Share premium	4,615,910,102.72	–	–	4,615,910,102.72
Other capital surplus – Others	4,573,317.21	–	(331,247.26)	4,242,069.95
	<u>4,620,483,419.93</u>	<u>–</u>	<u>(331,247.26)</u>	<u>4,620,152,172.67</u>

(5) Revenue and cost of sales

	2023	2022
Revenue from main operations	–	–
Revenue from other operations	<u>85,800,242.20</u>	<u>71,738,713.30</u>
	<u>85,800,242.20</u>	<u>71,738,713.30</u>

The Company's revenue from other operations mainly comprises the management service fees and sales commissions charged to its subsidiaries.

	2023	2022
Cost of sales from main operations	–	–
Cost of sales from other operations	–	<u>363,117.78</u>
	<u>–</u>	<u>363,117.78</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(5) Revenue and cost of sales (Continued)

(a) Revenue and cost of sales from other operations

	2023		2022	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Management service fees	65,033,467.04	–	43,883,737.98	–
Commissions	20,699,258.33	–	27,398,908.03	–
Others	67,516.83	–	456,067.29	363,117.78
	85,800,242.20	–	71,738,713.30	363,117.78

(b) The Company's revenue is disaggregated as follows:

	2023	2022
Revenue from other operations		
Including: Recognised at a point in time	–	380,379.22
Recognised over time	85,800,242.20	71,358,334.08
	85,800,242.20	71,738,713.30

(6) Investment income

	2023	2022
Investment income from long-term equity investments under cost method	359,231,262.75	631,534,549.35
Investment income from long-term equity investments under equity method	13,382,051.83	3,094,630.52
Investment income from disposals of long-term equity investments	910,032,514.76	25,453,158.67
Investment income from disposals of derivative financial instruments	–	–
Interest income and others	19,597,520.32	20,532,143.49
	1,302,243,349.66	680,614,482.03

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

1 STATEMENT OF NON-RECURRING GAIN OR LOSS

	2023	2022
Gains on disposal of non-current assets	3,997,426.56	220,986,001.61
Government grants recognised in profit or loss, excluding those that are closely related to normal operation, comply with national policies and regulations, are entitled in accordance with defined criteria and have continuing impact on profit or loss	66,647,000.09	–
Government grants recognised in profit or loss	–	81,550,034.72
Gains or losses arising from changes in fair value of and investment income from financial assets held for trading and derivative financial instruments, gains or losses arising from changes in fair value of investment properties which are subsequently measured at fair value and investment income from disposals of derivative financial instruments	(18,758,504.29)	(26,914,107.34)
Net income from disposals of long-term equity investments	1,108,855,449.64	(3,322.91)
Gains from the difference between the costs of investments in subsidiaries, associates and joint ventures and the share of the fair value of the investee's identifiable net assets of the investee at the time of acquisition	3,999,081.31	–
Restructuring expenses for disposals of long-term equity investments	(35,371,122.00)	–
Profit or loss from debt restructuring	(12,800.00)	–
Other non-operating income and expenses other than the above mentioned items	4,412,261.16	5,336,216.43
	<u>1,133,768,792.47</u>	<u>280,954,822.51</u>
Effect on income tax	(222,743,747.47)	(69,612,814.33)
Effect on minority interests, net of tax	(8,747,575.35)	(8,888,386.97)
	<u>902,277,469.65</u>	<u>202,453,621.21</u>

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

1 STATEMENT OF NON-RECURRING GAIN OR LOSS (Continued)

(1) Basis for preparation of statement of non-recurring gain or loss for the year ended 31 December 2023

In 2023, the China Securities Regulatory Commission released the *Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 – Non-recurring Gains or Losses (2023 Revision)* (hereinafter “2023 Explanatory Announcement No. 1”), which is effective from the date of publication. The Group has prepared the statement of non-recurring gain or loss for the year ended 31 December 2023 in accordance with the 2023 Explanatory Announcement No. 1.

Pursuant to the 2023 Explanatory Announcement No. 1, non-recurring gain or loss refers to profit or loss arising from the transactions and events that are not directly related to the Company’s normal course of business, also from the transactions and events that even are related to the Company’s normal course of business, but will interfere with the right judgement of users of the financial statements on the Company’s operation performance and profitability due to their special nature and occasional occurrence.

(2) Impact of the implementation of the 2023 Explanatory Announcement No. 1 on non-recurring gain or loss for the year ended 31 December 2022

Pursuant to the *Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 – Non-recurring Gains or Losses* (hereinafter “2008 Explanatory Announcement No. 1”), the Group does not have government grants that were presented as non-recurring gain or loss in 2022 yet should be presented as recurring gain or loss under the 2023 Explanatory Announcement No. 1.

(3) Basis for preparation of statement of non-recurring gain or loss for the year ended 31 December 2022

The Group has prepared the statement of non-recurring gain or loss for the year ended 31 December 2022 in accordance with the 2008 Explanatory Announcement No. 1.

2 RETURN ON NET ASSETS AND EARNINGS PER SHARE

	Weighted average return on		Earnings per share			
	net assets (%)		Basic earnings per share		Diluted earnings per share	
	2023	2022	2023	2022	2023	2022
Net profit attributable to ordinary shareholders of the Company	17.93	9.18	1.22	0.55	1.22	0.55
Net profit attributable to ordinary shareholders of the Company, net of non-recurring gain or loss	11.34	7.52	0.77	0.45	0.77	0.45

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