

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



ANNUAL REPORT 2021

SECTION I IMPORTANT NOTICE, CONTENTS AND DEFINITIONS

The Board, the Supervisory Committee and the Directors, 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. Mai Boliang, 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 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 report.

The proposed profit distribution plan of the Company as considered and approved by the Board meeting is based on 2,017,600,000 shares of the Company. A cash dividend of RMB2.00 (tax inclusive) per ten shares will be distributed to all Shareholders, no bonus shares will be issued and shares will not be converted from capital reserve into share capital.

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

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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 Board secretary of the Company.

DEFINITIONS

Items under the definitions	Contents under the definitions
2021 AGM	the 2021 annual general meeting or its adjournment to be convened and held by the Company on Tuesday, May 31, 2022
A Shares	ordinary share(s) be issued by the Company pursuant to the A Share Offering, with a nominal value of RMB1.00 each, shares of which are listed on the ChiNext Market of the SZSE and traded in RMB
Articles of Association	the articles of association of the Company, as amended from time to time
Audit Committee	the audit committee under the Board
Automobile makers	the enterprise manufacturing the whole automobile or entire auto assemble is generally referred to as an automobile maker in the industry
Board	the board of Directors of the Company
CAE	abbreviation of Computer Aided Engineering in engineering design, which means the use of computer-aided solution to analyze the structural mechanical properties of complex engineering and products in order to optimize the structural properties
Company or CIMC Vehicles	CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)股份有限公司) (including our predecessor, CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)有限公司)), a joint stock company with limited liability established under the laws of the PRC on August 29, 1996
Controlling Shareholder(s)	has the meaning ascribed to it under the SZSE Listing Rules and the Hong Kong Stock Exchange Listing Rules, unless the context requires otherwise, refers to CIMC
Corporate Governance Code	the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Stock Exchange Listing Rules
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)

DEFINITIONS *(Continued)*

Items under the definitions	Contents under the definitions
Chi Xiao	Chi Xiao Enterprise Co., Ltd. (赤曉企業有限公司), a limited liability company established in the PRC, and our Substantial Shareholder
CIMC	China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司), a joint stock company incorporated in the PRC on January 14, 1980 and listed on the Main Board of the Shenzhen Stock Exchange (stock code: 000039) and the Main Board of the Hong Kong Stock Exchange (stock code: 2039), and the Controlling Shareholder of the Company
CIMC Financial Institution	CIMC Finance Co., Ltd. (中集集團財務有限公司), a limited liability company established in the PRC on February 9, 2010, a subsidiary of CIMC
CIMC Group	CIMC and its subsidiaries
CIMC Enric	CIMC Enric Holdings Limited (中集安瑞科控股有限公司), a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 03899), and a non-wholly owned subsidiary of CIMC
CIMC 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 and the promoter and Controlling Shareholder of the Company
CIMC Huajun	Zhumadian CIMC Huajun Vehicle Co., Ltd. (駐馬店中集華駿車輛有限公司), a limited liability company established in the PRC on October 30, 1997, and a subsidiary of the Company
CIMC Gansu	Gansu CIMC Huajun Vehicles Co., Ltd. (甘肅中集華駿車輛有限公司), a limited liability company established in the PRC on June 6, 2006, and a subsidiary of the Company
CIMC Yangzhou	Yangzhou CIMC Tonghua Special Vehicles Co., Ltd. (揚州中集通華專用車有限公司), a limited liability company established in the PRC on December 14, 1991, and a subsidiary of the Company

DEFINITIONS *(Continued)*

Items under the definitions	Contents under the definitions
CSRC	China Securities Regulatory Commission (中國證券監督管理委員會)
CRM	abbreviation for Customer Relationship Management
date of this Report	April 19, 2022, being the date prior to the printing of this annual report for the purpose of ascertaining certain information contained herein
DE	design engineering. Since the Company is committed to promoting digital design models, DE here also refers to the design by means of digital design models
Director(s)	the director(s) of the Company
Dongguan CIMC	Dongguan CIMC Special Vehicle Co., Ltd. (東莞中集專用車有限公司), a limited liability company established in the PRC on July 21, 2014, and a subsidiary of the Company
ERP	abbreviation for Enterprise Resource Planning
Global Offering	the offer of H Shares by the Company for subscription by the public in Hong Kong, and in offshore transactions outside the United States and only to Qualified Institutional Buyers (QIBs) in the United States, the details of which are set out in the Prospectus
Group or we	the Company and its subsidiaries (unless the context otherwise requires)
H Share(s)	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
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

DEFINITIONS *(Continued)*

Items under the definitions	Contents under the definitions
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
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
IaaS	services provided by Infrastructure-as-a-Service is targeted for the utilization of all computing infrastructure, including processing CPU, memory, storage, network and other basic computing resources, and users can deploy and run any software, including operating systems and applications
IoT	abbreviation for Internet of Things
KTL	a mature technical process used for applying a thin, strong and corrosion-resistant organic coating on metal surfaces
“Light power” 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 of H Shares	listing of H Shares on the Hong Kong Stock Exchange
Listing Date of H Shares	July 11, 2019
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
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Stock Exchange Listing Rules

DEFINITIONS *(Continued)*

Items under the definitions	Contents under the definitions
ME	manufacturing engineering
MES	abbreviation for Manufacturing Execution System
Mendix	low-code development platform
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, and our Substantial Shareholder
New Policy on Blue Plates	the Notice on Further Strengthening the Management of Production and Registration of Light Trucks and Small and Mini Passenger Vehicles issued by the Ministry of Industry and Information Technology and the Ministry of Public Security of the People's Republic of China in January 2022
Nomination Committee	the nomination committee under the Board
NR	new retails
OD	organization development
PaaS	services provided by Platform-as-a-Service are the deployment of the applications developed or acquired by customers using development languages and tools (such as Java, Python and Net) provided, to the cloud computing infrastructure of suppliers
PLM	abbreviation for Product Lifecycle Management
Ping An Decheng	Shenzhen Ping An Decheng Investment Limited Company (深圳市平安德成投資有限公司), a limited liability company established in the PRC on September 9, 2008 and the general partner of Shanghai Taifu and Taizhou Taifu

DEFINITIONS *(Continued)*

Items under the definitions	Contents under the definitions
Ping An Financial	Shenzhen Ping An Financial Technology Consulting Co., Ltd. (深圳平安金融科技諮詢有限公司), a limited liability company established in the PRC, and our Substantial Shareholder
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), and our Substantial Shareholder
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, and our Substantial Shareholder
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, and our Substantial Shareholder
PRC or China	the People's Republic of China
Prospectus	the H Shares prospectus of the Company dated June 27, 2019 in connection with the Global Offering
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
Remuneration Committee	the remuneration committee under the Board
Reporting Period or the Year	the year ended December 31, 2021
RMB, RMB ten thousand	RMB, RMB ten thousand
RMB or Renminbi	Renminbi, the lawful currency of the PRC

DEFINITIONS *(Continued)*

Items under the definitions	Contents under the definitions
SaaS	services provided by Software-as-a-Service to customers are applications run by operators on cloud computing infrastructure, to which users have access through client interfaces on various devices, such as browsers
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	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 Tai Fu	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
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 our Share(s)
Shenzhen Longhui	Shenzhen Long Hui Gang Cheng Enterprise Management Center (Limited Partnership) (深圳市龍匯港城企業管理中心(有限合夥)), a limited liability partnership incorporated in the PRC on May 11, 2017, and a Shareholder of Xiangshan Huajin
Shenzhen Longyuan	Shenzhen Long Yuan Gang Cheng Enterprise Management Center (Limited Partnership) (深圳市龍源港城企業管理中心(有限合夥)), a limited liability partnership incorporated in the PRC on April 29, 2016, and a Shareholder of the Company
Strategy and Investment Committee	the strategy and investment committee under the Board

DEFINITIONS *(Continued)*

Items under the definitions	Contents under the definitions
Substantial Shareholder(s)	has the meaning ascribed to it under the Hong Kong Stock Exchange Listing Rules
Supervisor(s)	member(s) of the Supervisory Committee
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 the promoter and Shareholder of the Company
Truck body for specialty vehicles/truck body	a type of vehicle body, such as a dump bed or mixer, which can be installed onto a truck chassis to form a fully-assembled specialty vehicle, such as a dump truck or mixer truck
Wuhu CIMC Ruijiang/Ruijiang Tank Trailer (瑞江罐車)	Wuhu CIMC Ruijiang Automobile Co., Ltd. (蕪湖中集瑞江汽車有限公司), a limited liability company established in the PRC on March 26, 2007, and a subsidiary of the Company
Xi'an CIMC	CIMC-SHAC (Xi'an) Special Vehicles Co., Ltd. (中集陝汽重卡(西安)專用車有限公司), a limited liability company established in the PRC on September 20, 2006, and a subsidiary of the Company
Xiangshan Huajin	Xiang Shan Hua Jin Industrial Investment Partnership (Limited Partnership) (象山華金實業投資合夥企業(有限合夥)) (previously known as Xiang Shan Hua Jin Equity Investment Partnership (Limited Partnership) (象山華金股權投資合夥企業(有限合夥))), a limited liability partnership established in the PRC on November 22, 2017, and a Shareholder of the Company

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	Mai Boliang		
Registered address	No. 2, Gangwan Avenue, Shekou, Nanshan District, Shenzhen		
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		
Postal code of office address	518067		
Company website	https://www.cimcvehiclesgroup.com/		
Email address	ir_vehicles@cimc.com		
Investor relations contact telephone number	0755 – 26802116		

II. CONTACT PERSONS AND MEANS OF COMMUNICATION

	Secretary to the Board	Representative of Securities Affairs
Name	Li Zhimin	Yang Ying
Contact address	No. 2, Gangwan Avenue, Shekou, Nanshan District, Shenzhen	No. 2, Gangwan Avenue, Shekou, Nanshan District, Shenzhen
Telephone	0755-26802598	0755-26802598
Facsimile	0755-26802700	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”; http://www.cninfo.com.cn
Places at which the Annual Report of the Company is Available	Office of the Secretary to the Board of CIMC Vehicles, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen

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, PRC
Names of the Certified Public Accountants as the Signatories:	Cao Cuili, Wu Fangfang

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.	No. 689 Guangdong Road, Huangpu District, Shanghai	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,					
	2021	2020	Changes from the previous year to this year	2019	2018	2017
Revenue	27,647,762,501.46	26,498,964,653.25	4.34%	23,386,908,687.91	24,331,169,082.98	19,508,126,091.81
Operating profit	1,173,596,875.71	1,498,875,772.12	-21.70%	1,553,806,989.25	1,619,685,443.76	1,264,853,427.34
Profit before income tax	1,176,166,310.16	1,517,700,367.89	-22.50%	1,570,742,601.43	1,605,417,584.60	1,271,710,684.88
Income tax expenses	188,502,861.95	248,353,595.63	-24.10%	244,281,583.53	320,752,463.82	260,189,841.84
Net profit	987,663,448.21	1,269,346,772.26	-22.19%	1,326,461,017.90	1,284,665,120.78	1,011,520,843.04
Net profit attributable to shareholders of the listed company	900,749,340.13	1,131,544,435.11	-20.40%	1,210,643,016.08	1,195,586,855.82	964,379,351.39
Net profit attributable to shareholders of the listed company after deducting non-recurring profit or loss	<u>635,803,868.16</u>	<u>850,012,330.82</u>	<u>-25.20%</u>	<u>911,838,715.45</u>	<u>1,030,622,358.26</u>	<u>888,905,545.56</u>

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS (Continued)

Unit: RMB

Consolidated Balance Sheet Items	As at December 31,					
	2021	2020	Changes from the previous year to this year	2019	2018	2017
Total current assets	14,233,856,026.37	12,965,531,089.98	9.78%	12,362,552,131.31	11,138,657,151.71	10,996,450,809.02
Total non-current assets	7,547,477,198.07	6,859,628,513.66	10.03%	6,318,532,064.56	5,421,984,873.61	5,255,026,440.58
Total assets	21,781,333,224.44	19,825,159,603.64	9.87%	18,681,084,195.87	16,560,642,025.32	16,251,477,249.60
Total current liabilities	8,623,414,465.10	8,558,977,854.63	0.75%	7,979,217,979.76	7,746,332,403.13	8,808,312,010.27
Total non-current liabilities	771,344,798.96	817,482,971.02	-5.64%	481,191,934.27	866,600,621.65	433,753,689.03
Total liabilities	9,394,759,264.06	9,376,460,825.65	0.20%	8,460,409,914.03	8,612,933,024.78	9,242,065,699.30
Total owners' equity	12,386,573,960.38	10,448,698,777.99	18.55%	10,220,674,281.84	7,947,709,000.54	7,009,411,550.30
Equity attributable to owners of the Company	11,738,895,400.14	9,962,233,215.04	17.83%	9,750,514,866.53	7,487,680,331.44	6,605,537,847.80
Minority interests	647,678,560.24	486,465,562.95	33.14%	470,159,415.31	460,028,669.10	403,873,702.50

Unit: RMB

Consolidated Cash Flow Statement Items	For the year ended December 31,					
	2021	2020	Changes from the previous year to this year	2019	2018	2017
Net cash flow from operating activities	174,428,262.61	2,746,937,975.27	-93.65%	1,908,701,959.51	1,084,985,408.87	1,763,469,716.05
Net cash outflows from investing activities	-735,080,784.36	-759,827,551.85	3.26%	-909,495,598.17	-10,339,160.87	-394,452,061.51
Net cash inflows from financing activities	1,015,615,330.82	-1,399,200,617.05	172.59%	133,347,679.21	-1,311,274,588.32	-303,791,199.68

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

	2021	2020	Changes from the previous year to this year	2019	2018	2017
Basic earnings per share (RMB/share)	0.48	0.64	-25.00%	0.75	0.80	N/A
Diluted earnings per share (RMB/share)	0.48	0.64	-25.00%	0.75	0.80	N/A
Weighted average return on net assets	8.29%	11.48%	-3.19%	14.40%	17.00%	13.86%
Gross profit margin	11.02%	13.09%	-2.07%	13.91%	14.20%	17.92%
Operating profit margin	4.24%	5.66%	-1.42%	6.64%	6.66%	6.48%
Net profit margin	3.57%	4.79%	-1.22%	5.67%	5.28%	5.19%
Current ratio <i>(Note 1)</i>	1.65	1.51	9.27%	1.55	1.44	1.25
Quick ratio <i>(Note 2)</i>	1.08	1.07	0.93%	1.07	0.97	0.84
Return on total assets <i>(Note 3)</i>	4.75%	6.59%	-1.84%	7.53%	7.83%	6.52%

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 stated in the latest auditor's report

Yes No

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

Yes No

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

VI. KEY FINANCIAL INDICATORS BY QUARTER

Unit: RMB

	Q1	Q2	Q3	Q4
Revenue	6,869,738,891.92	10,842,105,167.26	4,850,794,925.00	5,085,123,517.28
Net profit attributable to shareholders of the listed company	202,857,700.67	485,599,792.40	97,952,358.00	114,339,489.06
Net profit attributable to shareholders of the listed company after deducting non-recurring profit or loss	192,187,332.48	264,032,498.06	95,594,324.00	83,989,713.62
Net cash flow from operating activities	<u>14,740,768.37</u>	<u>267,577,445.36</u>	<u>-452,983,663.11</u>	<u>345,093,711.99</u>

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

Yes No

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

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

Applicable Not applicable

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

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

Applicable Not applicable

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

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

VIII. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

√ Applicable □ Not applicable

Items	Unit: RMB			Note
	Amounts for 2021	Amounts for 2020	Amounts for 2019	
Gains or losses from disposal of non-current assets (including the write-off of the asset impairment provision)	175,056,325.63	54,386,373.66	55,396,825.04	Disposal of fixed assets and intangible assets as a result of factory demolition
Government subsidies recognized in profit or loss for the current period (closely related to the normal business operations of the Company, except for the government subsidies continually granted in accordance with national policies and regulations and subject to certain amount or volume under certain standards)	144,395,663.75	238,697,779.28	237,915,420.36	Various government grants
Capital occupancy fee from non-financial enterprises recognized in profit or loss for the current period			55,334,490.60	
Gains and losses on changes in fair values of held for trading 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	396,590.25	17,615,201.50	18,664,623.07	
Other non-operating income and expenses other than the above items	4,637,291.81	22,384,164.06	17,396,040.97	
Net gains and losses from disposal of long-term equity investment	-375,851.02	8,918,977.41	-9,393,906.50	
Less: effect of income tax	47,536,078.84	56,224,391.08	65,935,270.50	
Effect of minority interests (after tax)	11,628,469.61	4,246,000.54	10,573,922.41	
Total	<u>264,945,471.97</u>	<u>281,532,104.29</u>	<u>298,804,300.63</u>	-

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

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

Applicable Not applicable

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

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

Applicable Not applicable

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

SECTION III CHAIRMAN'S STATEMENT

“COMPREHENSIVE
ESTABLISHMENT OF
THE SOPHISTICATED
MANUFACTURING SYSTEM”



Revenue of RMB
27,647.8 million

Profit for the year of RMB
987.7 million

Increase of
4.3%
as compared to revenue
of 2020

DEAR SHAREHOLDERS,

2021 is a significant and fruitful year for CIMC Vehicles. As the world's leading sophisticated semi-trailer and specialty vehicle manufacturer, the Company has ranked first globally for semi-trailers for nine consecutive years. In July 2021, the Company was officially listed on the ChiNext Market of the SZSE, becoming the first sophisticated A+H listed manufacturer of semi-trailers and special vehicles. Such dual listing has provided sufficient capital support for the Company to maintain its long-term core competitiveness, which is undoubtedly of milestone significance for the Company.

In 2021, the COVID-19 pandemic entered a new normal stage, the global economic growth gradually warmed up, and the global demand for automobile manufacturing and logistics transportation gradually recovered. However, the Company's cost and revenue of its principal business suffered from pressure due to the intensification of global inflation, the soaring prices of raw materials and bulk commodities, the congestion of ports in many countries around the world,

SECTION III CHAIRMAN'S STATEMENT *(Continued)*

the rise of shipping prices, and the decline of short-term market demand for heavy trucks after the implementation of China VI emission standards. Facing with the complex macro environment, the Company has actively coped with the opportunities and challenges. In the first year of the "14th Five-Year Plan", the Company's annual revenue achieved a new record high through strategic planning optimization and business focus.

According to the actual operational and strategic management needs, the Company has established six major businesses or groups: "Champion Tanker Business Group", "Light Tower Pioneer Business", "TB Business Group", "Urban Dump Truck Business", "North American Business" and "European Business", which helped remove internal barriers in operation and formed an all-round management from strategy, operation to coordinated development. In the meantime, the Company has comprehensively carried out strategic business considerations. The newly established Champion Tanker Business Group has begun to roar, the TB Business Group has begun to exert its strength, and the North American Business has received good news.

Based on the "Intercontinental Operation" in line with current global conditions, the Company has upgraded its "Sophisticated Manufacturing System". The Company has globally established 13 "Light Tower" Plants for the production of semi-trailers, 7 "Light Tower" Plants for the production of truck bodies of specialty vehicles, and 2 "Light Tower" Plants for the production of lightweight van truck bodies. Meanwhile, the Company has continued to explore deeply into sophisticated manufacturing by embracing digital transformation and upgrading in an all-round way and improving innovative technological approaches.

The Company continued to enrich the connotation of the Sophisticated Manufacturing System, consolidate the New Management Infrastructure, and promote the high-quality development of the industry. With the help of breaking point, we released greater advantages and long-suppressed potentials, actively created space for profit growth and strategic maneuver, and abandoned or adopted what we want freely to turn a passive situation into an active one.

The Group sold a total of
138,166
 units of semi-trailers
 worldwide

A total of
52,703
 sets of truck bodies for
 specialty vehicles were
 sold in China

A total of
9,115
 units of lightweight van
 truck bodies were sold
 in China

SECTION III CHAIRMAN'S STATEMENT *(Continued)*

PERFORMANCE RESULT

As of December 31, 2021, the Group recorded revenue of RMB27,647.8 million, representing a year-on-year increase of 4.3%, and the net profit reached RMB987.7 million.

In terms of the global semi-trailer business, the Company firmly seized the opportunity of industrial reform and achieved an overall increase in the revenue of the four major semi-trailer markets. In the domestic market, the Company strengthened its innovation efforts, released brands such as "Pioneer Series" and "CIMC Light Tower", and continued to upgrade "Light Tower" Plants, further highlighting the scale effect. In the overseas market, the Company successfully seized the opportunity of the rebound in demand for semi-trailers in the overseas market, and actively promoted the construction of overseas "Light Tower" Plants and production lines. As a result, the performance of the overseas market rebounded, and the situation was broken successfully, where revenue of semi-trailers in North America and Europe has gradually recovered since the outbreak of the pandemic.

In terms of the business of truck bodies for specialty vehicles, the Company has improved its market concentration, and has actively responded to the downward pressure of market demand by virtue of the competitive edges created by the Sophisticated Manufacturing System. Meanwhile, the Company has strengthened the research and development of new energy specialty vehicles, conducted joint development strategies with OEMs, and launched innovative new energy product series to further expand its leading edge.

In terms of the business of lightweight van truck bodies, under the background of strong demand in China's light truck market, the Company has launched the "TB" brand, focusing on the production and sales of refrigerated and truck bodies. Based on the modular product design and the latest generation of dual-mode foaming technology with independent intellectual property rights, the Company has led the development trend of compliant truck bodies.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE AND SUSTAINABLE DEVELOPMENT

To meet the sustainable development needs of the Chinese government and the global economy, the "Light Tower" Plants of CIMC Vehicles have continuously transmitted the green philosophy of "saving energy and reducing pollution" through products from the design concept to the manufacturing process, and continuously practiced the intelligent construction and the "carbon peaking and carbon neutrality" work strategy of the Chinese government, thus leading the green and sustainable development of semi-trailer and specialty vehicle industries.

As of now, four subsidiaries of the Company have won the title of National "Green Plant", namely Xi'an CIMC, CIMC Huajun, Dongguan CIMC and CIMC RJST Tank Trailer. In addition, CIMC Gansu and CIMC Yangzhou won the title of Provincial "Green Plant". CIMC RJST Tank Trailer was honoured as the National Green Supply Chain Demonstration Enterprise, and CIMC Huajun was honoured as the Provincial Green Supply Chain Management Demonstration Enterprise.

SECTION III CHAIRMAN'S STATEMENT *(Continued)*

In the face of repeated global pandemic, we have always insisted on providing appropriate protective measures for our employees, putting the safety of employees first, maintaining full-staffed production in plants, and demonstrating the sense of social responsibility of Chinese enterprises.

FUTURE PROSPECT

Under the current background of industrial reform, the Company implemented the core measure of the “Sophisticated Manufacturing System”, and further enriched the connotation of the Sophisticated Manufacturing System by adding the fifth cornerstone of “building a digital supply chain center” to the four cornerstones, namely upgrade of “product modules”, improvement of “Light Tower” Plants, kick-off of sales and marketing transformation and promotion of organizational development. The Company formulated further upgrading measures to fully implement the Sophisticated Manufacturing System strategy.

The three core business segments are split into six major businesses or groups, which will continue to empower the Company in various operation and management scenarios in terms of strategy, operation and coordinated development, thus further increasing its shares in the market segments, enhancing its global leading position, and gaining competitive edges.

Looking forward to the future, the Company will stay true to its original intention, continue to deepen the business model of “Intercontinental Operation, Local Manufacturing” in line with current global conditions, and empower China’s high-end manufacturing with high-quality products and outstanding services. Based on the principle of maximizing the corporate value and shareholders’ interests, we will continue to create higher value for investors. We believe that CIMC Vehicles will be able to scale great heights in the future with the concerted efforts of all Shareholders.

In 2022, CIMC Vehicles will use the breaking point to release greater advantages and long-suppressed potentials.

Finally, I would like to thank all distinguished Shareholders for your long-term support, companionship and trust. We sincerely hope to continuously work together with you in the future to write a new chapter of mutual benefits and win-win results !

Mai Boliang
Chairman

Shenzhen, the PRC
March 2022

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS

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

With a leading position in global sophisticated manufacturing of semi-trailers and specialty vehicles, the Company is mainly engaged in the production and sales of semi-trailers, truck bodies for specialty vehicles, fully-assembled specialty vehicles, lightweight van truck bodies and fully-assembled lightweight van trucks, in automobile body, trailer and modified car manufacturing in the automobile manufacturing industry.

In 2021, in face of the complicated and changing international environment and flare-ups of the pandemic, China showed its strong resilience in the economy and significantly improved its economic strength, achieving a good start for the “14th Five-Year Plan”. According to the data released by the National Bureau of Statistics, the GDP of China for 2021 exceeded RMB114 trillion, representing a year-on-year increase of 8.1%, hitting a record high in nearly a decade, and China ranked second in the aggregate size of economy in the world. Under the background of a new development paradigm with domestic circulation as the mainstay and domestic and international circulations reinforcing each other, the Company seized the opportunity to build the Sophisticated Manufacturing System in a full-scale manner, consolidating the new management infrastructure and promoting high-quality development of the industry.

With the new norms of the pandemic, the global economic growth gradually picked up, and the global automobile manufacturing industry, logistics, and transportation demand gradually revived. In the first year of the “14th Five-Year Plan”, with the continuous implementation of the policy of “carbon peaking and carbon neutrality”, the upgrading and iteration of semi-trailers in China accelerated, and the development of vans brought new opportunities for semi-trailer manufacturers in China. China’s specialty vehicle industry experienced new transformation and upgrading. The continuous growth of infrastructure investment spurred the demand for specialty vehicles. Under the background of solving on “oversizing and overloading”, the implementation of “carbon peaking and carbon neutrality”, and the comprehensive implementation of China VI, new energy transition accelerated in the road transport equipment industry, which presented both challenges and opportunities to upstream and downstream specialty vehicle enterprises. The development of trucks for urban distribution of dry cargoes and refrigerated vans as the carriers for the “last mile” of urban distribution and logistics was on a fast track, with the efforts of the Chinese government to promote rural revitalization, improve the construction of urban logistics, distribution and transportation network and the cold chain infrastructure, crack down on “understating the unloaded weight” and implement the New Policy on Blue Plates.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Tank trucks and concrete mixer trucks

In 2021, according to the National Bureau of Statistics, the national fixed asset investment increased continuously, amounting to RMB54.5 trillion, representing a year-on-year increase of 4.9%, with steady growth in infrastructure investments. With the increase in the quota of local government special purpose bonds and the accelerated issuance of such bonds in China, the demand for specialty vehicles for construction machinery transportation was steady. On July 1, 2021, the implementation of the Limits and Measurement Methods for Emissions from Diesel Fuelled Heavy-duty Vehicles (China VI) resulted in the early purchase phenomenon in the market. Homogeneous competition in the industry intensified in the first half of 2021, while the market demand was exhausted in the second half of the year, affecting the sales volume of concrete mixer trucks in the domestic market. In 2021, according to the data of the China Association of Automobile Manufacturers, the sales volume of concrete mixer trucks in China reached 97 thousand units, representing a year-on-year decrease of 1.9%.

In May 2021, the Ministry of Transport, the Ministry of Industry and Information Technology, the Ministry of Public Security and the State Administration for Market Regulation of China jointly issued the Work Plan for Regulation of Atmospheric Liquid Dangerous Goods Tank Trucks (常壓液體危險貨物罐車治理工作方案), which specifies that the non-compliant tank trucks will be gradually phased out. GB7258-2017 Technical Specifications for Operation Safety of Motor Vehicle (機動車運行安全技術條件) and GB18564.1-2019 Tank Trucks for Road Transportation of Liquid Dangerous Goods Part 1: Technical Requirements for Metal Atmospheric Tanks (道路運輸液體危險貨物罐式車輛第1部分：金屬常壓罐體技術要求) specifies vehicle identification and metal atmospheric tank technology, to achieve full compliance of new tank trucks.

During the Reporting Period, there was a new situation for the development of domestic new energy heavy-duty trucks, which was on a fast track. Under the strategic goal of “carbon peaking and carbon neutrality”, the Chinese government advanced the low-carbon transition of specialty vehicles, promoted heavy-duty trucks powered by electricity, hydrogen fuel and liquefied natural gas, so as to construct a green and efficient transportation system, which brought development opportunities for new energy and light specialty vehicle products, and accelerated the consolidation of the specialty vehicle industry in China.

With the continuous implementation of rectification, the Company established the “Champion Tanker Business Group” (強冠業務集團), further expanding the leading edge of light, intelligent, new-energy and environment-friendly tank trucks and concrete mixer trucks in which the Company vigorously dealt in.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Semi-trailers in the market of China

In 2021, accordingly to the National Bureau of Statistics, there was a year-on-year increase of 9.6% in the value added of the industrial enterprises above designated size in China and a year-on-year increase of 9.8% in the value added of the manufacturing industry, showing rapid growth and continuous prosperity recovery. The “14th Five-Year Plan” specifies that the share of the manufacturing industry should be basically kept stable. According to the data of the National Bureau of Statistics, in 2021, the share of the manufacturing industry in GDP increased from 26.3% in 2020 to 27.4% in 2021, and the investment and development of the manufacturing industry accelerated. Meanwhile, according to China Federation of Logistics & Purchasing announced data in 2021, the road freight volume in China increased by 14.2% on a year on year basis to 39.14 billion tons, and the turnover of freight increased by 14.8% on a year on year basis to 6.9 trillion ton-kilometers in 2021.

According to the data published by the National Development and Reform Commission, the total value of logistics goods in China reached RMB335.2 trillion in 2021, representing a year-on-year increase of 9.2%. According to the data of the State Post Bureau, the number of parcels for a year delivered by express in China exceeded 100 billion for the first time in 2021, taking the logistics and express delivery industry to a new level. According to the statistics of the General Administration of Customs of China, the total value of imports and exports of China reached US\$6.1 trillion in 2021, representing a year-on-year increase of 21.4%. China’s strong demand for logistics and transportation helped continuously unlock the semi-trailer market potential in China.

Under the strategic guidance of the Action Plan for Carbon Dioxide Peaking Before 2030 from the State Council, the Chinese government accelerated the formation of a green and low-carbon mode of transportation, strengthened the construction of green infrastructure, and promoted new energy, intelligent, digital and light transportation equipment, which continuously spurred the accelerated upgrading and iteration of semi-trailers in China. The Motor Vehicle Safety Technology Inspection Projects and Methods officially implemented on January 1, 2021, specifies that from September 1, 2021 in China, trucks shall be subject to annual inspection and weighing in China. With the implementation of the Three-year Action Plan for Special Rectification for National Work Safety and the Three-year Action Implementation Plan for Special Rectification for Road Transport Safety, the results of “solving on overloading and oversizing” were remarkable and “understating the unloaded weight” was curbed. With the full implementation of the national standard GB7258 for second-generation semi-trailers, semi-trailers were being comprehensively developed into van trailers in China, which accelerated the disuse of non-compliant vehicle models.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In January 2022, the State Council published the “14th Five-Year Plan” for the Development of a Modern Comprehensive Transportation System. Under the guidance of the goal of building a transportation powerhouse, China’s development of multi-modal transportation and increase in the proportion of drop and pull became the key and trend for improving transportation efficiency and creating green logistics. In the linkage and development with the downstream part, semi-trailer manufacturing enterprises with standardized and intelligent manufacturing capabilities obtained new development opportunities.

With the opportunity from rapid development of China’s logistics industry, China’s trailer rental industry embraced development. Under the guidance of the Three-year Action Plan for Promoting the Adjustment of Transportation Structure (2018-2020) published by the General Office of the State Council, the development of intensive and efficient transportation organization models, including trailer sharing and rental, and drop and pull transportation was encouraged. The Action Plan for Promoting Healthy and Stable Development of Road Freight Transport Industry (2017-2020) published by the Ministry of Transport and other thirteen ministries of China proposes that great efforts should be made to promote the innovation of transportation organization models, and support the innovation of new models including “trailer pool” service, trailer rental, long-distance connection, drop and pull.

For the “Light Tower Pioneer Business”, the Company seized the opportunity from the development of China’s semi-trailers towards van trailers and the drop and pull mode in an all-around way, and continuously improved its market share segment, thus achieving high – quality development.

Lightweight van trucks

According to the data of the China Association of Automobile Manufacturers, the sales volume of light trucks in China reached 2.110 million units in 2021. Compared with 2.199 million units in 2020, the demand for light trucks was steady. In January 2022, the Ministry of Industry and Information Technology and the Ministry of Public Security of China published the Notice on Further Strengthening the Management of Production and Registration of Light Trucks and Small and Mini Passenger Vehicles, which strengthened the compliance management of light trucks; In August 2021, nine ministries including the Ministry of Commerce jointly published the Special Action Plan for High-quality Development of Trade Logistics (2021-2025) to improve the implementation of the modern circulation system, promote quality improvement, cost reduction and efficiency improvement of trade logistics, and serve the construction of a new development paradigm.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In February 2021, the Opinions of the CPC Central Committee and the State Council on Comprehensively Promoting the Rural Revitalization and Accelerating the Modernization of Agriculture and Rural Areas was issued, proposing a plan for the construction of a three-level rural logistics system covering counties, villages and townships. In March 2021, the National Food Safety Standard – Hygienic Specification for Food Cold Chain Logistics, China’s first national standard on food cold chain logistics, was officially implemented. In June 2021, China’s seventeen ministries including the Ministry of Commerce jointly issued the Opinions on Strengthening the Construction of the County-level Commercial System to Promote Rural Consumption, which requires that during the “14th Five-Year Plan” period, efforts should be made to improve the agricultural product market network and accelerate the remediation of shortcomings of cold chain facilities. In December 2021, the General Office of the State Council issued the “14th Five-Year” Plan for Cold Chain Logistics Development, which promotes the development of cold chain logistics at the national level, so as to construct a modern cold chain logistics system.

The Company has established the “TB Business Group” to produce and sell truck bodies for urban distribution of dry cargoes van trucks and refrigerated van trucks, with a focus on the lightweight van bodies sector.

Urban dump truck

According to the data published by the China Association of Automobile Manufacturers, there was a rise followed by a decline in the heavy truck market, with the sales volume of heavy-duty trucks in China being about 1,045.0 thousand units in the first half of 2021, representing a year-on-year increase of 27.9%, and approximately 1,395.0 thousand units in 2021, representing a year-on-year decrease of 13.8%. The sales volume of urban dump trucks in China was in line with the trend of the heavy truck market in China, which was under downward pressure. According to the data of the China Association of Automobile Manufacturers, the sales volume of ordinary dump trucks in 2021 reached 351 thousand units, representing a year-on-year decrease of 4.0%. The demand for urban dump trucks is highly correlated with infrastructure construction, and the recovery of the infrastructure market will spur the demand for compliant urban dump trucks. Relevant policies have been put forward in multiple regions in China to speed up the phase-out of old dump trucks and promote the use of intelligent and environmentally-friendly urban dump trucks.

In addition, the Measures for the Use of Motor Vehicle Invoices jointly formulated by the State Taxation Administration, the Ministry of Industry and Information Technology and the Ministry of Public Security, become effective on a trial basis on May 1, 2021, and became official on July 1, 2021, which promoted the professional development of the facelift business for compliant urban dump truck bodies.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

With a steady market share, the intelligent and environmentally-friendly urban dump trucks manufactured by the “Urban Dump Truck Business” of the Company kept the leading competitive edge in the industry change.

Semi-trailers in the North American market

As the pandemic continuously disrupted the global economy, uncertainty still existed. Countries began to adapt to the normalization of the pandemic, publishing fiscal stimulus packages and enhancing infrastructure construction. Since the outbreak of the pandemic, the United States of America (the “United States”) has launched series of fiscal stimulus package with the aim of boosting its economy. In November 2021, the US\$1.2 trillion infrastructure plan of the United States was approved by the United States House of Representatives, which directly stimulated the economy of the United States, and thus the semi-trailer and logistics transportation equipment market in the United States recovered. According to the data published by ACT Research, an organization in the United States, the production of semi-trailers in the United States reached 297 thousand units in 2021, representing a year-on-year increase of 28.1%.

With the flare-ups of the pandemic, the global inflation continued, and there was a shortage in the supply chain. Commodities were at the stage of “narrowing of the gap between supply and demand and rebalancing of the fundamentals”. The impact of raw material prices on the semi-trailer industry will continue. For the semi-trailer industry in North America, due to the short-term impact of the increase in ocean freight and raw material prices, the shortage in global supply chains and global inflation, the market experienced periodic production halt and supply chain strain. According to the Global Trade Update published by the United Nations Conference on Trade and Development, the global trade volume reached a record high of US\$28.5 trillion in 2021, representing an increase of 25.0% as compared with 2020, and the demand for logistics in overseas markets rebounded. In addition, due to the reshaping of the spending habits of North American consumers by the pandemic, the demand for e-commerce logistics increased, and the demand for semi-trailers was unleashed.

The consolidation and change were accelerated in the North American semi-trailer industry, which was on the road of intensive and large scale development. The “North American Business” actively constructed by the Company preliminarily paid off. The localized brands “Vanguard” and “CIE”, which have operated for many years, had high brand awareness in North America.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Semi-trailers in the European market

In 2021, the European economy recovered steadily. The EU launched the “Next Generation EU”. At present, the member states agreed to jointly contribute EUR80.69 billion, with the aim of promoting the rapid economic recovery of the EU in the post-pandemic era. The transportation and logistics industries will be supported in the new energy sector. The updated “Connecting Europe Facility” approved by the European Parliament in July 2021 and worth EUR30 billion for 2021 to 2027 will fund transport, energy and digital infrastructure construction, and EUR23 billion will be invested in transportation projects. Due to the continuous and moderate economic recovery of major markets in Europe and the reshaping of e-commerce spending habits by the pandemic, the demand for semi-trailers in Europe was unleashed.

During the Reporting Period, the Company actively made arrangements for the “European Business” in the European market and operated two well-known brands with a long history, namely “SDC” and “LAG”.

II. MAJOR BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD

(I) Major businesses and products

The Company is the world’s leading sophisticated manufacturing semi-trailer and specialty vehicle manufacturer. According to the “Global Trailer” 2021’s top global OEM ranking list for semi-trailer manufacturers, the Company ranked first in the world for 9 consecutive years in terms of production volume in 2021. The Company engages in the manufacture, sale and after-sales services of seven major categories of semi-trailers in global major markets. In the China market, the Company is a competitive and innovative manufacturer of truck bodies for specialty vehicles as well as a manufacturer of lightweight van truck bodies.

Since the Company entered the industry in 2002, it has ranked first in terms of sales volume of semi-trails in the world, with its business and technical advantages developed with a focus on “dedication and innovation”. In China, the Company operates famous brands in the industry including “Tonghua (通華)”, “Huajun (華駿)”, “SCVC SAILING (深揚帆)”, “Ruijiang Tanker (瑞江罐車)”, “Lingyu Vehicles (凌宇汽車)”, “Liangshan Dongyue (梁山東岳)”, “TB (太字節)”, “Pioneer Series (先鋒系列)” and “CIMC Light Tower (中集燈塔)”, leading the trend of the development of semi-trailers into van trailers and compliant development of semi-trailers in China. In North America, the Company operates well-known brands including “Vanguard” and “CIE”. In Europe, the Company operates two well-known brands with a long history, namely “SDC” and “LAG”.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

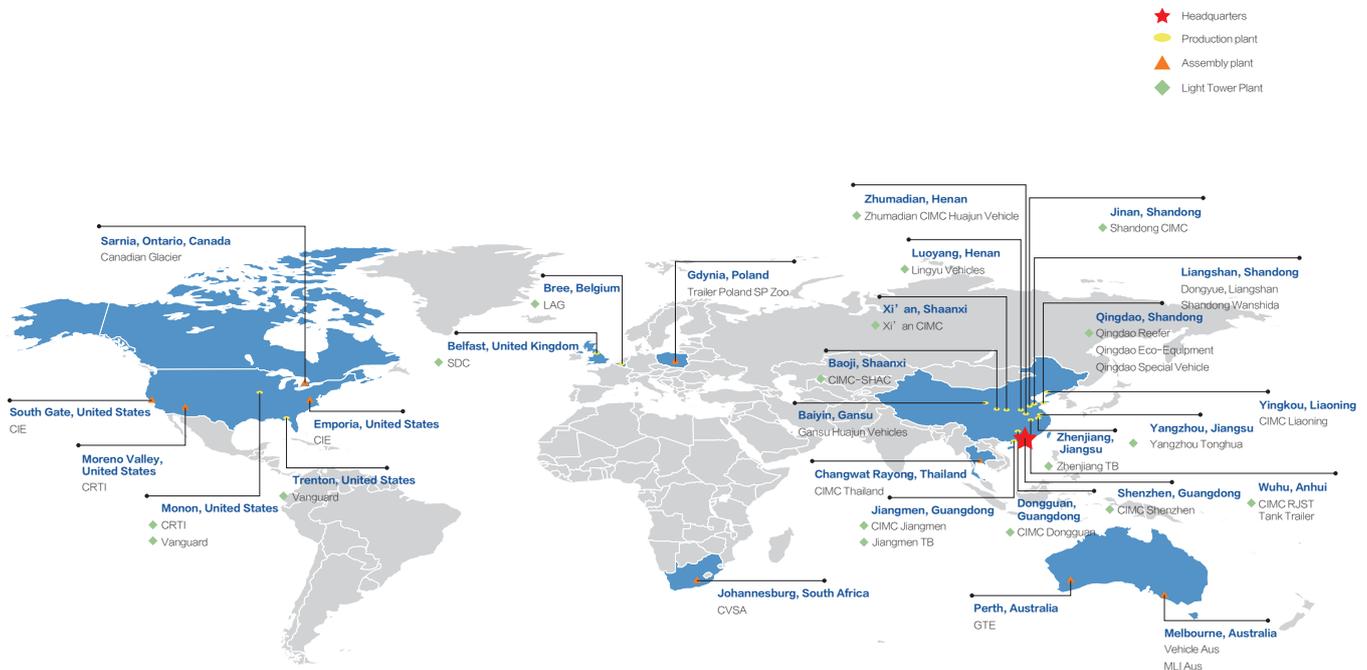
According to the actual operational and strategic management needs, the Company has established six major businesses or groups: “Champion Tanker Business Group”, “Light Tower Pioneer Business”, “TB Business Group”, “Urban Dump Truck Business”, “North American Business” and “European Business”, so as to remove internal barriers in operation and achieve the linkage between production and sales and the maximization of profits.

The Company cooperated with many well-known customers in the global semi-trailer business, including well-known domestic and foreign logistics and transportation enterprises and trailer rental companies. In the business of truck bodies for specialty vehicles in China, the Company established close partnerships with major domestic heavy truck companies and actively implemented joint development strategies. In the business of lightweight van truck bodies in China, the Company carried out active exploration and arrangement, proactively launching the “TB (太字節)” brand, continuously promoting the transformation and upgrading of cold chain logistics and transportation, urban logistics and distribution.

Through continuous exploration and development for years, the Company has deepened an operation model based on “Intercontinental Operation, Local Manufacturing” in line with current global conditions. Moreover, relying on the 23 manufacturing plants and 10 assembly plants of the Company in the world, the Company gave full play to its production and assembly capabilities, global supply chain management and global logistics and distribution.

The Company began to explore the construction of the “Sophisticated Manufacturing System” in 2014. The Company has globally established 13 “Light Tower” Plants for the production of semi-trailer, 7 “Light Tower” Plants for the production of truck bodies of specialty vehicles, and 2 “Light Tower” Plants for the production of lightweight van truck bodies, as well as “Product Module” for a number of semi-trailer series and carried out digital transformation and upgrading. The Company will focus on the comprehensive construction of the “Sophisticated Manufacturing System” and the “New Management Infrastructure” to maintain the long-term competitive advantages.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*



MAJOR PRODUCTS:

1. Seven major categories of semi-trailer products in the global markets mainly include:
 - ① Container chassis trailers
 - ② Flatbed trailers and relevant derivative types, mainly including side-wall trailers and stake trailers
 - ③ Curtain-side trailers
 - ④ Van trailers
 - ⑤ Refrigerated trailers
 - ⑥ Tank trailers, mainly including dry bulk tank trailers and liquid tank trailers
 - ⑦ Other special types of trailers, mainly including dump semi-trailers, terminal trailers and sanitation trucks

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

2. Manufacture of truck bodies for specialty vehicles and sales of fully-assembled specialty vehicles in China:
 - ① Truck bodies for urban dump truck
 - ② Manufacture of truck bodies and sales of fully-assembled vehicles of cement mixer trucks
3. Production of lightweight van truck bodies and sales of fully-assembled lightweight van trucks
 - ① Production of refrigerated van truck bodies and sales of fully-assembled refrigerated van trucks
 - ② Production of van truck bodies for urban distribution of dry cargoes and sales of fully-assembled trucks for urban distribution of dry cargoes

(II) Major business models

Through continuous exploration and development for years, the Company has formed an operation model based on “Intercontinental Operation, Local Manufacturing” in line with current global conditions. The Company acquires customers and obtains orders by a combination of direct selling and distribution. The Company obtains required raw materials, parts and components by a combination of centralized purchase, and independent purchase by production plants. The Company organizes efficient production by basing production on sales, and finally delivers its products to customers to make a profit.

① *Direct selling model*

Direct selling is a main sales model of the Company, under which each regional production plant serves as a main direct selling outlet that acquires direct sales customers through the sales team of the production plant or regional sales subsidiaries. The Company, with its technicians, develops and improves products which meet the demand preferences of users, so as to provide products to customers based on different demand preferences of users. The model meets the requirements of different customers and can respond to the market rapidly.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*② ***Distribution model***

The cooperation model between the Company and its distributors is buyout sales, under which the distributors are responsible for marketing and sales to customers in the major territories and providing service support to customers. The Company has 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 immediate assistance from sales personnel and regular training, so as to achieve win-win outcomes for the Company and distributors.

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	2021		2020	
	Amount	Percentage	Amount	Percentage
Direct selling	16,482.8	59.6%	17,635.1	66.6%
Distribution	11,165.0	40.4%	8,863.8	33.4%
Total	27,647.8	100.00%	26,499.0	100.00%

Note: If the total amount in the table does not match the mantissa of the total amount added by each item, it is caused by rounding.

The Company had 733 distributors as at the end of 2021, representing an increase of 231 as compared with the end of 2020. Such increase was mainly due to (1) the increase percentage of distribution in revenue for truck bodies for specialty vehicles business; (2) the increase percentage of distribution in revenue for upgraded Dongguan “Light Tower” plant’s semi-trailer business in China market. Revenue from distribution was RMB11,165.0 million, accounting for 40.4% of the revenue, as compared with 33.4% for the same period of last year, representing a year-on-year increase of 7.0 percentage points.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

(3) Analysis of operation

In 2021, the Company operated steadily, with revenue of RMB27,647.8 million, representing a year-on-year increase of 4.3%; net profit attributable to shareholders of the Company was RMB900.7 million, representing a year-on-year decrease of 20.4%, mainly due to the increase in raw material prices, overbuying resulting from the transition from China V to China VI emission standards and the increase in ocean freight. The Company paid full attention to technological research and development and continuously increased its investment in research and development expenses, which increased by 7.1% on a year on year basis.

Under the model of intercontinental operation, the Company integrated “Champion Tanker Business Group”, “Light Tower Pioneer Business”, “TB Business Group”, “Urban Dump Truck Business”, “North American Business” and “European Business”, with the aim of achieving the long-term goal of removal of barriers in operation, linkage between production and sales, information sharing and professional support, and carrying out all-round management covering strategy, operation and coordinated development, enabling the Company to operate in various operation and management scenarios, and realizing the overall strategy of intercontinental operation, under the complicated global economic situation with the flare-ups of the pandemic. During the Reporting Period, Champion Tanker Business Group of the Company performed steadily; revenue from Light Tower Pioneer Business decreased on a year on year basis; TB Business Group achieved an increase in sales volume, but the profit is yet to be realized; revenue from Urban Dump Truck Business decreased on a year on year basis; with the growth opportunity from the intercontinental operation, revenue from North American Business increased, despite various unfavorable factors; a strategic breakthrough was made in European Business, with a significant increase in revenue and a steady gross profit margin. In 2021, the Company sold 200,069 units of various types of vehicles in the world (2020: 194,252 units), representing a year-on-year increase of 3.0%.

As a leader in sophisticated manufacturer of semi-trailers and specialty vehicles, the Company has always followed the trend of the times, the philosophy of green development, continuously invested in the construction of innovative and intensive “Light Tower” Plants, continuously enriched the connotation of the Sophisticated Manufacturing System, actively developed and promoted new energy, intelligent, digital and light green products, enhanced the competitiveness of sustainable development, and supported the achievement of the national strategic goal of “carbon peaking and carbon neutrality”.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

1. Operation review of the Company for the year by major businesses and groups are as follows:

Champion Tanker Business Group

Champion Tanker Business Group manufactures and sells two core products, namely tank trailers, and concrete mixer trucks. During the Reporting Period, Champion Tanker Business Group performed steadily with revenue of RMB10,889.4 million despite the continuous increase in production costs.

In 2021, the demand for liquid tank trailers remained strong as the Chinese government regulated atmospheric liquid dangerous goods tank trucks. Through the integration of sales planning, purchase integration, product approval, financial planning, core human resources and other aspects, Champion Tanker Business Group achieved a strategic breakthrough in the tank trailer business. With the support of Sophisticated Manufacturing System, Champion Tanker Business Group provided customers with high-quality and light dry bulk tank trailer and liquid tank trailer products and services. During the Reporting Period, the tank trailer business of Champion Tanker Business Group performed steadily.

With regard to concrete mixer trucks, under the guidance of the strategy of “carbon peaking and carbon neutrality”, there was an accelerated increase in the demand for new energy concrete mixer trucks, which brought new development opportunities for upstream and downstream enterprises. Champion Tanker Business Group promoted automated and intelligent upgrading of production lines, and cooperated with tractor manufacturers in launching pure electric concrete mixer trucks to promote the application of new energy heavy-duty trucks in medium and short-distance transportation, engineering construction and urban traffic. Champion Tanker Business Group developed the electric fuel-saving system of concrete mixer truck bodies, thus reducing the comprehensive fuel consumption of concrete mixer trucks under China VI standards by 25%.

In addition, Champion Tanker Business Group actively developed new high-strength wear-resistant materials to reduce the weight of concrete mixer truck bodies, create industry-leading light and green products and lead the market trend of concrete mixer trucks. According to the data of the China Association of Automobile Manufacturers, the Company ranked first for five consecutive years in terms of sales volume of concrete mixer trucks in China, with a market share of 29.3% in China.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Light Tower Pioneer Business

Light Tower Pioneer Business is deeply engaged in the business of semi-trailer products in the market of China. With the continuous implementation of the “hitting peak emissions and achieving carbon neutrality” policy of the government of China, the semi-trailer industry of China was subject to upgrading and iteration, which also brought new opportunities for the high-quality development of semi-trailer enterprises in China. Policy and market factors led to the accelerated integration in China’s logistics and transportation industries, which caused the gradual increase in the semi-trailer manufacturing concentration in China and facilitated the further transition to large-scale manufacturing.

The Company’s conducted digital upgrade for its Light Tower Pioneer Business, optimized its technology and product innovation, transformed its traditional production and manufacturing plants into “Light Tower” Plants, and was deeply engaged in the market segment. During the Reporting Period, the revenue from the Light Tower Pioneer Business was RMB6,397.6 million.

The “Light Tower” Plant of the Company located in Dongguan City, Guangdong Province started a new undertaking, by launching the “CIMC Light Tower” brand and a series of van trailer products, and actively carried out digital exploration. During the Reporting Period, the sales volume of container chassis trailers of Light Tower Pioneer Business increased significantly by 48.5% on a year on year basis.

Light Tower Pioneer Business gradually highlighted the advantages of sophisticated manufacturing and innovative technologies by continuously carrying out innovation, research and development of core technologies in multiple aspects including modular design, flexible manufacturing, KTL electro-coating, digital product verification and high-performance lightweight, so as to achieve the goal of business improvement.

The “Vanguard Trailer Rental” company of Light Tower Pioneer Business, a service company of life cycle management of semi-trailer products, is committed to creating a standardized, intelligent, cross-industry and interconnected trailer pool for sharing of drop and pull transportation and logistics equipment, and providing logistics customers with time-sharing rental of semi-trailers and life cycle management services. During the Reporting Period, the revenue from the “Vanguard Trailer Rental” company significantly increased by 66.6% year on year, as the Chinese government encouraged the development of intensive and efficient transportation organization models including trailer sharing and rental, drop and pull transportation.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

TB Business Group

TB Business Group is mainly composed of refrigerated van truck bodies and dry van truck bodies businesses.

TB Business Group provides high-quality products and services for cold chain transportation in China, with modular product design and the latest generation of dual-mode foaming technology with independent intellectual property rights. The refrigerated van truck bodies manufactured are mainly used for the cold chain logistics and transportation of “6+1” key categories (meat, fruit, vegetables, aquatic products, dairy products, frozen food and other major fresh food and pharmaceutical products such as vaccines).

In 2021, as the Chinese government promoted the rural revitalization and improved the urban logistics and distribution transportation network, the Company established a lightweight van truck bodies business segment by building the “TB” brand and the “TB Business Group”, and launching compliant dry van truck body business of urban distribution mainly for urban logistics and distribution.

During the Reporting Period, the revenue of TB Business Group of the Company was RMB465.2 million.

Urban Dump Truck Business

During the Reporting Period, Urban Dump Truck Business actively improved its product competitiveness and expanded its new energy battery-driven dump truck business by successfully developing battery-driven dump truck bodies, battery-driven mining truck bodies, battery-driven sand and gravel truck bodies, and battery-driven coal truck bodies, etc., thus increasing the new energy product orders, effectively getting ahead in the market.

The CIMC-SHAC specialty vehicle project of the Company located in Baoji City, China, went into operation to implement the development strategy of cooperation with Shaanxi Automobile Group Co., Ltd. and promote the specialty vehicle modification business system to move towards green and sophisticated manufacturing.

During the Reporting Period, the revenue from Urban Dump Truck Business of the Company was RMB1,888.5 million.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

North American Business

North American Business is mainly composed of businesses of three core vehicle types, namely van trailer, refrigerated trailer and container chassis trailer.

With the flare-ups of the pandemic in the world, there was a shortage in the supply chain and a significant increase in the commodity and raw materials prices in the world. Despite many unfavorable factors and challenges, capitalizing on the advantage of intercontinental operation, the Company actively implemented the strategic measures of North American Business, gave play to the advantages of global resource integration, and controlled the global logistics and distribution costs through centralized purchase and digital management of the global supply chain, and optimized the arrangements for local production and manufacturing, and actively captured the business growth opportunities. During the Reporting Period, the results of North American Business of the Company improved, with the revenue of RMB4,840.7 million.

The Company seized the opportunity from the rapid market rally and built a localized production line in the United States. The refrigerated trailer production and manufacturing plant located in Indiana, United States, and the refrigerated trailer assembly plant located in Ontario, Canada were put into operation as scheduled, which unleashed the capacity of North American Business for production of refrigerated trailers. During the Reporting Period, the revenue of the Company from refrigerated trailers in North America increased significantly by 122.3% to RMB1,516.2 million, ranking third in the refrigerated trailer market of North America, according to the data of ACT Research.

Meanwhile, North American Business achieved synergies in terms of global supply chain management, global distribution and global centralized purchase of raw materials. Its localized brands seized the opportunity and improved the order delivery capability. During the Reporting Period, the revenue from van trailers in North America increased by 11.0% to RMB1,952.8 million, thus ranking first among the market of van trailers in North America.

The Company continuously enhanced the corporate competitiveness of digital intercontinental operation by enabling North American container chassis trailer business and sharing resources globally. During the Reporting Period, based on two production and manufacturing plants of CIE in the United States, North American Business completed the shipment of container chassis trailers and actively executed orders to cope with adverse factors in the market, and unlocked greater advantages and the pent up potential, with the momentum of breaking the impasse.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

European Business

European Business consists of, among others, LAG Trailers NV Bree (“**LAG**”) and SDC Trailer Ltd (“**SDC**”), which are wholly-owned subsidiaries of the Company in Europe. With the gradual recovery of local economic activity in Europe, there was a cyclical upward trend of transportation, manufacturing and infrastructure industries in the European market.

The Company actively seized the opportunities in the market by despatching its core management to SDC located in the United Kingdom for implementing the European business plan. According to the data of the Society of Motor Manufacturers and Transportation, SDC ranked first in the market of the United Kingdom, with its market share increasing to approximately 27.5%, representing a year-on-year increase of 4.8 percentage points. Under the guidance of the intercontinental operation strategy, the Company gave play to competitive advantages of intercontinental operation and further expanded its market share.

LAG of the Company located in Belgium, actively optimized its production and assembly lines, improved its production capacity arrangements, and vigorously implemented the enterprise resource planning (“ERP”) system and the global supply chain management system to improve its order delivery capacity.

European Business actively improved the production line of the localized “Light Tower” Plant, expanded the modular design and standardized production of products, thus significantly improving the production efficiency and capacity, with a significant increase in revenue and the steady gross profit margin. During the Reporting Period, the Company achieved high-quality growth with revenue of RMB2,372.3 million from European Business.

Other Businesses

With regard to semi-trailers in other markets, the Company seized the opportunity from the promotion of the free trade agreement between Southeast Asian countries and Europe to continuously improve the construction of market channels, while the semi-trailer market in emerging regions experienced a new cycle of change.

With regard to parts and components of semi-trailers and specialty vehicles, the Company enhanced its competitive advantage in the global parts and components business through digital management of the supply chain and new retail transformation and upgrading, under the background of the increase in global commodity price and shortage in the supply chain. In 2021, with the further increase in the existing global semi-trailers and specialty vehicles, the Company achieved positive growth in sales and gross profit margin of the semi-trailer and specialty vehicle parts and components business.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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

Global semi-trailers

With regard to global semi-trailers, during the Reporting Period, the Company achieved steady growth in the four largest markets of the global semi-trailer business, with revenue from the global semi-trailer business increasing to RMB15,275.9 million (2020: RMB13,579.6 million), representing a year-on-year increase of 12.5%. With the global persistent inflation and the upsurge in commodity prices and transportation costs, the unleashing of consumer demand put greater pressure on the global supply chain, causing congestion in many ports around the world and a continuous increase in ocean freight. During the Reporting Period, the gross profit margin of the global semi-trailer business of the Company decreased by 2.4 percentage points year on year, as a result of an increase in costs.

Truck bodies for specialty vehicles in China

During the Reporting Period, the revenue from the Company's business of production of truck bodies for specialty vehicles and sales of fully-assembled specialty vehicles in China was RMB9,209.6 million (2020: RMB10,163.3 million), representing a year-on-year decrease of 9.4%, mainly due to the overbuying in the first half of 2021 and the slowdown in the market demand in the second half of 2021 as a result of the implementation of China VI emission standards; gross profit margin decreased by 1.9 percentage points year on year, mainly due to the increase in raw material prices and intensified homogeneous competition.

Lightweight van truck bodies

During the Reporting Period, the revenue from the business of production and sales of lightweight van truck bodies in China was RMB311.4 million, representing a year-on-year decrease of 2.1%, with the gross profit margin decreasing year on year to 6.7%. The decline in revenue and the consolidated gross profit margin of the lightweight van body business established by the Company in early 2021 was mainly due to the increase in the proportion of sales of small body products, the increase in raw material prices and the production capacity which has not been fully unleashed for the time being.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Production management of fully-assembled vehicles during the Reporting Period

Note: If the revenue from the business of production of fully-assembled vehicles accounts for more than 30% of the Company's audited revenue in the most recent financial year, it should select applicable and disclose relevant content.

Applicable Not applicable

Production and sales of main products of the Company

Unit: unit

	Production Volume			Sales Volume		
	2021	2020	Year-on-year Change	2021	2020	Year-on-year Change
By region						
Domestic regions	175,195	182,031	-3.8%	154,745	150,483	2.8%
Foreign regions	19,053	15,576	22.3%	45,324	43,769	3.6%
Total	194,248	197,607	-1.7%	200,069	194,252	3.0%
By core business type						
Global semi-trailer	129,186	128,588	0.5%	138,166	131,327	5.2%
Truck bodies for specialty vehicles	54,419	61,913	-12.1%	52,703	56,449	-6.6%
Lightweight van truck bodies	10,643	7,106	49.8%	9,115	6,049	50.7%

* *Note: The sales volume of vehicles based on core businesses of the Company by product does not include the sales volume of vehicles based on other businesses of the Company, such as sanitation vehicles and other vehicles.*

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

During the Reporting Period, the Company's total production volume was 194,248 units/sets, representing a year-on-year decrease of 1.7%; the total sales volume of semi-trailers, truck bodies for specialty vehicles and lightweight van truck bodies was 200,069 units/sets, representing a year-on-year increase of 3.0%. In terms of production capacity, the Company's domestic and overseas production capacity in 2021 totaled 321,200 units/sets, representing an increase of 21.1% as compared with 265,200 units/sets in 2020. The increase in production capacity was mainly because: (1) the Xi'an CIMC Plant carried out light tower-based and intelligent upgrading of its equipment, thus increasing its production capacity by 10,000 sets or 200.0% year on year from 5,000 sets in 2020 to 15,000 sets in 2021; (2) the plant in Baoji, opened in 2021, increased its capacity for production of truck bodies for specialty vehicles by a total of 15,000 sets; (3) after upgrading, alteration and addition, Zhenjiang TB Plant, which has been formed from the merger of the former Zhenjiang Plant and Zhenjiang Refrigerated Trailer Plant, had its production capacity increased by 181.8% year on year to 31,000 sets of lightweight van truck bodies; (4) Vanguard Plant in the United States increased the production capacity of van trailers by 122.2% to 20,000 units.

In terms of capacity utilization rate, the Company's comprehensive capacity utilization rate reached 60.5% in 2021, representing a year-on-year decrease of 14.0 percentage points. The major changes in the capacity utilization rate of plants of the Company are as follows: (1) due to the continuous increase in demand for refrigerated trailers, Qingdao Cold Chain Transportation Plant had its capacity utilization rate increased from 63.2% in the same period of last year to 163.2%; (2) the demand for container chassis trailers produced and sold by Qingdao Specialty Vehicle Plant was strong, and its capacity utilization rate increased from 222.6% in the same period of last year to 257.6%; (3) due to the slowdown in the demand for heavy-duty trucks in the second half of 2021, the capacity utilization rate of Shenzhen Specialty Vehicle Plant decreased from 119.9% in the same period of last year to 88.6%; (4) the capacity utilization rate of Xi'an CIMC decreased from 287.3% in the same period of last year to 76.7%, mainly due to the significant increase in the production capacity of Xi'an CIMC Plant during the Reporting Period and the slowdown in the demand for heavy-duty trucks in the second half of 2021.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In terms of the construction of the parts and components supporting system, the Company actively built a supply system covering internal and external parts and components, by forming close cooperation relationships with over 200 industry-leading suppliers domestically and internationally. In addition to achieving competitive advantages through large-scale purchase, the Company vigorously developed its independent capabilities for production and integration of core parts and components, including travelling mechanism systems, axle tubes and axle components, to adapt to different regional markets and different product application scenarios.

Production management of auto parts and components during the Reporting Period

Applicable Not applicable

The Company carried out auto finance business

Applicable Not applicable

The Company carried out businesses in relation to new energy vehicles

Applicable Not applicable

III. ANALYSIS OF CORE COMPETENCE

(I) Advantages of intercontinental operation

The Company is the world's leading semi-trailer and specialty vehicle sophisticated manufacturer operating a number of well-known brands in the world. The Company continuously deepened its business philosophy of "Intercontinental Operation, Local Manufacturing", by establishing six major businesses and groups, namely Champion Tanker Business Group, Light Tower Pioneer Business, TB Business Group, Urban Dump Truck Business, North American Business and European Business, covering four major markets and more than 40 countries in the world, with 23 production plants and 10 assembly plants in the world. The Company gave full play to its production capacity and assembly capacity around the world, global supply chain management capability, global distribution and logistics management capability, so as to enhance its business resilience and risk tolerance capability in all types of businesses and markets in the world.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

(II) Leading edge in the market

According to the data released by “Global Trailer” on the ranking of global semi-trailer manufacturers by production volume in 2021, the Company ranked first among semi-trailer manufacturers in the world. In the sector of truck bodies for specialty vehicles in China, according to the statistics from Special Purpose Vehicle Branch of the China Association of Automobile Manufacturers, the Company ranked first for five consecutive years in terms of sale volume of concrete mixer trucks in China. The Company is also the forerunner in the urban dump truck facelift business in China. It actively carried out the strategies of joint development with tractor manufacturers for joint design and cross-marketing, thus increasing its market share in China year by year. In the sector of lightweight van truck bodies in China, the Company is an enterprise with an innovative spirit and leading technology research and development level. Through modular product design and professional sophisticated manufacturing, the Company provides customers in the industry with high-end products and services, which lead the development trend of the urban distribution and logistics industry.

In overseas markets, the Company operated well-known brands of “Vanguard”, “CIE”, “LAG” and “SDC”. The Company, a rapidly growing refrigerated trailer manufacturer with a good reputation as well as a reliable supplier for major mainstream customers in North America, ranked among the top companies in the North American market in terms of sales volume of refrigerated trailers. SDC continuously increased its share in the market of the United Kingdom by upgrading its production lines and promoting the modular design of products. LAG, with over 70-year history ranking top position in the market of European-style tank trucks, had a good reputation in the European market, with its higher commercial value, fuel saving and low weight-to-strength ratio.

(III) Research and development technology advantages

The Company has obvious advantages in research and development technology. As at the end of 2021, the Company had 795 research and development personnel in the world and over 1,000 registered patents, and participated in the formulation and revision of 22 national and industry standards for semi-trailers and truck bodies for specialty vehicles in China. The Company has always adhered to the innovation-driven development strategy and strived to implement the digitization and informatization process of industrial production, thus obtaining significant technological innovation achievements. Based on the modular product design, the Company developed a new model suitable for flexible product manufacturing, thus solving the problems of complex product types, high degree of customization and difficulty in mass production. Through the production mode of the modular working island, the design of highly flexible assembly jigs, the automated welding robots and the automated logistics and distribution system, the Company created flexible manufacturing solutions for products including container chassis trailers, tank trailers, mixing tanks, van trailers and curtain-side trailers.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

(IV) Manufacturing advantages

The Company reached the industry-leading manufacturing level by comprehensively building the Sophisticated Manufacturing System or establishing “Light Tower” Plants around the world. At present, the Company has 13 “Light Tower” Plants for the production of semi-trailers, 7 “Light Tower” Plants for the production of truck bodies for specialty vehicles and 2 “Light Tower” Plants for the production of lightweight van truck bodies at home and abroad, and set up various series of “product modules” of semi-trailer products. Four subsidiaries of the Company won the national title of “green plant”, and two subsidiaries were granted the provincial title of “green plant”. The Company will continuously practice low-carbon and green manufacturing and build the Sophisticated Manufacturing System represented by “Light Tower” Plants, so as to bring a new driving force for the sophisticated manufacturing industry in China.

(V) Advantages of global supply chain management

The global business arrangement of the Company has obvious supply chain management advantages and scale effect of purchase. With the resource advantage of centralized purchase platforms, good bargaining power and a wide selection of suppliers around the world, the Company can effectively improve its purchase efficiency, including the ability to purchase steel products on a large scale in China with competitive pricing, and the ability to purchase all kinds of advanced or customized parts and components that meet specifications in local markets. Meanwhile, information on the Company’s EPS electronic purchase platform is open and transparent, and the purchase prices of parts and components and core raw materials are traceable. The EPS electronic purchase platform connects the purchasing-end supply chains in the global market, and has the leading global distribution capability and the capability for raw material storage and management, which can resist the influence of the change in upstream raw material prices on production management to the maximum extent.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

(VI) Advantages of the new retail model

In the global semi-trailer business, the Company cooperated with many well-known customers, including JB Hunt, Schneider, Milestone, TIP, DHL and other European and American first-class transportation companies and trailer rental companies. In the specialty vehicle business in China, the Company established good and stable partnerships with major domestic heavy truck enterprises including SAIC Hongyan, Shaanxi Automobile, FAW and CNHTC, and actively carried out the strategy of “joint development” with tractor manufacturers.

“Promoting the construction of new retail” serves as one of the five cornerstones of the Sophisticated Manufacturing System. The Company carries out its business with technological innovation. Meanwhile, the Company changed its marketing through digital media marketing, co-marketing and other measures, and continuously explored new business forms of trailer sharing model, so as to create a “new retail” model to adapt to market changes. The “new retail” model can bring the users closer and achieve a closer customer relationship. Under the model, a new retail ecosystem was established through digital platform technology to achieve core goals, and an online and offline new retail ecosystem based on the Salesforce software platform was established. This facilitates online and offline integration, mutual complementation and enabling.

The “new retail” marketing model will be upgraded continuously, digitally and intelligently according to market changes, and further enhance the core competitiveness of the business by deeply promoting product upgrading and carrying out innovative actions to bring customers closer, thus consolidating the global leading position in product quality.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

(VII) Advantages of organizational development

The Company has excellent management teams, business technical teams and sales teams from all over the world. The core members of the senior management team of the Company have served with the Company for more than 15 years on average. Since 2002 when the Company started manufacturing and selling semi-trailers, Mr. Mai Boliang, the chairman, and Mr. Li Guiping, the CEO and president, have led the strategic operation of the Company. Mr. Mai Boliang has over 31 years of industry and management experience in relevant industries. Mr. Li Guiping has more than 18 years of professional experience in relevant industries, and 18 years of experience in the trailer industry.

The Company also gave full play to its advantages in talent pool and training, by establishing a new-generation management team consisting of young members with rich industry experience and deep engagement in business. With innovative thinking, aggressiveness and practical actions, the young management team constantly promotes the high-quality and sustainable development of the Company, and bravely undertakes their roles in the sophisticated manufacturing industry in China.

IV. ANALYSIS OF CORE BUSINESSES

1. Overview

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

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

2. Revenue and costs

(1) Composition of revenue

Overall revenue

Unit: RMB

	2021	As a	2020	As a	Year-on
	Amount	percentage	Amount	percentage	-year
		of revenue		of revenue	change
Total revenue	<u>27,647,762,501.46</u>	<u>100.00%</u>	<u>26,498,964,653.25</u>	<u>100.00%</u>	<u>4.34%</u>
By industry					
Road transportation industry	27,647,762,501.46	100.00%	26,498,964,653.25	100.00%	4.34%
By product					
Vehicle sales	24,825,306,757.71	89.79%	24,218,126,749.10	91.39%	2.51%
– Global semi-trailer	15,275,851,992.36	55.25%	13,579,609,077.85	51.25%	12.49%
– Manufacture of truck bodies for specialty vehicles, and fully-assembled specialty vehicles	9,209,614,673.77	33.31%	10,163,286,958.86	38.35%	-9.38%
– Lightweight van truck bodies	311,356,512.72	1.13%	317,888,552.30	1.20%	-2.05%
– Other vehicles	<u>28,483,578.86</u>	<u>0.10%</u>	<u>157,342,160.09</u>	<u>0.59%</u>	<u>-81.90%</u>
Parts and components of semi-trailers and specialty vehicles	<u>2,000,011,100.91</u>	<u>7.23%</u>	<u>1,654,516,399.41</u>	<u>6.24%</u>	<u>20.88%</u>
Others	<u>822,444,642.84</u>	<u>2.97%</u>	<u>626,321,504.74</u>	<u>2.36%</u>	<u>31.31%</u>
By region					
Chinese market	18,637,757,934.76	67.41%	19,180,844,350.51	72.38%	-2.83%
North American market	5,041,888,369.23	18.24%	4,387,682,762.58	16.56%	14.91%
European market	2,455,208,525.02	8.88%	1,923,663,818.95	7.26%	27.63%
Other markets	<u>1,512,907,672.45</u>	<u>5.47%</u>	<u>1,006,773,721.21</u>	<u>3.80%</u>	<u>50.27%</u>
By sales model					
Direct selling	16,482,798,807.17	59.62%	17,635,142,196.54	66.55%	-6.53%
Distribution	<u>11,164,963,694.29</u>	<u>40.38%</u>	<u>8,863,822,456.71</u>	<u>33.45%</u>	<u>25.96%</u>

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	27,647,762,501.46	24,600,777,444.80	11.02%	4.34%	6.81%	- 2.06pct
By product						
Global semi-trailer	15,275,851,992.36	13,559,680,577.19	11.23%	12.49%	15.65%	- 2.43pct
Manufacture of truck bodies for specialty vehicles, and fully-assembled specialty vehicles	9,209,614,673.77	8,591,851,567.43	6.71%	-9.38%	-7.45%	- 1.95pct
By region						
Chinese market	18,637,757,934.76	16,528,753,442.66	11.32%	-2.83%	-1.16%	- 1.50pct
North American market	5,041,888,369.23	4,505,157,687.47	10.65%	14.91%	18.66%	- 2.82pct
By sales model						
Direct selling	16,482,798,807.17	14,409,367,558.28	12.58%	-6.53%	-4.54%	- 1.83pct
Distribution	11,164,963,694.29	10,191,409,886.52	8.72%	25.96%	28.40%	- 1.73pct

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)***(3) Whether revenue of the Company from sales of material objects exceeds service revenue**

Yes No

Industry	Item	Unit	2021	2020	Year-on-year change
Road transport vehicle	Sales volume	unit/set	200,069	194,252	2.99%
	Production volume	unit/set	194,248	197,607	-1.70%
	<u>Inventory</u>	<u>unit/set</u>	<u>12,293</u>	<u>14,803</u>	<u>-16.96%</u>

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	2021		2020		Year-on-year change
		Amount	As a percentage of operating costs	Amount	As a percentage of operating costs	
Road transport vehicle	Raw materials	21,263,545,129.94	86.43%	19,794,498,938.97	85.95%	7.42%
	Direct labour	1,420,124,608.18	5.77%	1,273,893,964.49	5.53%	11.48%
	Manufacturing expenses	1,602,935,571.19	6.52%	1,551,446,543.82	6.74%	3.32%
	Freight and handling charges	314,172,135.49	1.28%	411,634,300.00	1.79%	-23.68%
	Total	<u>24,600,777,444.80</u>	<u>100.00%</u>	<u>23,031,473,747.28</u>	<u>100.00%</u>	<u>6.81%</u>

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

Please refer to note 5 to “Section XIII Auditor’s Report” in this report for enterprise merger and newly-established companies.

(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) Sales to major customers and major suppliers***Sales to major customers of the Company*

Total sales to top 5 customers (RMB)	2,763,044,869.59
Total sales to top 5 customers as a percentage of total sales for the year	9.99%
Sales to related parties in sales to top 5 customers as a percentage of total sales for the year	<u>0.00%</u>

Information on top 5 customers of the Company

S/N	Name of customer	Sales (RMB)	As a percentage of total sales for the year
1	Customer A	1,286,954,969.35	4.65%
2	Customer B	434,376,751.70	1.57%
3	Customer C	413,243,419.23	1.49%
4	Star Leasing Co.	343,130,881.61	1.24%
5	XTRA LLC	<u>285,338,847.70</u>	<u>1.03%</u>
Total	—	<u>2,763,044,869.59</u>	<u>9.99%</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)	5,708,767,547.23
Total purchase from top 5 suppliers as a percentage of total purchase for the year	24.02%
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	2,336,410,528.50	9.77%
2	Supplier B	1,389,815,633.72	5.81%
3	Supplier C	806,618,062.46	3.37%
4	Supplier D	709,026,348.25	2.96%
	Shaanxi Heavy Duty Motor Company Limited (陝西重型汽車有限公司)	<u>466,896,974.30</u>	<u>1.95%</u>
Total	—	<u>5,708,767,547.23</u>	<u>24.02%</u>

Other information on major suppliers

Applicable Not applicable

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

3. Expenses

Unit: RMB

	2021	2020	Year-on -year Change	Description of Major Changes
Selling expenses	729,251,979.27	665,768,717.66	9.54%	Small change
Administrative expenses	873,183,272.45	869,833,396.78	0.39%	Small change Mainly due to a decrease in the foreign exchange exposure
Finance costs	16,899,370.60	134,330,659.31	-87.42%	
Research and development expenses	397,817,429.52	371,412,140.90	7.11%	Small change

4. R&D investments

√ Applicable □ Not Applicable

Name of Main R&D Projects	Project Purpose	Project Progress	Objectives to Be Achieved	Expected Impact on Future Development of the Company
ERP1.0	Connect DE/NR/ME and other businesses end-to-end; consolidate the New Management Infrastructure, and integrate business, finance, taxation and finance; accurately and timely disclose financial reports of A+H Shares to avoid compliance risks; and update the business indicator analysis reports in real time	Blueprint design stage	Reduce the production lead time by: 40% Increase the order response cycle by: 30% Capacity utilization rate: >=80% Reduce the finished product inventory turnover cycle by: 35% Automatic generation rate of financial vouchers: >80% Automatic price verification rate of orders: >90% Visualization rate of business indicators: 100% Month settlement time: 14 days (7 days for headquarters consolidation + 7 days for enterprise) → 3 days (1 day for headquarters + 2 days for business)	Empower the construction of sophisticated manufacturing and new management infrastructure systems, achieve the business orientation of data, and integrate business and finance. Realize the business and financial integration of vehicle headquarters + enterprises, consolidate the new management infrastructure, connect and integrate the cornerstones of high-end manufacturing, and truly develop them into a "system". Reach the "sophisticated" standards in both technical and business senses.

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
Arcman 1 Project (domestic K2 refrigerated van manufacturing upgrade project, with Zhenjiang TB Plant established)	Practice the Sophisticated Manufacturing System, develop and master the core foaming process equipment of a new generation of refrigerated trucks, and achieve the overall leading position in the domestic refrigerated truck industry and the equivalent international advanced level	1. The project was initiated in March 2020 2. It was accepted and concluded by the expert group in December 2021	Independently research and develop the European advanced open foaming equipment, fully master K2 dual-mode foaming technology, and currently apply for the launch of the first set; simultaneously optimize and upgrade the production line equipment such as skin forming, profile bonding and final assembly; assist the efficient and high-quality manufacturing of TB products in Zhenjiang Plant.	Promote the implementation of Sophisticated Manufacturing System in Zhenjiang Plant; develop and fully master K2 dual-mode foaming equipment and process technology, and make the domestic refrigerated truck foaming technology fully ahead of the equivalent advanced level in Europe and America; comprehensively enhance the automation level and comprehensive competitiveness of Zhenjiang TB; and provide reference and support for the upgrading of Jiangmen Plant and refrigerated truck manufacturing technology.
Guinea Pig Project (Refrigerated truck manufacturing technology upgrade project in North America, with QCTC implemented)	1. Implement and promote the Sophisticated Manufacturing System, research and develop automated equipment for refrigerated trucks, and provide support for the upgrading of overseas refrigerated truck equipment and global manufacturing operations 2. In order to improve the technical feasibility, first carry out QCTC verification and implement relevant automated manufacturing equipment.	1. The project was initiated in April 2019 2. It was accepted by the expert group, then concluded and delivered in March 2021	Research, develop and demonstrate the technical route and plan for upgrading the automatic production line of the refrigerated trucks; realize the automatic production of the core position (floor drilling and nailing) of refrigerated trucks to reduce labor and improve efficiency.	Research, develop and demonstrate the technical route for automatic upgrading of refrigerated trucks; improve the automation level of Qingdao CIMC Reefer Trailer and enhance the comprehensive competitiveness; achieve efficiency improvement and stable quality to lay a foundation for the global layout of refrigerated trucks and the layout of overseas refrigerated truck plants.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Name of Main R&D Projects	Project Purpose	Project Progress	Objectives to Be Achieved	Expected Impact on Future Development of the Company
Research on modularization of common parts for mixer trucks	The project plans to carry out modular research and optimize the design of common parts of mixer trucks within two years, so as to realize that each part can be applicable to truck models of various chassis and various sizes, try to ensure that each part can be applicable to all trucks when only one or two models are available, and finally realize the goal that these common parts only need type selection without design when developing new products, thus improving the degree of standardization of products, reducing production costs, shortening the manufacturing cycle and improving product performance, enhancing the market competitiveness of products and increasing the share of the Company's products in the domestic mixer truck market.	Completed	Realize the modularization of common parts of mixer trucks. When developing new products, these common parts only need to be selected without design, which will greatly reduce the cost of human and material resources.	Realizing the modularization of common parts of mixer trucks can greatly shorten the R&D and production cycle of new products, reduce costs and increase efficiency, seize market opportunities, and improve market competitiveness, with broader prospects.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Name of Main R&D Projects	Project Purpose	Project Progress	Objectives to Be Achieved	Expected Impact on Future Development of the Company
Research on four-axle and three-axle semi-trailers with large wheelbase	Meet the transportation requirements of domestic and foreign customers with large loading capacity, flexible types of goods to be transported, and poor road conditions. Meet the axle load requirements of the user country.	In progress	Meet the requirements of domestic and foreign users, promote the development of bulk goods transportation industry, and expand exports.	Increase the Company's product categories, enhance its market competitiveness, expand exports, and bring good economic and social benefits to the Company.
Intelligent concrete mixer trucks	Promote product iteration through the intelligent system, meet the needs of customers in all aspects, and master the industry-leading technology.	Completed	Realize intelligent operation and management of trucks.	Master the core technology of product intelligence and lead the development direction of the Company's high-end products.
Implementation of the North American refrigerated truck PLM project	Digitize the North American refrigerated truck modules and use PLM to manage modules and processes	Already conduct trial run for North American orders in PLM system	Complete the main functions of R&D, process and digital collaboration, including infrastructure construction of PLM collaboration platform, modular online 3D design, 3D-based product configuration management, construction of digital process management platform, integration with the ERP system, etc.	Improve the digital level of R&D and R&D efficiency, and lay a foundation for the implementation of MES and CRM systems.

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
SDM simulation data management platform	<p>1) Construction of PLM-SDM simulation data management system: structured management of design-simulation data, integrated management of multi-disciplinary simulation data such as dynamic, static, modal and fatigue; integrated management of simulation knowledge such as database, model library, and specifications;</p> <p>2) Pre – and post-processing plug-ins for TB products in Hypermesh secondary development: Geometric cleaning, meshing, attribute assignment, loading and PDF report.</p> <p>3) Build a simulation cloud platform. The cloud desktop provides safe and reliable CAE pre – and post-processing computing power, and the HPC high-performance computing ECS elastic server provides CAE solving computing power.</p>	On-line trial operation	<ol style="list-style-type: none"> 1. Solve the problem of genuine CAE software of the Group's membership enterprises at lower cost; 2. Reduce the use threshold of CAE technology and deliver CAE technology to membership enterprises; 3. Systematize and platformize the simulation business, so that the simulation results made by skilled employees and novices are consistent; 4. One-person design and simulation reduces the man-hour of a single simulation to 9 hours, thus reducing the simulation cost lower, achieving high efficiency and good experience 5. Enable simulation to keep up with the pace of design changes, and transform from true-aided design to simulation-driven design 	Improve CAE efficiency and reduce working hours by 87%; reduce the proportion of labor hours from 84.3% to 7.7%

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
Development of multi-functional full-trailer trains in Ethiopia	<p>1. Model structure: multi-functional design, which can not only meet the functions of ordinary fence trains, but also meet the transportation of 20-foot containers (without removing the box plate). The box plate and fence can also be quickly removed and used as a flatbed trailer.</p> <p>2. The external design of the column avoids the problem of insufficient strength of the side beam caused by the plug-in column, and also increases the internal control size of the box. The slot-fixed fence can be quickly disassembled and equipped with an anti-jump device.</p> <p>3. The front and rear trains are equipped with water sprinkling systems to meet the long-distance transportation needs of customers.</p> <p>4. Make full use of the trailer space, and arrange toolbox and horizontal sprinkler at the rear of the trailer;</p> <p>5. Meet the requirements of KD stacked trailer shipment, simple and convenient assembly.</p>	Development tasks completed	1. Complete the research and development of trailers to meet the needs of the Ethiopian market, realize the delivery of multiple stacked trailers to Ethiopia, and open up the surrounding markets to achieve sales and profitability.	<p>1. Develop overseas advantageous models with independent characteristics of the Company;</p> <p>2. Build the competitive advantages in the Ethiopian market and radiate the surrounding markets;</p> <p>3. Increase the new growth space of full trailers.</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
K2 building block system products	Provide customers with overall solutions for cold chain logistics through "K2 open foaming technology", "LEGO modular concept" and "intelligent temperature control system".	<p>1) Product development of external ripening chamber has been completed.</p> <p>2) Product development of built-in ripening chamber has been completed.</p> <p>3) Product development of four-door ripening chamber has been completed.</p> <p>4) Product development of external thermal insulation chamber has been completed.</p> <p>5) Product development of multiple-combined series products (3, 6, 5, 9) has been completed.</p> <p>6) Product development of small Moving Box has been completed.</p>	Complete the development of K2 building block series products	Open up the "last kilometer" of the field and provide customers with overall solution for cold chain logistics through "K2 open foaming technology", "LEGO modular concept" and "intelligent temperature control system".

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Name of Main R&D Projects	Project Purpose	Project Progress	Objectives to Be Achieved	Expected Impact on Future Development of the Company
I-Eagle Platform Phase I	Build the North American Business digital process operation chain controlled by the Group and covering order inquiry, production and after-sales in two phases, establish the I-Eagle digital operation platform, and realize the seamless integration of research, sales and supply data of the CRM-PLM-EPS-Mendix platform.	The function is being tested and corrected.	The initiation of this project focuses on the Configure To Order (CTO) inquiry process, while the production and after-sales processes will be separately initiated and applied for. When a customer or a salesperson makes an inquiry according to the CTO mode, once the customer clicks the technical specification option of the product, the digital work platform will automatically generate the documents and data list required for the inquiry, including cost, delivery time, warranty period, etc. to realize quick response to regular orders in minutes; for the special requirements of ETO proposed by customers, DE engineers will customize development and maintain metadata such as configuration model, BOM, order options, etc.	<ol style="list-style-type: none"> 1. Enhance the operational efficiency of remote collaboration of North American products. 2. Exploration of digital platform applications. 3. Improve work accuracy. 4. Improve data security.

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
BI Project of Budget Analysis Department	Build a data digital analysis platform, create high-level interactive management billboards, and have a vital data analysis system	1. Budget and operation tracking represents the preparatory stage for launch 2. Investment and operation quality evaluation represents the development stage	Acceptance passed	Enhance analytical insights 1. Enhance data relevance and insights into data transmission mode through data integration and construction of data relationship model 2. Change the traditional mode of manually sorting and uploading data, and gradually adopt the analysis application mode of automatically and timely transmitting data to the front end through the middle platform (data layer) to improve efficiency. Organizational analysis collaboration 3. Develop the mutual driving relationship between CIMC Group-CIMC Vehicles-subidiaries through the working mode of promoting construction by application, and enhance the organizational synergy. Change the management mode 4. Make the management understand the core indicators in real time 5. Optimize the reporting mode
Research and development of large-tonnage double-trailer trains	Meet the transportation needs of foreign customers – large loading capacity, light weight, high safety, more environmentally friendly transportation, suitable for long-distance transportation in harsh road conditions.	Completed	Meet customer transportation needs and achieve bulk exports.	Significantly increase the market competitiveness of the Company's products and bring good economic and social benefits to the Company.

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

	2021	2020	Proportion of changes
Number of R&D personnel (person)	795	769	3.38%
Proportion of R&D personnel	<u>5.98%</u>	<u>5.82%</u>	<u>0.16%</u>
Education background of R&D personnel			
Bachelor's degree	543	548	-0.91%
Master's degree	78	65	20.00%
Doctor's degree	3	3	0.00%
Others	<u>171</u>	<u>153</u>	<u>11.76%</u>
Age composition of R&D personnel			
Below 30	277	310	-10.65%
Aged 30 ~40	336	312	7.69%
Aged 40 ~50	134	113	18.58%
Others	<u>48</u>	<u>34</u>	<u>41.18%</u>

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

	2021	2020	2019
Research and development investments expressed as an amount (RMB)	397,817,429.52	371,412,140.90	333,034,256.32
Research and development investments expressed as a percentage of revenue	1.44%	1.40%	1.42%
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 current period	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)****Reasons and effects of significant changes in the composition of the research and development personnels of the Company***

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

5. Cash Flow

Unit: RMB

Applicable Not applicable

Item	2021	2020	Year-on-year Change
Sub-total of cash inflows from operating activities	30,870,328,017.19	29,528,313,253.89	4.54%
Sub-total of cash outflows from operating activities	30,695,899,754.58	26,781,375,278.62	14.62%
Net cash flow from operating activities	174,428,262.61	2,746,937,975.27	-93.65%
Sub-total of cash inflows from investing activities	596,205,198.89	434,892,469.35	37.09%
Sub-total of cash outflows from investing activities	1,331,285,983.25	1,194,720,021.20	11.43%
Net cash flow from investing activities	-735,080,784.36	-759,827,551.85	3.26%
Sub-total of cash inflows from financing activities	3,023,753,775.97	2,302,092,644.52	31.35%
Sub-total of cash outflows from financing activities	2,008,138,445.15	3,701,293,261.57	-45.74%
Net cash flow from financing activities	1,015,615,330.82	-1,399,200,617.05	172.59%
Net increase in cash and cash equivalents	<u>425,327,511.28</u>	<u>478,215,063.77</u>	<u>-11.06%</u>

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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

Applicable Not applicable

Net cash flow from operating activities decreased by 93.65% as compared with last year, mainly due to the significant increase the expenditure on procurement of raw materials and parts and components in the year.

Cash inflows from investing activities increased by 37.09% as compared with last year, mainly due to the increase in cash inflows from redemption of wealth management products and funds in the year.

Cash inflows from financing activities increased by 31.35% as compared with last year, mainly due to raising funds through an initial public offering of A Shares in the year.

Cash outflows from financing activities decreased by 45.74% as compared with last year, mainly due to the decrease in the loan repayments in the year.

Net cash flow from financing activities increased by 172.59% as compared with last year, mainly due to raising funds through an initial public offering of A Shares in the year.

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

Applicable Not applicable

There was a difference between net cash flow from operating activities and profit for the year for the Reporting Period, mainly due to the increase in the expenditure on procurement of raw materials and parts and components with the rise in prices of bulk materials during the year.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

V. NON-CORE BUSINESS

√ Applicable □ Not applicable

Unit: RMB

	Amount	As a Percentage of the Total Profit	Method of Obtaining the Asset	Whether It is Sustainable
Investment income	15,539,933.70	1.32%	Mainly income from long-term equity investments accounted for using the equity method, investment income from the disposal of derivative financial instruments, and investment income from the disposal of financial assets held for trading	No
Gains or losses from changes in fair value	-20,232,463.28	-1.72%	Mainly changes in fair values of financial assets held for trading	No
Impairment of assets	-42,564,575.54	-3.62%	Mainly provision for diminution in value of inventories	No
Non-operating income	12,202,521.37	1.04%	Mainly penalty income and unpayable payables	No
Non-operating expenses	9,633,086.92	0.82%	Mainly losses on retirement of fixed assets	No
Credit impairment loss	-24,983,892.84	-2.12%	Mainly bad debt provision for receivables	No
Gains or losses from disposal of assets	177,124,182.99	15.06%	Mainly gains on the disposal of fixed assets and intangible assets	No
Other income	<u>137,063,977.39</u>	<u>11.65%</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 2021		Beginning of 2021		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	5,041,982,475.37	23.15%	4,537,414,308.21	22.89%	0.26%	No major changes
Accounts receivables	2,781,330,860.48	12.77%	2,805,150,945.28	14.15%	-1.38%	No major changes
Inventories	4,939,195,443.70	22.68%	3,793,611,808.10	19.14%	3.54%	No major changes
Investment properties	393,130,062.84	1.80%	385,672,568.62	1.95%	-0.15%	No major changes
Long-term equity investments	151,084,643.75	0.69%	183,521,412.93	0.93%	-0.24%	No major changes
Fixed assets	4,626,675,908.82	21.24%	3,766,061,941.67	19.00%	2.24%	No major changes
Construction in progress	516,572,732.14	2.37%	750,668,380.90	3.79%	-1.42%	No major changes
Right-of-use assets	232,392,010.62	1.07%	203,515,311.03	1.03%	0.04%	No major changes
Short-term borrowings	889,554,358.43	4.08%	830,612,524.77	4.19%	-0.11%	No major changes
Contract liabilities	547,132,006.91	2.51%	767,576,931.31	3.87%	-1.36%	No major changes
Long-term borrowings	374,823,099.70	1.72%	394,844,055.67	1.99%	-0.27%	No major changes
Lease liabilities	185,163,298.60	0.85%	160,063,520.88	0.81%	0.04%	No major changes
Assets held for sale	0.00	0.00%	50,832,419.57	0.26%	-0.26%	Assets held for sale have been handed over
Notes payables	1,098,475,012.01	5.04%	852,099,048.49	4.30%	0.74%	No major changes
Accounts payables	3,558,427,089.39	16.34%	3,491,902,932.38	17.61%	-1.27%	No major changes
Receivables financing	510,091,121.74	2.34%	856,221,210.49	4.32%	-1.98%	No major changes
Intangible assets	892,972,786.18	4.10%	913,720,881.57	4.61%	-0.51%	No major changes

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)****Overseas assets accounted for a large percentage***

√ Applicable □ Not applicable

Asset	Method of Obtaining the Asset	Size of the Asset	Location	Operating Model	Control Measures to Ensure the Asset Safety	Revenue	Overseas Assets as a Percentage of Net Assets of the Company	Whether There are Significant Impairment Risks
VANGUARD NATIONAL TRAILER CORPORATION	Acquisition	<u>1,346,476,128.26</u>	United States	Production and operation	Internal controls were carried out continuously and effectively	<u>89,901,951.90</u>	<u>10.87%</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 Period	Total Fair Value Change Recorded in Equity	Impairment for the Period	Amount of Purchase for the Period	Amount of Disposal for the Period	Other Changes	Ending Balance
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets)	136,784,931.09	-26,989,494.68	0.00	0.00	236,000,000.00	354,940,519.34	9,145,082.93	0.00
2. Derivative financial assets	618,773.35	1,420,829.64			6,621,225.31	6,621,225.30		2,039,603.00
3. Other debt investments								0.00
Sub-total of financial assets	137,403,704.44	-25,568,665.04	0.00	0.00	242,621,225.31	361,561,744.64	9,145,082.93	2,039,603.00
Investment properties	385,672,568.62	5,248,735.41			2,259,993.11		-51,234.30	393,130,062.84
Bearer biological assets								0.00
Others								0.00
Receivables financing	856,221,210.49			-989,139.07	10,293,964,259.41	10,641,360,868.18		510,091,121.74
Total	1,379,297,483.55	-20,319,929.63	0.00	-989,139.07	10,538,845,477.83	11,002,922,612.82	9,093,848.63	905,260,787.58
Financial liabilities	114,174.90	87,466.35			1,171,689.75	1,648,600.00	296,369.00	21,100.00

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)****Other changes***

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

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

Yes No

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

Item	Closing Book Value (RMB)	Reason for the Restriction
Cash at bank and on hand	347,279,141.79	Deposits for vehicle loans, bills, etc. The transfer is subject approval by the Shenzhen Municipal People's Government, and they shall not be transferred in part
Fixed assets	36,895,846.27	or leased
Notes receivables	4,170,000.00	Pledged
Receivables financing	<u>58,622,779.91</u>	Pledged
Total	<u><u>446,967,767.97</u></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
<u>1,331,285,983.25</u>	<u>1,194,720,021.20</u>	<u>11.43%</u>

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 assets measured at fair value

√ Applicable □ Not applicable

Unit: RMB

Class of Asset	Initial Investment Cost	Gains or Losses on Fair Value Change for the Period	Total Fair Value Change Recorded in Equity	Amount of Purchase for the Reporting Period	Amount of Disposal for the Reporting Period	Total Investment Income	Ending Amount	Source of Fund
Funds	116,451,400.00	-26,989,494.68			118,470,290.86	2,018,890.86		Own funds
Financial derivatives	618,773.35	1,420,829.64		6,621,225.31	6,621,225.30		2,039,603.00	Own funds
Others		470,228.48		236,000,000.00	236,000,000.00	470,228.48		Own funds
Receivables financing	856,221,210.49	0.00		10,293,964,259.41	10,641,360,868.18		510,091,121.74	Own funds
Total	973,291,383.84	-25,098,436.56	0.00	10,536,585,484.72	11,002,452,384.34	2,489,119.34	512,130,724.74	-

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

5. Use of proceeds

Applicable Not applicable

Overall Use of Proceeds from A Shares

Applicable Not applicable

I. Basic Information on Proceeds from A Shares

In order to fully explore and utilize the financing channels of the A share capital market, on May 6, 2020, the Board reviewed and approved the proposal on the proposed initial public offering of A Shares and the proposed listing on the ChiNext Market. The application for registration of Shares in the Company's IPO was approved in accordance with the Reply in Relation to Approval for Registration of Shares in initial public offering of CIMC Vehicles (Group) Co., Ltd. (ZJXK [2021] No. 1719) issued by the China Securities Regulatory Commission on May 18, 2021. With the consent of the Shenzhen Stock Exchange, the Company issued 252.6 million RMB ordinary shares (A Shares) with a par value of RMB1.00 each and the total proceeds from A Shares 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 excluding value-added tax and other issuance expenses) of RMB174.3192 million, the actual net proceeds 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, offline placement to qualified investors through price consultation and offering to public investors at a fixed price by way of online subscription based on the market value. The above proceeds were received on July 5, 2021, in respect of which PricewaterhouseCoopers Zhong Tian LLP verified the payment and issued the Capital Verification Report (PwC Zhong Tian Yan Zi (2021) No. 0668). The Company was listed on the ChiNext Market of the Shenzhen Stock Exchange on July 8, 2021 when the closing price of A Shares was RMB15.49 on the Shenzhen Stock Exchange and HK\$7.13 on the Hong Kong Stock Exchange.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

As at December 31, 2021, the proceeds from A Shares used by the Company for the year were RMB567.3671 million and the total proceeds from A Shares used were RMB567.3671 million, and the balance of the unutilized proceeds from A Shares were RMB1,027.7938 million (including net interest income of proceeds from A Shares of RMB11.3841 million after deducting bank charges and account management fees).

II. Management of Proceeds

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

Unit: RMB'0,000

Year of Fundraising	Fundraising Method	Total Proceeds	Total Utilized Proceeds during the Period	Total Utilized Proceeds	Total Proceeds with Changed Use during the Reporting Period	Total Proceeds with Changed Use	Proportion of Total Proceeds with Changed Use	Total Unutilized Proceeds	Proposed Use and Investment of Unutilized Proceeds	Proceeds Unutilized for over Two Years	Deposited in the special account for the proceeds
2021	IPO	158,377.68	56,736.71	56,736.71	-	-	-	102,779.38		-	
Total	-	158,377.68	56,736.71	56,736.71	-	-	-	102,779.38		-	

Overall Use of Proceeds

As at December 31, 2021, the proceeds from A Shares used by the Company for the year were RMB567.3671 million and the total proceeds from A Shares used were RMB567.3671 million, and the balance of the unutilized proceeds from A Shares were RMB1,027.7938 million (including net interest income of proceeds from A Shares after deducting bank charges and account management fees).

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Committed Projects Funded by Proceeds from A Shares

√ Applicable □ Not applicable

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 Period (2)	Investment Progress as at the End of the Period (3) = (2)/(1)	Date on Which the Project is Ready for Its Intended Use	Benefits Achieved for the Reporting Period	Total Benefits Achieved as at the End of the Reporting Period	Whether	Whether
										the Expected Benefits are Achieved	There are Significant Changes in the Project Feasibility
Committed Investment Projects											
Digital Transformation, Research and Development Project	No	43,877.68	43,877.68	2,203.09	2,203.09	5.02%	July 2026	N/A	N/A	N/A	No
Project for Lighthouse Factory Upgrade and Construction	No	79,500.00	79,500.00	29,533.62	29,533.62	37.15%	January 2023	N/A	N/A	N/A	No
New Marketing and Construction Project	No	10,000.00	10,000.00	-	-	-	July 2024	N/A	N/A	N/A	No
Repayment of bank loans and replenishment of working capital	No	25,000.00	25,000.00	25,000.00	25,000.00	100.00%	N/A	N/A	N/A	N/A	No
Sub-total of committed investment projects	-	158,377.68	158,377.68	56,736.71	56,736.71	-	-	N/A	N/A	-	-
Investment of Surplus Proceeds											
N/A											
Total	-	158,377.68	158,377.68	56,736.71	56,736.71	-	-	-	-	-	-

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

<p>Information on and reasons for the failure to get ready for the intended use or achieve expected benefits (by project)</p>	<p>N/A</p>
<p>Description of significant changes in the project feasibility</p>	<p>N/A</p>
<p>Amount, use and progress in the use of surplus proceeds</p>	<p>N/A</p>
<p>Change of implementation location of the proceeds-funded project</p>	<p>During the year, there is no change in the implementation location of the Company's A Share proceeds-funded project.</p>
<p>Adjustments to the implementation method of the proceeds-funded project</p>	<p>During the year, there is no change in the implementation method of the Company's A Share proceeds-funded project.</p>
<p>Preliminary investment and replacement in the proceeds-funded project</p>	<p>On August 25, 2021, the Company held the 10th meeting of the Board for 2021 and the 4th meeting of the first session of the Supervisory Committee for 2021, which considered and approved the Resolution on Replacement by Proceeds from A Shares of Self-raised Funds Invested in the Proceeds-funded Projects and Used to Cover the Issue Expenses in Advance, authorizing the Company to replace the self-raised funds totaling RMB326.2496 million invested in the A Share proceeds-funded projects and used to cover the issue expenses in advance, with the proceeds from A Shares. The issue expenses of RMB41.4293 million (exclusive of value-added tax) were paid by the Company out of the self-raised funds in advance, while RMB294.8203 million of the self-raised funds was invested in the A Share proceeds-funded projects in advance.</p>
<p>Use of idle proceeds for temporary replenishment of working capital</p>	<p>During the year, there are no idle proceeds from A Shares used by the Company for temporary replenishment of working capital.</p>
<p>The amount of and reasons for the balance of the proceeds after the implementation of the project</p>	<p>As at December 31, 2021, the proceeds from A Shares of the Company are still in the progress of investing, and therefore there are no remaining proceeds from A Shares.</p>
<p>Proposed use and investment of unutilized proceeds</p>	<p>As at December 31, 2021, the unutilized proceeds from A Shares of the Company were deposited in the special account for proceeds, with a balance of RMB1,027.7938 million (including net interest income of proceeds from A Shares after deducting bank charges and account management fees), of which, the balance of agreed deposit was RMB844.5672 million.</p>
<p>Problems or other matters in the use and disclosure of the proceeds</p>	<p>On August 25, 2021, the Proposal on Using Part of the Idle Proceeds from A Shares for Cash Management was reviewed and approved at the 10th meeting of the first session of the Board for 2021 and the 4th meeting of the first session of the Supervisory Committee for 2021 of the Company, approving to use the idle proceeds from A Shares with the total principal amount of not more than RMB1,150,000 million (inclusive) for cash management. The period of use is 12 months from the date when the proposal is reviewed and approved by the Board. Within the above quota and period of use, the funds can be used on a rolling basis. The independent directors expressed their consents and performed the necessary procedures. As at December 31, 2021, the balance of the Company's agreed deposit account was RMB844.5672 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.</p>

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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

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

Note 3: “Total proceeds invested in this year” includes “amount invested in this year” after the proceeds are received and the preliminary investment amount that has actually been replaced.

Note 4: There is a difference in the mantissa between the the total amount directly added by each item and the total amount. This difference is caused by the unit (RMB ten thousand) and rounding.

Change of Projects Funded by Proceeds from A Shares

Applicable Not applicable

There are no changes for the projects funded by the proceeds of the Company during the Reporting Period.

Use of Proceeds from H Shares

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

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

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

On January 1, 2021, the net proceeds from H Shares carried forward by the Company from the previous year was approximately HK\$978.8 million. The use of the net proceeds from H Shares and the utilization as of December 31, 2021, which are intended to be utilized in the next five years from the Listing Date of our H Shares, are as follows:

Intended Use of Net Proceeds	Original Intended Amount <i>(HK\$ in millions)</i>	Utilized amount as of December 31, 2021 <i>(HK\$ in millions)</i>	Utilized Amount during the Reporting Period <i>(HK\$ in millions)</i>	Unutilized Amount as of December 31, 2021 <i>(HK\$ in millions)</i>
Develop new manufacturing or assembly plants	1,248.2	825.3	500.3	422.9
– Develop a new automated production facility for chassis trailers in the coastline regions along the eastern or southern US	38.8	38.8	10.2	–
– Develop a new assembly plant for high-end refrigerated semi-trailers in the UK or Poland	32.1	14.6	2.0	17.5
– Develop a new automated production facility for refrigerated semi-trailers in Monon, the US	163.0	159.4	5.0	3.6
– Develop a new assembly plant for swap bodies and flatbed trailers in the Netherlands	105.2	102.3	31.5	2.9
– Develop a new assembly plant for refrigerated semi-trailers in Canada	20.2	20.2	8.7	–
– Develop a new manufacturing plant in Jiangmen, China	87.0	79.2	77.6	7.8
– Technical reform and informatization construction for Xi'an plant in China	32.7	–	–	32.7
– Develop a new manufacturing plant in Baoji City, China	70.0	39.1	39.1	30.9
– Build a vehicle park in Kunming, China	78.4	74.8	29.3	3.6
– Expand the manufacturing plant for semi-trailers in Dongguan, China	114.8	93.2	93.2	21.6
– Expand the manufacturing plant for dry truck bodies and refrigerated truck bodies in Zhenjiang, China	34.4	10.2	10.2	24.2
– Expand the manufacturing and assembly plant for chassis trailers in Rayong, Thailand	193.5	193.5	193.5	–
– Increase the registered capital and production capacity of subsidiaries in the UK <i>(Note)</i>	278.1	–	–	278.1
Research and develop new products	66.5	56.6	45.7	9.9
– Invest in industrial funds	34.4	34.4	34.4	–
– Develop high-end refrigerated semi-trailers	26.3	16.4	11.3	9.9
– 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	1,187.2	546.0	432.8

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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.

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

IX. ANALYSIS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES

Applicable Not Applicable

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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	Revenues	Operating Profits	Net Profits
Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd.	Subsidiary	Manufacture and sales of trailers, semi-trailers and special vehicles	RMB: 434,300,750	2,985,986,881.20	1,224,497,727.23	3,822,284,577.26	460,293,290.87	394,687,338.03
		Development, production and sales of various special vehicles, ordinary mechanical products and metal structure parts	RMB: 348,177,160.79	1,427,702,210.14	709,164,143.15	2,973,542,614.42	138,341,494.14	129,460,669.14
Wuhu CIMC Ruijiang Automobile Co., Ltd.	Subsidiary	Investment holding	USD: 5	2,979,720,041.83	2,562,479,447.75	0.00	34,049,971.22	34,007,117.50
CIMC Vehicle Investment Holding Co., Ltd.	Subsidiary	Production, processing, sales and R&D of castings; R&D, manufacturing and sales of auto parts and mechanical parts	RMB: 205,340,000	1,179,631,643.29	619,300,051.18	1,758,779,494.18	132,202,706.17	126,593,095.16
Zhuanqian CIMC Huajun Vehicle Trading Co., Ltd.	Subsidiary	Sales of various special vehicles, ordinary mechanical products and metal structure parts	RMB: 5,000,000	791,164,284.59	17,215,697.70	4,049,716,455.48	24,179,872.76	18,156,313.71
Wuhu CIMC Ruijiang Automobile Marketing Service Co., Ltd.	Subsidiary	Production and sales of passenger vehicles and tank vehicles; processing of machines; import and export business	RMB: 122,745,705.94	909,514,973.00	323,032,703.15	3,130,979,919.65	56,636,180.56	53,606,454.95
Luoyang CIMC Lingyu Automobile CO., LTD.	Subsidiary	Manufacturing and sales of dry van trailers	USD: 10	1,346,476,128.26	855,181,074.57	2,676,378,218.90	124,803,429.41	89,901,951.90
VANGUARD NATIONAL TRAILER CORPORATION	Subsidiary	Manufacturing and sales of various transportation equipment such as refrigerating and insulating equipment, and providing relevant technical services and maintenance	USD: 29,404,963	917,799,606.56	380,912,503.85	940,144,634.55	150,762,700.71	115,157,882.46
Qingdao CIMC Reefer Trailer Co., Ltd.	Subsidiary	and maintenance						

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)***Details on obtaining and disposing subsidiaries during the Reporting Period**√ Applicable Not Applicable

Company Name	Method of obtaining and disposing subsidiaries	Impact on overall production, operation and performance
Xxentria Technology Materials (China) Co., Ltd.	M&A	No significant impact
CIMC Vehicles (Shaanxi) Automobile Co., Ltd.	Established	No significant impact
Yangzhou Trailer Leasing Logistics Technology Co., Ltd.	Established	No significant impact
Shenzhen Trailer Leasing Logistics Technology Co., Ltd.	Established	No significant impact

X. STRUCTURED BODY CONTROLLED BY THE COMPANY Applicable √ Not Applicable**XI. FUTURE DEVELOPMENT PROSPECT OF THE COMPANY****(I) Changes in the macro situation and industry landscape**

Looking forward to 2022, China's economy is expected to be more stable and balanced. 2022 is the key year for the implementation of the "14th Five-Year" Plan. The Central Economic Work Conference 2021 clearly stated that in 2022, efforts will be made to adhere to the general tone of making progress while maintaining stability, implement the new development philosophy of innovation, coordination, environmental protection, openness and sharing in a complete, accurate and comprehensive manner, accelerate the construction of a new development paradigm with domestic circulation as the mainstay and domestic and international circulations reinforcing each other, deepen the reform and opening up in an all-round way, persist in innovation-driven development and promote high-quality development. The structural policy should focus on unblocking the national economic cycle, enhance the core competitiveness of the manufacturing industry, stimulate the emergence of a large number of enterprises that "apply special, sophisticated techniques to produce unique and novel products", speed up the formation of a safe and efficient logistics network with internal and external connectivity, accelerate the digital transformation, and promote the upgrading of traditional industries.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

1. Tank trucks and concrete mixer trucks

Tank trucks are major vehicles in road transportation in China. The Chinese government continuously promotes the rectification for non-compliant tank trucks, which will bring opportunities for sustainable business development of the Company.

With moderately proactive infrastructure investment and under the guidance of the strategy of “carbon peaking and carbon neutrality”, carbon reduction for road transport becomes the key, which creates room for the growth of new energy heavy trucks. With the full implementation of China VI standards, the product demand may be subject to a periodic decline, but with the acceleration of product upgrading and iteration, the production capacity in the concrete mixer truck industry will be optimized.

2. Semi-trailers in the market of China

In the domestic circular economy, the certainty of the development of the semi-trailer business in China increases. With the entry into force and strict implementation of new national standards, the five core models of semi-trailers in China are being transformed with obvious upgrading opportunities. Due to factors including the implementation of the strategy of “carbon peaking and carbon neutrality”, the supply-side reform for replacing outdated capacities with advanced capacities in the semi-trailer manufacturing industry of China will be carried out, and the industry concentration is expected to increase.

The trailer rental in China is in the initial stage. The drop and pull mode promoted by multimodal transportation and the development of the trailer rental industry will create greater demand for standardized high-quality trailers. China vigorously promotes the integration, digitalization and green development of the comprehensive transportation system. Under the background, in China, semi-trailers will be deeply integrated into the internal and external dual circulation development model, with the intelligent and green transition and the development towards drop and pull and multi-modal transportation.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

3. *Light van trailers*

In terms of refrigerated van bodies, with the continued improvement in the cold chain logistics infrastructure in China, the cold chain logistics industry will continue to grow rapidly, and the demand for refrigerated trucks will remain strong; in terms of the truck bodies for urban distribution of dry cargoes, green and low carbon transition of urban distribution trailers will accelerate, and there will be development opportunities for compliant truck bodies for distribution of dry cargoes.

With the formal implementation of the technical specification against “understating the unloaded weight” of light trucks on March 1, 2022, and the implementation of strategies and policies including “rural revitalization” and the “14th Five-Year” Plan for Cold Chain Logistics Development, the market demand for light van trailers is about to be unleashed.

4. *Urban dump truck*

As national infrastructure construction becomes more active, the recovery of the infrastructure market will spur the demand for compliant urban dump trucks. Under the background of the full implementation of China VI standards and new energy transition of heavy trucks, there is short-term pressure on market demand, but the upgrading and iteration of urban dump truck products accelerate, which will unleash the demand for light, intelligent and environment-friendly new-energy urban dump trucks.

5. *Semi-trailers in the North American market*

Under the background of normalization of the pandemic, the demand in the overseas semi-trailer market recovers obviously. The demand for semi-trailers in North America remains relatively strong in 2022, with the recovery of the local semi-trailer, logistics and transportation equipment market due to the strong fiscal stimulus in the United States, and the medium and long-term infrastructure projects.

6. *Semi-trailers in the European market*

In 2022, with the actions in European countries to curb inflation and the flare-ups of the pandemic, various macro factors may continuously affect the global supply chain, leading to the persistent existence of the contradiction between supply and demand in the market. There will be new challenges in terms of the semi-trailer supply chain and production capacity in the European market, while the reshuffle of the industry will be accelerated, and thus the industry concentration is expected to further increase.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

(II) Development strategy of the Company

Since the construction of a Sophisticated Manufacturing System was proposed, the Company has continuously improved its plans and measures to enhance its long-term competitiveness, including the direction of digital transformation, improvement in innovative technological means, and establishment of a revenue expectation model, with the aim of clearly carrying out long-term strategic arrangements. The Company focuses on the construction of a “Sophisticated Manufacturing System” and “new management infrastructure” in order to lay a good foundation for its business development.

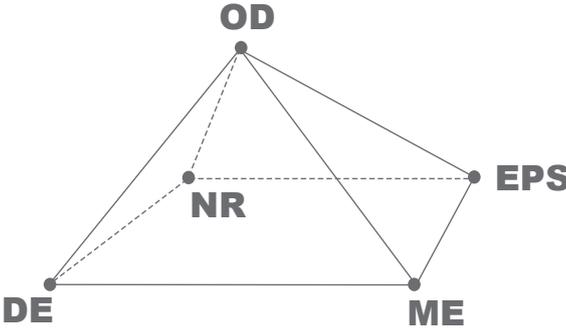
Based on this, under the current industry change, the Company implemented the core measure of the “Sophisticated Manufacturing System”, and further enriched the connotation of the Sophisticated Manufacturing System by adding the fifth cornerstone of “building a digital supply chain center” to the four cornerstones, namely upgrading of “product modules”, improvement of “Light Tower” Plants, construction of new retail and continuous promotion of organizational development. The Company formulated further upgrading measures to fully implement the Sophisticated Manufacturing System strategy.

In addition, the six major businesses or groups established by the Company will continuously enable the Company to operate in various management scenarios, in terms of strategy, operation and coordinated development. “Champion Tanker Business Group”, “Light Tower Pioneer Business”, “TB Business Group”, “Urban Dump Truck Business”, “North American Business” and “European Business” have been established by the Company to further increase its shares in the market segments in China, and develop competitive advantages for seven overseas major categories of semi-trailers in the North American market and the European market, thus further enhancing the leading position in the world.

Looking forward to the future, with the strategic development, the Company will unlock greater advantages and growth potential, create room for profit growth and strategic adjustment, provide good services for customers and actively achieve excellent results for shareholders.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

1. Enriching the connotation of Sophisticated Manufacturing System and building the “five cornerstones” of the Sophisticated Manufacturing System



(1) Construction of specialized product modules

Currently, in terms of building specialized product modules, the Company has actively built a system of product module construction, established a professional product module team, and organized product engineers to establish scientific research projects for conducting a brainstorming session and explore innovations. They share resources and cooperate with each other in advancing their work, through the close cooperation between the DE-X and DE-Y business divisions, the ME departments and the DE teams of various manufacturing organizations. The Company has established a project pipeline mechanism to accelerate the optimization of the project management system. Through the establishment of the reward point management system, the Company stimulates the enthusiasm for innovation in the construction of professional product modules.

With a focus on “light weight, pretty appearance, high cost-performance ratio, long service life and easy maintenance”, the Company has continuously sorted out and carried out innovative optimization of Level 1, Level 2 and Level 3 modules; and built a product configurator; used the product lifecycle management system to manage the technology and sub-level product modules; continuously built the “vehicle models of the year”, carried out industry forward-looking research, and identified products with high market demand through scientific and accurate market research.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In terms of refrigerated van bodies, the open foaming technology and integral hoisting are adopted to realize the disintegrated transport, quick disassembly and assembly. In terms of van trailers, the design and development of low-deck intelligent van trailer modules are completed, and the solution for economic and rapid compliance-based rectification of oversize body modules is completed. In terms of refrigerated trailers, based on the Clinch process (or aluminum riveting process) and the open foaming technology, the refrigerated trailer module is developed to provide customers with refrigerated trailer products with high cost performance. In terms of body parts and components, the steel flatbed trailer body and the corrugated sheet body are optimized with a focus on light weight and cost performance, thus reducing the weight and costs of the products.

In the future, the Company will continuously increase its investment in product module technology, research and development, and actively make arrangements in light weight, specialization, intelligentization and new energy. In terms of light weight, through the development of new structural design roadmaps, the Company built light product modules, and cooperated with suppliers of new materials to jointly develop light composite materials that can be applied to bodies, and to reduce the cost and prolong the service life. In terms of specialization, through the full application of the PLM platform and the EDS digital online operation model, the Company led and enabled the operation of its manufacturing plants. In terms of intelligentization, the Company provided customers with products and services that led the market trend, through intelligent loading calculation, intelligent temperature control systems, etc.

(2) *Practicing China's strategy of "carbon peaking and carbon neutrality" and building intelligent and green "Light Tower" Plants*

At present, the Company has 13 "Light Tower" Plants for the production of semi-trailers, 7 "Light Tower" Plants for the production of truck bodies for specialty vehicles and 2 "Light Tower" Plants for the production of lightweight van bodies at home and abroad. Through years of exploration and construction by the Company, compared with traditional plants, the "Light Tower" Plants significantly reduced the cost, personnel requirement and energy consumption per unit of vehicle, and achieved significant improvement in raw materials, the capacity utilization rate and environmental protection.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In the process from the design philosophy to manufacturing, the “Light Tower” Plants of the Company continuously transmit the green philosophy of “saving energy and reducing pollution” through products, and continuously practice the intelligent construction and the “carbon peaking and carbon neutrality” work strategy of the Chinese government, thus leading the green development of semi-trailer and specialty vehicle industries.

In building the Sophisticated Manufacturing System in an all-rounded way, the product quality and production efficiency were greatly improved, through the construction of the “Light Tower” Plants. Meanwhile, in response to the national strategic plan of low-carbon transition and intelligent manufacturing, the Company continued to deeply carry out the construction of green and environment-friendly plants, and built a new benchmark for intelligent manufacturing in the industry, with the construction of digital systems including ERP, PLM and MES.

The construction of the “Light Tower” Plants was comprehensively based on digitalization. In upgrading automated plants to digital plants and intelligent manufacturing, the Company deeply applied IoT and carried out on-site lean management, and fully introduced the digital manufacturing management system to realize the integration of design, technology and manufacturing data, so as to create solutions of intelligent manufacturing and large-scale customization with characteristics of the industry.

In line with the current trend of joint development of economies in the world, the Company actively explored new manufacturing and cooperation models, and rapidly carried out strategic cooperation. Despite the impact of the pandemic on the global economy, the Company vigorously supported the intercontinental operation strategy in its overseas operation, with the advantages of high-end manufacturing technology obtained in deepening the construction of intelligent “Light Tower” Plants. In the domestic market, the Company will strengthen the joint research and development of “tractor-trailer integration” and “chassis and bodies” with tractor manufacturers, so as to promote the high-quality development of businesses of domestic semi-trailers and truck bodies for specialty vehicles.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In addition, the Company will seize the opportunity from upgrading to the second-generation semi-trailers in China, and the “Light Tower” Plant in Dongguan, China launched new-generation intelligent connected semi-trailers and double-trailer trains, thus became the leading production base of van trailers in China, and will provide high-quality solutions for enclosed transportation in China. Meanwhile, with the advanced capacity of the “Light Tower” Plants for manufacturing parts and components of semi-trailers, the Company further optimized its plant in Belfast, Northern Ireland, the United Kingdom, by improving the supporting capacity for processing parts and components, so as to strongly support intercontinental operation business.

In the construction of the overseas semi-trailer “Light Tower” Plants, the Company completed the construction of the refrigerated trailer assembly plant in Sarnia, Ontario, Canada, and the construction of the automated production plant for refrigerated trailers in Monon, Indiana, United States, as planned, and the upgrading and transformation of the refrigerated trailer assembly plant in California, United States, which effectively supported the recovery of the refrigerated trailer business in North America.

The Company continuously improved the “Light Tower” Plants for truck bodies for specialty vehicles. The “Light Tower” Plant in Wuhu City, Anhui Province, China was completed and put into operation the world’s advanced automated welding production line for drums of mixers and stainless steel liquid tank trailers as scheduled, thus significantly improving the efficiency of production of tank trucks and leading the industry. The “Light Tower” Plant in Luoyang City, Henan Province, China put into operation the automated production line for mixing drum coating and chassis welding as planned, thus leading the innovative manufacturing of concrete mixer truck bodies in China; the Company and a tractor manufacturer established the “Light Tower” Plant for urban dump truck bodies in Baoji City, Shaanxi Province, China, to start the upgrading of the intelligent coating line for urban dump trucks. The joint development strategy of the Company and the tractor manufacturer represents the deep cooperation between both parties in integrating superior resources and creating a new era for the development of specialty vehicles in China.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In the future, the Company will seize the opportunities from the development of urban distribution and cold chain logistics in China. It will vigorously promote the construction of the “Light Tower” Plants for lightweight van bodies, with the implementation of the national regulations against “understating the unloaded weight.” The Company’s TB Business Group will continuously promote the application of the K2 dual-mode foaming technology of new-generation refrigerated vans with independent intellectual property rights, and will continuously optimize the production line of the “Light Tower” Plant of intelligent refrigerated vans in Zhenjiang City, Jiangsu Province, China, so as to lead the green manufacturing of refrigerated van bodies in China. The Company will construct a “Light Tower” Plant in Jiangmen City, Guangdong Province, China, for creating a new benchmark for intelligent manufacturing of lightweight van bodies in China, with a focus on the goal of “high automation, full digitalization, environmental protection and intelligent operation.”

With the overall arrangements and construction of “Light Tower” Plants at home and abroad, the Company will continuously enrich its product portfolio, optimize its production capacity arrangements and enhance its comprehensive production capacity and order delivery capacity.

(3) Promoting the construction of “new retail”

The Company has established a professional new retail team and formulated plans and targets on this basis. Through promoting the construction of new retail, the Company made significant business progress in key account marketing in express delivery in China. In the future, the Company will enhance brand marketing and reputation building, and develop its brand awareness and image, by launching new series of brands under the Sophisticated Manufacturing System including “Pioneer Series”, “CIMC Light Tower” and “TB”, and holding new retail activities including press conference for new retail brands and strategic signing ceremony, so as to bring customers closer and promote transactions.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In addition, the Company will use the product configurators to promote the creation of the annual vehicle models, and has formed the workflows and methods of cooperation in new retail, upgrading of product modules, and improvement of “Light Tower” Plants according to operation. Based on professional customer relationship management software, the CRM platform realizes the interconnection and intercommunication of sales personnel via computers, mobile phones and customer mobile phones, and helps create an online and offline sales strategy plan.

The Company will create “online celebrity” stores and host travelling exhibitions in stores, so that users will rapidly have an affinity with the stores and experience the products in person, thus bringing the users closer. The stores will become professional places for gathering partners from various business markets and realizing sales of products and solutions under the new retail strategy.



(4) *Continuous promotion of the organizational development*

In deepening the Sophisticated Manufacturing System, the Company continuously optimizes the three driving forces, namely the Promotion Commission, the Efficient Team Organization of Intercontinental Operation, and the Senior Leadership Training Center, sorts out and explores core business processes, defines core positions involved in the core processes, and the corporate governance structure.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

At present, the front-end diamond pyramid structure of the Company has basically taken shape, and various tasks are being actively promoted in accordance with the basic logic and routines of the Sophisticated Manufacturing System. The Promotion Commission established by the Company as a major decision-making department in building the Company's "Sophisticated Manufacturing System" will promote the further development of the Company.

In addition, under the framework of the Company's intercontinental operation strategy plan, "Intercontinental Operation, Local Manufacturing" will define the future value and the operation model of the organization, and plan the development direction of the organization under the philosophy of beginning with the end in mind. The efforts aim to finally achieve the long-term goal of removal of barriers in operation, the linkage between production and sales, information sharing and professional support, thus achieving all-round management covering strategy, operation and coordinated development, and enabling the Company to operate in various operation and management scenarios.

In addition, the Company's Senior Leadership Training Center will provide employees in leadership positions and core operating positions at headquarters and core enterprises, with opportunities for self-improvement, high-end manufacturing knowledge training and development of a comprehensive outlook. The Company has offered two courses in the senior leadership training program. Through the senior leadership training, the senior management can fully understand the strategic plans of the Sophisticated Manufacturing System and the new management infrastructure, acquire the high-end leadership ability with the governance structure hierarchy, and thus become promoters of the Company's Sophisticated Manufacturing System, core members of strategic development projects and even industry leaders. Many employees have graduated early from the senior leadership training program and become the core business executives of the Company.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

(5) Building a digital supply chain (EPS) center

The Company actively explored the transformation and construction of the digital supply chain. The EPS Center, as the fifth cornerstone of the Sophisticated Manufacturing System, acts as the implementer of the digital supply chain, with the aim of giving full play to the advantages of the EPS platform in terms of time and space, strategies and processes, and realizing the digital management of supply resources and the “office to online” transfer of business, which quickly and effectively supports the purchase requirements of various businesses or groups; making full use of the cooperative relationship with the famous parts suppliers in the world to establish a stable and reliable supply chain system; reducing component purchase costs, with the bargaining power in centralized purchase. This also represents the operating advantage developed by years of deep engagement since the Company’s purchase platform operated in the semi-trailer industry.

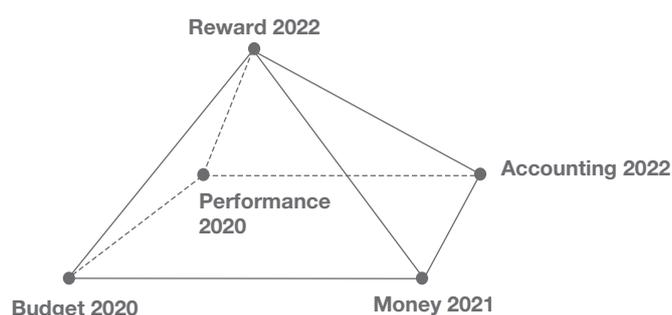
The shortage in the global supply chain due to the impact of the pandemic also posed new challenges to the management and operation of the Company’s global supply chains. At the time of great changes in the industry, the Company’s supply chain management will focus on “products, prices and relationships”, and the Company will be committed to “process digitalization” and continuously advancing the design and global deployment of the EPS platform. The Company has completed the platform deployment and application for domestic Phase I enterprises, overseas Phase I enterprises and travelling mechanism system enterprises, and has completed go-live of the systems.

In the future, the Company will actively advance “OE component model selection and development based on product application scenarios”, establish a professional technology-based supply chain team, and form a unified working platform for the supply chain of its subsidiaries, so as to promote professional sharing in product modules, improvement of “Light Tower” Plants and construction of new retail, and realize the value proposition of the Company for core components.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

The Company's digital supply chain center will realize the dual-drive model of "business+platform", focus on the upgrade from "supply chain" to "supply chain+", and from "product" to "product group", and the collaboration and integration "between enterprises" and "between products", and explore the synergy between purchase and value-added services, so as to enrich the digitalization capability and connotation of the supply chain at various levels and support the construction of the Sophisticated Manufacturing System.

2. *New management infrastructure*



- (1) **Budget 2020:** Budget 2020 is an important cornerstone in the Company's new management infrastructure. It was officially launched in 2020. It is a budget system and workflow that focuses on the revenue and operating costs of the Company's business units.
- (2) **Money 2021:** Money 2021, launched in 2021, is a fund management platform for overall management of investments and working capital, with a focus on digitalization.
- (3) **Accounting 2022:** Accounting 2022, which will be launched in 2022, incorporates information systems as tools to establish an accounting system and a report system that are compatible with the new management infrastructure, thus laying a solid foundation for the establishment of a digital information disclosure platform.
- (4) **Performance 2020:** Performance 2020, which was launched in 2020, supports the budget system and represents KPI systems, mechanisms and guidances for performance assessment of core enterprises of the Company.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

- (5) **Reward 2022:** In 2022, the Company will establish a core talent identification standard system to identify special talents that are of great significance to the future strategic development of the Company. The Company will incentivize and retain core talents to ensure the sustainable driver for its development, through special incentive plans, employee stock ownership plans and post allowance plans. It is an incentive mechanism for the core engineers of the high-end manufacturing system and the core talents who manage the new infrastructure, with a focus on long-term incentives.

3. *Comprehensively embracing digital transformation*

The Company comprehensively embraces the digital transformation. In terms of business, digital systems help achieve full digitalization without loopholes, which facilitates the cloud-based treatment of the business platforms of the Company. The Company is building the eight core digital systems to ensure the stability of its basic business systems. In terms of team building, the Company pays attention to attracting digital talents. In terms of products, the Company continuously promotes the research and development of information technology for vehicle networking, which enables vehicle information to be collected, utilized and analyzed in a real-time manner.

The Company has initially established modular research and development and design systems for semi-trailers, bodies of light and durable concrete mixer trucks and bodies of environmental-friendly urban muck trucks, and refrigerated van bodies. In the future, the Company will continuously carry out comprehensive digital upgrading of the above product designs.

(1) *Digital work platform*

The digital work platform aims to complete the comprehensive cloudification of the four core business processes of operations, including integrated product development, market management, sales management, and integrated supply chain, and build a strong foundation for the digital extension of after-sales service business process of subordinate companies.

At the IaaS layer, multiple hybrid cloud deployments are implemented; at the PaaS layer, six business platforms and one data center are built; at the SaaS layer, the APP design in the four areas of product certification, project management, knowledge management, and digital twins is completed. For example:

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In terms of PLM, the demand of front-end customers can be quickly driven through the Mendix inquiry system, and selection and matching can be conducted through specific technical specifications of customers, pursuant to which, in minutes, the PLM system automatically drives the generation of a complete the BOM of an order, which is sent to the Mendix price calculation platform. Meanwhile, the EPS system is linked for providing an offer in minutes, rapidly processing inquiry of customers and printing out the technical specifications required by the customer, thus achieving the automated completion by multiple systems of the overall process covering inquiry, receipt of an inquiry, generation of the BOM of an order for a pre-quotation, management of business opportunities from a pre-quotation, collaboration between plants of branches, final quotation, and management of business opportunities from the final quotation.

In terms of CRM, customer relationship management covers management and data analysis of each node in the sales business process. With a focus on objects on each node in the business process, mechanisms including online cloud storage of data, export of document templates, automated export of reports, filing, submission to superiors for approval, and performance statistics, product selection and matching, are implemented, for standardized management and visualization of sales and marketing business.

In terms of ERP, in an easy-to-difficult order of businesses, the strategy of rapid iteration will promote the construction of an ERP platform, covering financial accounting, management accounting, sales and shipment, material management, production and execution, etc. Two stages, namely trial operation and promotion, are designed, at which from ERP1.0 to ERP4.0, 4 iterations are performed, with the goal of equipping all subsidiaries with SAP and ERP within three years. Pilot operations are carried out in the headquarters and 4 subsidiaries, in which 2 iterations are performed, covering business scenarios including semi-trailers, truck bodies for specialty vehicles and lightweight van bodies.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In the future, the Company will continuously build MES manufacturing execution management and IoT management platforms with a focus on 6 major business segments, namely DE design engineering of the value chain, NR, supply chain, finance and economics, ME manufacturing engineering and industrial interconnection, by actively optimizing life cycle management of PLM product, CRM, SRM purchase process management and ERP enterprise resource management.

(2) Digital simulation technology

The Company actively develops and utilizes innovative digital simulation technologies to carry out a combined force analysis of assemblies of semi-trailers in a virtual environment. The Company establishes three-dimensional digital models of products, and uses CAE technology to analyze the static and dynamic strength of product designs, which effectively improves the reliability and stability of products and reduces the risk of product design. Digital simulation experiments help significantly reduce the number of actual road tests, save the research and development time, reduce product design risks, and improve the production efficiency.

The use of big data and artificial intelligence for production analysis, automated decision-making, production scheduling optimization, etc., helps reduce production management costs.

Intelligent plant simulation software is used for modeling and simulation of a production line, in-plant logistics planning and production scheduling.

Off-line robot programming is used for simulation of operations at the production station, debugging of programs and codes, and virtual debugging of a programmable logic controller, etc.

Hardware-in-loop helps achieve actual debugging and calibration of the simulation of a single working island, by verification robot simulation program and virtual debugging and actual calibration of programmable logic controllers.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

(3) I-Eagle digital life cycle platform

The Company actively explores the application of I-Eagle life-cycle management platform in intelligentization, and supports the global allocation of main product modules and production factors. Through the I-Eagle collaboration platform, their research and development, purchase, production and sales can be subdivided into units and allocated to all business areas around the world, so that the production of products can be “close to the market” and “close to the supply chain”, thus integrating the management model of the intercontinental operation, talents, purchase resources and manufacturing capacity of the overseas operation to the greatest extent. Digital online management of main product businesses including sales, design, production, purchase and operation is achieved.

The I-Eagle life-cycle management platform significantly improves the data accuracy and the capacity for information error and deviation correction, the cost management accuracy, the effective utilization of resources in each process, shortens the order delivery cycle and after-sales service time, and improves customer satisfaction, thus enabling the Company to carry out innovation for products and businesses and providing a benchmark.

In the future, the Company will further build the I-Eagle digital platform (Phase II) to establish the whole process which unblocks the operation chain of the digital process of overseas business, covering the whole process of inquiry, production and after-sales.

(III) Operating plan for 2022

1. Champion Tanker Business Group

Champion Tanker Business Group will integrate the tank businesses of the existing core dry bulk tank trailers, liquid tank trailers and concrete mixer trucks enterprises of CIMC Vehicles and coordinate with concrete mixer trucks and tank trailers brands to form a synergy and make joint efforts.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Champion Tanker Business Group will advance the “Champion Tanker Strategic Development Plan”, optimize the internal capacity of the business, promote organizational development and establish manufacturing enterprises for market segments, so as to redress the imbalance between supply and demand. Under the strategy, Champion Tanker Business Group achieved an increase in the total sales volume against the market trend, and a rise in the gross profit margin and the net profit contribution.

2. *Light Tower Pioneer Business*

Light Tower Pioneer Business will build a closed-loop of operation of LTS and LoM by integrating the various resources of semi-trailer “Light Tower” Plants in China, so as to consolidate the strong foundation of semi-trailer business in internal circulation.

Light Tower Pioneer Business will be deeply engaged in the van trailer product business in the Chinese market. With the continuous implementation of the “carbon peaking and carbon neutrality” policy of the Chinese government, the upgrading and iteration of semi-trailer products in China accelerate. Light Tower Pioneer Business will actively seize the opportunities from high-quality development of semi-trailers in China, further enhance its share in the semi-trailers market and gross profit margin of semi-trailers in China and further improve the leading position of Light Tower Pioneer Business.

3. *TB Business Group*

In 2022, TB Business Group will improve its refrigerated van body business by launching K2 product series with high cost performance in the market, so as to rapidly expand its share in the market of urban refrigerated distribution trailers, especially in the two core areas, namely the Yangtze River Delta region and the Greater Bay Area. Under the strategy, the classic refrigerated van body business represented by KG+K2 and the new-generation cost-effective refrigerated van body business will significantly outperform the market in terms of the total sales volume.

Zhenjiang plant and Jiangmen plant of TB Business Group will launch K6 series and K9 series of truck bodies for urban distribution of dry cargoes in the market. TB Business Group will actively optimize the production line and capacity of Zhenjiang plant, complete the construction of Jiangmen plant and launch products in the market.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

TB Business Group is in a window period when the market demand is poised to grow. The young senior management team and the front-line operation team convert advanced high-end manufacturing equipment into efficient productivity to defend against the low-price competition in the industry and seize the growth opportunity.

4. *Urban Dump Truck Business*

Urban Dump Truck Business will expand its strategy of joint development with tractor manufacturers, including intelligent interconnection design, joint research and development and marketing of the vehicle models of the year, and product life cycle management, and will actively explore and cooperate in new energy chassis and intelligent interconnection, so as to expand the leading edge of its products and business.

5. *North American Business*

North American Business will coordinate the operation of the Company's van trailer, refrigerated trailer and container chassis trailer and other brands in North America, and integrate the Company's production and manufacturing resources and businesses in the North American market by using its global logistics and distribution advantages.

Main plants of North American Business will complete the transformation and upgrading, which will effectively improve their manufacturing capacities, and defend against the impact of adverse factors in the market. Meanwhile, with the opportunities from the market demand created by the implementation of the infrastructure plan of the United States and the recovery of the global supply chain, North American Business will improve the order delivery capacity and continuously enhance the profitability in the North American market, so as to achieve outstanding growth in business.

6. *European Business*

European Business will coordinate the production, manufacturing and sales resources in Europe, stabilize the external circulation foundation of the Company, optimize the production line arrangement and the supply of key parts for European semi-trailer business, support the global supply chain system of the Company, and continuously generate the benefits from the intercontinental operation, so as to achieve an increase in the share in the European market, a steady sales volume and a rise in the gross profit in the post-pandemic era.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

European Business will adjust the production line in Northern Ireland, redesign the main models, transfer the production through LTS, and upgrade the two LoMs in England, so as to improve the assembly efficiency. Meanwhile, European Business will further optimize its corporate governance structure to support the transformation and upgrading of SDC company, and further enhance the Company's profitability through the core workflow of the intercontinental operation.

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

1. *Macroeconomic fluctuation and industry cyclical risks*

The Company is engaged in the specialty vehicle manufacturing industry. It is a semi-trailer manufacturing enterprise with the highest sales volume in the world, as well as a leading manufacturing enterprise for truck bodies for specialty vehicles and lightweight van bodies in China. 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 future 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.

In addition, the Company's results are significantly influenced by factors including changes in industry policies and the market demand, repeated updates and iteration of product technology, and the increase in labor costs. In the future, in case of any adverse change including failure of the Company to effectively predict the change of market demand or grasp industry policies accurately, or flare-ups of the pandemic, the Company will be subject to risks of a slowdown in the growth of the global business market or even fluctuation of results of operations.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Measure: The Company is committed to promoting the technological innovation and compliant development of products in the industry, further building and improving the business arrangements for semi-trailers, truck bodies for specialty vehicles and lightweight van bodies around the world, 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 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. The Company has continuously improved its products and ensured that the Company meets the conditions of its business licenses, so as to guarantee the sustainable and healthy development of its business.

2. *Shortage in the supply of raw materials and risk of significant increase in prices*

The Company's production process depends on the timely and stable supply of several raw materials and parts. Despite stable partnerships 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.

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

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

3. *Risks of overseas investment and intercontinental operation*

The Company actively explores overseas business. In July 2019, more than half of the proceeds from issuance of Hong Kong shares were proposed to be used for establishing new production plants or assembly plants in overseas markets. At present, the Company has established stable business relations in mainstream markets including North America, Europe, Australia, Asia and South Africa, and gradually owned 3 production plants and 4 assembly plants in North America, 2 production plants and 1 assembly plant in Europe, and 5 assembly plants in other overseas regions. Products of the Company are sold to more than 40 countries and regions, including China, North America and Europe.

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

Measure: The Company actively promotes the strategic transformation of “Intercontinental Operation, Local Manufacturing” and will further increase its investment in overseas subsidiaries, improve the manufacturing capability of overseas plants and the global supply chain management capability, reduce the dependence of overseas sales on domestic manufacturing, and enhance the Company’s development resilience under the new normal of the global economy.

4. *Risk of exchange rate fluctuations*

The Company’s revenue from overseas sales accounts for 32.5% of its revenue. The Company’s revenue from sales to overseas customers mainly with foreign currency quotation and settlement accounts for a large percentage. The Company has hedged against the impact of exchange rate fluctuations through forward foreign exchange contracts and other measures. However, the Company will remain subject to the risk of exchange loss, in case of significant fluctuations in the exchange rate of the domestic currency against any foreign currency in the future as a result of any changes in the domestic and foreign economic environment, political situation, monetary policies and other factors.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Measure: 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 and swap 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 foreign exchange risks, and considers taking appropriate hedging measures when necessary.

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

China's semi-trailer and specialty vehicle industries are experiencing industrial upgrading, with the gradual increase in digitalization, automation and intelligentization, which puts greater demand on the technological innovation capacity and model innovation of semi-trailer and specialty vehicle 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.

Measure: The Company continuously implements the development strategy of "Comprehensive Establishment of the Sophisticated Manufacturing System" and actively promotes the digitalization and intelligentization of "Light Tower" Plants. 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 high-end talents and trained high-end 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 becomes the development consensus, China has put higher demand for environmental protection, leading to greater pressure on manufacturing enterprises and their greater 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 “Light Tower” Plants of the Company are highly automated and intelligent. Occasional publication of policies of temporary power cuts for environmental protection around China in the future may have a negative impact on the capacities of its plants.

Measure: In the future, the Company will continuously practice low-carbon and green manufacturing and build the Sophisticated Manufacturing System represented by “Light Tower” Plants, and will apply automated, intelligent and digital environmental protection and emission reduction facilities to all production processes, so as to bring a new driving force for the green development of the high-end manufacturing industry 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
August 26, 2021	Shenzhen Headquarters	Telephone communication	Institutional investor	Investors involved in the Company's 2021 interim results	Statement of the 2021 Interim Results	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on August 27, 2021
October 27, 2021	Wuhu CIMC Ruijiang Automobile Co., Ltd.	Field research	Institutional investor	Investors participating in the Company's 2021 "Investor Open Day" event	Statement of the Results for the First Three Quarters of 2021	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on October 28, 2021
November 26, 2021	Shenzhen Headquarters	Teleconference	Institutional investor	Investors in "Road Show" online platform	Statement of the Results for the First Three Quarters of 2021	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on November 30, 2021
December 7, 2021	Shenzhen Headquarters	Teleconference	Institutional investor	CITIC Securities and its customers	Statement of the Results for the First Three Quarters of 2021	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on December 9, 2021
December 15, 2021	Shenzhen Headquarters	Teleconference	Institutional investor	CICC and its customers, GF Securities and its customers	Statement of the Results for the First Three Quarters of 2021	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on December 17, 2021

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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

1. Significant Investments during the Reporting Period

During the year ended December 31, 2021, the Group did not have significant investments amounting to 5% or more of the total assets of the Group.

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

During the Reporting Period, the Company did not have other material acquisitions and disposals of subsidiaries, associates and joint ventures.

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

Save as disclosed in “5. Use of Proceeds” set out in “Section IV Management Discussion and Analysis” in this report, the “Investment Plan for 2022” set out in the “Announcement on Resolutions of the Third Meeting of the Second Board of Directors in 2022” issued by the Company on March 24, 2022, as of the date of this Report, the Group had no other significant future capital asset investment or acquisition plans approved by the Board.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

4. Liquidity and Financial Resources

As at December 31, 2021, the Group had cash and cash equivalents of RMB4,694.7 million (December 31, 2020: RMB4,269.4 million). As at December 31, 2021, the Group had borrowings of RMB1,326.6 million (December 31, 2020: RMB1,225.4 million).

	As at December 31, 2021 <i>(RMB in millions)</i>	As at December 31, 2020 <i>(RMB in millions)</i>
Long-term borrowings		
– Bank borrowings	277.9	300.0
– Bank borrowings, guaranteed	96.9	94.8
Subtotal	374.8	394.8
Current portion of long-term borrowings		
– Bank borrowings	21.8	–
– Bank borrowings, guaranteed	40.4	–
Subtotal	62.2	–
Short-term borrowings		
– Bank borrowings	663.4	566.0
– Bank borrowings, guaranteed	226.1	264.3
– Loans from third parties		0.3
– Discounted bills		–
Subtotal	889.6	830.6
Total borrowings	1,326.6	1,225.4

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, 2021 (RMB in millions)	As at December 31, 2020 (RMB in millions)
Within one year	951.8	830.6
One to two years	82.6	–
Two to five years	292.2	394.8
Total	1,326.6	1,225.4

In 2021, the Group's major cash inflow items are net cash inflow generated from operating activities of RMB174.4 million (2020: RMB2,746.9 million).

There is no seasonal variation in the Group's borrowing needs. As at December 31, 2021, the interest rate range for short-term borrowings was 0.8% to 4.7% (December 31, 2020: 2.0% to 5.7%), and the interest rate range for long-term borrowings was 3.3% to 4.7% (December 31, 2020: 3.3% to 5.2%). Borrowings at fixed interest rates were approximately RMB429.7 million (December 31, 2020: RMB260.7 million). It is expected that the Group's short-term borrowings will be repaid by its own funds or bank credit facilities. During the Reporting Period, the Group has maintained sufficient cash at bank and liquidity to repay all borrowings as they fell due, and there was no material default in terms of borrowings.

As at December 31, 2021, the Group had current assets of RMB14,233.9 million (December 31, 2020: RMB12,965.5 million), and current liabilities of RMB8,623.4 million (December 31, 2020: RMB8,559.0 million). As at December 31, 2021, the Group's current ratio was approximately 1.7 times (December 31, 2020: 1.5 times). The current ratio equals to total current assets divided by total current liabilities. The current ratio was improved as compared to 2020.

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, 2021, the Group's gearing ratio (equal to total debt divided by total equity multiplied by 100%) was 11.0% (December 31, 2020: 12.0%). The decrease in gearing ratio was mainly due to the increase of the Group's total equity as at the end of the Reporting Period.

As at December 31, 2021, the Group's cash and cash equivalents were mainly denominated in Renminbi, Hong Kong dollar and US dollar, and borrowings were also mainly denominated in Renminbi, Great Britain Pound and US dollar. 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 dollar, Great Britain Pound, Hong Kong dollar 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, 2021, the foreign exchange forward contracts held by the Group included outstanding US dollar to Renminbi forward contracts with a notional amount of US\$14.0 million.

6. Capital Commitments

As at December 31, 2021, the Group's capital commitments were approximately RMB99.2 million (December 31, 2020: approximately RMB210.6 million), representing a year-on-year decrease of 52.9%, mainly due to gradual completion of purchase contracts and investment 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 2021, our outstanding capital commitments were mainly attributable to the upgrading and improvement of factories and equipment and outward Investment.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

7. Pledge of the Group's Assets

As at December 31, 2021, except for the pledge for certain bank deposits as disclosed in “(1) Financial guarantees of 8. Contingent Liabilities” in this section, the Group had the carrying amount of RMB0.4 million of other fixed assets pledged for the guarantees for property preservation in civil procedure (December 31, 2020: RMB0.4 million).

8. Contingent Liabilities

(1) 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, 2021, the outstanding balance of the above guarantees provided by the Group to dealers and customers totalled RMB2,849.4 million (December 31, 2020: RMB2,288.3 million), and the bank deposits pledged for these guarantees were RMB194.4 million (December 31, 2020: RMB169.6 million).

(2) Outstanding performance bond and letter of credit

As at December 31, 2021, the Group had outstanding performance bond and letter of credit of a total of RMB74.8 million (December 31, 2020: RMB9.5 million).

9. Material Contracts

During the Reporting Period, except for the section headed “XIV. Material Connected/Related Transactions” as set out in “Section IX Significant Events”, the Company has not entered into any material contract with CIMC in accordance with Appendix 16 of the Hong Kong Stock Exchange Listing Rules.

SECTION V REPORT OF THE BOARD

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

1. PRINCIPAL BUSINESSES

As the world's leading sophisticated manufacturer of semi-trailers and specialty vehicles, the Company engages in the manufacture, sales and after-sales market services of seven categories of semi-trailers in global major markets. In the China market, the Company is a competitive and innovative manufacturer of truck bodies for specialty vehicles, as well as a manufacturer of lightweight van truck bodies.

2. FINANCIAL POSITION AND PERFORMANCE

The financial position of the Group as of December 31, 2021 and the profit for the year are set out in "Section XIII Auditor's 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", respectively. The relevant discussions constitute part of the Board Report.

4. CLOSURE OF REGISTER OF MEMBERS OF H SHARES

For the purpose of determining the entitlement to attend and vote at the 2021 AGM to be held on Tuesday, May 31, 2022, the register of members will be closed from Wednesday, May 25, 2022 to Tuesday, May 31, 2022 (both days inclusive), during which no transfer of Shares will be registered. In order to determine the identity of Shareholders who are entitled to attend and vote at the 2021 AGM, all Share transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders), not later than 4:30 p.m. on Tuesday, May 24, 2022.

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".

As of December 31, 2021, 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 7 (35) to 7 (37) to "Section XIII Auditor's Report" and the Consolidated Statement of Changes in Shareholders' Equity.

7. DISTRIBUTABLE RESERVES

As of December 31, 2021, the Company's reserves available for distribution to Shareholders (including retained surplus) were approximately RMB4,834.32 million (December 31, 2020: approximately RMB4,588.54 million).

8. MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2021, details of the major customers and suppliers of the Group are set out in "IV. Analysis of Principal Businesses" in "Section IV Management Discussion and Analysis".

During the year ended December 31, 2021, none of the Directors and their respective associates or any shareholder who, to the knowledge of the Directors, held more than 5% of the Company's issued share capital, had any interest in any of the Group's five largest suppliers and five largest customers.

SECTION V REPORT OF THE BOARD *(Continued)*

9. ENVIRONMENTAL POLICIES AND PERFORMANCE

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

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

The Environmental, Social and Governance Report as required by Appendix 27 of the Hong Kong Stock Exchange Listing Rules is expected to be published separately by the Company before May 31, 2022.

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", "Special Provisions of the State Council of the People's Republic of China Concerning the Overseas Offering and Listing of Shares by Limited Stock Companies", "Securities and Futures Ordinance", "the Shenzhen Stock Exchange Listing Rules", "the Hong Kong Stock Exchange Listing Rules", and other relevant laws and regulations.

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

11. MAJOR RISKS AND UNCERTAINTIES

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

SECTION V REPORT OF THE BOARD *(Continued)*

12. RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group's relationships with employees, customers and suppliers during the Reporting Period will be set out separately in the Environmental, Social and Governance Report to be published before May 31, 2022.

13. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

As of December 31, 2021, details of the Company's subsidiaries, associates and joint ventures are set out in Notes 6 to "Section XIII Auditor's Report".

14. DONATIONS

The amount of charities and other donations made by the Group during the year was approximately RMB1.0 million (2020: RMB0.1 million).

15. CONNECTED TRANSACTIONS

The connected transactions of the Group for the year ended December 31, 2021 are set out in the section headed "XIV. Material Connected/Related Transactions" in "Section IX Significant Events".

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 is approximately RMB1,583.8 million.

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

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

17. ADVANCE TO AN ENTITY

For the year ended December 31, 2021, 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, 2021, 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, 2021, 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, 2021, 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, 2021, there was no financial assistance or guarantee to affiliated companies by the Company which is subject to disclosure.

SECTION V REPORT OF THE BOARD *(Continued)*

22. DIRECTORS AND SUPERVISORS

Executive Director

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

Non-executive Directors

Mr. Mai Boliang *(Chairman)*

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

Mr. Zeng Han *(appointed on September 29, 2021)*

Ms. Zeng Beihua *(retired on September 29, 2021)*

Mr. Wang Yu

Mr. Huang Haicheng

Independent non-executive Directors

Mr. Feng Jinhua

Mr. Fan Zhaoping

Mr. Cheng Hok Kai Frederick

Supervisors

Ms. Wang Jinghua *(Chairman, appointed with effect from September 29, 2021)*

Mr. Feng Baochun *(appointed with effect from November 30, 2021)*

Mr. Song Yanwen *(appointed with effect from September 29, 2021)*

Mr. Liu Zhenhuan *(Chairman, retired on September 29, 2021)*

Mr. Liu Hongqing *(retired on September 29, 2021)*

Mr. Li Xiaofu *(resigned on November 30, 2021)*

SECTION V REPORT OF THE BOARD *(Continued)*

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

During the Reporting Period, Ms. Zeng Beihua, a non-executive Director, has retired at the first extraordinary general meeting in 2021 due to attaining statutory retirement age, and she is no longer served as a member of the Remuneration Committee and the Strategy and Investment Committee. Ms. Zeng Beihua's retirement took effect from September 29, 2021. Meanwhile, Mr. Zeng Han was appointed as the non-executive Director to fill the vacancy of directorship. For details, please refer to the announcement published by the Company on August 25, 2021 and the circular published on September 13, 2021.

Mr. Liu Zhenhuan, Chairman of the Board of Supervisors, has retired after the first extraordinary general meeting in 2021 due to attaining statutory retirement age. In the meantime, Mr. Liu Hongqing, the employee representative Supervisor, also retired after the First Extraordinary General Meeting in 2021. The retirement of Mr. Liu Zhenhuan and Mr. Liu Hongqing took effect on September 29, 2021. Ms. Wang Jinghua was appointed as the Chairman of the second session of the Board of Supervisors, with effect from September 29, 2021. Mr. Song Yanwen was also appointed as the employee representative Supervisor of the second session of the Board of Supervisors, with effect from September 29, 2021. For details, please refer to the announcement published by the Company on August 25, 2021 and the circular published on September 13, 2021.

Mr. Li Xiaofu has resigned as a non-employee representative Supervisor of the second session of the Board of Supervisors after the second extraordinary general meeting in 2021 due to repositioning. Mr. Li Xiaofu's resignation took effect on November 30, 2021. At the same time, Mr. Feng Baochun was appointed as a non-employee representative Supervisor of the second session of the Board of Supervisors. For details, please refer to the announcement published by the Company on November 8, 2021 and the circular published on November 12, 2021.

Mr. Chen Bo has resigned as a non-executive Director of the second session of the Board due to devote more time to his other business commitments. Mr. Chen Bo's resignation took effect on March 28, 2022.

Except for the above disclosures, as at the date of this Report, there were no changes in information of Directors, Supervisors and chief executives, which are subject to disclosure and have been disclosed under the paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Hong Kong Stock Exchange Listing Rules.

SECTION V REPORT OF THE BOARD *(Continued)*

24. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

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

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

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 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, administrative proceedings, and no litigation, administrative proceedings of material importance was pending or threatened against the members of the Group.

SECTION V REPORT OF THE BOARD *(Continued)*

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.

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, 2021, and will retire at the 2021 AGM. Having been approved by the Board upon the Audit Committee's recommendation, a resolution for the re-appointment of PricewaterhouseCoopers Zhong Tian LLP as the auditor of the Company's financial statements under China Accounting Standards, is to be proposed at the 2021 AGM.

During the Reporting Period, as approved by the Board and the General Meeting, the Company has uniformly adopted the China Accounting Standards for Business Enterprises to prepare financial reports. PricewaterhouseCoopers Zhong Tian LLP, the domestic auditor of the Company, is a certified public accounting firm recognized by the Ministry of Finance and the China Securities Regulatory Commission (CSRC), and is qualified to provide audit services to issuers incorporated in the PRC and listed on the Hong Kong Stock Exchange by using the auditing standards of Chinese certified public accountants. In view of this, PricewaterhouseCoopers, the overseas auditor of the Company, will retire at the 2021 AGM. For details, please refer to the announcement published by the Company on August 25, 2021 and the circular published on September 13, 2021.

As at the date of this Report, the Company has not changed the auditor in the past three years.

32. DIVIDENDS AND TAXES IN 2021

The Board recommended to distribute the 2021 annual dividends ("**2021 Annual Dividends**") at RMB0.2 (tax inclusive) per ordinary share, which is expected to be paid in cash on or before Friday, July 29, 2022, but shall be subject to approval from Shareholders at the 2021 AGM. For the distribution of the 2021 Annual Dividends, Shareholders of A Shares and Shareholders investing in H Shares through Shenzhen Stock Exchange and Shanghai Stock Exchange (collectively referred to as "**Southbound Stock Connect**") will be paid in RMB, while Shareholders of H Shares will be paid in Hong Kong dollars. The exchange rate will be determined based on the middle exchange rate of Renminbi to Hong Kong dollars published by the People's Bank of China on the first business day immediately following the date of the 2021 AGM.

SECTION V REPORT OF THE BOARD *(Continued)*

Withholding and Payment of 2021 Annual Dividends for A Share Shareholders

In accordance with the “Notice on Issues Regarding Differentiated Individual Income Tax Policies for Dividends and Bonuses of Listed Companies” (CS [2015] No. 101) and the “Notice on Issues Regarding the Implementation of the Differentiated Individual Income Tax Policies for Dividends and Bonuses of Listed Companies” (CS [2012] No. 85) jointly issued by the Ministry of Finance, the State Administration of Taxation and the CSRC, for individual shareholders, if the shareholding period (the holding time from the date when an individual obtains the shares of the listed company from the public offering and transfer market to the day before the date of transfer and delivery of the shares) is less than one month (including one month), the full amount of the income from dividends and bonuses shall be included in the taxable income at the effective tax rate of 20%; if the shareholding period is more than 1 month to 1 year (including 1 year), the income from dividends and bonuses shall be included in the taxable income at the reduced rate of 50% temporarily and the effective tax rate is 10%; if the shareholding period exceeds one year, the income from dividends and bonuses shall be temporarily exempted from individual income tax. When a listed company distributes dividends and bonuses, if the individual holds the shares for less than one year (including one year), the listed company will not withhold individual income tax for the time being. When an individual transfers shares, the Securities Depository and Clearing Corporation will calculate the tax payable based on his/her shareholding period, and the Company will withhold and pay the tax separately through the Securities Depository and Clearing Corporation.

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

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

SECTION V REPORT OF THE BOARD *(Continued)*

Withholding and Payment of 2021 Annual Dividends for H Share Shareholders

In accordance with the “Enterprise Income Tax Law of the People’s Republic of China”, the “Implementation Regulations of the Enterprise Income Tax Law of the People’s Republic of China”, and the “Notice of the State Administration of Taxation on Issues Regarding Withholding and Payment of Corporate Income Tax on Dividends Distributed by Chinese Resident Enterprises to Overseas H-Share Non-Resident Enterprise Shareholders (GSH [2008] No. 897), when Chinese resident enterprises distribute annual dividends for 2008 and subsequent years to overseas H-share non-resident enterprise shareholders, the corporate income tax shall be withheld and paid at the uniform rate of 10%. For all non-resident enterprise Shareholders (including HKSCC Nominees Limited, other enterprise agents or trustees such as securities companies, banks, etc. or other organizations and groups shall be regarded as non-resident enterprises shareholders), which are registered in their non-individual names and listed in the register of H-share shareholders on the date of H-share equity registration, the Company will distribute the dividends for 2021 after deducting 10% of corporate income tax.

In accordance with the provisions of the “Notice of the Ministry of Finance and the State Administration of Taxation on Several Policy Issues on Individual Income Tax” (CSZ [1994] No. 020), the income from dividends and bonuses obtained by foreign individuals from foreign-invested enterprises shall be temporarily exempted from Chinese individual income tax. As the Company is a foreign-invested enterprise, we will not withhold and pay individual income tax on dividends for 2021 for all natural person shareholders who are listed in the register of H-share Shareholders on the date of H-share equity registration.

SECTION V REPORT OF THE BOARD *(Continued)*

Withholding and Payment of 2021 Annual Dividend Income Tax for Southbound Stock Connect Shareholders

For Southbound Stock Connect Shareholders (including enterprises and individuals), China Securities Depository and Clearing Corporation Limited is expected to receive the 2021 Annual Dividends distributed by the Company as the nominee holder of Southbound Stock Connect investors, and distribute the 2021 Annual Dividends to Southbound Stock Connect investors through its depository and clearing system. The 2021 Annual Dividends for Southbound Stock Connect shareholders will be paid in RMB. In accordance with relevant provisions of the “Notice on Tax Policies for the Pilot Program of the Shenzhen-Hong Kong Stock Market Connectivity Mechanism” (CS [2016] No. 127) and the “Notice on the Tax Policies for the Pilot Program of the Shanghai-Hong Kong Stock Market Connectivity Mechanism” (CS [2014] No. 81), for dividends and bonuses obtained by individual investors of Mainland China investing in H Shares listed on the Hong Kong Stock Exchange through Southbound Stock Connect, the H-share companies shall withhold individual income tax at the rate of 20%. The income from dividends and bonuses obtained by Mainland securities investment funds by investing in stocks listed on the Hong Kong Stock Exchange through Southbound Stock Connect shall be taxed by reference to individual investors. H-share companies will not withhold income tax on dividends and bonuses from Mainland corporate investors, and the taxes payable shall be declared and paid by the enterprises themselves.

Withholding and Payment of 2021 Annual Dividend Income Tax for Shenzhen Stock Connect Shareholders

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

SECTION V REPORT OF THE BOARD *(Continued)*

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

33. EMPLOYEES, REMUNERATION POLICY AND PENSION SCHEME

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

For details of the pension scheme during the Reporting Period, please refer to Notes 4 (26) to "Section XIII Auditor's Report".

34. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

On March 24, 2022, the Board of the Company proposed to distribute dividends to all Shareholders, with a cash dividend of RMB0.2 (tax inclusive) per share, and the total amount calculated based on the number of shares as of December 31, 2021 is approximately RMB403,520,000 (tax inclusive), no bonus shares will be issued and shares will not be converted from capital reserve into share capital. This proposal is yet to be reviewed and approved at the 2021 AGM, and dividends reviewed and approved after the balance sheet date are not recognized as liabilities in the financial statements.

the Board received a letter of resignation from Mr. Chen Bo on March 28, 2022. Mr. Chen Bo tendered his resignation as a non-executive Director of the second session of the Board with effect from March 28, 2022 in order to devote more time to his other business commitments.

Except for the above disclosures, the Group had no significant events after the Reporting Period which need to be disclosed.

35. FUTURE DEVELOPMENT OF THE GROUP

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

By order of the Board
Mai Boliang
Chairman

Shenzhen, the PRC, March 24, 2022

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, 2021, the Supervisory Committee of the Company consists of three members, including one employee representative Supervisor and two non-employee representative Supervisors. According to the requirements of the Articles of Association of the Company, each Supervisor shall serve for a term of three years, which is renewable upon reelection and reappointment.

The composition of the Supervisory Committee is as follows:

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

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

II. HOLDING OF THE MEETINGS OF SUPERVISORY COMMITTEE IN 2021

In 2021, 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 perform its duties in accordance with laws. In 2021, the Supervisory Committee held a total of 8 meetings. The attendance of Supervisors at meetings of the Supervisory Committee is as follows:

Supervisor	Number of Meetings Expected to Attend (Note)	Number of Meetings Attended	Attendance Rate
Wang Jinghua	4	4	100%
Feng Baochun	1	1	100%
Song Yanwen	4	4	100%
Liu Zhenhuan (retired on September 29, 2021)	4	4	100%
Liu Hongqing (retired on September 29, 2021)	4	4	100%
Li Xiaofu (resigned on November 30, 2021)	7	7	100%

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

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

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

Session	Date of Meeting	Date of Disclosure	Resolution of Meeting
The first meeting of the first session of the Supervisory Committee in 2021	March 25, 2021	N/A	The Report of the Supervisory Committee for 2020, the Final Financial Accounts for 2020, the Dividend Distribution for 2020, the Resolution on Continuing Connected Transactions in 2020 and the Report on Self-evaluation of Internal Control for 2020 were considered and approved
The second meeting of the first session of the Supervisory Committee in 2021	March 31, 2021	N/A	The Resolution on the Financial Reports of the Company for the Last Three Years (2018-2020), the Resolution on Confirmation by the Management of the Effectiveness of Internal Control Related to Financial Statements, and Other Special Reports and the Resolution on Related Transactions for 2020 were considered and approved
The third meeting of the first session of the Supervisory Committee in 2021	August 3, 2021	August 3, 2021	The Resolution on Adjustment to Proceeds Proposed to be Invested in A Share Proceeds-funded Projects and Confirmation of Implementation Methods of A Share Proceeds-funded Projects was considered and approved

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

Session	Date of Meeting	Date of Disclosure	Resolution of Meeting
The fourth meeting of the first session of the Supervisory Committee in 2021	August 25, 2021	August 26, 2021	The Interim Report 2021, the Summary of Interim Report 2021, the Announcement of Interim Results for the Six Months Ended June 30, 2021, the Interim Report for the Six Months Ended June 30, 2021, the Interim Special Dividend Distribution Plan for 2021, the Resolution on Use of Certain Unutilized A Share Proceeds and Own Funds for Cash Management, the Resolution on Replacement by A Share Proceeds of Self-raised Funds Invested in the Proceeds-funded Projects and Used to Cover the Issue Expenses in Advance, the Resolution on the Changes in the Use of Proceeds from H Shares, the Resolution on Nomination of Candidates for Non-employee Representative Supervisors of the Second Session of the Supervisory Committee and Their Remuneration, the Resolution on the Uniform Adoption of the China Accounting Standards for Business Enterprises for Preparation of Financial Reports, the Resolution on Estimations of Ordinary Related Transactions with CIMC Group 2022-2024, the Resolution on Estimations of Ordinary Related Transactions with Jiangsu Wanjing 2022-2024, the Resolution on Proposed Financial Guarantee and Security Deposit Framework Agreement and Related Transactions, the Resolution on Estimations of Proposed Deposit Service Framework Agreements and Related Transactions, the Risk Treatment Plan for Deposit Business of CIMC Finance Co., Ltd. and the Risk Assessment Report of CIMC Finance Co., Ltd. were considered and approved

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

Session	Date of Meeting	Date of Disclosure	Resolution of Meeting
The first meeting of the second session of the Supervisory Committee in 2021	September 29, 2021	September 29, 2021	The Resolution on Election of the Chairman of the Second Session of the Supervisory Committee was considered and approved
The second meeting of the second session of the Supervisory Committee in 2021	October 26, 2021	October 27, 2021	The Third Quarterly Report 2021 and the Resolution on Estimations of Ordinary Related Transactions with Oriental Post were considered and approved
The third meeting of the second session of the Supervisory Committee in 2021	November 8, 2021	November 8, 2021	The Resolution on Nomination of Mr. Feng Baochun as Candidate for Non-employee Representative Supervisor of the Second Session of the Supervisory Committee and His Remuneration was considered and approved
The fourth meeting of the second session of the Supervisory Committee in 2021	December 31, 2021	December 31, 2021	The Resolution on Estimations of Ordinary Related Transactions with Shandong Linglong Tire Co., Ltd. in 2022 was considered and approved

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

III. MAIN REVIEW OPINIONS OF THE SUPERVISORY COMMITTEE

1. Standard operation and corporate governance of the Company

In 2021, 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. On September 29, 2021, the change of members and election of the chairman for the second session of the Supervisory Committee were completed in accordance with relevant laws and regulations and the Articles of Association. 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 2021, the Supervisory Committee reviewed the Annual Report 2020, the Interim Report 2021, the Third Quarterly Report 2021 and other documents submitted by the Board. The Supervisory Committee believes that the Company's financial statements give a true and fair view of its financial position and operations.

3. Information disclosure of the Company

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

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

4. Profit distribution of the Company

The Company's Interim Special Dividend Distribution Plan for 2021 is in line with its current actual operating conditions and the relevant provisions of the Company Law of the People's Republic of China and the Articles of Association, without damage to the interests of the Company and the minority Shareholders.

5. Adjustment to proceeds proposed to be invested in A Share proceeds-funded projects and confirmation of implementation methods of A Share proceeds-funded projects

The Supervisory Committee believes that the adjustment to proceeds proposed to be invested in A Share proceeds-funded projects will not change the use of the proceeds in a disguised form, affect the normal operation of the Company or damage the interests of the Company or its Shareholders. The Company confirms that the implementation method for the A Share proceeds-funded projects of subsidiaries is capital increase, which complies with the plan for use of proceeds, without damaging the interests of the Company or its Shareholders.

6. 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.

7. Replacement by A Share proceeds of self-raised funds invested in the proceeds-funded projects and used to cover the issue expenses in advance

The Supervisory Committee believes that the Company's actions and procedures for the replacement by A Share proceeds comply with regulations of the CSRC and the Shenzhen Stock Exchange on the use of proceeds of listed companies and relevant arrangements for issuance application documents, and will not affect the normal implementation of the plan for the investment of the A Share proceeds or change the use of the proceeds in a disguised form.

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

8. Changes in the use of proceeds from H Shares

The Supervisory Committee believes that the changes in the use of proceeds from H Shares is in line with the Company's development strategy and actual operating conditions and will not damage the interests of the Company and its Shareholders.

9. Uniform adoption of the China Accounting Standards for Business Enterprises for preparation of financial reports

The Supervisory Committee believes that the Company's uniform adoption of the China Accounting Standards for Business Enterprises for preparation of financial reports complies with relevant provisions of the Ministry of Finance, the CSRC, the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, and can help give a true and fair view of the Company's financial position and results of operations, and comply with relevant laws, regulations and the Articles of Association, and will not damage the interests of Shareholders, especially minority Shareholders.

10. Connected/related transactions of the Company

The Supervisory Committee believes that during the Reporting Period, the Company's continuing connected transactions/ordinary related transactions were based on the long-term cooperative relationship between both parties to the transactions and met the Company's operating needs. During the Reporting Period, the pricing of the Company's continuing connected transactions/ordinary related transactions was based on the principles of fairness and reasonableness, and did not damage the interests of the Company and Shareholders, especially the minority Shareholders.

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

The Company has gradually established and improved its internal control systems in accordance with relevant laws, regulations and normative documents and the principle of internal control. The Company evaluated the reasonableness of the internal control design of the financial report for the year ended December 31, 2020 and prepared the Report on Self-evaluation of Internal Control for 2020 in accordance with the Company Law and the Articles of Association. Based on the above report, the Supervisory Committee believes that the Company has maintained effective internal control over financial reporting in all material respects in accordance with the Basic Standards for Internal Control of Enterprises.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

I. BASIC INFORMATION ON CORPORATE GOVERNANCE

During the Reporting Period, the Company continuously improved its corporate governance structure, established and perfected its internal control systems, and enhanced its standard operation level, in accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Standards for the Governance of Listed Companies, the Administrative Measures for Information Disclosure of Listed Companies, the Listing Rules of the Shenzhen Stock Exchange, the Guide on Self-supervision of Companies Listed on the Shenzhen Stock Exchange No.2 – Standard Operation of Companies Listed on ChiNext Market, relevant laws, regulations and business rules of the CSRC. During the Reporting Period, the Company further amended the Articles of Association, the Information Disclosure Management System, the System for Management of Shares Held by Directors, Supervisors and Senior Management in the Company and Changes of the Shareholdings, and formulated the Management System for Entrusted Wealth Management, the Management System for Provision of Financial Assistance to External Entities, the Seal Management System and the Securities Investment Management System.

(I) Shareholders and general meetings

The Company implements the procedures for convening and voting at general meetings, in strict compliance with the Company Law, 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 5 general meetings, including 3 general meetings and 2 class meetings, which considered and approved 40 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 of the Company operate independently.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)***(III) Directors and the Board**

During the Reporting Period, the Board of the Company comprises 9 Directors, including 3 independent Directors. The procedures for selecting and appointing Directors, the number of Directors and the composition of the Board comply with laws, regulations and the Articles of Association. The Directors of the Company are able to carry out their work in accordance with the Company Law, 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 16 Board meetings, which considered and approved 73 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 of the Company are able to earnestly perform their duties in accordance with the Company Law, 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 8 meetings of the Supervisory Committee, which considered and approved 26 resolutions.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)***(V) Information disclosure and transparency**

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

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

(VI) Stakeholders

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

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

Yes No

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

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)***II. INDEPENDENCE OF THE COMPANY FROM ITS CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLERS IN TERMS OF ASSETS, PERSONNEL, FINANCE, ORGANIZATIONS AND BUSINESS**

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

(I) Integrity of assets

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

(II) Independence in terms of personnel

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

The Company's Directors, Supervisors and senior management including the President, vice presidents, the secretary of the Board and the financial director are all elected in strict accordance with the Company Law 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.

(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.

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

(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.

(V) Independence in terms of business

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

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

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

III. HORIZONTAL COMPETITION

Applicable Not applicable

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

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)***IV. INFORMATION ON ANNUAL GENERAL MEETING AND EXTRAORDINARY GENERAL MEETING DURING THE REPORTING PERIOD****1. Information on the General Meeting during the Reporting Period**

Session	Type of the Meeting	Proportion of Participating Investors	Date of Meeting	Date of Disclosure	Resolution of Meeting
2020 annual general meeting	Annual general meeting	87.60%	May 31, 2021	May 31, 2021	Resolutions of 2020 annual general meeting
The first domestic Shareholders' class meeting in 2021	Annual general meeting	100.00%	May 31, 2021	May 31, 2021	Resolutions of the first domestic Shareholders' class meeting in 2021
The first H Shareholders' class meeting in 2021	Annual general meeting	61.18%	May 31, 2021	May 31, 2021	Resolutions of the first H Shareholders' class meeting in 2021
The first extraordinary general meeting in 2021	Extraordinary general meeting	77.99%	September 29, 2021	September 29, 2021	Resolutions of the first extraordinary general meeting in 2021
The second extraordinary general meeting in 2021	Extraordinary general meeting	77.89%	November 30, 2021	November 30, 2021	Resolutions of the second extraordinary general meeting in 2021

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)

Name	Title	Employment Status	Gender	Age	Start Date of Term of Office	End Date of Term of Office	Number of Shares Held at the Beginning of the Period (Share)	Share Option (Share)	Number of Restricted Shares			Number of Shares Held at the End of the Period (Share)	Reasons for Changes in Shareholding
									Granted (Share)	During the Period (Share)	Reduction in Shareholding During the Period (Share)		
Wang Zhujiang	Senior vice president	In office	Male	58	January 21, 2022	January 20, 2025	0	0	0	0	0	0	N/A
Li Zhimin	Vice president, secretary of the Board and joint company secretary	In office	Female	52	October 10, 2018	September 28, 2022	0	0	0	0	0	0	N/A
Mao Yi	Vice president	In office	Female	47	January 21, 2022	January 20, 2025	0	0	0	0	0	0	N/A
Li Xiaofu	Vice president and chief technology officer	In office	Male	37	December 1, 2021	November 30, 2024	0	0	0	0	0	0	N/A
Zhan Rui	Supervisor	Out of office			December 7, 2018	November 30, 2021							
Zeng Beihua	Financial director	In office	Male	40	December 1, 2021	November 30, 2024	0	0	0	0	0	0	N/A
Chen Bo	Non-executive Director	Out of office	Female	68	October 10, 2018	September 29, 2021	0	0	0	0	0	0	N/A
Liu Zhenhuan	Non-executive Director	Resigned	Male	58	December 7, 2018	March 28, 2022	0	0	0	0	0	0	N/A
	Chairman of the Supervisory Committee	Out of office	Male	66	October 10, 2018	September 29, 2021	0	0	0	0	0	0	N/A
Liu Hongqing	Supervisor	Out of office	Male	58	October 10, 2018	September 29, 2021	0	0	0	0	0	0	N/A

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

Name	Title	Employment Status	Gender	Age	Start Date of Term of Office	End Date of Term of Office	Number of Shares Held at the Beginning of the Period (Share)	Share Option (Share)	Number of Restricted Shares Granted (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)	Reasons for Changes in Shareholding
Sun Chunan	Executive vice president and chief operating officer of the PRC business	Out of office	Male	53	December 7, 2018	December 6, 2021	0	0	0	0	0	0	0	N/A
Ye Jianfeng	Executive vice president and chief operating officer of overseas business	Out of office	Male	49	December 7, 2018	December 1, 2021	0	0	0	0	0	0	0	N/A
Ji Haifeng	Executive vice president and chief finance officer	Out of office	Male	53	February 18, 2019	December 1, 2021	0	0	0	0	0	0	0	N/A
	Financial director	Out of office			March 25, 2020	December 1, 2021	0	0	0	0	0	0	0	N/A
Total							0	0	0	0	0	0	0	-

Note: Mr. Chen Bo tendered his resignation as a non-executive Director of the second session of the Board with effect from 28 March 2022 in order to devote more time to his other business commitments.

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

As at the end of the Reporting Period, the indirect holding of Shares by the Directors, Supervisors and senior management was as follows:

Name	Employment Status	Number of Shares Held as the end of the Reporting Period (0'000)	Method of Shareholding and Class of Shares Held
Li Guiping	In office	2,267.23	Indirect holding of A Shares through Shenzhen Longyuan and Xiangshan Huajin
Wang Yu	In office	1,011.73	Indirect holding of A Shares through Xiangshan Huajin
Feng Baochun	In office	4.20	Indirect holding of H Shares through Hong Kong Tiancheng Investment & Trading Co. Limited
Jiang Qiwen	In office	73.85	Indirect holding of A Shares through Shenzhen Longyuan
Li Zhimin	In office	178.30	Indirect holding of A Shares through Shenzhen Longyuan
Mao Yi	In office (from January 21, 2022)	245.67	Indirect holding of A Shares through Shenzhen Longyuan
Li Xiaofu	In office	33.69	Indirect holding of A Shares through Shenzhen Longyuan
Zhan Rui	In office	33.69	Indirect holding of A Shares through Shenzhen Longyuan
Zeng Beihua	Out of office	1,011.73	Indirect holding of A Shares through Xiangshan Huajin
Liu Hongqing	Out of office	73.85	Indirect holding of A Shares through Shenzhen Longyuan
Sun Chunan	Out of office	67.37	Indirect holding of A Shares through Shenzhen Longyuan
Ye Jianfeng	Out of office	107.53	Indirect holding of A Shares through Shenzhen Longyuan
Total		<u>5,108.84</u>	

Save for the above shareholding, none of the Directors, Supervisors and senior management directly or indirectly held the Shares of the Company by any other means during the Reporting Period.

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

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

Yes No

1. Due to a change in work commitments, Mr. Li Xiaofu resigned as a Supervisor of the Company, with effect from November 30, 2021.
2. Due to his personal career planning, Mr. Ye Jianfeng resigned as an executive vice president and the chief operating officer of overseas business at the Company, with effect from December 1, 2021.
3. Due to the family reasons, Mr. Ji Haifeng resigned as an executive vice president, the chief financial officer and the financial director of the Company, with effect from December 1, 2021.

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

Applicable Not applicable

Name	Position	Employment		Reason
		Status	Date	
Zeng Han	Non-executive Director	Elected	September 29, 2021	Mr. Zeng Han was elected as a non-executive Director pursuant to the resolutions of the first extraordinary general meeting in 2021 held on September 29, 2021, and as a member of the Remuneration Committee and the Strategy and Investment Committee at the first meeting of the second session of the Board in 2021 held on the same day.

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

Name	Position	Employment		Reason
		Status	Date	
Wang Jinghua	Chairman of the Supervisory Committee	Elected	September 29, 2021	Ms. Wang Jinghua was elected as a Supervisor pursuant to the resolutions of the first extraordinary general meeting in 2021 held on September 29, 2021, and as the chairman of the Supervisory Committee at the first meeting of the second session of the Supervisory Committee in 2021 held on the same day.
Feng Baochun	Supervisor	Elected	November 30, 2021	Mr. Feng Baochun was elected as a Supervisor pursuant to the resolutions of the second extraordinary general meeting in 2021 held on November 30, 2021.
Song Yanwen	Supervisor	Elected	September 29, 2021	Mr. Song Yanwen was elected as an employee representative Supervisor at the meeting of employee representatives of the Company held on September 29, 2021.
Jiang Qiwen	Executive vice president	Appointed	December 1, 2021	At the fourth meeting of the second session of the Board of the Company in 2021 held on December 1, 2021, the Board agreed to the appointment of Mr. Jiang Qiwen as the executive vice president of the Company, who will cease to act as a senior vice president.
	Senior vice president	Removed	December 1, 2021	
Li Xiaofu	Vice president and chief technology officer	Appointed	December 1, 2021	At the fourth meeting of the second session of the Board of the Company in 2021 held on December 1, 2021, the Board agreed to the appointment of Mr. Li Xiaofu as the vice president and chief technology officer of the Company.
	Supervisor	Resigned	November 30, 2021	Due to a change in work commitments, Mr. Li Xiaofu resigned as a Supervisor.

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

Name	Position	Employment Status	Date	Reason
Zhan Rui	Financial director	Appointed	December 1, 2021	At the fourth meeting of the second session of the Board of the Company in 2021 held on December 1, 2021, the Board agreed to the appointment of Mr. Zhan Rui as the financial director of the Company.
Zeng Beihua	Non-executive Director	Retired upon expiry of the term of office	September 29, 2021	Ms. Zeng Beihua, who reached the statutory retirement age, retired upon the expiry of the term of office for the first session of the Board of the Company.
Liu Zhenhuan	Chairman of the Supervisory Committee	Retired upon expiry of the term of office	September 29, 2021	Mr. Liu Zhenhuan, who reached the statutory retirement age, retired upon the expiry of the term of office for the first session of the Supervisory Committee of the Company.
Liu Hongqing	Supervisor	Retired upon expiry of the term of office	September 29, 2021	Due to the expiry of his term of office, Mr. Liu Hongqing resigned at the meeting of employee representatives held on September 29, 2021.
Sun Chunan	Executive vice president and chief operating officer of the PRC business	Retired upon expiry of the term of office	December 6, 2021	Mr. Sun Chunan retired upon the expiry of his term of office.
Ye Jianfeng	Executive vice president and chief operating officer of overseas business	Removed	December 1, 2021	Mr. Ye Jianfeng resigned due to personal career planning.
Ji Haifeng	Executive vice president, chief financial officer and financial director	Removed	December 1, 2021	Mr. Ji Haifeng resigned due to family reasons.

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, 2021, 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	120,037,500	Long position	8.26%	5.95%
Wang Yu	Interest in controlled corporation (Note 2)	A Shares	96,877,500	Long position	6.66%	4.80%

Note:

- (1) Mr. Li Guiping is an executive Director, Chief Executive Officer and President of the Company. Mr. Li is the general partner of Shenzhen Longhui, a general partner of Xiangshan Huajin and is interested in 47.37% of the shares, therefore he is deemed to be interested in 96,877,500 A Shares held by Xiangshan Huajin. Mr. Li is interested in 80% of the equity interest of Longyuan Investment, a general partner of Shenzhen Longyuan, and therefore he is also deemed to be interested in 23,160,000 A Shares held by Shenzhen Longyuan.
- (2) Mr. Wang Yu is a non-executive Director of the Company. Mr. Wang is interested in 26.32% of the shares of Shenzhen Longhui, a general partner of Xiangshan Huajin, and therefore is also deemed to be interested in 96,877,500 A Shares held by Xiangshan Huajin.

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

Associated Corporation	Class of Shares Held in the Associated Corporation	Name of Director	Capacity	Number of Shares/underlying Shares held	Approximate
					Percentage of the Relevant Class of Shares
CIMC	A Shares	Mai Boliang	Beneficial owner <i>(Note 1)</i>	593,643	0.04% <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>	400,000	0.02% <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	5.00%
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%

Note:

1. Mr. Mai Boliang and Mr. Wang Yu are non-executive Directors of the Company. As at December 31, 2021, Mr. Mai Boliang held 593,643 A Shares in issue of CIMC Group, and Mr. Mai and Mr. Wang held 7,260,000 and 400,000 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 1,535,121,660 shares of CIMC Group as of December 31, 2021.
3. The approximate percentage of shareholding is calculated based on the total issued ordinary share capital of 2,027,367,588 shares of CIMC Enric as at December 31, 2021.
4. Mr. Li Guiping is an executive Director, Chief Executive Officer and President of the Company. As Mr. Li has a 24% equity interest in Shenzhen Huixin Enterprise Management Center (Limited Partnership) (深圳匯信企業管理中心(有限合夥)), Mr. Li Guiping discloses his 5% equity interest in China Jiangsu Vanguard Trailer Rental Co., Ltd.
5. Mr. Li Guiping is an executive Director, Chief Executive Officer and President of the Company. Mr. Li has a 4.8% equity interest in Shenzhen Yuanxin Investment Partnership (Limited Partnership)(深圳源欣投資合夥企業(有限合夥)), and therefore he discloses his interest in 17.14% of the shares of Shenzhen SF-Trailer.net Technology Co., Ltd.(深圳市星火車聯科技有限公司)which is held by the Company as to 28% of its shares.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)***3. Employment**

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

Biographical Details of Directors:*Executive Director*

Mr. Li Guiping (李貴平), aged 57, born in January 1965, with Chinese nationality and without the right of permanent residence abroad, is currently an executive Director, the Chief Executive Officer and the President. Prior to joining the Group, Mr. Li Guiping held various positions in CIMC from 1987 to 2009, including the head of various operation and production departments from June 1987 to October 1989, an assistant manager of airport equipment department from October 1989 to August 1991, and a deputy manager and the deputy general manager of container operation department from February 1993 to April 2009. Mr. Li Guiping joined the Group in April 2003 and has served in various management positions including directorship of certain subsidiaries, associates and/or portfolio companies of the Group. He served as the deputy general manager of the Company from April 2003 to March 2010, the general manager of the Company from March 2010 to January 2018 and has acted as the Chief Executive Officer, the President and a Director since January 2018. In addition to his positions within the Group, Mr. Li Guiping also currently serves as a director of Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd., and acts as the chairman of the board of directors at Shenzhen Xinghuo Chelian Technology Co., Ltd. and Jiangsu Wanjing Technology Co., Ltd. Mr. Li Guiping obtained a bachelor's degree in engineering with a major in industrial management engineering from the college of management of Shanghai Jiao Tong University (上海交通大學) in the PRC in July 1986 and a master's degree in science from Southern Connecticut State University in the United States in May 1993. Mr. Li Guiping obtained the qualification of senior economist from the Department of Human Resources of Guangdong Province (廣東省人事廳) in January 2000. In November 2014, Mr. Li Guiping completed the Berkeley Institute on Higher Education Program for Executives from Chinese State Enterprises in the Center for Studies in Higher Education, University of California, Berkeley, the United States. From 2012 to 2020, Mr. Li Guiping was elected as the vice president of China Association of Automobile Manufacturers and the chairman of the special vehicle branch association of the China Association of Automobile Manufacturers. In October 2016, he was appointed as an adjunct professor of Jiangsu University. From June 2017 to June 2020, he was appointed as a visiting professor of Shenzhen University. In July 2018, he was elected as a director of the Federation of Shenzhen Commerce (深圳市深商總會).

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

Mr. Mai Boliang (麥伯良), aged 63, born in January 1959, with Chinese nationality and without the right of permanent residence abroad, is currently the Chairman and a non-executive Director of the Company. Mr. Mai Boliang is also a member of the Nomination Committee. Before joining the Group, Mr. Mai has held various positions and acted as a director in CIMC and its subsidiaries, associates and/or portfolio companies since 1982, including the president of CIMC since March 1994, chief executive officer and president of CIMC Group between August 2015 and August 27, 2020, an executive Director of CIMC since March 1994, and the Chairman of CIMC from August 27, 2020. Mr. Mai Boliang currently acts as the chairman, executive director and chief executive officer of CIMC. In August 1996, Mr. Mai Boliang joined the Company as a Director and currently serves as the Chairman of the Board and a non-executive Director. Mr. Mai Boliang obtained a bachelor's degree in engineering from the department of mechanical engineering of South China University of Technology(華南理工大學)in the PRC in July 1982. Mr. Mai Boliang is currently the honorary president of China Container Industry Association(中國集裝箱行業協會)and the president of Shenzhen Association for Listed Companies.

Mr. Zeng Han (曾邗), aged 46, born in May 1975, with Chinese nationality and without the right of permanent residence abroad, is currently a non-executive Director. Mr. Zeng Han joined CIMC in 1999, and served as manager of the accounting division of the financial management department, deputy general manager, deputy general manager and executive deputy general manager of the financial management department successively. From 2009 to 2010, he acted as manager of the financial department of CIMC Enric Holdings Limited (stock code: 3899). Since 2015, he has successively served as director of subsidiaries of CIMC Group including CIMC Container Holding Co., Ltd. (中集集團集裝箱控股有限公司), CIMC Enric Holdings Limited, Yantai CIMC Raffles Offshore Ltd. (煙台中集來福士海洋工程有限公司), CIMC-TianDa Holdings Company Limited (中集天達控股有限公司) and CIMC Financial Leasing Co., Ltd. (中集融資租賃有限公司). 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), and CIMC Capital Holdings Co. Ltd. (中集資本控股有限公司), the general manager of Shenzhen Southern CIMC Containers Manufacture Co., Ltd. (深圳南方中集集裝箱製造有限公司), the general manager of the financial informatization project department of CIMC. Mr. Zeng Han has served as chief financial officer of CIMC since March 26, 2020, and general manager of the financial management department of CIMC since March 2017. In January 2018, he was appointed as general manager of the financial management department which has been established by consolidating the former financial management department and the former capital management department. Mr. Zeng Han graduated from Hangzhou Institute of Electronic Engineering (杭州電子工業學院) with a bachelor's degree in economics in July 1996, and later graduated from Jiangsu University of Science and Technology with a master's degree in management in June 1999. Mr. Zeng Han is a certified public accountant in China.

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

Mr. Wang Yu (王宇), aged 49, born in April 1972, with Chinese nationality and without the right of permanent residence abroad, is a non-executive Director of the Company. Mr. Wang Yu is also a member of the Strategy and Investment Committee. Mr. Wang Yu joined the Group in November 2014 and has served as a non-executive Director of the Company since then. Prior to joining the Group, Mr. Wang Yu worked for International Data Group (China) Investment Ltd. (國際數據(中國)投資有限公司) as the legal counsel from January 2001 to December 2002. Since 2003, Mr. Wang Yu served as the general manager of legal department of CIMC. He is currently a director of certain subsidiaries, associates and/or portfolio companies of CIMC, including a director of CIMC-TianDa Holdings (Shenzhen) Company Limited (中集天達控股(深圳)有限公司), a non-executive director of CIMC Enric Holdings Limited (a company listed on the Hong Kong Stock Exchange (stock code: 3899)), the chairman and the general manager of Shenzhen Qianhai CIMC Qigu Investment Co., Ltd. (深圳前海中集麒麟投資有限公司), 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) and a director of Shenzhen Sky Capital Co., Ltd. (深圳天億投資有限公司). 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. Huang Haicheng (黃海澄), aged 37, born in January 1985, with Chinese nationality and without the right of permanent residence abroad, is a non-executive Director. Mr. Huang is also the chairman of the Strategy and Investment Committee. Mr. Huang Haicheng obtained a bachelor's degree in Economics from Shanghai University of Finance and Economics (上海財經大學) in July 2007, and the Master degree of Business Administration from China Europe International Business School (中歐國際工商學院) in November 2018. Mr. Huang Haicheng served as the auditor of Klynveld Peat Marwick Goerdeler (畢馬威會計師事務所) from 2007 to 2008 and the vice president of the Sunvision Capital Investment Limited from 2008 to 2012. He joined the direct investment department of Ping An Asset Management Co., Ltd. (平安資產管理有限責任公司) in April 2012, and currently serves as the deputy director of investment in Ping An Capital Co., Ltd. (平安資本有限責任公司).

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

Mr. Feng Jinhua (豐金華), aged 66, 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. Mr. Feng Jinhua was appointed as non-executive Director on December 10, 2017 and resigned from such position on October 10, 2018, during which Mr. Feng Jinhua participated in the decision-making of the Company in his capacity as a member of the Board, but he was not involved in the daily management and operations of the Company and had no executive functions over the Company. Mr. Feng Jinhua has been serving as an independent non-executive Director since June 26, 2019. Mr. Feng Jinhua graduated from Qingdao Ocean Shipping Mariners College (青島遠洋船員學院) in the PRC in July 1986 with a major in finance and accounting and obtained an EMBA degree from the Business School of the University of International Business and Economics (對外經濟貿易大學) in the PRC in December 2006. In September 2005, Mr. Feng Jinhua obtained the qualification of senior accountant awarded by China Road and Bridge Corporation (中國路橋(集團)總公司). In April 2006, Mr. Feng Jinhua was awarded the title of the excellent accountant in transportation industry by China Communications Accounting Society (中國交通會計學會), and was awarded the title of the outstanding information application promoter by National Information Evaluation Center (國家信息化測評中心) in February 2007.

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

Mr. Fan Zhaoping (范肇平), aged 67, born in April 1954, with Chinese nationality and without the right of permanent residence abroad, is currently an independent non-executive Director. Mr. Fan is also the chairman of the Remuneration Committee, a member of the Audit Committee, Nomination Committee and Strategy and Investment Committee. Mr. Fan Zhaoping has substantial working and management experience in the road transportation and logistics industry. Prior to joining the Company, Mr. Fan Zhaoping served as an assistant manager of finance department, a manager, a supervisor, a director and the chairman of Shenzhen Chiwan Petroleum Supply Base Co., Ltd. (深圳赤灣石油基地股份有限公司) consecutively from 1988 to 2016, a manager of finance department, a manager of financial investment department, an assistant general manager and the deputy general manager of China Nanshan Development (Group) Incorporation (中國南山開發(集團)股份有限公司) consecutively from 1991 to 2014, the vice chairman and the chairman of the executive committee of Shenzhen Chiwan Sembawang Engineering Co. Ltd. (深圳赤灣勝寶旺海洋工程有限公司) from 2012 to 2018, and the external supervisor of Sinotrans Limited (中國外運股份有限公司), a company listed on the SEHK (stock code: 0598) and a leading integrated logistics service provider in the PRC, since June 2018. Mr. Fan Zhaoping was appointed as our non-executive Director on December 10, 2017 and resigned from such position on October 10, 2018, during which Mr. Fan Zhaoping participated in the decision-making of the Company in his capacity as a member of the Board, but he was not involved in the daily management and operations of the Company and had no executive functions over the Company. He has been serving as an independent non-executive Director of the Company since June 26, 2019. Mr. Fan Zhaoping obtained a bachelor's degree in accounting from Central University of Finance and Economics(中央財經大學)in the PRC in July 1982 and a master's degree in financial accounting from Research Institute of Financial Science of the Ministry of Finance of the PRC(財政部財政科學研究所)in September 1986. In December 1987, Mr. Fan Zhaoping obtained the qualification of assistant researcher from the MOF.

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

Mr. Cheng Hok Kai Frederick (鄭學啟), aged 58, 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 is an executive director in Sanai 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. Mr. Cheng Hok Kai Frederick is currently an independent non-executive director, the chairman of the audit committee and a member of the nomination and remuneration committee in Luzhou Xinglu Water (Group) Co., Ltd. (瀘州市興瀘水務(集團)股份有限公司, a company listed on the SEHK (stock code: 2281)), and 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)****Biographical Details of Supervisors:***

Ms. Wang Jinghua (王靜華), aged 58, born in November 1963, with Chinese nationality and without the right of permanent residence abroad, is currently the Chairman of the Supervisory Committee. Ms. Wang Jinghua joined CIMC in 1990. From 1990 to 2003, she successively served as director of the planning and audit department and general manager of the enterprise management department of CIMC. From 2003 to 2007, she acted as deputy general manager of Southern CIMC Container Co., Ltd. (南方中集集裝箱公司). From 2008 to 2015, she served as segment vice president of CIMC Offshore Engineering Co., Ltd. From 2016 to 2017, she acted as executive vice president of CIMC Offshore Engineering Co., Ltd. Since 2016, she has successively served as supervisor of subsidiaries of CIMC Group, including CIMC Container Holding Co., Ltd., Shenzhen CIMC Haigong Investment Co., Ltd., CIMC Qianhai Financial Leasing (Shenzhen) Co., Ltd., CIMC Finance Co., Ltd., CIMC Marine Engineering Academe Co., Ltd., CIMC Capital Holdings Co. Ltd., CIMC Transportation Technology Co., Ltd., CIMC Financing and Leasing Co., Ltd., Shenzhen CIMC Sharing Logistics Service Co., Ltd., CIMC Security Technology Co., Ltd., Shenzhen CIMC Architectural Design Institute Co., Ltd., Shenzhen CIMC Investment Co., Ltd., C&C Trucks Co., Ltd. and CIMC Offshore Engineering Co., Ltd. Since 2018, Ms. Wang Jinghua has served as secretary to the discipline inspection commission and general manager of the audit and supervision department of CIMC. Ms. Wang Jinghua acts as deputy director of the audit committee of Guangdong Internal Control Association (廣東省內部控制協會), professional mentor of China Enterprise Anti-fraud Alliance, and part-time supervisor of master's degree candidates at Southwest University of Political Science & Law. Ms. Wang Jinghua graduated from Taiyuan University of Technology in Shanxi (山西太原工業大學) in July 1985 and the postgraduate course in enterprise management in China University of Technology in July 1987. Thereafter, she obtained an international MBA degree from Peking University and an EMBA degree from China Europe International Business School.

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

Mr. Feng Baochun (馮寶春), aged 52, 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)). Since July 2019, he has served as the 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 55, born in October 1966, with Chinese nationality and without the right of permanent residence abroad, is currently an employee representative Supervisor. Mr. Song Yanwen joined CIMC in 1999, and successively served as an engineer and chief engineer of technical development department in CIMC from 1999 to 2002. He served as the chief engineer of Semi-trailer 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 and 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 Sub-technical Committee of the National Technical Committee of Auto Standardization since 2021. Mr. Song Yanwen graduated from Northeast Forestry University (東北林業大學) in July 1990. From June to September 2005, he participated in the first international cadre training class of CIMC, and studied on a full-time basis. From March to June 2006, he worked and studied at the factory of Vanguard National Trailer, a subsidiary of the Company, in the United States. From May to July 2008, he worked at the factory of LAG Trailers N.V., a subsidiary of the Company, in Belgium.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)****Biographical Details of Senior Management:***

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

Mr. Jiang Qiwen (蔣啟文), aged 58, born in June 1963, with Chinese nationality and without the right of permanent residence abroad. Mr. Jiang Qiwen graduated from Zhengzhou University (鄭州大學) with a major in Commercial and Business Management. Mr. Jiang Qiwen is currently an executive vice president of the Company. From April 1984 to January 1996, Mr. Jiang Qiwen successively served as a worker, monitor, dispatcher and manager assistant in the production department of Shenzhen Southern CIMC Containers Manufacture Co., Ltd. (深圳南方中集集裝箱製造有限公司); from January 1996 to December 2000, he served as the manager of the production department of Shenzhen CIMC-TianDa Airport Support Co., Ltd. (深圳中集天達空港設備有限公司); from April 2000 to January 2004, he served as the manager of the production department of Shenzhen Southern CIMC Containers Manufacture Co., Ltd.; from April 2004 to January 2017, he successively served as assistant to the general manager, deputy general manager, executive deputy general manager and general manager of Shenzhen CIMC Special Vehicle Co., Ltd. (深圳中集專用車有限公司); from January 2017 to December 2021, he served as the president of Shenzhen CIMC Special Vehicle Consortium; and since August 2018, he has been serving as the chairman of Zhumadian CIMC Huajun Casting Co., Ltd. (駐馬店中集華駿鑄造有限公司). Mr. Jiang Qiwen served as the senior vice president of the Company from December 16, 2019 to December 1, 2021 and has acted as the president of Tonghua Consortium since December 2021.

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

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

Mr. Li Xiaofu (李曉甫), aged 37, born in October 1984, with Chinese nationality and without the right of permanent residence abroad, is currently a vice president and chief technology officer of the Company. He obtained a bachelor's degree in engineering with a major in ground weapon motor engineering from Beijing Institute of Technology (北京理工大學) and a doctor's degree in engineering with a major in vehicle engineering from South China University of Technology (華南理工大學). Prior to joining the Group, Mr. Li Xiaofu served as an engineer of electrical control branch of high-tech department in Automotive Engineering Institute of Guangzhou Automobile Group Co., Ltd. (GAEI) (廣州汽車集團股份有限公司汽車工程研究院(廣汽研究院)). Mr. Li Xiaofu joined the Group in October 2013 and served as a senior research and development engineer at research and development center of the Company up to March 2015. Mr. Li Xiaofu subsequently served as a senior research and development engineer and project leader of the Light Tower project from March 2015 to September 2017, primarily responsible for "Light Tower" plant planning, application research on auto-manufacturing technology in semi-trailer manufacturing, leading the team, coordinating several cross-departmental and cross-enterprise upgrading projects of "Manufacturing Light-towerlization" in the Group. Mr. Li Xiaofu subsequently served as an office director of our technology office from September 2017 to July 2018, primarily responsible for assisting the chief technology officer in managing the chief technology officer and structuring three-core working system, relevant designing and manufacturing for various product platforms, incubating and managing digital projects. Mr. Li Xiaofu has made outstanding contributions to the Group over the years and has been serving as the chief technology officer of the Group since July 2018, primarily responsible for the overall technology of the Group. Mr. Li Xiaofu has served as the non-employee representative Supervisor from December 7, 2018 to November 30, 2021. Mr. Li Xiaofu has served as the chief executive officer of the Terabyte Truck Bodies Business Strategy Division (太字節箱體業務戰略事業部) since June 2021. 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. Li Zhimin (李志敏), aged 52, born in February 1970, with Chinese nationality and without the right of permanent residence abroad, is currently the vice president, the secretary of the Board and the joint company secretary of the Company. Ms. Li worked for Tianqin Accounting Firm (天勤會計師事務所) from July 2000 to November 2001; and acted as the manager of audit department of Tianjian Xinde Accounting Firm (天健信德會計師事務所) from October 2001 to April 2005. Since April 2005, Ms. Li joined the Company and held various positions such as the finance manager, the head of finance department of the Company, the assistant to general manager of the Company and the deputy general manager. Ms. Li graduated from the department of management science and engineering at Wuhan University of Technology (武漢工業大學) in the PRC with a major in industrial management engineering in June 1991. Ms. Li obtained the qualification of accountant from the Ministry of Finance in May 1997 and the qualification of certified public accountant from Hubei Institute of Certified Public Accountants on September 5, 1997.

Ms. Mao Yi (毛弋), aged 47, born in January 1975, with Chinese nationality and without the right of permanent residence abroad, is currently a vice president of the Company. Ms. Mao Yi graduated from the University of Hong Kong with a master's degree in business administration (MBA). 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 has acted as the assistant president of the Company since September 2019. 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; chairman and general manager of Shenzhen Shuxiang Technology Co., Ltd., an investee company of the Company; Ms. Mao Yi is currently a supervisor of Shenzhen Chuangyuan Enterprise Management Co., Ltd. (深圳市創源企業管理有限責任公司), Shenzhen Qiyuan Enterprise Management Center Co., Ltd. (深圳市啟源企業管理中心有限責任公司) and Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd. (深圳市龍源港城投資發展有限責任公司).

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

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

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 Shareholders' Companies
Mai Boliang	China International Marine Containers (Group) Co., Ltd.	Chairman	August 27, 2020	Conclusion of the 2021 AGM of CIMC Group	Yes
	China International Marine Containers (Group) Co., Ltd.	Executive Director	June 3, 2019	Conclusion of the 2021 AGM of CIMC Group	Yes
	China International Marine Containers (Group) Co., Ltd.	Chief executive officer	March 27, 2019	Conclusion of the annual meeting of the board of CIMC Group for 2022	Yes
Zeng Han	China International Marine Containers (Group) Co., Ltd.	Financial controller	March 26, 2020	Conclusion of the annual meeting of the board of CIMC Group for 2023	Yes
	China International Marine Containers (Hong Kong) Limited	Director	February 10, 2021	–	Yes
Wang Yu	China International Marine Containers (Group) Co., Ltd.	General manager of the legal department	January 23, 2003	–	Yes
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 Position held in the Shareholders' companies	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
Mai Boliang	CIMC Offshore Engineering Co., Ltd.	Chairman	July 21, 2016	–	No
Li Guiping	Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd.	Executive Director	December 14, 2015	–	No
	Shenzhen SF-Trailernet Technology Co., Ltd.	Chairman	December 7, 2018	–	No
	Jiangsu Wanjin Technology Co., Ltd.	Chairman	May 15, 2018	–	No
Zeng Han	Shenzhen CIMC Investment Co., Ltd.	Chairman	June 22, 2018	–	No
Zeng Han	Shenzhen Southern CIMC Containers Manufacture Co., Ltd.	Director and general manager	Director: January 19, 2018 General manager: May 26, 2020	–	No
Zeng Han	Shenzhen Qianhai CIMC Investment Development Co., Ltd.	Director and general manager	September 8, 2020	–	No
Zeng Han	CIMC Fortune Holdings Limited	Director	January 15, 2018	–	Yes
Zeng Han	Guangdong Jilve Investment Consulting Co., Ltd. (廣東集略投資諮詢有限公司)	Vice chairman	August 26, 2014	–	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
Zeng Han	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
Zeng Han	CIMC Enric Holdings Limited	Director	May 18, 2018	May 17, 2024	Yes
Zeng Han	Enric Integration (HK) Company Limited	Director	May 18, 2018	–	No
Zeng Han	CIMC Enric Hong Kong Limited	Director	May 18, 2018	–	No
Zeng Han	Win Score Investments Limited	Director	May 18, 2018	–	No
Zeng Han	Charm Ray Holdings Limited	Director	May 18, 2018	–	No
Zeng Han	CIMC-TianDa Holdings Company Limited	Director	December 30, 2019	–	No
Zeng Han	CIMC Capital Holdings Co. Ltd.	Chairman	April 6, 2021	–	No
Zeng Han	CIMC Capital Management Co., Ltd. (中集資本管理有限公司)	Chairman	April 6, 2021	–	No
Zeng Han	CIMC Financial Leasing Co., Ltd.	Director	March 31, 2017	–	No
Zeng Han	CIMC Qianhai Financial Leasing (Shenzhen) Co., Ltd.	Director	April 27, 2018	–	No
Zeng Han	CIMC Finance Co., Ltd.	Director	May 25, 2018	–	No
Zeng Han	CIMC Container Holding Co., Ltd.	Director	December 11, 2012	–	No
Zeng Han	Shenzhen CIMC Haigong Investment Co., Ltd.	Director	October 24, 2019	–	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
Zeng Han	CIMC Transportation Equipment (International) Holdings Limited	Director	November 1, 2019	–	No
Zeng Han	CIMC Offshore Engineering Co., Ltd.	Director	December 27, 2019	–	No
Zeng Han	CIMC Raffles Marine Engineering (Singapore) Pte Ltd.	Director	August 1, 2019	–	No
Zeng Han	Yantai CIMC Raffles Offshore Ltd.	Director	October 30, 2019	–	No
Zeng Han	Yantai CIMC Raffles Shipyard Ltd.	Director	April 24, 2020	–	No
Zeng Han	CIMC Marine Engineering Academe Co., Ltd.	Director	March 24, 2020	–	No
Zeng Han	CIMC OFFSHORE HOLDING LIMITED	Director	September 1, 2020	–	No
Zeng Han	CIMC Shenfa Development Co., Ltd.	Director and general manager	Director: November 19, 2020 General manager: December 27, 2021	–	No
Zeng Han	Shenzhen CIMC Production City Development Group Co., Ltd.	Director	July 3, 2017	–	No
Zeng Han	CIMC-TianDa Holdings (Shenzhen) Company Limited	Chairman	May 28, 2021	–	No
Zeng Han	Haiyang CIMC Raffles Offshore Ltd.	Supervisor	April 28, 2014	–	No
Zeng Han	Longkou CIMC Raffles Offshore Engineering Co., Ltd.	Supervisor	August 9, 2007	–	No

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

Name of Employee	Name of Employer	Position at Employer	Start Date of Term of Office	End Date of Term of Office	Is any Remuneration or Allowance Received from the Employer
Wang Yu	Shenzhen Qianhai CIMC Qigu Investment Co., Ltd.	Chairman and general manager	Chairman: December 24, 2019 General manager: April 19, 2017	–	No
Wang Yu	Shenzhen CIMC Investment Co., Ltd.	Director	September 20, 2019	–	No
Wang Yu	CIMC-TianDa Holdings (Shenzhen) Company Limited	Director	November 29, 2016	–	No
Wang Yu	Nantong CIMC Pacific Ocean Engineering Co., Ltd.	Director	November 17, 2006	–	No
Wang Yu	CIMC Enric Holdings Limited	Non-executive Director	September 5, 2016	–	No
Wang Yu	CIMC Financial Leasing Co., Ltd.	Director	September 21, 2020	–	No
Wang Yu	CIMC Qianhai Financial Leasing (Shenzhen) Co., Ltd.	Chairman	July 14, 2021	–	No
Wang Yu	CIMC Container Holding Co., Ltd.	Director	March 5, 2021	–	No
Wang Yu	CIMC Capital Holdings Co. Ltd.	Director	April 6, 2021	–	No
Wang Yu	CIMC Capital Management Co., Ltd. (中集資本管理有限公司)	Director	April 6, 2021	–	No
Huang Haicheng	Ping An Capital Co., Ltd.	Deputy director of investment	April 1, 2012	–	Yes
Cheng Hok Kai Frederick	Advanced Assembly Materials International Limited	Chief finance officer	January 1, 2021	–	Yes
Cheng Hok Kai Frederick	Luzhou Xinglu Water (Group) Co., Ltd.	Independent non-executive Director	March 31, 2017	March 4, 2022	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
Cheng Hok Kai Frederick	Jiaying Gas Group Co., Ltd.	Independent non-executive Director	September 23, 2019	–	Yes
Cheng Hok Kai Frederick	China Shun Ke Long Holdings Limited	Independent non-executive Director	July 27, 2020	–	Yes
Wang Jinghua	CIMC Container Holding Co., Ltd.	Supervisor	October 11, 2012	–	No
Wang Jinghua	CIMC Offshore Engineering Co., Ltd.	Supervisor	December 27, 2019	–	No
Wang Jinghua	Shenzhen CIMC Haigong Investment Co., Ltd.	Supervisor	December 24, 2019	–	No
Wang Jinghua	C&C Trucks Co., Ltd.	Supervisor	February 26, 2018	–	No
Wang Jinghua	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
Wang Jinghua	CIMC Finance Co., Ltd.	Chairman of the Supervisory Committee	December 27, 2019	–	No
Wang Jinghua	Shenzhen CIMC Production City Development Group Co., Ltd.	Chairman of the Supervisory Committee	October 26, 2020	–	No
Wang Jinghua	CIMC Modular Building Investment Company Limited	Supervisor	April 9, 2013	–	No
Wang Jinghua	Shenzhen CIMC Investment Co., Ltd.	Supervisor	June 22, 2018	–	No
Wang Jinghua	CIMC Security Technology Co., Ltd.	Supervisor	July 19, 2019	–	No
Wang Jinghua	Shenzhen CIMC Architectural Design Institute Co., Ltd.	Supervisor	January 14, 2021	–	No
Feng Baochun	Shandong Linglong Tire Co., Ltd.	Vice president	July 8, 2019	July 7, 2022	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
Feng Baochun	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
Li Xiaofu	Shenzhen Zhongan Jizhi Technology LLP	Managers	December 7, 2018	–	No
Li Xiaofu	Shenzhen SF-Trailernet Technology Co., Ltd.	Director	May 15, 2018	–	No
Zhan Rui	Shenzhen Xinnan Ruichi Investment Co., Ltd. (深圳市新南瑞馳投資有限公司)	Executive Director and general manager	June 4, 2020	–	No
Li Zhimin	Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd.	General manager	December 14, 2015	–	No
Mao Yi	Shenzhen Shuxiang Technology Co., Ltd.	Chairman and general manager	June 29, 2020	–	No
Mao Yi	Shenzhen CIMC Vehicles Park Investment and Management Co., Ltd.	Chairman	July 5, 2018	–	No
Mao Yi	Shaanxi CIMC Vehicle Industrial Park Investment and Development Co., Ltd.	Chairman	August 10, 2018	–	No
Mao Yi	Shaanxi CIMC Vehicle Industrial Park Property Management Co., Ltd.	Chairman	August 4, 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
Mao Yi	Chengdu CIMC Traffic Equipment Manufacturing Co., Ltd.	Chairman	September 26, 2012	–	No
Mao Yi	Shenyang CIMC Industrial Park Investment and Development Co., Ltd.	Chairman	July 23, 2018	–	No
Mao Yi	Chengdu CIMC Industrial Park Investment and Development Co., Ltd.	Chairman	February 10, 2010	–	No
Mao Yi	Chengdu CIMC Industrial Park Management Co., Ltd.	Chairman	August 23, 2010	–	No
Mao Yi	Shenzhen Chuangyuan Enterprise Management Co., Ltd.	Supervisor	April 9, 2019	–	No
Mao Yi	Shenzhen Qiyuan Enterprise Management Center Co., Ltd.	Supervisor	May 14, 2019	–	No
Mao Yi	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
Wang Zhujiang	Chuzhou Guoyuan Small Loan Co., Ltd.	Director	March 31, 2011	–	No
Description of employment with the employers	Nil				

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

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

Applicable Not applicable

4. Remuneration of Directors, Supervisors and Senior Management***Decision-making procedures, basis for determination and actual payment of remuneration of Directors, Supervisors and senior management***

1. Decision-making procedures for the remuneration of Directors, Supervisors and senior management: The remuneration of all Directors shall be considered at the general meeting after consideration by the Remuneration Committee and the Board; the remuneration of Supervisors shall be considered at the general meeting after consideration and approval by the Supervisory Committee; the remuneration of senior management shall be considered by the Board after review by the Remuneration Committee.
2. Basis for determining the remuneration of Directors, Supervisors and senior management: The Company has a formal and transparent policy on the remuneration of Directors, Supervisors, senior management and other remuneration-related matters. The remuneration of the Company's senior management is determined based on their specific posts or positions at the Company, the industry and market benchmarks, and is closely linked with the results of operations of the Company and the performance of individuals. None of the Directors, Supervisors and senior management shall participate in determining their remuneration. During the Reporting Period, executive Directors, non-executive Directors and Supervisors, other than independent non-executive Directors, were not remunerated by the Company for their services as such; Directors and Supervisors who concurrently hold the position of senior management or other positions at the Company were remunerated according to the remuneration system for such positions.
3. Actual payment of remuneration to Directors, Supervisors and senior management: As at the end of the Reporting Period, all remunerations payable to Directors, Supervisors and senior management in 2021 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	63	In office	0	Yes
Li Guiping	Executive Director, Chief Executive Officer and President	Male	57	In office	777.59	No
Zeng Han	Non-executive Director	Male	46	In office	0	Yes
Wang Yu	Non-executive Director	Male	49	In office	20.00	Yes
Huang Haicheng	Non-executive Director	Male	37	In office	0	Yes
Feng Jinhua	Independent non-executive Director	Male	66	In office	20.00	No
Fan Zhaoping	Independent non-executive Director	Male	67	In office	20.00	No
Cheng Hok Kai Frederick	Independent non-executive Director	Male	58	In office	20.00	No
Wang Jinghua	Chairman of the Supervisory Committee	Female	58	In office	0	Yes
Feng Baochun	Supervisor	Male	52	In office	0	Yes
Song Yanwen	Supervisor	Male	54	In office	13.24	No
Jiang Qiwen	Executive vice president	Male	58	In office	254.09	No
Li Zhimin	Vice president, secretary of the Board and joint company secretary	Female	52	In office	168.18	No
Li Xiaofu	Vice president and chief technology officer	Male	37	In office	155.08	No
Zhan Rui	Financial director	Male	40	In office	6.04	No
Zeng Beihua	Non-executive Director	Female	68	Out of office	0	No
Chen Bo	Non-executive Director	Male	58	Out of office	0	Yes
Liu Zhenhuan	Chairman of the Supervisory Committee	Male	66	Out of office	0	Yes
Liu Hongqing	Supervisor	Male	58	Out of office	133.79	No
Sun Chunan	Executive vice president and chief operating officer of the PRC business	Male	53	Out of office	187.19	No
Ye Jianfeng	Executive vice president and chief operating officer of overseas business	Male	49	Out of office	206.04	No
Ji Haifeng	Executive vice president, chief financial officer and financial director	Male	53	Out of office	281.38	No
Total					2,262.62	—

Note: The above remunerations for 2021 are based on the terms of office of Directors, Supervisors and senior management.

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

VIII. PERFORMANCE OF DUTIES BY DIRECTORS DURING THE REPORTING PERIOD

1. Board Meetings During the Reporting Period

Session	Date of Meeting	Date of Disclosure	Resolution of Meeting
The first meeting of the first session of the Board in 2021	February 28, 2021	N/A	Financial Statements for 2020 and the Six Months from July 1, 2020 to December 31, 2020 and Review Report was considered and approved
The second meeting of the first session of the Board in 2021	March 19, 2021	N/A	1. Resolution on Capital Increase of CIMC Vehicles and UK Companies; 2. Resolution on Introducing Strategic Investors to Vanguard Trailer; 3. Jiangmen TB Project Construction Planning Scheme were considered and approved
The third meeting of the first session of the Board in 2021	March 25, 2021	N/A	1. Review and Prospect 2020-2021; 2. 2021-2023 Three-year Business Plan and Underlying Logic; 3. Final Financial Accounts for 2020; 4. Dividend Distribution for 2020; 5. Financial Budget Report 2021; 6. Investment Plan 2021; 7. Fund Plan 2021; 8. Resolution on Appointment of Auditors for 2021; 9. Resolution on Continuing Connected Transactions in 2020; 10. Special Report on the Use of the Proceeds from the Previous Fundraising; 11. Report of the Board for 2020; 12. Resolution on Proposed Grant of General Mandate to Issue New Shares; 13. Resolution on Extension of the Validity Period of the A Share Offering and Listing Plan and Authorization for Handling Matters in Relation to A Share Offering and Listing; 14. Report on Self-evaluation of Internal Control for 2020; 15. Resolution on Request for 2020 AGM were considered and approved
The fourth meeting of the first session of the Board in 2021	March 26, 2021	N/A	1. Resolution on Approval for Publication of the Financial Reports of the Company for the Last Three Years (2018-2020); 2. Resolution on Confirmation by the Management of the Effectiveness of Internal Control Related to Financial Statements, and other Special Reports; 3. Resolution on Related Transactions for 2020 were considered and approved
The fifth meeting of the first session of the Board in 2021	May 13, 2021	N/A	Financial Statements for the Three Months Ended March 31, 2021 and Review Report was considered and approved

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

Session	Date of Meeting	Date of Disclosure	Resolution of Meeting
The sixth meeting of the first session of the Board in 2021	June 4, 2021	N/A	1. Resolution on Confirmation of Number of Shares to be Issued in A Share Offering and Listing on the ChiNext Market; 2. Resolution on Environmental, Social and Governance Report of CIMC Vehicles 2020 were considered and approved
The seventh meeting of the first session of the Board in 2021	July 1, 2021	N/A	1. Resolution on Annual Cap for Transactions Between CIMC Vehicles and Jiangsu Wanjing in 2021; 2. Resolution on Amendments to Information Disclosure Management System of CIMC Vehicles (Group) Co., Ltd.; 3. Resolution on Amendments to System of CIMC Vehicles (Group) Co., Ltd. for Management of Shares Held by Directors, Supervisors and Senior Management in the Company and Changes of the Shareholdings; 4. Resolution on Formulation of Management System of CIMC Vehicles (Group) Co., Ltd. for Entrusted Wealth Management; 5. Resolution on Formulation of Management System of CIMC Vehicles (Group) Co., Ltd. for Provision of Financial Assistance to External Entities; 6. Resolution on Formulation of Seal Management System of CIMC Vehicles (Group) Co., Ltd. were considered and approved
The eighth meeting of the first session of the Board in 2021	August 3, 2021	August 3, 2021	The Resolution on Adjustment to Proceeds Proposed to be Invested in A Share Proceeds-funded Projects and Confirmation of Implementation Methods of A Share Proceeds-funded Projects was considered and approved
The ninth meeting of the first session of the Board in 2021	August 12, 2021	August 12, 2021	The Resolution on Limit on Charity and Social Responsibility Funds in 2021 was considered and approved

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

Session	Date of Meeting	Date of Disclosure	Resolution of Meeting
The tenth meeting of the first session of the Board in 2021	August 25, 2021	August 26, 2021	<p>1. The Interim Report 2021, the Summary of Interim Report 2021, the Announcement of Interim Results for the Six Months Ended June 30, 2021, and the Interim Report for the Six Months Ended June 30, 2021; 2. the B2 Budget 2021; 3. the Investment Progress in the First Half of 2021 and New Investment Plans in the Second Half of 2021; 4. the Resolution on Assessment Results in 2020; 5. the Proposal on Performance Contract Framework 2021-2023; 6. the Interim Special Dividend Distribution Plan for 2021; 7. the Resolution on Use of Certain Unutilized A Share Proceeds for Cash Management; 8. the Resolution on Replacement by A Share Proceeds of Self-raised Funds Invested in the Proceeds-funded Projects and Used to Cover the Issue Expenses in Advance; 9. the Resolution on the Changes in the Use of Proceeds from H Shares; 10. the Resolution on Nomination of Candidates for Non-independent Directors of the Second Session of the Board and Their Remuneration; 11. the Resolution on Nomination of Candidates for Independent Directors of the Second Session of the Board and Their Remuneration; 12. the Resolution on the Uniform Adoption of the China Accounting Standards for Business Enterprises for Preparation of Financial Reports; 13. the Resolution on Amendments to the Articles of Association; 14. the Resolution on Estimations of Ordinary Related Transactions with CIMC Group 2022-2024; 15. the Resolution on Estimations of Ordinary Related Transactions with Jiangsu Wanjing 2022-2024; 16. the Resolution on Proposed Financial Guarantee and Security Deposit Framework Agreement and Related Transactions; 17. the Resolution on Estimations of Proposed Deposit Service Framework Agreements and Related Transactions; 18. the Risk Treatment Plan for Deposit Business of CIMC Finance Co., Ltd.; 19. the Risk Assessment Report of CIMC Finance Co., Ltd.; 20. the Internal Control Work Report for the First Half of 2021; 21. the Resolution on Formulation of Securities Investment Management System of CIMC Vehicle (Group) Co., Ltd.; 22. the Resolution on Request for the First Extraordinary General Meeting in 2021 were considered and approved</p>

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

Session	Date of Meeting	Date of Disclosure	Resolution of Meeting
The first meeting of the second session of the Board in 2021	September 29, 2021	September 29, 2021	1. Resolution on Election of the Chairman of the Second Session of the Board; 2. Resolution on Election of Members for the Audit Committee of the Second Session of the Board; 3. Resolution on Election of Members for the Strategy and Investment Committee of the Second Session of the Board; 4. Resolution on Election of Members for the Remuneration Committee of the Second Session of the Board; 5. Resolution on Election of Members for the Nomination Committee of the Second Session of the Board; 6. Resolution on Reappointment of the Secretary of the Board were considered and approved
The second meeting of the second session of the Board in 2021	October 26, 2021	October 27, 2021	1. Third Quarterly Report 2021; 2. Detailed Plan of Performance Appraisal 2021-2023; 3. Resolution on Change of Legal Representative; 4. Resolution on Change of Joint Company Secretary, Authorized Representative and Process Agent; 5. Resolution on Estimations of Ordinary Related Transactions with Oriental Post were considered and approved
The third meeting of the second session of the Board in 2021	November 9, 2021	November 9, 2021	Resolution on Request for the Second Extraordinary General Meeting in 2021 was considered and approved
The fourth meeting of the second session of the Board in 2021	December 1, 2021	December 2, 2021	1. Resolution on Appointment of Mr. Jiang Qiwen as Executive Vice President; 2. Resolution on Appointment of Mr. Li Xiaofu as Vice President and Chief Technology Officer; 3. Resolution on Appointment of Mr. Zhan Rui as Financial Director were considered and approved
The fifth meeting of the second session of the Board in 2021	December 14, 2021	December 14, 2021	Resolution on Evaluation Report on Terms of Office of Chief Executive Officer and President was considered and approved
The sixth meeting of the second session of the Board in 2021	December 31, 2021	December 31, 2021	1. Resolution on Reappointment of Mr. Li Guiping as Chief Executive Officer and President of the Company; 2. Resolution on Estimations of Ordinary Related Transactions with Shandong Linglong Tire Co., Ltd. in 2022 were considered and approved

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)***2. Attendance of Directors at Board Meetings and General Meetings**

Attendance of Directors at Board Meetings and General Meetings

Name of Director	Number	Number	Number	Number	Number of	Are there Two	Number
	of Board		of Board			Consecutive	
Expected to	Meetings	of Board	Meetings	of Board	Absences	Attend Board	of General
Attend During	Attended in	Meetings	Attended	Meetings	from Board	Meetings in	Meetings
the Reporting	Person	Attended in	by Remote	Attended	Meetings	Person	Attended
Period	Person	Person	Means	by Proxy	Meetings	Person	Attended
Mai Boliang	16	2	14	0	0	No	4
Li Guiping	16	2	14	0	0	No	5
Zeng Beihua <i>(Note 1)</i>	10	2	8	0	0	No	0
Zeng Han <i>(Note 2)</i>	6	0	6	0	0	No	2
Wang Yu	16	2	14	0	0	No	5
Chen Bo <i>(Note 3)</i>	16	2	14	0	0	No	5
Huang Haicheng	16	2	14	0	0	No	5
Feng Jinhua	16	2	14	0	0	No	5
Fan Zhaoping	16	2	14	0	0	No	5
Cheng Hok Kai	16	2	14	0	0	No	5
Frederick							

Notes:

(1) Ms. Zeng Beihua (retired on September 29, 2021)

(2) Mr. Zeng Han (appointed on September 29, 2021)

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

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

N/A.

3. Objections of Directors to Relevant Matters of the Company

Did Directors have objections to relevant matters of the Company

Yes No

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

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)***4. Other Descriptions of Performance of Duties by Directors**

Were the recommendations of Directors to the Company accepted

Yes No

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

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

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

Name of Committee	Member	Number of Meetings	Date of Meeting	Content of Meeting	Important Opinions and Suggestions	Other Information on Performance of Duties	Matters of Objection (If Any)
Audit Committee	Cheng Hok Kai Frederick, Feng Jinhua and Fan Zhaoping	11	February 8, 2021	Financial Statements for 2020 and the Six Months from July 1, 2020 to December 31, 2020 and Review Report was considered	Opinions on compliance of lending by the Company were expressed		

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 25, 2021	The Final Financial Accounts for 2020, the Dividend Distribution for 2020, the Financial Budget Report 2021, the Fund Plan 2021, the Resolution on Appointment of Auditors for 2021, the Resolution on Continuing Connected Transactions in 2020, the Special Report on the Use of the Proceeds from the Previous Fundraising, the Resolution on Extension of the Validity Period of the A Share Offering and Listing Plan and Authorization for Handling Matters in Relation to A Share Offering and Listing, the Report on Self-evaluation of Internal Control for 2020 and the Report on Expiry of Appointment of Compliance Advisor were considered	1. It suggested that minority Shareholders or associates should provide guarantees or counter guarantees in equal proportion to the guarantees provided by the Company for the financing facilities obtained by subsidiaries and associates with a gearing ratio over 70% from financial institutions; 2. It requested that the management of the Company should put forward solutions to the internal control issues proposed by the auditors		
			March 25, 2021	The Resolution on Approval for Publication of the Financial Reports of the Company for the Last Three Years (2018-2020) and the Resolution on Related Transactions for 2020 were considered	-		
			June 2, 2021	The Resolution on Confirmation of Number of Shares to be Issued in A Share Offering and Listing on the ChiNext Market and the Resolution on Environmental, Social and Governance Report of CIMC Vehicles 2020 were considered and approved	-		

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)
			June 22, 2021	The Work Arrangement for Interim Review in 2021 was considered	<p>1. It suggested that the Company should engage auditors to review its interim financial report;</p> <p>2. It suggested that the management should sufficiently staff and allocate sufficient resources to the finance team to ensure the corporate governance level</p>		
			June 29, 2021	The Resolution on Annual Cap for Transactions Between CIMC Vehicles and Jiangsu Wanjing in 2021, the Resolution on Amendments to Information Disclosure Management System of CIMC Vehicles (Group) Co., Ltd., the Resolution on Amendments to System of CIMC Vehicles (Group) Co., Ltd. for Management of Shares Held by Directors, Supervisors and Senior Management in the Company and Changes of the Shareholdings, the Resolution on Formulation of Management System of CIMC Vehicles (Group) Co., Ltd. for Entrusted Wealth Management, the Resolution on Formulation of Management System of CIMC Vehicles (Group) Co., Ltd. for Provision of Financial Assistance to External Entities, and the Resolution on Formulation of Seal Management System of CIMC Vehicles (Group) Co., Ltd. were considered	–		

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

Name of Committee	Member	Number of Meetings	Date of Meeting	Content of Meeting	Important Opinions and Suggestions	Other Information on Performance of Duties	Matters of Objection (If Any)
			August 25, 2021	The Interim Results Report 2021, the B2 Budget 2021, the Interim Special Dividend Distribution Plan for 2021, the Resolution on Use of Certain Unutilized A Share Proceeds and Own Funds for Cash Management, the Resolution on Replacement by A Share Proceeds of Self-raised Funds Invested in the Proceeds-funded Projects and Used to Cover the Issue Expenses in Advance, the Resolution on the Changes in the Use of Proceeds from H Shares, the Resolution on Nomination of Candidates for Non-independent Directors of the Second Session of the Board and Their Remuneration, the Resolution on Nomination of Candidates for Independent Directors of the Second Session of the Board and Their Remuneration, the Resolution on the Uniform Adoption of the China Accounting Standards for Business Enterprises for Preparation of Financial Reports, the Resolution on Amendments to the Articles of Association, the Resolution on Estimations of Ordinary Related Transactions with CIMC Group 2022-2024, the Resolution on Estimations of Ordinary Related Transactions with Jiangsu Wanjing 2022-2024, the Resolution on Proposed Financial Guarantee and Security Deposit Framework Agreement and Related Transactions, the Resolution on Estimations of Proposed Deposit Service Framework Agreements and Related Transactions, the Risk Treatment Plan for Deposit Business of CIMC Finance Co., Ltd., the Risk Assessment Report of CIMC Finance Co., Ltd., the Resolution on Formulation of Securities Investment Management System of CIMC Vehicle (Group) Co., Ltd. and the Internal Control Work Report for the First Half of 2021 were considered	1. As the Company was in a period of rapid development, it was requested that the Company should further enhance management of refined operations including accounting; 2. It suggested that the Company should allocate sufficient human resources to the office of the secretary of the Board and the finance team, and enhance the management of its accounting analysis ability		

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 25, 2021	The Third Quarterly Results Report 2021, the Internal Audit Report for the Third Quarter of 2021, the Resolution on Estimations of Ordinary Related Transactions with Oriental Post, the Resolution on Development of Foreign Exchange Derivatives Trading Business, the Resolution on Formulation of the System of CIMC Vehicles (Group) Co., Ltd. for Management of Foreign Exchange Derivatives Trading were considered	It requested that the Company should further enhance the detailed analysis of finance and improve its delicacy management ability		
			December 6, 2021	The Resolution on Evaluation Report on Terms of Office of Chief Executive Officer and President was considered	-		
			December 15, 2021	Communication as to the annual audit plan of auditors			
			December 28, 2021	The Resolution on Estimations of Ordinary Related Transactions with Shandong Linglong Tire Co., Ltd. in 2022, the Resolution on Formulation of the System of CIMC Vehicles (Group) Co., Ltd. for Foreign Exchange Risk Management and the Resolution on Development of Forward Exchange Rate Hedging Business in 2022 were considered	-		

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)	
Strategy and Investment Committee	Huang Haicheng, Wang Yu, Zeng Beihua and Fan Zhaoping	3	March 18, 2021	The Resolution on Capital Increase of CIMC Vehicles and UK Companies, the Resolution on Introducing Strategic Investors to Vanguard Trailer and the Jiangmen TB Project Construction Planning Scheme were considered	-			
			March 24, 2021	The Investment Plan 2021 was considered;	-			
			August 23, 2021	The Investment Progress in the First Half of 2021 and New Investment Plans in the Second Half of 2021, the Resolution on the Changes in the Use of Proceeds from H Shares and the Resolution on Formulation of Securities Investment Management System of CIMC Vehicle (Group) Co., Ltd. were considered	-			
Remuneration and Appraisal Committee	Fan Zhaoping, Zeng Beihua and Feng Jinhua	1	August 23, 2021	The Resolution on Assessment Results in 2020, the Proposal on Performance Contract Framework 2021-2023 and the Resolution on Remuneration of the Second Session of the Board were considered	Suggestion on the assessment plan of the Company			
			Fan Zhaoping, Zeng Han and Feng Jinhua	2	September 29, 2021	The Detailed Plan of Performance Appraisal 2021-2023 was considered	-	
					November 26, 2021	Matters in relation to performance bonus of CIMC Vehicles was considered	-	

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

Name of Committee	Member	Number of Meetings	Date of Meeting	Content of Meeting	Important Opinions and Suggestions	Other Information on Performance of Duties	Matters of Objection (If Any)
Nomination Committee	Feng Jinhua, Mai Boliang and Fan Zhaoping	5	August 21, 2021	The Resolution on Nomination of Candidates for Non-independent Directors of the Second Session of the Board and the Resolution on Nomination of Candidates for Independent Directors of the Second Session of the Board were considered	–		
			November 4, 2021	The Proposal on Appointment and Dismissal of Senior Management and Key Positions at the Headquarters of CIMC Vehicles was considered			
			November 11, 2021	Communication between the proposed financial director and the Nomination Committee			

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)
			November 26, 2021	Communication between the outgoing financial director and the Nomination Committee	1. The Audit Committee expected that the Company should further strengthen and improve its internal control system, to remove the barriers in the internal control system of the headquarters and subsidiaries, and recommended that the Company should engage third parties to review and evaluate the construction of its internal control system as soon as possible. 2. It suggested that the Company's management and employees should further improve their understanding of internal control management and improve their management level by the performance of responsibilities and training; 3. It suggested that the Company should strengthen the input-output analysis, which should be taken into consideration in appraisal.		
			November 27, 2021	Resolution on Reappointment of Mr. Li Guiping as Chief Executive Officer and President of the Company			

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

Name of Director	Attendance of Directors at meeting of special committees							
	Audit Committee		Remuneration Committee		Nomination Committee		Strategy and Investment Committee	
	Number of Meetings 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
Mai Boliang	-	-	-	-	5	5	-	-
Li Guiping	-	-	-	-	-	-	-	-
Zeng Han <i>(Note 1)</i>	-	-	2	1	-	-	-	-
Wang Yu	-	-	-	-	-	-	3	3
Huang Haicheng	-	-	-	-	-	-	3	3
Chen Bo <i>(Note 2)</i>	-	-	-	-	-	-	-	-
Feng Jinhua	11	11	3	3	5	5	-	-
Fan Zhaoping	11	11	3	3	5	5	3	3
Cheng Hok Kai Frederick	11	11	-	-	-	-	-	-
Zeng Beihua <i>(Note 3)</i>	-	-	1	1	-	-	3	3

Notes:(1) *Mr. Zeng Han (appointed on September 29, 2021)*(2) *Mr. Chen Bo (resigned on March 28, 2022)*(3) *Ms. Zeng Beihua (retired on September 29, 2021)***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)	198
Number of in-service employees at major subsidiaries as at the end of the Reporting Period (person)	13,088
Total number of in-service employees as at the end of the Reporting Period (person)	13,286
Total number of salaried employees during the period (person)	13,286
Number of retired employees with expenses borne by the parent company and major subsidiaries (person)	46

Composition of Employees by Categories

Category	Number of Employees (Person)
Production personnel	8,524
Sales personnel	1,196
Technician	795
Financial personnel	278
Administrative personnel	1,531
Manager	962
Total	13,286

Educational Attainment

Level	Number (Person)
Master's degree and above	233
Bachelor's degree (including college degree)	4,539
High school degree and below	8,514
Total	13,286

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)***2. Remuneration Policy**

The Group adheres to the “people-oriented” talent philosophy and strategy, strictly complies with the labor law 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. It continuously improves the competence 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 2021, the remuneration of employees of the Group amounted to RMB2,373.3 million (2020: RMB2,313.9 million).

3. Training Plans

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

4. Labor Outsourcing

Applicable Not applicable

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)***XII. PROFIT DISTRIBUTION AND CONVERSION OF CAPITAL RESERVE INTO SHARE CAPITAL**

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

Applicable Not applicable

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. Any dividend of the Company for each fiscal year shall be subject to approval by the general meeting. The Company's stable and active dividend policy is welcomed by the Shareholders and fully safeguards the interests of minority Shareholders. The Company makes dividend distribution decisions in strict accordance with the Articles of Association and relevant regulatory requirements. The Company strives to achieve good results so as to create good returns for its Shareholders.

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

Specific Explanation on Cash Dividend Policy

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

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

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

Yes No Not applicable

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

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

Number of bonus shares for every 10 shares (share)	0
Amount of dividend for every 10 shares (RMB) (inclusive of tax)	2
Number of shares converted for every 10 shares (share)	0
Equity base of distribution plan (share)	2,017,600,000
Cash dividends (RMB) (inclusive tax)	403,520,000
Cash dividends distributed by other methods (such as repurchase of shares) (RMB)	0
Total cash dividends (including those distributed by other methods) (RMB)	403,520,000
Distributable profit (RMB)	550,443,979.69
Total cash dividends (including those distributed by other methods) as a percentage of the total profit distribution	<u>100%</u>

Information on the Cash Distribution

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

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

In order to actively repay the Shareholders and share the results of operations of the Company with the Shareholders, and subject to the profit distribution principle and the normal operation and long-term development of the Company, the proposed profit distribution plan of the Company for 2021 is as follows: As at March 24, 2022, the total share capital of the Company was 2,017,600,000 Shares. The Company intends to distribute to all Shareholders, a cash dividend of RMB2.00 (inclusive of tax) for every 10 Shares (i.e. a cash dividend of RMB0.20 (inclusive of tax) per Share), amounting to RMB403,520,000.00 (inclusive of tax), without bonus shares and conversion of capital reserve into share capital. The remaining distributable profits of the Company will be carried forward for future use.

Cash dividend will be denominated and declared in RMB and paid to holders of A Shares and southbound Shareholders of the Company in RMB and holders of H Shares of the Company in Hong Kong dollars. The actual amounts declared in Hong Kong dollars are determined, based on the central parity of the relevant exchange rate as announced by the People's Bank of China on the first business day after the date of the 2021 AGM of the Company. The Company will complete the distribution of cash dividends within 2 months after consideration and approval by the general meeting, and the cash dividends are expected to be paid in cash on or before Friday, July 29, 2022.

The profit distribution is based on the total share capital registered on the date of record on which the equity is distributed. If there is a change in the total share capital of the Company between the date of the Board meeting approving the Profit Distribution Plan 2021 and the record date on which the equity is distributed, the Company intends to maintain the distribution per Share unchanged and adjust the total distribution accordingly, and will separately announce specific adjustments.

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

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

Applicable Not applicable

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

Applicable Not applicable

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

XIV. CONSTRUCTION AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEMS DURING THE REPORTING PERIOD**1. Construction and Implementation of Internal Control**

According to relevant regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange, and the basic principles of internal control, and based on its actual situation, the Company has improved and updated its internal control system in a timely manner. Meanwhile, the Company has further adjusted its organizational structure and job responsibilities, and established a set of scientifically designed, concise, applicable and effective internal control systems, which can in an effective and timely manner, prevent and detect and correct deviations in the operation and management of the Company, reasonably protect the safety and integrity of the Company's assets, and reasonably ensure the authenticity, accuracy and integrity of accounting information.

The Company's management organization system for internal control of risks comprising the Audit Committee of the Board and the internal audit department supervises and evaluates the Company's internal control management. The Report on Self-evaluation of Internal Control for 2021 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.

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

Yes No

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)***XV. MANAGEMENT AND CONTROL OF SUBSIDIARIES BY THE COMPANY DURING THE REPORTING PERIOD**

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 Xxentria Technology Materials (China) Co., Ltd. (森鉅(江門)科技材料有限公司), a new subsidiary acquired in May 2021, is as follows:

Company Name	Integration Plan	Integration Progress	Difficulties in Integration	Solutions Adopted	Progress in Solution	Subsequent Solution Plan
Xxentria Technology Materials (China) Co., Ltd.	<p>1. The main assets of Xxentria Technology Materials (China) Co., Ltd. are plant buildings and land, which is leased by CIMC Vehicle (Jiangmen) Co., Ltd., a majority-owned subsidiary of the Company;</p> <p>2. To complete the transaction of sale of fixed assets to Xxentria Technology Materials Co., Ltd.</p>	<p>1. The vacant plant, buildings and land have been leased and used as a warehouse (for storing raw materials) by CIMC Vehicle (Jiangmen) Co., Ltd., a majority-owned subsidiary with a leased area of approximately 4,320.00 sq.m. The rent of the warehouse is determined by both parties through negotiation with reference to the rental price in the market.</p> <p>2. The transaction of sale of fixed assets to Xxentria Technology Materials Co., Ltd. was agreed and in progress.</p>	None	None	None	None

XVI. REPORT ON SELF-EVALUATION OF INTERNAL CONTROL OR INTERNAL CONTROL AUDIT REPORT**1. Report on Self-evaluation of Internal Control**

Date of disclosure of the internal control evaluation report	March 25, 2022
Index for disclosure of the report on the evaluation of internal control	Website of Cninfo at www.cninfo.com.cn
Total assets of companies covered by the evaluation as a percentage of the total consolidated assets of the Company	70%
Total revenue of companies covered by the evaluation as a percentage of the total consolidated revenue of the Company	75%

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 non-performance of the management in internal control leads to the failure of the enterprise;</p> <p>(6) The internal control supervision by the Audit Committee and internal auditors is ineffective;</p> <p>(7) Deficiencies leading to the total amount of Related transactions exceeding the Related transaction limit approved by the general meeting.</p> <p>Major deficiencies: (1) Internal control deficiencies in the following aspect, which, after comprehensive analysis, are deemed to cause the failure to reasonably ensure the truthfulness, accuracy and reliability of the information in financial statements shall be identified as major deficiencies:</p>	<p>Critical deficiencies: (1) Serious deficiencies in rules and systems that set the management above internal control;</p> <p>(2) The business activities of the enterprise seriously violate the laws and regulations of China;</p> <p>(3) The decision-making procedures for major decisions, major issues, major appointment and removal, and large payment business are not compliant;</p> <p>(4) Abnormal and significant loss of management or technical backbones;</p> <p>(5) Frequent occurrence of negative news in the media, or negative impact on periodic reports officially published by the Company;</p> <p>(6) The infringement or leakage of patented or proprietary technology leads to a loss of market competitiveness of one or more products of the Company.</p>

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

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

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

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

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

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

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

Internal control assurance report

Opinions in the Internal Control Assurance Report

We believe that CIMC Vehicles has maintained effective internal control over financial reporting in all material respects in accordance with the Basic Standards for Internal Control of Enterprises as at December 31, 2021.

Disclosure of the internal control assurance report	Disclosed
Date of disclosure of the internal control assurance report	March 25, 2022
Index for disclosure of the internal control assurance report	The Internal Control Audit Report of CIMC Vehicles (Group) Co., Ltd. (PwCZT Te Shen Zi (2022) No.2751) disclosed on http://www.cninfo.com.cn/
Type of the opinion in the internal control assurance report	Standard unqualified opinion
Are there critical deficiencies in non-financial reporting	No

Did the auditors issue a modified internal control assurance report

 Yes No

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

 Yes No**XVII. RECTIFICATION OF PROBLEMS IDENTIFIED IN SELF-INSPECTION IN SPECIAL ACTIONS FOR GOVERNANCE OF THE COMPANY** Applicable Not applicable

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

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

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

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

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

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

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

- Management System for Raised Funds;
- Management System for Entrusted Wealth;
- Management System for External Financial Assistance;
- Management System for Securities Investment;
- Connected Transaction Management System;
- Information Disclosure Management System;
- 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 D.3.1 of the Corporate Governance Code (the code provision has been renumbered as code provision A.2.1 with effect from January 1, 2022), 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 and 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 (different with the headline, Company to confirm) Governance and Corporate Governance Report”.

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

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

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

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

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

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

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

(3) Chairman and Chief Executive Officer

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

The Board is responsible for making decisions on specific issues, while the management is delegated the power to execute and manage the Company's day-to-day affairs. The Company has the position of Chief Executive Officer. During the Year, the positions of Chairman and Chief Executive Officer of the Company are taken up by Mr. Mai Boliang and Mr. Li Guiping respectively, with clear division of responsibility between them. The Chairman takes charge of the affairs of the Board and reviews the implementation of the Board's resolutions whereas the Chief Executive Officer, under the leadership of the Board, is mainly responsible for the Company's management operations and business coordination, and thus the Company has complied with the provisions of code provision A.2.1 of the Corporate Governance Code (the code provision has been renumbered as code provision C.2.1 with effect from January 1, 2022). 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", 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**

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

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

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

(5) Responsibilities of Directors

The Directors shall take decisions objectively in the best interests of the Group as a whole. They hold meetings regularly to keep abreast of the Group's conduct, business activities, operational performance and latest development. Details of Director's attendance at Board and Board Committee meetings and general meetings held during the Reporting Period are set out in the "VIII. Performance of Duties by Directors during the Reporting Period" in the "Section VII Company 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 A.1.1 of the Corporate Governance Code (the code provision has been renumbered as code provision C.5.1 with effect from January 1, 2022) 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.

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" 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".

(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.

SECTION VII CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT *(Continued)***(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 Ordinances, 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. Chen Bo, Mr. Huang Haicheng, Mr. Feng Jinhua, Mr. Fan Zhaoping and Mr. Cheng Hok Kai Frederick) had provided their training records for the year ended December 31, 2021 to the Company.

(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.

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

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.

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.

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

(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. 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 Nomination Committee has 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.

2. SUPERVISORY COMMITTEE

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

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

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.

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.

Details of Directors' remuneration for the year ended December 31, 2021 are set out in Note VIII (7) to the financial statements.

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

As at December 31, 2021, the remuneration payable to the members of senior management of the Company fell within the following bands for 2021:

	Number of individuals
RMB0 to RMB1,000,000	1
RMB1,000,001 to RMB2,000,000	3
RMB2,000,001 to RMB3,000,000	3
RMB7,000,001 to RMB8,000,000	1

4. DELEGATION BY THE BOARD AND MANAGEMENT FUNCTIONS

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

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

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

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.

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

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

(1) Audit Committee

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

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

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

- to assess and determine the environmental, social and governance risks of the Company, and to ensure the establishment of an appropriate and effective control system for environmental, social and governance risks and internal control system.

The Audit Committee meets the external auditor and senior management of the Company regularly. During the Reporting Period, the Audit Committee held 11 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.

The Audit Committee also organised the preparation and review of the 2020 Annual Report and 2021 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 24, 2022, the Audit Committee reviewed the audited consolidated financial statements for the year ended December 31, 2021. 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 auditor, on its reporting responsibilities for financial statements is set out in the section “Section XIII Auditor’s Report”.

(2) Remuneration Committee

As of the date of this Report, the Remuneration Committee is chaired by Mr. Fan Zhaoping, an independent non-executive Director. Its other members are Mr. Zeng Han, a non-executive Director (appointed on September 29, 2021), and Mr. Feng Jinhua, an independent non-executive Director. The major responsibilities of the Remuneration Committee are:

- to make recommendations to the Board on the Company’s remuneration policy and structure for all Directors, Supervisors and senior management, and on the establishment of a formal and transparent procedure for developing the remuneration policy;
- to review and approve the remuneration proposals of senior management with reference to the Board’s corporate goals and objectives;

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

- to make recommendations to the Board on the remuneration packages of executive Directors and senior management or to determine, with delegated responsibility, the remuneration packages of executive Directors and senior management. The remuneration packages shall include benefits in kind, pension rights and compensation payments (including compensation for loss or termination of their office or appointment);
- to make recommendations to the Board on the remuneration of non-executive Directors;
- to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- to review and approve the compensation payable to executive Directors and senior management for their loss or termination of office or appointment to ensure that such compensation is consistent with the contractual terms and is otherwise fair and not excessive;
- to review and approve the compensation arrangements relating to dismissal or removal of the Directors for misconduct to ensure that such compensation is consistent with the contractual terms and is otherwise fair; and
- to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

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

(3) Nomination Committee

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

- to review the structure, size and composition of the Board (including the skills, knowledge and experience) at least annually and make recommendations on any proposed changes to the Board to complement the Company’s Board Diversity Policy;

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

- to identify individuals suitably qualified to become board members and make recommendations to the Board on the selection of individuals nominated for directorships in accordance with the nomination policy of the Company;
- to assess the independence of independent non-executive Directors; and
- to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors (in particular the Chairman and the Chief Executive Officer).

During the Reporting Period, the Nomination Committee held 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”.

(4) Strategy and Investment Committee

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

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

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

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

6. SECURITIES TRANSACTIONS OF DIRECTORS AND SUPERVISORS

The Company has adopted a set of codes of conduct for securities transactions of Directors and Supervisors that is not lower than the standards specified in the Model Code. The Company has made enquiries to all Directors and Supervisors, who all confirmed that they had complied with the Model Code and the standards specified in the codes of conduct in relation to the securities transactions of Directors and Supervisors during the Reporting Period.

7. JOINT COMPANY SECRETARIES

The joint company secretaries of the Company are Ms. Li Zhimin and Ms. Au Wai Ching. Ms. Li Zhimin 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 (replacing Ms. Ko Mei Ying as the joint company secretary of the Company on October 26, 2021), a 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. Li Zhimin. The primary contact person with Ms. Au Wai Ching at the Company is Ms. Li Zhimin. Both Ms. Li Zhimin and Ms. Au Wai Ching have informed the Company that they have taken no less than 15 hours of relevant professional training during the year ended December 31, 2021. 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 2021 to give a true and fair view of the financial position, results and cash flows of the Group and facilitate investors' understanding and assessment.

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

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.

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 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 auditor is set out in the "Section XIII Auditor's 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.

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

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.

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, 2021.

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.

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

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

9. AUDITOR AND ITS REMUNERATION

The Company engaged PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as its domestic and overseas auditors, respectively, for 2021 until the conclusion of the 2021 AGM.

For the year ended December 31, 2021, the remunerations for the professional services provided by PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers are as follows:

	Amount
Services provided by the external auditor	<i>(RMB: thousand)</i>
– Audit services	9,275
– Non-audit service	
Tax consulting	381
Total	<u>9,656</u>

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

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' confidence.

The Company holds conferences with analysts and the press to announce its annual results. In order to facilitate communication between the Company, Shareholders and the investment community, the Directors and designated employees will maintain on-going dialogue with investors and analysts through roadshows and marketing activities for investors.

The Company will keep the Shareholders and the investment community 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.

An annual general meeting provides a constructive forum to maintain regular and mutual communication with Shareholders. The Company will arrange the Chairman and the respective chairman or member(s) of each of the Board committees (including the Independent Board Committee, where applicable), or if failing so due to unexpected and/or uncontrollable reasons, his/their duly appointed delegate(s), to attend the general meetings to exchange views with Shareholders and answer their questions. All Directors are encouraged to attend general meetings and develop a balance understanding of the view of Shareholders.

The external auditor will also be invited to attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

Separate resolutions are proposed on each substantially separate issue, including the election or re-election of each Director nominated.

To ensure the votes cast are properly counted and recorded, it is the practice of the Company to appoint representatives of its share registrar in Hong Kong as scrutineer of the voting procedures in general meetings.

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 20 clear business days prior to the meeting, and in the case of an extraordinary general meeting, it shall issue a written notice at least 10 clear business days or 15 days (whichever is longer) 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 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.

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

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.

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 between 40% and 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.

Any distributable profits that are not distributed in any given year will be retained and become available for distribution in subsequent years.

In order to fully consider the interests of Shareholders with rights, the Company has made a plan in respect of the policy for dividend distribution to be made upon the completion of the A Share Offering. On June 22, 2020, the Company held the 2019 annual general meeting, the first domestic Shareholders' class meeting in 2020, and the first H Shareholders' class meeting in 2020, at which the Proposal on the Profit Distribution Policy and Shareholder Return Plan for the Next Three Years Following the A Share Offering and Listing on the ChiNext Market ("**Return Plan**") was considered and approved. According to the Return Plan, subject to the conditions for cash dividends and in accordance with Article 8 of the Administrative Measures for the Issuance of Securities by Listed Companies, the total profit distributed in cash over the next three years after the listing of A Share of the Company (namely July 8, 2021) shall not be less than 30% of the average annual distributable profit over the three years. The Company may distribute dividends in shares while distributing cash dividends. For details, please refer to the Prospectus for the Initial Public Offering and Listing of Shares of CIMC Vehicles (Group) Co., Ltd. on the ChiNext Market published by the Company on July 5, 2021.

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

12. INVESTOR RELATIONS CONTACTS

The Company values feedbacks from Shareholders, the investors and the public. Enquiries and proposals are welcome and can be put to the Company via the following means:

By phone: 86-755-26802116

By email: ir_vehicles@cimc.com

The latest investor relations information is available at the Company's website at www.cimcvehiclesgroup.com.

13. ARTICLES OF ASSOCIATION

On August 25, 2021, the Board proposed the amendments to certain provisions of the Articles of Association. The amendments to the Articles of Association were approved by the Shareholders by way of a special resolution at the first extraordinary general meeting in 2021 held on September 29, 2021. For details, see the announcements of the Company dated August 25, 2021 and September 29, 2021, and the circular of the Company dated September 13, 2021.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

I. MAJOR ENVIRONMENTAL PROTECTION ISSUES

1. Whether the listed company and its subsidiaries are on the list of critical pollutant discharge enterprises published by the environmental protection authorities

√ Yes No

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
Yangzhou CIMC Tonghua Special Vehicles Co., Ltd.	Methylbenzene	Organised emission	2	Semi-trailer coating workshop, tanker coating workshop	0.043mg/m ³	Emission Standard of Volatile Organic Compounds for	0.0069	Not approved by regulators	Not exceeded
	Xylene	Organised emission	2	Semi-trailer coating workshop, tanker coating workshop	0.098mg/m ³	Surface Coating (Vehicle Manufacturing Industry)	0.0344	Not approved by regulators	Not exceeded
	VOCs	Organised emission	12	Semi-trailer KTL workshop, coating workshop, hazardous waste warehouse; tanker coating workshop, paint repair workshop, hazardous waste warehouse	29.800mg/m ³	DB32/2862-2016	2.6590	4.6740	Not exceeded
	Total phosphorus	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	7.450mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers GB/T31962-2015	0.9698	1.0060	Not exceeded
	COD	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	483.640mg/L	(Grade B), Integrated Wastewater Discharge Standard GB8978-1996	67.0585	103.8420	Not exceeded
	Total nitrogen	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	62.600mg/L	(Level III)	7.2483	9.9740	Not exceeded
	Petroleum	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	1.110 mg/L		0.146	Not approved by regulators	Not exceeded
	Blackness of fume	Organised emission	5	Semi-trailer KTL workshop and shower room; tanker coating workshop and shower room	< Level 1	Boiler Air Pollutant Discharge Standard GB13271-2014, Ringelmann blackness level 1	—	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	6	Semi-trailer KTL workshop and coating workshop; tanker coating workshop	17.800mg/m ³	Integrated Emission Standard of Air Pollutants GB16297-1996	4.4908	Not approved by regulators	Not exceeded

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
	Particulate matter	Organised emission	2	Tanker coating workshop, paint repair workshop	3.500mg/m ³		0.5765	Not approved by regulators	Not exceeded
	SS	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	76.000mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers GB/T31962-2015	11.9405	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	88.500mg/L	(Grade B), Integrated Wastewater Discharge Standard GB8978-1996	13.3760	Not approved by regulators	Not exceeded
	Anionic surfactant	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	3.580mg/L	(Level III)	0.4356	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	5	Semi-trailer KTL workshop and shower room; tanker coating workshop and shower room	11.900mg/m ³	Boiler Air Pollutant Discharge Standard GB13271-2014	0.0584	Not approved by regulators	Not exceeded
	Sulfur dioxide	Organised emission	5	Semi-trailer KTL workshop and shower room; tanker coating workshop and shower room	ND		0.0039	Not approved by regulators	Not exceeded
	Nitric oxide	Organised emission	5	Semi-trailer KTL workshop and shower room; tanker coating workshop and shower room	50.000mg/m ³		0.3389	Not approved by regulators	Not exceeded
	Blackness of fume	Organised emission	10	Semi-trailer KTL workshop and coating workshop; tanker coating workshop and paint repair workshop	< Level 1	Emission Standard of Air Pollutants for Industrial Furnaces and Kilns in Jiangsu Province DB32/3728-2020, Ringelmann blackness level 1	—	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	11	Semi-trailer KTL workshop and coating workshop; tanker coating workshop and paint repair	15.600mg/m ³	Emission Standard of Air Pollutants for Industrial Furnaces and Kilns in Jiangsu Province	0.1687	Not approved by regulators	Not exceeded
	Sulfur dioxide	Organised emission	11	Semi-trailer KTL workshop and coating workshop; tanker coating workshop and paint repair workshop	ND (not detected)	DB32/3728-2020	0.1824	Not approved by regulators	Not exceeded

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
	Nitric oxide	Organised emission	11	Semi-trailer KTL workshop and coating workshop; tanker coating workshop and paint repair workshop	135.000mg/m ³		1.5376	Not approved by regulators	Not exceeded
	Phosphoric acid fume	Organised emission	1	Semi-trailer KTL workshop	ND (not detected)	Integrated Emission Standard of Air Pollutants in Shanghai DB 31-933-2015	0.0015	Not approved by regulators	Not exceeded
	Nitric oxide	Organised emission	1	Tanker coating workshop	1.000mg/m ³	Integrated Emission Standard of Air Pollutants GB16297-1996	0.0284	Not approved by regulators	Not exceeded
	Fluoride	Organised emission	1	Tanker coating workshop	1.510mg/m ³		0.0532	Not approved by regulators	Not exceeded
	PH	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	8.54	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
	Total nickel	Indirect emission	2	Main outlet of semi-trailer plant, Main outlet of tanker plant	0.210mg/L		0.0012	0.0080	Not exceeded
	Total chromium	Indirect emission	1	Main outlet of tanker plant	ND (not detected)		—	0.00003	Not exceeded
	Fluoride	Indirect emission	1	Main outlet of tanker plant	17.100mg/L		0.4395	Not approved by regulators	Not exceeded
	Ammonia nitrogen	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	33.020mg/L		5.7011	5.7810	Not exceeded
Zhumadian CIMC Huajun Vehicle Co., Ltd.	Methylbenzene	Organised emission	11	The outer edge of coating workshop	8.050mg/m ³	Emission Standard of Volatile Organic Compounds for Industrial Surface Coating DB41/1951-2020	1.6250	Not approved by regulators	Not exceeded
	Xylene	Organised emission	11	The outer edge of coating workshop	4.690mg/m ³		7.4030	Not approved by regulators	Not exceeded
	VOCs (based on non-methane total hydrocarbons)	Organised emission	11	The outer edge of coating workshop	12.700mg/m ³		13.7680	58.8350	Not exceeded
	Particulate matter	Organised emission	7	The outer edge of sanding Workshop	29.4mg/m ³	Integrated Emission Standard of Air Pollutants GB16297-1996	4.578	Not approved by regulators	Not exceeded

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
	COD	Indirect emission	1	The main outlet of the plant	21.300mg/L	Integrated Wastewater Discharge Standard GB	0.3680	3.4440	Not exceeded
	Ammonia nitrogen	Indirect emission	1	The main outlet of the plant	2.860mg/L	8978-1996	0.0820	0.4750	Not exceeded
	Five-day biochemical oxygen demand	Indirect emission	1	The main outlet of the plant	3.430mg/L		0.0575	Not approved by regulators	Not exceeded
	pH	Indirect emission	1	The main outlet of the plant	7.49		—	Not approved by regulators	Not exceeded
	Total phosphorus	Indirect emission	1	The main outlet of the plant	0.920mg/L		0.0094	Not approved by regulators	Not exceeded
	Fluoride	Indirect emission	1	The main outlet of the plant	0.230mg/L		0.0042	Not approved by regulators	Not exceeded
	Anionic surfactant	Indirect emission	1	The main outlet of the plant	ND (not detected)		0	Not approved by regulators	Not exceeded
	Petroleum	Indirect emission	1	The main outlet of the plant	0.650mg/L		0.0041	Not approved by regulators	Not exceeded
	Phosphate	Indirect emission	1	The main outlet of the plant	0.540mg/L		0.0058	0.0316	Not exceeded
	SS	Indirect emission	1	The main outlet of the plant	8.000mg/L		0.1000	Not approved by regulators	Not exceeded
	Total nickel	Indirect emission	1	The main outlet of the plant	ND (not detected)		0	0	Not exceeded
Liangshan CIMC Dongyue Vehicle Co., Ltd.	VOCs	Organised emission	1	Painting room	0.038mg/m ³	Volatile Organic Compounds Emission Standard Part I:	0.3216	149.7300	Not exceeded
	Methylbenzene	Organised emission	1	Painting room	0.063mg/m ³	Automotive Manufacturing DB37/2801.1-2016	0.2347	Not approved by regulators	Not exceeded
	Xylene	Organised emission	1	Painting room	0.382mg/m ³		1.4325	Not approved by regulators	Not exceeded
	Sulfur dioxide	Organised emission	1	Painting room	ND (not detected)	Shandong Provincial Standard – Regional and Integrated	0	Not approved by regulators	Not exceeded
	Nitric oxide	Organised emission	1	Painting room	ND (not detected)	Emission Standard of Air Pollutants DB37/2376-	0	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	3	1 in Painting room and 2 in shot blasting room	3.300mg/m ³	2019 Limit	0.3900	Not approved by regulators	Not exceeded

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
CIMC Vehicles (Liaoning) Co., Ltd.	NOX 2	Organised emission	2	2 outlets (DA007-008) in boiler room for winter heat supply	70.000mg/m ³	Boiler Air Pollutant Discharge Standard GB13271-2014	0.3000	Not approved by regulators (Not included in the emission permit limit, it is acceptable not to exceed the permitted emission rate)	Not exceeded
	Sulfur dioxide 2	Organised emission	2	2 outlets (DA007-008) in boiler room for winter heat supply	8.000mg/m ³		0.0500	Not approved by regulators (Not included in the emission permit limit, it is acceptable not to exceed the permitted emission rate)	Not exceeded
	Blackness of fume1	Organised emission	1	1 outlet DA006 at north side of the drying room of phase I workshop	< Level 1	Emission Standard of Air Pollutants for Industrial Kilns and Furnaces GB9078-1996 Emission Limit Level 1	—	Not approved by regulators	Not exceeded
	Blackness of fume 2	Organised emission	2	2 outlets (DA007-008) in boiler room for winter heat supply	< Level 1	Boiler Air Pollutant Discharge Standard GB13271-2014 Emission Limit Level 1	—	Not approved by regulators	Not exceeded
	Sulfur dioxide1	Organised emission	1	1 outlet DA006 at north side of the drying room of phase I workshop	8.000mg/m ³	Emission Standard of Air Pollutants for Industrial Kilns and Furnaces	0.0040	0.0410	Not exceeded
	NOX 1	Organised emission	1	1 outlet DA006 at north side of the drying room of phase I workshop	70 mg/m ³		0.0350	0.1240	Not exceeded
	Particulate matter 1	Organised emission	1	Outlet DA006 at north side of the drying room of phase I workshop	12.000mg/m ³		0.0040	0.0080	Not exceeded

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
	Particulate matter 2	Organised emission	7	Outlets (DA001-005) in paint room and sand room at north side of phase I workshop, 2 outlets (DA007-008) in boiler room for winter heat supply	14.000mg/m ³	Integrated Emission Standard of Air Pollutants 16297-1996	0.1000	Not approved by regulators (Not included in the emission permit limit, it is acceptable not to exceed the permitted emission rate)	Not exceeded
	VOCs	Organised emission	2	2 outlets (DA001-002) at north side of phase I workshop	11.000 mg/m ³	Integrated Emission Standard of Air Pollutants 16297-1996	0.9500	Not approved by regulators (Not included in the emission permit limit, it is acceptable not to exceed the permitted emission concentration)	Not exceeded
	PH	Indirect emission	1	Main outlet of wastewater	7.6	Integrated Wastewater Discharge Standard	—	Not approved by regulators	Not exceeded
	COD	Indirect emission	1	Main outlet of wastewater	147.000mg/L	DB21/1627-2008	0.8000	Not approved by regulators	Not exceeded
	Total nitrogen	Indirect emission	1	Main outlet of wastewater	45.000mg/L		0.3000	Not approved by regulators	Not exceeded
	Five-day biochemical oxygen demand	Indirect emission	1	Main outlet of wastewater	40.000 mg/L		0.1800	Not approved by regulators	Not exceeded
	SS	Indirect emission	1	Main outlet of wastewater	210.000mg/L		1.0000	Not approved by regulators	Not exceeded
	Total phosphorus	Indirect emission	1	Main outlet of wastewater	0.200 mg/L		0.0015	Not approved by regulators	Not exceeded
	Ammonia nitrogenNH3-N	Indirect emission	1	Main outlet of wastewater	6.000mg/L		0.0300	Not approved by regulators	Not exceeded

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
Qingdao CIMC Eco-Equipment Co., Ltd.	Methylbenzene	Organised emission	1	Painting workshop	0.008mg/m ³	Volatile Organic Compounds Emission Standard Part I:	0.0704	Not approved by regulators	Not exceeded
	Xylene	Organised emission	1	Painting workshop	0.051mg/m ³	Automotive Manufacturing, DB37/2801.1-2016	0.0280	Not approved by regulators	Not exceeded
	VOCs	Organised emission	1	Painting workshop	0.090mg/m ³		0.2200	39.6900	Not exceeded
	Particulate matter	Organised emission	1	Painting workshop	1.300mg/m ³	Regional and Integrated Emission Standard of	0.1610	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	1	Putty room	1.100mg/m ³	Air Pollutants, DB37 2376-2019	0.0518	Not approved by regulators	Not exceeded
	Hydrogen chloride	Organised emission	1	Pre-treatment	1.220mg/m ³	Integrated Emission Standard of Air Pollutants GB16297-1996	0.02	Not approved by regulators	Not exceeded
	Total nitrogen	Organised emission	1	Sewage treatment station	12.800mg/l	Wastewater Quality Standards for Discharge to Municipal	0.0100	Not approved by regulators	Not exceeded
	COD	Organised emission	1	Sewage treatment station	16.000mg/l	Sewers (Grade B), GB/T 31962-2015	0.0500	Not approved by regulators	Not exceeded
	Ammonia nitrogen	Organised emission	1	Sewage treatment station	11.200mg/l		0.0100	Not approved by regulators	Not exceeded
CIMC-SHAC (Xi'an) Special Vehicle Co., Ltd.	Particulate matter	Organised emission	8	1 outside the primer paint room, 2 outside the top paint room, 1 outside the small parts painting room, 2 outside the sanding room, 1 outside the east gate of small parts room, and 1 outside the painting passage	17.200 mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996)	2.0891	Not approved by regulators	Not exceeded
	Sulfur dioxide	Organised emission	3	1 outside the primer paint room, 1 outside the top paint room and 1 outside the small parts painting room	ND (not detected)		0	Not approved by regulators	Not exceeded
	Nitric oxide	Organised emission	3	1 outside the primer paint room, 1 outside the top paint room and 1 outside the small parts painting room	ND (not detected)		0	Not approved by regulators	Not exceeded

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
	Methylbenzene	Organised emission	4	1 outside the primer paint room, 2 outside the top paint room, 1 outside the primer paint room and 2 outside the top paint room	0.276 mg/m ³	Shaanxi Provincial Emission Control Standard of Volatile Organic Compounds (DB61/T1061-2017)	0.0301	Not approved by regulators	Not exceeded
	Xylene	Organised emission	4	1 outside the primer paint room, 2 outside the top paint room, 1 outside the primer paint room and 2 outside the top paint room	0.740 mg/m ³		0.0914	Not approved by regulators	Not exceeded
	Non-methane total hydrocarbon	Organised emission	4	1 outside the primer paint room, 2 outside the top paint room, 1 outside the primer paint room and 2 outside the top paint room	3.670mg/m ³		0.8127	45.5000	Not exceeded
Wuhu CIMC Ruijiang Automobile Co., Ltd.	Particulate matter 1	Organised emission	1	1 in the powder tank sanding room	15.800mg/m ³	Integrated Emission Standard of Air Pollutants in Shanghai (DB31-933-2015)	1.9200	16.7820	Not exceeded
	Particulate matter 2	Organised emission	1	3 in the powder tanker painting line and 2 in the mixer truck powder spraying line	13.700mg/m ³		2.2000	Not approved by regulators	Not exceeded
	Non-methane total hydrocarbon	Organised emission	4	2 in the powder tanker coating line, 1 in the mixer truck powder spraying and curing line, and 1 in the liquid tanker coating line	7.19/m ³		2.7870	8.0400	Not exceeded
	Sulfur dioxide	Organised emission	4	2 in the powder tanker painting line and 2 in the mixer truck powder spraying line	<3		—	2.3660	Not exceeded
	Nitric oxide	Organised emission	4	2 in the powder tanker painting line and 2 in the mixer truck powder spraying line	7.000mg/m ³		2.2200	8.821	Not exceeded
	Xylene	Organised emission	2	2 in the powder tanker painting line	1.300mg/m ³		1.42	Not approved by regulators	Not exceeded

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
	SS	Indirect emission	1	Main outlet of wastewater	18.000mg/L	Integrated Wastewater Discharge Standard	3.5700	Not approved by regulators	Not exceeded
	Petroleum	Indirect emission	1	Main outlet of wastewater	0.530mg/L	(GB8978-1996) Class 3 Standard	0.1880	Not approved by regulators	Not exceeded
	Animal and vegetable oil	Indirect emission	1	Main outlet of wastewater	0.8600mg/L		0.2200	Not approved by regulators	Not exceeded
	Total phosphorus	Indirect emission	1	Main outlet of wastewater	0.290mg/L		0.3810	Not approved by regulators	Not exceeded
	Fluoride	Indirect emission	1	Main outlet of wastewater	2.520mg/L		0.6960	Not approved by regulators	Not exceeded
	Anionic surfactant	Indirect emission	1	Main outlet of wastewater	0.280mg/L		0.1434	Not approved by regulators	Not exceeded
	Five-day biochemical oxygen demand	Indirect emission	1	Main outlet of wastewater	28.200mg/L		1.4900	Not approved by regulators	Not exceeded
CIMC Vehicles (Shandong) Co., Ltd.	Nitric oxide	Organised emission	2	The boiler room of refrigeration and cold transportation workshop	32.000mg/L	Boiler Air Pollutant Discharge Standard of Shandong Province (DB37/2374-2018)	0.3210	Not approved by regulators	Not exceeded
	Sulfur dioxide	Organised emission	2	The boiler room of refrigeration and cold transportation workshop	<3mg/m ³		0.0295	Not approved by regulators	Not exceeded
	Particulate matter 1	Organised emission	2	The boiler room of refrigeration and cold transportation workshop	3.000mg/m ³		0.0249	Not approved by regulators	Not exceeded
	Methylbenzene	Organised emission	4	Painting workshop – painting line (small parts, colour separation), drying line (small parts, colour separation)	< 0.004mg/m ³	Shandong Province Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing (DB37/2801.1-2016)	0.1027	Not approved by regulators	Not exceeded
	Xylene	Organised emission	4	Painting workshop -painting line (small parts, colour separation), drying line (small parts, colour separation)	< 0.013mg/m ³		0.5703	Not approved by regulators	Not exceeded

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

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

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
	Ammonia nitrogen	Intermittent discharge with uncertain flow	1	Domestic sewage outlet	8.890mg/L		0.1149	Not approved by regulators	Not exceeded
	Sulfur dioxide	Organised emission	2	Painting workshop – painting colour separation line, small parts drying line	<3mg/m ³	Shandong Provincial Standard – Regional and Integrated Emission Standard of Air	0.0253	Not approved by regulators	Not exceeded
	Nitric oxide	Organised emission	2	Painting workshop – painting colour separation line, small parts drying line	64.000mg/m ³	Pollutants (DB37/2376-2019)	0.2194	Not approved by regulators	Not exceeded
Shenzhen CIMC Special Vehicle Co., Ltd.	Particulate matter 1	Organised emission	3	Welding workshop	1.300mg/m ³	Emission Limits of Air Pollutants DB44/27-2001	0.5010	1.8300	Not exceeded
	Particulate matter 2	Organised emission	6	Coating workshop	2.000mg/m ³	Boiler Air Pollutant Discharge Standard B13271-2014	0.0110		Not exceeded
	Nitric oxide	Organised emission	6	Coating workshop	137.000mg/m ³		0.5210	0.8400	Not exceeded
	Sulfur dioxide	Organised emission	6	Coating workshop	11.000mg/m ³		0.0170	0.1800	Not exceeded
	Ringelmann Blackness	Organised emission	6	Coating workshop	Level 0		—	Not approved by regulators	Not exceeded
	Methylbenzene + Xylene	Organised emission	1	Coating workshop	ND (not detected)	Emission Standard of Volatile Organic Compounds for	0	Not approved by regulators	Not exceeded
	Volatile Organic Compounds (VOCs)	Organised emission	2	Coating workshop	8.9100mg/m ³	Surface Coating (Vehicle Manufacturing Industry) DB44/816-2010	0.0350	0.1340	Not exceeded
Qingdao CIMC Special Vehicle Co., Ltd.	Particulate matter	Organised emission	4	Painting workshop	6.880 mg/m ³	Regional and Integrated Emission Standard of Air Pollutants, DB37 2376-2019	1.2300	Not approved by regulators	Not exceeded
	Xylene	Organised emission	1	Painting workshop	0.010 mg/m ³	Volatile Organic Compounds Emission Standard Part I:	0.0236	Not approved by regulators	Not exceeded
	VOCs	Organised emission	1	Painting workshop	0.03mg/m ³	Automotive Manufacturing, DB37/2801.1-2016	0.0610	71.18	Not exceeded

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission	
Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd.	Particulate matter	Organised	2	Shot blasting room	3.300mg/m ³	Shandong Provincial Standard – Regional and Integrated Emission Standard of Air Pollutants (DB37/2376-2019)	8.07696	Not approved by regulators	Not exceeded	
	Nitric oxide	Organised	2	Drying room	ND (not detected)	Shandong Province Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing (DB37/2801.1-2016)	0	Not approved by regulators	Not exceeded	
	Sulfur dioxide	Organised	2	Drying room	ND (not detected)	Shandong Province Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing (DB37/2801.1-2016)	0	Not approved by regulators	Not exceeded	
	VOCs	Organised	1	Painting room, drying room	0.168mg/m ³	Shandong Province Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing (DB37/2801.1-2016)	3.4960	78.6450	Not approved by regulators	Not exceeded
	Methylbenzene	Organised	1	Painting room, drying room	0.006mg/m ³	Shandong Province Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing (DB37/2801.1-2016)	0.2643	78.6450	Not approved by regulators	Not exceeded
	Xylene	Organised	1	Painting room, drying room	0.004mg/m ³	Shandong Province Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing (DB37/2801.1-2016)	0.4652	78.6450	Not approved by regulators	Not exceeded
	VOCs	Organised	3	3 for the painting line	26.830mg/m ³	DB44/816-2010Emission Standard of Volatile Organic Compounds for Surface Coating (Vehicle Manufacturing Industry)	2.0910	2.0950	Not approved by regulators	Not exceeded
CIMC Vehicles (Jiangmen) Co., Ltd.	Methylbenzene + Xylene	Organised	3	3 for the painting line	11.550mg/m ³	DB44/27-2001Emission Limits of Air Pollutants	0.5697	0.0800	Not approved by regulators	Not exceeded
	Particulate matter	Organised	4	1 in the sanding room, 3 in the paint grinding room	< 20mg/m ³	GB9078-1996 Emission Standard of Air Pollutants for Industrial Kilns and Furnaces	5.5870	0.4400	Not approved by regulators	Not exceeded
	SO ₂	Organised	1	1 in the drying room, the same as NO _x	0.0135 mg/m ³	GB9078-1996 Emission Standard of Air Pollutants for Industrial Kilns and Furnaces	0.0139	0.4400	Not approved by regulators	Not exceeded
	NO _x	Organised	1	1 in the drying room, the same as SO ₂	0.0506 mg/m ³	GB9078-1996 Emission Standard of Air Pollutants for Industrial Kilns and Furnaces	0.1350	0.4400	Not approved by regulators	Not exceeded
	NO _x	Organised	1	1 in the drying room, the same as SO ₂	0.0506 mg/m ³	GB9078-1996 Emission Standard of Air Pollutants for Industrial Kilns and Furnaces	0.1350	0.4400	Not approved by regulators	Not exceeded
Dongguan CIMC Special Vehicle Co., Ltd.	COD	Direct emission	1	Industrial wastewater outlet	15.000mg/l	Environmental Quality Standard for Surface Water	0.1266	Not approved by regulators	Not exceeded	
	BOD ₅	Direct emission	1	Industrial wastewater outlet	4.400mg/l	GB3838-2002 Category IV, 30mg/l	0.0378	Not approved by regulators	Not exceeded	
	Total phosphorus	Direct emission	1	Industrial sewage outlet	0.110mg/l	Environmental Quality Standard for Surface Water	0.0010	Not approved by regulators	Not exceeded	
	Petroleum	Direct emission	1	Industrial wastewater outlet	0.080mg/l	Environmental Quality Standard for Surface Water	0.0008	Not approved by regulators	Not exceeded	
	Total zinc	Direct emission	1	Industrial wastewater outlet	0.026mg/l	Environmental Quality Standard for Surface Water	0.0005	Not approved by regulators	Not exceeded	
	Total nickel	Direct emission	1	Industrial wastewater outlet	0.013mg/l	Environmental Quality Standard for Surface Water	0.0004	Not approved by regulators	Not exceeded	

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
	Total manganese	Direct emission	1	Industrial wastewater outlet	0.060mg/l		0.0005	Not approved by regulators	Not exceeded
	Fluoride	Direct emission	1	Industrial wastewater outlet	0.709mg/l		0.0060	Not approved by regulators	Not exceeded
	Total nitrogen	Direct emission	1	Industrial wastewater outlet	2.45mg/l		0.0210	Not approved by regulators	Not exceeded
	SS	Direct emission	1	Industrial wastewater outlet	7.000mg/l	Discharge Standard of Water Pollutants for Electroplating DB44/1597-2015 Table 2 Water Pollutant Emission Limit for New Projects of Pearl River Delta	0.0588	Not approved by regulators	Not exceeded
	COD	Indirect emission	1	Domestic sewage outlet	474.000mg/l	Discharge Limits of Water Pollutants DB44/26-2001	7.7327	Not approved by regulators	Not exceeded
	SS	Indirect emission	1	Domestic sewage outlet	267.000mg/l	Time Slot II Level III	4.2615	Not approved by regulators	Not exceeded
	BOD	Indirect emission	1	Domestic sewage outlet	218.000mg/l		3.3239	Not approved by regulators	Not exceeded
	Ammonia nitrogen	Indirect emission	1	Domestic sewage outlet	50.7mg/l	No limit standard	1.0154	Not approved by regulators	Not exceeded
	Total phosphorus	Direct emission	1	Industrial wastewater outlet	0.11mg/l		0.1594	Not approved by regulators	Not exceeded
	Particulate matter	Organised emission	15	Structure workshop, coating workshop	12.27mg/m ³	Emission Limits of Air Pollutants DB44/27-2001	2.0576	Not approved by regulators	Not exceeded
	Manganese and its compounds	Organised emission	6	Structure workshop	0.132 mg/m ³	Time Slot II Level II Standard	0.3400	Not approved by regulators	Not exceeded
	SO2	Organised emission	8	Coating workshop	10.125mg/m ³		6.7291	Not approved by regulators	Not exceeded
	NOX	Organised emission	8	Coating workshop	36.75mg/m ³		0.7505	Not approved by regulators	Not exceeded
	VOCs	Organised emission	2	Coating workshop	1.625mg/m ³	Emission Standard of Volatile Organic Compounds for Surface Coating (Vehicle Manufacturing Industry) DB44/816-2010, 50mg/m ³	0.825	Not approved by regulators	Not exceeded

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

2. Construction and operation of pollution prevention and control facilities

Yangzhou CIMC Industrial sewage:

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| Tong Hua Special Vehicles Co., Ltd. | <ol style="list-style-type: none"> (1) 3 sets of sewage treatment systems, including 1 set of semi-trailer electrophoresis wastewater treatment system: the maximum capacity of treating wastewater with phosphorus and heavy metal is 4.5 m³/h and the maximum capacity of treating wastewater without phosphorus and heavy metal is 8 m³/h. Wastewater with phosphorus and heavy metal is pre-treated by secondary coagulation-sedimentation; wastewater without phosphorus and heavy metal is pre-treated by coagulation-sedimentation + flotation. Pre-treated industrial wastewater and domestic sewage are discharged to the municipal network after the anaerobic process + aerobic process + membrane bioreactor (MBR) treatment in compliance with pipe incorporation standards; (2) 1 set of semi-trailer plant coating wastewater treatment system, with a designed capacity of 2 m³/h. Wastewater is recycled to the painting room after treated with solvent and discharged regularly after the treatment in compliance with standards; (3) 1 set of tanker plant coating wastewater treatment system: Wastewater with heavy metals after flocculation and sedimentation, and wastewater without heavy metals after pH adjustment + sedimentation are subjected to air flotation + hydrolysis acidification + contact oxidation + sedimentation. Such treated wastewater is discharged via pipes after reaching the standard. The designed treatment capacity is 40t/d. |
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Currently, all the above facilities are in normal operation.

Industrial exhaust:

- (1) 6 sets of sanding waste gas dust removal facilities, with cyclone dust removal + filter barrel dust removal process; the air speed at the inlet of cyclone dust collector is 18-22 m/s; the air speed of filter barrel dust collector is 0.85 m/min; the filtration precision is 5-10 μ m. All these facilities are in normal operation;
- (2) 3 sets of paint spray and touch-up waste gas activated carbon adsorption + catalytic combustion facilities, adopting the activated carbon adsorption + catalytic combustion process, with a designed air treatment volume of 120,000 m³/h each. All these facilities are in normal operation;
- (3) 32 sets of dust removal devices for welding waste gas treatment, adopting the mobile welding dust removal device to treat welding and polishing;
- (4) 2 sets of activated carbon adsorption devices for the hazardous waste warehouse;
- (5) 2 sets of canteen fume purification devices, adopting the fume purification device to treat the canteen fume;
- (6) Low-nitrogen burners are installed for 2 sets of natural gas boilers in the shower room;
- (7) 1 set of phosphorus waste gas purification device, adopting the waste gas washing tower, with an air treatment volume of 25,000 m³/h, filtration speed of 1.8-2 m/s and efficiency of 95%;
- (8) 1 set of electro-coating waste gas purification device, emitting the waste gas collected by the suction hood after the treatment of waste gas washing tower, with an air treatment volume of 25,000 m³/h, filtration speed of 1.8-2 m/s and efficiency of 90%;

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

- (9) 1 set of electro-drying waste gas catalytic combustion device, adopting the catalytic combustion process, with a designed air treatment volume of 4,000N m³/h;
- (10) 1 set of powder solidification waste gas filter cotton + activated carbon adsorption device, adopting the filter cotton + activated carbon adsorption process, with the filtration area of the filter cotton filtration system being 4.4 m² and the thickness of 50 mm, the filtration area of activated carbon adsorption being 204.4 m² and the filter layer of 200 mm;
- (11) 1 set of acid pickling waste gas purification device, adopting waste gas purification tower to treat waste gas, with an air treatment volume of 25,000m³/h and efficiency of 90%;
- (12) Low-nitrogen burners are installed for 1 set of natural gas hot water boiler for degreasing and heating of zirconization tank;
- (13) 1 set of powder solidification waste gas catalytic combustion device, adopting the catalytic combustion process, with a designed waste gas treatment volume of 1,500 Nm³/h;
- (14) 1 set of putty polishing waste gas filter device, adopting secondary filtration (filter cotton + filter bag) method, with the filtration efficiency of about 90%.

Currently, all the above facilities are in normal operation.

Hazardous waste:

- (1) The Company has built 8 hazardous waste temporary storage rooms in accordance with requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2001), with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels. Currently, the hazardous waste temporary storage rooms are in normal operation.

Zhumadian CIMC Industrial sewage:

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| 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 m ³ /h; 1 set of non-phosphorus organic wastewater treatment system, adopting reactive precipitation + flotation + biochemical treatment + MBR + RO + flocculation reaction + secondary biochemical treatment. Part of the treated water is returned to the phosphating washing tank; a small part of the treated water is discharged to the wastewater treatment plant through the municipal network; the treatment capacity is 9 m ³ /h; |
|--------------------------|---|

- (2) Domestic sewage is discharged to the municipal network after treated by the septic tank.

Currently, all the above facilities are in normal operation.

Industrial exhaust:

- (1) 3 sets of plasma gas cutting dust collection and treatment facilities, each with a treatment capacity of 6,000 m³/h; 10 sets of robotic welding fume collection and treatment facilities, each with a treatment capacity of 5,000 m³/h; 1 set of frame line welding fume collection and treatment facilities, with a treatment capacity of 8,000 m³/h; 1 set of lifting welding robot welding fume collection and treatment facilities, with capacity of 8,000 m³/h;

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

- (2) 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;
- (3) 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;
- (4) 1 set of electrophoresis tank organic waste gas collection and treatment facilities, with a treatment capacity of 35,000 m³/h, adopting the activated carbon adsorption process; 1 set of electro-drying organic waste gas catalytic combustion treatment facilities, with a treatment capacity of 10,000 m³/h, adopting the catalytic combustion process;
- (5) 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;
- (6) 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;
- (7) 1 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.

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, the facilities are in normal operation.

Liangshan CIMC Industrial sewage:

- Dongyue Vehicle Co., Ltd.
- (1) Production wastewater: 1 set of spraying wastewater treatment facility, with the capacity of 9.6 m³/d; the spraying wastewater adopts the flotation + Fenton reagent flocculation reaction + sedimentation + filtration process, and is recycled and replenished on a regular basis, with no external emission;
 - (2) Domestic wastewater: 1 set of domestic sewage treatment facilities, with the capacity of 2.6 m³/d; domestic wastewater adopts the hydrolytic acidification + SBR + oxidization removal + sand filtration + disinfection process, and is used in greening work, with no external emission.

Currently, all the above facilities are in normal operation.

Industrial exhaust:

- (1) 1 set of catalytic combustion facilities, with a designed capacity of 200,000 m³/h, adopting the "water rotation + filter cotton filtration + activated carbon adsorption + catalytic combustion" process. The waste gas is emitted at an altitude of more than 15 meters in accordance with national standards.

Currently, all the above facilities are in normal operation.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Hazardous waste:

- (1) The Company has built the hazardous waste temporary storage room in accordance with requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2001), with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels.

Currently, the facilities are in normal operation.

CIMC Vehicles
(Liaoning)
Co., Ltd.

Industrial sewage:

- (1) Production wastewater: Spraying wastewater was recycled and replenished regularly, with no external discharge;
- (2) Domestic sewage: After sedimentation in a septic tank, it was discharged into the municipal pipe network and then flowed into Yingkou Municipal Western Sewage Treatment Plant for treatment.

Currently, all the above facilities are in normal operation.

Industrial exhaust:

- (1) 3 sets of dust collectors for shot blasting machines. It was treated using the bag filters each with a designed capacity of 30,000 m³/h;
- (2) 2 sets of negative pressure air circulation systems each with a designed capacity of 100,000 m³/h, adopting the water curtain method;
- (3) 2 sets of VOCs treatment facilities each with a designed capacity of 20,000 m³/h, adopting the activated carbon adsorption + photo-oxygen catalytic oxidation process.

Currently, all the above facilities are in normal operation.

Hazardous waste:

- (1) The Company has built a hazardous waste temporary storage room in accordance with requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2001), with the floor hardened and treated to prevent any infiltration. Hazardous wastes in warehouses were packed in bags with labels on site.

Currently, the facilities are in normal operation.

Qingdao CIMC
Eco-Equipment
Co., Ltd.

Industrial sewage:

- (1) Production wastewater: 1 set of painting pre-treatment wastewater treatment facilities, with capacity of 40 t/d, adopting the wastewater tank – reaction tank – sedimentation tank – reverse neutralization – intermediary adjusting tank – biological aeration – deep precipitation – filtration intermediary tank – activated carbon filtration – sludge tank – pressure filter; the wastewater is used for internal recycling purpose after treatment;
- (2) Domestic sewage is discharged to the municipal network after pre-treated by the septic tank.

Currently, all the above facilities are in normal operation.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Industrial exhaust:

- (1) 1 set of painting waste gas activated carbon + catalytic combustion facilities, with a designed capacity of 100,000 m³/h, adopting the activated carbon adsorption + catalytic combustion process, with the painting waste gas to be emitted after the treatment in compliance with standards;
- (2) 1 set of painting workshop putty sanding waste gas treatment facilities, with a designed capacity of 30,000 m³/h, with the puttying waste gas to be emitted after treated by the filter cartridge dust collector in compliance with standards;
- (3) 1 set of fume collection facilities equipped to the laser cutting machines in the blanking workshop;
- (4) 17 sets of mobile fume collection facilities equipped to the welding workshop, each with a designed capacity of 4,000 m³/h.

Currently, all the above facilities are in normal operation.

Hazardous waste:

- (1) The Company has built the hazardous waste temporary storage room, with the floor of the hazardous waste storage area hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The storeroom adopts separate storage measures for different categories of hazardous waste and sets classification labels on site. Currently, the facilities are in normal operation.

CIMC-SHAC

(Xi'An) Special
Vehicle
Co., Ltd.

Industrial sewage:

- (1) 1 set of industrial sewage treatment facility, adopting the microelectrolysis + flotation + precipitation reverse osmosis + adsorption filtration process. The maximum treatment capacity is 60 T/d; the wastewater adsorbed by painted items of the painting line will be reused after the treatment, with no external emission;
- (2) 1 set of domestic sewage treatment facility: Domestic wastewater is discharged to the municipal wastewater treatment plant after initial treatment.

Currently, all the above facilities are in normal operation.

Industrial exhaust:

- (1) 4 sets of organic waste gas deep treatment facilities, adopting the dry paint mist filter + activated carbon adsorption concentration + hot air desorption catalytic combustion process, each with a designed air treatment volume of 100,000 m³/h;
- (2) 3 sets of welding fume dust removal facilities, with a designed air treatment volume of 24,000 m³/h, 220000 m³/h and 7680 m³/h, adopting the filter cartridge dust removal process;
- (3) 1 set of sanding dust removal facilities, with a designed air treatment volume of 20,000 m³/h.

Currently, all the above facilities are in normal operation.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Hazardous waste:

- (1) The Company has built a hazardous waste warehouse, covering an area of 72 m², which has two rooms, with the maximum storage capacity of 20 tonnes. The warehouse floor has been hardened and treated to prevent infiltration and is equipped with integral oil drip pans. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels.

Currently, the facilities are in normal operation.

Wuhu CIMC
RuiJiang
Automobile
Co., Ltd.

Industrial sewage:

- (1) 1 liquid tanker powder pre-treatment system, with the capacity of 5t/h, adopting the “sedimentation + flotation + acidification + biological oxidation” process. After the treatment, the water meets the Class III discharge standard of the Integrated Wastewater Discharge Standard (GB8978-1996) and is discharged to the integrated wastewater treatment station of the plant;
- (2) 1 mixer truck wastewater pre-treatment station, with the capacity of 100 m³/d, adopting the “reaction + high-efficiency sedimentation + flotation + hydrolytic acidification + contact oxidation + precipitation” process. After the treatment, the water meets the Class III discharge standard of the Integrated Wastewater Discharge Standard (GB8978-1996) and is discharged to the integrated wastewater treatment station of the plant;
- (3) 1 integrated wastewater treatment station, with the capacity of 300 t/d. The industrial wastewater is treated by “microelectrolysis + flotation” process, and then, together with domestic wastewater, treated by “anaerobic process + aerobic process + sedimentation + adsorptive precipitation” process. After the treatment, the water meets the Class III discharge standard of the Integrated Wastewater Discharge Standard (GB8978-1996) and is discharged to Chengnan Wastewater Treatment Plant through the municipal network. Domestic sewage: 1 set of domestic sewage treatment facilities. Domestic sewage is first treated by “anaerobic process + aerobic process + sedimentation + adsorptive precipitation” process and is discharged to Wuhu Chengnan Wastewater Treatment Plant.

Currently, all the above facilities are in normal operation.

Industrial exhaust:

- (1) 2 sets of VOCs treatment facilities, one set with a designed capacity of 100,000 m³/h, and the other set with a designed capacity of 40,000m³/h, adopting the “spray + UV photocatalytic + activated carbon adsorption” process;
- (2) 1 set of powder solidification waste gas treatment facilities, with a designed capacity of 5,000 m³/h, adopting the “activated carbon adsorption” process;
- (3) 10 sets of stationary welding fume treatment facilities, with a designed capacity of 4,500 m³/h, adopting the “filter cartridge dust removal” process;
- (4) 1 set of acid washing waste gas treatment facilities, with a designed capacity of 3,500 m³/h, adopting the “alkaline absorption” process;
- (5) 1 set of sandblasting waste gas treatment facilities, with the capacity of 1,638 m³/h, adopting the “filter cartridge dust removal” process;

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

- (6) 1 set of organic waste gas treatment facilities, adopting the “pre-treatment + activated carbon adsorption and desorption + catalytic combustion” process, with the air treatment volume of 3,000 Nm³/h;
- (7) 1 set of acid mist purification tower, adopting the “alkali liquor spray + packed tower + demister” process, with the air treatment volume of 10 m³/h.

Currently, all the above facilities are in normal operation.

Hazardous waste:

- (1) The Company has built 1 hazardous waste temporary storage room in accordance with requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2001), with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels.

Currently, the facilities are in normal operation.

CIMC Vehicles
(Shandong)
Co., Ltd.

Industrial sewage:

- (1) Production wastewater: the 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 wastewater: the 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) 3 sets of catalytic combustion facilities, with a designed capacity of 60,000 m³/h, 70,000 m³/h and 80,000 m³/h respectively, adopting the activated carbon adsorption + catalytic combustion process;
- (2) 1 set of UV photocatalytic purification facilities, with a designed capacity of 20,000 m³/h, adopting the UV photocatalytic purification process;
- (3) 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;
- (4) 2 sets of low-nitrogen combustion facilities, with the rated power of 0.7 MW and 1.4 MW, adopting the low-nitrogen combustion process;
- (5) 2 sets of drying waste gas treatment facilities, each with the rated power of 0.75 MW, adopting the direct combustion process.
- (6) 1 set of blanking dust treatment facilities, with rated power of 22KW and air volume of 20,000 m³/h, adopting the bag central treatment process.

Currently, all the above facilities are in normal operation.

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 (GB18597-2001), with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels.

Currently, all the above facilities are in normal operation.

Shenzhen CIMC Industrial sewage:

- Special Vehicle Co., Ltd.
- (1) Production wastewater: 1 set of silane pre-treatment wastewater treatment system, with the capacity of 40t/d, adopting the integrated treatment facilities of “sedimentation + flotation + A/O biochemical process + RO filtration + evaporation”. After the treatment, the reclaimed water is reused when meeting the Level III limit set out in Environmental Quality Standard for Surface Water (GB3838-2002) or the limit set out in the washing water standard of the Reuse of Urban Recycling Water – Water Quality Standard for Industrial Uses (GBT19923-2005), whichever is stricter, to be used in the pre-treatment process of the coating workshop, with no external emission;
 - (2) Domestic wastewater: Domestic sewage is discharged to Shangyang Wastewater Treatment Plant through the municipal network after sedimentation through the septic tank.

Currently, all the above facilities are in normal operation.

Industrial exhaust:

- (1) 3 sets of welding fume treatment facilities, each with a designed capacity of 50,000 m³/h, adopting the electrostatic adsorption process;
- (2) 1 set of sanding dust collection and treatment facilities, with a designed capacity of 72,000 m³/h, adopting the cyclone + filter cartridge dust removal process;
- (3) 1 set of powder drying waste gas catalytic combustion facilities, with a designed capacity of 8,500 m³/h, adopting the catalytic combustion process;
- (4) 1 set of powder hot cleaning exhaust gas activated carbon adsorption facilities, with a designed air volume of 3,000 m³/h, adopting the activated carbon adsorption process;
- (5) 1 set of powder drying waste gas adsorption facilities, with a designed air volume of 15,000 m³/h, adopting the activated carbon adsorption process.

Currently, the (1)-(4) facilities are in normal operation, and the (5) facilities are out of 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 (GB18597-2001), with the floor hardened and treated to prevent any infiltration, collection ditches and waste liquid collection tank established around and outside the warehouse to avoid any leakage. The warehouse adopts different storage measures for different categories of hazardous waste and sets classification labels.

Currently, the facilities are in normal operation.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Qingdao CIMC Special Vehicle Co., Ltd. Industrial sewage:
 Production wastewater: 1 set of painting wastewater treatment facilities, with the capacity of 40 t/d. After the flocculation precipitation, the wastewater is reused in the water rotation of the painting room, with no external emission.
 Currently, the facilities are in normal operation.

Industrial exhaust:

- (1) 2 sets of zeolite runner + catalytic oxidation facilities for the painting line, each with a designed capacity of 60,000 m³/h, adopting the zeolite runner + catalytic oxidation process, with the painting waste gas to be emitted after meeting relevant standards;
- (2) 3 sets of filter cartridge dust removal facilities for the painting line, each with a designed capacity of 20,000 m³/h, with the sanding, OK station, pre-treatment particulate matter to be emitted when meeting the standards after the treatment of dust collector;
- (3) 1 set of fume collection facilities equipped to the laser cutting machines in the blanking workshop;
- (4) 86 sets of mobile fume collection facilities equipped to the welding workshop, each with a designed capacity of 4,000 m³/h.
- (5) 1 set of fine plasma fixed filter element dust removal facilities in the welding workshop, with a designed air treatment volume of 18,000m³/h.

Currently, all the above facilities are in normal operation.

Hazardous waste:

The Company has built two hazardous waste warehouses, covering an area of 100 m², with the maximum storage capacity of 100 tonnes. The temporary storage room was constructed in accordance with requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2001), with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels.

Currently, the facilities are in normal operation.

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.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Industrial exhaust:

- (1) 4 sets of CNC cutting machine fume collection and treatment facilities, each with a designed capacity of 5,000 m³/h, adopting the filter cartridge dust removal process;
- (2) 3 sets of shot blasting machine fume collection and treatment facilities, each with a designed capacity of 5,000 m³/h, adopting the filter cartridge dust removal process;
- (3) 80 sets of welding machine 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.

Currently, all the above facilities are in normal operation.

Hazardous waste:

The company has built 1 hazardous waste temporary storage room in accordance with requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2001), with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels.

Currently, the facilities are in normal operation.

CIMC Vehicles
(Jiangmen)
Co., Ltd.

Industrial wastewater:

- (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:

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 dedicated hazardous waste temporary warehouse. Currently, the facilities are in normal operation.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Dongguan CIMC Industrial sewage:

- Special Vehicle Co., Ltd. (1) Production wastewater: The coating workshop is equipped with a wastewater treatment station, with the total treatment capacity of 237t/d. The phosphating wastewater treatment system and the non-phosphorus wastewater treatment system are separately set for different characteristics of the coating workshop wastewater: 1. Phosphating wastewater treatment system adopts physical and chemical precipitation + ultrafiltration + RO reverse osmosis + DTRO + evaporation concentration process. After the treatment reaches the reuse water standard, the reclaimed water is reused to the phosphating process, while the concentrated wastewater is entrusted to external agencies for environmentally friendly and harmless treatment, thus realizing zero discharge of heavy metals; 2. Non-phosphorus wastewater treatment system adopts physical and chemical precipitation + biochemical process + ultrafiltration + RO reverse osmosis + sand filtration process. The treated reclaimed water which reaches the reuse standard is reused to the processes of pure water preparation, degreasing and washing. The concentrated water produced is further treated and discharged after reaching the level 4 standard of surface water.
- (2) Domestic sewage: The oily wastewater from the canteen is treated by oil and residue removal process; the toilet wastewater is treated by Level III septic tank; other domestic sewage is treated by residue removal process. After such treatment, other domestic sewage is discharged to the municipal network after residue removal treatment when meeting the Time Slot II Level III Standard set out in the Discharge Limits of Water Pollutants DB44/26-2001.

Currently, all the above facilities are in normal operation.

Industrial exhaust:

- (1) 3 sets of laser cutting flue gas collection and treatment facilities, with a total treatment capacity of 18,000 m³/h;
- (2) 5 sets of robotic welding fume collection and treatment facilities, with a total treatment capacity of 147,000 m³/h;
- (3) 1 set of sanding dust removal system, with a total treatment capacity of 73,000 m³/h;
- (4) 1 set of electrophoresis tank organic waste gas filtering device, with a total treatment capacity of 36,500 m³/h;
- (5) 1 set of electrophoresis drying room exhaust gas catalytic combustion treatment device, with a total treatment capacity of 3,000 m³/h.

Currently, all the above facilities are in normal operation.

Among them, the (2) facilities have been dismantled, and the dust removal equipment is temporarily out of operation; all the other facilities are in normal operation.

Hazardous waste: The Company has built 1 dedicated hazardous waste temporary warehouse, with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels. Currently, the facilities are in normal operation.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)***3. Environmental impact assessment of construction projects and other environmental protection administrative licensing**

Environmental impact assessment	13 subordinate key pollutant discharge enterprises have applied for environmental impact assessment and obtained approval.
Pollutant discharge permits	13 subordinate key pollutant discharge enterprises have obtained the national pollutant discharge permits.
Other environmental protection administrative licensing	None

4. Contingency plans for unexpected environment-related events

Whether the contingency plans have been prepared and are within the validity period	13 subordinate key pollutant discharge enterprises have prepared environmental emergency plans and are within the validity period.
Whether the contingency plans have been filed with governmental agencies	13 subordinate key pollutant discharge enterprises have filed their environmental contingency plans.
Whether the emergency drill has been carried out and documented	13 subordinate key pollutant discharge enterprises have carried out environment-related emergency drills.

5. Environmental self-monitoring program

The 13 key pollutant discharge enterprises under the Group have carried out environmental monitoring, and delegated qualified inspection agencies to carry out regular inspections on exhaust, wastewater, noise, etc.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)***6. Administrative punishment for environmental issues during the Reporting Period**

Company or Subsidiary Name	Reasons for Punishment	Violations	Punishment	Impact on the Production and Operation of the Listed Company	Rectification Measures of the Company
Jiangsu Baojing Auto Parts Co., Ltd.	On July 23, 2021, Zhenjiang Ecological Environment Bureau issued a written decision on administrative punishment: ZJHFZ [2021] No. 26. The Company failed to set hazardous waste labels on the waste paint buckets in the hazardous waste storage site.	Violation of Article 77 of Chapter VI of the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes"	A fine of RMB100,000	None	<ol style="list-style-type: none"> 1. Draw inferences from one case to another, and conduct all-round inspection on similar problems; 2. Change the original self-adhesive stickers into staples, and improve relevant labelling; 3. Strengthen daily on-site control to prevent similar problems from recurring due to inadequate management.
Liangshan CIMC Dongyue Vehicle Co., Ltd.	On August 9, 2021, the Liangshan County Branch of Jining Ecological Environment Bureau issued a written decision on administrative punishment: JHLFZ [2021] No. 147. As the drying workshop of the Company was not tightly sealed, the paint inside and outside the workshop escaped.	Violation of Article 45 of the "Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution"	A fine of RMB50,000	None	<ol style="list-style-type: none"> 1. Formulate control systems. Production sites such as painting room, paint mixing room and drying room can only be opened briefly for personnel and vehicles to enter and leave, and must be closed at other periods of time; 2. Strengthen patrol inspections, arrange special personnel for spot inspections on site, and clean up in time.
Qingdao CIMC Special Vehicle Co., Ltd.	On October 26, 2021, the West Coast New District Branch of Qingdao Ecological Environment Bureau issued a written decision on administrative punishment: QHXXFZ [2021] No. 5006. The Company is engaged in production and service activities that generate waste gas containing VOCs, but failed to carry out such activities in confined space or equipment.	Violation of Article 45 of the "Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution"	A fine of RMB72,500	None	<ol style="list-style-type: none"> 1. Improve the paint repair work specifications. During the surface paint repair operation, bring the product into the coating workshop and paint it with a brush; 2. Carry out special training for spraying operators to enhance environmental protection awareness, and meanwhile formulate strict assessment measures to standardize staff operations; 3. Strengthen daily inspection and on-site control, intensify inspection and supervision, and prevent similar problems from recurring.

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Company or Subsidiary Name	Reasons for Punishment	Violations	Punishment	Impact on the Production and Operation of the Listed Company	Rectification Measures of the Company
Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd.	On January 18, 2022, Jining Ecological Environment Bureau issued a written decision on administrative punishment: JHFZ [2022] No. 12. The Company failed to present the quarterly report on the implementation of pollutant discharge permit in the first three quarters of 2021.	Violation of Article 22 of the "Regulations on the Administration of Pollutant Discharge Permits"	A fine of RMB11,375	None	<ol style="list-style-type: none"> The Company has immediately arranged special personnel to follow up and complete the supplementary report on the implementation of the pollutant discharge permit in the first three quarters. Sort out and refine the system and procedure for filling out environmental protection reports, form a long-term mechanism for presenting quarterly and annual reports, and implement them in strict accordance with relevant requirements.

7. Other discloseable environmental information

13 key pollutant discharge enterprises under the Group have publicized their environmental information through other channels such as websites of relevant governments or enterprises.

8. Other environmental protection information

Three new green plants were increased:

Gansu CIMC Huajun Vehicle Co., Ltd. was rated as the Gansu Provincial "Green Plant".

Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd. was rated as the Jiangsu Provincial "Green Plant".

Wuhu CIMC RuiJiang Automobile Co., Ltd. was rated as the National "Green Plant".

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)***9. Continuous improvement**

Whether passed the ISO14001 Environmental Management System Certification	A total of 15 enterprises within the Group have passed the ISO14001 environmental management system certification, and 11 out of the 13 subordinate key pollutant discharge enterprises have been certified.
Environmental protection investment amount	The Group has invested more than RMB49.342 million in environmental protection in the year, of which more than RMB30.210 million was invested in key pollutant discharge enterprises.
Emissions reduction performance of “waste gas, wastewater and waste residue” of the Company	<p>Waste gas improvement: The Group complies with the requirements of the “Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution” and other laws and regulations, and actively promotes the upgrading of production lines. In 2021, Luoyang CIMC Lingyu, a subsidiary of the Group, implemented the “Tianqi Project” Phase II – Frame Welding Line Upgrading and Transformation Project for Mixer Trucks. Upon completion of the project, the welding fumes and cutting fumes generated in the production process of the bottom beam line will be collected in a closed negative pressure room to ensure the organised emission of all welding fumes and cutting fumes. Wuhu CIMC Ruijiang, a subsidiary of the Group, upgraded the coating lines of powder tankers and liquid tankers to powder coating, which greatly reduced the emission of VOCs through source control.</p> <p>Waste water improvement: The Group complies with the requirements of the “Law of the People’s Republic of China on the Prevention and Control of Water Pollution” and other laws and regulations, and continues to implement the sewage discharge reduction projects. In 2021, Wuhu CIMC Ruijiang, a subsidiary of the Group, upgraded and renovated the pre-treatment sewage treatment station for liquid tankers. After improvement, the water consumption for acid pickling per tanker has been reduced from 6.7 tonnes to 2.9 tonnes.</p> <p>Solid waste improvement: The Group complies with the requirements of the “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes” and other laws and regulations. Each enterprise has built temporary storage rooms for hazardous waste and disposes of hazardous waste in strict accordance with national laws and regulations. Compared with the traditional paint coating, the coating line upgrading and renovation project continuously implemented by the Group will greatly reduce the hazardous waste generated by the powder spray coating process.</p>

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

10. Carbon emission reduction measures and results during the Reporting Period

The Group has actively responded to the national strategy of “carbon peaking and carbon neutrality”.

In terms of energy use, subsidiaries of the Group utilize rooftop resources to lay photovoltaic panels. As at the end of the Reporting Period, the rooftop photovoltaic projects of Wuhu CIMC RuiJiang Automobile Co., Ltd., Qingdao CIMC Reefer Trailer Co., Ltd., Dongguan CIMC Special Vehicle Co., Ltd., CIMC Vehicles (Jiangmen) Co., Ltd. and Jiangsu Baojing Auto Parts Co., Ltd. under the Group have all been put into use. The cumulative power generation in 2021 exceeded 10 million kWh, reducing carbon emissions by more than 6,000 tons in total. In terms of product manufacturing, the Group is committed to providing environment-friendly products, and takes into full account the lightweight, modular and new energy products, and ultimately achieves energy conservation, consumption reduction and emission reduction. Taking Luoyang CIMC Lingyu, a subsidiary of the Group, as an example, the Company comprehensively promoted the key project of “replacing oil with electricity” in 2021, successfully developed pure electric concrete mixer trucks, and achieved the goal of “zero carbon emission” as compared with similar fuel trucks.

II. CORPORATE SOCIAL RESPONSIBILITY

Whether the Company has published social responsibility report

Yes No

SECTION VIII ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

During the Reporting Period, the Group has actively practised its corporate social responsibility and published the “2020 Environmental, Social and Governance Report” on the website of the Hong Kong Stock Exchange (<https://www.hkexnews.hk>) on June 29, 2021. The details are as follows:

Corporate Social Responsibility Report

Nature of The Company	Whether includes information on environment	Whether includes information on society	Whether includes information on corporate governance	Report disclosure standards	
				Domestic standards	Foreign standards
Others	Yes	Yes	Yes	Environmental, Social and Governance Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange	None

The Group’s 2021 Environmental, Social and Governance Report is expected to be published separately before May 31, 2022.

III. CONSOLIDATING AND EXPANDING THE RESULTS OF POVERTY ALLEVIATION AND RURAL REVITALIZATION

During the Reporting Period, the Company did not carry out any work related to the “poverty alleviation and rural revitalization”.

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 2021 Environmental, Social and Governance Report (expected to be published separately before May 31, 2022). As of the date of this Report, save for the above, the Group has not violated any relevant environmental laws and regulations that have a material impact on the Group’s development, performance and business.

SECTION IX SIGNIFICANT EVENTS

I. PERFORMANCE OF COMMITMENT

1. Commitment Completed during the Reporting Period and Not Yet Completed as at the End of the Reporting Period by the Company's De Facto Controllers, Shareholders, Related Parties, Acquirers, the Company and other Parties to the Commitment

Applicable Not applicable

Commitment	Party Making the Commitment	Type of Commitment	Description of Commitment	Effective Date of Commitment	Term of Commitment	Fulfillment
Commitment made in the acquisition report or the equity change report	N/A N/A					
Commitment made in asset restructuring	N/A					
Commitment made in IPO or refinancing	CIMC and CIMC Hong Kong	Share lock-up commitment	<p>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.</p> <p>2. If the closing price of A Shares of the Company is lower than the Offer Price for the offering and listing of A Shares for 20 consecutive trading days within 6 months following the listing of A Shares of the Company or at the end of 6 months after the listing of A Shares (or the first trading day after the date if the date is not a trading day), the lock-up period for A Shares held by the commitment maker will be automatically extended by 6 months. Offer Price means the offer price for the offering and listing of A Shares of the Company. If the Offer Price goes ex-rights and ex-dividend due to profit distribution, conversion of capital reserve into share capital, follow-on offering and placing after the offering and listing of A Shares of the Company, the Offer Price shall go ex-rights and ex-dividend in accordance with relevant provisions of the Shenzhen Stock Exchange.</p> <p>3. If the CSRC and the Shenzhen Stock Exchange have other special provisions on the above share lock-up period, such provisions shall apply.</p>	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
	Li Guiping, Wang Yu, Zeng Beihua, Li Zhimin, Ye Jianfeng, Jiang Qiwen and Sun Chunan	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. If the closing price of A Shares of the Company is lower than the Offer Price for the offering and listing of A Shares for 20 consecutive trading days within 6 months following the listing of A Shares of the Company or at the end of 6 months after the listing of A Shares (or the first trading day after the date if the date is not a trading day), the lock-up period for A Shares held by me will be automatically extended by 6 months. Offer Price means the offer price for the offering and listing of A Shares of the Company. If the Offer Price goes ex-rights and ex-dividend due to profit distribution, conversion of capital reserve into share capital, follow-on offering and placing after the offering and listing of A Shares of the Company, the Offer Price shall go ex-rights and ex-dividend in accordance with relevant provisions of the Shenzhen Stock Exchange.</p> <p>3. After the expiry of the lock-up period and during my term of office as a Director/senior management of the Company, I will report to the Company the shares of the Company held by me and the changes in the shareholding, and the number of shares transferred by me each year shall not exceed 25% of the total number of shares of the Company held by me; I will not transfer the shares of the Company held by me within six months after my resignation; if I resign before the expiry of my term of office, I shall continue to comply with the above restrictions and other provisions of the Company Law in relation to the transfer of shares by directors/senior management within my term of office determined at the time of employment, and within six months after the expiry of my term of office. In case of any change in shares of the Company held by me as a result of equity distribution by the Company and otherwise, I shall continue to comply with the above provisions.</p>	July 8, 2021	12 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>4. If I reduce my holding of A Shares of the Company within 2 years following the expiry of the lock-up period, the price for the disposal of the shares shall not be lower than the Offer Price for the offering and listing of A Shares. If A Shares goes ex-rights and ex-dividend due to the distribution of cash dividends, bonus issue, conversion of capital reserve into share capital, issuance of new shares, etc. from the date when A Shares of the Company are listed on the Shenzhen Stock Exchange to the date of such reduction in the number of A Shares held, the Offer Price shall be adjusted accordingly in accordance with relevant regulations of the CSRC and the Shenzhen Stock Exchange.</p> <p>5. During the term of the commitment above, the validity of the commitment will not be affected by the change of my position, my resignation and other reasons. During the term, I shall continue to fulfill the above commitment.</p> <p>6. If the CSRC and the Shenzhen Stock Exchange have other special provisions on the above share lock-up period, such provisions shall apply.</p> <p>7. In respect of the reduction in my shareholding, I will perform the information disclosure obligation in strict compliance with the rules of the China Securities Regulatory Commission and the Shenzhen Stock Exchange, and the statutory restrictions specified by the China Securities Regulatory Commission and the Shenzhen Stock Exchange on shareholding reduction, and the period and proportion of shareholding reduction. I will not reduce my shareholding if so required by law.</p>			
	Liu Hongqing and Li Xiaofu	Share lock-up commitment	<p>1. Within 12 months following the date of listing of A Shares of the Company on the Shenzhen Stock Exchange, I will not transfer or engage other persons to manage Domestic Shares directly or indirectly held by me prior to the offering and listing of A Shares of the Company, and such shares will not be repurchased by the Company.</p>	July 8, 2021	12 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. 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> <p>5. In respect of the reduction in my shareholding, I will perform the information disclosure obligation in strict compliance with the rules of the China Securities Regulatory Commission and the Shenzhen Stock Exchange, and the statutory restrictions specified by the China Securities Regulatory Commission and the Shenzhen Stock Exchange on shareholding reduction, and the period and proportion of shareholding reduction. I will not reduce my shareholding if so required by law.</p>			
	Shanghai Taifu, Taizhou Taifu, Xiangshan Huajin, Shenzhen Longyuan and Nanshan Dacheng	Share lock-up commitment	<p>1. Within 12 months following the date of listing of A Shares of the Company on the Shenzhen Stock Exchange, the commitment maker will not transfer or engage other persons to manage Domestic Shares directly or indirectly held by the commitment maker prior to the offering and listing of A Shares of the Company, and such shares will not be repurchased by the Company.</p> <p>2. The commitment maker will be legally liable for its violation of the commitment.</p>	July 8, 2021	12 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
			3. If there are other requirements of relevant laws, regulations and normative documents, or securities regulatory authorities including the China Securities Regulatory Commission and the Shenzhen Stock Exchange in relation to the A share lock-up period, the commitment maker agrees to adjust the lock-up period for A Shares of the Company held by the commitment maker accordingly.			
	CIMC	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>			
	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>	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>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>			
	CIMC Vehicles, CIMC and in-service Directors (other than independent non-executive Directors) and senior management of the Company	IPO share price stabilization commitment	<p>The A Share price stabilization measures will be taken if the closing price of A Shares of the Company for 20 consecutive trading days (the 20th trading day is the "trigger date") is less than the latest audited net assets per share of the Company (the net assets per share will be adjusted accordingly if there is any change in the net assets or the total number of shares of the Company after the latest audit reference date due to profit distribution, conversion of capital reserve into share capital, follow-on offering, placement and other ex-right and ex-dividend matters) within three years following the date of listing of A Shares of the Company, other than due to force majeure and third-party malicious speculation. If the conditions for taking the A share price stabilization measures are met, the Company and relevant responsibly entities will take the A share price stabilization measures in the following order of priority, depending on the actual situation of the Company and stock market conditions:</p> <ol style="list-style-type: none"> 1. Repurchase of A Shares by the Company; 2. Increase by the Controlling Shareholder in its holding of shares of the Company; 3. Increase by in-service Directors (other than independent non-executive Directors) and senior management in their holding of A Shares of the Company 	July 8, 2021	Within 36 months from the date of listing of the shares of the Company	In progress
	CIMC Vehicles	Dividend distribution commitment	<ol style="list-style-type: none"> 1. Dividend distribution method <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>	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
			2. Conditions for cash dividends				
			The Company shall distribute cash dividends if:				
			(1) the distributable profit (i.e. the after-tax profit after deducting losses and reserves) of the Company for the year is positive;				
			(2) an auditor issues a standard unqualified opinion report on the Company's financial reports for the year;				
			(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.				
			3. Profit distribution and cash dividend payout ratio				
			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.				

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>Subject to the conditions for cash dividends and in accordance with Article 8 of the Administrative Measures for the Issuance of Securities by Listed Companies, the total profit distributed in cash over the next three years after the listing of A Share of the Company shall not be less than 30% of the average annual distributable profit over the three years. The Company may distribute stock dividends while distributing cash dividends.</p> <p>The Board shall distinguish the following conditions in comprehensive consideration of features of the industry in which the Company operates, the development stage, its own business model, profitability, whether there is any significant expenditure arrangements and otherwise, and propose differentiated cash dividend policies according to the procedures specified in the Articles of Association:</p> <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>			

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	Commitment as to avoidance of horizontal competition	<p>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 with the core businesses of the Company and the enterprises controlled by Company.</p> <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>	July 26, 2020	Long-term performance	In progress
	CIMC	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	Commitment as to avoidance of appropriation of funds	<p>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) do not appropriate the funds of the Company and the enterprises controlled by the Company.</p> <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>	July 26, 2020	Long-term performance	In progress

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Commitment	Party Making the Commitment	Type of Commitment	Description of Commitment	Effective Date of Commitment	Term of Commitment	Fulfillment
			<ol style="list-style-type: none"> 3. If the commitment maker and the enterprises controlled by it violate the above commitments, causing losses to the Company or other Shareholders of the Company, the commitment maker will be liable for corresponding compensation by laws. 4. The commitment letter comes into force on the date of signature by the commitment maker and remains valid as long as the commitment maker is a Controlling Shareholder of the Company. 5. The commitment letter is governed by and construed in accordance with the laws of China. 6. The commitment letter is irrevocable. 			
	CIMC Vehicles	Measures and commitment as to making up for the dilution of current returns	<p>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.</p> <ol style="list-style-type: none"> 1. Consolidation and development 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. 	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
	Directors and senior management of the Company	Measures and commitment as to making up for the dilution of current returns	<p>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;</p> <p>2. I will restrict position-related consumption of Directors and senior management;</p> <p>3. I will not use the Company's assets to carry out any investment or consumption activity irrelevant to their performance of duties;</p> <p>4. I will actively promote the improvement in the Company's remuneration system to make it more in line with the requirements of making up for the dilution of current returns; support the linkage between the remuneration system formulated by the Board or the Nomination Committee and the Remuneration Committee and the implementation of the Company's measures for making up for the dilution of returns, and strictly comply with the systems;</p> <p>5. I will actively support the linkage between the vesting conditions for share incentives and the implementation of the Company's measures for making up for the dilution of returns, if the Company has a share incentive plan (if any). I will strictly comply with the measures for making up for the dilution of returns formulated by the Company, and will actively take all necessary and reasonable measures to supervise and urge the implementation of the measures of the Company for making up for the dilution of returns within the scope of my authority, in accordance with relevant regulations published by CSRC, the stock exchange and other regulatory authorities in the future.</p> <p>If the CSRC or the stock exchange publishes other new regulatory requirements on measures for making up for the dilution of returns and my undertakings after the date of the undertakings, and the above undertakings fail to meet such requirements, I undertake to make supplemental undertakings according to the requirements of the CSRC or the stock exchange then.</p>	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
Share incentive commitment	N/A					
Other commitments to minority Shareholders of the Company	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					

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 its 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 laws.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

IV. DESCRIPTION OF INFORMATION IN THE LATEST “MODIFIED AUDIT REPORT” OF THE BOARD

Applicable Not applicable

V. DESCRIPTION PROVIDED BY THE BOARD, THE SUPERVISORY COMMITTEE AND THE INDEPENDENT DIRECTORS (IF ANY) AS TO THE “MODIFIED AUDIT REPORT” OF THE AUDITORS FOR THE REPORTING PERIOD

Applicable Not applicable

VI. DESCRIPTION PROVIDED BY THE BOARD AS TO CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES OR CORRECTION OF MATERIAL ACCOUNTING ERRORS DURING THE REPORTING PERIOD

Applicable Not applicable

VII. DESCRIPTION OF CHANGES IN THE SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS AS COMPARED WITH THE FINANCIAL REPORT FOR THE PREVIOUS YEAR

Applicable Not applicable

For details of business combinations and establishment of new companies, please refer to Note 5 to “Section XIII Auditor’s Report” in this report.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

VIII. ENGAGEMENT AND REMOVAL OF ACCOUNTING FIRMS

Current accounting firms

Name of the PRC accounting firm	PricewaterhouseCoopers Zhong Tian LLP
Remuneration of the PRC accounting firm (RMB'0,000)	608
Audit tenure of the PRC accounting firm	10 years
Name of certified public accountant of the PRC accounting firm	Cao Cuili and Wu Fangfang
Continuing service year of certified public accountant of the PRC accounting firm	3 years; 5 years

Is the appointment of accounting firms changed

Yes No

Engagement of internal control audit accounting firms, financial advisers or sponsors

Applicable Not applicable

During the year, the Company engaged PricewaterhouseCoopers Zhong Tian LLP to issue an assurance report on the effectiveness of internal control over financial reporting at a cost of RMB0.7 million.

During the year, due to related transactions, the Company engaged Innovax Capital Limited as its independent financial adviser, with the total financial adviser fee of HK\$0.31 million paid during the period.

Due to the initial public offering of shares (A Shares) and application for the listing on the ChiNext Market of the Shenzhen Stock Exchange, the Company engaged Haitong Securities Co., Ltd. as the sponsor and lead underwriter of the project, and China International Capital Corporation Limited and Ping An Securities Co., Ltd. as the joint lead underwriters of the project. During the year, the Company paid a total sponsorship fee of RMB12 million and the total underwriting fee of RMB120.4939 million.

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

During the Reporting Period, the Company was not punished or required to carry out rectification.

XIII. CREDIT STANDING OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS

Applicable Not applicable

SECTION IX SIGNIFICANT EVENTS (Continued)

XIV. MATERIAL 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	Date of Disclosure	Disclosure Index
CIMC Group, its holding subsidiaries and associates	Controlling Shareholder and its fellow subsidiaries	Purchase of goods from related parties	Purchase of goods	Market price/markup on cost	-	62,024.95	2.52%	82,000	No	Cash settlement	-	-	-
CIMC Group, its holding subsidiaries and associates	Controlling Shareholder and its fellow subsidiaries	Purchase of services from related parties	Purchase of services	Market price	-	11,440.58	0.47%	-	No	Cash settlement	-	-	-
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	-	33,329.96	1.21%	40,000	No	Cash settlement	-	-	-
CIMC Group, its holding subsidiaries and associates	Controlling Shareholder and its fellow subsidiaries	Provision of services to related parties	Sale of services	Market price/markup on cost	-	3,478.07	0.13%	-	No	Cash settlement	-	-	-
Total					-	110,273.56	-	122,000	-	-	-	-	-

Details of large sales return

Nil

If the total amount of ordinary related transactions to be carried out during the period In 2021, the total amount of related 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. is estimated by type, the transactions carried out (if any) during the Reporting Period should be disclosed.

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	Related Relationship	Type of Related Transaction	Contents of Related Transaction	Pricing Principle of Related Transaction	Carrying Amount of Transferred Assets (RMB'0,000)	Appraised Value of Transferred Assets (RMB'0,000)	Transfer Price (RMB'0,000)	Settlement Method for Related Transaction	Profit or Loss on Transaction (RMB'0,000)	Date of Disclosure	Disclosure Index
CIMC Cold Chain Development Institution Co., Ltd.	Common ultimate controller	Sale of equity interests to related parties	Sale of a 19% equity interest in investee company Shenzhen CIMC Cold Chain Technology Co., Ltd. to the related party	Appraised value in the asset valuation report (under the income approach)	88.34	760.03	760.00	Cash	671.66	-	-
Reasons for the significant difference between the transfer price and the carrying amount or the appraised value, if any											
				Shenzhen CIMC Cold Chain Technology Co., Ltd. has stable customer resources, certain reputation and market penetration in the industry. None of these factors and resources can be reflected in the book, and the estimation of the transfer price using the income approach consider the recorded assets, and other comprehensive resources and factors that are not recorded but are beneficial to improving the profitability of the enterprise							
Impact on the results of operations and financial position of the Company				There was no material impact on the financial position of the Company							
Results for the Reporting Period, if relevant transactions involve agreements on results				Nil							

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

During the Reporting Period, the Company had no related claims or debts.

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		Ending Balance (RMB'0,000)
					Total Deposit During the Period (RMB'0,000)	Total Withdrawal During the Period (RMB'0,000)	
CIMC Finance Co., Ltd.	Common ultimate controller	70,000.00	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 to other subsidiaries of CIMC Group (excluding the Company) for similar deposits and for the same period; (3) the interest rate offered by independent third-party commercial banks to the Company and its subsidiaries for similar deposits and for the same period.	63,786.27	1,165,051.31	1,166,396.42	62,441.16

There were no loan or credit businesses between the Company and related financial companies and related parties.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Other financial businesses

The Company and its holding subsidiaries are jointly and severally liable for guaranteeing the repayment of the financing obtained by customers and distributors from CIMC Finance Co., Ltd. and CIMC Financial Leasing Co., Ltd., which are related parties, for purchasing the Company's products. During the Reporting Period, the amount of guarantee incurred for the above business was RMB191.4549 million. As at the end of the Reporting Period, the balance of guarantee for the above business was RMB697.5154 million.

6. Dealings Between Financial Companies Controlled by the Company and Related Parties

Applicable Not applicable

There were no deposit, loan, credit or other financial businesses between financial companies controlled by the Company and related parties.

7. Other Material Related Transactions

Applicable Not applicable

Information on websites for disclosure of temporary announcements on material related transactions

Name of temporary Announcement	Date of Disclosure of temporary Announcement	Name of Website for Disclosure of temporary Announcement
Announcement on Estimations of Ordinary Related Transactions for 2022-2024	August 26, 2021	Cninfo (http://www.cninfo.com.cn/)
Announcement on Proposed Financial Guarantee and Security Deposit Framework Agreement and Related Transactions	August 26, 2021	Cninfo (http://www.cninfo.com.cn/)
Announcement on Estimations of Proposed Deposit Service Framework Agreements and Related Transactions	August 26, 2021	Cninfo (http://www.cninfo.com.cn/)
Announcement on Estimations of Ordinary Related Transactions with Oriental Post	October 27, 2021	Cninfo (http://www.cninfo.com.cn/)
Announcement on Estimations of Ordinary Related Transactions with Shandong Linglong Tire Co., Ltd. in 2022	December 31, 2021	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 holds more than 30% of the issued share capital of the Company, and is therefore a Controlling Shareholder of the Company as defined in the Hong Kong Stock Exchange Listing Rules. Accordingly, CIMC is a connected person of the Company pursuant to Chapter 14A of the Hong Kong Stock Exchange Listing Rules. Therefore, CIMC Group and associates of CIMC (“**CIMC Connected Persons**”, and, for the avoidance of doubt, excluding the Group) are the connected persons of the Company by virtue of Rule 14A.07(4) of the Hong Kong Stock Exchange Listing Rules and for the purposes of connected transactions under Chapter 14A of the Hong Kong Stock Exchange Listing Rules.

The following is a summary of continuing connected transactions during the Reporting Period:

(1) Deposit Service Framework Agreement

Parties: CIMC (on behalf of CIMC Connected Persons); and
the Company.

Reasons for the transaction: Since February 2010, 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 taking service is within the ordinary and usual course of business of CIMC Financial Institution and CIMC Financial Institution is restricted from providing such deposit taking service to independent parties from the public in accordance with applicable PRC laws. As of December 31, 2021, CIMC Financial Institution had a registered capital of RMB920 million.

Principal terms: The Company entered into a deposit service framework agreement (the “**Deposit Service Framework Agreement**”) with CIMC (on behalf of CIMC Connected Persons) on January 15, 2019, pursuant to which CIMC Connected Persons 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 the Listing Date of H Shares and be effective for three years, subject to renewal upon the mutual consent of both parties.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Pricing policy: Interest rates for the deposits placed by the Group with CIMC Connected Persons 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 other subsidiaries of CIMC Group with CIMC Connected Persons; 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 two years ending December 31, 2020 and 2021 shall not exceed the caps set out below:

	Proposed annual cap for the year ended December 31 (RMB'000)	
	2020	2021
Maximum daily balance of deposit placed by the Group with CIMC Connected Persons	700,000	700,000
Interest income derived from the cash deposit	<u>20,000</u>	<u>20,000</u>

During the Reporting Period, the maximum daily balance of deposit placed by the Group with CIMC Financial Institution was RMB684.7 million, and the interest income from deposit recognised by the Group for the year ended December 31, 2021 was RMB9.5 million.

Basis of annual caps: The above annual caps for maximum daily balance of deposit are determined with reference to (i) historical balance of deposits placed by the Group with CIMC Financial Institution; and (ii) the Company's efforts to reduce its balance of deposits in order to further enhance the Company's financial independence from CIMC Group in the future.

In respect of the deposit services to be provided by CIMC Connected Persons to the Group, the above proposed annual caps for the interest income to be received by the Company from CIMC Connected Persons are determined based on the expected interest rates of approximately 2.86% of its maximum outstanding deposit amount, which is generally in line with prevailing market rates.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

(2) Procurement Framework Agreement

Parties: CIMC (on behalf of CIMC Connected Persons) (as the supplier); and the Group (as the purchaser).

Reasons for the transaction: The Company has been procuring raw materials, truck chassis, containers, vehicle parts and components, logistics services, etc. from CIMC Connected Persons. The Company will continue to procure such products and services from CIMC Connected Persons as CIMC Connected Persons have been providing the Company with such products and services with standard and quality commensurate with the Company's requisite safety and quality standard. As such, the Company believe that CIMC Connected Persons are familiar with the safety and quality standard of the Company and will be able to satisfy the Company's demand efficiently and reliably with minimal disruption to the Group's operations and internal procedures. The Company believe that it has readily available access to identical or similar raw materials, containers, truck chassis and vehicle parts and components and logistics services from independent third parties on similar terms in the PRC and elsewhere, but that such procurement from independent third parties would not be as efficient from a cost perspective or operation perspective as the Company's current procurement arrangements with CIMC Connected Persons.

Principal terms: The Company entered into a procurement of products and services framework agreement on January 15, 2019 and will enter into a supplemental agreement before Listing to adjust the annual caps to those as indicated in the paragraph "Annual caps" below (together, the "**Procurement Framework Agreement**") with CIMC (on behalf of CIMC Connected Persons), pursuant to which CIMC Connected Persons will supply raw materials, containers, truck chassis and vehicle parts and components and logistics services to the Group. The term of the Procurement Framework Agreement shall commence on the Listing Date of H Shares and be effective for three years, subject to renewal upon the mutual consent of both parties.

Pricing policy: In order to ensure that the terms of transactions in respect of the procurement of products and general services by the Group from CIMC Connected Persons are fair and reasonable and in line with market practices, and that the terms of transactions will be no less favorable to the Group than the terms for transactions between the Group and independent third parties, the Group has adopted the following measures:

- (a) to have regular contact with the suppliers of the Group (including CIMC Connected Persons) to keep abreast of market developments and the price trend of products and general services;

SECTION IX SIGNIFICANT EVENTS *(Continued)*

- (b) to assess, review and compare the quotations or proposals (except for the procurement of truck chassis, the suppliers of which are subject to the preference of the customers of the Group) taking into account various factors including quality, payment, flexibility and after-sales services to ensure that the proposed transactions will be consistent with the general interests of the Group and our Shareholders as a whole.

Raw materials, containers, truck chassis and vehicle parts and components

Raw materials, containers, truck chassis and vehicle parts and components will be priced with reference to market prices of comparable products and services, and the costs that would incur in procuring such products and services.

Logistics 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 consider assessment criteria (including price, quality, suitability, payment terms, and time required for the provision and delivery of the products and services) before entering into any new procurement arrangement with CIMC, and reviewing such quotes, together with the offer from CIMC.

Annual caps: The maximum aggregate annual amounts in respect of the Procurement Framework Agreement for the three years ending December 31, 2019, 2020 and 2021 shall not exceed the caps set out below:

	Proposed annual cap for the year ended December 31 (RMB'000)		
	2019	2020	2021
Procurement amount	<u>700,000</u>	<u>760,000</u>	<u>820,000</u>

During the Reporting Period, the Group's procurement amount was RMB734.7 million.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Basis of caps: The above annual caps for procurement amount are determined with reference to: (i) historical amounts of procurement from CIMC Connected Persons taking into account the increase in the procurement amounts for the year ended December 31, 2018 when compared to that for the year ended December 31, 2017; and (ii) the estimated sales volume of certain types of trailers and truck bodies with steady growth by taking into account, among others, macroeconomic conditions, market demand and industry standards, as well as the development strategies and business expansion plan of the Group.

For further details of the Procurement Framework Agreement, please refer to the Prospectus.

(3) Provision of Products and Services Framework Agreement

Parties: CIMC (on behalf of CIMC Connected Persons) (as the purchaser); and the Group (as the supplier).

Reasons for the transaction: The Company has been providing CIMC Connected Persons semi-trailers, truck bodies and components as well as container repairing and supply chain services etc. In the ordinary and usual course of our business, the Group provides various products and general services to CIMC Connected Persons. Our Directors consider that the provision of products and general services to CIMC Connected Persons would benefit the Group for the following reasons:

- (a) the Company and CIMC Connected Persons have established a long-term relationship and understand the business plan, quality control and other special requirements of each other;
- (b) prices and terms for the products and services provided by the Company to CIMC Connected Persons are no less favorable to the Company than those offered by the Company to independent third parties.

Principal terms: The Company entered into a provision of products and services framework agreement (the “**Provision of Products and Services Framework Agreement**”) on January 15, 2019 with CIMC (on behalf of CIMC Connected Persons), pursuant to which CIMC Connected Persons will purchase semi-trailers, truck bodies, components, container repairing and supply chain services from the Group. The term of the Provision of Products and Services Framework Agreement shall commence on the Listing Date of H Shares and be effective for three years, subject to renewal upon the mutual consent of both parties.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Pricing policy: The Provision of Products and Services Framework Agreement specifically provides that terms of transactions contemplated thereunder are to be on terms no less favorable to the Group than those for transactions between the Group and independent third parties under the same conditions.

Semi-trailers and truck bodies

In determining the prices of the semi-trailers, truck bodies and components, the Company will refer to the average profit margin in the market and the underlying costs related to manufacturing and sale of such products. As part of the Company's internal approval and monitoring procedures, the Company will gather information on market prices and profit margin levels of trailer and truck body products in the industry through industrial associations such as the China Association of Automobile Manufacturers and independent trailer and truck body manufacturers in the PRC and overseas, and the Company will use such information as the basis to determine the price and make sure that the price agreed with CIMC will be no less favorable to the Company compared to those offered to or quoted by independent third parties.

Other services fees

The service fees charged by the Company to CIMC Connected Persons for provision of container repairing and supply chain services are determined on the basis of arm's length negotiations between the relevant parties. The Company will make reference to the applicable historical prices of relevant services (including the prices charged of same services provided by the Group to independent third parties), the comparable market prices offered to or quoted by independent third parties and the principle of cost plus a reasonable margin, to ensure that the terms of providing services to CIMC Connected Persons are fair and reasonable for the Group and the price agreed with CIMC will be no less favorable to the Company compared to those offered to or quoted by independent third parties.

Annual caps: The maximum aggregate annual amounts in respect of the Provision of Products and Services Framework Agreement for the three years ending December 31, 2019, 2020 and 2021 shall not exceed the caps set out below:

	Proposed annual cap for the year ended December 31 (RMB'000)		
	2019	2020	2021
Sales amount	<u>300,000</u>	<u>350,000</u>	<u>400,000</u>

During the Reporting Period, the Group's sales amount was RMB368.1 million.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Basis of caps: The above annual caps for sales amount are determined with reference to: (i) historical amount of sales to CIMC Connected Persons taking into account the increase in the sales amount for the year ended December 31, 2018 when compared to that for the year ended December 31, 2017; and (ii) estimated steady growth on future sales of certain types of semi-trailers and truck bodies to be supplied to CIMC Connected Persons by taking into account, among others, macroeconomic conditions, market demand and industry standards, as well as the development strategies and business expansion plan of the Group.

For further details of the Provision of Products and Services Framework Agreement, please refer to the Prospectus.

(4) Financial Guarantees Framework Agreement

Parties: CIMC (on behalf of CIMC Connected Persons); and
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 the Company’s 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 Company to its customers and is a common practice in the semi-trailer and truck body industry.

Principal terms: The Company entered into a financial guarantees framework agreement on January 15, 2019 and will enter into a supplemental agreement before Listing to adjust the annual caps to those as indicated in the paragraph “Annual caps” below (together, the “**Financial Guarantees Framework Agreement**”) with CIMC (on behalf of CIMC Connected Persons), pursuant to which the Group agrees to provide financial guarantees to CIMC Financial Group to facilitate the financing to customers of the Group. The term of the financial Guarantees Framework Agreement shall commence on the Listing Date of H Shares and be effective for three years, subject to renewal upon the mutual consent of both parties.

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, 2019, 2020 and 2021 shall not exceed the caps set out below:

	Proposed annual cap for the year ended December 31		
	<i>(RMB'000)</i>		
	2019	2020	2021
Maximum daily balance of financial guarantees provided by the Group to CIMC Financial Group	<u>700,000</u>	<u>760,000</u>	<u>820,000</u>

During the Reporting Period, the maximum daily financial guarantees provided by the Group to CIMC Financial Group amounted to RMB723.8 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 taking into account the increase in the balance of guarantees as of December 31, 2018 when compared to that as of December 31, 2017; and (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 as well as the development strategies and business expansion plan of the Group.

For further details of the Financial Guarantees Framework Agreement, please refer to the Prospectus.

As all of the above continuing connected transactions expired on January 4, 2022, the Company is expected to continue the above continuing connected transactions with CIMC and its associates. On August 25, 2021, the Board considered and approved the resolutions on the entry into of the Deposit Service Framework Agreement with CIMC Financial Institution for the annual caps for the three financial years ended December 31, 2024, and the entry into of (1) the Procurement and Services Framework Agreement, (2) the Provision of Products and Services Framework Agreement and (3) the Financial Guarantees Framework Agreement with CIMC for the annual caps for the three financial years ended December 31, 2024, which came into force on January 1, 2022 and is valid for a term of three years, subject to the approval at the general meeting on September 29, 2021. For relevant information, please refer to the announcements of the Company dated August 25, 2021 and September 29, 2021 and the circular of the Company dated September 13, 2021.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Save as disclosed above, the Company did not have any connected transactions during the Reporting Period which are required to be disclosed under Chapter 14A of the Hong Kong Stock Exchange Listing Rules.

(5) *Annual Review Conducted by Independent Non-executive Directors and the External Auditor*

The Company's independent non-executive Directors have reviewed the aforementioned continuing connected transactions and confirmed that these transactions have been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or better; and
- (3) in accordance with the terms of the relevant agreements governing the transactions and on terms that are fair and reasonable and in interests of the Company and the Shareholders as a whole.

The Company's external auditor reported on the above transactions of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The external auditor has issued a letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group above in accordance with Rule 14A.56 of the Hong Kong Stock Exchange Listing Rules. The external auditor has the following conclusions in the letter on continuing connected transactions disclosed by the Group:

- a. nothing has come to the auditor's attention that causes him to believe that the disclosed continuing connected transactions have not been approved by the Company's Board of Directors;
- b. for transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes him to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- c. nothing has come to the auditor's attention that causes him to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

SECTION IX SIGNIFICANT EVENTS *(Continued)*

- d. with respect to the aggregate amount of each of the above continuing connected transactions, nothing has come to the auditor's attention that causes him to believe that the disclosed continuing connected transactions have exceeded the maximum aggregate annual value in respect of each of the disclosed continuing connected transactions.

Save as disclosed above, during the Reporting Period, note 8 (5) Related Party Transactions 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 the Hong Kong Stock Exchange Listing Rules.

XV. MATERIAL CONTRACTS AND THEIR PERFORMANCE

1. Custody, Contracting and Lease

(1) Custody

Applicable Not applicable

During the Reporting Period, there were no custodian projects on which the profit or loss of the Company exceeded 10% of the total profit of the Company.

(2) Contracting

Applicable Not applicable

During the Reporting Period, there were no contracting projects on which the profit or loss of the Company exceeded 10% of the total profit of the Company.

(3) Lease

Applicable Not applicable

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Information on lease

1. As a Lessee

The assets leased by the Group mainly include houses, buildings and machinery equipment used in the daily production and operation. The lease term for houses and buildings is generally 1-20 years and the lease term for machinery equipment is generally 1-5 years. Lease contracts generally specify that the Group shall not sublease the leased assets.

2. As a Lessor

The Group leases out some of its houses, buildings, machinery equipment, transport machines and other equipment for a term ranging from 1-12 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	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
	Limit	Limit								
Vehicle customers and distributors of Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd.		460,000	January 1, 2021	43,067.78	Joint and several guarantee	Nil	Counter guarantee was provided	1-3 years	No	No
Vehicle customers and distributors of Wuhu CIMC Ruijiang Automobile Co., Ltd.			January 1, 2021	106,229.93	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, 2021	540.1	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, 2021	55,622.41	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, 2021	78,242.33	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, 2021	1,162.98	Joint and several guarantee	Nil	Counter guarantee was provided	1-3 years	No	No
Vehicle customers of Shanghai CIMC Vehicle Sales Services Co., Ltd.			January 1, 2021	52.29	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 Shaanxi CIMC Vehicle Sales Service Co., Ltd.			January 1, 2021	25.35	Joint and several guarantee	Nil	Counter guarantee was provided	1-3 years	No	No	
Kunming CIMC Vehicle Industrial Park Development Co., Ltd.		4,000	-	-	-	-	-	-	-	-	
Total external guarantee limit approved during the Reporting Period (A1)			464,000	Total amount of external guarantee incurred during the Reporting Period (A2)							192,355.04
Total external guarantee limit approved as at the end of the Reporting Period (A3)			464,000	Total balance of external guarantee provided as at end of the Reporting Period (A4)							284,943.17

Guarantee from the Company to Subsidiaries

Name of Principal	Date of Disclosure of Announcement on Guarantee Limit	Guarantee Limit	Date of Incurrence	Actual Guarantee Amount	Type of Guarantee	Security (If Any)	Counter Guarantee (If Any)	Term of Guarantee	Is the Guarantee Fulfilled	Are Guarantees provided for
										Related Parties
Qingdao CIMC Special Vehicle Co., Ltd.	-	3,650.00	June 4, 2018	28.59	Joint and several guarantee	Nil	Nil	3 years	No	No
Liangshan CIMC Dongyue Vehicles Co., Ltd.		5,000.00	March 2, 2021	2,404.00	Joint and several guarantee	Nil	Counter guarantee was provided	1 year	No	No
Liangshan CIMC Dongyue Vehicles Co., Ltd.		6,000.00	February 20, 2021	4,100.00	Joint and several guarantee	Nil	Counter guarantee was provided	1 year	No	No
Zhumadian CIMC Huajun Casting Co., Ltd.		5,000.00	May 5, 2021	5,000.00	Joint and several guarantee	Nil	Nil	1 year	No	No
China Jiangsu Vanguard Trailer Rental Co., Ltd. (江蘇掛車幫租賃有限公司)		2,000.00	June 29, 2021	2,000.00	Joint and several guarantee	Nil	Counter guarantee was provided	4 years	No	No

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Guarantee from the Company to Subsidiaries										
Name of Principal	Date of Disclosure of Announcement on Guarantee Limit	Guarantee Limit	Date of Incurrence	Actual Guarantee Amount	Type of Guarantee	Security (If Any)	Counter Guarantee (If Any)	Term of Guarantee	Is the Guarantee Fulfilled	Are Guarantees provided for
										Related Parties
China Jiangsu Vanguard Trailer Rental Co., Ltd. (江蘇掛車幫租賃有限公司)		5,000.00	August 13, 2020	4,250.00	Joint and several guarantee	Nil	Counter guarantee was provided	4 years	No	No
China Jiangsu Vanguard Trailer Rental Co., Ltd. (江蘇掛車幫租賃有限公司)		5,000.00	August 21, 2020	3,484.55	Joint and several guarantee	Nil	Counter guarantee was provided	4 years	No	No
China Jiangsu Vanguard Trailer Rental Co., Ltd. (江蘇掛車幫租賃有限公司)		7,000.00	December 30, 2020	5,998.74	Joint and several guarantee	Nil	Counter guarantee was provided	4 years	No	No
China Jiangsu Vanguard Trailer Rental Co., Ltd. (江蘇掛車幫租賃有限公司)		2,950.00	December 30, 2020	2,263.08	Joint and several guarantee	Nil	Counter guarantee was provided	4 years	No	No
Gansu CIMC Huajun Vehicles Co., Ltd.		2,600.00	September 1, 2021	1,580.00	Joint and several guarantee	Nil	Nil	1 year	No	No
CIMC Vehicle (Thailand) Co., Ltd		11,795.05	October 18, 2021	9,771.74	Joint and several guarantee	Nil	Nil	1 year	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)						37,470.21
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)						40,880.71

SECTION IX SIGNIFICANT EVENTS *(Continued)*

Guarantee from Subsidiaries to Other Subsidiaries										
Name of Principal	Date of Disclosure of Announcement on Guarantee Limit	Guarantee Limit	Date of Incurrence	Actual Guarantee Amount	Type of Guarantee	Security (If Any)	Counter Guarantee (If Any)	Term of Guarantee	Is the Guarantee Fulfilled	Are Guarantees provided for Related Parties
Vanguard National Trailer Corporation		12,751.40	October 15, 2021	5,100.56	Joint and several guarantee	Nil	Nil	1 year	No	No
Total approved guarantee limit for subsidiaries during the Reporting Period (C1)			200,000.00	Total amount of guarantee to subsidiaries incurred during the Reporting Period (C2)						5,100.56
Total guarantee limit approved for subsidiaries as at the end of the Reporting Period (C3)			200,000.00	Total balance of guarantee to subsidiaries incurred as at the end of the Reporting Period (C4)						5,100.56
Total amount of guarantee of the Company (i.e. the sum of the above three major items)										
Total guarantee limit approved during the Reporting Period (A1+B1+C1)			664,000	Total amount of guarantee incurred during the Reporting Period (A2+B2+C2)						234,925.81
Total guarantee limit approved as at the end of the Reporting Period (A3+B3+C3)			664,000	Total balance of guarantee provided as at end of the Reporting Period (A4+B4+C4)						330,924.44
Total amount of guarantee provided (i.e. A4+B4+C4) as a percentage of net assets of the Company										28.19%
Specifically:										
Balance of guarantee provided for Shareholders, de facto controllers and their related parties (D)										0
Balance of debt guarantee directly or indirectly provided for principals with a gearing ratio of over 70% (E)										0
Excess of the total guarantee over 50% of net assets (F)										0
Sum of the above three guarantee amounts (D+E+F)										0
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, 2021, the balance of subrogation liability incurred by the Company due to late payment of customers was RMB24.4165 million						
Description of the provision of external guarantee in violation of specified procedures (if any)				Nil						

Note: The total approved limit of guarantee from the Company and its subsidiaries to subsidiaries during the Reporting Period was RMB2,000.00 million.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

3. Engagement of Other Persons for Management of Cash Assets

(1) Engagement for Wealth Management

Applicable Not applicable

Overview of engagement for wealth management during the Reporting Period

Unit: RMB'0,000

Type	Source of Funds for Wealth Management	Amount of Wealth Management	Undue Balance	Amount due but not received	Impairment Provision for the Expected Failure to Recover Investment in Wealth Management Products
Bank wealth management products	Own funds	11,000	0	0	0
Total		<u>11,000</u>	<u>0</u>	<u>0</u>	<u>0</u>

Specific information on individually significant, illiquid, high-risk wealth management products

Applicable Not applicable

Expected failure to recover the investment in wealth management products or other circumstances that may lead to impairment

Applicable Not applicable

(2) Entrusted Loans

Applicable Not applicable

During the Reporting Period, the Company had no entrusted loans.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

4. Other Material Contracts

Applicable Not applicable

During the Reporting Period, the Company had no other material contracts.

XVI. OTHER MATERIAL MATTERS

Applicable Not applicable

1. Adjustment to Proceeds Proposed to be Invested in A Share Proceeds-funded Projects and Confirmation of Implementation Methods of A Share Proceeds-funded Projects

For details, refer to the Announcement on Adjustment to Proceeds Proposed to be Invested in A Share Proceeds-funded Projects and Confirmation of Implementation Methods of A Share Proceeds-funded Projects (Announcement No. 2021-004) disclosed on the website of Cninfo at <http://www.cninfo.com.cn> on August 4, 2021, and the announcements published on the website of the Hong Kong Stock Exchange at <https://www.hkexnews.hk>.

2. Entry into by the Company of Agreements for Tripartite and Quadripartite Supervision of A Share Proceeds

For details, refer to the Announcement on Entry into of Agreements for Tripartite and Quadripartite Supervision of A Share Proceeds (Announcement No. 2021-005) disclosed on the website of Cninfo at <http://www.cninfo.com.cn> on August 4, 2021, and the announcements published on the website of the Hong Kong Stock Exchange at <https://www.hkexnews.hk>.

3. The Company's Use of Certain Unutilized A Share Proceeds for Cash Management

For details, refer to the Announcement on Use of Certain Unutilized A Share Proceeds for Cash Management (Announcement No. 2021-014) disclosed on the website of Cninfo at <http://www.cninfo.com.cn> on August 26, 2021, and the announcements published on the website of the Hong Kong Stock Exchange at <https://www.hkexnews.hk>.

SECTION IX SIGNIFICANT EVENTS *(Continued)*

4. Replacement by A Share Proceeds of Self-raised Funds Invested in the Proceeds-funded Projects and Used to Cover the Issue Expenses in Advance

For details, refer to the Announcement on Replacement by A Share Proceeds of Self-raised Funds Invested in the Proceeds-funded Projects and Used to Cover the Issue Expenses in Advance (Announcement No. 2021-015) disclosed on the website of Cninfo at <http://www.cninfo.com.cn> on August 26, 2021, and the announcements published on the website of the Hong Kong Stock Exchange at <https://www.hkexnews.hk>.

5. Changes in the Use of Proceeds from H Shares

For details, refer to the Announcement on Changes in the Use of Proceeds from H Shares (Announcement No. 2021-016) disclosed on the website of Cninfo at <http://www.cninfo.com.cn> on August 26, 2021, and the announcements published on the website of the Hong Kong Stock Exchange at <https://www.hkexnews.hk>.

6. Completion of Re-election of the Board and the Supervisory Committee and Re-appointment of Secretary of the Board, Chief Executive Officer and President

For details, refer to the Announcement on Resolution of the Tenth Meeting of the First Session of the Board in 2021 (Announcement No.: 2021-010) disclosed on August 26, 2021, the Announcement on Election of Employee Representative Supervisors of the Second Session of the Supervisory Committee (Announcement No.: 2021-031) disclosed on September 29, 2021, the Announcement on Completion of Re-election of the Board and the Supervisory Committee (Announcement No.: 2021-034), the Announcement on Resolution of the First Meeting of the Second Session of the Board in 2021 (Announcement No.: 2021-032) disclosed on September 29, 2021, and the Announcement on Resolution of the Sixth Meeting of the Second Session of the Board in 2021 (Announcement No.: 2021-056) disclosed on December 31, 2021 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)*

7. Ordinary Related Transactions/Continuing Connected Transactions

For details, refer to the Announcement on Estimations of Ordinary Related Transactions for 2022-2024 (Announcement No.: 2021-019) disclosed on August 26, 2021, the Announcement on Proposed Financial Guarantee and Security Deposit Framework Agreement and Related Transactions (Announcement No.: 2021-020), the Announcement on Estimations of Proposed Deposit Service Framework Agreements and Related Transactions (Announcement No.: 2021-021), the Announcement on Estimations of Ordinary Related Transactions with Oriental Post (Announcement No.: 2021-042) disclosed on October 27, 2021, and the Announcement on Estimations of Ordinary Related Transactions with Shandong Linglong Tire Co., Ltd. in 2022 (Announcement No.: 2021-058) disclosed on December 31, 2021 on the website of Cninfo at <http://www.cninfo.com.cn>, and the announcements published on the website of the Hong Kong Stock Exchange at <https://www.hkexnews.hk>.

8. Uniform Adoption of the China Accounting Standards for Business Enterprises for Preparation of Financial Reports

For details, refer to the Announcement on Uniform Adoption of the China Accounting Standards for Business Enterprises for Preparation of Financial Reports (Announcement No.2021-017) disclosed on the website of Cninfo at <http://www.cninfo.com.cn> on August 26, 2021, and the announcements published on the website of the Hong Kong Stock Exchange at <https://www.hkexnews.hk>.

9. Amendments to the Articles of Association

For details, refer to the Announcement on Amendments to the Articles of Association (Announcement No.: 2021-018) disclosed on the website of Cninfo at <http://www.cninfo.com.cn> on August 26, 2021, and the announcements published on the website of the Hong Kong Stock Exchange at <https://www.hkexnews.hk>.

10. Interim Special Dividend Distribution of the Company for 2021

For details, refer to the Announcement on the Interim Special Dividend Distribution Plan for 2021 (Announcement No.: 2021-013) disclosed on August 26, 2021 and the Announcement on Interim Distribution of Equity for A Shares in 2021 (Announcement No.: 2021-044) disclosed on November 2, 2021 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)*

11. Change of Legal Representative, Joint Company Secretaries, Authorized Representative and Process Agent of the Company

For details, refer to the Announcement on Resolution of the Second Meeting of the Second Session of the Board in 2021 (Announcement No.: 2021-039) disclosed on October 27, 2021 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>.

12. Change of Non-employee Representative Supervisors and Change and Appointment of Senior Management of the Company

For details, refer to the Announcement on Change of Change of Non-employee Representative Supervisors (Announcement No.: 2021-046) disclosed on November 8, 2021 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>.

For details, refer to the Announcement on Change and Appointment of Senior Management (Announcement No.: 2021-051) disclosed on December 2, 2021 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>.

13. CIMC Hong Kong Increasing its Holding of H Shares

For details, refer to the Announcement on Over 1% Increase in Holding of H Shares by the Controlling Shareholder (Announcement No.: 2021-028) disclosed on September 22, 2021, the Announcement on Closing for Increase in Holding of H Shares by the Controlling Shareholder (Announcement No.: 2021-029) disclosed on September 28, 2021, the Indicative Announcement on Increase in Holding of H Shares by Persons Acting in Concert with the Controlling Shareholder and Equity Change (Announcement No.: 2021-053) disclosed on December 8, 2021, the Condensed Statement of Changes in Equity, the Supplemental Announcement for Indicative Announcement on Increase in Holding of H Shares by Persons Acting in Concert with the Controlling Shareholder and Equity Change (Announcement No.: 2021-054) disclosed on December 9, 2021 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)*

14. Funds Established with Investment from the Company and Professional Investment Organizations

Shenzhen Bay Angel Phase III Venture Capital Limited Partnership (深圳灣天使三期創業投資合夥企業(有限合夥)) was established by the Company, Shenzhen Angel FOF Co., Ltd. (深圳市天使投資引導基金有限公司), Zhenjiang Tuanshan Capital Management Company Limited (鎮江團山資本管理有限公司) and Shenzhen City Shen Fu Bao (Group) Limited (深圳市深福保(集團)有限公司) on June 3, 2021, with the registered capital of RMB165 million, of which the subscribed capital contributions were RMB75.00 million from the Company with a shareholding percentage of 45.46%, RMB58.35 million from Shenzhen Angel FOF Co., Ltd. with a shareholding percentage of 35.36%, RMB20.00 million from Zhenjiang Tuanshan Capital Management Company Limited with a shareholding percentage of 12.12%, and RMB10.00 million from Shenzhen City Shen Fu Bao (Group) Limited with a shareholding percentage of 6.06%. The capital contribution to Shenzhen Bay Angel Phase III Venture Capital Limited Partnership was paid in three instalments, with the first, second and third instalments being 40%, 30% and 30% of the capital contribution respectively.

During the Reporting Period, Shenzhen Bay Angel Phase III Venture Capital Limited Partnership obtained the filing certificate for a private investment fund from the Asset Management Association of China, and had the first instalment paid by all partners.

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

	Prior to Change		Issuance of New Shares	Increase/Decrease (+/-)			Sub-total	Upon Change		
	Number	Percentage		Bonus Issue	Conversion of Capital Reserve into Share Capital			Others	Number	Percentage
					Others	Sub-total				
I. Shares subject to selling restrictions	1,486,065,000	84.20%	80,121,955			-815,000	79,306,955	1,565,371,955	77.59%	
1. State-owned shares										
2. Shares held by state-owned legal persons			43,153,165			-815,000	42,338,165	42,338,165	2.10%	
3. Shares held by other domestic investors	1,201,080,000	68.05%	36,947,386				36,947,386	1,238,027,386	61.36%	
of which: Shares held by domestic legal persons	1,201,080,000	68.05%	36,935,895				36,935,895	1,238,015,895	61.36%	
Shares held by domestic natural persons			11,491				11,491	11,491	0.00%	
4. Shares held by foreign investors	284,985,000	16.15%	21,404				21,404	285,006,404	14.13%	
of which: Shares held by foreign legal persons	284,985,000	16.15%	20,704				20,704	285,005,704	14.13%	
Shares held by foreign natural persons			700				700	700	0.00%	
II. Shares not subject to selling restrictions	278,935,000	15.80%	172,478,045			815,000	173,293,045	452,228,045	22.41%	
1. RMB ordinary shares			172,478,045			815,000	173,293,045	173,293,045	8.59%	
2. Domestic listed foreign shares										
3. Overseas listed foreign shares	278,935,000	15.80%						278,935,000	13.83%	
4. Others										
III. Total shares	<u>1,765,000,000</u>	<u>100.00%</u>	<u>252,600,000</u>			<u>0</u>	<u>252,600,000</u>	<u>2,017,600,000</u>	<u>100.00%</u>	

Unit: Share

SECTION X CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

Reasons for changes in shares

Applicable Not applicable

With registration approval under the Reply in Relation to Approval for Registration of initial public offering of Shares of CIMC Vehicles (Group) Co., Ltd. (ZJXK [2021] No.1719) issued by the China Securities Regulatory Commission, and the approval of the Shenzhen Stock Exchange, the Company conducted an initial public offering of 252,600,000 domestic listed RMB ordinary shares (A Shares), which were listed on the ChiNext Market of the Shenzhen Stock Exchange on July 8, 2021.

Other changes resulted from lending 815,000 shares subject to selling restrictions.

Approval for changes in shares

Applicable Not applicable

With registration approval under the Reply in Relation to Approval for Registration of initial public offering of Shares of CIMC Vehicles (Group) Co., Ltd. (ZJXK [2021] No.1719) issued by the China Securities Regulatory Commission, and the approval of the Shenzhen Stock Exchange, the Company conducted an initial public offering of 252,600,000 domestic listed RMB ordinary shares (A Shares), which were listed on the ChiNext Market of the Shenzhen Stock Exchange on July 8, 2021.

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

The Company was listed on the ChiNext Market of the Shenzhen Stock Exchange on July 8, 2021, with an initial public offering of 252,600,000 domestic listed RMB ordinary shares (A shares), and the total share capital increasing from 1,765,000,000 to 2,017,600,000 shares. Upon the changes in shares, the basic earnings per share, the diluted earnings per share and the net assets per share attributable to ordinary Shareholders of the Company were RMB0.48 per share, RMB0.48 per share and RMB5.82 respectively during the Reporting Period.

SECTION X CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

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

Unit: Share

Name of Shareholder	Number of Shares Subject to Selling Restrictions at the Beginning of the Period	Increase in Number of Shares Subject to Selling Restrictions During the Period	Number of Shares Released from Selling Restrictions During the Period	Number of Shares Subject to Selling Restrictions at the end of the Period	Reasons for Selling Restrictions	Proposed Date of Release from Selling Restrictions
China International Marine Containers (Group) Co., Ltd.	728,443,475			728,443,475	Pre-IPO shares subject to selling restrictions	July 8, 2024
China International Marine Containers (Hong Kong) Limited	284,985,000			284,985,000	Pre-IPO shares subject to selling restrictions	July 8, 2024
Ping An Capital Co., Ltd. - Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership)	161,602,500			161,602,500	Pre-IPO shares subject to selling restrictions	July 8, 2022
Ping An Capital Co., Ltd. - Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership)	167,836,525			167,836,525	Pre-IPO shares subject to selling restrictions	July 8, 2022
Xiang Shan Hua Jin Industrial Investment Partnership (Limited Partnership)	96,877,500			96,877,500	Pre-IPO shares subject to selling restrictions	July 8, 2022
Shenzhen Long Yuan Gang Cheng Enterprise Management Center (Limited Partnership)	23,160,000			23,160,000	Pre-IPO shares subject to selling restrictions	July 8, 2022

SECTION X CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

Name of Shareholder	Number of Shares Subject to Selling Restrictions at the Beginning of the Period	Increase in Number of Shares Subject to Selling Restrictions During the Period	Number of Shares Released from Selling Restrictions During the Period	Number of Shares Subject to Selling Restrictions at the end of the Period	Reasons for Selling Restrictions	Proposed Date of Release from Selling Restrictions
Shenzhen Nanshan Dacheng Fund Management Limited Company – Shenzhen Nan Shan Da Cheng New Material Investment Partnership (Limited Partnership)	23,160,000			23,160,000	Pre-IPO shares subject to selling restrictions	July 8, 2022
Guangzhou Gongkong Capital Management Co., Ltd.		14,367,816		14,367,816	Strategic investors subject to selling restrictions	July 8, 2022
Central Enterprises Poor Regions Industry Investment Fund Co., Ltd.		28,735,632	815,000	27,920,632	Strategic investors subject to selling restrictions	July 8, 2022
China Insurance Investment Co., Ltd. - China Insurance Investment Fund (Limited Partnership)		25,862,068		25,862,068	Strategic investors subject to selling restrictions	July 8, 2022
Shareholders who subscribe for shares other than through the online trading system of the stock exchange		11,156,439		11,156,439	Shares subject to selling restrictions which are placed other than through the online trading system of the stock exchange	January 8, 2022
Total	<u>1,486,065,000</u>	<u>80,121,955</u>	<u>815,000</u>	<u>1,565,371,955</u>	<u>—</u>	<u>—</u>

SECTION X CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

II. ISSUANCE AND LISTING OF SECURITIES

1. Issuance of Securities (Excluding Preference Shares) during the Reporting Period

√ Applicable Not applicable

Name of Share and Its Derivative Security	Offering Date	Offer Price	Number of Shares Issued (Share)	Listing Date	Number of Shares Approved for Listing and Trading	Date of Termination of Transaction	Disclosure Index	Date of Disclosure
Class of Shares								
A Shares	June 29, 2021	RMB6.96 per share	252,600,000	July 8, 2021	172,478,045		For details, refer to the Announcement on the Initial Public Offering and Listing of Shares on the ChiNext Market disclosed by the Company on the website of Cninfo	July 7, 2021

Convertible corporate bonds, convertible corporate bonds cum warrants, and corporate bonds

Other derivative securities

Issuance of securities (excluding preference shares) during the Reporting Period

With registration approval under the Reply in Relation to Approval for Registration of initial public offering of Shares of CIMC Vehicles (Group) Co., Ltd. (ZJXK [2021] No.1719) issued by the China Securities Regulatory Commission, and the approval of the Shenzhen Stock Exchange, the Company conducted an initial public offering of 252,600,000 domestic listed RMB ordinary shares (A Shares), which were listed on the ChiNext Market of the Shenzhen Stock Exchange on July 8, 2021.

SECTION X CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

2. Changes in the Total Number of Shares, the Shareholder Structure and the Asset and Liability Structure of the Company

Applicable Not applicable

With registration approval under the Reply in Relation to Approval for Registration of initial public offering of Shares of CIMC Vehicles (Group) Co., Ltd. (ZJXK [2021] No.1719) issued by the China Securities Regulatory Commission, and the approval of the Shenzhen Stock Exchange, the Company conducted an initial public offering of 252,600,000 domestic listed RMB ordinary shares (A Shares), which were listed on the ChiNext Market of the Shenzhen Stock Exchange on July 8, 2021. The total share capital of the Company increased from 1,765,000,000 to 2,017,600,000 shares.

3. Existing Employee Shares

Applicable Not applicable

III. INFORMATION ON SHAREHOLDERS AND DE FACTO CONTROLLERS

1. Number of Shareholders and the Shareholding

Unit: Share

Total number of ordinary Shareholders as at the end of the Reporting Period	Total number of Shareholders: of which, holders of A Shares: 53,113 (of which, holders of H Shares: 47)	Total number of ordinary Shareholders as at the end of the month prior to the date of annual report	Total number of Shareholders: of which, holders of A Shares: 43,889 (of which, holders of H Shares: 46)	Total number of preferred Shareholders whose voting rights were restored as at the end of the Reporting Period	0	Total number of preferred Shareholders whose voting rights were restored as at the end of the month prior to the publication date of annual report	0	Total number of Shareholders holding shares with special voting rights	0
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SECTION X CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

Shareholdings of the Shareholders with a shareholding percentage of more than 5% or the top 10 Shareholders

Name of Shareholder	Category of Shareholder	Shareholding Percentage	Number of Shares Held as at the End of the Reporting Period	Changes during the Reporting Period	Number of Shares Held Subject to Selling Restrictions	Number of Shares Held not Subject to Selling Restrictions	Pledge, Charge or Freezing Share Status	Number
China International Marine Containers (Group) Co., Ltd.	Domestic non-state-owned legal person	36.10%	728,443,475	0	728,443,475	0		
China International Marine Containers (Hong Kong) Limited <i>(Note 1)</i>	Overseas legal person	19.38%	390,951,500	105,966,500	284,985,000	105,966,500		
HKSCC Nominees Limited <i>(Note 2)</i>	Overseas legal person	8.57%	172,923,532	-92,023,500	0	172,923,532		
Ping An Capital Co., Ltd. - Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership)	Others	8.32%	167,836,525	0	167,836,525	0		
Ping An Capital Co., Ltd. - Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership)	Others	8.01%	161,602,500	0	161,602,500	0		
Xiang Shan Hua Jin Industrial Investment Partnership (Limited Partnership)	Domestic non-state-owned legal person	4.80%	96,877,500	0	96,877,500	0		
Central Enterprises Poor Regions Industry Investment Fund Co., Ltd. <i>(Note 3)</i>	State-owned legal person	1.38%	27,920,632	27,920,632	27,920,632	0		
China Insurance Investment Co., Ltd. - China Insurance Investment Fund (Limited Partnership)	Others	1.28%	25,862,068	25,862,068	25,862,068	0		

SECTION X CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

Name of Shareholder	Category of Shareholder	Shareholding Percentage	Number of Shares Held as at the End of the Reporting Period	Changes during the Reporting Period	Number of Shares Held Subject to Selling Restrictions	Number of Shares Held not Subject to Selling Restrictions	Pledge, Charge or Freezing Share Status	Number
Shenzhen Long Yuan Gang Cheng Enterprise Management Center (Limited Partnership)	Domestic non-state-owned legal person	1.15%	23,160,000	0	23,160,000	0		
Shenzhen Nanshan Dacheng Fund Management Limited Company – Shenzhen Nanshan Da Cheng New Material Investment Partnership (Limited Partnership)	Others	1.15%	23,160,000	0	23,160,000	0		
Information on strategic investors or ordinary legal persons who became among top 10 Shareholders due to placing of new shares	Central Enterprises Poor Regions Industry Investment Fund Co., Ltd. and China Insurance Investment Co., Ltd. - China Insurance Investment Fund (Limited Partnership) became among the top 10 Shareholders due to placing of new shares. Except for a lock-up period from July 8, 2021 to July 7, 2022, neither the start date nor the end date of the shareholding period has been agreed with these Shareholders.							
Description of connected relationships or concerted actions of the above Shareholders	<p>1. China International Marine Containers (Hong Kong) Limited is a wholly-owned subsidiary of China International Marine Containers (Group) Co., Ltd.;</p> <p>2. Each of Ping An Capital Co., Ltd. - Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) and Ping An Capital Co., Ltd. - Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) is a private investment fund. Their fund manager is Ping An Capital Co., Ltd., and their executive partner is Shenzhen Ping An Decheng Investment Limited Company. Both Shenzhen Ping An Decheng Investment Limited Company and Ping An Capital Co., Ltd. are enterprises whose equity interests are indirectly owned as to 100% by Ping An Insurance (Group) Company of China, Ltd. (a listed company, 601318.SH/02318.HK). Ping An Capital Co., Ltd. - Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) and Ping An Capital Co., Ltd. - Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) are under common control and are persons acting in concert.</p> <p>Saved as disclosed above, the Company is not aware of any other connected relationship between the above Shareholders, or whether they are persons acting in concert.</p>							
Description of voting rights delegated by/to or waived by the above Shareholders	N/A							
Special description of the special repurchase accounts of the top 10 Shareholders (if any)	N/A							

SECTION X CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

Shareholding of the Top 10 Shareholders not Subject to Selling Restrictions

Name of Shareholder	Number of Shares Held not Subject to Selling Restrictions as at the End of Reporting Period	Class of Shares	Number
HKSCC Nominees Limited <i>(Note 2)</i>	172,923,532	Overseas listed foreign shares	172,923,532
China International Marine Containers (Hong Kong) Limited <i>(Note 1)</i>	105,966,500	Overseas listed foreign shares	105,966,500
Xiao Jingsong (肖徑松)	3,409,168	RMB ordinary shares	3,409,168
Yang Wenting (楊文婷)	1,769,600	RMB ordinary shares	1,769,600
Hong Kong Securities Clearing Company Limited <i>(Note 4)</i>	1,162,286	RMB ordinary shares	1,162,286
He Wenhui (何文輝)	739,500	RMB ordinary shares	739,500
Wang Wenchao (王文超)	641,700	RMB ordinary shares	641,700
Fang Hanqiao (方漢橋)	625,700	RMB ordinary shares	625,700
Liu Gang (劉剛)	592,771	RMB ordinary shares	592,771
Ma Weimin (馬為民)	570,000	RMB ordinary shares	570,000

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

China International Marine Containers (Hong Kong) Limited is a wholly-owned subsidiary of China International Marine Containers (Group) Co., Ltd.

Saved as disclosed above, the Company is not aware of any other connected relationship between the above Shareholders, and between the above Shareholders and the top 10 Shareholders or whether they are persons acting in concert.

Information on Shareholders participating in the margin trading and securities lending business

Among the top 10 Shareholders not subject to selling restrictions, as at the end of the Reporting Period, Yang Wenting held a total of 1,769,600 A Shares of the Company, of which 0 share was held through an ordinary securities account and 1,769,600 shares were held through the customer credit transaction guarantee securities account opened with China Galaxy Securities Co., Ltd.; as at the end of the Reporting Period, Wang Wenchao held a total of 641,700 A Shares of the Company, of which 0 share was held through an ordinary securities account and 641,700 shares were held through the customer credit transaction guarantee securities account opened with Haitong Securities Co., Ltd.; as at the end of the Reporting Period, Fang Hanqiao held a total of 625,700 A Shares of the Company, of which 0 share was held through an ordinary securities account and 625,700 shares were held through the customer credit transaction guarantee securities account opened with Haitong Securities Co., Ltd.; as at the end of the Reporting Period, Ma Weimin held a total of 570,000 A Shares of the Company, of which 0 share was held through an ordinary securities account and 570,000 shares were held through the customer credit transaction guarantee securities account opened with Cinda Securities Co., Ltd.

SECTION X CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

Note 1: 105,966,500 H Shares of the Company held by China International Marine Containers (Hong Kong) Limited were registered with HKSCC Nominees Limited, as at the end of the Reporting Period, and included in the number and percentage of shares held by China International Marine Containers (Hong Kong) Limited in the above table.

Note 2: HKSCC Nominees Limited is the nominee holder of shares held by non-registered H Shareholders. 278,890,032 H Shares were registered with HKSCC Nominees Limited as at the end of the Reporting Period, and the number and percentage of shares held by HKSCC Nominees Limited in the above table exclude 105,966,500 H Shares registered with it and held by China International Marine Containers (Hong Kong) Limited.

Note 3: 815,000 A Shares held by Central Enterprises Poor Regions Industry Investment Fund Co., Ltd. were lent through the refinancing business as at the end of the Reporting Period and are not included in the number and percentage of shares held by it.

Note 4: Hong Kong Securities Clearing Company Limited is the nominee holder of shares held by non-registered Shareholders who hold A Shares through Northbound.

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

The Company's top 10 ordinary Shareholders and the top 10 ordinary Shareholders not subject to trading restrictions did not carry out agreed repurchase transactions during the Reporting Period.

SECTION X CHANGES IN SHARES AND SHAREHOLDERS *(Continued)***2. Information on the Controlling Shareholder of the Company**

Nature of Controlling Shareholders: Unclear

Type of Controlling Shareholders: Legal person

Name of Controlling Shareholder	Legal Representative/ Person in Charge of Company	Date of Establishment	Organization Code	Core Business
China International Marine Containers (Group) Co., Ltd.	Mai Boliang	January 14, 1980	91440300618869509J	The general business items include container manufacture and repair and related businesses, processing and manufacture of various parts, structural components and relevant equipment by using existing equipment of the Company, as well as provision of the following processing services: cutting, press forming, riveting, surface treatment (including sandblast painting, welding and assembly). Added item: Container leasing.

Shareholdings of Controlling Shareholders who have control or hold shares in other domestic or overseas listed companies during the Reporting Period

The equity interest held by the Controlling Shareholder in other listed companies as at December 31, 2021 is as follows:

1. 67.61% equity interest in CIMC Enric, a company listed on the Hong Kong Stock Exchange (stock code: 03899);
2. 5.72% equity interest in CMIC Ocean En-Tech Holding Co., Ltd., a company listed on the Hong Kong Stock Exchange (stock code: 00206);
3. 0.36% equity interest in Otto Energy Limited, a company listed on the Australian Securities Exchange (stock code: OEL);
4. 2.87% equity interest in Shoucheng Holdings Limited, a company listed on the Hong Kong Stock Exchange (stock code: 00697);
5. 0.50% equity interest in Beijing Nohe Zhiyuan Technology Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 688315);
6. 0.90% equity interest in China Railway Special Cargo Services Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 001213).

Change in Controlling Shareholders during the Reporting Period

Applicable Not applicable

There were no changes of 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 de facto controller: Nil

Type of 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 held 36.10% of the Company's Shares directly and 19.38% of the Company's Shares through CIMC Hong Kong, a wholly-owned subsidiary of CIMC. CIMC held a total of 55.48% of the Company's Shares and was the Controlling Shareholder of the Company. CIMC had a relatively scattered shareholding with no de facto controller. Therefore, the Company had no de facto controller.

Whether there are any Shareholders at the ultimate controlling level with shareholdings above 10% in the Company

Yes No

Legal person

Shareholding at the ultimate control level

Name of Shareholder at the ultimate control level	Legal Representative/Person in Charge of Company	Date of Establishment	Organization	
			Code	Core 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
Equity interest held by Shareholders at the ultimate control level in other domestic and overseas listed companies during the Reporting Period	N/A			

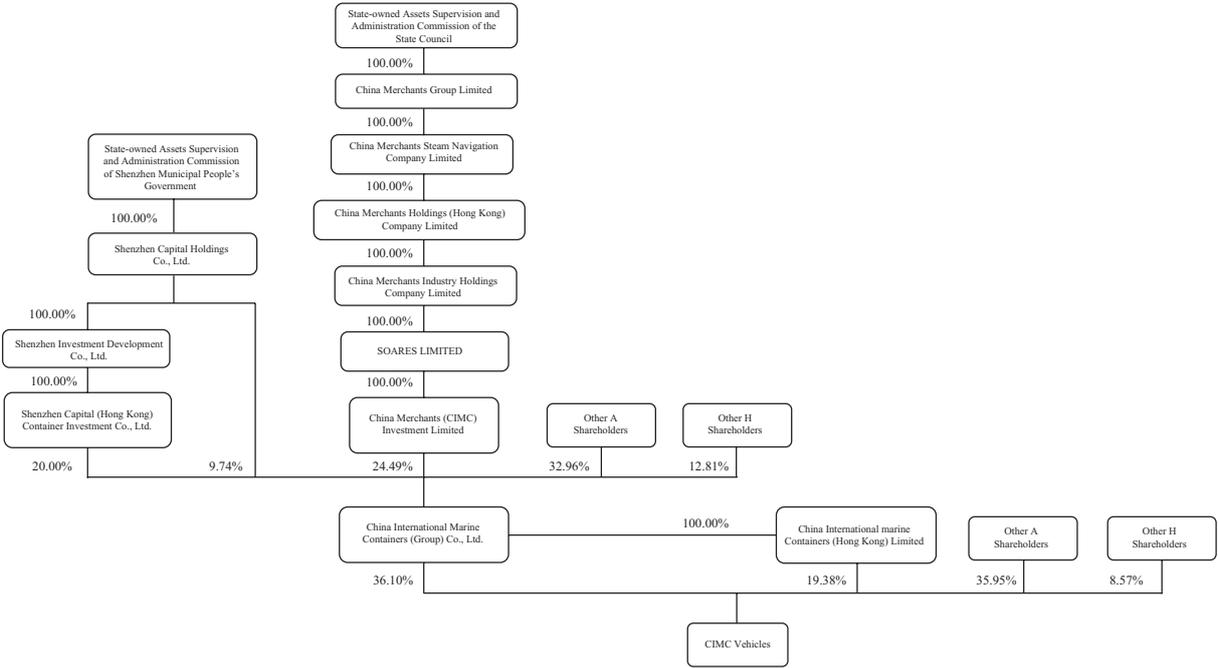
Change of de facto controller during the Reporting Period

Applicable Not applicable

There were no changes of de facto controllers of the Company during the Reporting Period.

SECTION X CHANGES IN SHARES AND SHAREHOLDERS (Continued)

Chart of equity and controlling relationship between the Company and de facto controllers



De facto controller controls the Company through trust or other asset management methods

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

6. Restrictions on Reduction in the Shareholdings of Controlling Shareholder, De Facto Controllers, Reorganizers and Other Commitment Makers

Applicable Not applicable

SECTION X CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

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, 2021, to the knowledge of Directors, the following persons other than the Directors, Supervisors and Chief Executive had interests and/or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept pursuant to Section 336 of the SFO:

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares	Long Position/ Short Position	Approximate Percentage of the Relevant Class of Shares	Approximate Percentage of the Total Issued Share Capital of the Company
CIMC	Beneficial owner	A Shares	728,443,475	Long position	50.11%	36.10%
	Interest in controlled corporation (Note 1)	H Shares	389,138,000	Long position	69.01%	19.29%
Ping An Decheng	Interest in controlled corporation (Note 2)	A Shares	329,439,025	Long position	22.66%	16.33%
Ping An Financial	Interest in controlled corporation (Note 2)	A Shares	329,439,025	Long position	22.66%	16.33%
Ping An Life Insurance	Interest in controlled corporation (Note 4)	A Shares	329,439,025	Long position	22.66%	16.33%
Ping An Group	Interest in controlled corporation (Note 2)	A Shares	329,439,025	Long position	22.66%	16.33%

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
CIMC Hong Kong	Beneficial owner	H Shares	390,951,500	Long position	69.33%	19.38%
Shanghai Taifu	Beneficial owner	A Shares	167,836,525	Long position	11.55%	8.32%
Chi Xiao	Interest in controlled corporation (Note 3)	A Shares	167,836,525	Long position	11.55%	8.32%
Nanshan Group	Interest in controlled corporation (Note 3)	A Shares	167,836,525	Long position	11.55%	8.32%
Taizhou Taifu	Beneficial owner	A Shares	161,602,500	Long position	11.12%	8.01%
Ping An Health Partnership	Interest in controlled corporation (Note 4)	A Shares	161,602,500	Long position	11.12%	8.01%
Shenzhen Sidao Branch Investment Co., Ltd. (深圳市思道科投資有限公司)	Interest in controlled corporation (Note 4)	A Shares	161,602,500	Long position	11.12%	8.01%
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 (Note 4)	A Shares	161,602,500	Long position	11.12%	8.01%
Xiangshan Huajin	Beneficial owner	A Shares	96,877,500	Long position	6.66%	4.80%
Shenzhen Longhui	Interest in controlled corporation (Note 5)	A Shares	96,877,500	Long position	6.66%	4.80%
Hong Kong Tiancheng Investment & Trading Co. Limited	Beneficial owner	H Shares	42,556,500	Long position	7.55%	2.11%

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
Shandong Linglong Tire Co., Ltd.	Interest in controlled corporation (Note 6)	H Shares	42,556,500	Long position	7.55%	2.11%
Linglong Group Co., Ltd. (玲瓏集團有限公司)	Interest in controlled corporation (Note 6)	H Shares	42,556,500	Long position	7.55%	2.11%
Wang Xicheng	Interest in controlled corporation (Note 6)	H Shares	42,557,500	Long position	7.55%	2.11%
Citigroup Inc.	Interest in controlled corporation	H Shares	20,000	Long position	0.004%	0.001%
			20,500	Short Position	0.004%	0.001%
	Approved lending agent	H Shares	37,588,218	Long position	6.67%	1.86%
GIC Private Limited	Investment manager	H Shares	35,588,000	Long position	6.31%	1.76%

Note:

- (1) CIMC Hong Kong is a wholly owned subsidiary of CIMC and therefore CIMC is deemed to be interested in H Shares held by CIMC Hong Kong. As at December 31, 2021, CIMC Hong Kong held 390,951,500 H Shares.
- (2) Ping An Decheng is the general partner of Shanghai Taifu and Taizhou Taifu and therefore is deemed to be interested in A Shares held by Shanghai Taifu and Taizhou Taifu in the Company. Ping An Decheng is wholly owned by Ping An Financial which is ultimately controlled by Ping An Group and therefore both Ping An Financial and Ping An Group are deemed to be interested in A Shares held by Shanghai Taifu and Taizhou Taifu.
- (3) Chi Xiao is a limited partner of Shanghai Taifu which holds a 59.51% equity interest in it and therefore is deemed to be interested in the A Shares held by Shanghai Taifu. Chi Xiao is wholly owned by Nanshan Group and therefore Nanshan Group is also deemed to be interested in A Shares held by Shanghai Taifu in the Company.
- (4) Ping An Life Insurance and Ping An Health Partnership are limited partners of Taizhou Taifu, respectively holding 47.62% and 38.33% equity interests in it, and therefore are deemed to be interested in A Shares held by Taizhou Taifu. Shenzhen Sidao Branch Investment Co., Ltd. (深圳市思道科投資有限公司), a wholly owned subsidiary of Shenzhen Pingan Yuanxin Investment Development Holdings Co., Ltd. (深圳市平安遠欣投資發展控股有限公司), holds a 46.59% equity interest in Ping An Health Partnership, and therefore is deemed to be interested in A Shares of the Company held by Taizhou Taifu. Ping An Life Insurance holds a 40.36% equity interest in Shanghai Taifu, and therefore is deemed to be interested in A Shares held by Shanghai Taifu in the Company.

SECTION X CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

- (5) *Shenzhen Longhui is the general partner of Xiangshan Huajin and holds 37.35% of the equity interest of Xiangshan Huajin, and therefore it is deemed to be interested in 96,877,500 A Shares held by Xiangshan Huajin.*
- (6) *Mr. Wang Xicheng is interested in 51% of the shares of Linglong Group Co., Ltd. (玲瓏集團有限公司) which in turn holds 42.50% of the equity interest of Shandong Linglong Tire Co., Ltd. Hong Kong Tiancheng Investment & Trading Co. Limited is also a wholly owned subsidiary of Shandong Linglong Tire Co., Ltd., and therefore all of them are deemed to be interested in the H Shares held by Hong Kong Tiancheng Investment & Trading Co. Limited. In addition, Mr. Wang Xicheng holds 51% of the equity interest of Elite Faith Trading Limited and therefore Mr. Wang Xicheng is also deemed to be interested in 1,000 H Shares held by Elite Faith Trading Limited.*

VI. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save as disclosed in this report, there was no purchase, sale or redemption of any listed securities of the Company by the Company or its subsidiaries during the Reporting Period.

VII. PUBLIC FLOAT

As at the date of this Report, according to the information available to the Company and to the knowledge of the Directors, the public float of the Company is not less than 15.80%, complying with the relevant regulations of Rules 8.08 and 13.32 of the Hong Kong Stock Exchange Listing Rules.

SECTION XI INFORMATION ON PREFERENCE SHARES

Applicable Not applicable

During the Reporting Period, the Company had no preference shares.

SECTION XII INFORMATION ON BONDS

Applicable Not applicable

SECTION XIII AUDITOR'S REPORT

[English Translation for Reference Only]

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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 December 31, 2021;
- the consolidated and company income statements for the year then ended;
- the consolidated and company cash flow statements for the year then ended;
- the consolidated and company statements of changes in shareholders' equity for the year then ended; and
- notes to the financial statements.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of CIMC Vehicles as at December 31, 2021, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises ("CASs").

BASIS FOR OPINION

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

We are independent of CIMC 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

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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:

- Impairment assessment of accounts receivables
- Impairment assessment of goodwill

Key Audit Matter

Impairment assessment of accounts receivables

Refer to Note 2(9) of accounting policy of financial instruments, Note 2(28)(a)(i) "Critical accounting estimates and judgements – Impairment of accounts receivables" and Note 4(5) "Accounts receivables" to the financial statements.

As at December 31, 2021, accounts receivables in the consolidated balance sheet amounted to approximately RMB2,929 million before provision for bad debts of approximately RMB148 million.

Management measures the provision for bad debts based on the lifetime expected credit losses ("ECL") of accounts receivables. In determining ECL, based on grouping of credit risk characteristics, management prepare the cross-reference between the overdue days of accounts receivables and the lifetime ECL rates to calculate the ECL, by considering historical credit loss rates, past collection information and aging profiles of accounts receivables, and with reference to current conditions and forward-looking factors (e.g. GDP, China fiscal balance, China money supply growth rate, etc.).

How our audit addressed the Key Audit Matter

We have performed the following procedures to address this key audit matter:

1. Understood, evaluated and validated internal controls over the impairment assessment of accounts receivables, including the review and approval for assessing and making provision for bad debts of accounts receivables;
2. Obtained management's working papers of ECL calculations and tested the mathematical accuracy of the calculations;
3. Evaluated the reliability of key data inputs (including historical credit loss rates, past collection information and aging profiles of accounts receivables) used by management in the ECL calculations by comparing them, on a sample basis, with the underlying financial records and supporting documents;
4. Understood and evaluated management's process in identifying the relevant forward-looking factors (including GDP, China fiscal balance, China money supply growth rate, etc.), and evaluated the reasonableness of management's estimation on the expected changes in these forward-looking factors by comparing them to the information as obtained from our independent research.

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KEY AUDIT MATTERS *(Continued)***Key Audit Matter**

We identified this as a key audit matter due to the significance of accounts receivables and the involvement of management's accounting estimates and judgements involved in determining the impairment of the accounts receivables.

Impairment assessment of goodwill

Refer to Note 2(18) of accounting policy of impairment of long-term assets, Note 2(28)(a)(ii) "Critical accounting estimates and judgements – Impairment of goodwill" and Note 4(18) "Goodwill" to the financial statements.

As at December 31, 2021, the carrying amount of goodwill arising from acquisitions in prior years amounted to approximately RMB446 million, with a provision for impairment of approximately RMB37 million.

At the balance sheet date, management has performed the impairment assessment to determine the recoverable amount of the asset group (including goodwill) at the higher of the fair value less costs of disposals and the present value of the expected future cash flows. Management determines the recoverable amount using the discounted cash flow model, and key assumptions used in preparing the estimated future cash flows of the asset group include revenue growth rates in the forecast period, gross margins, terminal revenue growth rates and discount rates.

We identified this as a key audit matter due to the significant accounting estimates and judgements in key assumptions used in the impairment assessment of goodwill.

How our audit addressed the Key Audit Matter

Based on the procedures performed, we considered that management's significant estimates and judgements used in the impairment assessment of accounts receivables were supported by available evidence.

We have performed the following procedures to address this key audit matter:

1. Understood, evaluated and validated internal controls over the impairment assessment of goodwill, including the review and approval of adoption of valuation models, key assumptions and impairment charge;
2. Obtained management's worksheets for goodwill impairment assessment and tested the mathematical accuracy of the calculations;
3. Compared the data used in cash flow forecasts with relevant approved budgets;
4. Compared the asset group's historical actual results to prior year budgets and forecasts, to assess the reliability of management's forecasts of cash flows;
5. For key assumptions used in the goodwill impairment assessment:
 - Evaluated the reasonableness of revenue growth rates in the forecast period, gross margins, and terminal revenue growth rates with reference to industry historical data, market developments and long-term expected inflation rate based on the information obtained from our independent research;

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KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
	<ul style="list-style-type: none">– Engaged our in-house valuation experts in comparing the discount rate with the cost of capital of CIMC Vehicles and comparable entities, to evaluate the reasonableness of the discount rate adopted by management.
	<p>6. Reviewed the sensitivity analysis prepared by management on the key assumptions, and assessed the potential impacts on test results.</p>
	<p>Based on the procedures performed, we considered that management's significant estimates and judgements used in the impairment assessment of goodwill were supported by available evidence.</p>

OTHER INFORMATION

Management of CIMC Vehicles is responsible for the other information. The other information comprises all of the information included in 2021 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.

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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 CIMC Vehicles to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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[English Translation for Reference Only]

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

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Zhong Tian LLP

Signing CPA

Cao Cuili (Engagement partner)

Shanghai, the People's Republic of China
March 24, 2022

Signing CPA

Wu Fangfang

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

	<i>Note</i>	December 31, 2021	December 31, 2020
ASSETS			
Current assets			
Cash at bank and on hand	4(1)	5,041,982,475.37	4,537,414,308.21
Financial assets held for trading	4(2)	–	136,784,931.09
Derivative financial assets	4(3)	2,039,603.00	618,773.35
Notes receivables	4(4)	109,678,708.95	55,865,203.83
Accounts receivables	4(5)	2,781,330,860.48	2,805,150,945.28
Receivables financing	4(6)	510,091,121.74	856,221,210.49
Advances to suppliers	4(7)	221,827,969.94	250,112,394.45
Other receivables	4(8)	272,965,193.59	288,223,888.17
Inventories	4(9)	4,939,195,443.70	3,793,611,808.10
Assets held for sale	4(10)	–	50,832,419.57
Current portion of non-current assets		41,518,285.14	2,834,937.66
Other current assets	4(11)	313,226,364.46	187,860,269.78
Total current assets		<u>14,233,856,026.37</u>	<u>12,965,531,089.98</u>
Non-current assets			
Long-term receivables		26,581,838.37	13,654,659.89
Long-term equity investments	4(12)	151,084,643.75	183,521,412.93
Investment properties	4(13)	393,130,062.84	385,672,568.62
Fixed assets	4(14)	4,626,675,908.82	3,766,061,941.67
Construction in progress	4(15)	516,572,732.14	750,668,380.90
Right-of-use assets	4(16)	232,392,010.62	203,515,311.03
Intangible assets	4(17)	892,972,786.18	913,720,881.57
Goodwill	4(18)	408,521,522.38	422,275,941.00
Long-term prepaid expenses		25,765,480.68	24,646,866.21
Deferred tax assets	4(19)	137,466,769.78	144,164,684.63
Other non-current assets	4(20)	136,313,442.51	51,725,865.21
Total non-current assets		<u>7,547,477,198.07</u>	<u>6,859,628,513.66</u>
TOTAL ASSETS		<u>21,781,333,224.44</u>	<u>19,825,159,603.64</u>

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

	Note	December 31, 2021	December 31, 2020
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	4(22)	889,554,358.43	830,612,524.77
Derivative financial liabilities	4(3)	21,100.00	114,174.90
Notes payables	4(23)	1,098,475,012.01	852,099,048.49
Accounts payables	4(24)	3,558,427,089.39	3,491,902,932.38
Advances from customers		8,642,080.45	—
Contract liabilities	4(25)	547,132,006.91	767,576,931.31
Employee benefits payable	4(26)	533,567,985.84	676,825,249.03
Taxes payable	4(27)	186,121,358.83	275,657,402.50
Other payables	4(28)	1,411,093,894.20	1,338,622,681.72
Current portion of non-current liabilities	4(29)	104,017,726.41	25,945,150.62
Other current liabilities	4(30)	286,361,852.63	299,621,758.91
Total current liabilities		8,623,414,465.10	8,558,977,854.63
Non-current liabilities			
Long-term borrowings	4(31)	374,823,099.70	394,844,055.67
Lease liabilities	4(32)	185,163,298.60	160,063,520.88
Long-term payables		15,464,866.01	29,500,000.00
Deferred income	4(33)	60,752,790.97	105,022,075.51
Deferred tax liabilities	4(19)	134,675,106.28	127,762,939.30
Other non-current liabilities		465,637.40	290,379.66
Total non-current liabilities		771,344,798.96	817,482,971.02
Total liabilities		9,394,759,264.06	9,376,460,825.65
Shareholders' equity			
Share capital	4(34)	2,017,600,000.00	1,765,000,000.00
Capital reserve	4(35)	4,754,868,324.01	3,405,036,061.31
Other comprehensive income	4(36)	(129,005,928.69)	(7,766,510.96)
Surplus reserve	4(37)	261,108,219.97	211,424,630.23
Undistributed profits	4(38)	4,834,324,784.85	4,588,539,034.46
Total equity attributable to shareholders of the Company		11,738,895,400.14	9,962,233,215.04
Non-controlling interests		647,678,560.24	486,465,562.95
Total shareholders' equity		12,386,573,960.38	10,448,698,777.99
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		21,781,333,224.44	19,825,159,603.64

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

Legal representative: Principal in charge of accounting: Head of accounting department:

BALANCE SHEET

AS AT DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

	<i>Note</i>	December 31, 2021	December 31, 2020
ASSETS			
Current assets			
Cash at bank and on hand		2,129,112,624.05	1,392,970,681.76
Notes receivables		–	150,000.00
Accounts receivables	<i>16(1)</i>	241,858,248.97	248,163,167.66
Advances to suppliers		–	25,178.23
Other receivables	<i>16(2)</i>	884,335,492.30	1,374,656,747.25
Other current assets		16,060,979.94	35,566,737.57
Total current assets		<u>3,271,367,345.26</u>	<u>3,051,532,512.47</u>
Non-current assets			
Long-term equity investments	<i>16(3)</i>	5,137,876,328.24	3,914,350,133.23
Investment properties		2,259,993.11	–
Fixed assets		28,550,148.81	9,736,030.58
Construction in progress		8,730,589.30	6,051,078.90
Right-of-use assets		3,669,493.48	5,292,797.72
Intangible assets		16,655,064.68	9,350,948.75
Long-term prepaid expenses		3,348,749.65	550,250.25
Other non-current assets		1,915,376.00	4,294,646.00
Total non-current assets		<u>5,203,005,743.27</u>	<u>3,949,625,885.43</u>
TOTAL ASSETS		<u>8,474,373,088.53</u>	<u>7,001,158,397.90</u>

BALANCE SHEET

AS AT DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

	<i>Note</i>	December 31, 2021	December 31, 2020
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payables		2,006,121.46	525,643.80
Contract liabilities		293,538.20	2,141,004.46
Employee benefits payable		123,386,680.53	139,682,049.50
Taxes payable		3,279,762.61	6,769,155.00
Other payables		872,873,083.72	851,281,962.08
Current portion of non-current liabilities		2,267,411.02	2,399,525.76
Other current liabilities		416,284.69	2,331,084.34
Total current liabilities		<u>1,004,522,882.23</u>	<u>1,005,130,424.94</u>
Non-current liabilities			
Lease liabilities		<u>1,778,298.78</u>	<u>3,288,716.17</u>
Total non-current liabilities		<u>1,778,298.78</u>	<u>3,288,716.17</u>
Total liabilities		<u>1,006,301,181.01</u>	<u>1,008,419,141.11</u>
Shareholders' equity			
Share capital		2,017,600,000.00	1,765,000,000.00
Capital reserve	<i>16(4)</i>	4,620,483,419.93	3,289,306,666.62
Other comprehensive income		18,436,287.93	18,436,287.93
Surplus reserve		261,108,219.97	211,424,630.23
Undistributed profits		550,443,979.69	708,571,672.01
Total shareholders' equity		<u>7,468,071,907.52</u>	<u>5,992,739,256.79</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>8,474,373,088.53</u>	<u>7,001,158,397.90</u>

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 DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Item	Note	2021	2020
I. Revenue	4(39)	27,647,762,501.46	26,498,964,653.25
Less: Cost of sales	4(39)	(24,600,777,444.80)	(23,031,473,747.28)
Taxes and surcharges	4(40)	(98,183,291.53)	(119,084,245.31)
Selling expenses	4(41)	(729,251,979.27)	(665,768,717.66)
Administrative expenses	4(42)	(873,183,272.45)	(869,833,396.78)
Research and development expenses	4(43)	(397,817,429.52)	(371,412,140.90)
Financial expenses	4(44)	(16,899,370.60)	(134,330,659.31)
Including: Interest expenses		45,887,270.24	64,316,339.99
Interest income		62,039,396.02	49,833,929.18
Add: Other income	4(48)	137,063,977.39	242,481,292.16
Investment income	4(49)	15,539,933.70	26,932,847.21
Including: Share of profit of associates and joint ventures		5,182,610.73	13,415,639.64
Fair value (losses)/gains	4(50)	(20,232,463.28)	13,016,971.34
Credit impairment losses	4(47)	(24,983,892.84)	(59,352,094.69)
Asset impairment losses	4(46)	(42,564,575.54)	(89,251,004.85)
Gains on disposals of assets	4(51)	177,124,182.99	57,986,014.94
II. Operating profit		1,173,596,875.71	1,498,875,772.12
Add: Non-operating income	4(52)	12,202,521.37	28,304,117.38
Less: Non-operating expenses	4(53)	(9,633,086.92)	(9,479,521.61)
III. Profit before income tax		1,176,166,310.16	1,517,700,367.89
Less: Income tax expenses	4(54)	(188,502,861.95)	(248,353,595.63)
IV. Profit for the year		987,663,448.21	1,269,346,772.26
Classified by business continuity			
Net profit from continuing operations		987,663,448.21	1,269,346,772.26
Net profit from discontinued operations		–	–
Classified by ownership			
Net profit attributable to shareholders of the Company		900,749,340.13	1,131,544,435.11
Net profit attributable to non-controlling interests		86,914,108.08	137,802,337.15

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Item	Note	2021	2020
V. Other comprehensive income, net of tax		(121,401,828.56)	(128,145,537.90)
Attributable to shareholders of the Company		(121,239,417.73)	(127,028,098.49)
Items that may be reclassified subsequently to profit or loss		(121,239,417.73)	(127,028,098.49)
Loss of cash flow hedges		-	1,067.33
Currency translation differences		(121,239,417.73)	(127,029,165.82)
Attributable to non-controlling interests		(162,410.83)	(1,117,439.41)
VI. Total comprehensive income		866,261,619.65	1,141,201,234.36
Attributable to shareholders of the Company		779,509,922.40	1,004,516,336.62
Attributable to non-controlling interests		86,751,697.25	136,684,897.74
VII. Earnings per share	4(55)		
Basic earnings per share (RMB)		0.48	0.64
Diluted earnings per share (RMB)		0.48	0.64

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

Legal representative: Principal in charge of accounting: Head of accounting department:

INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Item	Note	2021	2020
I. Revenue	16(5)	54,382,096.12	83,254,471.37
Less: Cost of sales	16(5)	(525,786.18)	–
Taxes and surcharges		(296,722.00)	(150,737.52)
Selling expenses		(11,679,860.71)	(11,457,388.64)
Administrative expenses		(143,956,510.92)	(136,534,611.69)
Research and development expenses		(15,889,743.17)	(3,382,571.36)
Financial expenses		18,574,952.31	(66,502,892.23)
Including: Interest expenses		18,064,982.29	14,392,971.84
Interest income		38,474,717.32	20,933,940.89
Add: Other income		631,837.38	5,951,863.75
Investment income	16(6)	597,939,288.48	685,414,330.59
Including: Share of profit of associates and joint ventures		5,291,341.65	13,471,688.46
Credit impairment losses		(2,419,459.09)	205,871.42
Gains on disposals of assets		94,228.53	54,901.34
II. Operating profit		496,854,320.75	556,853,237.03
Add: Non-operating income		5,001.74	250,878.01
Less: Non-operating expenses		(23,425.07)	(2,217,568.32)
III. Profit before income tax		496,835,897.42	554,886,546.72
Less: Income tax expenses		–	(38,690,150.85)
IV. Profit for the year		496,835,897.42	516,196,395.87
Classified by continuity of operations			
Net profit from continuing operations		496,835,897.42	516,196,395.87
Net profit from discontinued operations		–	–
V. Other comprehensive income, net of tax		–	–
VI. Total comprehensive income		496,835,897.42	516,196,395.87

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 DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Item	Note	2021	2020
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		30,433,142,348.96	29,058,472,976.41
Refund of taxes and surcharges		171,010,720.25	102,744,661.54
Cash received relating to other operating activities	4(56)(a)	266,174,947.98	367,095,615.94
Sub-total of cash inflows		30,870,328,017.19	29,528,313,253.89
Cash paid for goods and services		(26,316,117,287.32)	(22,789,036,429.62)
Cash paid to and on behalf of employees		(2,534,014,868.77)	(2,275,154,610.64)
Payments of taxes and surcharges		(908,529,457.51)	(790,451,534.36)
Cash paid relating to other operating activities	4(56)(b)	(937,238,140.98)	(926,732,704.00)
Sub-total of cash outflows		(30,695,899,754.58)	(26,781,375,278.62)
Net cash generated from operating activities		174,428,262.61	2,746,937,975.27
II. Cash flows from investing activities			
Cash received from disposals of investments		354,254,944.35	80,000,000.00
Cash received from returns on investments		10,163,531.14	5,296,603.57
Proceeds from disposal of fixed assets, intangible assets and other long-term assets		217,186,723.40	240,008,397.95
Proceeds from disposal of associates and joint ventures		14,600,000.00	109,587,467.83
Sub-total of cash inflows		596,205,198.89	434,892,469.35
Payment for fixed assets, intangible assets and other long-term assets		(1,064,625,169.53)	(1,186,531,394.52)
Cash paid for investments		(266,000,000.00)	(6,800,000.00)
Payments for acquisition of a subsidiary	4(57)(b)	(660,813.72)	(1,388,626.68)
Sub-total of cash outflows		(1,331,285,983.25)	(1,194,720,021.20)
Net cash used in investing activities		(735,080,784.36)	(759,827,551.85)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Item	Note	2021	2020
III. Cash flows from financing activities			
Cash received from capital injections		1,721,102,075.77	–
Including: Cash injection from non-controlling interests		95,500,000.00	–
Proceeds from borrowings		1,302,651,700.20	2,272,592,644.52
Cash received from other financing activities	4(56)(c)	–	29,500,000.00
Sub-total of cash inflows		3,023,753,775.97	2,302,092,644.52
Repayments of borrowings		(1,201,521,007.15)	(2,701,812,182.12)
Cash payments for dividends distribution and interest expenses of borrowings		(704,218,002.94)	(943,536,973.36)
Including: Dividends paid to non-controlling interests of subsidiaries		(54,134,438.83)	(88,548,452.78)
Cash payments relating to other financing activities	4(56)(d)	(102,399,435.06)	(55,944,106.09)
Sub-total of cash outflows		(2,008,138,445.15)	(3,701,293,261.57)
Net cash generated from/(used in) financing activities		1,015,615,330.82	(1,399,200,617.05)
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
		(29,635,297.79)	(109,694,742.60)
V. Net increase in cash and cash equivalents	4(57)(a)	425,327,511.28	478,215,063.77
Add: Cash and cash equivalents at the beginning of the year	4(57)(a)	4,269,375,822.30	3,791,160,758.53
VI. Cash and cash equivalents at the end of the year		4,694,703,333.58	4,269,375,822.30

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

Legal representative: Principal in charge of accounting: Head of accounting department:

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Item	Note	2021	2020
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		59,152,110.81	115,543,890.51
Refund of taxes and surcharges		7,998,054.15	11,690,013.98
Cash received relating to other operating activities		<u>47,162,002.78</u>	<u>27,626,111.25</u>
Sub-total of cash inflows		<u>114,312,167.74</u>	<u>154,860,015.74</u>
Cash paid for goods and services		–	(20,160,578.30)
Cash paid to and on behalf of employees		(107,373,213.98)	(76,607,829.32)
Payments of taxes and surcharges		(5,929,591.20)	(9,624,403.68)
Cash paid relating to other operating activities		<u>(74,010,100.31)</u>	<u>(83,077,946.83)</u>
Sub-total of cash outflows		<u>(187,312,905.49)</u>	<u>(189,470,758.13)</u>
Net cash used in operating activities		<u>(73,000,737.75)</u>	<u>(34,610,742.39)</u>
II. Cash flows from investing activities			
Cash received from disposal of investments		615,412,662.02	683,135,400.63
Proceeds from disposal of fixed assets, intangible assets and other long-term assets		325,553.67	229,967.05
Proceeds from disposal of associates and joint ventures		14,600,000.00	50,987,080.38
Cash received from other investing activities		<u>208,796,796.09</u>	<u>328,090,710.36</u>
Sub-total of cash inflows		<u>839,135,011.78</u>	<u>1,062,443,158.42</u>
Payment for fixed assets, intangible assets and other long-term assets		(35,882,097.87)	(19,574,198.30)
Cash paid for investments		(884,178,728.70)	(526,818,384.32)
Payments for acquisition of a subsidiary		–	(3,080,000.00)
Cash paid for other investing activities		<u>(88,020,000.00)</u>	<u>(267,560,000.00)</u>
Sub-total of cash outflows		<u>(1,008,080,826.57)</u>	<u>(817,032,582.62)</u>
Net cash (used in)/generated from investing activities		<u>(168,945,814.79)</u>	<u>245,410,575.80</u>

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Item	Note	2021	2020
III. Cash flows from financing activities			
Cash received from capital injections		1,625,602,075.77	–
Proceeds from borrowings		–	354,467,000.00
Cash received from other financing activities		<u>72,890,574.04</u>	<u>686,000,000.00</u>
Sub-total of cash inflows		<u>1,698,492,649.81</u>	<u>1,040,467,000.00</u>
Repayments of borrowings		–	(637,934,000.00)
Cash payments for dividends distribution and interest expenses of borrowings		(605,280,000.00)	(803,806,138.79)
Cash payments relating to other financing activities		<u>(114,497,707.59)</u>	<u>(99,157,682.46)</u>
Sub-total of cash outflows		<u>(719,777,707.59)</u>	<u>(1,540,897,821.25)</u>
Net cash generated from/(used in) financing activities		<u>978,714,942.22</u>	<u>(500,430,821.25)</u>
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
		<u>(626,447.39)</u>	<u>(39,806,328.69)</u>
V. Net increase/(decrease) in cash and cash equivalents			
		736,141,942.29	(329,437,316.53)
Add: Cash and cash equivalents at the beginning of the year		<u>1,392,970,681.76</u>	<u>1,722,407,998.29</u>
VI. Cash and cash equivalents at the end of the year			
		<u>2,129,112,624.05</u>	<u>1,392,970,681.76</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 DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Item	Attributable to shareholders of the Company							Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	Sub-total	Non-controlling interests	
Balance at January 1, 2020	1,765,000,000.00	3,403,584,049.42	119,261,587.53	159,804,990.64	4,302,864,238.94	9,750,514,866.53	470,159,415.31	10,220,674,281.84
Movements for the year								
Total comprehensive income								
Profit for the year	-	-	-	-	1,131,544,435.11	1,131,544,435.11	137,802,337.15	1,269,346,772.26
Other comprehensive income	-	-	(127,028,098.49)	-	-	(127,028,098.49)	(1,117,439.41)	(128,145,537.90)
Sub-total	-	-	(127,028,098.49)	-	1,131,544,435.11	1,004,516,336.62	136,684,897.74	1,141,201,234.36
Appropriation to surplus reserves				51,619,639.59	(51,619,639.59)	-	-	-
Profit distribution to shareholders and non-controlling interests				-	(794,250,000.00)	(794,250,000.00)	(123,456,934.93)	(917,706,934.93)
Transactions with non-controlling interests				-	-	(568,381.80)	(153,432.72)	(721,814.52)
Others				-	-	2,020,393.69	3,231,617.55	5,252,011.24
Balance at December 31, 2020	1,765,000,000.00	3,405,036,061.31	(7,766,510.96)	211,424,630.23	4,588,539,034.46	9,962,233,215.04	486,465,562.95	10,448,698,777.99

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Item	Note	Attributable to shareholders of the Company					Total shareholders' equity		
		Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits		Sub-total	Non-controlling interests
Balance at January 1, 2021		1,765,000,000.00	3,405,036,061.31	(7,766,510.96)	211,424,630.23	4,589,539,034.46	9,962,233,215.04	486,465,562.95	10,448,698,777.99
Movements for the year									
Total comprehensive income		-	-	-	-	900,749,340.13	900,749,340.13	86,914,108.08	987,663,448.21
Profit for the year		-	-	(121,239,417.73)	-	-	(121,239,417.73)	(162,410.83)	(121,401,828.56)
Other comprehensive income		-	-	-	-	-	-	-	-
Sub-total		-	-	(121,239,417.73)	-	900,749,340.13	779,509,922.40	86,751,697.25	866,261,619.65
Capital injections from A share IPO	4(34), 4(35)	252,600,000.00	1,331,176,753.31	-	-	-	1,583,776,753.31	-	1,583,776,753.31
Appropriation to surplus reserves	4(37)	-	-	-	49,683,589.74	(49,683,589.74)	-	-	-
Profit distribution to shareholders and non-controlling interests	4(38)	-	-	-	-	(605,280,000.00)	(605,280,000.00)	(57,799,355.61)	(663,079,355.61)
Capital injections from non-controlling interests	4(35)	-	21,019,591.39	-	-	-	21,019,591.39	144,871,474.08	165,891,065.47
Transactions with non-controlling interests	4(35)	-	(2,364,082.00)	-	-	-	(2,364,082.00)	(16,446,562.31)	(18,810,644.31)
Others	5(1)(c)	-	-	-	-	-	-	3,835,743.88	3,835,743.88
Balance at December 31, 2021		2,017,600,000.00	4,754,868,324.01	(129,005,928.69)	261,108,219.97	4,834,324,784.85	11,738,895,400.14	647,678,560.24	12,386,573,960.38

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

Legal representative:

Principal in charge of accounting:

Head of accounting department:

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Item	Note	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
Balance at January 1, 2020		<u>1,765,000,000.00</u>	<u>3,287,286,272.93</u>	<u>18,436,287.93</u>	<u>159,804,990.64</u>	<u>1,038,244,915.73</u>	<u>6,268,772,467.23</u>
Movements for the year ended							
December 31, 2020							
Total comprehensive income							
Profit for the year		-	-	-	-	516,196,395.87	516,196,395.87
Other comprehensive income		-	-	-	-	-	-
Sub-total		-	-	-	-	516,196,395.87	516,196,395.87
Appropriation to surplus reserves							
	4(37)	-	-	-	51,619,639.59	(51,619,639.59)	-
Profit distribution to shareholders							
	4(38)	-	-	-	-	(794,250,000.00)	(794,250,000.00)
Others		-	2,020,393.69	-	-	-	2,020,393.69
Balance at December 31, 2020		<u>1,765,000,000.00</u>	<u>3,289,306,666.62</u>	<u>18,436,287.93</u>	<u>211,424,630.23</u>	<u>708,571,672.01</u>	<u>5,992,739,256.79</u>

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Item	Note	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
Balance at January 1, 2021		<u>1,765,000,000.00</u>	<u>3,289,306,666.62</u>	<u>18,436,287.93</u>	<u>211,424,630.23</u>	<u>708,571,672.01</u>	<u>5,992,739,256.79</u>
Movements for the year ended December 31, 2021							
Total comprehensive income							
Profit for the year		-	-	-	-	496,835,897.42	496,835,897.42
Other comprehensive income		-	-	-	-	-	-
Sub-total		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>496,835,897.42</u>	<u>496,835,897.42</u>
Capital injections from A share	4(34),						
IPO	4(35)	252,600,000.00	1,331,176,753.31	-	-	-	1,583,776,753.31
Appropriation to surplus reserves	4(37)	-	-	-	49,683,589.74	(49,683,589.74)	-
Profit distribution to shareholders	4(38)	-	-	-	-	(605,280,000.00)	(605,280,000.00)
Balance at December 31, 2021		<u>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>

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 DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

1 GENERAL INFORMATION

CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)股份有限公司) (the “Company”) was formerly known as CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)有限公司) (the “Predecessor”). The Predecessor, formerly named as Shenzhen Tianda Heavy Machinery Ltd., is a sino-foreign joint venture approved for incorporation by Wai Jing Mao Shen He Zi Zheng Zi (1996) No. 0861 issued by the People’s Government of Shenzhen on August 29, 1996, with a registered capital of USD1,000,000. On November 21, 1997, as approved by the Shenzhen Administration for Industry and Commerce, the Predecessor was renamed as “Shenzhen CIMC Heavy Machinery Ltd.”. And on June 22, 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 original registered capital was USD60,000,000, of which USD42,000,000 and USD18,000,000 were contributed by China International Marine Containers (Group) Co., Ltd. (“CIMC Group”) and China International Marine Containers (Hong Kong) Limited (“CIMC HK”) respectively. The address of the Company’s registered office is No. 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen. And the Company is headquartered in Shenzhen, Guangdong province, the People’s Republic of China (the “PRC”).

In 2007, according to the Predecessor’s Board resolutions, China Resource SZITIC Trust Co., Ltd. (formerly known as “Shenzhen International Trust and Investment Co., Ltd.”, hereinafter “CR Trust”) made a capital contribution of USD15,000,000 to the Predecessor. The registered capital of the Predecessor increased from USD60,000,000 to USD75,000,000. CR Trust was held by management personnel related to the vehicles business of CIMC Group and core employees of the Predecessor, with a shareholding of 56%, 24% and 20% by CIMC Group, CIMC HK and CR Trust respectively.

In 2011, investors increased the Predecessor’s registered capital by USD93,000,000 in proportion to their contributions to the registered capital. As at December 31, 2011, the first capital contribution of USD62,000,000 was paid by all investors of the Predecessor, of which USD34,720,000, USD14,880,000 and USD12,400,000 were contributed by CIMC Group, CIMC HK and CR Trust respectively in proportion to their original contributions. After this capital increase, the Predecessor’s registered capital was USD168,000,000, and the paid-in capital was USD137,000,000. As at December 31, 2012, the second capital contribution of USD31,000,000 (equivalent to RMB196,450,472.00) was paid by all investors of the Predecessor, of which USD17,360,000, USD7,440,000 and USD6,200,000 were contributed by CIMC Group, CIMC HK and CR Trust respectively in proportion to their original contributions. After this capital increase, both the registered capital and the paid-in capital were USD168,000,000. Among them, USD94,080,000, USD40,320,000 and USD33,600,000 were contributed by CIMC Group, CIMC HK and CR Trust respectively at their shareholding of 56%, 24% and 20%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

1 GENERAL INFORMATION *(Continued)*

In 2015, the Board of Directors of the Predecessor passed the Board Resolution on Capital Increase and Introduction of Strategic Investors, whereby the registered capital of the Predecessor increased by USD44,225,068, which was subscribed by four new investors, namely Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (“Shanghai Taifu”), Shenzhen Nan Shan Da Cheng New Material Investment Partnership (Limited Partnership) (“Nanshan Dacheng”), Sumitomo Corporation, Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd. Shanghai Taifu, Nanshan Dacheng, Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd. and Sumitomo Corporation made additional contributions of USD35,700,000, USD3,276,352, USD3,276,352 and USD1,972,364 respectively to the Predecessor according to the proportions agreed, increasing the registered capital of the Predecessor from USD168,000,000 to USD212,225,068. After this capital increase, the shareholding of the original investors changed in proportion to capital contributions, specifically, CIMC Group, CIMC HK, CR Trust, Shanghai Taifu, Nanshan Dacheng, Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd. and Sumitomo Corporation held equity interests of 44.330%, 18.999%, 15.832%, 16.822%, 1.544%, 1.544% and 0.929% respectively.

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”). After this equity transfer, the shareholding ratios of CIMC Group, CIMC HK, CR Trust, Shanghai Taifu, Nanshan Dacheng, Shenzhen Longyuan and Sumitomo Corporation were 44.330%, 18.999%, 15.832%, 16.822%, 1.544%, 1.544% and 0.929% respectively.

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 Xiang Shan Hua Jin Equity Investment Partnership (Limited Partnership) (“Xiangshan Huajin”) respectively. After this equity transfer, the shareholding ratios of CIMC Group, CIMC HK, Shanghai Taifu, Nanshan Dacheng, Shenzhen Longyuan, Sumitomo Corporation, Taizhou Taifu and Xiangshan Huajin were 44.330%, 18.999%, 16.822%, 1.544%, 1.544%, 0.929%, 10.7735% and 5.0585% respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

1 GENERAL INFORMATION *(Continued)*

In 2018, as promoters, all shareholders of the Predecessor converted the audited net assets of RMB3,651,996,830.08 as at June 30, 2018 (“the audit base date for joint-stock reform”) into share capital of a joint stock limited company at the ratio of 1:0.4107, with a total of 1,500,000,000.00 shares at the par value of RMB1 per share. All shareholders of the former limited liability company held shares in proportion to their capital contributions, with RMB2,151,996,830.08, the excess of the net assets over the total share capital included in capital reserve of the joint stock company. After the joint-stock reform, the shareholding ratios of CIMC Group, CIMC HK, Shanghai Taifu, Nanshan Dacheng, Shenzhen Longyuan, Sumitomo Corporation, Taizhou Taifu and Xiangshan Huajin were 44.330%, 18.999%, 16.822%, 1.544%, 1.544%, 0.929%, 10.7735% and 5.0585% respectively. On September 13, 2018, as approved by the State Administration for Industry and Commerce, the Predecessor was renamed as “CIMC Vehicles (Group) Co., Ltd.” (中集車輛(集團)股份有限公司). On October 23, 2018, the Company obtained the business license from Shenzhen Administration for Market Regulation, and completed the business registration of the overall change to a joint stock limited company.

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 July 11, 2019, and listed on the ChiNext of the Shenzhen Stock Exchange on July 8, 2021. As at December 31, 2021, the Company’s total share capital was RMB2,017,600,000.00, with a par value of RMB1 per share (Note 4(34)).

The Company and its subsidiaries (collectively referred to as “the Group”) are mainly engaged in design, manufacture and sales of various high-tech and high-performance specialty vehicles and semi-trailers series and their spare parts (excluding restricted items), process and manufacture of general mechanical products and metal structures and related businesses, as well as provision of relevant consulting services.

Please refer to Note 6 for details of subsidiaries included in the consolidation scope and also refer to Note 5 for the details of subsidiaries newly included in the consolidation scope.

These financial statements were authorised for issue by the Board of Directors on March 24, 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group determines the specific accounting policies and accounting estimates based on the features of its business operations, primarily comprising the provision for ECL of receivables (Note 2(9)), costing of inventories (Note 2(10)), measurement model of investment properties (Note 2(12)), criteria for determining impairment of long-term assets (Note 2(18)), depreciation of fixed assets and amortisation of intangible assets and right-of-use assets (Note 2(13), (16) and (25)), measurement of provisions (Note 2(21)), revenue recognition and measurement (Note 2(22)), etc.

Key judgements, critical accounting estimates and key assumptions applied by the Group in determining significant accounting policies are set out in Note 2(28).

(1) Basis of preparation

The financial statements were prepared in accordance with the Basic Standard and specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on February 15, 2006, the Application Guidance for Accounting Standards for Business Enterprises, the Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance (hereafter collectively referred to as 'the Accounting Standards for Business Enterprises' or 'CAS') and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Rules on Financial Reporting issued by the China Securities Regulatory Commission.

The financial statements are prepared on a going concern basis.

Certain 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 December 31, 2021 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the consolidated and the Company as at December 31, 2021 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 DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(4) Functional and presentation currency

The functional and presentation currency of the Company is Renminbi (RMB). Subsidiaries of the Company determine their functional currency according to the main economic environment in which they operate. The functional currency of the Company and its domestic subsidiaries is RMB. The functional currency of Hong Kong and overseas subsidiaries is the local currency. Currencies other than the functional currency are foreign currencies. The financial statements are presented in RMB.

(5) Business combinations

(a) *Business combinations under common control*

The consideration paid and net assets obtained by the Group in a business combination are measured at the carrying amount. If the combined party is acquired from a third party by the ultimate controlling party in a prior year, the consideration paid and net assets obtained by the Group are measured based on the carrying amounts of the combined party's assets and liabilities (including the goodwill arising from the acquisition of the combined party by the ultimate controlling party) presented in the consolidated financial statements of the ultimate controlling party. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital reserve (share premium). If the capital reserve (share premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

(b) *Business combinations not under common control*

The cost of combination and identifiable net assets obtained by the Group in a business combination are measured at fair value at the acquisition date. Where the cost of the combination exceeds the Group's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill; where the cost of combination is lower than the Group's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(6) Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profit realised before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting period of the Company. For subsidiaries acquired from business combinations involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant intra-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of subsidiaries' shareholders' equity and the portion of subsidiaries' net profits and losses and comprehensive incomes for the period not attributable to the Company are recognised as minority interests, net profit or loss attributable to minority interests and total comprehensive income attributable to minority interests, and presented separately in the consolidated financial statements under shareholders' equity, net profit and total comprehensive income respectively. When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess is allocated against the balance of minority interests. Unrealised profits and losses resulting from the sale of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to owners of the parent. Unrealised profits and losses resulting from the sale of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to owners of the parent and net profit attributable to minority interests in accordance with the allocation proportion of the parent in the subsidiary. Unrealised profits and losses resulting from the sale of assets by one subsidiary to another are eliminated and allocated between net profit attributable to owners of the parent and net profit attributable to minority interests in accordance with the allocation proportion of the parent in the subsidiary.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Foreign currency translation

(a) Foreign currency transactions

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into functional currency using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(b) Translation of foreign currency financial statements

The asset and liability items in the balance sheets for overseas operations are translated at the spot exchange rates on the balance sheet date. Among the shareholders' equity items, the items other than "undistributed profits" are translated at the spot exchange rates of the transaction dates. The income and expense items in the income statements for overseas operations are translated at the spot exchange rates of the transaction dates. The differences arising from the above translation are presented in other comprehensive income. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(9) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset or a financial liability is recognised when the Group becomes a party to the contractual provisions of the instrument.

(a) Financial assets

(i) Classification and measurement

Based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, financial assets are classified as: (1) financial assets at amortised cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

At initial recognition, the financial assets are measured at fair value. Transaction costs that are directly attributable to the acquisition of the financial assets are included in the initially recognised amounts, except for the financial assets at fair value through profit or loss, the related transaction costs of which are expensed in profit or loss for the current period. Accounts receivables or notes receivables arising from sale of products or rendering of services (excluding or without regard to significant financing components) are initially recognised at the consideration that is entitled to be received by the Group as expected.

Debt instruments

The debt instruments held by the Group refer to the instruments that meet the definition of financial liabilities from the perspective of the issuer, and are measured in the following three categories:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(9) Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

(i) Classification and measurement *(Continued)*

Measured at amortised cost:

The objective of the Group's business model is to hold the financial assets to collect the contractual cash flows, and the contractual cash flow characteristics are consistent with a basic lending arrangement, which gives rise on specified dates to the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The interest income of such financial assets is recognised using the effective interest method. Such financial assets mainly comprise cash at bank and on hand, notes receivables, accounts receivables, other receivables, long-term receivables, etc. Long-term receivables that are due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current assets.

Measured at fair value through other comprehensive income:

The objective of the Group's business model is to hold the financial assets for both collection of the contractual cash flows and selling such financial assets, and the contractual cash flow characteristics are consistent with a basic lending arrangement. Such financial assets are measured at fair value through other comprehensive income, except for the impairment gains or losses, foreign exchange gains and losses, and interest income calculated using the effective interest method which are recognised in profit or loss for the current period. Such financial assets mainly include receivables financing.

Measured at fair value through profit or loss:

Debt instruments held by the Group that do not meet the criteria for amortised cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. Financial assets that are due over one year as from the balance sheet date and are expected to be held over one year are included in other non-current financial assets. Others are included in financial assets held for trading.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(9) Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

(i) Classification and measurement *(Continued)*

Equity instruments

Investments in equity instruments, over which the Group has no control, joint control or significant influence, are measured at fair value through profit or loss under financial assets held for trading; investments in equity instruments expected to be held over one year as from the balance sheet date are included in other non-current financial assets.

(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.

At each balance sheet date, the ECL of financial instruments at different stages is measured respectively. 12-month ECL is recognised for financial instruments in Stage 1 which don't have a significant increase in credit risk since initial recognition; lifetime ECL is recognised for financial instruments in Stage 2 which have had a significant increase in credit risk since initial recognition but are not deemed to be credit-impaired; and lifetime ECL is recognised for financial instruments in Stage 3 that are credit-impaired.

For the financial instruments with low credit risk as at the balance sheet date, the Group assumes there is no significant increase in credit risk since initial recognition. The Group determines them as the financial instruments in Stage 1 and recognises the 12-month ECL.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(9) Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

(ii) Impairment *(Continued)*

For the financial instruments in Stage 1 and Stage 2, the interest income is calculated by applying the effective interest rate to the book balance (before net of expected credit loss provision). For the financial instrument in Stage 3, the interest income is calculated by applying the effective interest rate to the amortised cost (net of expected credit loss provision).

For notes receivables, accounts receivables and receivables financing arising from sale of goods and rendering of services in the ordinary course of operating activities, the Group recognises the lifetime ECL regardless of whether there exists a significant financing component.

The Group classifies the receivables into certain groups on the basis of shared risk characteristics, and calculates the ECL for each group respectively. Basis for determining groups and method for provision are as follows:

Group 1	Bank acceptance notes
Group 2	Trade acceptance notes
Group 3	Accounts receivables

For notes receivables which are classified into different groups, the Group calculates the ECL with reference to historical credit loss experience, current conditions and forecasts of future economic conditions, and based on the exposure at default and the lifetime ECL rates.

For accounts receivables which are classified into different groups, the Group prepare the cross-reference between the number of overdue days and the lifetime ECL rate to calculate the ECL, with reference to historical credit loss experience, current conditions and forecasts of future economic conditions.

For other receivables that are classified into groups, the Group calculates the ECL with reference to historical credit loss experience, current conditions and forecasts of future economic conditions, and based on the exposure at default and the 12-month or lifetime ECL rates. The basis for determining the groups is as follows:

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(9) Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

(ii) Impairment *(Continued)*

Group 1	Deposits and guarantees
Group 2	Tax refund receivables
Group 3	Other receivables from staffs
Group 4	Disbursement of vehicle mortgage loans
Group 5	Receivables from related parties
Group 6	Others

The Group recognises the loss provision made or reversed into profit or loss for the current period. For debt instruments classified as at fair value through other comprehensive income, the Group recognises the impairment loss or gain in profit or loss meanwhile adjusts other comprehensive income.

(iii) Derecognition

A financial asset is derecognised when one of the following criteria is satisfied: (i) the contractual rights to receive the cash flows from the financial asset are expired, (ii) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, or (iii) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

When a financial asset is derecognised, the difference between the carrying amount and the consideration received as well as the cumulative changes in fair value that are previously recognised directly in other comprehensive income is recognised in profit or loss for the current period, except for those measured at fair value through other comprehensive income, the difference aforementioned is recognised in retained earnings instead.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(9) 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, borrowings, etc. Such financial liabilities are initially recognised at fair value, net of transaction costs incurred, and subsequently measured using the effective interest method. Financial liabilities with maturities of no more than one year (inclusive) are presented as current liabilities, and those with maturities of over one year but due within one year (inclusive) as from the balance sheet date are presented as current portion of non-current liabilities; and others are presented as non-current liabilities.

A financial liability is derecognised or partly derecognised when the underlying present obligation is discharged or partly discharged. The difference between the carrying amount of the derecognised part of the financial liability and the consideration paid is recognised in profit or loss for the current period.

(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)

(10) Inventories

(a) Classification

Inventories include raw materials, work in progress, finished goods, spare parts, materials processed on commission, and low value consumables, and are stated at the lower of cost and net realisable value.

(b) Costing of inventories

Cost is determined using the weighted average method. The cost of finished goods and work in progress comprise raw materials, direct labour and systematically allocated production overhead based on the normal production capacity.

(c) Basis for determining net realisable values of inventories and method for making provision for decline in the value of inventories

Provision for decline in the value of inventories is determined at the excess amount of the carrying amount of the inventories over their net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes.

(d) The Group adopts the perpetual inventory system.

(e) Amortisation method for low value consumables and packaging materials

Turnover materials include low value consumables and packaging materials. Low value consumables are amortised into expenses based upon numbers of usage, and packaging materials are expensed when issued.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(11) Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, and the Group's long-term equity investments in its joint ventures and associates.

Subsidiaries are the investees over which the Company is able to exercise control. A joint venture is a joint arrangement which is structured through a separate vehicle over which the Group has joint control together with other parties and only has rights to the net assets of the arrangement based on legal forms, contractual terms and other facts and circumstances. An associate is an investee over which the Group has significant influence on its financial and operating policy decisions.

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted to the equity method when preparing the consolidated financial statements. Investments in joint ventures and associates are accounted for using the equity method.

(a) Determination of investment cost

For long-term equity investments acquired through a business combination involving enterprises under common control, the investment cost shall be the share of the carrying amount of the acquiree's owners' equity in the consolidated financial statements of the ultimate controlling party at the combination date; for long-term equity investments acquired through a business combination involving enterprises not under common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through a business combination: for long-term equity investments acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(11) Long-term equity investments *(Continued)*

(b) Subsequent measurement and recognition of profit or loss

Long-term equity investments accounted for using the cost method are measured at initial investment cost. Cash dividends or profit distributions declared by the investees are recognised as investment income in profit or loss.

For long-term equity investments accounted for using the equity method, where the initial investment cost exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the investment is initially measured at that cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is included in profit or loss for the current period and the cost of the long-term equity investment is adjusted upwards accordingly.

For long-term equity investments accounted for using the equity method, the Group recognises the investment income according to its share of net profit or loss of the investee. The Group does not recognise further losses when the carrying amount of the long-term equity investment together with any long-term interests that, in substance, form part of the Group's net investment in the investee is reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions are satisfied, the Group continues recognising the investment losses and the provisions at the amount it expects to undertake. The Group's share of changes in the investee's owners' equity other than those arising from the net profit or loss, other comprehensive income and profit distribution is recognised in capital reserve with a corresponding adjustment to the carrying amount of the long-term equity investment. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by the investee. Unrealised gains or losses on transactions between the Group and its investees are eliminated to the extent of the Group's equity interest in the investees, based on which the investment income or losses are recognised. Any losses resulting from transactions between the Group and its investees, which are attributable to asset impairment losses are not eliminated.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(11) Long-term equity investments *(Continued)*

(c) Basis for determining existence of control, joint control or significant influence over investees

Control is the power over the investee to enjoy variable returns by participating in related activities of the investee and the ability to affect the return amount by executing the power over the investee.

Joint control is the sharing of control over an arrangement according to related agreement, and exists only when the decisions relating to the activity of the arrangement require the unanimous consent of the parties sharing control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

(d) Impairment of long-term equity investments

The carrying amounts of long-term equity investments in subsidiaries, joint ventures and associates are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note 2(18)).

(12) Investment properties

Investment properties, including land use rights that have already been leased out, buildings that are held for the purpose of leasing and buildings that are being constructed or developed for future use for leasing, are measured initially at cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss for the period in which they are incurred.

Investment properties are subsequently measured using the fair value model and are not depreciated or amortised. The carrying amount of investment properties is adjusted based on their fair value at the balance sheet date, and the difference between the fair value and the original carrying amount is recognised in profit or loss for the current period.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(12) Investment properties *(Continued)*

When an investment property is transferred to owner-occupied property, it is reclassified to fixed asset or intangible asset with the carrying amount determined at the fair value of the investment property at the date of the transfer, and the difference between the fair value and the original carrying amount of the investment property is recognised in profit or loss for the current period. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is transferred to investment properties with the carrying amount determined at the fair value at the date of the transfer. If the fair value at the date of the transfer is less than the original carrying amount of the fixed asset or the intangible asset, the difference is recognised in profit or loss for the current period; otherwise, it is included in other comprehensive income and transferred into profit or loss for the current period when the investment property is disposed.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment property after its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

(13) Fixed assets

(a) Recognition and initial measurement of fixed assets

Fixed assets comprise buildings, machinery and equipment, motor vehicles, electronic and other equipment.

Fixed assets are recognised when it is probable that the related economic benefits will flow to the Group and the costs can be reliably measured. Fixed assets purchased or constructed by the Group are initially measured at cost at the time of acquisition.

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(13) Fixed assets *(Continued)*

(b) Depreciation of fixed assets

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated net residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the estimated net residual values expressed as a percentage of cost and the annual depreciation rates of fixed assets are as follows:

	Estimated useful lives	Estimated net residual values	Annual depreciation rates
Buildings	20 to 30 years	10%	3.0% to 4.5%
Machinery and equipment	10 to 12 years	10%	7.5% to 9.0%
Motor vehicles	5 years	10%	18.0%
Electronic and other equipment	4.5 to 5 years	10%	18.0% to 20.0%

The estimated useful life and the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at each year-end.

(c) The carrying amount of a fixed asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(18)).

(d) Disposals of fixed assets

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(14) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the construction in progress ready for its intended use. Construction in progress is transferred to fixed assets when the asset is ready for its intended use, and depreciation is charged starting from the following month. The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(18)).

(15) Borrowing costs

The borrowing costs that are directly attributable to acquisition and construction of an asset that needs a substantially long period of time for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of an asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For the specific borrowings obtained for the acquisition or construction of an asset qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation is determined by deducting any interest income earned from depositing the unused specific borrowings in the banks or any investment income arising in the temporary investment of those borrowings during the capitalisation period.

The capitalised amount of general borrowings intended to be used for the acquisition and construction of qualifying assets is determined by the weighted average of the excess of accumulated capital expenditure over capital expenditure of the special borrowings multiplied by the weighted average effective interest rate of the utilised general borrowings. The effective interest rate is the interest rate at which the future cash flows of the borrowings over the estimated life or a shorter applicable period are discounted into the initial recognised amount of the borrowings.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(16) Intangible assets

Intangible assets include land use rights, technological know-how and trademarks, software use rights, customer contracts and customer relationships, and are measured at cost.

(a) Land use rights

Land use rights are amortised on the straight-line basis over their approved use period of 20 to 50 years. If the acquisition costs of the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the acquisition costs are recognised as fixed assets.

(b) Technological know-how and trademarks

Technological know-how and trademarks are amortised on the straight-line basis over the period of 5 to 10 years as stipulated by laws.

(c) Software use rights

Software use rights are amortised on the straight-line basis over 5 to 10 years.

(d) Customer relationships

Customer relationships are amortised on the straight-line basis over 5 to 10 years.

(e) Customer contracts

Customer relationships are amortised on the straight-line basis over 9 months.

(f) Periodical review of useful life and amortisation method

For an intangible asset with a finite useful life, review of its useful life and amortisation method is performed at each year-end, with adjustment made as appropriate.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(16) Intangible assets *(Continued)*

(g) Research and development

The expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at the end of the project.

Expenditure on the research phase, such as expenditure on planned research, assessment and selection for manufacturing technique, is recognised in profit or loss in the period in which it is incurred. Before mass production, expenditure on the development phase, such as expenditure on design and test for finalised application, is capitalised only if all of the following conditions are satisfied:

- the development of manufacturing technique has been fully demonstrated by technical team;
- management has approved the budget for the development of manufacturing technique;
- the research and analysis of preliminary market survey indicate that products manufactured with such technique are marketable;
- adequate technical and financial supports are available for development of manufacturing techniques and subsequent mass production; and
- expenditure on development of manufacturing techniques can be reliably collected.

Other development expenditures that do not meet the conditions above are recognised in profit or loss in the period in which they are incurred. Development costs previously recognised as expenses are not recognised as an asset in a subsequent period. Capitalised expenditure on the development phase is presented as development costs in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

(h) Impairment of intangible assets

The carrying amount of the intangible assets is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(18)).

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(17) Long-term prepaid expenses

Long-term prepaid expenses include the expenditure for improvements to right-of-use assets, and other expenditures that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

(18) Impairment of long-term assets

Fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date; intangible assets that are not yet available for their intended use are tested for impairment at least annually, irrespective of whether there is any indication of impairment. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of the fair value less costs to sell and the present value of the future cash flows expected to be derived from it. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying amount of goodwill is allocated to the related asset groups or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or a group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset group or group of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in the subsequent periods.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(19) Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for termination of employment relationship, which include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

(a) *Short-term employee benefits*

Short-term employee benefits include wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs and short-term paid absences, etc. The short-term employee benefits actually occurred are recognised as a liability in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Non-monetary benefits are measured at fair value.

(b) *Post-employment benefits*

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's post-employment benefits mainly include the premiums or contributions on basic pensions and unemployment insurance, both of which belong to defined contribution plans.

Basic pensions

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to the bases and percentage prescribed by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(19) Employee benefits *(Continued)*

(c) Termination benefits

The Group provides compensation for terminating the employment relationship with employees before the end of the employment contracts or as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts. The Group recognises a liability arising from compensation for termination of the employment relationship with employees, with a corresponding charge to profit or loss for the current period at the earlier of the following dates: 1) when the Group cannot unilaterally withdraw an employment termination plan or a curtailment proposal; 2) when the Group recognises costs or expenses for a restructuring that involves the payment of termination benefits.

The termination benefits expected to be settled within one year since the balance sheet date are classified as employee benefits payable.

(20) Profit distribution

Cash dividend is recognised as a liability for the period in which the dividend is approved by the shareholders' meeting/the Board of Directors.

(21) Provisions

Provisions for product warranties and onerous contracts, etc. are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Loss provision for financial guarantee contracts which is recognised on the basis of ECL is presented as provisions.

The provisions expected to be settled within one year since the balance sheet date are classified as current liabilities.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(22) Revenue

Revenue is recognised when obligations in a contract are performed, that is, the control of the goods is transferred to the customer. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the benefits from the asset.

When any of the below criteria is met, the Group is subject to fulfilment obligations satisfied over time; otherwise, at a point in time.

- (1) the customer simultaneously receives and consumes the benefits provided by the Group's fulfilment as the Group fulfils.
- (2) the Group's fulfilment creates or enhances an asset that the customer controls as the asset is created or enhanced.
- (3) the Group's fulfilment does not create an asset with an alternative use to the Group, and the Group has an enforceable right to payment for fulfilment completed to date.

In respect of a contract obligation that is to be fulfilled within a period, the Group should recognise the revenue based on the progress of the obligation fulfilment within the period, except that the progress of the obligation fulfilment fails to be reasonably determined.

Where the progress of the obligation fulfilment cannot be reasonably determined, revenue is recognised at the amount of cost incurred if it is expected that the cost can be compensated till the progress of the obligation fulfilment can be reasonably determined.

(a) Sale of goods

Revenue from the sale of vehicles directly to customers, is recognised at a point in time when the customers obtain the control of the goods, being when the products are delivered to customers, when the goods have been delivered to the specific location, the inventory risk and loss have been transferred to the customers, and the customers have accepted the goods in accordance with the sales contract, and when there is objective evidence that all criteria for recognition have been satisfied.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(22) Revenue *(Continued)*

(a) Sale of goods (Continued)

The vehicles are often sold to distributors with rebates based on aggregate sales over a 12 months period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated rebates. Based on the historical experience and data, the Group determines the estimated sale return amount using the expected value method and offsets the sale revenue. The Group recognises the amount expected to be refunded due to sale return as refund payable under other current liabilities. Meanwhile, the difference arising from the carrying amount of the products at the time of sale net of estimated cost of recovering the product is recognised as return cost receivable, and presented as other current assets.

The Group recognises receivables when the goods are delivered, because the Group is entitled to the unconditional collection of the consideration when goods are delivered. The Group only needs to wait for the customer's payment. The credit term provided by the Group to the customers is generally 30 to 180 days, which is consistent with industry practice and there is no significant financing component.

The Group provides warranties for the sale of products, and recognises corresponding provisions (Note 2(21)). The Group does not provide any additional services or warranties, and thus such warranties do not constitute separate performance obligations.

(b) Rendering of services

The Group provides repair and replacement services to external parties. The related revenue is recognised based on the stage of completion within a certain period, which is determined based on proportion of costs incurred to date to the estimated total costs. On the balance sheet date, the Group re-estimates the stage of completion to reflect the actual status of contract fulfilment.

If the contract price received or receivable exceeds the amount for the completed service, the excess portion will be recognised as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(22) Revenue *(Continued)*

(b) Rendering of services (Continued)

Contract costs include contract fulfilment costs and contract acquisition costs. Costs incurred for sale of goods and provision of services are recognised as contract fulfilment costs, which is recognised as the cost of sale of main operations based on the stage of completion when recognising revenue. Incremental costs incurred by the Group for the acquisition of contract are recognised as the contract acquisition costs. For contract acquisition costs with the amortisation period within one year, the costs are included in the current profit or loss as incurred. For contract acquisition costs with the amortisation period beyond one year, the costs are included in the current profit or loss on the same basis as recognition of revenue from rendering of services under relevant contract. If the carrying amount of the contract costs is higher than the remaining consideration expected to be obtained by rendering of the services net of the estimated cost to be incurred, the Group makes provision for impairment on the excess portion and recognises it as asset impairment losses. As at the balance sheet date, based on whether the amortisation period of the contract fulfilment costs is more than one year when initially recognised, the amount of the Group's contract fulfilment costs net of related provision for asset impairment is presented as inventories or other non-current assets. For contract acquisition costs with amortisation period beyond one year at the initial recognition, the amount net of related provision for asset impairment is presented as other non-current assets.

(23) Government grants

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government, including tax return and financial subsidy, etc.

Government grants are recognised when the grants can be received and the Group can comply with all attached conditions. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

Government grants related to assets refer to government grants which are obtained by the Group for the purposes of purchase, construction or acquisition of the long-term assets. Government grants related to income refer to the government grants other than those related to assets.

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(All amounts in RMB unless otherwise stated) [English translation for reference only]

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(23) Government grants *(Continued)*

Government grants related to assets are recorded as deferred income and recognised in profit or loss on a systemic basis over the useful lives of the assets. Government grants related to income that compensate the future costs, expenses or losses are recorded as deferred income and recognised in profit or loss, or deducted against related costs, expenses or losses in reporting the related profit or loss; government grants related to income that compensate the incurred costs, expenses or losses are recognised in profit or loss, or deducted against related costs, expenses or losses directly in current period. The Group applies the presentation method consistently to the similar government grants in the financial statements.

Government grants that are related to ordinary activities are included in operating profit, otherwise, they are recorded in non-operating income or expenses.

The interest subsidies directly received from government are recorded as a reduction of borrowing costs.

(24) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognised for a temporary difference arising from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(24) Deferred tax assets and deferred tax liabilities *(Continued)*

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of reversal of the temporary differences, and it is probable that the temporary differences will not be reversed in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, associates and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

Deferred tax assets and liabilities are offset when:

- the deferred tax assets and liabilities are related to the same tax payer within the Group and the same taxation authority; and
- that tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

(25) Lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as the lessee

At the lease commencement date, the Group recognises the right-of-use asset and measures the lease liability at the present value of the lease payments that are not paid at that date. Lease payments include fixed payments, the exercise price of a purchase option or termination penalty if the lessee is reasonably certain to exercise that option etc. Variable lease payments in proportion to sales are excluded from lease payments and recognised in profit or loss as incurred. Lease liabilities that are due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(25) Lease *(Continued)*

The Group as the lessee (Continued)

Right-of-use assets of the Group comprise leased buildings, machinery and equipment, motor vehicles, etc. Right-of-use assets are measured initially at cost which comprises the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date and any initial direct costs, less any lease incentives received. If there is reasonable certainty that the Group will obtain ownership of the underlying asset by the end of the lease term, the asset is depreciated over its remaining useful life; otherwise, the asset is depreciated over the shorter of the lease term and its remaining useful life. The carrying amount of the right-of-use asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount.

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.

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 that the contract changes directly resulting from COVID-19 are accounted for by applying the practical expedient. 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 rent concessions as a direct result of COVID-19 and for the period ended June 30, 2022 only, the Group applies the practical expedient and records the undiscounted concessions in profit or loss when the agreement is reached to discharge the original payment obligation with corresponding adjustment of lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(25) Lease *(Continued)*

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.

(26) Held for sale and discontinued operations

A non-current asset or a disposal group is classified as held for sale when all of the following conditions are satisfied: (1) the non-current asset or the disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such non-current asset or disposal group; (2) the Group has entered into a legally enforceable sale agreement with other party and obtained relevant approval, and the sale transaction is expected to be completed within one year.

Non-current assets (except for financial assets, investment properties measured at fair value and deferred tax assets) that meet the recognition criteria for held for sale are recognised at the amount equal to the lower of the fair value less costs to sell and the carrying amount. Any excess of the original carrying amount over the fair value less costs to sell is recognised as asset impairment losses.

Such non-current assets and assets and liabilities included in disposal groups classified as held for sale are classified as current assets and current liabilities respectively, and are separately presented in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(26) Held for sale and discontinued operations *(Continued)*

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and is separately identifiable and satisfies one of the following conditions: (1) it represents a separate major line of business or geographical area of operations; (2) it is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; and (3) it is a subsidiary acquired exclusively with a view to resale.

The net profit from discontinued operations in the income statement includes operating profit or loss and disposal gains or losses of discontinued operations.

(27) Segment information

The Group identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenue and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group. Two or more operating segments that have similar economic characteristics and satisfy certain conditions can be aggregated into one single operating segment.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(28) Critical accounting estimates and judgements *(Continued)*

(a) *Critical accounting estimates and key assumptions*

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are outlined below:

(i) *Impairment of accounts receivables*

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

When considering forward-looking information, the Group takes different economic scenarios into consideration. In 2021, the economic scenario weights of “benchmark”, “unfavourable” and “favourable” accounted for 68%, 16% and 16 % respectively. The Group regularly monitors and reviews assumptions and parameters related to the calculation of ECL, including the risk of economic downturn, external market environment, technological environment, changes in customer conditions, the proportion of total investment to GDP, China fiscal balance, China money supply M1 growth rate, etc. In 2021, the Group considered the uncertainty caused by COVID-19, and relevant assumptions and parameters were updated. The key macroeconomic parameters used in each scenario are listed below:

	Economic scenarios		
	Benchmark	Unfavourable	Favourable
China fiscal balance			
China money supply			
M1 growth rate	1.15	1.82	0.72

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(28) Critical accounting estimates and judgements *(Continued)*

(a) Critical accounting estimates and key assumptions *(Continued)*

(ii) Impairment of goodwill

Goodwill is reviewed at each balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If there is any indication that the carrying amount of the goodwill may not be recovered in full amount, related assets will be deemed as impaired and impairment losses are recognised.

The recoverable amount of an asset (asset group) is the higher of the fair value less costs to sell and the present value of the future cash flows expected to be derived from it. In assessing the present value of future cash flows, significant judgements are exercised over the asset's (asset group's) production, selling price, gross margins, related operating costs and the discount rate to calculate the present value. The Group estimates the recoverable amount based on all available information, including the forecast of yield, selling price and related operating costs based on reasonable and supportable assumptions.

If management revises the growth rate that is used in the calculation of the future cash flows of an asset (asset group), and the revised rate is lower than the current rate, the Group would need to recognise further impairment against goodwill.

If management revises the gross margin that is used in the calculation of the future cash flows of an asset (asset group), and the revised gross margin is lower than the one currently used, the Group would need to recognise further impairment against goodwill.

If management revises the pre-tax discount rate applied to the discounted cash flows, and the revised pre-tax discount rate is higher than the one currently applied, the Group would need to recognise further impairment against goodwill.

If the actual growth rate and gross margin are higher or the actual pre-tax discount rate is lower than management's estimates, the impairment loss of goodwill previously provided for is not allowed to be reversed by the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(28) Critical accounting estimates and judgements *(Continued)*

(a) *Critical accounting estimates and key assumptions (Continued)*

(iii) *Provision for inventories*

As described in Note 2(10), the net realisable value of inventories is under the Group's regular review, and as a result, provision for inventories is recognised for the excess of inventories' carrying amounts over their net realisable values. When making estimates of net realisable value, the Group takes into consideration the use of inventories held on hand and other information available to form the underlying assumptions, including the inventories' market prices and the Group's historical operating costs. The actual selling price, costs to completion, costs necessary to make the sale and related taxes may vary with the changes in market conditions, production techniques or actual use of the inventories, which would result in the change in the provision for decline in the value of inventories. The adjustment on the provision for decline in the value of inventories will affect the profit or loss for the period in which the estimation change is made.

(iv) *Estimation of fair value of investment properties*

The Group recognises the fair value of the investment properties based on the valuation assessed by the independent professional valuer or the valuation assessed by management. To assess the fair value of investment properties, as stated in Note 14(1), several significant judgements and assumptions are used.

(v) *Income taxes and deferred income taxes*

The Group is subject to income taxes in numerous jurisdictions. There are some transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is required from the Group in determining the provision for income tax in each of these jurisdictions. Where the final tax outcomes of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(28) Critical accounting estimates and judgements *(Continued)*

(a) Critical accounting estimates and key assumptions *(Continued)*

(v) Income taxes and deferred income taxes *(Continued)*

The Group prudently evaluates tax implications of transactions and tax provisions are made accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised based on deductible tax losses and deductible temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. The Group reviews judgements made for the deferred income tax on a continuous basis. If estimate shows that future taxable income is likely to be obtained, corresponding deferred tax assets are recognised.

As stated in Note 3(2), some subsidiaries of the Group are high-tech enterprises. The "High-Tech Enterprise Certificate" is effective for three years. Upon expiration, application for high-tech enterprise should be submitted again to the relevant government authorities. Based on the past experience of reassessment for high-tech enterprise upon expiration and the actual condition of the subsidiaries, the Group considers that the subsidiaries are able to obtain the qualification for high-tech enterprises in future years, and therefore a preferential tax rate of 15% is used to calculate the corresponding deferred income tax. If some subsidiaries cannot obtain the qualification for high-tech enterprise upon expiration, then the subsidiaries are subject to a statutory tax rate of 25% for the calculation of the income tax, which further influences the recognised deferred tax assets, deferred tax liabilities and income tax expenses.

A deferred tax asset is recognised for the carryforward of unused deductible losses to the extent that it is probable that future taxable profits will be available against which the deductible losses can be utilised. Future taxable profits include taxable profits that can be achieved through normal operations and the increase in taxable profits due to the reversal of taxable temporary differences arising from previous period in future period. The Group needs to apply estimates and judgements in determining the timing and amount of future taxable profits. If there is any difference between the actual and the estimates, adjustment may be made to the carrying amount of deferred tax assets.

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(All amounts in RMB unless otherwise stated) [English translation for reference only]

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(28) Critical accounting estimates and judgements *(Continued)*

(a) *Critical accounting estimates and key assumptions (Continued)*

(vi) *Warranties*

As described in Note 2(21), the Group makes provisions under the warranties it gives on the sales of its transport vehicles to consumers based on the recent claim experience. Because it is possible that the recent claim experience may not be indicative of future claims that the Group will receive in respect of past sales, a considerable level of management's judgement is required and exercised to estimate the provision. Any increase or decrease in the provision will affect profit or loss in future years.

(vii) *Expected credit loss of financial guarantee contracts for vehicle mortgage loans*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the contract holder for a loss it incurs if a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. As the issuer, an enterprise shall subsequently measure such financial liabilities at the higher of: (i) the amount of loss provision recognised in accordance with the financial instruments standard and (ii) the amount initially recognised less accumulative amortisation recognised in accordance with the revenue standard.

In accordance with the provisions of financial guarantee contracts related to financial guarantees for vehicle mortgage loans provided for consumers by the Group, the Group and its subsidiaries, as vehicle financing guarantors for consumers of transportation vehicles sold, shall perform obligations or assume liabilities in accordance with the contracts when the debtors fail to perform obligations, and for the guarantee contract liability, make provisions for the ending balance of vehicle loan guarantee based on vehicle loans status. The Group considers loss experience of recent years when making provisions.

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FOR THE YEAR ENDED DECEMBER 31, 2021

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(29) Significant changes in accounting policies

In 2021, the Ministry of Finance issued the Circular on Issuing Interpretation No. 14 of Accounting Standards for Business Enterprises (Cai Kuai [2021] No. 1), the Notice on Adjusting the Application Scope of the Provisions on the Accounting Treatment Regarding COVID-19-Related Rent Concessions (Cai Kuai [2021] No. 9), and the Q&A on the Implementation of Accounting Standards for Business Enterprises. The Group has adopted the above circular, notice and Q&A to prepare the financial statements for the year ended December 31, 2021, and the impacts on the financial statements of the Group and the Company are as follows:

(a) Accounting treatment of rental concessions related to COVID-19

For the rent concessions as a direct result of COVID-19, agreed with lessors and for the period ended June 30, 2022 only, the Group and the Company have applied the practical expedient in the above circular for the preparation of the financial statements for the year ended December 31, 2021, and there is no significant impact on the Group and the Company.

(b) Accounting for changes in determination of contractual cash flows of financial assets or financial liabilities due to the reform of benchmark interest rate

The financial statements for the year ended December 31, 2021 were prepared by the Group and the Company in accordance with the accounting for changes in determination of contract cash flows of financial assets or financial liabilities due to the reform of benchmark interest rate in the Interpretation No. 14 of Accounting Standards for Business Enterprises. As at December 31, 2021, the Group and the Company did not complete the replacement of benchmark interest rate (Note 13).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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:

	2021	2020	Tax base
The Company	25%	25%	Taxable income
Subsidiaries registered in China	15%-25%	15%-25%	Taxable income
Subsidiaries registered in Hong Kong, China	16.5%	16.5%	Taxable income
Subsidiaries registered in British Virgin Islands	–	–	Taxable income
Subsidiaries registered in Australia	30%	30%	Taxable income
Subsidiaries registered in Thailand	20%	20%	Taxable income
Subsidiaries registered in South Africa	28%	28%	Taxable income
Subsidiaries registered in the US	25%-26%	25%-26%	Taxable income
Subsidiaries registered in Netherlands	16.5%-25%	16.5%-25%	Taxable income
Subsidiaries registered in Belgium	25%	25%	Taxable income
Subsidiaries registered in Poland	19%	19%	Taxable income
Subsidiaries registered in UK	19%	19%	Taxable income
Subsidiaries registered in Russia	20%	20%	Taxable income
Subsidiaries registered in Vietnam	20%	20%	Taxable income
Subsidiaries registered in Malaysia	24%	24%	Taxable income
Subsidiaries registered in Bahrain	–	–	Taxable income
Subsidiaries registered in Canada	28%	28%	Taxable income
Subsidiaries registered in Djibouti	–	–	Taxable income

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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
		2021	2020	
CIMC Vehicles (Liaoning) Co., Ltd	25%	15%	15%	High-tech enterprises
Wuhu CIMC Ruijiang Automobile Co., Ltd.	25%	15%	15%	High-tech enterprises
Shenzhen CIMC Vehicle Co., Ltd.	25%	15%	15%	High-tech enterprises
Zhumadian CIMC Huajun Vehicle Co., Ltd. (“CIMC Huajun”)	25%	15%	15%	High-tech enterprises
Gansu CIMC Huajun 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
CIMC-Shac (Xi’an) Special Vehicles Co., Ltd.	25%	15%	15%	Large-scale development of western China

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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	2021	2020	Tax base
Value-added tax ("VAT") (China)	6%, 9% and 13%	6%, 9% and 13%	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (South Africa)	15%	15%	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (Thailand)	7%	7%	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (Vietnam)	10%	10%	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (UK)	20%	20%	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (Russia)	20%	20%	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (Canada)	13%	13%	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (Belgium)	21%	21%	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (Australia)	10%	10%	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)

NOTES TO THE FINANCIAL STATEMENTS

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(All amounts in RMB unless otherwise stated) [English translation for reference only]

3 TAXATION *(Continued)*

(2) *(Continued)*

Category	2021	2020	Tax base
VAT (Poland)	23%	23%	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (Malaysia)	–	–	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (Netherlands)	21%	21%	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)
VAT (Bahrain)	5%	5%	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)
City maintenance and construction tax	7%	7%	The payment amount of VAT
Educational surcharge	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 January 1, 2018 to December 31, 2023, the cost of newly purchased equipment with the original cost less than RMB5 million can be fully deducted against taxable profit in the next month after the asset is put into use, instead of being depreciated annually for tax filing.

Pursuant to the Announcement on Relevant Policies for Deepening the Value-added Tax Reform (Cai Shui Haiguan [2019] No. 39) jointly issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs, the Group, as a producer service company, qualifies for additional 10% deduction of input VAT from output VAT from April 1, 2019 to December 31, 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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

	December 31, 2021	December 31, 2020
Cash on hand	397,471.87	425,807.66
Cash at bank	4,164,518,425.92	3,706,754,835.31
Deposits at Finance Company	529,787,435.79	562,195,179.33
Other cash balances	347,279,141.79	268,038,485.91
	<u>5,041,982,475.37</u>	<u>4,537,414,308.21</u>
Including: Overseas deposits	<u>729,828,970.82</u>	<u>1,252,153,738.43</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. Balances with Finance Company include deposits and guarantees (Note 8(6)(j)) at Finance Company, and related deposits have been classified into other cash balances.

As at December 31, 2021 and December 31, 2020, other cash balances of the Group mainly included vehicle mortgage loan guarantees, notes guarantees and other guarantees, of which other cash balances deposited at Finance Company amounted to RMB94,624,179.73 (December 31, 2020: RMB75,667,475.71).

(2) Financial assets held for trading

	December 31, 2021	December 31, 2020
Financial assets held for trading		
– Equity fund	–	136,784,931.09

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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

	December 31, 2021	December 31, 2020
Derivative financial assets –		
Forward exchange contracts	<u>2,039,603.00</u>	<u>618,773.35</u>
Derivative financial liabilities –		
Forward exchange contracts	<u>21,100.00</u>	<u>114,174.90</u>

Forward exchange contracts held by the Group as at December 31, 2021 were unsettled forward contracts denominated in USD of domestic subsidiaries with a nominal amount of USD14,000,000.00, and the Group would buy or sell RMB with corresponding amount of USD at contracted exercise exchange rate and nominal amount at the settlement date. The Group's forward exchange contracts are settled at the difference between the market exchange rate and the contracted exercise exchange rate at the settlement date, and will be expired from January 12, 2022 to August 10, 2022.

Forward exchange contracts held by the Group as at December 31, 2020 consisted of: (1) unsettled forward contracts denominated in USD of domestic subsidiaries with a nominal amount of USD5,000,000.00, and the Group would buy or sell RMB with corresponding amount of USD at contracted exercise exchange rate and nominal amount at the settlement date; (2) unsettled forward contracts denominated in RMB of overseas subsidiaries with a nominal amount of RMB2,000,000.00, and the Group would buy or sell THB with corresponding amount of RMB at contracted exercise exchange rate and nominal amount at the settlement date; and (3) unsettled forward contracts denominated in USD of overseas subsidiaries with a nominal amount of USD806,165.56, and the Group would buy or sell THB with corresponding amount of USD at contracted exercise exchange rate and nominal amount at the settlement date. The Group's forward foreign exchange contracts are settled at the difference between the market exchange rate and the contracted exercise exchange rate at the settlement date, and were expired from January 5, 2021 to June 25, 2021.

(4) Notes receivables

	December 31, 2021	December 31, 2020
Trade acceptance notes	39,291,608.35	58,370,591.10
Bank acceptance notes	71,353,941.25	150,000.00
Less: Provision for bad debts	<u>(966,840.65)</u>	<u>(2,655,387.27)</u>
	<u>109,678,708.95</u>	<u>55,865,203.83</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(4) Notes receivables *(Continued)*

(a) For the purpose of issuing bank acceptance notes, the Group pledges part of the notes receivable. As at December 31, 2021, the amount of pledged bank acceptance notes listed on notes receivable is RMB4,170,000.00, and there are no pledged trade acceptance notes.

(b) As at December 31, 2021, the amount of the Group's endorsed or discounted but not yet due banker's acceptance notes as shown in the notes receivable was RMB30,589,998.40.

In 2021 and 2020, 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)).

(c) *Provision for bad debts*

Notes receivable of the Group are generated from daily business activities such as selling goods and providing services. No matter whether there is significant financing component or not, the provision for loss is measured based on lifetime ECL.

(i) The provision for bad debts of note receivables are as follows,

For bank acceptance notes:

As at December 31, 2021, The Group shall measure the allowance for bad debts based on lifetime ECL. The provision for bad debts is RMB214,061.82(December 31, 2020: Nil). The Group believes that its bank acceptance notes are not exposed to significant credit risk and the probability of default of these banks is very low.

For trade acceptance notes:

As at December 31, 2021, The Group shall measure the allowance for bad debts based on lifetime ECL. The provision for bad debts is RMB752,778.83 (December 31, 2020: RMB2,655,387.27).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(4) Notes receivables *(Continued)*

(c) Provision for bad debts *(Continued)*

(ii) The provisions accrued in 2021 is RMB966,840.65(2020: RMB4,286,203.62), The provisions collected or reversed in 2021 is RMB2,655,387.27(2020: RMB1,775,955.86).

(iii) No notes receivables were written off in 2021 and 2020.

(5) Accounts receivables

	December 31, 2021	December 31, 2020
Accounts receivables	2,928,963,909.69	2,957,650,090.02
Less: Provision for bad debts	(147,633,049.21)	(152,499,144.74)
	<u>2,781,330,860.48</u>	<u>2,805,150,945.28</u>

The credit terms of accounts receivables granted by the Group are generally ranged from 30 days to 180 days.

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

	December 31, 2021	December 31, 2020
Within 1 year	2,763,792,253.13	2,815,258,580.80
1 to 2 years	104,228,253.45	74,755,369.54
2 to 3 years	19,694,665.51	10,289,880.58
Over 3 years	41,248,737.60	57,346,259.10
	<u>2,928,963,909.69</u>	<u>2,957,650,090.02</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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 December 31, 2021, 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>316,775,097.88</u>	<u>9,277,995.08</u>	<u>10.82%</u>

As at December 31, 2020, the five largest accounts receivables aggregated by debtors amounted to RMB388,563,428.58, accounting for 13.14% of the total balance of accounts receivables.

- (c) In 2021 and 2020, the Group has no accounts receivables derecognised due to transfer of financial asset.

(d) *Provision for bad debts*

For the receivables of the Group, whether there is a significant financing component or not, the provision is measured based on lifetime ECL.

- (i) Receivables that are assessed for impairment on a collective group basis are as follows:

	December 31, 2021		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rates	Amount
Not overdue	1,937,307,816.25	2.16%	41,847,645.08
Overdue within 1 year	867,047,212.85	3.84%	33,274,675.77
Overdue 1 to 2 years	63,292,788.53	24.42%	15,458,749.56
Overdue 2 to 3 years	21,489,818.10	81.68%	17,553,006.23
Overdue over 3 years	<u>39,826,273.96</u>	99.18%	<u>39,498,972.57</u>
	<u>2,928,963,909.69</u>		<u>147,633,049.21</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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)*

	December 31, 2020		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rates	Amount
Not overdue	2,138,980,318.66	2.72%	58,236,017.61
Overdue within 1 year	714,825,147.01	4.76%	33,997,726.02
Overdue 1 to 2 years	43,796,916.36	17.27%	7,561,660.28
Overdue 2 to 3 years	9,690,123.02	64.67%	6,266,215.16
Overdue over 3 years	<u>50,357,584.97</u>	92.22%	<u>46,437,525.67</u>
	<u>2,957,650,090.02</u>		<u>152,499,144.74</u>

(ii) The provision for bad debts this year amounted to RMB35,036,379.62 (2020: RMB60,064,115.26). A provision for bad debts amounted to RMB16,885,294.67 has been collected or reversed (2020: RMB12,958,323.60). The Group has no significant collection or reversal of accounts receivable.

(e) The accounts receivables amounted to RMB23,264,595.35 was written off in current year (2020: RMB15,607,391.91), the provision for bad debts amounted to RMB23,264,595.35 (2020: RMB15,607,391.91). The Group has no significant written-off of accounts receivable.

(f) As at December 31, 2021 and December 31, 2020, 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 DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(6) Receivables financing

	December 31, 2021	December 31, 2020
Bank acceptance notes	511,678,375.48	858,797,603.30
Less: Provision for bad debts	<u>(1,587,253.74)</u>	<u>(2,576,392.81)</u>
	<u>510,091,121.74</u>	<u>856,221,210.49</u>

Certain bank acceptance notes of certain subsidiaries of the Group were discounted or endorsed for the purpose of daily treasury management. The objective of the business model was to manage such notes receivables to both collect their contractual cash flows, and sell financial assets which satisfies the derecognition criteria. Therefore, these bank acceptance notes were reclassified to financial assets at fair value through other comprehensive income.

The Group had no bank acceptance notes for which the provision for impairment was made individually. As at December 31, 2021, the Group have measured provision as lifetime ECL amounted to RMB1,587,253.74 (December 31, 2020: RMB2,576,392.81). The Group believes that its bank acceptance notes are not exposed to significant credit risk and the probability of default of these banks is very low.

The Group pledged some bank acceptance notes for the purpose of issuing bank acceptance notes. As at December 31, 2021, the amount of pledged bank acceptance notes receivable disclosed in receivables financing was RMB58,622,779.91 (December 31, 2020: RMB48,682,944.46).

As at December 31, 2021, the Group's endorsed or discounted but not yet due notes receivable listed in receivables financing are as follows:

	Derecognised	Not derecognised
Bank acceptance notes	<u>2,624,546,160.57</u>	<u>—</u>

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(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(7) Advances to suppliers

(a) Ageing analysis of advances to suppliers was as follows:

	December 31, 2021		December 31, 2020	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	218,056,947.61	95.76%	242,982,202.76	94.99%
1 to 2 years	3,064,761.83	1.35%	2,457,123.38	0.96%
2 to 3 years	293,984.42	0.13%	2,528,354.75	0.99%
Over 3 years	6,288,399.47	2.76%	7,817,081.80	3.06%
	<u>227,704,093.33</u>	<u>100.00%</u>	<u>255,784,762.69</u>	<u>100.00%</u>
Less: Provision for bad debts	<u>(5,876,123.39)</u>		<u>(5,672,368.24)</u>	
	<u>221,827,969.94</u>		<u>250,112,394.45</u>	

As at December 31, 2021, the prepayments aged over one year amounted to RMB9,647,145.72 (December 31, 2020: RMB12,802,559.93), which were mainly prepayments for raw materials. Since the raw materials have not been delivered, the payment has not been settled.

(b) As at December 31, 2021, the five largest advances to suppliers aggregated by debtors are analysed as follows:

	Amount	% of total balance
Total balance of the five largest advances to suppliers	<u>85,656,768.73</u>	<u>37.62%</u>

As at December 31, 2020, the five largest advances to suppliers aggregated by debtors amounted to RMB84,110,716.37, accounting for 32.88% of the total balance of advances to suppliers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) Other receivables

	December 31, 2021	December 31, 2020
Amounts due from related parties (Note 8(6)(d))	26,392,773.52	28,507,823.46
Other receivables from staffs	8,161,479.68	8,468,686.01
Tax refund receivables	3,507,757.06	32,531,593.81
Rental and other deposits	110,267,785.76	122,655,352.07
Disbursement of vehicle mortgage loans	24,416,510.27	27,673,177.09
Receivables from equity/asset transfer	24,814,225.55	–
Reimbursed expenses	49,643,318.90	60,354,532.55
Vendor rebates	31,586,136.43	13,708,819.45
Others	14,771,382.82	17,905,563.18
	293,561,369.99	311,805,547.62
Less: Provision for bad debts	(20,596,176.40)	(23,581,659.45)
	272,965,193.59	288,223,888.17

(a) Ageing analysis of advances to suppliers was as follows:

	December 31, 2021	December 31, 2020
Within 1 year	259,737,404.68	277,037,179.62
1 to 2 years	2,146,186.35	6,416,197.04
2 to 3 years	6,413,163.04	7,325,623.22
Over 3 years	25,264,615.92	21,026,547.74
	293,561,369.99	311,805,547.62

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) Other receivables (Continued)

(b) Loss provision and changes in book balance

	Stage 1				Stage 3				Total
	12-month ECL (group)		12-month ECL (individual)		Sub-total		Lifetime ECL (credit impaired)		
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Provision for bad debts	Book balance	Provision for bad debts	Provision for bad debts	
December 31, 2020	284,132,370.53	4,242,317.33	-	-	4,242,317.33	27,673,177.09	19,339,342.12	23,581,659.45	
Increase in the current year	114,655,827.38	3,893,102.47	-	-	3,893,102.47	11,951,983.81	6,233,570.40	10,126,672.87	
Reversal in the current year	(129,643,338.19)	(3,681,997.28)	-	-	(3,681,997.28)	(12,784,976.68)	(7,006,484.69)	(10,688,481.97)	
Write-off in the current year	-	-	-	-	-	(2,423,673.95)	(2,423,673.95)	(2,423,673.95)	
Including: Write-off in the current year	-	-	-	-	-	(2,423,673.95)	(2,423,673.95)	(2,423,673.95)	
Derecognition	-	-	-	-	-	-	-	-	
December 31, 2021	269,144,859.72	4,453,422.52	-	-	4,453,422.52	24,416,510.27	16,142,753.88	20,596,176.40	

(a) The Group had no other receivables transferred to Stage 1 in the current year.

(b) Except for amounts increased and decreased in the current year, there were no changes in provision for bad debts due to transfer between Stage 1 and Stage 3, and changes in the provision for bad debts as a result of changes in parameters and data used in determining ECL.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) Other receivables (Continued)

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

As at December 31, 2021 and December 31, 2020, the Group did not have other receivables at Stage 2. Other receivables at Stage 1 and Stage 3 are analysed as follows:

As at December 31, 2021, there was no provision for bad debts made individually.

(i) As at December 31, 2021, other receivables for which the related provision for bad debts was provided on the collective basis are analysed as follows:

Stage 1	Book balance	12-month ECL rates	Provision for bad debts	Reason
Amounts due from related parties	26,392,773.52	-	-	Loss provision was made based on the following 12-month ECL
Tax refund receivables	3,507,757.06	-	-	
Rental and other deposits	110,267,785.76	-	-	
Other receivables from staffs	8,161,479.68	-	-	
Others	120,815,063.70	3.69%	4,453,422.52	
	<u>269,144,859.72</u>		<u>4,453,422.52</u>	
Stage 3	Book balance	Lifetime ECL rates	Provision for bad debts	Reason
Disbursement of vehicle mortgage loans	24,416,510.27	66.11%	16,142,753.88	Loss provision was made based on the lifetime ECL

NOTES TO THE FINANCIAL STATEMENTS

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4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) Other receivables (Continued)

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

- (i) As at December 31, 2020, other receivables for which the related provision for bad debts was provided on the collective basis are analysed as follows:

Stage 1	Book balance	12-month ECL rates	Provision for bad debts	Reason
Amounts due from related parties	28,507,823.46	-	-	Loss provision was made based on the following 12-month ECL
Tax refund receivables	32,531,593.81	-	-	
Rental and other deposits	122,655,352.07	-	-	
Other receivables from staffs	8,468,686.01	-	-	
Others	<u>91,968,915.18</u>	4.61%	<u>4,242,317.33</u>	
	<u>284,132,370.53</u>		<u>4,242,317.33</u>	
Stage 3	Book balance	Lifetime ECL rates	Provision for bad debts	Reason
Disbursement of vehicle mortgage loans	<u>27,673,177.09</u>	69.88%	<u>19,339,342.12</u>	Loss provision was made based on the lifetime ECL

- (c) The provision for bad debts this year amounted to RMB10,126,672.87 (2020: RMB3,866,768.84). A provision for bad debts amounted to RMB10,688,481.97 has been collected or reversed (2020: RMB7,905,753.32).

- (d) The other receivables amounted to RMB2,423,673.95 was written off in current year (2020: RMB12,936,643.26), the provision for bad debts amounted to RMB2,423,673.95 (2020: RMB12,936,643.26).

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(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 December 31, 2021, the five largest other receivables aggregated by debtor are analysed as follows:

Name of entity	Nature	Balance	Ageing	% of total balance	Provision for bad debts
Dongguan CIMC Innovation Industrial Park Development Co., LTD	Construction funds for employee dormitory	16,552,122.00	2 to 3 years and over 3 years	5.64%	-
Shenzhen Huixiang Kaisheng Investment Management Co., Ltd.	Receivables from equity transfer	13,911,624.08	Within 1 year	4.74%	-
Xxentria Technology Materials Co., Ltd.	Receivables from asset transfer	10,902,601.47	Within 1 year	3.71%	-
Guangdong Ruiguang Construction Machinery Co., Ltd.	Deposits and guarantees	7,881,950.00	Within 1 year	2.68%	-
Guangdong Ruijiang Automobile Sales & Service Co., Ltd.	Deposits and guarantees	5,791,250.00	Within 1 year	1.97%	-
		<u>55,039,547.55</u>		<u>18.74%</u>	<u>-</u>

As at December 31, 2020, the five largest other receivables aggregated by debtors amounted to RMB50,353,765.36, accounting for 16.15% of the total balance of other receivables.

- (f) As at December 31, 2021 and December 31, 2020, the Group did not recognise government grants at amounts receivable.

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(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:

	December 31, 2021		
	Book balance	Provision for decline in the value of inventories and impairment of contract fulfilment costs	Carrying amount
Raw materials	1,922,628,792.44	(64,258,191.72)	1,858,370,600.72
Work in progress	1,158,106,458.54	(6,605,701.83)	1,151,500,756.71
Finished goods	1,815,252,150.47	(65,734,721.63)	1,749,517,428.84
Materials processed on commission	26,511,195.15	–	26,511,195.15
Spare parts	134,459,311.04	–	134,459,311.04
Low value consumables	12,883,308.68	–	12,883,308.68
Contract fulfilment costs ⁽ⁱ⁾	5,952,842.56	–	5,952,842.56
	5,075,794,058.88	(136,598,615.18)	4,939,195,443.70
	December 31, 2020		
	Book balance	Provision for decline in the value of inventories and impairment of contract fulfilment costs	Carrying amount
Raw materials	1,382,938,497.32	(74,261,182.70)	1,308,677,314.62
Work in progress	794,532,451.08	(12,704,681.45)	781,827,769.63
Finished goods	1,634,675,884.84	(106,522,128.72)	1,528,153,756.12
Materials processed on commission	8,486,391.92	(33,463.50)	8,452,928.42
Spare parts	157,117,330.51	–	157,117,330.51
Low value consumables	8,382,911.75	–	8,382,911.75
Contract fulfilment costs ⁽ⁱ⁾	999,797.05	–	999,797.05
	3,987,133,264.47	(193,521,456.37)	3,793,611,808.10

(i) The book balance of contract fulfilment costs mainly refers to transportation costs incurred to fulfil sale contracts prior to the transferring of control over goods to customers. In 2021, the amount of contract fulfilment costs recognised in cost of sale was RMB11,722,793.17 (2020: RMB47,145,316.10).

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(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:

	December 31, 2020	Movements in the current year			Currency translation differences	December 31, 2021
		Provision	Reversal	Write-off		
Raw materials	(74,261,182.70)	(17,858,544.64)	1,093,358.37	25,892,437.30	875,739.95	(64,258,191.72)
Work in progress	(12,704,681.45)	(761,547.82)	-	6,673,511.74	187,015.70	(6,605,701.83)
Finished goods	(106,522,128.72)	(15,224,781.14)	3,121,497.65	52,876,177.37	14,513.21	(65,734,721.63)
Materials processed on commission	(33,463.50)	-	-	33,463.50	-	-
	<u>(193,521,456.37)</u>	<u>(33,844,873.60)</u>	<u>4,214,856.02</u>	<u>85,475,589.91</u>	<u>1,077,268.86</u>	<u>(136,598,615.18)</u>

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

	Specific basis for determining net realisable value	Reasons for reversal or write-off of provision for decline in the value of inventories in the current year
Raw materials	Market price	Inventories have been used or sold, and the realisable value picks up
Work in progress	The estimated selling price of finished goods, less the estimated costs to completion and estimated selling expenses and related taxes	Inventories have been used or sold, and the realisable value picks up
Finished goods	Market price	Inventories have been used or sold, and the realisable value picks up
Materials processed on commission	The estimated selling price of finished goods, less the estimated costs to completion and estimated selling expenses and related taxes	Inventories have been used or sold, and the realisable value picks up

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(10) Assets held for sale

On November 13, 2017, Yangzhou Tonghua, a subsidiary of the Group, and Yangzhou Economic and Technological Development Zone Demolition and Resettlement Management Office (“Yangzhou Demolition Management Office”) signed an expropriation and compensation agreement. According to this agreement, Yangzhou Tonghua will relocate in phases, and Yangzhou Demolition Management Office will compensate a total of RMB800 million. The agreed compensation includes: house compensation, land compensation, fixed attachment and decoration compensation, seedling compensation, machinery and equipment demolition compensation, relocation subsidies, early relocation incentives, one-time suspension of production and business subsidies, and comprehensive compensation. As at December 31, 2020, remaining part of the relocation has not been completed. The Group assessed that it is likely to complete the relocation before December 31, 2021. The related assets are listed in the balance sheet as assets held for sale, with a carrying amount of RMB50,832,419.57. As at December 31, 2021, the relocation had been completed and related profit or loss is recognised in gains on disposals of assets (Note 4(51)).

(11) Other current assets

	December 31, 2021	December 31, 2020
Taxes to be deducted/prepaid	307,129,252.18	154,404,830.07
Others	6,097,112.28	33,455,439.71
	313,226,364.46	187,860,269.78

(12) Long-term equity investments

	December 31, 2021	December 31, 2020
Joint ventures (a)	15,420,370.81	16,771,490.27
Associates (b)	135,664,272.94	166,749,922.66
	151,084,643.75	183,521,412.93
Less: Provision for impairment of long-term equity investments	—	—
	151,084,643.75	183,521,412.93

NOTES TO THE FINANCIAL STATEMENTS

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(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12) Long-term equity investments (Continued)

(a) Joint ventures

	Movements in the current year										
	December 31, 2020	Increase in investments	Decrease in investments	Share of net loss under equity method	Share of other comprehensive income	Share of other changes in equity	Cash dividends/profit declared	Provision for impairment	Others	December 31, 2021	Ending balance of provision for impairment
Shenzhen Xinghuo Chelian Technology Co., Ltd.*	3,947,174.61	-	-	(81,408.85)	-	-	-	-	-	3,865,765.76	-
Shenzhen Zhongnan Jizhi Technology LLP ⁽ⁱ⁾	-	-	-	-	-	-	-	-	-	-	-
Jiangsu Wanjiang Technology Co., Ltd.*	12,824,315.66	-	-	(1,269,710.61)	-	-	-	-	-	11,554,605.05	-
	16,771,490.27	-	-	(1,351,119.46)	-	-	-	-	-	15,420,370.81	-

* Joint ventures directly held by the Company.

Equity related information in joint ventures is set forth in Note 6(2).

(i) Joint ventures that the Group participated in the establishment but did not make actual contributions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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

	December 31, 2020	Movements in the current year							December 31, 2021	Ending balance of provision for impairment
		Addition/Increase in investments	Decrease in investments	Share of net profit/(loss) under equity method	Share of other comprehensive income	Share of other changes in equity	Cash dividends/profit declared	Provision for impairment		
Xentria Technology Materials (China) Co., Ltd.	40,806,729.90	-	(40,254,004.58)	(552,725.32)	-	-	-	-	-	-
Senju (Shanghai) International Trade Co., Ltd.	570,087.02	-	-	(134,853.62)	-	-	-	-	-	435,233.40
Shenzhen CADRO Hydraulic Equipment Co., Ltd.	27,805,754.37	-	(25,054,747.62)	(1,638,932.20)	-	-	(912,074.55)	-	-	-
Shenzhen CIMC Cold Chain Technology Co., Ltd.	883,429.81	-	(883,429.81)	-	-	-	-	-	-	-
Ningbo Huaxiang Automotive New Material Technology Co., Ltd.	1,462,794.17	-	-	1,462.90	-	-	-	-	-	1,464,257.07
Shenzhen Shuixiang Technology Co., Ltd.	-	-	-	-	-	-	-	-	-	-
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	20,392,917.74	-	-	2,393,431.79	-	-	(515,123.35)	-	-	22,271,226.18
Chengdu CIMC Industrial Park Investment and Development Co., Ltd.	75,028,209.65	-	-	6,705,268.61	-	-	-	-	-	81,733,478.26
CIMC Commercial Tires Inc. ^(#)	-	-	-	-	-	-	-	-	-	-
Shenzhen Bay Angel Phase III Venture Capital Partnership (Limited Partnership)	-	30,000,000.00	-	(239,921.97)	-	-	-	-	-	29,760,078.03
	166,749,922.66	30,000,000.00	(66,192,182.01)	6,533,730.19	-	-	(1,427,197.90)	-	-	135,664,272.94

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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 (Continued)

Equity related information in associates is set forth in Note 6(2).

(ii) 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).

Associates and joint ventures have adopted the new financial instruments standards, new revenue standard and new lease standard (hereinafter "new standards") since January 1, 2021. New standards have minimal impacts on the Group's long-term equity investments, surplus reserve and undistributed profits.

(13) Investment properties

	Buildings and relevant land use rights
December 31, 2020	385,672,568.62
Changes in fair value	5,248,735.41
Transfer from fixed assets	2,259,993.11
Currency translation differences	(51,234.30)
December 31, 2021	<u>393,130,062.84</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(13) Investment properties *(Continued)*

In 2021 and 2020, no capitalised borrowing cost was recognised in investment properties.

In 2021, the impact on the Group's profit or loss resulting from the changes in fair value of investment properties was RMB5,248,735.41 (2020: RMB3,060,407.55) (Note 4(50)).

As at December 31, 2021, buildings and land use rights with a carrying amount of approximately RMB98,704,644.50 (December 31, 2020: RMB97,454,425.54) didn't obtain the property ownership certificate due to unfinished procedures.

(14) Fixed assets

	December 31, 2021	December 31, 2020
Fixed assets (a)	4,626,675,908.82	3,759,552,689.11
Fixed assets pending for disposal	—	6,509,252.56
	<u>4,626,675,908.82</u>	<u>3,766,061,941.67</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) Fixed assets (Continued)

(a) 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									
December 31, 2020	2,572,980,589.28	5,446,423.00	2,800,032,379.61	36,535,397.72	134,025,150.54	283,942,462.91	258,930,051.31	122,705,373.96	6,214,597,828.33
Increase in the current year									
Purchase	17,029,297.19	-	178,361,444.16	50,473,670.79	51,175,401.33	66,992,785.43	17,194,540.11	-	381,227,139.01
Transfers from construction in progress	507,173,345.57	-	452,646,129.14	992,746.23	1,834,174.83	36,957,195.37	3,660,506.46	-	1,003,264,097.60
Business combinations not under common control (Note 5)	16,365,750.00	-	959,470.00	-	-	-	1,410.00	-	17,326,630.00
Decrease in the current year									
Transfer to investment properties	(2,270,993.11)	-	-	-	-	-	-	-	(2,270,993.11)
Disposal and scrapping	(1,870,053.57)	-	(81,610,790.54)	-	(16,665,479.43)	(37,581,520.65)	(49,537,351.87)	(18,986,365.29)	(206,251,561.35)
Currency translation differences	(37,417,186.39)	-	(40,040,309.58)	-	(3,370,961.77)	-	(3,810,633.04)	-	(84,639,090.78)
December 31, 2021	3,071,990,748.97	5,446,423.00	3,310,348,322.79	88,001,814.74	166,998,285.50	350,310,923.06	226,438,522.97	103,719,008.67	7,323,254,049.70
Accumulated depreciation									
December 31, 2020	698,021,921.58	1,608,173.78	1,369,647,356.01	365,417.38	84,846,258.10	72,935,267.06	177,818,855.41	26,229,804.55	2,431,473,083.87
Increase in the current year									
Depreciation charge	91,181,953.55	129,273.18	193,311,046.31	7,731,946.72	29,326,757.19	59,620,448.71	10,975,179.81	24,870,386.29	417,146,991.76
Decrease in the current year									
Transfer to investment properties	(11,000.00)	-	-	-	-	-	-	-	(11,000.00)
Disposal and scrapping	(1,558,811.55)	-	(68,926,856.93)	-	(7,188,242.81)	(18,590,408.10)	(63,949,382.03)	(9,638,832.08)	(139,852,533.50)
Currency translation differences	(8,451,507.94)	-	(22,060,026.56)	-	(2,105,084.70)	-	(2,742,995.53)	-	(35,359,614.73)
December 31, 2021	779,182,555.64	1,737,446.96	1,471,971,518.83	8,097,364.10	104,879,687.78	113,965,307.67	152,101,657.66	41,461,388.76	2,673,396,927.40

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FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) Fixed assets (Continued)

(a) 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									
December 31, 2020	150,736.69	-	18,786,790.24	-	160,316.42	-	4,474,212.00	-	23,572,055.35
Decrease in the current year	-	-	(142,955.62)	-	(129,881.10)	-	(1,124.55)	-	(273,961.27)
Write-off on disposal	-	-	(116,880.60)	-	-	-	-	-	(116,880.60)
Currency translation differences	-	-	18,526,954.02	-	30,435.32	-	4,473,087.45	-	23,101,213.48
December 31, 2021	150,736.69	-	18,526,954.02	-	30,435.32	-	4,473,087.45	-	23,101,213.48
Carrying amount									
December 31, 2021	2,292,657,456.64	3,708,976.04	1,819,849,849.94	79,904,450.64	62,088,162.40	236,345,615.39	69,863,777.86	62,257,619.91	4,626,675,908.82
December 31, 2020	1,874,807,931.01	3,638,249.22	1,411,598,233.36	36,169,980.34	49,018,576.02	211,007,195.85	76,636,983.90	96,475,539.41	3,759,552,689.11

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) Fixed assets (Continued)

(a) Fixed assets (Continued)

As at December 31, 2021 and December 31, 2020, the Group had no fixed assets as collateral.

In 2021, depreciation charged to fixed assets amounted to RMB417,146,991.76 (2020: RMB337,761,631.90), of which the depreciation expenses charged in the cost of sales, selling expenses, administrative expenses and research and development expenses were RMB325,811,229.65, RMB5,775,274.67, RMB56,199,260.01 and RMB29,361,227.43 (2020: RMB256,577,879.20, RMB9,542,336.86, RMB47,217,246.87 and RMB24,424,168.97), respectively.

In 2021, the cost of fixed assets transferred from construction in progress amounted to RMB1,003,264,097.60 (2020: RMB406,744,785.08).

(i) Temporarily idle fixed assets

As at December 31, 2021, buildings, machinery and equipment and electronic and other equipment with a carrying amount of RMB25,988,798.23 (a cost of RMB46,971,248.76) (December 31, 2020: a carrying amount of RMB32,050,417.16 and a cost of RMB46,971,248.76) were temporarily idle. The analysis is as follows:

	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Buildings	30,403,742.20	6,078,222.00	–	24,325,520.20
Machinery and equipment	15,619,724.96	13,872,703.49	157,414.32	1,589,607.15
Electronic and other equipment	947,781.60	820,508.41	53,602.31	73,670.88
	<u>46,971,248.76</u>	<u>20,771,433.90</u>	<u>211,016.63</u>	<u>25,988,798.23</u>

(ii) Fixed assets which property ownership certificates not obtained:

As at December 31, 2021, buildings with a carrying amount of RMB413,069,337.55 (December 31, 2020: RMB275,249,181.17) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) Fixed assets (Continued)

(a) Fixed assets (Continued)

- (iii) No provision on residual value guarantees was specified in the lease contract for machinery and equipment, motor vehicles and electronic equipment and other equipment signed by the Group as the lessor.
- (iv) As at December 31, 2021, the carrying amount of the Group's fixed assets with restrictions on ownership was RMB36,895,846.27 (December 31, 2020: RMB37,833,250.43).

(15) Construction in progress

	December 31, 2021			December 31, 2020		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
CIMC smart logistics equipment project	241,810,188.65	-	241,810,188.65	-	-	-
Tonghua plant construction project	95,577,192.56	-	95,577,192.56	449,420,189.95	-	449,420,189.95
Growth Fortune steel structure plant building project	28,981,639.50	-	28,981,639.50	17,463,927.47	-	17,463,927.47
Vanguard Trenton & Monon GA Plant	23,655,976.24	-	23,655,976.24	6,562,996.74	-	6,562,996.74
Kunming vehicle park project	22,746,117.30	-	22,746,117.30	753,300.00	-	753,300.00
Mixer drum line upgrade project	11,953,356.79	-	11,953,356.79	13,758,757.98	-	13,758,757.98
Baoji manufacturing plant project	7,744,247.76	-	7,744,247.76	-	-	-
Huajun production maintenance investment project	5,910,475.03	-	5,910,475.03	6,074,972.13	-	6,074,972.13
Lingyu production line upgrade project	5,745,462.45	-	5,745,462.45	5,777,657.29	-	5,777,657.29
Huajun plant construction project	3,739,841.04	-	3,739,841.04	22,084,230.06	-	22,084,230.06
Dongguan Light Tower Magellan II production line investment project	3,365,310.00	-	3,365,310.00	-	-	-
US Polar Bear construction project (develop a new automated production facility for refrigerated semi-trailers in Monon, the US)	1,961,884.56	-	1,961,884.56	145,805,516.34	-	145,805,516.34
Canadian Glacier project (equipment) (develop a new assembly plant for refrigerated semi-trailers in Canada)	-	-	-	11,918,866.14	-	11,918,866.14
Others	63,381,040.26	-	63,381,040.26	71,353,093.00	(305,126.20)	71,047,966.80
	<u>516,572,732.14</u>	<u>-</u>	<u>516,572,732.14</u>	<u>750,973,507.10</u>	<u>(305,126.20)</u>	<u>750,668,380.90</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(15) Construction in progress (Continued)

(i) Movements of major construction in progress

Project name	Budgeted amount	December 31, 2020	Increase in the current year	Transfer to fixed assets/intangible assets in the current year	Other decreases	Currency translation differences	December 31, 2021	% of project investment to the budget	Work progress	Source of funds
CIMC smart logistics equipment project	456,000,000.00	-	241,810,188.65	-	-	-	241,810,188.65	53%	65%	Raised funds
Tonghua plant construction project	916,080,000.00	449,420,189.95	134,038,062.38	(487,881,059.77)	-	-	95,577,192.56	98%	98%	Self-owned
Growth Fortune steel structure plant construction project	29,838,276.00	17,463,927.47	11,917,046.57	-	-	(399,334.54)	28,981,639.50	90%	90%	Self-owned
Vanguard Trenton & Monon GA Plant	94,067,957.11	6,562,996.74	21,270,002.65	(3,695,369.18)	(121,714.01)	(359,939.96)	23,655,976.24	69%	70%	Self-owned
Kunming vehicle park project	119,460,000.00	753,300.00	21,992,817.30	-	-	-	22,746,117.30	19%	40%	Raised funds/ Self-owned
Mixer drum line upgrade project	66,520,000.00	13,758,757.98	3,424,687.61	(5,230,088.80)	-	-	11,953,356.79	74%	75%	Raised funds
Baoji manufacturing plant project	45,000,000.00	-	7,744,247.76	-	-	-	7,744,247.76	17%	17%	Raised funds
Huajun production maintenance investment project	59,336,200.00	6,074,972.13	8,496,312.85	(8,643,158.80)	(17,651.15)	-	5,910,475.03	99%	99%	Self-owned
Lingyu production line upgrade project	62,042,042.94	5,777,657.29	5,217,588.16	(5,249,783.00)	-	-	5,745,462.45	99%	99%	Self-owned
Huajun plant construction project	179,795,900.00	22,084,230.06	1,773,817.39	(20,118,206.41)	-	-	3,739,841.04	94%	94%	Self-owned
Dongguan Light Tower Magellan II production line investment project	33,300,000.00	-	3,365,310.00	-	-	-	3,365,310.00	10%	10%	Self-owned
US Polar Bear construction project (develop a new automated production facility for refrigerated semi-trailers in Monon, the US)	182,937,450.00	145,805,516.34	7,110,629.02	(149,330,287.53)	-	(1,623,973.27)	1,961,884.56	89%	100%	Raised funds/ Self-owned
Canadian Glacier project (equipment) (develop a new assembly plant for refrigerated semi-trailers in Canada)	12,610,326.11	11,918,866.14	3,814,103.22	(15,791,212.45)	-	58,243.09	-	100%	100%	Raised funds/ Self-owned
Others		71,047,966.80	308,791,767.63	(314,255,156.50)	(1,990,153.83)	(213,383.84)	63,381,040.26			Raised funds/ Self-owned
		750,668,380.90	780,766,581.19	(1,010,194,322.44)	(2,129,518.99)	(2,538,388.52)	516,572,732.14			
Including: Capitalised borrowing costs		-	-	-	-	-	-			

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4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(16) Right-of-use assets

	Buildings	Land use rights	Office equipment and others	Total
Cost				
December 31, 2020	243,684,997.59	88,522.32	9,809,591.84	253,583,111.75
Increase in the current year				
New lease contracts	73,362,782.27	-	5,529,128.43	78,891,910.70
Decrease in the current year				
Other decreases	(13,604,906.54)	(86,257.57)	(437,502.13)	(14,128,666.24)
Currency translation differences	(10,410,372.46)	(2,264.75)	(329,991.02)	(10,742,628.23)
December 31, 2021	293,032,500.86	-	14,571,227.12	307,603,727.98
Accumulated depreciation				
December 31, 2020	46,943,507.42	88,522.32	3,035,770.98	50,067,800.72
Increase in the current year				
Depreciation charge	38,369,632.74	-	2,920,033.66	41,289,666.40
Decrease in the current year				
Other decreases	(12,027,050.45)	(86,257.57)	(366,592.69)	(12,479,900.71)
Currency translation differences	(3,544,722.78)	(2,264.75)	(118,861.52)	(3,665,849.05)
December 31, 2021	69,741,366.93	-	5,470,350.43	75,211,717.36
Provision for impairment				
December 31, 2020	-	-	-	-
December 31, 2021	-	-	-	-
Carrying amount				
December 31, 2021	223,291,133.93	-	9,100,876.69	232,392,010.62
December 31, 2020	196,741,490.17	-	6,773,820.86	203,515,311.03

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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						
December 31, 2020	962,983,008.02	169,493,775.45	54,935,110.46	17,691,697.00	100,680,304.36	1,305,783,895.29
Increase in the current year						
Purchase	–	2,916,627.02	5,517,609.32	–	–	8,434,236.34
Transfers from construction in progress	–	–	6,930,224.84	–	–	6,930,224.84
Business combinations not under common control (Note 5)	18,480,000.00	–	1,096.59	–	–	18,481,096.59
Decrease in the current year						
Others	(1,798,975.56)	–	–	–	–	(1,798,975.56)
Currency translation differences	(4,686,845.33)	(4,710,730.32)	(585,658.64)	(564,961.00)	(2,949,613.26)	(13,497,808.55)
December 31, 2021	974,977,187.13	167,699,672.15	66,798,382.57	17,126,736.00	97,730,691.10	1,324,332,668.95
Accumulated amortisation						
December 31, 2020	162,996,537.53	95,590,243.50	25,390,059.58	17,691,697.00	49,492,435.49	351,160,973.10
Increase in the current year						
Amortization charge	19,591,155.02	12,911,220.07	7,211,850.15	–	5,951,727.11	45,665,952.35
Currency translation differences	(12,506.35)	(2,469,603.94)	(299,816.47)	(564,961.00)	(2,126,509.18)	(5,473,396.94)
December 31, 2021	182,575,186.20	106,031,859.63	32,302,093.26	17,126,736.00	53,317,653.42	391,353,528.51
Provision for impairment						
December 31, 2020	–	4,972,768.77	–	–	35,929,271.85	40,902,040.62
Currency translation differences	–	(644,883.37)	–	–	(250,802.99)	(895,686.36)
December 31, 2021	–	4,327,885.40	–	–	35,678,468.86	40,006,354.26
Carrying amount						
December 31, 2021	792,402,000.93	57,339,927.12	34,496,289.31	–	8,734,568.82	892,972,786.18
December 31, 2020	799,986,470.49	68,930,763.18	29,545,050.88	–	15,258,597.02	913,720,881.57

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FOR THE YEAR ENDED DECEMBER 31, 2021

(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 2021, the amortisation of intangible assets amounted to RMB45,665,952.35 (2020: RMB50,405,024.64).

As at December 31, 2021, the Group had no land use rights without certificates of ownership (December 31, 2020: land use rights with a carrying amount of RMB79,133,752.38 and a cost of RMB79,766,639.72 with certificates of ownership being handled).

As at December 31, 2021 and December 31, 2020, the Group had no land use rights as collateral.

Expenditures on research and development incurred in 2021 amounted to RMB397,817,429.52 (2020: RMB371,412,140.90), all of which were recognised in profit or loss for the current period. As at December 31, 2021, the Group had no intangible assets arising from internal research and development (December 31, 2020: Nil).

(18) Goodwill

	December 31, 2020	Increase in the current year	Currency translation differences	December 31, 2021
Goodwill –				
CIMC Vehicles UK Limited (“Vehicles UK”)	344,676,931.00	–	(11,006,803.00)	333,670,128.00
CIMC Huajun	35,740,080.73	–	–	35,740,080.73
Others	68,002,539.84	10,484,323.10	(2,204,265.05)	76,282,597.89
	<u>448,419,551.57</u>	<u>10,484,323.10</u>	<u>(13,211,068.05)</u>	<u>445,692,806.62</u>
Less: Provision for impairment –				
Others	(26,143,610.57)	(12,730,802.81)	1,703,129.14	(37,171,284.24)
	<u>422,275,941.00</u>			<u>408,521,522.38</u>

The increase in goodwill in the current year was the difference between the consideration paid by Xxentria Technology Materials (China) Co., Ltd. (“Xxentria”) (which was formed by business combinations not under common control) and the fair value of its identifiable net assets, with the amount of goodwill recognised accordingly (Note 5(1)). Since the future operation plan has not yet been implemented after the acquisition of Xxentria, the Group made a full provision for impairment of the subsidiary’s goodwill of RMB10,484,323.10 after the impairment assessment at the end of the year.

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FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(18) Goodwill *(Continued)*

As Zhenjiang Shenxing Taibao Technology Co., Ltd. expects that its future operations will change, resulting in a significant decrease in the future cash inflows of relevant asset groups, the Group thus made a full provision for impairment of the subsidiary's goodwill of RMB2,246,479.71 in the current year.

Other goodwill mainly refers to the difference between the cost for acquiring equity in CIMC Vehicles (Shandong) Co., Ltd., Yangzhou Tonghua, Shanghai CIMC Vehicle Logistics Equipment Co., Ltd., Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd., CIMC Intermodal Equipment Co., Ltd. and CIMC Vehicles South Africa (Pty) Ltd., Jiangsu Baojing Auto Parts Co., Ltd. and Zhenjiang Shenxing Taibao Technology Co., Ltd. and the Group's share of the fair value of the subsidiaries' identifiable net assets.

All the goodwill of the Group has been allocated to the relevant asset groups or groups of asset groups on the acquisition date, details of which were summarised as follows: Vehicles UK, CIMC Huajun, Jiangsu Baojing Auto Parts Co., Ltd., CIMC Vehicles (Shandong) Co., Ltd., Yangzhou Tonghua, Shanghai CIMC Vehicle Logistics Equipment Co., Ltd., Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd., CIMC Intermodal Equipment Co., Ltd. and CIMC Vehicles South Africa (Pty) Ltd., Zhenjiang Shenxing Taibao Technology Co., Ltd. and Xxentria. The Group's allocation of goodwill was not changed in the current year.

When testing the goodwill for impairment, the Group compared the carrying amount of relevant asset groups or groups of asset groups (including goodwill) and the recoverable amount, an impairment loss is recognised for the amount by which the assets' carrying amount exceeds their recoverable amount.

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4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(18) Goodwill *(Continued)*

The Group determines the growth rates and the gross margins based on its past experience and forecast on future market development. The forecast period growth rates are built on the five-year budget approved by the management, and the terminal growth rates are the weighted average growth rates applied by management to extrapolate cash flows beyond the forecast period, which are consistent with those estimated in the industry reports, and do not exceed the long-term average growth rates of each product. The discount rates used by the management are the pre-tax interest rates that are able to reflect the risks specific to the related asset groups or groups of asset groups.

The main assumptions applied in calculating discounted future cash flows for the Group's significant asset groups in 2021 are as follows:

	Vehicles UK(a)	CIMC Huajun
Revenue growth rates in the forecast period	-3.8%-23.1%	5%
Terminal revenue growth rates	2%	2%
Gross margins	7.1%-7.8%	15%-16%
Pre-tax discount rates	14%	14%

The main assumptions applied in calculating discounted future cash flows for the Group's significant asset groups in 2020 are as follows:

	Vehicles UK	CIMC Huajun
Revenue growth rates in the forecast period	7%-28%	2%-8%
Terminal revenue growth rates	2%	3%
Gross margins	8%	16%
Pre-tax discount rates	12%	14%

- (a) Due to the global supply chain shortage, Vehicles UK delayed some orders in 2021 until 2022, which would lead to a decline in the estimated revenue in 2023 over 2022, and Vehicles UK would enter a stable period basically consistent with the industry forecast.
- (b) If the revenue growth rates in the forecast period of Vehicles UK had decreased by 1.8% 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 by 1.3% from current estimates while other conditions had been held constant, goodwill would have been impaired; and if the gross margins used by Vehicles UK had decreased by 0.87% from current estimates while other conditions had been held constant, goodwill would have been impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

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4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(19) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets before offsetting

	December 31, 2021		December 31, 2020	
	Deductible temporary differences and deductible tax losses	Deferred tax assets	Deductible temporary differences and deductible tax losses	Deferred tax assets
Provision for inventories	115,960,623.43	18,005,083.43	188,153,333.01	34,616,359.47
Provisions	181,670,367.20	31,892,804.30	150,128,995.00	24,671,109.11
Employee benefits payable	109,683,537.77	18,568,238.04	168,220,410.25	29,308,622.24
Provision for bad debts	107,720,283.37	18,608,363.87	118,329,944.46	18,984,809.80
Intra-group unrealised profits	70,672,556.68	17,668,139.17	61,415,944.00	15,353,986.00
Deferred income	52,915,170.26	8,079,665.22	51,539,904.94	7,886,624.48
Accrued expenses	247,411,541.09	43,967,650.91	286,831,752.91	47,713,440.70
Deductible tax losses	172,700,951.79	27,735,560.88	65,580,107.69	12,376,390.46
Others	25,030,371.51	4,167,147.00	34,536,067.54	6,197,125.37
	<u>1,083,765,403.10</u>	<u>188,692,652.82</u>	<u>1,124,736,459.80</u>	<u>197,108,467.63</u>
Including:				
Expected to be recovered within one year (inclusive)		120,176,497.65		124,933,782.53
Expected to be recovered after one year		<u>68,516,155.17</u>		<u>72,174,685.10</u>
		<u>188,692,652.82</u>		<u>197,108,467.63</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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

	December 31, 2021		December 31, 2020	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Accelerated depreciation of long-term assets	(406,811,943.95)	(79,192,900.38)	(366,715,865.42)	(69,622,317.71)
Business combinations not under common control	(116,293,692.51)	(24,510,852.50)	(115,622,946.44)	(23,570,453.28)
Changes in fair value of financial assets held for trading and derivative financial instruments	(2,018,503.00)	(509,900.75)	(28,485,705.22)	(7,059,681.09)
Adjustments in fair value of investment properties	(316,413,392.72)	(77,870,317.96)	(311,164,657.31)	(77,280,080.55)
Others	(15,268,070.88)	(3,817,017.73)	(12,414,208.33)	(3,174,189.67)
	<u>(856,805,603.06)</u>	<u>(185,900,989.32)</u>	<u>(834,403,382.72)</u>	<u>(180,706,722.30)</u>
Including:				
Expected to be recovered within one year (inclusive)		(78,380,218.71)		(84,339,761.64)
Expected to be recovered after one year		(107,520,770.61)		(96,366,960.66)
		<u>(185,900,989.32)</u>		<u>(180,706,722.30)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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:

	December 31, 2021	December 31, 2020
Deductible temporary differences	179,959,933.13	214,665,848.13
Deductible tax losses	946,543,413.17	739,273,917.78
	<u>1,126,503,346.30</u>	<u>953,939,765.91</u>

- (d) Deductible tax losses that are not recognised as deferred tax assets will be expired in following years:

	December 31, 2021	December 31, 2020
2021	–	48,125,015.01
2022	74,383,089.00	75,444,781.95
2023	56,110,138.57	58,379,604.26
2024	48,210,476.14	67,900,626.95
2025	94,955,597.71	95,989,728.09
2026 and subsequent years	672,884,111.75	393,434,161.52
	<u>946,543,413.17</u>	<u>739,273,917.78</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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:

	December 31, 2021		December 31, 2020	
	Offsetting amount	Balance after offsetting	Offsetting amount	Balance after offsetting
Deferred tax assets	(51,225,883.04)	137,466,769.78	(52,943,783.00)	144,164,684.63
Deferred tax liabilities	51,225,883.04	(134,675,106.28)	52,943,783.00	(127,762,939.30)

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 RMB1,455,837,429.41 (December 31, 2020: RMB1,356,922,483.52), as the Group has full discretion in determining the policy for dividend distribution and has neither such plan in foreseeable future nor the intent to dispose of these subsidiaries.

In addition, the Group had no significant unrecognised deferred tax liabilities in the current year.

(20) Other non-current assets

	December 31, 2021	December 31, 2020
Prepayment for equipments	136,313,442.51	51,725,865.21

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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

	December 31, 2020	Increase in the current year	Decrease in the current year		Currency translation differences	December 31, 2021
			Reversal	Write-off		
Provision for bad debts of notes receivables	2,655,387.27	966,840.65	(2,655,387.27)	-	-	966,840.65
Including: Provision for bad debts on an individual basis	-	-	-	-	-	-
Provision for bad debts on a collective basis	2,655,387.27	966,840.65	(2,655,387.27)	-	-	966,840.65
Provision for bad debts of accounts receivables	152,499,144.74	35,036,379.62	(16,885,294.67)	(23,264,595.35)	247,414.87	147,633,049.21
Including: Provision for bad debts on an individual basis	-	-	-	-	-	-
Provision for bad debts on a collective basis	152,499,144.74	35,036,379.62	(16,885,294.67)	(23,264,595.35)	247,414.87	147,633,049.21
Provision for impairment of receivables financing	2,576,392.81	1,587,253.74	(2,576,392.81)	-	-	1,587,253.74
Provision for bad debts of other receivables	23,581,659.45	10,126,672.87	(10,688,481.97)	(2,423,673.95)	-	20,596,176.40
Provision for impairment of long-term receivables	1,311,233.44	722,311.26	(1,200,519.00)	-	-	833,025.70
Current portion of non-current assets	-	952,300.28	-	-	-	952,300.28
Provision for financial guarantees	38,966,401.67	10,706,377.32	(1,108,167.18)	-	-	48,564,611.81
Sub-total	221,590,219.38	60,098,135.74	(35,114,242.90)	(25,688,269.30)	247,414.87	221,133,257.79
Provision for bad debts of advances to suppliers	5,672,368.24	203,755.15	-	-	-	5,876,123.39
Provision for inventories and impairment of contract fulfilment costs	193,521,456.37	33,844,873.60	(4,214,856.02)	(85,475,589.91)	(1,077,268.86)	136,598,615.18
Provision for impairment of fixed assets	23,572,055.35	-	-	(273,961.27)	(116,880.60)	23,181,213.48
Provision for impairment of construction in progress	305,126.20	-	-	(305,126.20)	-	-
Provision for impairment of intangible assets	40,902,040.62	-	-	-	(895,686.36)	40,006,354.26
Provision for impairment of goodwill	26,143,610.57	12,730,802.81	-	-	(1,703,129.14)	37,171,284.24
Sub-total	290,116,657.35	46,779,431.56	(4,214,856.02)	(86,054,677.38)	(3,792,964.96)	242,833,590.55
	511,706,876.73	106,877,567.30	(39,329,098.92)	(111,742,946.68)	(3,545,550.09)	463,966,848.34

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FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(22) Short-term borrowings

	December 31, 2021	December 31, 2020
Guaranteed (a)		
RMB	108,045,208.20	133,411,212.75
USD	60,569,150.00	130,914,111.14
THB	57,523,101.36	—
	226,137,459.56	264,325,323.89
Unsecured		
RMB	120,180,605.60	113,913,166.67
USD	205,667,288.27	13,049,800.27
EUR	19,132,205.00	73,428,750.00
GBP	318,436,800.00	365,569,136.00
AUD	—	326,347.94
	663,416,898.87	566,287,200.88
	889,554,358.43	830,612,524.77

(a) The Group's short-term guaranteed borrowings include the guaranteed borrowings of China Jiangsu Vanguard Trailer Rental Co., Ltd., Liangshan CIMC Dongyue Vehicles Co., Ltd. and Zhumadian CIMC Huajun Casting Co., Ltd.(all of which are subsidiaries of the Group), amounted to RMB108,045,208.20, and guaranteed borrowings of CIMC Vehicle (Thailand) Co., Ltd amounted to THB 300,853,040.59 (equivalent to RMB57,523,101.36) and USD1,500,000.00 (equivalent to RMB9,563,550.00), all of which are guaranteed by the Company. The guaranteed borrowings of USD8,000,000.00 (equivalent to RMB51,005,600.00) of Vanguard National Trailer Corporation, a subsidiary of the Group, are guaranteed by CIMC Vehicle Investment Holdings Co., Ltd., which is also a subsidiary of the Group.

(b) As at December 31, 2021, the interest rate of short-term borrowings ranged from 0.80% to 4.65% (December 31, 2020: 2.00% to 5.65%).

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FOR THE YEAR ENDED DECEMBER 31, 2021

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4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(23) Notes payables

	December 31, 2021	December 31, 2020
Trade acceptance notes	95,680,000.00	30,262,442.00
Bank acceptance notes	<u>1,002,795,012.01</u>	<u>821,836,606.49</u>
	<u>1,098,475,012.01</u>	<u>852,099,048.49</u>

(24) Accounts payables

	December 31, 2021	December 31, 2020
Related parties (Note 8(6)(g))	181,212,628.67	111,579,768.26
Third parties	<u>3,377,214,460.72</u>	<u>3,380,323,164.12</u>
	<u>3,558,427,089.39</u>	<u>3,491,902,932.38</u>

(i) As at December 31, 2021, accounts payables aged over one year amounted to RMB23,993,213.37 (December 31, 2020: RMB28,873,166.76), 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:

	December 31, 2021	December 31, 2020
Within 30 days	1,895,707,492.45	1,907,311,941.06
31 to 60 days	439,390,266.47	1,078,988,994.09
61 to 90 days	647,939,676.52	228,594,998.75
Over 90 days	<u>575,389,653.95</u>	<u>277,006,998.48</u>
	<u>3,558,427,089.39</u>	<u>3,491,902,932.38</u>

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FOR THE YEAR ENDED DECEMBER 31, 2021

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4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(25) Contract liabilities

	December 31, 2021	December 31, 2020
Advances for goods	547,132,006.91	767,576,931.31

Revenue recognized that was included in all the contract liabilities balance at the beginning of the year in 2021 and 2020.

(26) Employee benefits payable

	December 31, 2021	December 31, 2020
Short-term employee benefits payable ^(a)	515,435,825.28	658,280,063.81
Defined contribution plans payable ^(b)	17,975,413.56	18,545,185.22
Termination benefits payable ^(c)	156,747.00	—
	533,567,985.84	676,825,249.03

(a) Short-term employee benefits

	December 31, 2020	Increase in the current year	Decrease in the current year	December 31, 2021
Wages and salaries, bonus, allowances and subsidies	630,337,453.65	2,033,492,126.73	(2,167,499,181.79)	496,330,398.59
Staff welfare	4,131,701.75	49,757,347.66	(50,097,140.92)	3,791,908.49
Social security contributions	12,419,812.21	85,885,876.34	(94,660,110.10)	3,645,578.45
Including: Medical insurance	11,777,962.84	81,862,681.43	(90,417,249.49)	3,223,394.78
Work injury insurance	298,800.67	3,479,141.37	(3,625,155.19)	152,786.85
Maternity insurance	343,048.70	544,053.54	(617,705.42)	269,396.82
Housing funds	495,477.34	47,040,901.87	(47,531,832.28)	4,546.93
Labour union funds and employee education funds	6,177,359.62	12,720,494.49	(11,587,411.92)	7,310,442.19
Other short-term employee benefits	4,718,259.24	23,659,228.48	(24,024,537.09)	4,352,950.63
	658,280,063.81	2,252,555,975.57	(2,395,400,214.10)	515,435,825.28

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4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(26) Employee benefits payable (Continued)

(b) Defined contribution plans

	December 31, 2020	Increase in the current year	Decrease in the current year	December 31, 2021
Basic pensions	18,173,734.79	113,859,564.56	(114,339,226.10)	17,694,073.25
Unemployment insurance	371,450.43	3,794,060.61	(3,884,170.73)	281,340.31
	<u>18,545,185.22</u>	<u>117,653,625.17</u>	<u>(118,223,396.83)</u>	<u>17,975,413.56</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

	December 31, 2021	December 31, 2020
Other termination benefits ⁽ⁱ⁾	156,747.00	—

(i) In 2021, other termination benefits paid by the Group for termination of the employment relationship were RMB3,081,527.38 (2020: RMB927,626.99).

(27) Taxes payable

	December 31, 2021	December 31, 2020
Unpaid VAT	45,027,781.97	62,200,785.89
Corporate income tax payable	84,764,394.95	133,233,214.38
Land use tax payable	6,848,967.34	6,681,468.59
Individual income tax payable	14,490,362.96	31,956,840.42
City maintenance and construction tax payable	2,854,667.01	3,264,323.81
Educational surcharge payable	2,128,362.79	2,491,257.89
Others	30,006,821.81	35,829,511.52
	<u>186,121,358.83</u>	<u>275,657,402.50</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

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4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(28) Other payables

	December 31, 2021	December 31, 2020
Amounts due to related parties <i>(Note 8(6)(h))</i>	116,784,864.38	147,599,124.01
Dividends due to non-controlling interests	182,333.46	34,908,482.15
Accrued expenses	494,762,966.22	472,794,860.59
Advance receipt of demolition compensation	–	74,827,088.38
Deposits for quality guarantees and temporary receipts	488,712,798.14	462,522,585.83
Freight expenses payable	13,104,200.99	10,708,019.39
Payables for equipment	169,504,298.03	29,675,285.03
Payables and advance for land use rights	23,934,472.69	23,934,472.69
Advance for equity transactions	4,818,900.00	4,818,900.00
Payable of acquisitions	10,932,782.29	–
Others	88,356,278.00	76,833,863.65
	<u>1,411,093,894.20</u>	<u>1,338,622,681.72</u>

(a) As at December 31, 2021, other payables with ageing over one year amounted to RMB34,464,397.21 (December 31, 2020: RMB42,487,312.58), mainly representing advances/payables for government lands, which had not been settled due to unfinished government procedures and other reasons.

(29) Current portion of non-current liabilities

	December 31, 2021	December 31, 2020
Current portion of long-term borrowings <i>(Note 4(31))</i>	62,209,815.36	–
Current portion of lease liabilities <i>(Note 4(32))</i>	34,641,948.48	25,945,150.62
Current portion of long-term payables	7,165,962.57	–
	<u>104,017,726.41</u>	<u>25,945,150.62</u>

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4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(30) Other current liabilities

	December 31, 2021	December 31, 2020
Warranties ^(a)	163,302,420.47	162,630,220.30
Financial guarantee for vehicle mortgage loans ^(b)	48,564,611.81	38,966,401.67
Accrued litigation and compensation loss	4,752,870.38	556,279.03
Output VAT to be recognised	58,582,377.13	84,702,011.09
Others	11,159,572.84	12,766,846.82
	<u>286,361,852.63</u>	<u>299,621,758.91</u>

(a) The Group provides after-sale quality maintenance commitments to consumers who purchase transportation vehicles. In case of failures and quality problems that are not caused by accidents during the warranty period for transportation vehicles sold, the Group undertakes the warranty responsibility as per the contract. Provision for warranties is made based on the Group's estimated obligation for such quality warranties.

(b) In accordance with the provisions of financial guarantee contracts related to auto financial guarantees provided for consumers by the Group and its subsidiaries, the Group and its subsidiaries, as vehicle financing guarantors for consumers of transportation vehicles sold, shall perform obligations or assume liabilities in accordance with the contracts when the debtors fail to perform obligations, and the financial contract liabilities are subsequently measured at the higher of the amount initially recognised net of accumulated amortisation and the provisions determined according to the contingency principle. The amount of warranties is provided based on the risk assessment on the Group's loss arising from compensation for the guarantee contracts.

(c) Changes in warranties and financial guarantee for vehicle mortgage loans

	December 31, 2020	Increase in the current year	Decrease in the current year	Currency translation differences	December 31, 2021
Warranties	162,630,220.30	152,850,928.69	(145,423,039.43)	(6,755,689.09)	163,302,420.47
Financial guarantee for vehicle mortgage loans	<u>38,966,401.67</u>	<u>87,319,707.96</u>	<u>(77,721,497.82)</u>	-	<u>48,564,611.81</u>
	<u>201,596,621.97</u>	<u>240,170,636.65</u>	<u>(223,144,537.25)</u>	<u>(6,755,689.09)</u>	<u>211,867,032.28</u>

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FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(31) Long-term borrowings

	December 31, 2021	December 31, 2020
Guaranteed ^(a)	137,332,915.06	94,844,055.67
Unsecured	299,700,000.00	300,000,000.00
	437,032,915.06	394,844,055.67
Less: Current portion of long-term borrowings <i>(Note 4(29))</i>		
Guaranteed	(40,409,815.36)	—
Unsecured	(21,800,000.00)	—
	(62,209,815.36)	—
	374,823,099.70	394,844,055.67

(a) As at December 31, 2021, The bank guaranteed loan of RMB137,332,915.06 (December 31, 2020: RMB94,844,055.67) of China Jiangsu Vanguard Trailer Rental Co., Ltd., a subsidiary of the Group, is guaranteed by the Company.

(b) As at December 31, 2021, the interest rate for long-term borrowings ranged from 3.25% to 4.65% (December 31, 2020: 3.25% to 5.23%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(32) Lease liabilities

	December 31, 2021	December 31, 2020
Lease liabilities	219,805,247.08	186,008,671.50
Less: Current portion of non-current liabilities <i>(Note 4(29))</i>	<u>(34,641,948.48)</u>	<u>(25,945,150.62)</u>
	<u>185,163,298.60</u>	<u>160,063,520.88</u>

(a) As at December 31, 2021, future cash outflows to which the Group was potentially exposed that were not included in the lease liabilities were future minimum lease payments of RMB22,613,113.88 of short-term leases and low-value asset lease contracts adopting the practical expedient according to the new lease standard, which should be paid within one year. In addition, there were no other future cash outflows to which the Group was potentially exposed that were not included in the lease liabilities.

(33) Deferred income

	December 31, 2020	Increase in the current year	Decrease in the current year	December 31, 2021
Government grants	<u>105,022,075.51</u>	<u>22,311,032.00</u>	<u>(66,580,316.54)</u>	<u>60,752,790.97</u>

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FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(33) Deferred income (Continued)

(a) Government grants

	December 31, 2020	Increase in the current year	Decrease in the current year		Currency translation differences	December 31, 2021	Asset related/ Income related
			Other income	Offset against financial expenses			
Land supporting funds and technology research and development funds of Shandong Vehicles	3,371,091.81	-	(224,739.36)	-	-	3,146,352.45	Asset related
Land contract tax refund of Wuhu Automobile	2,846,130.00	-	(141,990.00)	-	-	2,704,140.00	Asset related
Technological transformation project of Jiangmen Vehicles	11,606,252.28	-	(1,243,558.20)	-	-	10,362,694.08	Asset related
Stereoscopic warehouse project of CIMC Huajun	1,666,666.76	-	(249,999.99)	-	-	1,416,666.77	Asset related
Elevator programme of CIMC MLI	4,132,964.68	-	(1,996,573.50)	-	(232,341.92)	1,904,049.26	Income related
Demolition compensation project of Yangzhou Tonghua	46,440,843.79	-	(46,440,843.79)	-	-	-	Income related
Subsidies for technological upgrading of fixed assets granted by Shenzhen Pingshan Finance Bureau	6,375,886.30	-	(607,227.24)	-	-	5,768,659.06	Asset related
Provincial special funds for the transformation and upgrading granted by Yangzhou Economic Development Bureau	3,200,000.00	-	-	-	-	3,200,000.00	Income related
Fund for the development and guidance of advanced manufacturing industry of Yangzhou City	2,334,000.00	-	(2,334,000.00)	-	-	-	Income related
Discounted loan interest for Yangzhou Tonghua plant construction project	16,993,750.00	-	-	(9,885,416.67)	-	7,108,333.33	Income related
Special subsidy project for Qingdao CIMC on air pollution prevention and control	1,310,364.96	-	(115,620.48)	-	-	1,194,744.48	Asset related
Funding plan for intelligent manufacturing key projects in Dongguan	3,633,491.40	-	(468,837.60)	-	-	3,164,653.80	Asset related
Technical investment and transformation project of the Industry and Information Technology Bureau of Shenzhen Municipality	-	8,660,000.00	(340,254.24)	-	-	8,319,745.76	Asset related
Special fund for economic development of Pingshan District, Shenzhen	-	4,419,132.00	(220,956.60)	-	-	4,198,175.40	Asset related
Transformation in intelligent manufacturing technology for special vehicles	-	1,100,000.00	(98,507.40)	-	-	1,001,492.60	Asset related
Central air pollution prevention and control fund – coating VOC control project	-	2,000,000.00	(111,111.12)	-	-	1,888,888.88	Asset related
Foreign trade stabilisation and transformation and upgrading projects of Baiyin Finance Bureau	-	300,000.00	(16,406.25)	-	-	283,593.75	Asset related
Major emerging industrial project for manufacturing of high-end storage and transportation equipment for fluid materials in Wuhu	-	5,309,300.00	(530,930.00)	-	-	4,778,370.00	Asset related
Equipment subsidy project funds for Yangzhou Tonghua	-	522,600.00	(522,600.00)	-	-	-	Income related
Others	1,110,633.53	-	(798,304.88)	-	(97.30)	312,231.35	Asset related/ Income related
	<u>105,022,075.51</u>	<u>22,311,032.00</u>	<u>(56,462,460.65)</u>	<u>(9,885,416.67)</u>	<u>(232,439.22)</u>	<u>60,752,790.97</u>	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(34) Share capital

	December 31, 2020	Movements in the current year	December 31, 2021
Ordinary shares denominated in RMB ^(a)	–	252,600,000.00	252,600,000.00
Domestic shares	1,201,080,000.00	–	1,201,080,000.00
H shares converted from unlisted foreign shares held by CIMC HK and Sumitomo Corporation ^(c)	298,920,000.00	105,966,500.00	404,886,500.00
H shares ^(b)	<u>265,000,000.00</u>	<u>(105,966,500.00)</u>	<u>159,033,500.00</u>
	<u>1,765,000,000.00</u>	<u>252,600,000.00</u>	<u>2,017,600,000.00</u>

	December 31, 2019	Movements in the current year	December 31, 2020
Domestic shares	1,201,080,000.00	–	1,201,080,000.00
H shares converted from unlisted foreign shares held by CIMC HK and Sumitomo Corporation	298,920,000.00	–	298,920,000.00
H shares ^(b)	<u>265,000,000.00</u>	<u>–</u>	<u>265,000,000.00</u>
	<u>1,765,000,000.00</u>	<u>–</u>	<u>1,765,000,000.00</u>

(a) In accordance with the Approval for the Registration of Initial Public Offering by CIMC Vehicles (Group) Co., Ltd. (Zheng Jian Xu Ke [2021] No. 1719) issued by China Securities Regulatory Commission on May 18, 2021, the Company's application for registration of initial public offering was approved. With the approval of Shenzhen Stock Exchange, the Company issued 252,600,000 ordinary shares (A shares) denominated in RMB at the par value of RMB1.00 and the issuance price of RMB6.96 per share. The total fund raised amounted to RMB1,758,096,000.00. After deducting the tax exclusive expenses of RMB174,319,246.69 on the issuance, the net fund raised was RMB1,583,776,753.31. The aforesaid fund was received on July 5, 2021 and verified by PricewaterhouseCoopers Zhong Tian LLP with a capital verification report of PwC ZT Yan Zi (2021) No. 0668 issued.

(b) H shares refer to the shares of the Company listed and issued on the main board of the Hong Kong Stock Exchange. On July 11, 2019, the Company issued 265,000,000 ordinary shares at par value of RMB1 per share, with a corresponding share capital of RMB265,000,000.00.

(c) In 2021, CIMC HK, a fellow subsidiary of the Company under the control of CIMC Group, purchased 105,966,500.00 H shares through the open market.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(35) Capital reserve

	December 31, 2020	Increase in the current year ^(a)	Decrease in the current year ^(b)	December 31, 2021
Share premium	3,395,078,335.72	1,352,196,344.70	(2,364,082.00)	4,744,910,598.42
Other capital reserve – Others	9,957,725.59	–	–	9,957,725.59
	<u>3,405,036,061.31</u>	<u>1,352,196,344.70</u>	<u>(2,364,082.00)</u>	<u>4,754,868,324.01</u>
	December 31, 2019	Increase in the current year	Decrease in the current year	December 31, 2020
Share premium	3,395,646,717.52	–	(568,381.80)	3,395,078,335.72
Other capital reserve – Others	7,937,331.90	2,020,393.69	–	9,957,725.59
	<u>3,403,584,049.42</u>	<u>2,020,393.69</u>	<u>(568,381.80)</u>	<u>3,405,036,061.31</u>

(a) In 2021, the share premium net of corresponding share capital on net funds raised by the Group through A-share public offering was RMB1,331,176,753.31 (Note 4 (34)); China Jiangsu Vanguard Trailer Rental Co., Ltd., a subsidiary of the Group, attracted strategic investors, but the Group did not increase its capital in the same proportion, resulting in a difference of RMB21,019,591.39 between its capital contribution of RMB70,000,000.00 and its share of net assets included in capital reserve.

(b) In 2021, Charm Beat Enterprises Limited, a subsidiary of the Group, acquired 18% equity of CIMC Vehicle (Thailand) Co., Ltd held by the minority shareholder Sumitomo Corporation, with a consideration of RMB18,810,644.31, after which the Group's shareholding in CIMC Vehicle (Thailand) Co., Ltd. increased from 82% to 100%. The difference between the consideration paid for the above transaction and the carrying amount of non-controlling interests was RMB2,364,082.00, which was used to deducted against capital reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(36) Other comprehensive income

	Other comprehensive income in the balance sheet		Other comprehensive income in the income statement for the year ended December 31, 2021			
	December 31, 2020	December 31, 2021	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	-	-	(162,410.83)	-	-	(162,410.83)
Other comprehensive income that will be reclassified to profit or loss						
Excess of fair value over carrying amount when owner-occupied properties transfer to investment properties measured at fair value at the date of change	487,785.76	487,785.76	-	-	-	-
Currency translation differences	(8,254,296.72)	(129,493,714.45)	(121,239,417.73)	-	(121,239,417.73)	-
	<u>(7,766,510.96)</u>	<u>(129,005,928.69)</u>	<u>(121,401,828.56)</u>	<u>-</u>	<u>(121,239,417.73)</u>	<u>(162,410.83)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(37) Surplus reserve

	December 31, 2020	Increase in the current year	Decrease in the current year	December 31, 2021
Statutory surplus reserve	<u>211,424,630.23</u>	<u>49,683,589.74</u>	<u>-</u>	<u>261,108,219.97</u>
	December 31, 2019	Increase in the current year	Decrease in the current year	December 31, 2020
Statutory surplus reserve	<u>159,804,990.64</u>	<u>51,619,639.59</u>	<u>-</u>	<u>211,424,630.23</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 2021, amounting to RMB49,683,589.74 (2020: 10% of the net profit, amounting to RMB51,619,639.59).

(38) Undistributed profits

	2021	2020
Undistributed profits at the beginning of the year	4,588,539,034.46	4,302,864,238.94
Add: Net profit attributable to the shareholder of the Company	900,749,340.13	1,131,544,435.11
Less: Appropriation for surplus reserve	(49,683,589.74)	(51,619,639.59)
Dividends paid ^(a)	(605,280,000.00)	(794,250,000.00)
Undistributed profits at the end of the year	<u>4,834,324,784.85</u>	<u>4,588,539,034.46</u>

(a) Approved by the shareholders' general meeting on September 29, 2021, the Company distributed cash dividends to the shareholder of the Company, at RMB0.3 per share. Calculated according to 2,017,600,000 shares issued, totaling at RMB605,280,000.00.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(39) Revenue and cost of sales

	2021	2020
Revenue from main operations	27,240,577,222.62	26,247,156,175.01
Revenue from other operations	407,185,278.84	251,808,478.24
	<u>27,647,762,501.46</u>	<u>26,498,964,653.25</u>

	2021	2020
Cost of sales from main operations	24,401,773,407.85	22,982,798,785.69
Cost of sales from other operations	199,004,036.95	48,674,961.59
	<u>24,600,777,444.80</u>	<u>23,031,473,747.28</u>

(a) Revenue and cost of sales from main operations

	2021		2020	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Sales of vehicles	24,825,306,757.71	22,458,287,346.69	24,218,126,749.10	21,370,644,285.38
Sales of parts and components	2,000,011,100.91	1,700,725,117.32	1,654,516,399.41	1,409,446,029.27
Others	415,259,364.00	242,760,943.84	374,513,026.50	202,708,471.04
	<u>27,240,577,222.62</u>	<u>24,401,773,407.85</u>	<u>26,247,156,175.01</u>	<u>22,982,798,785.69</u>

(b) Revenue and cost of sales from other operations

	2021		2020	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Sales of scrap	198,405,416.45	17,490,713.48	138,525,102.45	11,851,705.64
Others	208,779,862.39	181,513,323.47	113,283,375.79	36,823,255.95
	<u>407,185,278.84</u>	<u>199,004,036.95</u>	<u>251,808,478.24</u>	<u>48,674,961.59</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(39) Revenue and cost of sale (Continued)

(c) Disaggregation of revenue:

	2021	2020
Revenue		
Including: Recognised at a point in time	27,332,004,316.38	26,211,898,432.86
Recognised over time	150,500,543.45	166,050,802.49
Rental income ⁽ⁱ⁾	165,257,641.63	121,015,417.90
	27,647,762,501.46	26,498,964,653.25

(i) The rental income from the rental of our own buildings, machinery and equipment, motor vehicles, electronic and other equipment. No significant lease changes occur in 2021 (2020: Nil).

(40) Taxes and surcharges

	2021	2020	Taxation base
City maintenance and construction tax	21,645,438.62	33,768,615.07	7% of the payment amount of VAT
Educational surcharge	16,124,245.00	25,515,848.83	5% of the payment amount of VAT
Property tax	18,720,122.66	18,623,932.35	The residual value and rental income of properties and the prescribed tax rate
Land use tax	30,580,041.24	29,172,183.79	The area of land actually used and the prescribed unit tax
Stamp tax	10,328,580.37	9,398,430.43	The amount included in the taxable vouchers or the number of vouchers and the prescribed tax rate or unit tax
Others	784,863.64	2,605,234.84	
	98,183,291.53	119,084,245.31	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(41) Selling expenses

	2021	2020
Employee benefits expenses	306,943,709.24	306,688,442.78
Depreciation and amortisation expenses	5,782,752.93	9,542,336.86
Travelling, entertainment and selling expenses	147,422,544.64	145,869,411.61
Product warranty expenses	150,050,264.88	105,376,199.76
External sale commission of products	26,506,014.82	22,389,890.47
Advertising and exhibition fees	19,882,535.27	17,807,330.77
Maintenance fees	24,835,391.17	17,531,632.29
Intermediary fees	7,483,818.05	5,804,106.29
Storage fees	4,621,705.17	4,341,292.28
Insurance premiums	10,160,611.44	9,809,560.39
Others	25,562,631.66	20,608,514.16
	729,251,979.27	665,768,717.66

(42) Administrative expenses

	2021	2020
Employee benefits expenses	442,741,498.50	474,577,994.18
Depreciation and amortisation expenses	104,745,575.36	92,922,409.25
Depreciation of right-of-use assets	21,149,160.90	20,084,863.02
Rentals	10,600,586.35	9,760,643.97
Entertainment expenses	19,349,374.94	20,109,330.98
Travelling expenses	12,280,291.36	12,619,449.43
Transportation expenses	7,534,471.81	6,840,967.92
Intermediary fees	94,594,723.84	83,537,996.29
Material consumption and low value products	25,381,360.63	25,048,691.94
Charges and local fees	13,640,068.49	12,766,769.55
Insurance premiums	16,485,456.55	14,025,266.64
External maintenance charges	15,078,271.42	28,310,190.96
Utilities	12,617,799.57	15,002,690.98
Communication fees	8,153,101.74	7,611,365.78
Funding for establishment	6,082,760.84	2,177,493.49
Human resource related expenses	4,388,774.88	3,179,188.32
Others	58,359,995.27	41,258,084.08
	873,183,272.45	869,833,396.78

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(43) Research and development expenses

	2021	2020
Employee benefits expenses	120,481,589.77	99,415,783.87
Direct material consumption	179,895,787.40	132,086,243.47
Design fee	22,934,830.93	54,819,063.62
Test fee	25,660,413.67	32,052,168.01
Depreciation and amortisation	32,037,201.84	25,805,716.51
Others	16,807,605.91	27,233,165.42
	<u>397,817,429.52</u>	<u>371,412,140.90</u>

(44) Financial expenses

	2021	2020
Interest expenses on borrowings	44,803,564.11	60,738,520.58
Add: Interest expenses on lease liabilities	11,118,122.80	7,062,932.41
Government grants <i>(Note 4(33))</i>	(10,034,416.67)	(3,485,113.00)
Interest expenses	45,887,270.24	64,316,339.99
Less: Interest income	(62,039,396.02)	(49,833,929.18)
Exchange losses	23,828,658.82	112,810,539.18
Others	9,222,837.56	7,037,709.32
	<u>16,899,370.60</u>	<u>134,330,659.31</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(45) Expenses by nature

The cost of sale, selling expenses, administrative expenses and research and development expenses in the income statement are listed as follows by nature:

	2021	2020
Changes in inventories of finished goods and work in progress	(544,150,273.09)	(94,964,754.19)
Raw materials and consumables used	22,715,855,590.44	20,698,290,242.65
Employee benefits expenses	2,373,291,128.12	2,313,913,544.18
Depreciation of right-of-use assets	41,289,666.40	29,357,642.74
Depreciation and amortisation expenses	475,066,755.30	396,858,499.22
Rentals ⁽ⁱ⁾	22,613,113.88	15,009,867.77
Design fee and test fee	65,402,850.51	114,104,397.05
Shipping and handling expenses	314,172,135.49	411,634,261.40
Charges and local fees	13,640,068.49	12,766,769.55
Intermediary fees	102,078,541.89	89,342,102.58
Including: Auditor's remuneration	9,656,303.28	5,168,867.92
– Audit services	9,275,165.31	4,354,716.98
– Non-audit services	381,137.97	814,150.94
Utility expenses	180,618,735.90	183,932,601.89
Processing and repair expenses	252,144,674.54	286,321,416.11
Travelling, entertainment and selling expenses	179,052,210.94	178,598,192.02
Insurance premiums	26,646,067.99	23,834,827.03
Product warranty expenses	150,050,264.88	105,376,199.76
Other expenses – other administrative expenses	84,519,104.54	61,067,099.59
Other expenses – other selling expenses	76,572,886.92	65,147,027.68
Other expenses – other manufacturing expenses	72,166,602.90	47,898,065.59
	<u>26,601,030,126.04</u>	<u>24,938,488,002.62</u>

(i) As disclosed in Note 2(25), the Group directly recognises the lease payments of short-term leases and low value leases in profit or loss. In 2021, the amount was RMB22,613,113.88 (2020: RMB15,009,867.77).

(ii) For the daily maintenance and repair expenses of fixed assets that do not meet the criteria of capitalisation, the Group included the costs related to the production and processing of inventories in the costs of inventories and recognised as cost of sale accordingly, and included the costs related to the research and development department, the administrative department and the sale department in research and development expenses, administrative expenses and selling expenses, respectively.

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(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(46) Asset impairment losses

	2021	2020
Provision for inventories and costs incurred to fulfil a contract	29,630,017.58	84,728,447.64
Losses on impairment of goodwill	12,730,802.81	4,752,071.90
Losses on/(Reversal of) impairment of advances to suppliers	203,755.15	(229,514.69)
	42,564,575.54	89,251,004.85

(47) Credit impairment losses

	2021	2020
(Reversal of)/Losses on bad debts of notes receivables	(1,688,546.62)	2,510,247.76
Losses on bad debts of accounts receivables	18,151,084.95	47,105,791.66
(Reversal of)/Losses on bad debts of receivables financing	(989,139.07)	2,576,392.81
Reversal of bad debts of other receivables	(561,809.10)	(4,038,984.48)
Losses on bad debts of long-term receivables (including current portion of non-current assets)	474,092.54	1,311,233.44
Financial guarantee contracts provision	9,598,210.14	9,887,413.50
	24,983,892.84	59,352,094.69

(48) Other income

	2021	2020
Government grants ^(a)	134,361,247.08	238,657,706.29
Extra deductible VAT	2,034,923.42	3,449,593.44
Tax refunds	667,806.89	373,992.43
	137,063,977.39	242,481,292.16

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(48) Other income (Continued)

(a) Government grants

	2021	2020	Asset related/ Income related
Key R&D innovation platform in Wuhu City	18,783,400.00	–	Income related
Demolition compensation project of Yangzhou Tonghua	46,440,843.79	158,196,799.71	Income related
Subsidy for emergency employment stabilisation of CIMC Huajun	6,777,000.00	–	Income related
Government subsidy for Z148 brake disc production line with an annual output of 300,000 sets	6,690,000.00	–	Income related
Industrial support fund from Yijiang District of Wuhu City	5,107,000.00	–	Income related
Fund for the development and guidance of advanced manufacturing industry in Yangzhou City	4,282,700.00	–	Income related
Support for industrial development in Wuhu City	4,216,780.00	–	Income related
Refund of financial subsidy of Polish Development Fund (PFR)	3,397,813.77	–	Income related
Award for the capacity expansion of industrial enterprises in 2021 received by Shenzhen CIMC Vehicle	2,999,000.00	–	Income related
Subsidy for emergency employment stabilisation – Employment Promotion Centre of Yicheng District of Zhumadian City	2,097,400.00	–	Income related
Fund for the promotion of new industrialisation of Wuhu City	2,009,980.00	–	Income related
CIMC MLI Elevator programme	1,996,573.50	–	Income related
Special fund for promoting the development of new energy vehicles for Qingdao environmental protection	1,600,000.00	–	Income related
Supporting fund for the capacity expansion of industrial enterprises in Luolong District of Luoyang City	1,500,000.00	–	Income related
Subsidy for employment stabilisation supported by work-based training of Yangzhou City	1,185,500.00	–	Income related
Technological transformation project of Jiangmen Vehicles	1,243,558.20	2,386,148.77	Asset related
Tax refund of the R&D project of CIMC Vehicles UK Limited	1,271,215.87	1,803,861.02	Income related
Subsidy from the Economic and Information Development Bureau of Wuhu City	1,200,000.00	1,000,000.00	Income related
Government subsidy for CIMC Huajun	–	9,960,000.00	Income related
Unemployment insurance premium refund from the Shenzhen Municipal Government	–	3,765,066.95	Income related
Subsidy for employment stabilisation during the outbreak of pandemic in Australia	–	6,265,819.13	Income related
R&D subsidy for Wuhu CIMC Ruijiang	–	3,000,000.00	Income related
Subsidy of “Ten Golden Measures” for 2020 from the Xinhui District Finance Bureau of Jiangmen City	–	3,000,000.00	Income related
Refund of land use tax of Wuhu City	–	2,433,500.00	Income related
Award for enterprises' IPO from the Nanshan District Finance Bureau of Shenzhen City	–	2,000,000.00	Income related

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(48) Other income (Continued)

(a) Government grants (Continued)

	2021	2020	Asset related/ Income related
Refund for employment stabilisation of the enterprises in Dongguan City	–	1,585,587.03	Income related
Provincial-level R&D subsidy for CIMC Huajun	–	1,565,000.00	Income related
Corporate R&D subsidy for CIMC Huajun for 2020	–	1,330,000.00	Income related
Subsidy for Lvgong Factory of CIMC Huajun	–	1,300,000.00	Income related
Award for technological transformation from the Shaanxi Automobile Economic and Development Zone in Xi'an	–	1,170,000.00	Income related
Provincial-level R&D subsidy for Shenzhen CIMC Vehicle Co.,Ltd	–	1,154,000.00	Income related
Special award and subsidy for enterprise restructuring in Zhumadian City	–	1,050,000.00	Income related
Urban land use tax refund from the Baiyin District Finance Bureau of Gansu Province	–	1,027,219.00	Income related
Award for the champion of manufacturing industry from the Bureau of Industry and Information Technology of Nanshan District of Shenzhen City	–	1,000,000.00	Income related
Others	21,562,481.95	33,664,704.68	Asset related/ Income related
	134,361,247.08	238,657,706.29	

(49) Investment income

	2021	2020
Share of net profit of associates and joint ventures	5,182,610.73	13,415,639.64
(Losses)/income from disposal of associates and joint ventures	(375,851.02)	8,918,977.41
Income from disposals of derivative financial instruments	8,269,825.30	4,598,230.16
Income from disposals of financial assets held for trading	12,359,228.23	–
Losses from discounted notes receivables ^(a)	(9,895,879.54)	–
	15,539,933.70	26,932,847.21

(a) A portion of notes receivables were discounted and derecognised, with loss incurred of RMB9,895,879.54 included in investment income for the current period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(50) Fair value (losses)/gains

	2021	2020
Fair value gains on investment properties	5,248,735.41	3,060,407.55
Fair value change on financial assets held for trading	(26,989,494.68)	10,263,059.00
Fair value change on derivative financial assets	1,420,829.64	(196,512.18)
Fair value change on derivative financial liabilities	87,466.35	(109,983.03)
	<u>(20,232,463.28)</u>	<u>13,016,971.34</u>

(51) Gains on disposals of assets

	2021	2020	Amount recognised in non-recurring profit or loss in 2021
Gains on disposals of fixed assets	110,822,183.36	27,492,725.02	110,822,183.36
Losses on disposals of fixed assets	(7,287,257.68)	(14,340,449.19)	(7,287,257.68)
Gains on disposals of intangible assets	73,490,918.46	44,833,739.11	73,490,918.46
Gains on disposal of other assets	98,338.85	—	98,338.85
	<u>177,124,182.99</u>	<u>57,986,014.94</u>	<u>177,124,182.99</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(52) Non-operating income

	2021	2020	Amount recognised in non-recurring profit or loss in 2021
Unpayable payables	5,284,748.00	11,869,102.80	5,284,748.00
Penalty income	3,827,897.00	6,610,393.13	3,827,897.00
Compensation income	1,654,156.16	5,215,797.37	1,654,156.16
Donations	240,965.09	144,669.88	240,965.09
Others	1,194,755.12	4,464,154.20	1,194,755.12
	<u>12,202,521.37</u>	<u>28,304,117.38</u>	<u>12,202,521.37</u>

(53) Non-operating expenses

	2021	2020	Amount recognised in non-recurring profit or loss in 2021
Losses on disposals of fixed assets	2,067,857.36	3,599,641.28	2,067,857.36
Compensation expenses	990,397.18	1,431,363.78	990,397.18
Penalty expenses	939,456.85	709,315.14	939,456.85
Donations	1,000,000.00	119,000.00	1,000,000.00
Others	4,635,375.53	3,620,201.41	4,635,375.53
	<u>9,633,086.92</u>	<u>9,479,521.61</u>	<u>9,633,086.92</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(54) Income tax expenses

	2021	2020
Current income tax calculated based on tax law and related regulations	178,446,497.17	222,931,858.79
Deferred income tax	10,056,364.78	25,421,736.84
	188,502,861.95	248,353,595.63

Reconciliation between income tax expense and profit before income tax at applicable tax rates is as follows:

	2021	2020
Profit before income tax	1,176,166,310.16	1,517,700,367.89
Income tax calculated at applicable tax rates	294,041,577.54	379,425,091.97
Effect of different tax rates	(98,385,642.34)	(137,871,105.98)
Effect of tax rate changes	–	4,322,844.94
Income not subject to tax	(14,852,371.44)	(15,614,789.60)
Expenses not deductible for tax purposes	13,923,257.85	9,793,763.83
Utilisation of previously unrecognised deductible tax losses and temporary differences	(10,080,373.13)	(14,470,266.72)
Adjustment on taxation in previous year	(16,884,782.70)	(38,311,089.49)
Temporary differences for which no deferred tax asset was recognised	2,131,152.75	9,034,164.12
Tax losses for which no deferred tax asset was recognised	64,543,017.00	77,055,624.33
Research and development expenses bonus deduction	(45,932,973.58)	(25,010,641.77)
Income tax expenses	188,502,861.95	248,353,595.63

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(55) Earnings per share

(a) Basic earnings per share

The basic earnings per share is calculated by dividing profit attributable to the owners of the Company by the weighted average of outstanding ordinary shares:

	2021	2020
Consolidated net profit attributable to ordinary shareholders of the Company	900,749,340.13	1,131,544,435.11
Weighted average number of ordinary shares outstanding	1,870,250,000.00	1,765,000,000.00
Basic earnings per share (RMB/share)	<u>0.48</u>	<u>0.64</u>
Including:		
– Basic earnings per share from continuing operations:	<u>0.48</u>	<u>0.64</u>

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares outstanding. There were no dilutive potential ordinary shares for the year ended December 31, 2021 and 2020, and therefore, diluted earnings per share are the same as the basic earnings per share.

(56) Notes to the cash flow statement

(a) Cash received relating to other operating activities

	2021	2020
Interest	62,039,396.02	49,833,929.18
Government grants	100,358,818.43	179,006,414.09
Forfeiture income	3,827,897.00	6,610,393.13
Others	99,948,836.53	131,644,879.54
	<u>266,174,947.98</u>	<u>367,095,615.94</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(56) Notes to the cash flow statement *(Continued)*

(b) Cash paid relating to other operating activities

	2021	2020
Shipping and handling expenses	311,775,953.89	411,958,964.81
Travelling, entertainment and selling expenses	179,052,210.94	178,598,192.02
Rental, insurance and miscellaneous charges related to sale	89,172,844.46	56,376,327.09
Product warranty expenses	142,622,375.62	72,988,667.72
Intermediary fees	99,256,420.42	84,047,424.07
Advertising and exhibition fees	19,882,535.27	16,940,376.78
External sale commission of products	26,506,014.82	22,389,890.47
Others	68,969,785.56	83,432,861.04
	<u>937,238,140.98</u>	<u>926,732,704.00</u>

(c) Cash received from other financing activities

	2021	2020
Cash received from financing leaseback	–	29,500,000.00

(d) Cash payments relating to other financing activities

	2021	2020
Repayments of lease liabilities	54,564,692.39	40,196,293.69
Repayments of financing leaseback	6,869,171.42	–
Cash paid for acquisition of non-controlling interests	18,810,644.31	–
Cash paid for issue of ordinary shares	22,154,926.94	15,747,812.40
	<u>102,399,435.06</u>	<u>55,944,106.09</u>

In 2021, total cash outflows for leases paid by the Group amounted to RMB77,177,806.27 (2020: RMB55,206,161.46), 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 DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(57) Supplementary information to the cash flow statement

(a) *Supplementary information to the cash flow statement*

Reconciliation from net profit to cash flows from operating activities

	2021	2020
Net profit	987,663,448.21	1,269,346,772.26
Add/Less: Asset impairment losses	42,564,575.54	89,251,004.85
Credit impairment losses	24,983,892.84	59,352,094.69
Depreciation of right-of-use assets	41,289,666.40	29,357,642.74
Depreciation of fixed assets	417,146,991.76	337,761,631.90
Amortisation of intangible assets	45,665,952.35	50,405,024.64
Amortisation of long-term prepaid expenses	12,253,811.19	8,691,842.68
Gains on disposals of fixed assets, intangible assets and other long-term assets	(175,056,325.63)	(54,386,373.66)
Losses/(Gains) arising from changes in fair value	20,232,463.28	(13,016,971.34)
Financial expenses	46,036,270.24	174,489,945.60
Investment income	(25,435,813.24)	(26,932,847.21)
Decrease in deferred tax assets	6,697,914.85	25,502,221.73
Increase/(Decrease) in deferred tax liabilities	3,358,449.93	(720,295.82)
Increase in inventories	(1,174,999,248.18)	(35,963,337.73)
Decrease/(Increase) in operating receivables	200,569,683.46	(360,528,013.38)
(Decrease)/Increase in operating payables	(298,543,470.39)	1,194,327,633.32
Net cash flows from operating activities	<u>174,428,262.61</u>	<u>2,746,937,975.27</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(57) Supplementary information to the cash flow statement (Continued)

(a) Supplementary information to the cash flow statement (Continued)

Significant operating, investing and financing activities that do not involve cash receipts and payments

	2021	2020
Right-of-use assets increased in the current year	78,891,910.70	99,780,249.60
Dividends transferred to paid-in capital from non-controlling interests	38,391,065.47	—
Capital injections by physical assets from non-controlling interests	32,000,000.00	—

Changes in cash and cash equivalents

	2021	2020
Cash and cash equivalents at the end of the year	4,694,703,333.58	4,269,375,822.30
Less: Cash equivalents at the beginning of the year	(4,269,375,822.30)	(3,791,160,758.53)
Net increase in cash and cash equivalents	425,327,511.28	478,215,063.77

(b) Acquisition of a subsidiary

	2021	2020
Cash and cash equivalents paid in the current year for business combinations incurred in the current year	49,251,184.00	3,080,000.00
Less: Cash and cash equivalents held by the subsidiary at the acquisition date	(48,590,370.28)	(1,691,373.32)
Net cash paid to acquire the subsidiary	660,813.72	1,388,626.68

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(57) Supplementary information to the cash flow statement (Continued)

(b) Acquisition of subsidiaries (Continued)

Considerations for acquisition of subsidiaries in 2021

Xxentria	49,251,184.00
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Net assets of the acquired subsidiary at the acquisition date in 2021

Current assets	49,388,826.25
Non-current assets	36,154,415.38
Current liabilities	(29,185.37)
Non-current liabilities	(3,553,717.05)
	81,960,339.21

(c) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash		
Including: Cash on hand	397,471.87	425,807.66
Cash at bank and Finance Company that can be readily drawn on demand	4,694,305,861.71	4,268,950,014.64
Cash and cash equivalents at the end of the year	4,694,703,333.58	4,269,375,822.30

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(58) Monetary items dominated in foreign currencies

	December 31, 2021		Amount in RMB
	Functional currency	Exchange rate	
Cash at bank and on hand –			
USD	63,031,673.46	6.3757	401,871,040.47
EUR	15,600,614.91	7.2197	112,631,759.47
HKD	10,209,979.46	0.8176	8,347,679.21
AUD	3,524,354.53	4.6220	16,289,566.64
JPY	50,067,052.00	0.0554	2,773,714.68
GBP	22,663,748.20	8.6064	195,053,282.55
THB	61,435,134.62	0.1912	11,746,397.74
Others			<u>12,548,941.52</u>
			<u>761,262,382.28</u>
Accounts receivables –			
USD	145,402,847.45	6.3757	927,044,934.49
EUR	5,468,993.76	7.2197	39,484,494.25
HKD	2,199,785.00	0.8176	1,798,544.22
AUD	1,696,675.17	4.6220	7,842,032.64
GBP	25,917,642.42	8.6064	223,057,597.72
THB	5,420,809.90	0.1912	1,036,458.85
Others			<u>56,026,249.45</u>
			<u>1,256,290,311.62</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(58) Monetary items dominated in foreign currencies (Continued)

	December 31, 2021		
	Functional currency	Exchange rate	Amount in RMB
Other receivables –			
USD	6,928,724.23	6.3757	44,175,467.08
EUR	664,577.97	7.2197	4,798,053.57
HKD	30,604.01	0.8176	25,021.84
AUD	538,915.48	4.6220	2,490,867.35
THB	73,902,230.20	0.1912	14,130,106.41
Others			<u>2,824,658.57</u>
			<u>68,444,174.82</u>
Long-term receivables –			
AUD	174,104.40	4.6220	<u>804,710.54</u>
Short-term borrowings –			
USD	41,757,993.36	6.3757	266,236,438.27
EUR	2,650,000.00	7.2197	19,132,205.00
GBP	37,000,000.00	8.6064	318,436,800.00
THB	300,853,040.59	0.1912	<u>57,523,101.36</u>
			<u>661,328,544.63</u>
Accounts payables –			
USD	102,732,537.40	6.3757	654,991,838.71
EUR	7,720,828.31	7.2197	55,742,064.17
HKD	90,698.46	0.8176	74,155.06
AUD	8,239,211.77	4.6220	38,081,636.78
GBP	48,370,803.16	8.6064	416,298,480.27
THB	1,627,270,077.02	0.1912	311,134,038.73
Others			<u>99,520,941.29</u>
			<u>1,575,843,155.01</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(58) Monetary items dominated in foreign currencies *(Continued)*

	December 31, 2021		Amount in RMB
	Functional currency	Exchange rate	
Other payables –			
USD	30,281,362.65	6.3757	193,064,883.88
EUR	3,582,138.30	7.2197	25,861,963.85
HKD	21,155,287.26	0.8176	17,296,562.86
AUD	996,239.18	4.6220	4,604,617.48
GBP	2,711,677.88	8.6064	23,337,784.51
THB	196,791,853.29	0.1912	37,626,602.35
Others			<u>6,626,703.17</u>
			<u>308,419,118.10</u>
Current portion of non-current liabilities –			
USD	678,436.57	6.3757	4,325,508.04
ZAR	11,936,885.51	0.4004	4,779,528.96
CAD	710,512.60	5.0050	3,556,115.56
AUD	914,341.98	4.6220	<u>4,226,088.63</u>
			<u>16,887,241.19</u>
Lease liabilities			
USD	1,610,232.51	6.3757	10,266,359.41
CAD	6,412,214.29	5.0050	32,093,132.52
AUD	10,697,728.67	4.6220	<u>49,444,901.91</u>
			<u>91,804,393.84</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

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(All amounts in RMB unless otherwise stated) [English translation for reference only]

5 CHANGES IN THE CONSOLIDATION SCOPE

(1) Business combinations involving enterprises not under common control

(a) Business combinations involving enterprises not under common control in the current year

Acquiree	Timing of acquisition	Acquisition cost	Ratio of interests acquired	Acquisition method	Acquisition date	Basis for determining the acquisition date	Revenue of the acquiree from the acquisition date to the end of the year	Net profit of the acquiree for the period from the acquisition date to the end of the year	Cash flows	
									Cash flows from operating activities of the acquiree from the acquisition date to the end of the year	Net cash flows of the acquiree from the acquisition date to the end of the year
	April 2010	6,072,000.00	8.57%	Cash consideration		Completion of equity transfer and transfer of the power to control				
	July 2016	34,570,266.90	26.75%	Cash consideration and assets contribution	May 6, 2021					
Xxentria	May 2021	51,304,211.51	60.00%	Cash consideration			584,220.19	552,162.02	1,153,160.25	1,374,135.69

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

5 CHANGES IN THE CONSOLIDATION SCOPE *(Continued)*

(1) Business combinations involving enterprises not under common control *(Continued)*

(b) Details of the cost of combination and goodwill recognised are as follows:

Cost of combination –

Cash consideration	51,304,211.51
Fair value of equity held prior to acquisition date	37,304,706.92
Total cost of combination	88,608,918.43
Less: Fair value of the share of identifiable net assets acquired	<u>(78,124,595.33)</u>
Goodwill	<u>10,484,323.10</u>

(c) The assets and liabilities of the acquiree at the acquisition date are as follows:

Xxentria

	Acquisition date Fair value	Acquisition date Carrying amount	December 31, 2020 Carrying amount
Cash at bank and on hand	48,590,370.28	48,590,370.28	48,590,370.28
Receivables	65,000.00	65,000.00	65,000.00
Inventories	214,404.60	216,573.78	798,382.89
Fixed assets	17,326,630.00	11,302,990.87	19,021,137.68
Intangible assets	18,481,096.59	10,287,698.36	10,287,698.36
Long-term prepaid expenses	346,688.79	346,688.79	346,688.79
Other current assets	519,051.37	519,051.37	519,051.37
Less: Employee benefits payable	(29,185.37)	(29,185.37)	(29,185.37)
Deferred tax liabilities	<u>(3,553,717.05)</u>	<u>–</u>	<u>–</u>
Net assets	81,960,339.21	71,299,188.08	79,599,144.00
Less: Non-controlling interests	<u>(3,835,743.88)</u>		
Net assets acquired	<u>78,124,595.33</u>		

The fair value of the assets and liabilities of Xxentria at the acquisition date is determined by the Group using valuation techniques. Assets are valued using asset-based approach.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

5 CHANGES IN THE CONSOLIDATION SCOPE *(Continued)*

(2) Changes in the consolidation scope due to other reasons

In March 2021, the Company invested RMB72,000,000.00 in cash to establish a non-wholly-owned subsidiary, CIMC Vehicles (Shanxi) Automobile Co., Ltd., accounting for 60%; minority shareholders contributed RMB16,000,000 in cash and the remaining RMB32,000,000 in physical assets.

New subsidiaries, Yangzhou Vanguard Trailer Logistics Technology Co., Ltd. and Shenzhen Vanguard Trailer Logistics Technology Co., Ltd. were established in the current year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES

(1) Interests in subsidiaries

(a) Constitution of the Group

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
Shenzhen CIMC Vehicle Marketing Co., Ltd. (renamed as "Benjiu Tengyue semitrailer Parts (Shenzhen) Co., Ltd.")	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Sales of semitrailers, vans and other specialty vehicles and modified vehicles built by CIMC Group and its subsidiaries; sales of chassis, tractors and related spare parts	RMB16.5 million	100%	-	By establishment
Shenzhen CIMC Vehicle Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Development, manufacturing and sales of specialty vehicles, modified vehicles, semitrailers and parts, and after-sales services	RMB450 million	75%	25%	By establishment
Gansu CIMC Huajun Vehicles Co., Ltd.	Legal entity	Gansu, the PRC	Gansu, the PRC	Refitting of specialty vehicle, trailer and fittings, production of auto parts; sales of raw materials relating to car, motorcycle and metals and chemicals	RMB25 million	-	100%	By establishment
Qingdao CIMC Special Vehicle Co., Ltd.	Legal entity	Shandong, the PRC	Shandong, PRC	Development, production and sales of kinds of specialty vehicles, semitrailer and relevant parts; relevant consultation and after-sales services	RMB62.88 million	72.73%	27.27%	By establishment
CIMC Vehicles (Liaoning) Co., Ltd.	Legal entity	Liaoning, the PRC	Liaoning, the PRC	Development and production of kinds of semitrailer, specialty vehicles and relevant parts, and providing relevant technical services	RMB30 million	75%	25%	By establishment
CIMC-Shac (Xi'an) Special Vehicles Co., Ltd.	Legal entity	Shaanxi, the PRC	Shaanxi, the PRC	Development and production of kinds of semitrailer, specialty vehicles and relevant parts, and providing relevant technical services	RMB88 million	60.80%	14.20%	By establishment

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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	
Guangzhou CIMC Vehicle Logistics Equipment Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Wholesale and retail of vehicles, auto parts, metal materials, hardware and electrical equipment, and electromechanical equipment; maintenance of mechanical equipment	RMB15 million	100%	-	By establishment
Shanghai CIMC Vehicle Logistics Equipment Co., Ltd.	Legal entity	Shanghai, the PRC	Shanghai, the PRC	Development, construction operation, leasing, sales, property management and relevant services of storage and supporting facilities	RMB90,204,082	40%	60%	By acquisition
Shanghai CIMC Baojian Vehicle Comprehensive Inspection Co., Ltd.	Legal entity	Shanghai, the PRC	Shanghai, the PRC	Inspection of integrated performance for motor vehicles; storage of vehicles	RMB3.3 million	-	79.23%	By establishment
CIMC Vehicle (Jiangmen) Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Development, production and sales of auto parts (excluding engines), containers, folding boxes, tank containers, products of composite materials, tank trucks and automotive trailers, and provision of related after-sales services; sales of automobile (excluding those subject to management of automobile brand marketing)	RMB141,215,315	76.59%	-	By establishment
Hubei CIMC Vehicle Sales Service Co., Ltd.	Legal entity	Hubei, the PRC	Hubei, the PRC	Sales of cars and relevant services; sales of auto parts, metal materials, hardware and electronic equipment, mechanical equipment and chemical products; storage services	RMB0.5 million	100%	-	By establishment

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FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
Xinjiang CIMC Vehicle Logistics Equipment Co., Ltd.	Legal entity	Xinjiang, the PRC	Xinjiang, the PRC	Sales of hardware and electrical equipment; electromechanical equipment and chemical products; maintenance of mechanical equipment; storage of logistic equipment; leasing and retreading of tires	RMB0.5 million	100%	-	By establishment
Xiamen CIMC Vehicle Logistics Equipment Co., Ltd.	Legal entity	Fujian, China	Fujian, China	Wholesale and retail of vehicles and auto parts, container chassis, metal materials, mechanical and electrical equipment; maintenance of mechanical equipment	RMB0.5 million	100%	-	By establishment
CIMC Vehicle (Group) Xinjiang Co., Ltd.	Legal entity	Xinjiang, the PRC	Xinjiang, the PRC	Production and sales of mechanical equipment and development of relevant technology	RMB80 million	100%	-	By establishment
Sichuan CIMC Vehicle Logistics Equipment Co., Ltd.	Legal entity	Sichuan, the PRC	Sichuan, the PRC	Sales of vehicles, wholesale and retail of goods, leasing and storage	RMB5 million	100%	-	By establishment
Chongqing CIMC Vehicle Sales Service Co., Ltd.	Legal entity	Chongqing, the PRC	Chongqing, the PRC	Sales of vehicles, auto parts, metal materials, hardware and electrical equipment, and electromechanical equipment; maintenance of mechanical equipment; storage services; import and export of goods	RMB0.5 million	-	71.47%	By establishment
Liaoning CIMC Vehicle Logistics Equipment Co., Ltd.	Legal entity	Liaoning, the PRC	Liaoning, the PRC	Sales of vehicles, auto parts, metal materials, hardware and electrical equipment, and electromechanical equipment; leasing of logistics equipment; storage services	RMB5 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	
Nanning CIMC Vehicle Logistics Equipment Co., Ltd.	Legal entity	Guangxi, the PRC	Guangxi, the PRC	Sales of specialty vehicles and semitrailers; purchasing and selling agency of auto parts, metal materials, hardware and electrical equipment and electromechanical equipment; maintenance of mechanical equipment	RMB0.5 million	100%	-	By establishment
Qingdao CIMC Reefer Trailer Co., Ltd.	Legal entity	Shandong, the PRC	Shandong, the PRC	Manufacturing and sales of kinds of transportation equipment such as refrigerating and insulating equipment, and providing relevant technical services and maintenance	USD29,404,963	62.25%	37.75%	By establishment
Qingdao CIMC Eco-Equipment Co., Ltd.	Legal entity	Shandong, the PRC	Shandong, the PRC	R&D, manufacturing, and sales of refuse disposal vehicles and parts, and relevant services	RMB116,153,600	53%	47%	By establishment
Yangzhou CIMC Tonghua Special Vehicles Co., Ltd.	Legal entity	Jiangsu, the PRC	Jiangsu, the PRC	Development, manufacturing and sales of specialty vehicles, modified vehicles, semitrailers and parts, and after-sales services	RMB434,300,750	100%	-	By acquisition
CIMC Vehicles (Shandong) Co., Ltd.	Legal entity	Shandong, the PRC	Shandong, the PRC	Development and manufacturing of refrigerator trucks, tank trucks, semitrailers, van vehicles, specialty vehicles and other kinds of serials products, and rendering of technical services	USD18,930,100	44%	43.01%	By acquisition

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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	
Zhumadian CIMC Huajun Vehicle Co., Ltd.	Legal entity	Henan, the PRC	Henan, the PRC	Refitting of specialty vehicle, trailer and fittings, production of auto parts, sales of various automotive related products and logistics	RMB205.34 million	74.5%	25.5%	By acquisition
Shanghai CIMC Vehicle Sales Services Co., Ltd.	Legal entity	Shanghai, the PRC	Shanghai, the PRC	Wholesale and retail of auto parts; sales of vehicles (sedan car excluded); processing, assembly and maintenance of vans, etc.	RMB5 million	-	100%	By establishment
Shanghai CIMC Automobile Examination and Repair Co., Ltd.	Legal entity	Shanghai, the PRC	Shanghai, the PRC	Test and repair of vehicles; commission on buying and selling of auto parts, decoration materials, marine parts, hardware and electrical equipment, rubber and plastic products, electric wire and cables	RMB1.13 million	-	100%	By establishment
Luoyang CIMC Lingyu Automobile Co., Ltd.	Legal entity	Henan, the PRC	Henan, the PRC	Production and sales of passenger transport vehicles, tank transport vehicles; processing of machines; import and export business	RMB122,745,705.94	71.47%	-	By establishment
Wuhu CIMC Ruijiang Automobile Co., Ltd.	Legal entity	Anhui, the PRC	Anhui, the PRC	Development, production and sales of various specialty vehicles, ordinary mechanical products and metal structure parts, and relevant consulting and after-sales services	RMB348,177,160.79	72.26%	-	By establishment
Liangshan CIMC Dongyue Vehicles Co., Ltd.	Legal entity	Shandong, the PRC	Shandong, the PRC	Production and sales of trailers, specialty vehicles and relevant parts	RMB90 million	70.10%	-	By establishment

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FOR THE YEAR ENDED DECEMBER 31, 2021

(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 CIMC Vehicle Marketing Service Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Sales of kinds of specialty vehicles, engineering machinery and automotive chassis parts	RMB15 million	100%	-	By establishment
Shanghai CIMC Special Vehicles Co., Ltd.	Legal entity	Shanghai, the PRC	Shanghai, the PRC	Development and production of van semitrailers and van vehicles	RMB10 million	75%	25%	By establishment
Shaanxi CIMC Vehicle Sales Service Co., Ltd.	Legal entity	Shaanxi, the PRC	Shaanxi, the PRC	Sales of vehicles and auto parts	RMB5 million	100%	-	By establishment
CIMC Jidong (Qinhuangdao) Vehicle Manufacture Co., Ltd.	Legal entity	Hebei, the PRC	Hebei, the PRC	Sales of vehicles and auto parts	RMB70 million	50%	25%	By establishment
Zhumadian CIMC Huajun Automobile Trading Co., Ltd.	Legal entity	Henan, the PRC	Henan, the PRC	Sales of brand vehicles (operating with letter of authorization); sales of trailers, farm vehicles and relevant parts; automobile decoration; operation of FAW car; repair of vehicles	RMB10 million	100%	-	By acquisition
Zhumadian CIMC Huajun Casting Co., Ltd.	Legal entity	Henan, the PRC	Henan, the PRC	Production, processing, sales and R&D of casting parts; R&D, manufacturing and sales of auto parts and mechanical parts	RMB297,762,000	68.30%	31.70%	By establishment
Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd.	Legal entity	Shandong, the PRC	Shandong, the PRC	Production and sales of trailers, specialty vehicles and relevant parts	RMB66 million	-	74.97%	By acquisition

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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	
Dongguan CIMC Special Vehicle Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Development, production and sales of all kinds of high-tech and high-performance specialty vehicles, refitted vehicles, special semitrailer series (the production of above products is subject to the announcement of relevant national authorities) and their spare parts, new mechanical equipment for road and port, containers, folding boxes, special containers, general mechanical products and metal structures; technical after-sales services; import and export of goods and technologies	RMB380,268,600	21.11%	78.89%	By establishment
Jiangsu Baojing Auto Parts Co., Ltd.	Legal entity	Jiangsu, the PRC	Jiangsu, the PRC	Design and production of automotive axle tubes and other components, technical services; self-operation and agency of import and export of various goods and technologies (excluding the goods and technologies of which the operation is restricted or the import and export is forbidden by government)	RMB50 million	72.00%	28.00%	By acquisition

(The business that is subject to the approval of relevant authorities are only allowed to be carried out after the approval has been obtained.)

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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	
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.	RMB235 million	46.81%	21.28%	By establishment
Shenzhen Shengji Logistics and Transportation Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	International and domestic freight forwarding agency; leasing of vehicles	RMB20 million	-	68.09%	By establishment
Wuhan Shengji Logistics and Transportation Co., Ltd.	Legal entity	Hubei, the PRC	Hubei, the PRC	General freight; leasing of containers and automobiles	RMB6 million	-	68.09%	By establishment
Shanghai Rongji Logistics Co., Ltd.	Legal entity	Shanghai, the PRC	Shanghai, the PRC	Land transport of freights; vehicle leasing and storage services	RMB6 million	-	68.09%	By establishment
Guangzhou CIMC Vehicle Sales Services Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Sales of vehicles, auto parts and components, wholesale and retail of products; information and trade consulting services; import and export of technologies and trade agency	RMB30,010,000	100.00%	-	By establishment
Guangzhou CIMC Vehicle Drop and Pull Leasing Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Operation of roads and parking lots; leasing of vehicles, containers and machinery equipment; wholesale and retail of auto parts; commodity information technology consulting service, freight transport, etc.	RMB5 million	-	68.09%	By establishment
Zhumadian CIMC Wanjia Axle Co., Ltd.	Legal entity	Henan, the PRC	Henan, the PRC	Design, production, sales and technical service of vehicle axles and other auto parts	RMB20 million	100.00%	-	By establishment

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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 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	RMB300 million	100.00%	-	By establishment
CIMC Zhenjiang Technology Transport Equipment Co., Ltd. (renamed "CIMC Taizijie Vehicle Body Manufacturing (Zhenjiang) Co., Ltd.")	Legal entity	Jiangsu, the PRC	Jiangsu, the PRC	Development, production and sales of kinds of specialty vehicles, semitrailer and relevant parts; relevant consultation and after-sales services	RMB130 million	76.92%	23.08%	By establishment
Wuhu CIMC Ruijiang Automobile Marketing Service Co., Ltd.	Legal entity	Anhui, the PRC	Anhui, the PRC	Sales, sales agency and after-sales services of a variety of heavy trucks, specialty vehicles, engineering equipment, automobile chassis, engines and components; sales of second-hand car; R&D, transfer, services and consulting of technology	RMB5 million	-	72.26%	By establishment
Zhenjiang Shenxing Taibao Technology Co., Ltd.	Legal entity	Jiangsu, the PRC	Jiangsu, the PRC	Production, processing and sales of security products, electronic products, and semitrailer parts	RMB10 million	31.00%	20.00%	By acquisition

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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	
Zhenjiang Vanguard Trailer Logistics Technology Co., Ltd.	Legal entity	Jiangsu, the PRC	Jiangsu, the PRC	Mechanical equipment leasing; vehicle leasing; repair and maintenance of motor vehicles; technical services, technology development, technical consultation, technical exchange, technology transfer, technology promotion; information system integration services.	RMB20 million	-	68.09%	By establishment
Kunming CIMC Vehicle Industrial Park Development Co., Ltd.	Legal entity	Yunnan, the PRC	Yunnan, the PRC	Project investment and management by using enterprise's own funds; warehousing services; property management; sales of automobiles, auto parts, metal materials, hardware and electrical equipment, mechanical and electrical equipment and chemical products; maintenance of machinery and equipment; leasing of sites, houses and tires; import and export of goods and technologies; leasing of billboards.	RMB70 million	100.00%	-	By establishment
Yingkou Xinsheng vehicles Manufacturing Co., Ltd.	Legal entity	Liaoning, the PRC	Liaoning, the PRC	Development and production of various semi-trailers, specialty vehicles and their parts, and relevant technical services	RMB30 million	75.00%	25.00%	By establishment
Qingdao CIMC Smart Logistics Equipment Co., Ltd.	Legal entity	Shandong, the PRC	Shandong, the PRC	R&D, manufacturing, and sales of refuse disposal vehicles and parts, and relevant services	RMB21,776,400	53.00%	47.00%	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	
CIMC Vehicles (Shanxi) Automobile Co., Ltd.	Legal entity	Shaanxi, the PRC	Shaanxi, the PRC	Manufacturing of auto parts and accessories, R&D of auto parts, sales of new vehicles, repair and maintenance of motor vehicles, modification services of motor vehicles, information consulting services, sales of metal material, leasing of land use rights, leasing of houses, production of road motor vehicle, import and export of goods	RMB120 million	60.00%	-	By establishment
Xxentria	Legal entity	Guangdong, the PRC	Guangdong, the PRC	R&D, manufacture and sales of environmentally-friendly composite materials, metal matrix composite materials, metal layered composite materials, surface-treated aluminium (steel) coils, building materials and solar energy materials and other composite materials and relevant products, and technical services and maintenance of the above products; manufacture and sales of vehicle body parts.	RMB66,977,737.77	20.00%	75.32%	By acquisition
Yangzhou Vanguard Trailer Logistics Technology Co., Ltd.	Legal entity	Jiangsu, the PRC	Jiangsu, the PRC	Land freight transportation; leasing of machinery equipment and vehicles; domestic freight agency; technical services; warehousing services, etc.	RMB6 million	-	68.09%	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	
Shenzhen Vanguard Trailer Logistics Technology Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Leasing of machinery equipment, vehicles and containers; wholesale and retail of auto parts; technology consulting services, etc.	RMB6 million	-	68.09%	By establishment
CIMC Vehicle Investment Holdings Co., Ltd.	Legal entity	BVI	BVI	Investment holding	USD50,000	100%	-	By establishment
CIMC Vehicles (HK) Ltd.	Legal entity	Hong Kong	Hong Kong	Production and sales of kinds of specialty vehicles	HKD10,000	-	100%	By establishment
Manson Technology Limited	Legal entity	Hong Kong	Hong Kong	Investment holding	HKD10,000	100%	-	By establishment
CIMC Vehicles (Bahrain) Factory WLL	Legal entity	Bahrain	Bahrain	Sales and services of land transport vehicles	BHD565,000	-	70%	By establishment
CIMC Australia Road Transport Equipment Pty Ltd.	Legal entity	Australia	Australia	Investment holding	AUD8.3 million	-	100%	By establishment
General Transport Equipment Pty Ltd.	Legal entity	Australia	Australia	Manufacturing and services of land transport vehicles	AUD24	-	100%	By establishment
Charm Beat Enterprises Limited	Legal entity	BVI	BVI	Holdings investment	USD1	-	100%	By establishment
CIMC Vehicle Europe GmbH	Legal entity	Germany	Germany	Manufacturing and services of land transport vehicles	EUR1 million	-	100%	By establishment
Growth Fortune (Pty) Ltd.	Legal entity	South Africa	South Africa	Manufacturing and services of land transport vehicles	ZAR5,175	-	100%	By establishment
CIMC Vehicle (Thailand) Co., Ltd.	Legal entity	Thailand	Thailand	Manufacturing and services of land transport vehicles	THB1,025 million	-	100%	By establishment
CIMC Trailer RUS LLC	Legal entity	Russia	Russia	Sales and services of land transport vehicles	RUB60 million	-	100%	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	
CIMC Vehicles UK Limited	Legal entity	UK	UK	Investment holding	GBP100	-	100%	By establishment
SDC Trailers Limited	Legal entity	UK	UK	Manufacturing, sales and services of land transport vehicles	GBP146,292	-	100%	By acquisition
Retlan Manufacturing Limited	Legal entity	UK	UK	Manufacturing, sales and services of land transport vehicles	GBP692,041	-	100%	By acquisition
MDF Engineering Ltd.	Legal entity	UK	UK	Manufacturing, sales and services of land transport vehicles	GBP1	-	100%	By acquisition
CIMC USA INC	Legal entity	USA	USA	Investment holding	USD10	-	100%	By establishment
Vanguard National Trailer Corporation	Legal entity	USA	USA	Manufacturing and services of land transport vehicles	USD10	-	100%	By acquisition
RRE Company LLC	Legal entity	USA	USA	Manufacturing and services of land transport vehicles	USD1	-	100%	By establishment
CIMC Reefer Trailer Inc.	Legal entity	USA	USA	Manufacturing and services of land transport vehicles	USD10	-	100%	By establishment
CIMC Intermodal Equipment Co., Ltd. (former name "Direct Chassis, LLC")	Legal entity	USA	USA	Manufacturing and services of land transport vehicles	USD10 million	-	100%	By acquisition
CIMC Vehicle Australia Pty Ltd.	Legal entity	Australia	Australia	Manufacturing and services of land transport vehicles	AUD0.1 million	-	100%	By establishment
Marshall Lethlean Industries Pty Ltd.	Legal entity	Australia	Australia	Manufacturing and services of land transport vehicles	AUD3.1 million	-	100%	By establishment
CIMC Holdings Australia Pty Ltd.	Legal entity	Australia	Australia	Investment holding	AUD14,714,000	-	100%	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	
CIMC Vehicle Europe Coöperatie U.A.	Legal entity	Netherlands	Netherlands	Investment holding	USD50,000	-	100%	By establishment
Burg Carrosserie B.V.	Legal entity	Netherlands	Netherlands	Investment holding	NLG0.2 million	-	100%	By acquisition
Exploitiemaatschappij Intraproges B.V.	Legal entity	Netherlands	Netherlands	Investment holding	NLG175,000	-	100%	By acquisition
Lag Trailers NV Bree	Legal entity	Belgium	Belgium	Manufacturing and services of land transport vehicles	EUR3,245,000	-	100%	By acquisition
Immoburg NV Bree	Legal entity	Belgium	Belgium	Manufacturing and services of land transport vehicles	EUR247,752	-	100%	By acquisition
LAG Service Polska Sp.z.o.o.	Legal entity	Poland	Poland	Manufacturing and services of land transport vehicles	PLN50,000	-	100%	By acquisition
LAG Polska Sp.z.o.o.	Legal entity	Poland	Poland	Manufacturing and services of land transport vehicles	PLN51,800	-	100%	By acquisition
LAG Immopolska Sp.z.o.o.	Legal entity	Poland	Poland	Manufacturing and services of land transport vehicles	PLN5,000	-	100%	By acquisition
Burg trailer Service BV	Legal entity	Netherlands	Netherlands	Manufacturing and services of land transport vehicles	EUR18,000	-	100%	By acquisition
CIMC Vehicles (Malaysia) SDN BHD	Legal entity	Malaysia	Malaysia	Sales and services of land transport vehicles	MYR3,575,692	-	100%	By establishment
CIMC Trailer Poland sp. z o.o.	Legal entity	Poland	Poland	Manufacturing and services of land transport vehicles	EUR8.8 million	-	100%	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	
CIMC Vehicles South Africa (Pty) Ltd.	Legal entity	South Africa	South Africa	Manufacturing, sales and services of land transport vehicles	ZAR100	-	100%	By acquisition
CIMC Vehicle (Vietnam) Co., Ltd.	Legal entity	Vietnam	Vietnam	Sales and services of land transport vehicles	USD1 million	-	100%	By establishment
Growth Fortune FZE	Legal entity	Djibouti	Djibouti	Manufacturing and services of land transport vehicles	USD8.69 million	-	100%	By establishment
DJIBOUTI CIMC HUAJUN VEHICLE FZE	Legal entity	Djibouti	Djibouti	Assembly, manufacturing, accessories and services	USD2.2 million	-	100%	By establishment
CIMC Intermodal Equipment UK Limited	Legal entity	UK	UK	Manufacturing and services of land transport vehicles	GBP10,000	-	100%	By establishment
CIMC Refrigerated Trailer Co., Ltd.	Legal entity	Canada	Canada	Manufacturing and services of land transport vehicles	CAD1,000	-	100%	By establishment
CIMC Intermodal Equipment NL B.V.	Legal entity	Netherlands	Netherlands	Manufacturing and services of land transport vehicles	EUR1	-	100%	By establishment

As at December 31, 2021, no subsidiaries of the Group issued debt securities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(b) Subsidiaries with significant non-controlling interests

	Shareholding of minority shareholders	Total profit or loss attributable to minority shareholders for the year ended December 31, 2021	Dividends distributed to minority shareholders for the year ended December 31, 2021	Non-controlling interests as at December 31, 2021 ⁽ⁱ⁾
Wuhu CIMC Ruijiang Automobile Co., Ltd.	27.74%	35,912,389.62	26,644,235.69	196,722,133.31
Luoyang CIMC Lingyu Automobile Co., Ltd.	28.53%	15,293,921.60	11,047,655.22	92,161,230.21
CIMC Vehicle (Jiangmen) Co., Ltd.	23.41%	19,700,852.87	6,421,640.70	86,904,825.30

(i) The unpaid dividends of RMB11,746,829.78 in the prior year and the dividends of RMB26,644,235.69 distributed to the non-controlling interests of Wuhu CIMC Ruijiang Automobile Co., Ltd. in the current year were transferred to paid-in capital.

Major financial information of material non-wholly-owned subsidiaries of the Group is listed below:

	December 31, 2021					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Wuhu CIMC Ruijiang Automobile Co., Ltd.	1,007,313,016.73	420,389,193.41	1,427,702,210.14	649,956,673.58	68,581,393.41	718,538,066.99
Luoyang CIMC Lingyu Automobile Co., Ltd.	684,798,823.04	224,716,149.96	909,514,973.00	567,100,496.46	19,381,773.39	586,482,269.85
CIMC Vehicle (Jiangmen) Co., Ltd.	541,728,343.65	196,574,906.14	738,303,249.79	336,084,085.56	30,989,667.00	367,073,752.56

	December 31, 2020					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Wuhu CIMC Ruijiang Automobile Co., Ltd.	1,198,827,706.85	341,426,606.30	1,540,254,313.15	992,819,514.05	10,075,976.62	1,002,895,490.67
Luoyang CIMC Lingyu Automobile Co., Ltd.	738,484,682.93	213,178,175.40	951,662,858.33	627,851,730.90	15,661,937.71	643,513,668.61
CIMC Vehicle (Jiangmen) Co., Ltd.	629,521,145.16	202,705,725.28	832,226,870.44	494,668,505.62	23,053,396.26	517,721,901.88

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(b) Subsidiaries with significant non-controlling interests (Continued)

Major financial information of material non-wholly-owned subsidiaries of the Group is listed below (Continued):

	2021				2020			
	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Wuhu CIMC Ruijiang Automobile Co., Ltd.	2,973,542,614.42	129,460,669.14	129,460,669.14	125,522,662.16	4,420,142,350.78	182,885,811.86	182,885,811.86	212,029,102.27
Luoyang CIMC Lingyu Automobile Co., Ltd.	3,130,979,919.65	53,606,454.95	53,606,454.95	87,362,592.15	3,142,265,277.07	108,625,631.14	108,625,631.14	139,560,307.96
CIMC Vehicle (Jiangmen) Co., Ltd.	1,104,459,898.19	84,155,714.95	84,155,714.95	83,633,972.85	1,304,692,365.51	109,617,526.11	109,617,526.11	146,088,933.62

(2) Investments in joint ventures and associates

As at December 31, 2021 and December 31, 2020, the Group had no significant joint ventures and associates.

(a) Summarised financial information for immaterial joint ventures and associates

	2021	2020
Joint ventures:		
Aggregated carrying amount of investments	15,420,370.81	16,771,490.27
Aggregate of the following items in proportion		
Net profit (i)	(1,351,119.46)	160,041.70
Other comprehensive income (i)	—	1,011,028.57
Total comprehensive income	(1,351,119.46)	1,171,070.27
Associates:		
Aggregated carrying amount of investments	135,664,272.94	166,749,922.66
Aggregate of the following items in proportion		
Net profit (i)	6,533,730.19	13,255,597.94
Other comprehensive income (i)	—	1,009,365.12
Total comprehensive income	6,533,730.19	14,264,963.06

(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, 2021

(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 joint ventures

	Accumulated unrecognised losses at the beginning of the year	Unrecognised losses in the current year	Accumulated unrecognised losses at the end of the year
Excess loss incurred in joint ventures and associates	<u>(8,454,119.74)</u>	<u>(1,652,185.59)</u>	<u>(10,106,305.33)</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.

- (a) 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	2021	2020
China	18,637,757,934.76	19,180,844,350.51
North America	5,041,888,369.23	4,387,682,762.58
Europe	2,455,208,525.02	1,923,663,818.95
Other regions	1,512,907,672.45	1,006,773,721.21
	<u>27,647,762,501.46</u>	<u>26,498,964,653.25</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

7 SEGMENT INFORMATION *(Continued)*

(a) *(Continued)*

Total non-current assets	December 31, 2021	December 31, 2020
China	5,412,933,126.37	4,818,554,550.66
North America	603,104,866.53	582,564,945.76
Europe	869,231,941.19	940,944,536.27
Other regions	347,074,012.08	176,223,723.52
	7,232,343,946.17	6,518,287,756.21

During 2021 and 2020, 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*

	December 31, 2020	Increase in the current year	Decrease in the current year	December 31, 2021
CIMC Group	3,595,013,590.00	-	-	3,595,013,590.00

(c) *The percentages of shareholding and voting rights in the Company held by the parent company*

	December 31, 2021		December 31, 2020	
	Shareholding (%)	Voting rights (%)	Shareholding (%)	Voting rights (%)
CIMC Group	55.48%	55.48%	57.42%	57.42%

(2) Subsidiaries

The general information and other related information of subsidiaries are set out in Note 6.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(3) Joint ventures and associates

The information of joint ventures and associates that have related party transactions with the Group are as follows:

Name of the entity	Relationship with the Group
Xxentria	It was an associate of the Group, and has become a subsidiary of the Group since May 2021.
Shenzhen Shuxiang Technology Co., Ltd.	Associates
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	Associates
Chengdu CIMC Industrial Park Investment and Development Co., Ltd. and its subsidiaries	Associates
CIMC Commercial Tires Inc.	Associates
Shenzhen Xinghuo Chelian Technology Co., Ltd.	Joint ventures
Jiangsu Wanjing Technology Co., Ltd.	Joint ventures

(4) Other related parties

Name of the entity	Relationship with the Group
CIMC HK	Controlled by the parent company of the Company
Yangzhou TongLee Reefer Container Co., Ltd.	Controlled by the parent company of the Company
CIMC Yiketong Parts Co., Ltd.	Controlled by the parent company of the Company
Taicang CIMC Reefer Logistics Equipment Co., Ltd.	Controlled by the parent company of the Company
Shenzhen Zhongji Huijie Supply Chain Co., Ltd.	Controlled by the parent company of the Company
Shenzhen CIMC Production City Development Group Co., Ltd.	It was controlled by the parent company of the Company, and has become an associate of the parent company since October 26, 2020.
Shanghai CIMC Yangshan Logistics Equipments Co., Ltd.	Controlled by the parent company of the 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
Qingdao CIMC Special Reefer Co., Ltd.	Controlled by the parent company of the Company
Qianhai Ruiji Technology Co., Ltd.	Controlled by the parent company of the Company

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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
NYK Zhenhua logistics (Tianjin) Co. Ltd.	Joint venture of the Company's parent company
CIMC Tongchuang Zhifu Protection Technology (Zhejiang) Co., Ltd.	Controlled by the parent company of the Company
Langfang CIMC Airport Support Co., Ltd.	Controlled by the parent company of the Company
Jiaxing CIMC Wood Co., Ltd.	Controlled by the parent company of the Company
Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd.	Controlled by the parent company of the Company
Dalian CIMC Logistics Equipment Co., Ltd.	Controlled by the parent company of the Company
CIMC Shilianda Logistics Technology (Group) Co., Ltd and its subsidiaries (former name "CIMC Modern Logistic Development Co., Ltd. and its subsidiaries")	Controlled by the parent company of the Company
CIMC Intermodal Development Co., Ltd.	Controlled by the parent company of the Company
CIMC Finance Co., Ltd.	Controlled by the parent company of the Company
ASIA CARGO LINK LTD	Controlled by the parent company of the Company
CIMC Enric Holdings Limited and its subsidiaries	Controlled by the parent company of the Company
CIMC Eco Material Supply Co., Ltd.	Controlled by the parent company of the Company
CIMC Capital Ltd. 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
Chengdu CIMC Transportation Equipment Manufacture Co., Ltd.	Controlled by the parent company of the Company
C&C Trucks Co., Limited and its subsidiaries	Controlled by the parent company of the Company
CIMC Transportation Equipment (International) Holdings Limited	Controlled by the parent company of the Company

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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
Shenzhen Jiamei Apartment Management Co., Ltd.	Controlled by the parent company of the Company
CIMC Transportation Technology Co., Ltd.	Controlled by the parent company of the Company
CIMC Cold Chain Development Institution Co., Ltd.	Controlled by the parent company of the Company
CIMC TSD Supply Chain Services Co., LTD.	Controlled by the parent company of the Company
CIMC-TianDa Holdings Company Limited and its subsidiaries	Controlled by the parent company of the Company
Guangdong CIMC building construction Co. Ltd.	Controlled by the parent company of the Company
Yangzhou Taili Special Equipment Co. Ltd.	Controlled by the parent company of the Company
Longyuan Port City	Minority shareholders of the Company
Shanghai Taifu	Minority shareholders of the Company
Oriental Post Logistics Technology (Jiangxi) Co. Ltd.	The company which the director of the Company serves
Shenzhen Chiwan Oriental Logistics Co., Ltd.	The company which the director of the Company serves
Hubei Chiwan Oriental Logistics Co., Ltd.	The company which the director of the Company serves
Shandong Linglong Tire Co., Ltd.	The company which the supervisor of the Company serves
Supercool (Shanghai) Refrigeration Equipment Co., Ltd.	The company which the vice president of the parent company serves

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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

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

	2021	2020
Shanghai CIMC Baowell Industries Co., Ltd.	174,151,113.20	108,719,740.76
C&C Trucks Co., Limited and its subsidiaries	52,806,522.21	69,424,636.33
Taicang CIMC Reefer Logistics Equipment Co., Ltd.	3,254,867.26	4,566,371.66
Jiangsu Wanjing Technology Co., Ltd.	59,497,343.92	90,125,044.09
Qingdao Lida Chemical Co., Ltd.	21,418,016.17	11,575,822.70
CIMC Enric Holdings Limited and its subsidiaries	27,232,219.19	10,739,592.19
Jiaxing CIMC Wood Co., Ltd.	3,484,683.67	3,599,069.90
Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd.	5,909,858.76	2,685,233.98
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	146,473,428.24	10,233,261.37
Oriental Post Logistics Technology (Jiangxi) Co. Ltd.	14,696,442.52	11,396,477.89
Dalian CIMC Logistics Equipment Co., Ltd.	14,940,969.91	2,335,421.37
Yangzhou TongLee Reefer Container Co., Ltd.	-	2,096,187.05
CIMC Tongchuang Zhifu Protection Technology (Zhejiang) Co., Ltd.	2,697,428.31	1,884,775.95
Shenzhen Xinghuo Chelian Technology Co., Ltd.	413,610.88	783,296.35
Qingdao CIMC Special Reefer Co., Ltd.	185,129.17	722,310.80
Shenzhen Zhongji Huijie Supply Chain Co., Ltd.	10,251,562.76	5,116,557.43
Qingdao CIMC Chuangying Composite Material Technology Co., Ltd.	5,877,579.86	3,144,332.92
CIMC Group	42,338,810.64	29,095,078.74
CIMC Cold Chain Development Institution Co., Ltd.	57,394,159.29	27,681,415.55
ASIA CARGO LINK LTD	38,897,808.50	-
Shandong Linglong Tire Co., Ltd.	8,980,208.66	-
Supercool (Shanghai) Refrigeration Equipment Co., Ltd.	1,955,840.71	-
CIMC-TianDa Holdings Company Limited and its subsidiaries	2,110,184.96	-
Others	10,825,133.79	8,489,330.55
	705,792,922.58	404,413,957.58

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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

	2021	2020
CIMC Intermodal Development Co., Ltd.	7,735,138.74	57,557,418.03
Shenzhen Shuxiang Technology Co., Ltd.	–	2,081,093.61
CIMC Shilianda Logistics Technology (Group) Co., Ltd and its subsidiaries	7,430,844.66	3,697,299.59
Shanghai CIMC Yangshan Logistics Equipments Co., Ltd.	–	3,998,391.36
Shanghai CIMC Baowell Industries Co., Ltd.	–	1,950,182.25
Shenzhen Xinghuo Chelian Technology Co., Ltd.	384,976.99	1,520,548.01
CIMC Burg B.V. and its subsidiaries	–	169,265.12
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	–	608,534.51
CIMC Group	2,493,014.46	–
CIMC TSD Supply Chain Services Co., LTD.	79,430,737.89	–
CIMC Transportation Technology Co., Ltd.	14,748,135.50	–
Others	2,318,190.11	3,385,803.10
	114,541,038.35	74,968,535.58

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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)*

(d) Sales of goods

	2021	2020
CIMC Enric Holdings Limited and its subsidiaries	255,451,277.03	172,484,607.08
Jiangsu Wanjing Technology Co., Ltd.	13,729,974.27	38,210,776.72
CIMC Capital Ltd. and its subsidiaries	6,204,389.12	2,447,164.78
C&C Trucks Co., Limited and its subsidiaries	14,031,114.29	11,831,745.85
CIMC-TianDa Holdings Company Limited and its subsidiaries	479,734.52	502,761.08
Chengdu CIMC Industrial Park Investment and Development Co., Ltd. and its subsidiaries	3,580,884.90	3,507,522.13
CIMC Yiketong Parts Co., Ltd.	4,824,690.26	4,589,380.52
Oriental Post Logistics Technology (Jiangxi) Co. Ltd.	33,145,045.18	24,353,981.80
CIMC Intermodal Development Co., Ltd.	-	8,373,499.94
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	17,644,292.89	4,210,230.80
Yangzhou Taili Special Equipment Co. Ltd.	2,109,090.27	-
Guangdong CIMC building construction Co. Ltd.	7,433,881.60	-
Dalian CIMC Logistics Equipment Co., Ltd.	20,995,486.73	-
Others	795,205.89	614,078.93
	380,425,066.95	271,125,749.63

(e) Rendering of services

	2021	2020
Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd.	4,035,463.71	3,193,262.76
Shanghai CIMC Baowell Industries Co., Ltd.	-	783,561.91
CIMC Enric Holdings Limited and its subsidiaries	588,939.87	754,029.35
Shandong Linglong Tire Co., Ltd.	6,578,786.73	-
CIMC Transportation Technology Co., Ltd.	21,082,221.24	-
CIMC TSD Supply Chain Services Co., LTD.	5,997,863.58	-
Others	559,908.48	857,194.86
	38,843,183.61	5,588,048.88

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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)

(f) Interest income

	2021	2020
Finance Company	<u>9,490,437.24</u>	<u>9,181,008.60</u>

(g) Leases

Interest costs on lease liabilities in the current year with the Group as the lessee:

	2021	2020
Shenzhen Jiamei Apartment Management Co., Ltd.	<u>4,879.46</u>	<u>44,095.82</u>

The rental for short-term leases and low-value leases and related property management expenditures paid by the Group as the lessee in the current year:

	2021	2020
Xxentria	–	474,770.64
Shenzhen Jiamei Apartment Management Co., Ltd.	<u>1,701,283.59</u>	1,092,068.30
Shenzhen Xinghuo Chelian Technology Co., Ltd.	<u>852,119.25</u>	–
Others	<u>497,213.59</u>	<u>361,414.01</u>
	<u>3,050,616.43</u>	<u>1,928,252.95</u>

Rental income obtained by the Group as the lessor in the current year:

	2021	2020
NYK Zhenhua logistics (Tianjin) Co. Ltd.	<u>2,712,642.02</u>	1,476,719.08
Others	<u>313,406.14</u>	<u>270,612.24</u>
	<u>3,026,048.16</u>	<u>1,747,331.32</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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)*

(h) Disposal of equity

	2021	2020
CIMC Transportation Technology Co., Ltd.	–	68,233,455.00
CIMC Cold Chain Development Institution Co., Ltd.	<u>7,600,000.00</u>	–
	<u>7,600,000.00</u>	<u>68,233,455.00</u>

(i) Purchase of land, plant and equipment

	2021	2020
CIMC Burg B.V. and its subsidiaries	<u>–</u>	<u>57,107,098.50</u>

(j) Remuneration of key management

	2021	2020
Remuneration of key management	<u>22,626,052.31</u>	<u>25,660,138.46</u>

(6) Balances with related parties

(a) Notes receivables

	December 31, 2021	December 31, 2020
CIMC Enric Holdings Limited and its subsidiaries	<u>6,892,640.00</u>	<u>5,500,000.00</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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

	December 31, 2021	December 31, 2020
Jiangsu Wanjing Technology Co., Ltd.	2,000,000.00	9,010,000.00
CIMC Enric Holdings Limited and its subsidiaries	<u>41,819,816.48</u>	<u>13,500,000.00</u>
	<u>43,819,816.48</u>	<u>22,510,000.00</u>

(c) Accounts receivables

	December 31, 2021	December 31, 2020
CIMC Enric Holdings Limited and its subsidiaries	82,422,652.73	83,677,222.01
Jiangsu Wanjing Technology Co., Ltd.	9,522,425.44	20,139,067.42
C&C Trucks Co., Limited and its subsidiaries	632,492.55	1,808,536.49
Yangzhou Taili Special Equipment Co. Ltd.	1,610,472.00	36,250.00
Shandong Linglong Tire Co., Ltd.	6,578,786.73	–
Oriental Post Logistics Technology (Jiangxi) Co. Ltd.	2,291,202.16	523,798.00
CIMC Commercial Tires Inc. (i)	8,099,960.37	8,289,510.40
Others	<u>4,812,853.38</u>	<u>3,594,338.12</u>
	<u>115,970,845.36</u>	<u>118,068,722.44</u>

(i) Provision for impairment has been made at full amount, and the changes of the two years only arises from the translation of foreign currency statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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

	December 31, 2021	December 31, 2020
Shenzhen CIMC Production City Development Group Co., Ltd. and its subsidiaries	16,552,122.00	16,552,122.00
CIMC Group	–	568,939.77
C&C Trucks Co., Limited and its subsidiaries	4,516,000.00	5,545,272.34
CIMC Capital Ltd. and its subsidiaries	800,000.00	800,000.00
Chengdu CIMC Industrial Park Investment and Development Co., Ltd. and its subsidiaries	10,000.00	110,692.92
Jiangsu Wanjing Technology Co., Ltd.	370,332.06	215,578.26
Oriental Post Logistics Technology (Jiangxi) Co. Ltd.	540,000.00	460,890.00
Others	3,604,319.46	4,254,328.17
	<u>26,392,773.52</u>	<u>28,507,823.46</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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

	December 31, 2021	December 31, 2020
CIMC Group	24,907,947.19	9,559,304.75
CIMC Cold Chain Development Institution Co., Ltd.	–	5,796,000.00
C&C Trucks Co., Limited and its subsidiaries	562,817.12	5,541,070.69
Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd.	6,630,728.00	–
CIMC Enric Holdings Limited and its subsidiaries	1,779,749.06	1,038,780.51
ASIA CARGO LINK LTD	8,429,000.60	–
Shandong Linglong Tire Co., Ltd.	669,652.96	–
Oriental Post Logistics Technology (Jiangxi) Co. Ltd.	500,000.00	–
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	409,744.20	–
CIMC TSD Supply Chain Services Co., LTD.	16,767,737.28	–
Others	36,329.45	258,450.26
	60,693,705.86	22,193,606.21

(f) Notes payables

	December 31, 2021	December 31, 2020
C&C Trucks Co., Limited and its subsidiaries	17,856,000.00	1,018,810.00
Shandong Linglong Tire Co., Ltd.	30,817,806.10	–
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	10,939,232.19	–
Others	745,560.42	–
	60,358,598.71	1,018,810.00

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(6) Balances with related parties *(Continued)*

(g) Accounts payables

	December 31, 2021	December 31, 2020
CIMC Burg B.V. and its subsidiaries	961,880.63	1,069,170.75
Jiangsu Wanjing Technology Co., Ltd.	3,505,179.13	37,349,197.03
C&C Trucks Co., Limited and its subsidiaries	139,590.51	3,474,749.66
Shanghai CIMC Baowell Industries Co., Ltd.	105,556,926.99	26,740,748.63
Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd.	1,225,084.29	243,680.92
CIMC Enric Holdings Limited and its subsidiaries	9,175,810.64	4,519,330.46
Qingdao Lida Chemical Co., Ltd.	10,207,939.29	5,184,202.49
Qianhai Ruiji Technology Co., Ltd.	1,670,340.00	1,670,340.00
Jiaxing CIMC Wood Co., Ltd.	744,602.63	3,483,739.02
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	11,559,604.43	2,265,758.75
CIMC Cold Chain Development Institution Co., Ltd.	268,101.98	18,331,000.00
CIMC TSD Supply Chain Services Co., LTD.	5,446,246.63	–
Shandong Linglong Tire Co., Ltd.	19,843,716.83	–
Others	10,907,604.69	7,247,850.55
	<u>181,212,628.67</u>	<u>111,579,768.26</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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) Other payables

	December 31, 2021	December 31, 2020
CIMC HK	42,841,462.42	44,372,423.80
CIMC Burg B.V. and its subsidiaries	49,524,901.87	55,245,768.72
CIMC Group	505,967.61	–
CIMC Transportation Equipment (International) Holdings Limited	14,861,783.59	15,209,569.43
C&C Trucks Co., Limited and its subsidiaries	1,500,000.00	1,500,000.00
CIMC Intermodal Development Co., Ltd.	3,199,231.79	28,279,013.51
NYK Zhenhua logistics (Tianjin) Co. Ltd.	1,515,840.00	1,515,840.00
Qianhai Ruiji Technology Co., Ltd.	10,623.55	191,040.00
Chengdu CIMC Industrial Park Investment and Development Co., Ltd. and its subsidiaries	1,086,272.61	1,004,668.58
Others	1,738,780.94	280,799.97
	116,784,864.38	147,599,124.01

(i) Contract liabilities

	December 31, 2021	December 31, 2020
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	–	2,176,600.00
Dalian CIMC Logistics Equipment Co., Ltd.	2,359,214.00	–
Others	1,877,289.00	708,538.07
	4,236,503.00	2,885,138.07

(j) Cash at bank and on hand

	December 31, 2021	December 31, 2020
Finance Company	624,411,615.52	637,862,655.04

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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 December 31, 2021 are as follows:

Name	Fees	Salary and allowance	Pension plan contribution	Bonus	Other allowances and benefits	Remuneration for other services in connection with the management of the Company or subsidiaries	Total
Directors –							
Mai Boliang	-	-	-	-	-	-	-
Li Guiping*	-	1,909,288.67	49,948.92	5,782,180.00	34,463.04	-	7,775,880.63
Wang Yu	-	-	-	200,000.00	-	-	200,000.00
Zeng Han (i)	-	-	-	-	-	-	-
Huang Haicheng	-	-	-	-	-	-	-
Chen Bo	-	-	-	-	-	-	-
Cheng Hok Kai	200,000.00	-	-	-	-	-	200,000.00
Feng Jinhua	200,000.00	-	-	-	-	-	200,000.00
Fan Zhaoping	200,000.00	-	-	-	-	-	200,000.00
Zeng Beihua (ii)	-	-	-	-	-	-	-
	<u>600,000.00</u>	<u>1,909,288.67</u>	<u>49,948.92</u>	<u>5,982,180.00</u>	<u>34,463.04</u>	<u>-</u>	<u>8,575,880.63</u>

(i) Mr. Zeng Han has been appointed as the director of the Company since September 29, 2021.

(ii) Ms. Zeng Beihua served as the director of the Company from January 1, 2021 to September 29, 2021.

In 2021, no director of the Group waived his/her remuneration.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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 December 31, 2021 are as follows: *(Continued)*

Name	Fees	Salary and allowance	Pension plan contribution	Bonus	Other allowances and benefits	Remuneration for other services in connection with the management of the Company or subsidiaries	Total
Supervisors –							
Wang Jinghua (iii)	-	-	-	-	-	-	-
Feng Baochun (iii)	-	-	-	-	-	-	-
Song Yanwen (iii)	-	40,289.00	6,825.00	79,000.00	6,300.00	-	132,414.00
Liu Hongqing (iv)	-	159,600.00	24,349.50	1,140,000.00	13,914.00	-	1,337,863.50
Liu Zhenhuan (iv)	-	-	-	-	-	-	-
	-	199,889.00	31,174.50	1,219,000.00	20,214.00	-	1,470,277.50

(iii) They have been appointed as the supervisors of the Company since September 29, 2021.

(iv) They served as the supervisors of the Company from January 1, 2021 to September 29, 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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 December 31, 2021 are as follows: *(Continued)*

Name	Fees	Salary and allowance	Pension plan contribution	Bonus	Other allowances and benefits	Remuneration for other services in connection with the management of the Company or subsidiaries	Total
Senior management –							
Li Zhimin	-	604,864.62	49,948.92	996,040.00	30,942.24	-	1,681,795.78
Sun Chun'an	-	899,001.41	49,948.92	892,000.00	30,942.24	-	1,871,892.57
Li Xiaofu	-	452,899.76	49,541.94	1,017,600.00	30,709.68	-	1,550,751.38
Jiang Qiwen	-	552,000.00	49,948.92	1,908,000.00	30,942.24	-	2,540,891.16
Zhan Rui (v)	-	53,500.00	4,104.98	-	2,788.80	-	60,393.78
Ye Jianfeng (vi)	-	990,000.00	36,246.42	1,011,000.00	23,112.24	-	2,060,358.66
Ji Haifeng (vi)	-	1,113,771.50	43,508.85	1,654,130.50	2,400.00	-	2,813,810.85
	-	4,666,037.29	283,248.95	7,478,770.50	151,837.44	-	12,579,894.18

(v) Mr. Zhan Rui has been appointed as the senior management of the Company since December 1, 2021.

(vi) They served as the senior management of the Company from January 1, 2021 to December 1, 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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 December 31, 2020 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*	-	1,560,000.00	51,983.40	6,636,180.00	2,900.00	-	8,251,063.40
Zeng Beihua	-	-	-	-	-	-	-
Wang Yu	-	-	-	-	-	-	-
Huang Haicheng	-	-	-	-	-	-	-
Chen Bo	-	-	-	-	-	-	-
Feng Jinhua	175,227.68	20,451.00	-	-	-	-	195,678.68
Fan Zhaoping	175,227.68	20,451.00	-	-	-	-	195,678.68
Cheng Hok Kai	187,290.19	22,723.10	-	-	-	-	210,013.29
	<u>537,745.55</u>	<u>1,623,625.10</u>	<u>51,983.40</u>	<u>6,636,180.00</u>	<u>2,900.00</u>	<u>-</u>	<u>8,852,434.05</u>

In 2020, no director of the Group waived his/her remuneration.

* Mr. Li Guiping is the CEO and Chairman of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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 December 31, 2020 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 –							
Liu Hongqing	-	156,000.00	45,240.00	1,790,880.00	4,200.00	-	1,996,320.00
Li Xiaofu	-	451,000.00	51,326.40	1,072,200.00	46,352.50	-	1,620,878.90
Liu Zhenhuan	-	-	-	-	-	-	-
	-	607,000.00	96,566.40	2,863,080.00	50,552.50	-	3,617,198.90

Remuneration of directors, supervisors and senior management for the year ended December 31, 2020 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 –							
Sun Chun'an	-	1,440,000.00	51,983.40	198,000.00	47,900.00	-	1,737,883.40
Ye Jianfeng	-	1,320,000.00	51,326.40	32,997.35	47,140.00	-	1,451,463.75
Ji Haifeng	-	1,657,960.00	22,144.32	1,090,127.00	44,900.00	-	2,815,131.32
Jiang Qiwen	-	540,000.00	51,983.40	4,809,771.00	-	-	5,401,754.40
Li Zhimin	-	630,000.00	51,983.40	1,055,429.24	46,860.00	-	1,784,272.64
	-	5,587,960.00	229,420.92	7,186,324.59	186,800.00	-	13,190,505.51

Other allowances and benefits mainly include housing funds, pensions and medical insurance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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 2021, the Company had no retirement benefits (2020: Nil).

(c) Directors' termination benefits

In 2021, the Group did not terminate the appointment of any directors in advance, therefore, there was no compensation for early termination (2020: Nil).

(d) Consideration paid to third parties in return for director services

In 2021, the Company paid no consideration to any third parties in return for director services (2020: 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 December 31, 2021, 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 (December 31, 2020: Nil).

(f) Substantial interests of directors in transactions, arrangements or contracts

In 2021, the Company did not sign any important transactions, arrangements or contracts related to the Company's business within which the directors of the Company directly or indirectly had substantial interests (2020: Nil).

(8) The five individuals whose remunerations are the highest

The five individuals whose remunerations were the highest in the Group for 2021 included one director (2020: one) whose remunerations are reflected in the Note 8(7). The total remunerations of the remaining four individuals (2020: four) are as follows:

	2021	2020
Basic salary, bonus, housing subsidy and other subsidies	14,851,045.35	16,284,723.96
Pension plan contribution	245,399.93	102,393.32
Sign-on bonus	—	—
Severance package	—	—
Others	—	—
	<u>15,096,445.28</u>	<u>16,387,117.28</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(8) The five individuals whose remunerations are the highest *(Continued)*

	Number of individuals	
	2021	2020
Remuneration range:		
HKD3,000,001 to HKD3,500,000	–	1
HKD3,500,001 to HKD4,000,000	1	–
HKD4,000,001 to HKD4,500,000	2	1
HKD4,500,001 to HKD5,000,000	–	–
HKD5,000,001 to HKD5,500,000	–	–
HKD5,500,001 to HKD6,000,000	1	1
HKD6,000,001 to HKD6,500,000	–	1

9 CONTINGENCIES

(1) External guarantees provided

The Group works with Finance Company, CIMC Capital Ltd., Ping An Bank and Industrial Bank, etc to carry out credit business for vehicle buyers and has entered into loan guarantee contracts to provide banks with credit guarantee for the dealers and customers of the Group and its controlled subsidiaries in respect of banking facilities granted to purchase vehicles. As at December 31, 2021, the loans of the above dealers and customers guaranteed by the Group amounted to RMB2,849,431,737.96.

The bank borrowings of the subsidiaries of the Company are guaranteed by the Company and CIMC Vehicle Investment Holdings Co., Ltd., a subsidiary of the Company. As at December 31, 2021, the balance of the guarantees amounted to RMB363,256,065.05.

The long-term payables, bank acceptance notes and performance guarantees of the subsidiaries of the Company are guaranteed by the Company. As at December 31, 2021, the balance of the guarantees amounted to RMB96,556,595.39.

(2) Performance guarantees and letters of credit issued but undue

As at December 31, 2021, performance guarantees and letters of credit issued by the Group but undue amounted to RMB9,739,646.71 and RMB65,069,889.57 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

10 COMMITMENTS

(1) Capital commitments

(a) *Capital expenditures contracted for but are not yet necessary to be recognised on the balance sheet*

	December 31, 2021	December 31, 2020
Investment contracts that have been signed but not fulfilled or not absolutely fulfilled (i)	45,350,000.00	62,206,812.99
Purchase and construction contracts that have been signed but not fulfilled or not absolutely fulfilled	<u>53,852,623.16</u>	<u>148,351,380.09</u>
	<u>99,202,623.16</u>	<u>210,558,193.08</u>

- (i) The Company participated in the establishment of Shenzhen Bay Angel Phase III Venture Capital Partnership (Limited Partnership), with a subscribed capital contribution of RMB75,000,000.00. As at December 31, 2021, the Company had paid the first investment of RMB30,000,000.00, and the remaining subscription would be fully paid within 36 months after the date of establishment of the partnership.

The Company participated in the establishment of Shenzhen Zhong'an Jizhi Technology LLP, with a subscribed capital contribution of RMB350,000.00, which should be fully paid before December 31, 2022. As at December 31, 2021, the Company did not pay above consideration.

11 EVENTS AFTER THE BALANCE SHEET DATE

(1) Profit distribution

On March 24, 2022, the Board of the Company proposed to distribute dividends to all shareholders of the Company, with a cash dividend of RMB0.2 (tax inclusive) per share, and the total amount calculated based on the number of shares as of December 31, 2021 is approximately RMB403,520,000.00 (tax inclusive), no bonus shares will be issued and shares will not be converted from capital reserve into share capital. This proposal is yet to be reviewed and approved at the Company's general meeting, and dividends reviewed and approved after the balance sheet date are not recognized as liabilities in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

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:

	December 31, 2021
Within 1 year	140,153,922.62
1 to 2 years	138,620,975.13
2 to 3 years	11,687,007.41
3 to 4 years	9,986,857.34
4 to 5 years	8,425,890.15
Over 5 years	28,634,853.76
	337,509,506.41

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 major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. The Group is exposed to foreign exchange risk arising from the recognised assets and liabilities, and future transactions denominated in foreign currencies, primarily with respect to USD, EUR and HKD. The Group's continuously monitors the amount of assets and liabilities, and transactions denominated in foreign currencies to minimise the foreign exchange risk. Therefore, the Group considers entering into forward exchange contracts or currency swap contracts to mitigate the foreign exchange risk (Note 4(3)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

13 FINANCIAL INSTRUMENTS AND RISKS (Continued)

(1) Market risk (Continued)

(a) Foreign exchange risk (Continued)

The financial assets and financial liabilities denominated in foreign currencies, which are held by the subsidiaries of the Group, whose recording currencies are RMB, are expressed in RMB as at December 31, 2021 and December 31, 2020 as follows:

	December 31, 2021					Total
	USD	EUR	HKD	JPY	Others	
Financial assets denominated in foreign currency						
Cash at bank and on hand	43,109,946.70	4,078,078.52	21,115.61	2,774,215.35	496,349.07	50,479,705.25
Accounts receivables	292,678,213.13	23,426,235.86	246,265.21	3,579,423.50	18,203,404.60	338,133,542.30
Other receivables	1,873,472.28	-	-	-	-	1,873,472.28
Derivative financial assets	2,039,603.00	-	-	-	-	2,039,603.00
	<u>339,701,235.11</u>	<u>27,504,314.38</u>	<u>267,380.82</u>	<u>6,353,638.85</u>	<u>18,699,753.67</u>	<u>392,526,322.83</u>
Financial liabilities denominated in foreign currency						
Short-term borrowings	160,573,061.34	-	-	-	-	160,573,061.34
Accounts payables	55,872,202.31	1,573,423.14	183,644.89	139,566.89	5,855,542.36	63,624,379.59
Other payables	71,831,529.81	20,889,841.69	-	-	44,057.87	92,765,429.37
Derivative financial liabilities	21,100.00	-	-	-	-	21,100.00
	<u>288,297,893.46</u>	<u>22,463,264.83</u>	<u>183,644.89</u>	<u>139,566.89</u>	<u>5,899,600.23</u>	<u>316,983,970.30</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

13 FINANCIAL INSTRUMENTS AND RISKS (Continued)

(1) Market risk (Continued)

(a) Foreign exchange risk (Continued)

The financial assets and financial liabilities denominated in foreign currencies, which are held by the subsidiaries of the Group, whose recording currencies are RMB, are expressed in RMB as at December 31, 2021 and December 31, 2020 as follows (Continued):

	December 31, 2020					Total
	USD	EUR	HKD	JPY	Others	
Financial assets denominated in foreign currency						
Cash at bank and on hand	200,549,375.14	9,203,679.24	140,482,472.44	8,042,150.04	1,226,847.75	359,504,524.61
Accounts receivables	279,429,203.48	4,363,610.45	29,200.44	11,818,170.35	37,730.79	295,677,915.51
Other receivables	5,110,871.21	-	-	-	-	5,110,871.21
Derivative financial assets	618,773.35	-	-	-	-	618,773.35
	<u>485,708,223.18</u>	<u>13,567,289.69</u>	<u>140,511,672.88</u>	<u>19,860,320.39</u>	<u>1,264,578.54</u>	<u>660,912,084.68</u>
Financial liabilities denominated in foreign currency						
Short-term borrowings	13,049,800.27	-	-	-	-	13,049,800.27
Accounts payables	44,610,457.71	1,190,784.93	189,035.72	46,470.20	604,037.67	46,640,786.23
Other payables	48,505,828.18	24,199,397.00	-	-	36,630.53	72,741,855.71
Derivative financial liabilities	114,174.90	-	-	-	-	114,174.90
	<u>106,280,261.06</u>	<u>25,390,181.93</u>	<u>189,035.72</u>	<u>46,470.20</u>	<u>640,668.20</u>	<u>132,546,617.11</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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 December 31, 2021 and December 31, 2020, if the RMB had strengthened/weakened against the USD, EUR, HKD 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) as follows. The effect is presented in RMB using the spot exchange rates on the balance sheet date.

	December 31, 2021	December 31, 2020
RMB against USD		
Strengthened by 2.50%	(1,150,965.72)	(8,142,279.01)
Weakened by 2.50%	1,150,965.72	8,142,279.01
RMB against EUR		
Strengthened by 2.50%	(94,519.68)	260,071.48
Weakened by 2.50%	94,519.68	(260,071.48)
RMB against HKD		
Strengthened by 2.50%	(1,570.05)	(2,630,743.33)
Weakened by 2.50%	1,570.05	2,630,743.33
RMB against JPY		
Strengthened by 2.50%	(116,513.85)	(421,044.32)
Weakened by 2.50%	116,513.85	421,044.32

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FOR THE YEAR ENDED DECEMBER 31, 2021

(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, financial liabilities and lease liabilities denominated in foreign currencies, which are held by the subsidiaries of the Group, whose functional currency is USD, are expressed in RMB as at December 31, 2021 and December 31, 2020 as follows:

	December 31, 2021				
	RMB	GBP	HKD	EUR	Total
Financial assets denominated in foreign currency					
Cash at bank and on hand	<u>9,913.79</u>	<u>9,345,956.90</u>	<u>54,305.97</u>	<u>682,055.82</u>	<u>10,092,232.48</u>
Financial liabilities denominated in foreign currency					
Short-term borrowings	-	318,436,800.00	-	19,132,205.00	337,569,005.00
Other payables	<u>593,673.44</u>	-	-	-	<u>593,673.44</u>
	<u>593,673.44</u>	<u>318,436,800.00</u>	-	<u>19,132,205.00</u>	<u>338,162,678.44</u>
	December 31, 2020				
	RMB	GBP	HKD	EUR	Total
Financial assets denominated in foreign currency					
Cash at bank and on hand	46,618,232.23	15,579,325.53	104,269.40	252,830.41	62,554,657.57
Financial assets held for trading	-	-	136,784,931.09	-	136,784,931.09
	<u>46,618,232.23</u>	<u>15,579,325.53</u>	<u>136,889,200.49</u>	<u>252,830.41</u>	<u>199,339,588.66</u>
Financial liabilities denominated in foreign currency					
Short-term borrowings	-	365,569,136.00	-	73,428,750.00	438,997,886.00
Other payables	<u>593,673.44</u>	-	-	-	<u>593,673.44</u>
	<u>593,673.44</u>	<u>365,569,136.00</u>	-	<u>73,428,750.00</u>	<u>439,591,559.44</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 December 31, 2021 and December 31, 2020, 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.

	December 31, 2021	December 31, 2020
USD against RMB		
Strengthened by 2.50%	10,945.49	(862,960.48)
Weakened by 2.50%	(10,945.49)	862,960.48
USD against GBP		
Strengthened by 2.50%	5,795,453.31	6,562,308.95
Weakened by 2.50%	(5,795,453.31)	(6,562,308.95)
USD against HKD		
Strengthened by 2.50%	(1,018.24)	(2,566,672.51)
Weakened by 2.50%	1,018.24	2,566,672.51
USD against EUR		
Strengthened by 2.50%	345,940.30	1,372,048.49
Weakened by 2.50%	(345,940.30)	(1,372,048.49)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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 bank borrowings including long-term borrowings. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at December 31, 2021, the Group's short-term interest bearing borrowings were mainly GBP-denominated with floating rates linked to LIBOR, amounting to RMB318,436,800.00 (December 31, 2020: RMB365,569,136.00) and EUR-denominated with floating rates linked to LIBOR, amounting to RMB4,692,805.00 (December 31, 2020: RMB73,428,750.00), USD-denominated with floating rates linked to LIBOR, amounting to RMB95,635,500.00 (December 31, 2020: RMB130,914,111.14) and RMB-denominated with floating rates linked to one-year LPR, amounting to RMB40,000,000.00 (December 31, 2020: RMB0). As at December 31, 2021, the Group's long-term interest bearing borrowings were mainly RMB-denominated with floating rates, amounting to RMB437,032,915.06 (December 31, 2020: RMB394,844,055.67) (Note 4(29), Note 4(31)).

The Group's continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new borrowing and the interest expenses with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial performance. The Group makes adjustments timely with reference to the latest market conditions and may enter into interest rate swap agreements to mitigate its exposure to interest rate risk. During 2021 and 2020, the Group did not enter into any interest rate swap agreements.

As at December 31, 2021, 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 RMB3,529,092.58 (December 31, 2020: approximately RMB3,764,643.56) lower/higher respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

13 FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

(2) Credit risk

The Group's credit risk mainly arises from cash at bank and on hand, notes receivables, accounts receivables, receivables financing, other receivables and financial guarantee contracts, etc., and derivative financial assets that are not included in the impairment assessment scope. As at the balance sheet date, the carrying amount of the Group's financial assets represented the maximum exposure of the Group; and the maximum credit risk exposures off the balance sheet to the above financial guarantee obligations are disclosed in Note 13(3).

The Group expects that there is no significant credit risk associated with cashes except those on hand since they are mainly deposited at financial institutions with good credit, and the Group does not expect that there will be any significant losses from non-performance by these counterparties.

In addition, the Group has policies to limit the credit exposure on notes receivables, accounts receivables, receivables financing and other receivables. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

As at December 31, 2021, the Group had no significant collateral and other credit enhancements held as a result of the debtor's mortgage (December 31, 2020: Nil).

(3) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. The Group monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it 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, 2021

(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:

	December 31, 2021				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	895,399,342.62	-	-	-	895,399,342.62
Derivative financial liabilities	21,100.00	-	-	-	21,100.00
Notes payables	1,098,475,012.01	-	-	-	1,098,475,012.01
Accounts payables	3,558,427,089.39	-	-	-	3,558,427,089.39
Other payables	911,512,027.98	-	-	-	911,512,027.98
Long-term borrowings	62,262,114.17	85,919,871.82	302,420,152.03	-	450,602,138.02
Lease liabilities	45,205,472.13	40,741,477.77	78,249,690.17	92,191,702.70	256,388,342.77
Long-term payables	8,232,138.16	8,232,138.16	8,232,138.16	-	24,696,414.48
	<u>6,579,534,296.46</u>	<u>134,893,487.75</u>	<u>388,901,980.36</u>	<u>92,191,702.70</u>	<u>7,195,521,467.27</u>
	December 31, 2020				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	856,693,758.05	-	-	-	856,693,758.05
Derivative financial liabilities	114,174.90	-	-	-	114,174.90
Notes payables	852,099,048.49	-	-	-	852,099,048.49
Accounts payables	3,491,902,932.38	-	-	-	3,491,902,932.38
Other payables	861,008,921.13	-	-	-	861,008,921.13
Long-term borrowings	14,041,498.59	14,041,498.59	426,804,744.86	-	454,887,742.04
Lease liabilities	31,339,010.28	27,023,263.57	60,097,533.04	104,199,689.63	222,659,496.52
Long-term payables	8,232,138.16	8,232,138.16	16,464,276.32	-	32,928,552.64
	<u>6,115,431,481.98</u>	<u>49,296,900.32</u>	<u>503,366,554.22</u>	<u>104,199,689.63</u>	<u>6,772,294,626.15</u>

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FOR THE YEAR ENDED DECEMBER 31, 2021

(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:

	December 31, 2021				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Financial guarantees	<u>397,604,366.12</u>	<u>1,210,981,399.83</u>	<u>1,240,845,972.01</u>	<u>-</u>	<u>2,849,431,737.96</u>
	December 31, 2020				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Financial guarantees	<u>305,106,866.84</u>	<u>1,159,238,435.27</u>	<u>823,983,049.19</u>	<u>-</u>	<u>2,288,328,351.30</u>

- (ii) Bank borrowings and other borrowings are analysed by repayment terms as follows:

	December 31, 2021		December 31, 2020	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Within 1 year	<u>951,764,173.79</u>	<u>7,165,962.57</u>	858,419,633.09	6,869,171.42
1 to 2 years	<u>82,609,815.40</u>	<u>7,536,531.11</u>	40,977,108.32	7,165,962.57
2 to 5 years	<u>292,213,284.30</u>	<u>7,928,334.90</u>	<u>326,059,839.03</u>	<u>15,464,866.01</u>
	<u>1,326,587,273.49</u>	<u>22,630,828.58</u>	<u>1,225,456,580.44</u>	<u>29,500,000.00</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

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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.

(1) Assets and liabilities measured at fair value on a recurring basis

As at December 31, 2021, the assets measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets –				
Forward exchange contracts	–	2,039,603.00	–	2,039,603.00
Receivables financing –				
Notes receivables	–	–	510,091,121.74	510,091,121.74
Total financial assets	–	2,039,603.00	510,091,121.74	512,130,724.74
Non-financial assets				
Investment properties	–	–	393,130,062.84	393,130,062.84
Total	–	2,039,603.00	903,221,184.58	905,260,787.58

As at December 31, 2021, the liabilities measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Derivative financial liabilities –				
Forward exchange contracts	–	21,100.00	–	21,100.00

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(All amounts in RMB unless otherwise stated) [English translation for reference only]

14 FAIR VALUE ESTIMATES *(Continued)*

(1) Assets and liabilities measured at fair value on a recurring basis *(Continued)*

As at December 31, 2020, 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 –				
Debt instrument investments	–	–	136,784,931.09	136,784,931.09
Derivative financial assets –				
Forward exchange contracts	–	618,773.35	–	618,773.35
Receivables financing –				
Notes receivables	–	–	856,221,210.49	856,221,210.49
Total financial assets	–	618,773.35	993,006,141.58	993,624,914.93
Non-financial assets				
Investment properties	–	–	385,672,568.62	385,672,568.62
Total	–	618,773.35	1,378,678,710.20	1,379,297,483.55

As at December 31, 2020, 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	–	114,174.90	–	114,174.90

The Group takes the date on which events causing the transfers between the levels take place as the timing specific for recognising the transfers. There was no transfer between Level 1 and Level 2 in the current year.

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation techniques.

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)*

In addition to considering the assessment of management, the Group entrusts external valuers to evaluate the fair value of investment properties. The methods primarily comprise rental income model. The inputs mainly include rate of return/capitalisation rate and monthly rental, etc.

As receivables financing are not traded in an active market, the fair value is determined using discounted cash flow analysis.

The changes in Level 3 assets are analysed below:

	Financial assets held for trading
January 1, 2021	136,784,931.09
Losses arising from changes in fair value	(26,989,494.68)
Disposals in the current year	(109,795,436.41)
Currency translation differences	—
December 31, 2021	—
Changes in unrealised gains or losses included in profit or loss for the current year with respect to assets still held as at December 31, 2021	—
	Financial assets held for trading
January 1, 2020	215,255,243.14
Gains arising from changes in fair value	10,263,059.00
Disposals in the current year	(80,106,728.06)
Currency translation differences	(8,626,642.99)
December 31, 2020	136,784,931.09
Changes in unrealised gains included in profit or loss for the current year with respect to assets still held as at December 31, 2020	10,369,787.06

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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
January 1, 2021	385,672,568.62
Currency translation differences	(51,234.30)
Transfer from fixed assets	2,259,993.11
Gains arising from changes in fair value	5,248,735.41
December 31, 2021	393,130,062.84
Changes in unrealised gains or losses included in profit or loss for the current year with respect to assets still held as at December 31, 2021	5,248,735.41
	Investment properties
January 1, 2020	382,659,046.14
Currency translation differences	(46,885.07)
Gains arising from changes in fair value	3,060,407.55
December 31, 2020	385,672,568.62
Changes in unrealised gains or losses included in profit or loss for the current year with respect to assets still held as at December 31, 2020	3,060,407.55

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.

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14 FAIR VALUE ESTIMATES (Continued)

(1) Assets and liabilities measured at fair value on a recurring basis (Continued)

Information about the Level 3 fair value measurement is as follows:

	Fair value as at December 31, 2021	Valuation technique	Name	Inputs		
				Scope/ Weighted average	Relationship with fair value	Observable/ Unobservable
Investment properties – Completed investment properties	393,130,062.84	Income approach	Rate of return/ Capitalisation rate Monthly rental (RMB/m ² /month)	5% to 11.89% 3 to 72	(a)	Unobservable

	Fair value as at December 31, 2020	Valuation technique	Name	Inputs		
				Scope/ weighted average	Relationship with fair value	Observable/ Unobservable
Investment properties – Completed investment properties	385,672,568.62	Income approach	Rate of return/ Capitalisation rate Monthly rental (RMB/m ² /month)	5.5% to 11.89% 3 to 72	(a)	Unobservable

(a) Relationship between unobservable inputs and fair value:

- The higher is rate of return/capitalisation rate, the lower is the fair value;
- The higher is the 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, refund capital to shareholders, issue new shares or sell assets to reduce debts.

The Group's total capital is calculated as 'shareholders' equity' as shown in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements, and monitors capital on the basis of gearing ratio.

As at December 31, 2021 and December 31, 2020, the Group's gearing ratio was as follows:

	December 31, 2021	December 31, 2020
Total liabilities	9,394,759,264.06	9,376,460,825.65
Total assets	21,781,333,224.44	19,825,159,603.64
Gearing ratio	43.13%	47.30%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

(1) Accounts receivables

	December 31, 2021	December 31, 2020
Accounts receivables	247,829,869.36	251,715,328.96
Less: Provision for bad debts	<u>(5,971,620.39)</u>	<u>(3,552,161.30)</u>
	<u>241,858,248.97</u>	<u>248,163,167.66</u>

(a) *The ageing of accounts receivables based on their recording dates is analysed as follows:*

	December 31, 2021	December 31, 2020
Within 1 year	238,724,524.15	248,114,055.63
1 to 2 years	6,049,440.38	887,589.26
2 to 3 years	490,916.76	1,293,852.83
Over 3 years	<u>2,564,988.07</u>	<u>1,419,831.24</u>
	<u>247,829,869.36</u>	<u>251,715,328.96</u>

(b) *As at December 31, 2021, the five largest accounts receivables aggregated by debtors were summarised and analysed as follows:*

	Balance	Provision for bad debts	% of total balance
Total balance of the five largest accounts receivables	<u>149,498,463.82</u>	<u>1,774,132.98</u>	<u>60.32%</u>

(c) *In 2021 and 2020, the Group did not have accounts receivables derecognised due to transfer of financial assets.*

(d) *Provision for bad debts*

For accounts receivables, the Company recognises the lifetime ECL regardless of whether there exists a significant financing component.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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:

	December 31, 2021		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rates	Amount
Not overdue	216,706,855.18	–	–
Overdue within 1 year	22,017,668.97	5.00%	1,100,883.45
Overdue 1 to 2 years	6,049,440.38	30.00%	1,814,832.11
Overdue 2 to 3 years	490,916.76	100.00%	490,916.76
Overdue over 3 years	2,564,988.07	100.00%	2,564,988.07
	247,829,869.36		5,971,620.39

	December 31, 2020		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rates	Amount
Not overdue	236,670,046.22	–	–
Overdue within 1 year	11,444,009.41	5.00%	572,200.45
Overdue 1 to 2 years	887,589.26	30.00%	266,276.78
Overdue 2 to 3 years	1,293,852.83	100.00%	1,293,852.83
Overdue over 3 years	1,419,831.24	100.00%	1,419,831.24
	251,715,328.96		3,552,161.30

(ii) The provision for bad debts in the current year amounted to RMB3,008,160.58 (2020: RMB606,609.12), of which RMB588,701.49 (2020: RMB812,480.54) was collected or reversed.

NOTES TO THE FINANCIAL STATEMENTS

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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 December 31, 2021 and December 31, 2020, the Company did not have accounts receivables pledged.*

(2) **Other receivables**

	December 31, 2021	December 31, 2020
Receivables from related parties	438,780,051.32	527,204,528.11
Dividends receivable	443,947,957.01	846,587,371.21
Deposits and guarantees	978,772.48	688,782.72
Receivables from staffs	308,822.76	—
Others	319,888.73	176,065.21
	884,335,492.30	1,374,656,747.25
Less: Provision for bad debts	—	—
	884,335,492.30	1,374,656,747.25

(a) *The ageing of other receivables is analysed as follows:*

	December 31, 2021	December 31, 2020
Within 1 year	352,294,727.26	871,665,142.19
1 to 2 years	242,173,287.57	387,901,561.39
2 to 3 years	164,858,646.85	115,090,043.67
Over 3 years	125,008,830.62	—
	884,335,492.30	1,374,656,747.25

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(2) Other receivables (Continued)

(b) Loss provision and changes in book balance

	Stage 1			Stage 3			Total	
	12-month ECL (group)	12-month ECL (individual)		Sub-total	Lifetime ECL (credit impaired)			
		Provision for bad debts	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Book balance	debits	balance	debits	debits	balance		debits
December 31, 2020	1,374,656,747.25	-	-	-	-	-	-	-
Increase in the current year	765,361,477.80	-	-	-	-	-	-	-
Decrease in the current year	(1,255,682,732.75)	-	-	-	-	-	-	-
December 31, 2021	884,335,492.30	-	-	-	-	-	-	-

As at December 31, 2021 and December 31, 2020, 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 December 31, 2021 and December 31, 2020, the Company did not have other receivables for which the related provision for bad debts was provided on the individual basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(2) Other receivables (Continued)

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

- (ii) As at December 31, 2021 and December 31, 2020, other receivables for which the related provision for bad debts was provided on the collective basis are analysed as follows:

Stage 1	December 31, 2021		
	Book balance	12-month ECL rates	Provision for bad debts
Receivables from related parties and dividends receivable:	882,728,008.33	-	-
Deposits and guarantees:	978,772.48	-	-
Receivables from staffs	308,822.76	-	-
Others:	319,888.73	-	-
	<u>884,335,492.30</u>		<u>-</u>
Stage 1	December 31, 2020		
	Book balance	12-month ECL rates	Provision for bad debts
Receivables from related parties and dividends receivable:	1,373,791,899.32	-	-
Deposits and guarantees:	688,782.72	-	-
Others:	176,065.21	-	-
	<u>1,374,656,747.25</u>		<u>-</u>

(c) No provision for bad debts was made, collected or reversed in the current year.

(d) No other receivables were written off in the current year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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 December 31, 2021, the five largest other receivables aggregated by debtors are analysed as follows:

	Nature	Balance	Ageing	% of total balance of other receivables	Provision for bad debts
Yangzhou CIMC Tonghua Special Vehicles Co., Ltd.	Dividends receivable	350,000,000.00	Within 1 year, 1 to 2 years	39.58%	-
Yingkou Xinsheng vehicles Manufacturing Co., Ltd.	Intra-group accounts	101,792,556.83	Within 1 year, 1 to 2 years	11.51%	-
Shenzhen CIMC Vehicle Co., Ltd.	Dividends receivable, Intra-group accounts	76,144,871.64	Within 1 year, 2 to 3 years	8.61%	-
CIMC Jidong (Qinhuangdao) Vehicle Manufacture Co., Ltd.	Intra-group accounts	60,781,578.67	Within 1 year, 1 to 2 years, 2 to 3 years, over 3 years	6.87%	-
CIMC Vehicles (Shandong) Co., Ltd.	Intra-group accounts	50,000,000.00	Within 1 year, 1 to 2 years, 2 to 3 years	5.65%	-
		<u>638,719,007.14</u>		<u>72.22%</u>	<u>-</u>

(3) Long-term equity investments

	December 31, 2021	December 31, 2020
Subsidiaries (a)	4,988,412,006.22	3,758,550,690.91
Joint ventures (b)	15,420,370.81	16,771,490.27
Associates (c)	134,043,951.21	139,027,952.05
	5,137,876,328.24	3,914,350,133.23
Less: Provision for impairment of long-term equity investments	-	-
	<u>5,137,876,328.24</u>	<u>3,914,350,133.23</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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

	December 31, 2020	Increase in the current year	December 31, 2021	Ending balance of provision for impairment	Cash dividends declared in the current year
Yangzhou CIMC Tonghua Special Vehicles Co., Ltd.	467,230,357.90	-	467,230,357.90	-	330,527,187.24
CIMC Vehicles (Shandong) Co., Ltd.	72,437,800.51	-	72,437,800.51	-	-
Zhumadian CIMC Huajun Vehicle Co., Ltd.	307,248,713.68	-	307,248,713.68	-	70,130,780.61
Benjiu Tengyue semitrailer Parts (Shenzhen) Co., Ltd. (i)	6,494,581.51	10,000,000.00	16,494,581.51	-	-
Shenzhen CIMC Vehicle Co., Ltd.	301,251,600.00	-	301,251,600.00	-	10,750,833.72
Qingdao CIMC Special Vehicle Co., Ltd.	58,924,610.00	-	58,924,610.00	-	4,649,554.49
CIMC Vehicle (Jiangmen) Co., Ltd.	100,840,327.90	-	100,840,327.90	-	21,057,206.86
Shanghai CIMC Vehicle Logistics Equipment Co., Ltd.	36,071,909.60	-	36,071,909.60	-	3,150,636.00
CIMC Vehicles (Liaoning) Co., Ltd.	22,500,000.00	-	22,500,000.00	-	-
CIMC-Shac (Xi'an) Special Vehicles Co., Ltd.	25,000,000.00	28,500,000.00	53,500,000.00	-	9,643,025.95
Guangzhou CIMC Vehicle Logistics Equipment Co., Ltd.	15,000,000.00	-	15,000,000.00	-	-
CIMC Vehicle Investment Holdings Co., Ltd.	860,480,618.43	398,663,728.70	1,259,144,347.13	-	-
Luoyang CIMC Lingyu Automobile Co., Ltd.	87,726,881.55	-	87,726,881.55	-	27,675,286.30
Wuhu CIMC Ruijiang Automobile Co., Ltd.	151,589,305.07	100,000,000.00	251,589,305.07	-	69,402,178.25
Qingdao CIMC Eco-Equipment Co., Ltd.	60,255,783.25	-	60,255,783.25	-	-
Liangshan CIMC Dongyue Vehicles Co., Ltd.	66,189,261.20	-	66,189,261.20	-	19,029,882.38
CIMC Vehicle (Group) Xinjiang Co., Ltd.	80,000,000.00	-	80,000,000.00	-	-
Sichuan CIMC Vehicle Logistics Equipment Co., Ltd.	5,000,000.00	-	5,000,000.00	-	-
Liaoning CIMC Vehicle Logistics Equipment Co., Ltd.	5,000,000.00	-	5,000,000.00	-	-
Shanghai CIMC Special Vehicles Co., Ltd.	7,500,000.00	-	7,500,000.00	-	-
CIMC Jidong (Qinhuangdao) Vehicle Manufacture Co., Ltd.	35,000,000.00	-	35,000,000.00	-	-
Shenzhen CIMC Vehicle Marketing Service Co., Ltd.	15,000,000.00	-	15,000,000.00	-	-
Qingdao CIMC Reefer Trailer Co., Ltd.	127,403,130.30	-	127,403,130.30	-	5,491,138.54
Zhumadian CIMC Huajun Casting Co., Ltd.	202,662,000.00	-	202,662,000.00	-	-
Mason Technology Limited	8,108.50	170,000,000.00	170,008,108.50	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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)

	December 31, 2020	Increase in the current year	December 31, 2021	Ending balance of provision for impairment	Cash dividends declared in the current year
Zhumadian CIMC Huajun Automobile Trading Co., Ltd.	10,000,000.00	-	10,000,000.00	-	1,207,031.21
China Jiangsu Vanguard Trailer Rental Co., Ltd.	110,000,000.00	-	110,000,000.00	-	-
Jiangsu Baojing Auto Parts Co., Ltd.	34,172,280.04	-	34,172,280.04	-	-
Guangzhou CIMC Vehicle Sales Services Co., Ltd.	30,010,000.00	-	30,010,000.00	-	-
Zhumadian CIMC Wanjia Axle Co., Ltd.	20,000,000.00	-	20,000,000.00	-	-
CIMC Taizijie Vehicle Body Manufacturing (Jiangmen) Co., Ltd. (i)	183,443,500.00	376,436,500.00	559,880,000.00	-	-
CIMC Taizijie Vehicle Body Manufacturing (Zhenjiang) Co., Ltd. (i)	50,000,000.00	50,000,000.00	100,000,000.00	-	-
Zhenjiang Shenxing Taibao Technology Co., Ltd.	3,313,207.13	-	3,313,207.13	-	-
Dongguan CIMC Special Vehicle Co., Ltd.	100,000,000.00	-	100,000,000.00	-	-
Kunming CIMC Vehicle Industrial Park Development Co., Ltd.	60,000,000.00	10,000,000.00	70,000,000.00	-	-
Yingkou Xinsheng vehicles Manufacturing Co., Ltd.	22,500,000.00	-	22,500,000.00	-	-
Qingdao CIMC Smart Logistics Equipment Co., Ltd.	11,296,714.34	-	11,296,714.34	-	-
CIMC Vehicles (Shaanxi) Automobile Co., Ltd.	-	72,000,000.00	72,000,000.00	-	-
Xxentria	-	14,261,086.61	14,261,086.61	-	-
Other subsidiaries	7,000,000.00	-	7,000,000.00	-	-
	<u>3,758,550,690.91</u>	<u>1,229,861,315.31</u>	<u>4,988,412,006.22</u>	<u>-</u>	<u>572,714,741.55</u>

- (i) "Shenzhen CIMC Vehicle Marketing Co., Ltd." was renamed as "Benjiu Tengyue semitrailer Parts (Shenzhen) Co., Ltd."; "CIMC Jiangmen Technology Transport Equipment Co., Ltd." was renamed as "CIMC Taizijie Vehicle Body Manufacturing (Jiangmen) Co., Ltd."; "CIMC Zhenjiang Technology Transport Equipment Co., Ltd." was renamed as "CIMC Taizijie Vehicle Body Manufacturing (Zhenjiang) Co., Ltd.".

- (b) Refer to Note 4(12) for the Company's investments in joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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 December 31, 2021	of provision for impairment	
	December 31, 2020	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
Xxentria	14,537,449.28	-	(14,261,086.61)	(276,362.67)	-	-	-	-	-	-
Senju (Shanghai) International Trade Co., Ltd.	570,087.02	-	-	(134,853.62)	-	-	-	-	435,233.40	-
Shenzhen CADRO Hydraulic Equipment Co., Ltd.	27,605,754.37	-	(25,054,747.62)	(1,638,932.20)	-	(912,074.55)	-	-	-	-
Shenzhen CIMC Cold Chain Technology Co., Ltd.	883,429.81	-	(883,429.81)	-	-	-	-	-	-	-
Ningbo Huaxiang Automotive New Material Technology Co., Ltd.	1,462,794.17	-	-	1,462.90	-	-	-	-	1,464,257.07	-
Shenzhen Shuxiang Technology Co., Ltd.	-	-	-	-	-	-	-	-	-	-
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	20,392,917.74	-	-	2,393,431.79	-	(515,123.35)	-	-	22,271,226.18	-
Chengdu CIMC Industrial Park Investment and Development Co., Ltd.	73,575,519.66	-	-	6,537,636.87	-	-	-	-	80,113,156.53	-
Shenzhen Bay Angel Phase III Venture Capital Partnership (Limited Partnership)	-	30,000,000.00	-	(239,921.97)	-	-	-	-	29,760,078.03	-
	139,027,952.05	30,000,000.00	(40,199,264.04)	6,642,461.10	-	(1,427,197.90)	-	-	134,043,951.21	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(4) Capital reserve

	December 31, 2020	Increase in the current year	Decrease in the current year	December 31, 2021
Share premium	3,284,733,349.41	1,331,176,753.31	–	4,615,910,102.72
Other capital reserve – Others	<u>4,573,317.21</u>	<u>–</u>	<u>–</u>	<u>4,573,317.21</u>
	<u>3,289,306,666.62</u>	<u>1,331,176,753.31</u>	<u>–</u>	<u>4,620,483,419.93</u>
	December 31, 2019	Increase in the current year	Decrease in the current year	December 31, 2020
Share premium	3,284,733,349.41	–	–	3,284,733,349.41
Other capital reserve – Others	<u>2,552,923.52</u>	<u>2,020,393.69</u>	<u>–</u>	<u>4,573,317.21</u>
	<u>3,287,286,272.93</u>	<u>2,020,393.69</u>	<u>–</u>	<u>3,289,306,666.62</u>

(5) Revenue and cost of sales

	2021	2020
Revenue from main operations	–	–
Revenue from other operations	<u>54,382,096.12</u>	<u>83,254,471.37</u>
	<u>54,382,096.12</u>	<u>83,254,471.37</u>

The Company's revenue from other operations mainly comprises the management service fees charged to its subsidiaries.

	2021	2020
Cost of sales from main operations	–	–
Cost of sales from other operations	<u>525,786.18</u>	<u>–</u>
	<u>525,786.18</u>	<u>–</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(5) Revenue and cost of sales (Continued)

(a) Revenue and cost of sale from other operations

	2021		2020	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Management service fees	45,540,891.43	–	57,847,133.86	–
Commissions	8,112,320.39	–	24,822,516.21	–
Others	728,884.30	525,786.18	584,821.30	–
	54,382,096.12	525,786.18	83,254,471.37	–

(b) The Company's revenue is disaggregated as follows:

	2021	2020
Revenue from other operations		
Including: Recognised at a point in time	697,921.00	584,821.30
Recognised over time	53,684,175.12	82,669,650.07
	54,382,096.12	83,254,471.37

(6) Investment income

	2021	2020
Investment income from long-term equity investments under cost method	572,714,741.55	661,139,683.42
Investment income from long-term equity investments under equity method	5,291,341.64	13,471,688.46
Investment income/(losses) from disposals of long-term equity investments	2,573,446.65	(13,222,593.34)
Investment income from disposals of derivative financial instruments	1,227,000.00	–
Interest income and others	16,132,758.64	24,025,552.05
	597,939,288.48	685,414,330.59

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

1 STATEMENT OF NON-RECURRING PROFIT OR LOSS

	2021	2020
Gains on disposal of non-current assets	175,056,325.63	54,386,373.66
Government grants recognised in profit or loss	144,395,663.75	238,697,779.28
Gains arising from changes in fair value of financial assets and liabilities held for trading and derivative financial instruments, and investment income/(loss) arising from the changes in fair value of investment properties which are subsequently measured at fair value, and the invest come arising from disposals of financial assets and liabilities held for trading and derivative financial instruments	396,590.25	17,615,201.50
Net (loss)/income from disposals of long-term equity investments	(375,851.02)	8,918,977.41
Other non-operating income and expenses other than the above mentioned items	4,637,291.81	22,384,164.06
	<u>324,110,020.42</u>	<u>342,002,495.91</u>
Less: Income tax	(47,536,078.84)	(56,224,391.08)
Non-controlling interests, net of tax	(11,628,469.61)	(4,246,000.54)
	<u>264,945,471.97</u>	<u>281,532,104.29</u>

Basis for preparation of statement of non-recurring profit or loss

Pursuant to the Explanatory Announcement on Information Disclosure by Companies Offering Securities to the Public No.1 – Non-recurring Profit or Loss [2008] issued by the China Securities Regulatory Commission, non-recurring profit or loss refers to profit or loss arising from the transactions and events that are not directly related to the Company's normal course of business, also from the transactions and events that even are related to the company's normal course of business, but will interfere with the right judgement of users of the financial statements on the company's operation performance and profitability due to their special nature and occasional occurrence.

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts in RMB unless otherwise stated) [English translation for reference only]

2 RETURN ON NET ASSETS AND EARNINGS PER SHARE

	Weighted average return		Earnings per share			
	on net assets (%)		Basic earnings per share		Diluted earnings per share	
	2021	2020	2021	2020	2021	2020
Net profit attributable to ordinary shareholders of the Company	8.29	11.48	0.48	0.64	0.48	0.64
Net profit attributable to ordinary shareholders of the Company, net of non-recurring profit or loss	5.85	8.62	0.34	0.48	0.34	0.48



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