

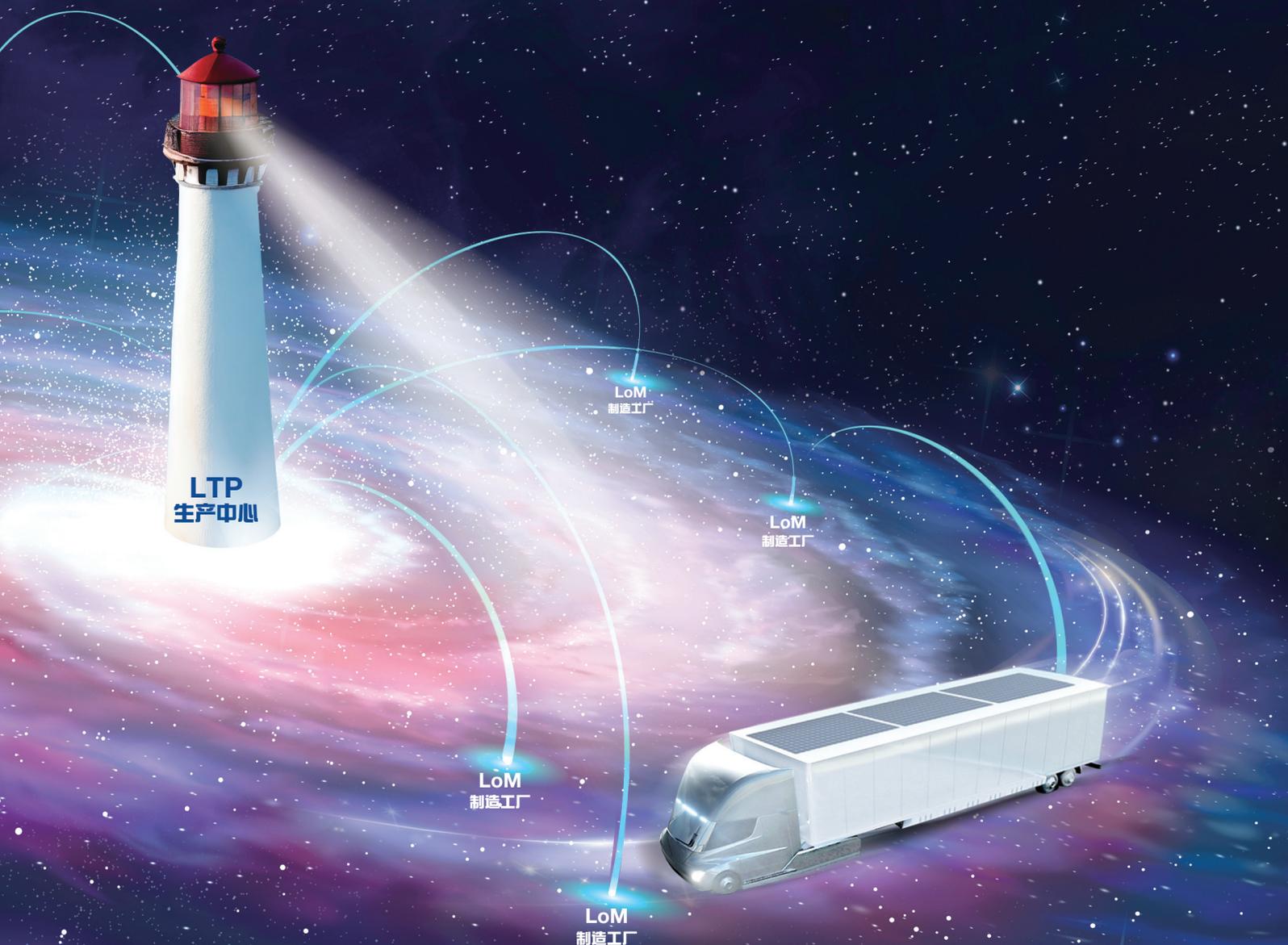
CIMC VEHICLES

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



INTERIM REPORT **2023**

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 interim 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 interim report.

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

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

The forward-looking statements in this 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 report and pay special attention to the risk factors faced by the Company, details of which are set out in “X. Risk Exposures of the Company and Responsive Initiatives” under Section III “Management Discussion and Analysis” in this report.

Approved by the Board meeting, the Company proposed not to distribute cash dividend, bonus shares or increase share capital by way of transfer from capital reserves for the 2023 interim period.

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

CONTENTS

1	Section I	Important Notice, Contents and Definitions
11	Section II	Company Profile and Key Financial Indicators
17	Section III	Management Discussion and Analysis
90	Section IV	Corporate Governance
94	Section V	Environmental and Social Responsibility
122	Section VI	Significant Events
143	Section VII	Changes in Shares and Shareholders
156	Section VIII	Information on Preference Shares
157	Section IX	Information on Bonds
158	Section X	Financial Report



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 2023 interim report and summary affixed with the seal of the legal representative of the Company;
- (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 sanhui affairs of the Company.

DEFINITIONS

A Share(s)	ordinary share(s) proposed to be issued by the Company pursuant to the A Share offering, with a nominal value of RMB1.00 each, which will be listed on the ChiNext Market of the SZSE and traded in RMB
Articles of Association	the articles of association of 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 or Board of Directors	the board of Directors of the Company
Chi Xiao	Chi Xiao Enterprise Co., Ltd. (赤曉企業有限公司), a limited liability company established in the PRC
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)
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: 3899), and a non-wholly-owned subsidiary of CIMC Group
CIMC Group	China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司), a joint stock company incorporated in the PRC on January 14, 1980 and listed on the Main Board of the SZSE (stock code: 000039) and the Main Board of the Hong Kong Stock Exchange (stock code: 2039), and the controlling shareholder of the Company

DEFINITIONS *(Continued)*

CIMC Hong Kong	China International Marine Containers (Hong Kong) Limited (中國國際海運集裝箱(香港)有限公司), a limited liability company incorporated in Hong Kong on July 30, 1992, and a wholly-owned subsidiary of CIMC Group and the promoter and controlling shareholder of the Company
Company or CIMC Vehicles	CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)股份有限公司), a joint stock company with limited liability established under the laws of the PRC on August 29, 1996, the H Shares and A Shares of which are listed and traded on the Hong Kong Stock Exchange (stock code: 1839) and the SZSE (stock code: 301039), respectively
controlling shareholder(s)	has the meaning ascribed to it under the SZSE Listing Rules and the Hong Kong Stock Exchange Listing Rules, unless the context requires otherwise, refers to CIMC Group
Corporate Governance Code	the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Stock Exchange Listing Rules
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
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)
HK\$ or HK dollar(s)	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS *(Continued)*

Hong Kong or HK	the Hong Kong Special Administrative Region of the PRC
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
H Shares	overseas listed foreign ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are listed and traded on the Hong Kong Stock Exchange
KTL	a mature technical process used for applying a thin, strong and corrosion-resistant organic coating on metal surfaces
Latest Practicable Date	September 15, 2023, being the latest practicable date prior to the publication of this interim report for ascertaining certain information contained herein
“Light Tower” Plants	an automatic and intelligent production plant integrating virtual simulation, big data, Internet of Things and digital technology. With highly automated equipment (such as CNC laser cutting machine, robot welding workstation, KTL and powder coating line), it can realize large-scale automatic and flexible production and solve the problems of backward production equipment, technical lag, increasing labor cost, energy conservation and emission reduction
Listing Date of H Shares	July 11, 2019
Listing of H Shares	listing of H Shares on the Hong Kong Stock Exchange
LoM	abbreviation for Local Manufacturing
Longyuan Investment	Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd. (深圳市龍源港城投資發展有限責任公司), a limited liability company established in the PRC on December 14, 2015

DEFINITIONS *(Continued)*

LoP	abbreviation for Local Procurement
LTL	abbreviation for Light Tower Logistics
LTP	abbreviation for Light Tower Production
LTS	abbreviation for Light Tower Sourcing
ME	manufacturing engineering
MES	abbreviation for Manufacturing Execution System
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
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 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
NR	new retails
OD	organization development
OE	abbreviation for Original Equipment
OEM	abbreviation for Original Equipment Manufacturer
Ping An Decheng	Shenzhen Ping An Decheng Investment Limited Company (深圳市平安德成投資有限公司), a limited liability company established in the PRC on September 9, 2008 and the general partner of Shanghai Taifu and Taizhou Taifu

DEFINITIONS *(Continued)*

Ping An Financial	Shenzhen Ping An Financial Technology Consulting Co., Ltd. (深圳平安金融科技諮詢有限公司), a limited liability company established in the PRC
Ping An Group	Ping An Insurance (Group) Company Ltd. (中國平安保險(集團)股份有限公司), a joint stock company incorporated in the PRC with limited liability and listed on the Shanghai Stock Exchange (stock code: 601318) and the Hong Kong Stock Exchange (stock code: 2318)
Ping An Health Partnership	Shenzhen Ping An Health Technology Equity Investment Partnership (Limited Partnership) (深圳市平安健康科技股權投資合夥企業(有限合夥)), a limited partnership established in the PRC
Ping An Life Insurance	Ping An Life Insurance Company of China, Ltd. (中國平安人壽保險股份有限公司), a limited liability company established in the PRC
PRC or China	the People's Republic of China
Proceeds from H Shares	the proceeds received upon the completion of the Global Offering of H Shares on the Main Board of the Hong Kong Stock Exchange on July 11, 2019
Prospectus	the H Shares prospectus of the Company dated June 27, 2019 in connection with the Global Offering
Reporting Period / Half Year	for the six months ended June 30, 2023
RMB or Renminbi	Renminbi, the lawful currency of the PRC
RMB, RMB ten thousand	RMB, RMB ten thousand
Securities and Futures Ordinance or SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS *(Continued)*

semi-trailer(s)	any vehicle intended to be coupled to a motor vehicle in such a way that part of it rests on the motor vehicle with a substantial part of its weight and the weight of its load being borne by the motor vehicle, and constructed and equipped for the carriage of goods
Shanghai Taifu	Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥)), a limited 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 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 partnership incorporated in the PRC on April 29, 2016, and a Shareholder of Xiangshan Huajin
Shenzhen CIMC Special Vehicle	Shenzhen CIMC Vehicle Co., Ltd. a subsidiary of the Company until April 3, 2023

DEFINITIONS *(Continued)*

Substantial Shareholder(s)	has the meaning ascribed to it under the Hong Kong Stock Exchange Listing Rules
Supervisor(s)	members of the supervisory committee of the Company
Supervisory Committee	the supervisory committee of the Company
SZSE	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 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
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 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)
Stock exchanges on which the Shares are listed	SZSE, Hong Kong Stock Exchange		
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		

II. CONTACT PERSONS AND MEANS OF COMMUNICATION

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

III. OTHER INFORMATION

1. Company contact information

Were there changes in the registered address, office address and postal code, website address and e-mail address of the Company during the Reporting Period

Applicable Not applicable

There were no changes in the registered address, office address and postal code, website address and e-mail address of the Company during the Reporting Period. For details, please refer to the 2022 annual report.

2. Information disclosure and locations for documents for inspection

Were there changes in information disclosure and locations for documents for inspection during the Reporting Period

Applicable Not applicable

There were no changes in the name of the newspaper selected by the Company for information disclosure, the website designated by the CSRC for publication of interim report, or locations for interim report of the Company for inspection. For details, please refer to the 2022 annual report.

3. Change of registration

Were there changes in the registration during the Reporting Period

Applicable Not applicable

There were no changes in the registration of the Company during the Reporting Period. For details, please refer to the 2022 annual report.

4. Other relevant information

Were there changes in other relevant information during the Reporting Period

Applicable Not applicable

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

IV. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

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

Yes No

	This Reporting Period	Same period last year	Increase/(decrease) compared with the same period last year
Revenue (RMB)	13,469,630,221.58	11,195,842,138.07	20.31%
Net profit attributable to Shareholders of the Company (RMB)	1,896,532,237.44	365,758,163.71	418.52%
Net profit attributable to Shareholders of the Company after deducting non-recurring profit or loss (RMB)	1,035,465,573.09	348,586,596.96	197.05%
Net cash flow from operating activities (RMB)	1,245,480,784.93	206,778,405.88	502.33%
Basic earnings per share (RMB/share)	0.94	0.18	422.22%
Diluted earnings per share (RMB/share)	0.94	0.18	422.22%
Weighted average return on net assets	13.86%	3.08%	10.78%
	End of the Reporting Period	End of last year	Increase/(decrease) compared with the end of last year
Total assets (RMB)	25,383,133,686.14	22,217,230,064.00	14.25%
Equity attributable to Shareholders of the Company (RMB)	14,271,477,107.31	12,699,782,738.40	12.38%

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

1. Differences in net profit and in net assets in the financial statements as disclosed under International Accounting Standards and China Accounting Standards for Business Enterprises (CASBE)

Applicable Not applicable

There was no difference in the net profit and in the net assets in the financial statements as disclosed under International Accounting Standards and CASBE during the Reporting Period.

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

Applicable Not applicable

There was no difference in the net profit and in the 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)*

VI. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

Applicable Not applicable

Unit: RMB

Items	Six months ended June 30, 2023	Note
Gains or losses from disposal of non-current assets (including elimination of provision for impairment of assets)	(1,129,915.30)	
Government grants recognized in profit or loss (except for government grants that are closely related to the Company's normal business operations, in line with national policies and in accordance with certain standards of fixed or quantitative continuous enjoyment)	22,018,243.30	Various government grants
The cost of investments in subsidiaries, associates and joint ventures acquired by an enterprise is less than its share of the gain arising from the fair value of the investee's identifiable net assets at the time of investment acquisition	3,999,081.31	
Gains or losses on debt restructuring	(12,800.00)	
Gains or losses from changes in fair value of financial assets held for trading, derivative financial instruments and investment income, gains or losses from changes in fair value of investment properties subsequently measured using the fair value model and investment income from the disposal of derivative financial instruments	(11,883,905.23)	Changes in fair value of financial assets held for trading, derivative financial assets and liabilities; investment gains from financial assets held for trading; investment gains or losses from disposal of derivative financial assets and liabilities, and gains or losses on changes in fair value of investment properties
Other non-operating income and expenses other than the above-mentioned items	4,200,912.98	
Net gain on disposal of long-term equity investments	1,112,158,428.45	Net gain on disposal of equity interest in Shenzhen CIMC Special Vehicle
Reorganization costs on disposal of long-term equity investments	(35,371,122.00)	Reorganization costs arising from the sale of Shenzhen CIMC Special Vehicle
Less: Income tax	228,969,013.46	
Non-controlling interests, net of tax	3,943,245.70	
Total	861,066,664.35	

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

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

Applicable Not applicable

The Company did not have other gain or loss item that was within the definition of non-recurring profit or loss.

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

Applicable Not applicable

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

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

I. MAJOR BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD

1. Major businesses and products

The Company is the world's leader in the sophisticated manufacturing of semi-trailers and specialty vehicles, a pioneer in the high-quality development of road transport equipment in China, and an explorer and innovator in new energy specialty vehicles in China. According to the 2022 Global OEM Ranking List published by Global Trailer, the Company ranked first among semi-trailer manufacturers in the world, for the tenth year in a row.

The Company had six major businesses or groups, namely “Light Tower Pioneer Business Group”, “North American Business” and “European Business” engaged in the global semi-trailer market, “Champion Tanker Business Group”, “TB Business Group – Dump Truck Business” and “TB Business Group – Urban Distribution Van Truck Bodies Business” with focus on sophisticated manufacturing of truck bodies for specialty vehicles and van truck bodies, covering four major markets in the world, more than 40 countries and regions, and had 23 “Light Tower” Plants at home and abroad.

Under the business model of “Intercontinental Operation, Local Manufacturing”, the Company deepened the construction of the “Light Tower Manufacturing Network”, actively made arrangements for the LTP production center and the LoM manufacturing plant, and promoted the digital upgrade of the LTL “Light Tower Logistics”, LTS “Light Tower Sourcing” center and LoP “Local Procurement”. Meanwhile, the Company made arrangements for the “Star-chained Manufacturing Network” to promote the structural reform of semi-trailer production organizations in China, and established semi-trailer business groups to break through the development bottleneck of semi-trailers, facilitate the changes of end-to-end business models, promote the accumulation and improvement of sales and profits, and achieve the vision of high-quality industry integration, innovation of distribution model, and continuous increase in market share and value.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In the global semi-trailer market, Light Tower Pioneer Business Group was deeply engaged in seven series of semi-trailer products in the semi-trailer market, established the “LTP Center Organization for CIMC Star Chain Semi-trailer”, formed “CIMC Light Tower Semi-trailer Business Group” and “Tonghua Pioneer Semi-trailer Business Group”, and operated well-known brands including “CIMC Light Tower”, “Pioneer Series”, “Tonghua” and “Liangshan Dongyue”. As of 2022, Light Tower Pioneer Business ranked first in the share of the domestic semi-trailer market for the fourth year in a row. North American Business focused on refrigerated trailer, van trailer and container chassis trailer products in the North American market, and operated well-known local brands including “Vanguard” and “CIE”. North American Business won long-term recognition from major customers in North America. European Business focused on semi-trailer products in the European market, and operated “SDC” and “LAG” brands. SDC ranked first among the market in the UK. LAG, an over-70-year-old company, ranked among the best in the European tank trailer market, with its high commercial value, low fuel consumption and low weight.

In truck bodies for specialty vehicles and van truck bodies market, the Company led the development trend of road transport equipment. Champion Tanker Business Group produced and sold tank trailers and concrete mixer trucks, and ranked first in terms of sales volume of concrete mixer trucks in China for the sixth year in a row and maintained a leading position in the tank trailer market in 2022. TB Business Group – Dump Truck Business produced and manufactured dump truck and cargo truck products and was a pioneer in the business of retrofitting of truck bodies for specialty vehicles in China; TB Business Group – Urban Distribution Van Truck Bodies Business produced and sold lightweight van truck bodies, and operated the “TB” brand, with an innovative spirit and leading technology research and development level. TB Business Group provided customers with high-quality products and services that led the development of urban distribution and cold chain logistics industries.

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

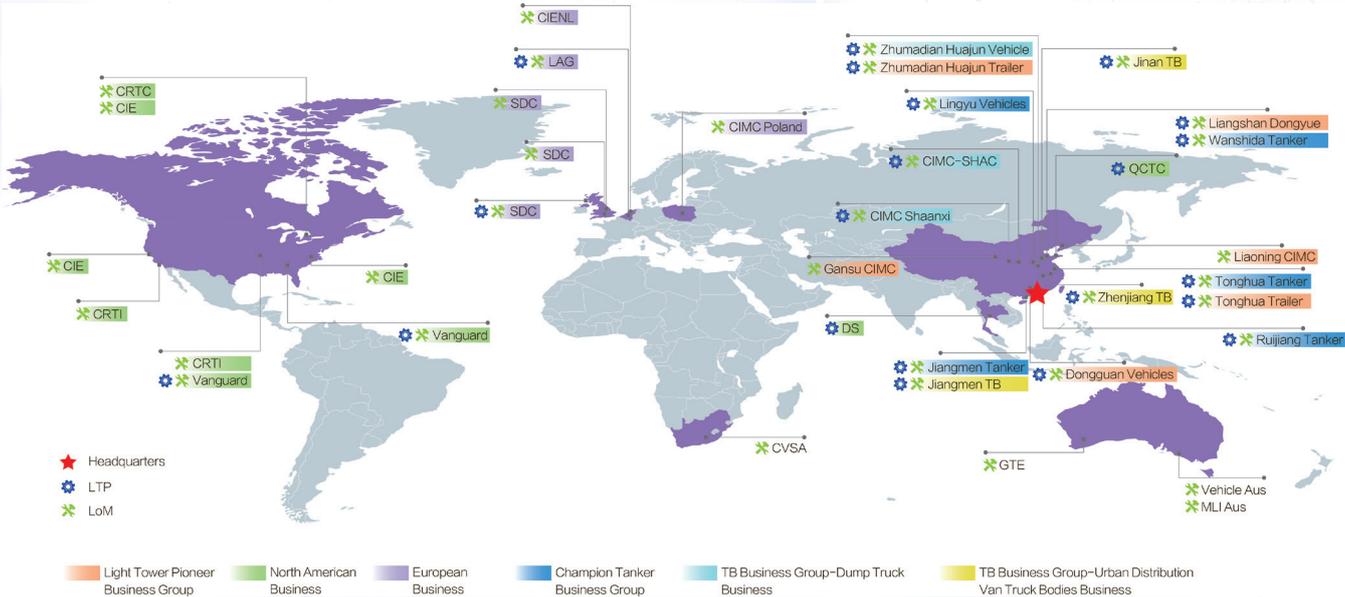
SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In addition, the Company cooperated with many well-known customers. In the domestic market, its main customers included well-known e-commerce logistics and transportation enterprises such as SF Express, JD Logistics, ZTO Express and Deppon Express, as well as major tractors and construction machinery manufacturing enterprises such as Sinotruk, Shaanxi Automobile Group and Xugong Automobile. In overseas markets, major customers included first-class European and American transportation companies and semi-trailer rental companies such as JB Hunt, Star Leasing, Direct ChassisLink, KAL and TIP. With the innovative retail model, the Company launched the “Sanhao Development Center” and “Pioneer Center” enabling end customers to experience, so as to improve the new retail network and promote the supply-side structural reform in the commercial vehicle industry.

As China’s economy entered a new stage of development, the Company started a business for the third venture; adopted a new development philosophy and constructed a new development paradigm. Under the background of the “national unified market” policy and the domestic smooth circulation, we seized the great opportunity from industry reform; deepened the supply side structural reform; eliminated supply constraints; removed barriers in production, circulation, distribution and consumption; realized intensive growth by innovation; achieved the strategy of short-term breakthroughs in sales volume and long-term sustainable growth; and promoted high-quality development.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

“Light Tower Manufacturing Network” Layout of Six Major Businesses or Groups:



Major products of six major businesses or groups:

Six major businesses or groups	Global semi-trailer market							Truck bodies and van truck bodies for specialty vehicles market			
	① Container chassis trailers	② Flatbed trailers and relevant derivative types	③ Curtain-side trailers	④ Van trailers	⑤ Refrigerated trailers	⑥ Tank trailers	⑦ Other special types of trailers	Truck bodies for cement mixer trucks	Truck bodies for dump trucks and cargo trucks	Refrigerated van truck bodies	Dry van truck bodies
Light Tower Pioneer Business Group	✓	✓	✓	✓	✓		✓				
North American Business	✓			✓	✓						
European Business	✓	✓	✓	✓		✓	✓				
Champion Tanker Business Group						✓		✓			
TB Business Group - Dump Truck Business									✓		
TB Business Group - Urban Distribution Van Truck Bodies Business										✓	✓

2. Development of the industry in which the Company operates

In the first half of 2023, the competition among major countries has become increasingly fierce, the economic globalization has faced countercurrents, and the world has entered a new period of turmoil and change. To cope with the continuous inflation, the short supply in global supply chains and the high demand for logistics equipment, European and American governments have taken underpinning measures to support the market.

The year 2023 marks the first year of fully implementing the spirit of the 20th CPC National Congress, and China's economy and society have generally returned to normal operation. As macro policies exerted an obvious effect, the national economy has gradually recovered and generally improved, the industrial upgrading unleashed accumulated strength, and the high-quality development made new strides. According to the data released by the National Bureau of Statistics, China's GDP reached RMB59.3 trillion in the first half of 2023, representing a year-on-year increase of 5.5%.

Standing at a new starting point of China's new development stage, the commercial vehicle industry faced complicated situations of three overlapping phases including a slowing growth phase, a painful structural adjustment phase, and a phase of absorbing the adverse effects of previous stimulus policies. At present, the commercial vehicle industry of China has rebounded, China's heavy truck industry shows the trend of recovery, China semi-trailer industry is facing historic changes and opportunities, and China new energy vehicle industry is shaping a new scale and global pattern.

Semi-trailer Market in China

In the first half of 2023, the total value of social logistics goods in China reached RMB160.6 trillion, representing a year-on-year increase of 4.8%. Driven by factors such as policy dividends and consumption recovery, the logistics and transportation industry of China has improved, and the prosperity index of the logistics industry has rebounded. According to the data of the Ministry of Transport, the road freight volume in China was 19.01 billion tons, representing a year-on-year increase of 7.5%. With the smooth road traffic network and the recovery of domestic logistics demand, the semi-trailer industry of China showcased a strong recovery.

Riding on the trend of unified national market and high-quality development in China, the Company promoted the efficient deployment of the "Star-chained Manufacturing Network" based on its unique advantages, and fully implemented the nationwide structural reform of semi-trailer production organizations to adapt to the new development pattern and start panoramic exploration.

Overseas Semi-trailer Market

In the first half of 2023, the U.S. Government continued to implement economic stimulus policies to cope with sustained inflation and supply chain shortage. According to the data of ACT Research, the production of semi-trailers in the United States reached 204,000 units in the first half of 2023, representing a year-on-year increase of 10.9%. The semi-trailer market in North America maintained a high demand due to sustained tensions between the supply and demand of local manufacturing. Relying on our advantages in global supply chain management and the deployment of Light Tower Manufacturing Network in North America, our North American Business maintained a growth trend.

In the first half of 2023, Europe faced challenges in economic recovery and was still in economic recession due to the impact of high interest rates and inflation. Capitalizing on our advantages in stable global supply chain system and intercontinental operation, our European Business made breakthroughs against the trend and achieved steady growth.

Meanwhile, China's independent brands of commercial vehicles continued to implement the "going global" strategy. According to the statistics of China Association of Automobile Manufacturers, the export volume of China's commercial vehicles reached 361,000 units in the first half of 2023, representing a year-on-year increase of 31.9%. Emerging markets recorded a strong demand for products due to the rapid increase in the local demand for infrastructure and logistics. The Company followed the development trend of emerging markets and actively captured opportunities for high growth in emerging markets.

Specialty Vehicle Market in China

According to the data of the National Bureau of Statistics, the national fixed asset investment reached RMB24.3 trillion in the first half of 2023, representing a year-on-year increase of 3.8%. According to the data of China Association of Automobile Manufacturers, the sales volume of commercial vehicles in China reached 1.971 million units in the first half of 2023, representing a year-on-year increase of 15.8%. Among them, the sales volume of heavy trucks in China reached 488,000 units, representing a year-on-year increase of 28.5%, with an obvious recovery of the heavy truck market.

In February 2023, eight authorities including the Ministry of Industry and Information Technology issued the Notice on Organizing Pilot Work for Full Electrification of Public Vehicles in Pilot Areas, which will promote the improvement in the electrification level of public vehicles and accelerate the construction of a green and low-carbon transportation system.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In May 2023, five governmental authorities including the Ministry of Ecology and Environment and the Ministry of Industry and Information Technology issued a joint circular in relation to the implementation of the China VI emission standards for vehicles, according to which the China VI-b emission standards for vehicles will be fully implemented nationwide from July 2023. The sales volume of heavy trucks in China increased rapidly from 2016 to 2017, and the demand for replacement of heavy trucks will be unleashed due to the approaching service life of vehicles.

In June 2023, the General Office of the Ministry of Ecology and Environment issued the Notice on Soliciting Public Comments on the Opinions on Promoting the Implementation of Ultra-low Emissions in the Cement Industry and the Opinions on Promoting the Implementation of Ultra-low Emissions in the Coking Industry, according to which the ultra-low emissions will be implemented in the cement industry and the coking industry, and enterprises will be encouraged to prioritize the green and low-carbon transportation mode.

The Company fully integrated the manufacturing and channel sales capabilities of truck bodies for specialty vehicles, and made proactive research and development on new energy products, so as to capture development opportunities during the industry recovery relying on new energy, lightweight, intelligent and environment-friendly products.

Lightweight Van Truck Market in China

According to the data of China Association of Automobile Manufacturers, the sales volume of lightweight trucks in China totaled 932,000 units in the first half of 2023, representing a year-on-year increase of 9.7%, showcasing a moderate recovery of the lightweight truck industry in China.

In June 2023, the Ministry of Commerce proposed to accelerate to strengthen the weakness in the development of urban and rural circulation, speed up the development of cold chain logistics for agricultural products, and support the construction of county-level logistics distribution centers and township express logistics stations.

The Company has completed the production capacity layout of lightweight van truck bodies, developed integrated new energy products, and promoted the development of van truck body business relying on leading innovative technologies and high-quality products.

3. Major business models

After the first and the second venture, the Company has formed a business model based on “Intercontinental Operation, Local Manufacturing”. In the stage of starting the third venture, the Company acquires customers and obtains orders by a combination of direct selling and distribution. The Company utilizes the LTL “Light Tower Logistics”, LTS “Light Tower Sourcing” center and LoP “Local Procurement” to obtain required raw materials, parts and components by a combination of centralized purchase or independent purchase. Meanwhile, the Company organizes production and assembly through the LTP production centers and LoM manufacturing plants under the six major businesses or groups, and finally delivers its products to customers to make profits.

4. Analysis of operation during the Reporting Period

In the first half of 2023, under the macro background of fully implementing the new development concept, accelerating the construction of new development pattern, focusing on promoting high-quality development and coordinating both domestic and international situations, the Company reached a new record in results with significant growth, and hit a historic high and achieved a milestone breakthrough in net profit. The revenue of the Company was RMB13,469.63 million, representing a year-on-year increase of 20.31%; the net profit attributable to shareholders of the Company was RMB1,896.53 million, representing a significant year-on-year increase of 418.52%; and the net profit attributable to shareholders of the Company after deducting non-recurring gains or losses was RMB1,035.47 million, representing a year-on-year increase of 197.05%.

The significant increase of net profit was mainly due to: (1) North American Business of the Company captured market opportunities arising from the sustained inflation and the shortage of supply chains in the United States, and undertook the growth trend in the second half of 2022; actively captured development opportunities in other markets and achieved sound business growth in other overseas markets; and maintained a stable business trend in the domestic market and improved market shares in segment markets. (2) During the Reporting Period, as CIMC Group, the controlling shareholder of the Company, intended to integrate its relevant industrial resources in Shenzhen and enhance the efficiency of resources, the Company and CIMC VEHICLE INVESTMENT HOLDINGS COMPANY LIMITED, a wholly-owned subsidiary of the Company (“**CIMC VEHICLE INVESTMENT**”), transferred the total 100% equity of Shenzhen CIMC Special Vehicle held by them to CIMC Group, the controlling shareholder of the Company and generated income from the equity disposal, with non-recurring gains of RMB847.97 million after deducting income tax.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Under the guidance of the intercontinental operation strategy, in the first half of 2023, the Company sold 73,404 units/sets of vehicles of various types worldwide, the sales volume remained stable. During the Reporting Period, the gross profit margin of the Company increased to 19.34%, benefiting from the stable raw material prices, the optimization of product structure, innovative sales models and the scale effect of the Light Tower Manufacturing Network.

In terms of the six major businesses or groups, the Light Tower Pioneer Business Group promoted the structural reform of the semi-trailer production organization in China, captured opportunities from the strong demand in emerging markets, and enhanced the gross profit margin. The North American Business maintained a growth trend, thus achieving a year-on-year increase in both revenue and gross profit margin. The European Business promoted the cost reduction and efficiency increase, and optimized the manufacturing process and supply chain management, thus achieving a year-on-year increase in both revenue and gross profit margin. The Champion Tanker Business Group launched the “going global” strategy and enhanced the market share in segment markets despite unfavorable factors. The TB Business Group – Dump Truck Business made innovative efforts to explore transformation, and achieved a sustained increase in the market share. Meanwhile, the TB Business Group – Urban Distribution Van Truck Bodies Business gradually unleashed the production capacity and promoted the business development.

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

(1) Operation review of the Company for the first half of 2023 by major businesses and groups:

Light Tower Pioneer Business Group

Light Tower Pioneer Business is deeply engaged in seven major series of semi-trailer products. During the Reporting Period, the Light Tower Pioneer Business Group consolidated its fundamentals in the domestic market, and vigorously expanded emerging markets. The revenue from the Light Tower Pioneer Business Group reached RMB2,283.75 million, and the gross profit margin recorded a year-on-year increase of 3.23 percentage points.

In the first half of 2023, the Company has fully launched the “Star-chained Manufacturing Network”. Under the efficient deployment of the “Star-chained Manufacturing Network”, the Company has established the domestic semi-trailer business group consisting of “CIMC Light Tower Semi-trailer Business Group”, “Tonghua Pioneer Semi-trailer Business Group” and “LTP Production Centers Organization for Star Chain Semi-trailer”. In line with the “Star-chained Manufacturing Network”, the Company actively integrated the production, circulation, distribution and consumption resources of seven semi-trailer plants in China, and promoted the structural reform of semi-trailer production organizations in China.

In addition, the Light Tower Pioneer Business Group accelerated the progress in new retail changes and built the sales model of “integration of tractors and trailers” under “excellent tractors with excellent trailers”, so as to enhance the overall operation efficiency and achieve a win-win cooperation with tractor manufacturers. According to the statistics of Hanyang Specialty Vehicle Institute (漢陽專用汽車研究所), the Company ranked first in the share of the domestic semi-trailer market in the first half of 2023.

North American Business

During the Reporting Period, the North American Business recorded a revenue of RMB6,233.56 million with a year-on-year increase of 34.67%, higher than expected, and the gross profit margin increased, mainly due to the inertial trend of product price increases and ocean freight declines as well as the exchange gains arising from stronger U.S. Dollar in the first half of 2023.

The North American Business made active measures to share channels and resources, increase the proportion of major customers, and leverage the advantages in global supply chain management to shorten the delivery cycle of orders. During the Reporting Period, the revenue from refrigerated trailers in North America increased by 25.58% year-on-year, and the revenue from van trailers in North America increased by 46.03% year-on-year, maintaining a leading position in the van trailer market in North America.

In the first half of 2023, the North American Business successfully delivered to local customers new energy refrigerated trailers, which integrates multi-temperature refrigeration unit, electric wheel hub system and wireless sensing control system. Such new energy refrigerated trailers achieved energy saving and emission reduction, remote precise temperature control, the recovery and storage of braking energy, the long endurance mileage and other functions, becoming an industry benchmark of new energy refrigerated trailers.

European Business

Due to the impact of high inflation and geopolitical conflicts in Europe, the demand in the European semi-trailer market slowed down and remained a relatively high product price. The European Business continued to optimize the manufacturing process and value stream, gave play to the centralized procurement platform, and improved the Light Tower Manufacturing Network, thus enhancing the production efficiency of local manufacturing. During the Reporting Period, the revenue from European Business increased by 28.12% to RMB1,629.72 million year-on-year, and the gross profit margin increased by 1.81 percentage points, making breakthroughs against the trend and achieving high-quality growth.

SDC in the UK under the European Business proactively promoted the strategy of reducing costs and increasing efficiency. Relying on its good relationship with local customers and sound after-sales service system, SDC gave full play to the advantages in efficient operations under global supply chain management, and explored growth opportunities in new energy markets. During the Reporting Period, the profit of SDC hit a post-acquisition high.

LAG in Belgium under the European Business leveraged its brand advantage to tap the incremental market demand, actively promoted the innovative research and development of products, and developed super-slip container chassis trailers and 30-foot low-voltage tanks that were recognized by customers. During the Reporting Period, LAG recorded a year-on-year increase in revenue and a stable gross profit margin.

Champion Tanker Business Group

During the Reporting Period, the Champion Tanker Business Group consolidated its fundamentals, explored opportunities from segment markets, improved market shares in segment markets, and actively gained the vast incremental space in overseas markets. The revenue of Champion Tanker Business Group reached RMB2,458.67 million with a year-on-year increase of 14.77%, and the gross profit margin increased.

As the demand for new energy specialty vehicles unleashed, the Champion Tanker Business Group relied on its cooperation with major tractor manufacturers to research and develop integrated new energy products and promote new energy-related cooperation, with a view to exerting linkage effect in the industrial chain. During the Reporting Period, the sales volume of new energy cement mixers of Champion Tanker Business Group increased significantly. According to the data of China Association of Automobile Manufacturers, the sales volume of our cement mixers ranked first in China for six consecutive years as of 2022.

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

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Under the guidance of the “Light Tower Manufacturing Network” strategy for Champion tankers, the Champion Tanker Business Group promoted the decoupling of LTP and LoM at the delivery side, and maximized the production efficiency through the coordinated division among production centers. The Champion Tanker Business Group actively built LoM manufacturing plants at home and abroad, and established a sound low-cost and fast-delivery process for the Light Tower Manufacturing Network through modular construction, fast packing and low-cost logistics and transportation solutions.

TB Business Group – Dump Truck Business

During the Reporting Period, as the demand in the domestic dump truck market has not yet recovered, the TB Business Group – Dump Truck Business reached RMB311.99 million with a year-on-year decline in revenue and gross profit margin.

In the first half of 2023, the TB Business Group – Dump Truck Business reversely facilitated the product transformation with advanced manufacturing technologies of Light Tower Plants, so as to gradually achieve the diversification of products and enhance our competitiveness. Meanwhile, in order to gain the market share, the TB Business Group – Dump Truck Business actively optimized modular design, and leveraged the advantages of LTP + LoM delivery. According to the statistics of Hanyang Specialty Vehicle Institute (漢陽專用汽車研究所), during the Reporting Period, the market share of our urban dump trucks in China increased to 12.33%.

The TB Business Group – Dump Truck Business made an early deployment in new energy products and tracked potential customers, and successfully launched a number of core products with bulk sales and application, including the bodies for hydrogen dump trucks and electric dump trucks, wide-body mining trucks and electric ballast transport vehicles through expanding the cooperation channels of new energy products. According to the statistics of Hanyang Specialty Vehicle Institute (漢陽專用汽車研究所), during the Reporting Period, our market share of new energy urban dump trucks in China increased significantly to 32.50%.

TB Business Group – Urban Distribution Van Truck Bodies Business

With the recovery of the urban distribution and logistics market in China, the TB Business Group – Urban Distribution Van Truck Bodies Business unleashed the production capacity, and promoted the business development with leading innovative technologies and product quality. During the Reporting Period, the revenue of TB Business Group – Urban Distribution Van Truck Bodies Business increased by 56.33% to RMB204.05 million year-on-year.

Meanwhile, with the acceleration of new energy lightweight trucks, the Company perceptively captured opportunities from new energy lightweight trucks, strengthened the cooperation with major new energy tractor manufacturers in China, and jointly explored and built integrated new energy refrigerated vans, with a view to gaining new energy customers and markets with lightweight, standard and high-end products.

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

In terms of global semi-trailers, during the Reporting Period, the global semi trailer business of the Company recorded a stable performance and intensified fundamentals in the domestic market, a growth in the North American and European markets, and an outstanding performance in emerging markets. The revenue of the global semi-trailer business reached RMB10,268.17 million (the first half of 2022: RMB8,190.10 million), representing a year-on-year increase of 25.37%, and the gross profit margin increased by 10.86 percentage points year-on-year.

In terms of truck bodies for specialty vehicles, the market demand for specialty vehicles in China has not yet fully recovered due to the impact of the macro environment. During the Reporting Period, the revenue from the production of truck bodies for specialty vehicles and sales of fully-assembled specialty vehicles reached RMB1,347.73 million (the first half of 2022: RMB1,491.07 million), representing a year-on-year decrease of 9.61%; and the gross profit margin decreased by 0.67 percentage points year-on-year.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In terms of lightweight van truck bodies, during the Reporting Period, the domestic cold chain logistics market recovered moderately, and the revenue from the production and sale of lightweight van truck bodies reached RMB193.46 million (the first half of 2022: RMB93.05 million), representing a year-on-year increase of 107.91%; and the gross profit margin decreased by 1.15 percentage points year-on-year, which was mainly due to the incomplete release of production capacity and the adjustment of product structure.

II. ANALYSIS OF CORE COMPETENCE

1. Advantages of intercontinental operation

The Company is the world's leader in the sophisticated manufacturing of semi-trailers and specialty vehicles, a pioneer in the high-quality development of road transport equipment in China, and an explorer and innovator in the field of new energy specialty vehicles in China. The Company has continuously deepened the business philosophy of "Intercontinental Operation, Local Manufacturing" and established six major businesses or groups that penetrated four major markets around the world: the Light Tower Pioneer Business Group, the North American Business, the European Business, the Champion Tanker Business Group, the TB Business Group – Dump Truck Business and the TB Business Group – Urban Distribution Van Truck Bodies Business. The Company has 23 "Light Tower" Plants and a sales network covering over 40 countries in the world. The Company gives full play to its production capacity, assembly capacity, global supply chain management capacity and global distribution logistics management capacity worldwide, and has formed a transnational operation arrangement with core competitiveness, which has enhanced business resilience and risk resistance of various businesses and markets around the world.

2. Leading edge in the market

According to the 2022 Global OEM Ranking List released by Global Trailer, the Company ranked first among semi-trailer manufacturers in the world for ten consecutive years. In terms of Light Tower Pioneer Business Group, according to the statistics of China Association of Automobile Manufacturers, as of 2022, the Company has occupied a market share in China's semi-trailer market, ranking first for four consecutive years. In terms of North American Business, the Company operated well-known brands including "Vanguard" and "CIE", and held the lead in the market share of refrigerated semi-trailers in North America market. In terms of European Business, the Company operated "SDC" and "LAG" brands. SDC ranked ahead in the market in the UK. LAG, an over-70-year-old company, ranked first in the tank truck market in Europe.

In truck bodies for specialty vehicles and van truck bodies market, the Company led the development trend of road transport equipment in the market of truck bodies for specialty vehicles and van bodies. In terms of Champion Tanker Business Group, according to the statistics of China Association of Automobile Manufacturers, as of 2022, the Company ranked first in terms of the sales volume of concrete mixer trucks in China for six consecutive years. In terms of TB Business Group – Dump Truck Business, the Company was a pioneer in the urban dump truck retrofitting business in China. In terms of TB Business Group – Urban Distribution Van Truck Bodies Business, the Company was an innovative and advanced technology research and development manufacturer of van truck bodies.

In new energy specialty vehicles, the Company followed the trend of electrification and intelligentization, and embarked on the path of exploration and innovation. According to the statistics of Hanyang Specialty Vehicle Institute (漢陽專用汽車研究所), the Company had 32.50% of the market of new energy dump trucks.

3. Advantages of innovation and development

The Company always adheres to the innovation-driven development strategy and promotes industrial transformation and development under the guidance of “innovation as driving force, and high-quality supply”. The Company has obvious advantages in terms of research and development technology. As of June 30, 2023, the Company had more than 600 research and development personnel in the world and over 1,400 registered patents, and participated in the formulation and revision of 30 national and industry standards for semi-trailers and truck bodies for specialty vehicles in China.

In implementing the digitization and informatization process of industrial production, the Company made significant technological innovation achievements. The Company used the refrigerated van truck bodies series of products with pioneering open foaming and color plate materials, to further enhance the competitiveness of the products in terms of environmental protection, energy conservation, light weight, cost reduction and efficiency enhancement. Meanwhile, the Company developed a number of innovative products including new energy lightweight urban dump trucks, pure electric mining trucks, concrete mixer trucks with battery charging and swapping, new energy refrigerated vans and new energy electric semi-trailers. The Company actively developed innovative business models under new energy and self-driving scenarios. As a result, the Company got ahead in development in the new energy specialty vehicle market.

4. Advantages of the transformation of production organizations

The Company deepened the construction of the “Light Tower Manufacturing Network”; actively made arrangements for the LTP production center and the LoM manufacturing plant, and promoted the digital upgrade of the LTL “Light Tower Logistics”; LTS “Light Tower Sourcing” center and LoP “Local Procurement.” Meanwhile, the Company launched the “Star-chained Manufacturing Network” to promote the structural reform of semi-trailer production organizations in China, and established semi-trailer business groups to break through the bottleneck of the semi-trailer business, facilitate the changes of end-to-end business models, promote the accumulation and improvement of sales and profits, and achieve the vision of high-quality industry integration, innovation of distribution model, and continuous increase in market share and value.

5. Advantages of the global supply chain management

Under the unified deployment of “Star-chained Manufacturing Network” and through the organizational restructuring and the standardization of LTS process, the EPS Center (i.e. the digital supply chain center) of the Company, as the hub of the “Light Tower Manufacturing Network”, can better match the business processes of platform procurement with the material flow of “Star-chained Manufacturing Network”, effectively support the procurement needs of our businesses or groups, and implement the centralized procurement and standardized and unified operations to deeply tap the value of procurement. Meanwhile, the EPS unified portal platform was integrated with the ERP system of pilot enterprises, which can be applied in the whole process from the procurement strategies of regular procurement business to the procurement execution of the EPS platform supply chain. Currently, more than 1,300 suppliers have realized the online shared management via the EPS Center. Through years of deep engagement, the Company has formed significant supply chain management advantages and scale effect of purchase.

6. Advantages of the new retail model

The Company promoted “seven integrations”, namely marketing organization integration, channel organization integration, brand building integration, promotion and delivery integration, marketing policy integration, product development integration and service coordination integration, so as to create new demand and new kinetic energy for commercial vehicles. The Company provided end customer experience based on the “Sanhao Development Center” and “Pioneer Center”, and improved the new retail network. Through in-depth joint retail with tractor manufacturers, the Company deepened the cooperation in the whole industrial chain as an automobile company, promoted the collaboration in the research and development, supply chain, services and financial policies, and invested in resources in the production, circulation, distribution and consumption, so as to provide customers with more professional, higher quality and more diversified solutions and services integrating tractors, bodies and vehicles, and promote the supply-side structural reform of the commercial vehicle industry under innovative retail models.

7. Advantages of organizational development

As the Company manufactured and sold semi-trailers since 2002, the senior management team led the direction of strategic operation of the Company and was experienced in the semi-trailer and specialty vehicle industries. In order to support the strategy of starting a business for the third venture, the Company further reviewed the top management structure, established the leadership team for starting a business for the third venture, and improved the talent strategy and system. Through senior leadership training programs, the Company provided senior executives with strategic vision for six major businesses or groups, reshaped the organizational structure of the semi-trailer business under the “Star-chained Manufacturing Network”, and built a core team consisting of DE/ME technical experts and MBA talents. With innovative thinking, aggressiveness and practical actions, the young management team promotes the high-quality development of the Company with new look and actions.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

III. ANALYSIS OF CORE BUSINESSES

1. Overview

See “I. Major Businesses of the Company during the Reporting Period” under Section III “Management Discussion and Analysis”.

2. Major Financial Data Compared with the Same Period of Last Year

Unit: RMB

	This Reporting Period	Same period last year	Year-on-year change	Description of major changes
Revenue	13,469,630,221.58	11,195,842,138.07	20.31%	
Cost of sales	10,864,684,412.39	9,944,943,043.42	9.25%	
Selling expenses	362,631,042.01	263,724,269.00	37.50%	Selling expenses rising accordingly as revenue rising during the Reporting Period
Administrative expenses	634,021,567.25	398,444,110.44	59.12%	Management expenses and management remuneration rising accordingly as revenue rising during the Reporting Period
Finance expenses	(52,263,937.89)	(52,575,847.22)	0.59%	
Income tax expenses	594,829,645.75	85,668,688.02	594.34%	Positive profitability, higher profit before tax and corresponding increase in income tax expense during the Reporting Period
Research and development expenses	169,673,482.64	145,901,201.60	16.29%	
Net cash flow from operating activities	1,245,480,784.93	206,778,405.88	502.33%	Net cash flows from operating activities from North American operations rose sharply year-on-year during the Reporting Period

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

	This Reporting Period	Same period last year	Year-on-year change	Description of major changes
Net cash flow from investing activities	273,439,507.64	(315,218,818.82)	186.75%	As a result of share transfer proceeds received from the sale of equity interest in Shenzhen CIMC Special Vehicle during the Reporting Period
Net cash flow from financing activities	(207,302,105.43)	(217,735,736.51)	4.79%	
Net increase in cash and cash equivalents	1,374,648,284.55	(315,335,706.69)	535.93%	Significant increase in net increase in cash and cash equivalents resulting from the net increase in the net cash flows from operating activities from North American operations year-on-year and the share transfer proceeds received from the sale of equity interest in Shenzhen CIMC Special Vehicle during the Reporting Period

Description of the reasons for a significant change in the composition or source of the Company's profits during the Reporting Period

Applicable Not applicable

There was no material change in the composition or source of the Company's profits during the Reporting Period

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Products and services 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 last year	Change in operating costs as compared with the same period last year	Change in gross profit margin as compared with the same period last year
By product and service						
Global Semi-trailer	10,268,171,192.00	8,018,150,240.27	21.91%	25.37%	10.06%	+10.86 pct
Truck Bodies and chassis for specialty vehicles and tractor units	1,347,731,991.68	1,306,932,728.64	3.03%	-9.61%	-8.98%	-0.67 pct
By region						
Chinese market	4,239,102,002.19	3,854,239,750.60	9.08%	-6.61%	-5.32%	-1.24 pct
North American market	6,322,983,740.38	4,555,688,115.25	27.95%	32.44%	8.30%	+16.06 pct
European market	1,673,451,638.26	1,432,771,385.93	14.38%	29.16%	23.21%	+4.13 pct

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

IV. ANALYSIS OF NON-CORE BUSINESSES

Applicable Not applicable

Unit: RMB

	Amount	As a percentage of profit before income tax	Description for amount	Sustainable or not
Investment income	1,110,032,442.56	44.64%	Mainly attributable to investment income arising from the disposal of equity interest in Shenzhen CIMC Special Vehicle	No
Fair value gains/(losses)	(3,982,163.82)	(0.16%)	Losses from changes in fair value of mainly trading financial assets, investment properties, derivative financial assets and liabilities	No
Asset impairment losses	(60,307,874.06)	(2.43%)	Mainly provision for inventories	No
Non-operating income	4,984,413.01	0.20%	Mainly penalty income	No
Non-operating expenses	846,869.35	0.03%	Mainly penalty expenses	No
Credit impairment losses	(33,441,937.19)	(1.34%)	Mainly bad debt provision for receivables	No
Gains on disposal of assets	(1,066,545.98)	(0.04%)	Mainly loss on the disposal of fixed assets	No
Other income	24,830,356.64	1.00%	Mainly government grants	No

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

V. ANALYSIS OF ASSETS AND LIABILITIES

1. Significant Changes in Composition of Assets

Unit: RMB

	End of the Reporting Period		End of last year		Change in the percentage	Description of major changes
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Cash at bank and on hand	6,197,739,832.62	24.42%	4,850,527,987.23	21.83%	2.59%	
Accounts receivables	4,257,784,370.40	16.77%	3,121,505,473.81	14.05%	2.72%	As revenue increases, accounts receivable increase accordingly during the Reporting Period
Inventories	5,525,774,291.13	21.77%	5,514,764,338.69	24.82%	(3.05%)	Increase in total assets at the end of the period compared to the beginning of the year and decrease in the proportion of inventories during the Reporting Period
Investment properties	408,724,634.44	1.61%	405,746,795.38	1.83%	(0.22%)	
Long-term equity investments	226,251,856.14	0.89%	193,282,252.60	0.87%	0.02%	
Fixed assets	4,811,498,513.89	18.96%	4,933,210,366.18	22.20%	(3.24%)	Total assets at the end of the period increased compared to the beginning of the year, and the proportion of fixed assets decreased during the Reporting Period
Construction in progress	198,417,307.83	0.78%	247,577,774.52	1.11%	(0.33%)	
Right-of-use assets	255,493,667.00	1.01%	238,375,993.30	1.07%	(0.06%)	

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

	End of the Reporting Period		End of last year		Change in the percentage	Description of major changes
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Short-term borrowings	255,299,573.65	1.01%	467,995,600.44	2.11%	(1.10%)	Partial repayment of guaranteed loans during the Reporting Period
Contract liabilities	738,961,008.46	2.91%	618,541,399.99	2.78%	0.13%	
Long-term borrowings	333,655,097.84	1.31%	331,206,865.99	1.49%	(0.18%)	
Lease liabilities	197,997,938.81	0.78%	188,590,165.71	0.85%	(0.07%)	
Other receivables	1,082,772,000.42	4.27%	232,452,952.37	1.05%	3.22%	Increase in other receivables at the end of the period due to the share transfer receivable from the sale of equity interest in Shenzhen CIMC Special Vehicle
Taxes payable	604,987,824.10	2.38%	331,548,587.53	1.49%	0.89%	Increase in corporate income tax payable
Other payables	1,746,940,453.98	6.88%	1,142,928,896.80	5.14%	1.74%	Increase in other payables due to unpaid dividends on ordinary shares at the end of the Reporting Period

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

2. Major Oversea Assets

Applicable Not applicable

Unit: RMB

Asset	Method of Obtaining the Asset	Size of the Asset	Location	Operating Model	Control Measures to Ensure the Asset Safety	Revenue	Overseas Assets as a Percentage of Net Assets of the Company	Whether There are Significant Impairment Risks
VANGUARD NATIONAL TRAILER CORPORATION	Acquisition	2,432,582,607.06	United States	Production and operation	Internal controls were carried out continuously and effectively	400,737,598.35	17.05%	No

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

3. Assets and Liabilities Measured at Fair Value

Applicable Not applicable

Unit: RMB

Item	Balance at the Beginning of the Period	Gains or Losses on Fair Value Change for the Current Period	Total Fair Value Change Recorded in Equity	Impairment for the Period	Purchase for the Period	Disposal for the Period	Other Changes	Balance at the End of the Period
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets)	22,209,407.79	17,847,283.69	-	-	-	-	1,491,655.49	41,548,346.97
2. Derivative financial assets	6,161,436.00	(6,161,436.00)	-	-	690,317.47	690,317.47	-	-
Sub-total of financial assets	28,370,843.79	11,685,847.69	-	-	690,317.47	690,317.47	1,491,655.49	41,548,346.97
Investment properties	405,746,795.38	774,508.27	-	-	2,068,143.71	-	135,187.08	408,724,634.44
Receivables financing	258,818,435.64	-	-	(747,720.51)	2,016,126,089.00	2,025,704,354.69	-	248,492,449.44
Other non-current financial assets	10,786,384.58	-	-	-	-	-	-	10,786,384.58
Total	703,722,459.39	12,460,355.96	-	(747,720.51)	2,018,884,550.18	2,026,394,672.16	1,626,842.57	709,551,815.43
Financial liabilities	5,683,205.67	16,442,519.78	-	-	9,701,976.44	9,701,976.44	2,704.41	22,128,429.86

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Other changes

Other changes in financial assets held for trading consisted of the amount of dividend distribution from DEEWIN TIANXIA CO., LTD, the content of other changes in investment properties and financial liabilities is the effect of translation of foreign currency statements.

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

Yes No

4. Restriction on the Asset Rights at the End of the Reporting Period

Item	Net book value (RMB)	Reason for the restriction
Cash at bank and on hand	140,274,379.72	Deposits for vehicle loans, bills, etc.
Receivables financing	<u>6,100,168.88</u>	Pledged
Total	<u><u>146,374,548.60</u></u>	

VI. 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
256,141,418.88	349,569,598.32	(26.73%)

2. Significant Equity Investments Acquired during the Reporting Period

Applicable Not applicable

3. Significant Non-equity Investment Ongoing during the Reporting Period

Applicable Not applicable

4. Financial Assets Measured at Fair Value

Applicable Not applicable

Unit: RMB

Class of Asset	Balance at the Beginning of the Period	Gains or Losses on Fair Value Change for the Current Period	Total Fair Value Change Recorded in Equity	Purchase for the Reporting Period	Disposal for the Reporting Period	Accumulated Investment Income	Other Changes	Balance at the End of the Period	Source of Fund
Financial derivatives	6,161,436.00	(6,161,436.00)	-	690,317.47	690,317.47	-	-	-	Own funds
Receivables financing	258,818,435.64	-	-	2,016,126,089.00	2,025,704,354.69	-	(747,720.51)	248,492,449.44	Own funds
Financial assets held for trading	22,209,407.79	17,847,283.69	-	-	-	-	1,491,655.49	41,548,346.97	Own funds
Other non-current financial assets	10,786,384.58	-	-	-	-	-	-	10,786,384.58	Own funds
Total	297,975,664.01	11,685,847.69	-	2,016,816,406.47	2,026,394,672.16	-	743,934.98	300,827,180.99	

5. Use of Proceeds

Applicable Not applicable

(1) General Use of Raised Proceeds from A Share Offering

Basic Information on A Share Proceeds

In order to fully expand and capitalize on the financing channels of the A Share capital market, on May 6, 2020, the Board considered and approved the resolution in relation to the proposed initial public offering of A Shares and the proposed listing on the SZSE ChiNext Market. The application for registration of shares in the Company's initial public offering was approved in accordance with the Reply in Relation to Approval for Registration of Shares in Initial Public Offering of CIMC Vehicles (Group) Co., Ltd. (Zheng Jian Xu Ke [2021] No. 1719) issued by the China Securities Regulatory Commission on May 18, 2021. With the consent of SZSE, the Company issued 252.6 million RMB ordinary shares (A Shares) with a par value of RMB1.00 each and raised total proceeds of RMB1,758.096 million, at an issue price of RMB6.96 per share, in the initial public offering. After deducting the issue expenses (including underwriting and sponsoring fees (value-added tax exclusive) and other issue expenses) of RMB174.3192 million, the net proceeds from A Share offering were RMB1,583.7768 million, and the net issue price was approximately RMB6.27 per A Share. The A Share offering was conducted through a combination of targeted placement to strategic investors, placement to qualified investors through offline price consultation process and subscription by public investors at a price fixed according to market value. The above proceeds were received on 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 SZSE and HK\$7.13 on the Hong Kong Stock Exchange.

As at June 30, 2023, the proceeds used by the Company in the first half of 2023 were RMB20.3428 million and the total proceeds used were RMB750.3944 million, and the unutilized proceeds were RMB875.0175 million (including net interest income of proceeds of RMB41.6351 million exclusive of bank charges and account management fees).

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

As at June 30, 2023, the actual use of A Share Proceeds of the Company was as follows:

Unit: RMB ten thousand

Year of Fundraising	Fundraising Method	Total Proceeds	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	Unutilized for Over Two Years
2021	Initial public offering	158,377.68	2,034.28	75,039.44	-	-	-	87,501.75	Deposited in the special account for the proceeds	-
Total		158,377.68	2,034.28	75,039.44	-	-	-	87,501.75		-

Overall Use of Proceeds

As at June 30, 2023, the proceeds from A Share offering used by the Company in the first half of 2023 were RMB20.3428 million and the total proceeds from A Share offering used were RMB750.3944 million, and the unutilized proceeds from A Share offering were RMB875.0175 million (including net interest income of proceeds from A Share offering of RMB41.6351 million exclusive of bank charges and account management fees).

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(2) Committed Projects Funded by Raised Proceeds from A Share Offering

Applicable Not applicable

Unit: RMB ten thousand

Committed Investment Project and Investment of Surplus Proceeds	Whether the Project was Changed (Including Partial Change)	Total Committed Investment of Raised Proceeds	Adjusted Total Investment ⁽¹⁾	Investment for the Reporting Period	Accumulated Investment as at the End of the Period ⁽²⁾	Investment Progress as at the End of the Period ^{(3)=(2)/(1)}	Date on Which the Project is Ready for its Intended Use	Benefits Generated during the Reporting Period	Accumulated Benefits Generated as at the End of the Reporting Period	Whether the Expected Benefits are Achieved	Whether There are Significant Changes in the Project Feasibility
Committed Investment Projects											
Digital Transformation, Research and Development Project	No	43,877.68	43,877.68	1,116.55	5,651.31	13%	July 2026	N/A	N/A	N/A	No
Project for Lighthouse Factory Upgrade and Construction	No	79,500.00	65,203.03	917.73	44,388.13	68%	December 2024	N/A	N/A	N/A	No
New Retail and Construction Project	No	10,000.00	-	-	-	-	Terminated	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	100%	N/A	N/A	N/A	N/A	No
Sub-total of committed investment projects	-	158,377.68	134,080.71	2,034.28	75,039.44	-	-	-	-	-	-
Investment of Surplus Proceeds											
N/A	-	-	-	-	-	-	-	-	-	-	-
Total	-	158,377.68	134,080.71	2,034.28	75,039.44	-	-	-	-	-	-

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Information on and reasons for the failure to get ready for the intended use or achieve expected benefits (by project) (including the reasons for selecting "N/A" with "Whether the Expected Benefits are Achieved")	
I.	<p data-bbox="193 1151 225 1543">Digital Transformation, Research and Development Project</p> <p data-bbox="240 288 730 1606">1. As at June 30, 2023, the sub-project of the digital transformation, research and development project, namely the "project for digital upgrade of core modules of semi-trailers," failed to progress as scheduled. The main reasons are as follows: with the full implementation of the External Dimensions, Axle Load and Quality Limit on Vehicles, Trailers and Trains (GB1589-2016), the domestic market demand for semi-trailers changed. Meanwhile, new energy transformation progresses rapidly in commercial vehicles. The design of semi-trailers needs to be comprehensively improved based on the matching performance of tractors, by matching the driving stability and braking efficiency of vehicles and optimizing the design of products in terms of air resistance reduction. Based on the current industrial development trend and in consideration of its development plan, the Company adjusted the product development direction. The Company will continue to orient research and development towards modularization of new-generation semi-trailer products, in consideration of the application of lightweight, Internet of Things technology, etc. The failure of the project to progress as scheduled is due to the time needed for product technology demonstration and integration, and the influence of the delay in supply from suppliers over the progress in the product development demonstration as a result of factors in the early stage. According to Article 6.3.4 of the Self-Regulatory Guidelines for Listed Companies of the Shenzhen Stock Exchange No. 2 – the Compliant Operation of Listed Companies of the ChiNext Market, the Company re-demonstrated the "project for digital upgrade of core modules of semi-trailers." In order to improve the efficiency of the use of the proceeds, maximize the interests of the shareholders of the Company, and avoid any loss of funds and resources, the project is no longer suitable for the current development plan of the Company. The Company has conducted a careful study and intends to terminate the implementation of the "project for digital upgrade of core modules of semi-trailers." This matter has been considered and approved at the seventh meeting of the second session of the Board of Directors for 2023 and the sixth meeting of the second session of the Supervisory Committee for 2023 held by the Company on August 23, 2023, and will be submitted to the shareholders' general meeting of the Company for consideration.</p> <p data-bbox="751 288 991 1606">2. As at June 30, 2023, the sub-project of the digital transformation, research and development project, namely the "project for digital upgrade of core modules of specialty vehicles truck bodies," failed to progress as scheduled. The main reasons are as follows: weak macro-economy and the slowdown in investment and construction of real estate and infrastructure in China resulted in a decline in the sales volume of dump trucks, mixer trucks, urban dump trucks and other products; According to the changes in market conditions, in terms of dump trucks and urban dump trucks, the Company will further develop U-shaped and V-shaped dump truck body product modules based on light-weight requirements of new energy transformation of vehicle bodies, and further optimize the integrated design of body chassis of commercial vehicle chassis manufacturers and the vehicle performance, and in terms of mixer trucks, the Company will orient research towards electric rotary drives of tanks and vehicle body operation safety inspection, etc. In the process of further overall planning for product technology upgrade and iteration, technical demonstration, test and verification work was difficult and time-consuming, resulting in the failure of the project to progress as scheduled.</p> <p data-bbox="1011 288 1208 1606">3. As at June 30, 2023, the sub-project of the digital transformation, research and development project, namely the "project for construction of the semi-trailer test center of CIMC Vehicles Group," failed to progress as scheduled. The main reasons are as follows: due to the impact of the economic downturn, the construction of the civil construction foundation of the project for construction of the semi-trailer test center was delayed. Meanwhile, due to the impact of objective factors, the delivery of the imported equipment was delayed. As a result, the planning for the simulation data management platform and the experimental data cloud platform, and the new planning for the parts/vehicle laboratory were delayed, resulting in the failure of the project to progress as scheduled.</p>

SECTION III 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) (including the reasons for selecting "N/A" with "Whether the Expected Benefits are Achieved")</p>	<p>The Company re-demonstrated the sub-projects of the digital transformation, research and development project, namely the "project for digital upgrade of core modules of specialty vehicles truck bodies" and the "project for construction of the semi-trailer test center of CIMC Vehicles Group":</p> <p>(I) Feasibility</p> <p>Since May 2020, relevant national policies have been issued one after another, providing policy support for the digital transformation of enterprises. After years of development, the Company has established modular research and development and design systems for semi-trailers, bodies of light and durable cement mixer trucks, bodies of environmentally-friendly urban dump trucks, and refrigerated van bodies, and explored ways and means for a digital and technical upgrade of semi-trailer products and modules. Meanwhile, the Company's existing technical team can provide personnel support for the implementation of the projects.</p>
<p>(II) Necessity</p> <p>The Company has a leading position due to its long-term competitive advantage in "global operation." At present, as the global supply chain is strained, the pursuit of lightweight, reliability and specialty vehicles' high performance is the technological development trend of semi-trailers and specialty vehicles. With the development of new technologies and new infrastructure, digital transformation of the Company's existing operation system is required. In order to conform to the development trend of the industry, the Company needs to enhance the competitiveness of the new-generation products through digital upgrade of its core product modules and digital transformation and research and development innovation.</p>	<p>(III) Conclusions of the re-demonstration</p> <p>The Company believes that it is necessary and feasible to invest in the sub-projects of the digital transformation, research and development project, namely the "project for digital upgrade of core modules of specialty vehicles truck bodies" and the "project for construction of the semi-trailer test center of CIMC Vehicles Group," which are in line with the Company's strategic plan, and the Company will continue to implement the above projects. The Company will pay close attention to relevant environmental changes and make timely arrangements for the proceeds-funded projects.</p>

SECTION III 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) (including the reasons for selecting "N/A" with "Whether the Expected Benefits are Achieved")</p>	<p>II. Light Tower Plant Upgrade and Construction Project and New Retail Construction Project</p> <p>During the Reporting Period, the Company convened the fourth meeting of the second session of the Board of Directors for 2023 and the third meeting of the second session of the Supervisory Committee for 2023 on March 27, 2023, which considered and approved the Resolution on Re-demonstration and Termination of A Share Proceeds-funded Projects and the Resolution on Re-demonstration and Extension of the Terms of A Share Proceeds-funded Projects, authorizing the Company to terminate the sub-projects of the Light Tower Plant upgrade and construction project, namely the "project for upgrade and technology transformation of coating lines", the "project for digital upgrade of semi-trailers of Yangzhou Tonghua", and the new retail construction project, based on the actual situation of the A Share proceeds-funded projects; and to extend the periods of the sub-projects of the Light Tower Plant upgrade and construction project, namely "CIMC intelligent logistics equipment project (phase I)", "annual production of 50,000 sets of travelling mechanism products (axle plus suspension project)" and the "project for upgrade and technical transformation of production lines of refrigerated and intelligent distribution vehicles"; and to extend the dates of getting ready for intended use to December 31, 2023, December 31, 2024, and April 30, 2024.</p>
<p>Description of significant changes in the project feasibility</p>	<p>During the Reporting Period, the Company convened the fourth meeting of the second session of the Board of Directors for 2023 and the third meeting of the second session of the Supervisory Committee for 2023 on March 27, 2023, which considered and approved the Resolution on Re-demonstration and Termination of A Share Proceeds-funded Projects and the Resolution on Re-demonstration and Extension of the Terms of A Share Proceeds-funded Projects, authorizing the Company to terminate the sub-projects of the Light Tower Plant upgrade and construction project, namely the "project for upgrade and technology transformation of coating lines", the "project for digital upgrade of semi-trailers of Yangzhou Tonghua", and the new retail construction project; and to extend the periods of the sub-projects of the Light Tower Plant upgrade and construction project, namely "CIMC intelligent logistics equipment project (phase I)", "annual production of 50,000 sets of travelling mechanism products (axle plus suspension project)" and the "project for upgrade and technical transformation of production lines of refrigerated and intelligent distribution vehicles"; and to extend the dates of getting ready for intended use to December 31, 2023, December 31, 2024, and April 30, 2024.</p>
<p>Amount, use and progress in the use of surplus proceeds</p>	<p>N/A</p>

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Change of location of the raised proceeds-funded projects	During the Reporting Period, there is no change in the location of the raised proceeds-funded projects of the Company.
Adjustments to the implementation method of the raised proceeds-funded projects	During the Reporting Period, there is no change in the implementation method of the raised proceeds-funded projects of the Company.
Initial investments and fund replacements in raised proceeds-funded projects	On August 25, 2021, the Company held the tenth meeting of the board of directors for 2021 and the fourth meeting of the first session of the supervisory committee for 2021, which considered and approved the Resolution on Replacement of Self-raised Funds Invested in the Raised Proceeds-funded Projects and Used to Cover the Issue Expenses in Advance with Raised Proceeds from A Share Offering, authorizing the Company to replace the self-raised funds totaling RMB326.2496 million invested in the proceeds-funded projects and used to cover the issue expenses in advance, with the raised proceeds from A Share offering. The issue expenses of RMB41.4293 million (exclusive of value-added tax) were paid by the Company out of its self-raised funds in advance, while RMB284.8203 million of the self-raised funds was invested in the A Share proceeds-funded projects in advance.
Use of unutilized raised proceeds for temporary replenishment of working capital	During the Reporting Period, there are no unutilized raised proceeds used for temporary replenishment of working capital.
Amount of and reasons for the remaining balance of raised proceeds after the implementation of the project	As of June 30, 2023, the raised proceeds of the Company are still in the progress of investing, and therefore the remaining balance of raised proceeds is not available.
Proposed use and investment of the unutilized raised proceeds	As of June 30, 2023, the unutilized raised proceeds of the Company were deposited in the special account for raised proceeds in demand deposits, with a balance of RMB875.0175 million (including net interest income of raised proceeds exclusive of bank charges and account management fees).
Problems or other matters in the use and disclosure of the raised proceeds	On August 25, 2022, the Company held the seventh meeting of the second session of the Board for 2022 and the fifth meeting of the second session of the Supervisory Committee for 2022, and reviewed and approved the Proposal on Using Part of the Idle Proceeds from A Shares for Cash Management, it was agreed that on the premise of not affecting the construction of the investment projects of the proceeds from A Shares and the use of the proceeds and effectively controlling the risks, the Company and its subsidiaries intend to use part of the unutilized proceeds from A Shares not exceeding RMB950.00 million (inclusive) for cash management, which will be used to purchase products that meet the requirements of high security and good liquidity, including agreed deposits, large certificates of deposit and capital preservation bank wealth management products. The term of a single investment product shall not exceed 12 months and the use period shall be valid for 12 months from the date of consideration and approval by the board of directors of the Company. Within the above quota and period of use, the funds can be used on a rolling basis, and the board of directors authorizes the CEO and President of the Company and their authorized officers to exercise decision-making authority and sign relevant contractual documents. The independent directors expressed their consents and performed the necessary procedures. As at June 30, 2023, the balance of the Company's agreed deposit account was RMB74.9266 million, which did not exceed the deliberation limit and validity period of the board of directors and the board of supervisors of the Company regarding the use of some of the idle proceeds from A Shares for cash management.

Note: *Economic benefits shall be calculated based on "net profit" other than indicators such as "revenue" and "operating profit."*

(3) Change of Projects Funded by Raised Proceeds from A Share Offering

Applicable Not applicable

There was no change to the projects funded by raised proceeds from A Share Offering of the Company during the Reporting Period.

(4) Use of Raised Proceeds from H Share Offering

Since the Listing Date of H Shares, the H Shares has been listed on the main board of the Hong Kong Stock Exchange. The Company offered 265,000,000 H Shares in total in the Global Offering. After reducing underwriting commissions and expenses in relation to the Global Offering, the net proceeds from the H Share offering amounted to approximately HK\$1,591.3 million. The nominal value of H Shares is RMB1.00 per share.

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

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

As at January 1, 2023, net proceeds from H Share offering carried forward from last year by the Company amounted to approximately HK\$79.3 million. The use of the net proceeds from the H Share offering and its utilization as of June 30, 2023, which are intended to be utilized in the next five years after the Listing Date of H Shares, are as follows:

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

SECTION III 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 retail 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.

6. **Entrusted Wealth Management, Investment in Derivatives and Entrusted Loans**

(1) **Entrusted Wealth Management**

Applicable Not applicable

During the Reporting Period, there was no entrusted wealth management.

(2) **Derivative investment**

Applicable Not applicable

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

Applicable Not applicable

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Unit: RMB ten thousand

Type of Derivatives	Initial Investment Amount	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	Amount as at the End of the Reporting Period	Investment Amount as at the End of the Reporting Period as a Percentage of Net Assets as at the End of the Reporting Period
Foreign exchange forward contract	33,569.37	-2,260.40	0	0	0	64,682.46	4.34%
Total	33,569.37	-2,260.40	0	0	0	64,682.46	4.34%

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

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

Description of actual profit or loss for the Reporting Period

The gains or losses on changes in fair value of the Group's derivative financial instruments in the first half of 2023 was RMB-22,604.00 million.

Description of hedging effect

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

Sources of derivative investment funds

Own funds

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

As at June 30, 2023, the derivative financial instruments held by the Group were foreign exchange forward contracts. The exposure to foreign currency forwards related to the exchange rate market risk and the certainty of the Group's future cash flows from foreign currency revenue. The Group's control measures for derivative financial instruments are mainly reflected in the following: The Group carried out prudent selection and determination of the types and quantities of derivative financial instruments, and only used foreign exchange forward contracts to hedge exchange rate risk; For derivative transactions, the Group developed strict and standardized internal approval systems and business operation processes, and defined approval and authorization procedures for relevant levels, so as to facilitate the control of relevant risks.

The gains or losses on changes in fair value of the Group's derivative financial instruments in the first half of 2023 was RMB-22.6040 million. The fair value of the Group's derivative financial instruments is determined according to the market quotation of external financial institutions.

Not applicable
February 21, 2023

None

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

② Derivative investment for speculation purposes during the Reporting Period

Applicable Not applicable

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

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

(3) **Entrusted Loans**

Applicable Not applicable

During the Reporting Period, there was no entrusted loan.

VII. DISPOSAL OF SUBSTANTIAL ASSETS AND EQUITY INTERESTS

1. Disposal of Substantial Assets

Applicable Not applicable

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

2. Disposal of Substantial Equity Interests

Applicable Not applicable

Counterparty	Equity Interests Disposed of	Date of Disposal	Transaction Price (RMB'0,000)	Net Profit of the Company from Disposal of Equity Interests from the Beginning of the Period to the Date of Disposal (RMB'0,000)	Impact of Disposal on the Company	Percentage of the Total Net Profit Interests as a	Pricing Principle for Disposal of Equity Interests	Is it a Related Party Transaction	Relationship with the Counterparty	Equity Interests Involved	Have All Been Transferred	Measures Taken by the Company	Date of Disclosure	Disclosure Index
CIMC Group	100% equity interests in Shenzhen CIMC Special Vehicle	April 3, 2023	131,699.86	-4,182.58	The transaction is in line with the Company's future strategic planning, which will facilitate the supply-side structural reform promoted by the Company and enhance the quality and efficiency of the Company's operation. The transaction will not have any adverse impact on the financial status, operating results, future main business and sustainable operating capabilities of the Company, nor will it harm the interests of the Company and its Shareholders as a whole.	44.82%	Based on the appraised value and taking into account commercial reasons, installment payments and other factors, the specific price is determined by both parties through negotiation.	Yes	Controlling shareholder of the Company	Yes	Yes	Yes	February 6, 2023	For details, please refer to the Announcement on Transfer of Equity in Wholly-owned Subsidiary and Connected/Related Party Transactions disclosed on the website of Chinifo at http://www.chinifo.com.cn/ .

VIII. ANALYSIS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES

Applicable Not applicable

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

Unit: RMB

Company Name	Company Type	Principal Activities	Registered Capital	Total Assets	Net Assets	Revenue	Operating Profits	Net Profits
Dee Siam Manufacturing Co., Ltd. (formerly named as CIMC VEHICLE (THAILAND) CO., LTD)	Subsidiary	Manufacturing of road transport vehicles and provision of relevant services	Thai Baht: 260,000,000	789,139,694.06	588,772,745.35	464,228,994.11	144,039,558.84	122,242,585.54
VANGUARDATIONAL TRAILER CORPORATION	Subsidiary	Manufacturing and sale of dry van trucks	USD: 10	2,432,582,607.06	1,425,812,960.68	2,692,724,433.39	537,953,039.65	400,737,598.35
CIMC Reefer Trailer Inc	Subsidiary	Manufacturing of transport vehicles and provision of relevant services	USD: 10	1,511,864,574.92	626,320,590.15	1,620,616,842.83	305,456,768.74	227,669,947.47
CIMC Intermodal Equipment, LLC	Subsidiary	Manufacturing of transport vehicles and provision of relevant services	USD: 10,000,000	861,659,829.64	458,810,784.88	1,390,322,662.90	213,894,972.65	150,795,955.73
Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd.	Subsidiary	Manufacturing and sale of trailers, semi-trailers and specialty vehicles	RMB: 434,300,750	3,311,496,794.80	1,150,198,011.14	1,556,288,742.98	76,419,616.96	66,457,654.50
Wuhu CIMC Ruijiang Automobile Co., Ltd.	Subsidiary	Development, manufacturing and sale of various types of specialty vehicles, general mechanical products and metal structural parts	RMB: 348,177,160.79	1,524,474,757.33	626,969,590.82	1,067,433,292.84	38,069,506.41	34,437,741.03
CIMC Vehicle Investment Holding Co., Ltd.	Subsidiary	Investment holding	USD: 5	3,868,561,462.95	3,548,640,726.92	-	357,625,819.61	284,176,928.22
CIMC Vehicles UK Limited	Subsidiary	Manufacturing and sale of semi-trailers	Pound: 100	1,624,538,504.20	882,655,299.20	1,105,337,099.31	72,344,413.28	61,047,965.79
CIMC Vehicle Europe Cooperatief U.A.	Subsidiary	Manufacturing of transport vehicles and provision of relevant services	USD: 5	1,353,145,672.86	1,161,190,237.61	516,568,276.62	12,588,674.51	7,927,101.27
CIMC REFRIGERATED TRAILER CO., LTD.	Subsidiary	Manufacturing of transport vehicles and provision of relevant services	CAD: 0.1	508,228,639.10	181,784,016.80	431,618,197.67	114,468,169.63	84,134,104.43

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Details on acquisition and disposal of subsidiaries during the Reporting Period

Applicable Not applicable

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

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Description of principal subsidiaries and investee companies

During the Reporting Period, as the North American Business of the Company captured market opportunities arising from the sustained inflation and the shortage of supply chains in the United States and undertook the growth trend in the second half of 2022, the net profit of subsidiaries VANGUARD NATIONAL TRAILER CORPORATION, CIMC Reefer Trailer Inc, CIMC Intermodal Equipment, LLC and Dee Siam Manufacturing Co., Ltd. increased by 226%, 622%, 691% and 138% year on year respectively.

IX. STRUCTURED ENTITIES CONTROLLED BY THE COMPANY

Applicable Not applicable

X. RISK EXPOSURES OF THE COMPANY AND RESPONSIVE INITIATIVES

1. Macroeconomic fluctuation and industry cyclicity risks

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

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

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

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

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

3. Risks of overseas investment and intercontinental operation

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.

Responsive Initiatives: The Company actively promotes the strategic transformation of "Intercontinental Operation, Local Manufacturing" and will further increase its support for the six major businesses or groups, 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 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.

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

5. Risks of research and development, and innovation

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

Responsive Initiatives: The Company has always attached great importance to the role of technology research and development in driving its business development. 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. Meanwhile, in order to continuously improve its independent innovation capability and realize innovation-driven development, the Company has established relevant systems and policies that enable the Company to maintain its sustainable innovation capability, and has maintained a pool of core talents and trained core talents according to the needs of its strategic development.

6. Risk from environmental protection policies

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

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

XI. FUTURE PROSPECTS AND STRATEGIES

1. Changes in the macro situation and industry landscape

Looking forward to the second half of 2023, the global economy still faces a number of risks and uncertainties, and will be affected by risks including the decline pace of inflation, the duration of high interest rates, global debt crisis, trade protectionism and the escalation of geopolitical conflicts. The global economic momentum has weakened due to fading demand resilience. With the structural adjustment of the industrial chain and the economic slowdown in Europe and the United States, the global manufacturing industry may enter a downward cycle.

The Chinese macro economy is expected to maintain an upward trend in the first half of 2023. Under the new development paradigm featuring the domestic circulation and the international circulation, the commercial vehicles in China are expected to usher in an upward cycle and make steady progress in the global automobile industry benefiting from favorable factors such as the economic recovery, construction of infrastructure, recovery of logistics and high export growth.

Semi-trailers in the Chinese market

In the second half of 2023, the transportation industry of China will continue to recover, and logistics freight volume is expected to continue to rise, and the semi-trailer market will usher in a new pattern featuring continuous recovery, supply-side reform and accelerated concentration of top effect.

In May 2023, the National Technical Committee of Auto Standardization issued the “Letter on Conducting Research on the Implementation of GB7258-2017 and GB1589-2016 Standards and Revision Requirements”, which will guide the direction of the upgrading of semi-trailer vehicle technologies and promote the improvement of transportation efficiency and safety.

With the further orderly regulation of the domestic semi-trailer market, the reduction of overrun and overload and the iterative upgrade of products, the implementation of multi-modal transport, the drop and pull transport model and the trailer rental model will drive the semi-trailer industry of China into a new stage featuring compliant, standard, intelligent, electric and lightweight products.

Semi-trailers in overseas markets

In the second half of 2023, due to the increasing downward pressure on the macro economy, slow economic expansion, weak freight volume and the gradual decline in the pressed demand for logistics equipment in the United States, the North American semi-trailer market will stand at a turning point.

As the European economy faces the continuous impact of geopolitical conflicts and energy crisis, the transportation demand for logistics is under pressure. There are still challenges in the European semi-trailer market, and semi-trailer manufacturers with stable supply chain support systems will gain competitive advantages.

With the surging internal and external demand in emerging markets, the promotion of Belt and Road Initiative and the full expansion of the “going global” strategy for China’s commercial vehicles, the semi-trailers in emerging markets have vast space for high growth.

Specialty vehicles in the Chinese market

In the second half of 2023, the Chinese government will accelerate the implementation of major projects during the 14th Five-Year Plan, and implement urban upgrading actions to promote the high-quality urban development. The specialty vehicle market of China is expected to unleash demand with the construction of new infrastructure. Due to the continuous intensification of regulating over-limit and overload, the development of products towards standardization and lightweight, and the weakening impact by the shift of emission standards, it is expected that the specialty vehicle market of China will speed up recovery and that the sophisticated manufacturing will undergo accelerate the transformation and upgrading.

Meanwhile, as China promotes electric specialty vehicles, the penetration rate of new energy products is increasing, and the new energy specialty vehicles show promising development prospects in terms of intelligent driving, safety, cost reduction and efficiency improvement.

Lightweight van trucks in China

With the strict implementation of new regulations on “labeling tonnage in less tons” and blue-plate lightweight trucks, the lightweight truck market is accelerating the transformation towards compliance and standardization. There are opportunities in the lightweight truck market from the accelerated upgrading and replacement of diesel vehicles in China IV standards. As China implemented a series of policies to promote consumption and expand domestic demand, the active consumption in urban scenarios will stimulate the demand for compliant lightweight van trucks.

China continues to introduce policies to support the development of new energy lightweight trucks, so that new energy lightweight trucks in China have a blue ocean market and are expected to become a major driving force in the new round of development.

2. Development strategy of the Company

Starting a business for the third venture in high spirit toward promising future

Profound changes unseen in a century are accelerating across the world, and China has embarked on a new journey for fully building a modern socialist country. As China ushers in a new economic development stage transforming from high-speed growth to high-quality development and faces a complex and severe international environment and the arduous task of carrying out domestic reform, the Company has always maintained its strategic focus, insisted on making progress while maintaining stability, implemented new development concepts in a complete, accurate and comprehensive manner, accelerated the construction of a new development pattern, and promoted high-quality development.

Over the past 20 years, the Company has made concerted efforts to start the first venture featuring “earth breaking” and for the second venture featuring “intercontinental operation” relying on audacious and innovative strategic design and planning as well as targeted deployment and effective execution. Under the new development pattern of “dual circulation”, in which domestic and foreign markets reinforce each other, with the domestic market as the mainstay, the Company fully started a business for the third venture in high spirit toward a promising future, and strove to build an innovative and entrepreneurial platform that supports new energy tractors and trailers and provides integrated solutions for the transformation of traditional tractors and trailers.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Those who work will succeed, and those who walk will arrive at their destination. In the journey of starting a business for the third venture, the Company will move ahead against winds and waves and implement a panoramic exploration. The Company will make efficient arrangements for the “Star-chained Manufacturing Network” to build a benchmark for the supply-side reform of the domestic semi-trailer industry; deepen the construction of the “2023 Light Tower Manufacturing Network” to realize specialized production; deepen the continuous empowerment by “Sophisticated Manufacturing System” and “New Management Infrastructure” and efficiently implement business strategies; accelerate the presence in the new energy sector and innovative products and business models; launch the “Deep Space Exploration Plan” to build a new business pattern for North America Business; and promote the “Champion Tanker Growth Program” to establish a unified operation of tankers under the guidance of the strategy.

Looking forward to the future, the Company will pool resources to promote all businesses under the “National Unified Market for Commercial Vehicle and Specialty Vehicles”, and enter the new energy commercial vehicle industry with innovative technology and business models. Meanwhile, the Company will rely on innovation to drive endogenous growth and achieve a steady improvement in the operation quality of six major businesses or groups, so as to promote the high-quality development of the road transportation equipment industry as well as contribute to the construction of Chinese modernization.

Firstly, making efficient arrangements for the “Star-chained Manufacturing Network” to build a benchmark for the supply-side reform of the domestic semi-trailer industry

The Company has effectively deployed the “Star-chained Manufacturing Network”, and established the domestic semi-trailer business group consisting of “LTP Production Centers Organization for CIMC Star Chain Semi-trailer”, “CIMC Light Tower Semi-trailer Business Group” and “Tonghua Pioneer Semi-trailer Business Group”. Through the integration of production and manufacturing resources, the business group has achieved a leapfrog improvement in market share, sales and profits, and become a benchmark for the supply-side reform of the domestic semi-trailer industry, a model of high-quality development and a paradigm of dual-wheel drive.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

The “Star-chained Manufacturing Network” is efficiently promoted based on unique advantages of the Company. Firstly, as the only semi-trailer manufacturer with production qualifications in many cities nationwide, the Company can legally promote production and supply-side reforms. Secondly, the whole product line of the Company can provide customers with coordinated sales covering different application scenarios to meet their diversified needs. Thirdly, the Company deepened its strategic layout of tractor and trailer integration, rapidly expanded the dealer network with the help of tractor manufacturers to enhance the sales of modular products, and achieved cost reduction and efficiency increase by virtue of the scale economy. Meanwhile, the successful modular production and operation experience of the Company in North America and Europe can be used to establish domestic business models, and the dual-wheel drive of domestic and overseas markets will accelerate the implementation of the “Star-chained Manufacturing Network”.

The “Star-chained Manufacturing Network” will promote the changes of end-to-end business models in the domestic semi-trailer business, which focuses on three semi-trailer products and integrates the procurement (LTS), production (LTP), circulation (LTL), manufacturing (LoM) and distribution (sales channels) resources of seven domestic semi-trailer plants. It will also promote continuous cost reduction and steady improvement in the price competitiveness, shorten the cycle of product delivery, enhance mass delivery capacity relying on modular inventory, launch integrated tractor and trailer products, promote the sales of new vehicles, and expand the second-hand car business.

Currently, the Company has completed the top-level planning and the adjustment of organizational structure of “Star-chained Manufacturing Network”, successfully established the business group, verified the business model, and defined high-level goals. In the next stage, the “Star-chained Manufacturing Network” will refine the organizational design to ensure the implementation of the organization, solidify the “6+4” core processes to ensure the smooth operation of key business processes, and establish a transformation office mechanism with focus on the Promotion Committee of Star-chained Manufacturing Network to form a normal work mechanism for promoting transformation in the next two to three years.

Secondly, deepening the construction of the “2023 Light Tower Manufacturing Network” to realize specialized production

In the new development stage of starting a business for the third venture, the Company will deepen the construction of the “2023 Light Tower Manufacturing Network”, build the “Light Tower Manufacturing Network” for Champion tankers, the Star Chain “Semi-trailer Light Tower Manufacturing Network” and the “TB Light Tower Manufacturing Network”, so as to achieve the decoupling and reshaping of LTP and LoM, realize specialized production and enhance the scale effect.

The construction of the “Light Tower Manufacturing Network” for Champion tankers will promote the decoupling and reshaping of the production organization of concrete mixer trucks, liquid tank trailers and dry bulk tank trailers, ensure the smooth operation of the internal chain of the business group to form group advantages, and realize specialized production to promote the development of Champion Tanker Business Group. The construction of the Star Chain “Semi-trailer Light Tower Manufacturing Network” will complete the structural reform of the production organizations of seven domestic semi-trailer manufacturers, and promote the growth of the Light Tower Pioneer Business Group. The construction of the “TB Light Tower Manufacturing Network” will establish LTP production centers + auxiliary warehouses + LoM manufacturing plants.

Thirdly, deepening the continuous empowerment by the Sophisticated Manufacturing System and efficiently implementing business strategies

- (1) Promoting the iteration of specialized product modules to lead the technological development of the industry (DE)

Relying on the Sophisticated Manufacturing System and modular products and processes, DE can optimize the “Light Tower Manufacturing Network” system, promote the complementary advantages and efficient collaboration among business groups, and provide the global semi-trailer users with products, technologies and services of higher quality. Meanwhile, DE will continue to carry out projects with focus on lightweight, specialized and new energy products, and promote iterative optimization of product modules, so as to create profit space for customers and the Company.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

With the implementation of “Star-chained Manufacturing Network”, the modular DE under the Sophisticated Manufacturing System will be iterated to modular DE products under the “Star-chained Manufacturing Network”. In line with the structural reform of semi-trailer production organizations in China, DE will leverage the PLM system digital platform to develop standard Star-chained modular products as well as product series that is more suitable to Star-chained “LTP + LoM” and LTL “Light Tower” distribution network, thus providing platform-based unified modular products in all LTP plants under the “Star-chained Manufacturing Network” and effectively boosting the “Star-chained Manufacturing Network”.

- (2) Upgrading Star-chained production and manufacturing lines to build a benchmark for high-end manufacturing (ME)

ME will upgrade the Sophisticated Manufacturing System to the “Star-chained Manufacturing Network”, vigorously promote the structural reform of production organizations, optimize the manufacturing process and technology, accelerate the layout of LTP + LoM production models, and improve the construction of the “Light Tower Manufacturing Network”.

In terms of semi-trailers, ME will rely on the construction of Star-chained LTP and LoM production lines, fully improve the automated and paced production and manufacturing of modular products, and build production lines and processes suitable for the production models of “Star-chained Manufacturing Network” to empower modular production. Star-chained LTP will build intelligent Star-chained LTP production lines in Dongguan, Yangzhou, Zhumadian and other places to fully upgrade the automated production equipment. Star-chained LoM will build a number of high-efficient LoM production lines, iterate the assembly process in line with unified standards and the assembly models of modular products, and promote the supply chain management and centralized procurement relying on the unified EPS procurement platform, so as to reduce the man-hours of semi-trailer assembly and the costs of core components.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In terms of truck bodies for specialty vehicles and van truck bodies, ME has expanded the application of new adhesive materials, and developed foam hot-melt adhesive products that can significantly increase the bonding strength between the body foam and skin by 30%. The frame fully adopted environment-friendly coating processes to better protect the environment in the product processes. In addition, in order to better meet the market demand, the Company has successfully developed the foaming technology for reinforced glass skin to enhance the applicability of open foaming process, which has been applied in the top plate of van truck body in small batches.

- (3) Expanding the reach of new retail nationwide to form network and scale effect (NR)

Since the launch of the “Star-chained Manufacturing Network”, the Company has deepened the transformation of new retail, took the lead in the exploration of end-to-end business models in the domestic semi-trailer business, and made solid efforts in the front-line market to quickly responded to the needs of customers, thus retail breakthroughs in the overall market share of the Company.

The Company provided end customer experience based on the “Sanhao Development Center” and “Pioneer Center”, and improved the new retail network. Through in-depth joint retail with tractor manufacturers and under the guidance of “innovation as driving force, and high-quality supply”, the Company upgraded its sales models and transitioned to integrated vehicle products and services, thus providing one-stop solutions to meet their purchase needs and further creating new demand and driving force of commercial vehicles.

Since the establishment of the first “Sanhao Development Center” in Xi’an in December 2022, the Company gradually expanded its coverage. Currently, the Company has successively established and put into operation “Sanhao Development Center” in Dongguan, Guangzhou, Nanning, Zhengzhou, Kunming, Chengdu, Fuyang and other places. Meanwhile, the Company has successively completed “Pioneer Center” mainly in Yingkou, Tangshan and Changchun, indicating that the Company has fully kick-off its strategic layout of deepening segment markets nationwide.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

- (4) Establishing the top-level design of “2023 Organizational Development” (OD) with sound overall planning

The Company will carry out the organizational construction and reform of the “Star-chained Manufacturing Network”; promote the overall top-level design, and establish the Promotion Committee of Star-chained Manufacturing Network and eight professional sub-committees, which aim to reshape the business models and promote the decoupling and optimization of the organization. In addition, the business groups and LTP production centers under the “Star-chained Manufacturing Network” has sorted out six core processes and four key business processes to ensure that the new organizational models can meet business needs.

Talent is the most important resource to realize the high quality development. In order to build a work platform of sophisticated manufacturing system and new management infrastructure, the Company initiated the “2025 Technical Talent” cultivation project, promoted the “Advanced Leadership Training Program” and “Employee Stock Ownership Plan”, and established the “Professionalized MBA Organization” and “Organization Development Promotion Committee”. The Company actively promoted the iterative upgrade of the senior management, and has established the triangle leading team for the intercontinental operation in the course of starting a business for the third venture. Meanwhile, the Company also gradually upgraded its governance structure in line with the iterative upgrade of the senior management, so as to gradually enhance the corporate governance of the Company.

- (5) Promoting unified standards and organizational upgrade (EPS) leveraging the core role of the hub

During the Reporting Period, the EPS unified portal platform was integrated with the ERP system of pilot enterprises, which can be applied in the whole process from the procurement strategies of regular procurement business to the procurement execution of the EPS platform supply chain. It can also quickly optimize and iterate functions based on the needs for improvement, thus achieving accurate connection and efficient collaboration on the EPS platform among internal organizations at all levels and between the procurement and external suppliers. As of the end of the Reporting Period, the platform provided the online shared management for more than 1,300 suppliers, with stable growth in the proportion of centralized procurement.

As a core hub, the EPS platform will continue to support the deployment of the “Star-chained Manufacturing Network.” Relying on the organizational restructuring and standard LTS processes, the Company further promoted the unification of standards, enhanced the proportion of centralized procurement, and deeply tapped the value of procurement.

In the future, the EPS platform will support the implementation of the “Star-chained Manufacturing Network,” promote organizational upgrade, better match the business processes with the material flow, prioritize the complementary system functions, and implement measures for quick success.

Fourthly, deepening New Management Infrastructure and establishing a long-term incentive mechanism for starting a business for the third venture

As an important driving force for the Company to implement its business strategy, the New Management Infrastructure will promote the iteration of the MBA Promotion Committee, help the Company realize the digital and mobile financial management, and enhance the operating efficiency of the Company’s financial system in terms of funds, budgets and statements.

Budget 2020 is an important cornerstone of the New Management Infrastructure of the Company, and with the BI system as the carrier, the Company can remove barriers in the data flow of “vehicle headquarters – business group – enterprise,” regulate the underlying data logic, and build a digital “data middle platform.” Money 2021 will establish the “treasury system” of the Company in addition to the existing digital capital system and the RMB + FT cross-border dual capital pool, explore the online electronic settlement platform for connected transactions, and strengthen the risk prevention of overseas funds. Accounting 2022 will focus on improving the quality of statements of overseas companies, and promote the data quality governance and digital upgrade of accounting. Performance 2020 will gradually solidify the system foundations via the trial of process, and further optimize the KPI management system. Reward 2022 will focus on long-term incentives, continuously cultivate and develop core talents to promote high-quality development and empower the course of starting a business for the third venture. After three years of iteration, the Company has improved the accuracy of budgets and significantly shortened the cycle of consolidated statements.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In addition, the Company will establish a long-term incentive mechanism for starting a business for the third venture, and provide incentives to and retain high-level and middle-level management and employees who play a key role in the course of starting a business for the third venture. While promoting the high-quality development, the Company will establish a joint mechanism of shared responsibilities and benefits in the spirit of “hardworking individuals” and “aggressive teams”; diversify incentive models and methods, optimize the remuneration incentive system, and gradually move towards security-based remuneration.

Fifthly, actively exploring the new energy sector, and relying on innovation to drive endogenous growth

Since the launch of starting a business for the third venture, the Company has intensified the in-depth exploration of the new energy sector, actively promoted the development and innovation of new energy and intelligent products, and become an important player among the new forces of commercial vehicle manufacturing.

In terms of semi-trailers, the Company has a full knowledge of business scenarios of commercial vehicles and is capable to define products. The Company started the definition and pre-research of the integration of new energy tractors and trailers, which are progressing in line with the expected research and development schedule. The project team has established a preliminary structure of EV-RT platform, completed the design, trial production and test calibration of prototype vehicle, achieved the communication between tractor and trailer, auxiliary trailer drive and energy recovery, and made exploration and breakthroughs in the coordinated control over driving force and braking force of tractors and trailers. The Company promotes the concept of modular production for new energy products, and incorporates scenario-based modules based on the new energy tractors and trailers, with a view to gaining the first-mover advantage in the electric semi-trailers, overtaking in a different road, and promoting the reform of the industry.

In terms of specialty vehicles, the Company launched pure electric mining trucks with long endurance mileage, and developed various new energy concrete mixer truck products with battery charging and swapping, to greatly reduce the self-weights of the vehicles and improve the economy of use by customers.

In terms of refrigerated van bodies, the Company actively cooperates with tractor manufacturers to develop new energy refrigerated truck products.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In terms of intelligence, the Company will continue to strengthen the research and development of intelligent products and enhance the overall competitiveness of products. The Company actively expanded new business scenarios, and developed a 360-view solution to cope with the pain points of driving safety and limited vision of liquid tank trailers. In addition, the Company upgraded the function of the data collection box, and developed a solution with a high-concurrency, high-frequency and mass of data to monitor the real-time driving status, which can collect, process and upload to the cloud the real-time data of refrigerated vans including the accelerated speed, load, temperature and humidity. The real data of vehicle from the high-performance cloud computing will lay a solid foundation for subsequent data mining and big data computing.

The Company has established close cooperation with end customers relying on its advantages in various scenarios, and has formed an industrial chain layout integrating technology, business and investment as well as an innovative business model. The Company will actively develop an innovative platform that supports new energy tractors and trailers and provides integrated solutions for the transformation of traditional tractors and trailers.

Sixthly, achieving transformation and unified operation, implementing the “Deep Space Exploration Plan”, and promoting the “Champion Tanker Growth Program”

In the past few years, the Company has promoted the orderly transformation of production organizations and the reshaping of the central organization, and optimized the production and manufacturing layout under the “intercontinental operation, local manufacturing” strategy. In particular, despite the headwinds in the global trend, the Company has completed the transformation and upgrading of Dongguan Plant in China, and developed it as an LTP production center under the domestic semi-trailer business group to transfer the original production capacity to the domestic market. Meanwhile, the Company has completed the construction of a LTP production center in Thailand, and placed its high-end manufacturing capacity to North America and other overseas markets. The transformation and reform of production organizations will provide the internal momentum for business growth and long-term development.

In the future, the Company will fully implement the “Deep Space Exploration Plan”, and build the “Light Tower Manufacturing Network” in North America. The Company will establish a new paradigm for business development in North American relying on the sharing of resources and channels, innovative sales of product portfolios under the multimodal transport business, the control over the supply chain of key OE components and the establishment of LoM manufacturing plant in North American.

The Company will promote the “Champion Tanker Growth Program” to enhance its competitive advantage and increase its market share. Under the Champion Tanker Business Group, the tank trailer business will be transformed from the decentralized operation to the unified operation for the long-term development.

Seventhly, increasing the application of digital technologies in the research and development of new energy commercial vehicle products

The Company relies on digital transformation and innovation to drive endogenous growth. Under the background of starting a business for the third venture, the Company has increased the application of digital technologies in the research and development of new management infrastructure and new energy commercial vehicle products.

Based on the AMESIM system simulation platform, the digital team can analyze the hybrid power platform, pure electric platform and fuel cell-based powertrain platform of the integrated new energy tractor and trailer, and make a full exploration of relevant key technologies including energy control strategy, traction-braking force control strategy and new traction and connection system.

In addition, based on the SDM product performance simulation and analysis platform, the Company can verify the performance of main products under the “Star-chained Manufacturing Network” using cloud computing technology, focus on the core technical indicators of products including light weight and long life, and conduct the whole-process evaluation of digital performance from the conceptual design to detailed design and then to production and manufacturing, so as to ensure the quality of product delivery.

3. Business plan for the second half of 2023

(1) Light Tower Pioneer Business Group

The Company will build a new development pattern for the domestic semi-trailers, implement the “Star-chained Manufacturing Network”, and promote the structural reform of production organizations of the domestic semi-trailers. Through integrating the resources of seven semi-trailer plants, the Company will achieve a leapfrog improvement in market share, sales and profits, and become a benchmark for the supply-side reform, a model of high-quality development and a paradigm of dual-wheel drive.

The Light Tower Pioneer Business Group will vigorously develop business in emerging markets, capture development opportunities from strong demand, and continuously achieve sound business growth in emerging markets.

(2) North American Business

In the second half of 2023, due to the increasing downward pressure on the macro economy and the gradual decline in the pressed demand for logistics equipment in the United States, its local supply and demand will be balanced. The North American Business will optimize the product delivery cycle, accelerate the modular upgrades of products, reduce costs and increase efficiency through internal and external synergy, and adjust the LTP + LoM operation plan to cope with the change of orders.

Meanwhile, the North American Business will continue to implement the “Deep Space Exploration Plan.” While consolidating the existing business, it will achieve the high-quality integration and stable operation through the orderly transformation of production organizations, the reshaping of the central organization, and the sharing of channels and sales resources.

(3) European Business

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

(4) Champion Tanker Business Group

The Champion Tanker Business Group will continue to implement the “Light Tower Manufacturing Network” strategy for Champion tankers and plan to complete the reshaping of LTP and LoM; further expand the market coverage of the tank trailer business; and reposition channel capabilities, optimize and upgrade existing channels, expand the distribution network, and provide a strong support for sales channels.

In line with the market trend of new energy products, the Champion Tanker Business Group will continue to cooperate with new energy tractor manufacturers to jointly explore the integrated research and development of new energy products. Meanwhile, it will continue to improve its businesses in overseas markets, develop personalized products, and enhance the profitability of products.

(5) TB Business Group – Dump Truck Business

The TB Business Group – Dump Truck Business will maintain a stable market position, enhance the cost performance of products, develop differentiated competition, and ensure the steady improvement in stock businesses. It will also create a second growth curve to seek for multiple breakthroughs, expand the segment market of cargo trucks according to the needs of customers, and increase sales and improve profitability through the cooperation with high-quality channels.

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

(6) TB Business Group – Urban Distribution Van Truck Bodies Business

The TB Business Group – Urban Distribution Van Truck Bodies Business will continue to promote the construction of the “TB Light Tower Manufacturing Network”, enhance the mass production capacity, and actively build LoM manufacturing plants, thus meeting the delivery needs of tractor manufacturers in different sales areas and promoting the delivery of orders for new energy products.

The TB Business Group – Urban Distribution Van Truck Bodies Business will promote the “Starlight” Program, enhance the operational efficiency of the LTP center by reshaping the strategic direction and optimizing the organizational structure, actively expand the incremental business, strengthen the horizontal cooperation with commercial light truck enterprises, and improve the overall operation level of the TB Business Group.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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

Applicable Not applicable

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main contents of discussion and data provided	Brief description on research
March 28, 2023	Shenzhen Headquarters	On-site meeting	Institutional investors	Investors participating in the presentation for 2022 annual results	Statement of the Annual Results of 2022	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on April 19, 2023
March 29, 2023	Shenzhen	Teleconference	Institutional investors	66 institutions including CICC and BOCI Securities	Statement of the Annual Results of 2022	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on April 19, 2023
March 28 to April 4, 2023	Guangzhou, Hangzhou and Beijing	On-site meeting	Institutional investors	34 institutions including E Fund, Invesco Great Wall and GF Fund	Statement of the Annual Results of 2022	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on April 19, 2023
April 6 to April 11, 2023	Shanghai	On-site meeting	Institutional investors	32 institutions including Wanjia Asset, Zhong Ou AMC and Origin Asset Management	Statement of the Annual Results of 2022	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on April 20, 2023

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main contents of discussion and data provided	Brief description on research
April 13, 2023	Beijing	On-site meeting	Institutional investors	28 institutions including CCB Fund, Taikang Pension and Penghua Fund	Statement of the Annual Results of 2022	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on April 20, 2023
April 12 to April 14, 2023	Hong Kong	On-site meeting	Institutional investors	13 institutions including AIA and Aspex Management	Statement of the Annual Results of 2022	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on April 20, 2023
April 14 to April 21, 2023	Shenzhen	On-site meeting	Institutional investors	25 institutions including Southern Asset Management, Invesco Great Wall and Zhong Rong Fund	Statement of the Annual Results of 2022	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on April 28, 2023
April 24 to April 26, 2023	Singapore	On-site meeting	Institutional investors	8 institutions including FENGHE ASIA FUND LTD and Arisaig Capital	Statement of the Annual Results of 2022	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on April 28, 2023
April 27, 2023	Shenzhen Headquarters	Teleconference	Institutional investors	Investors participating in the presentation for the first quarter of 2023	Statement of the Results for the First Quarter of 2023	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on May 16, 2023

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main contents of discussion and data provided	Brief description on research
April 27 to May 12, 2023	Unlimited	On-site meeting and teleconferences	Institutional investors	129 institutions including Essence Securities, Zhongtai Securities and Caitong Securities	Statement of the Results for the First Quarter of 2023	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on May 16, 2023
June 9, 2023	Luoyang of Henan Province	On-site activity	Institutional investors	41 institutions including Essence Securities and Caitong Securities	Statement of the Results for the First Quarter of 2023	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on June 9, 2023
June 14, 2023	Shenzhen Headquarters	On-site activity	Institutional investors	19 institutions including East Money Information and Essence Securities	Statement of the Results for the First Quarter of 2023	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on June 14, 2023
June 27 to June 30, 2023	Hong Kong and Shanghai	On-site meeting	Institutional investors	23 institutions including J.P. Morgan Asset and UBS	Statement of the Results for the First Quarter of 2023	For details, please refer to the record form of investor relations and activities disclosed by the Company on http://www.cninfo.com.cn on July 5, 2023

XIII. DISCLOSURE UNDER THE HONG KONG STOCK EXCHANGE LISTING RULES

1. Significant Investments during the Reporting Period

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

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

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

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

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

Save as disclosed in “5. Use of Proceeds” in “VI. Investment Analysis” under Section III “Management Discussion and Analysis” in the report, the “Investment Plan for 2023” set out in the “Announcement on Resolutions of the Fourth Meeting of the Second Session of the Board of Directors in 2023” issued by the Company on March 27, 2023, and the “Investment Progress Review for Self-raised Funds and Investment Plan for Proceeds for the First Half of 2023” set out in the “Announcement on Resolutions of the Seventh Meeting of the Second Session of the Board of Directors in 2023” issued by the Company on August 23, 2023, as of the Latest Practicable Date, the Group had no other plans for significant investment or purchase of capital assets in the future approved by the Board.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

4. Liquidity and Financial Resources

As at June 30, 2023, the Group had cash and cash equivalents of RMB6,057.5 million (December 31, 2022: RMB4,682.8 million). As at June 30, 2023, the Group had borrowings of RMB730.9 million (December 31, 2022: RMB881.8 million).

	As at June 30, 2023 <i>(RMB in millions)</i>	As at December 31, 2022 <i>(RMB in millions)</i>
Long-term borrowings		
– Bank borrowings	284.7	331.2
– Bank borrowings, guaranteed	48.9	–
Subtotal	333.6	331.2
Current portion of long-term borrowings		
– Bank borrowings	133.3	82.6
– Bank borrowings, guaranteed	8.6	–
Subtotal	142.0	82.6
Short-term borrowings		
– Bank borrowings	182.6	229.5
– Bank borrowings, guaranteed	69.6	238.4
– Loans from third parties	–	–
– Discounted bills	3.1	–
Subtotal	255.3	468.0
Total borrowings	730.9	881.8

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

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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

	As at June 30, 2023 <i>(RMB in millions)</i>	As at December 31, 2022 <i>(RMB in millions)</i>
Within one year	397.3	550.6
One to two years	183.3	143.0
Two to five years	150.4	188.2
Over five years	—	—
Total	730.9	881.8

During the Reporting Period, the Group's major cash inflow items are net cash inflow generated from operating activities of RMB1,245.48 million (2022: RMB1,153.9 million).

There is no seasonal variation in the Group's borrowing needs. As at June 30, 2023, the interest rate range for short-term borrowings was 3.0% to 7.0% (December 31, 2022: 0.8% to 6.0%), and the interest rate range for long-term borrowings was 3.2% to 4.6% (December 31, 2022: 4.0% to 4.7%). Borrowings at fixed interest rates were approximately RMB223.0 million (December 31, 2022: RMB355.1 million). It is expected that the Group's short-term borrowings will be repaid by its own funds or bank credit facilities. During the Reporting Period, the Group has maintained sufficient cash at bank and liquidity to repay all borrowings as they fell due, and there was no material default in terms of borrowings.

As at June 30, 2023, the Group had current assets of RMB18,001.1 million (December 31, 2022: RMB14,673.4 million), and current liabilities of RMB9,733.5 million (December 31, 2022: RMB8,128.2 million). As at June 30, 2023, the Group's current ratio was approximately 1.8 times (December 31, 2022: 1.8 times). The current ratio equals to total current assets divided by total current liabilities. The current ratio was basically flat as compared to 2022.

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 June 30, 2023, the Group's gearing ratio (equal to total debt divided by total equity multiplied by 100%) was 4.9% (December 31, 2022: 7.6%). The decrease in gearing ratio was mainly due to the decrease of the Group's total debt as at the end of the Reporting Period.

As at June 30, 2023, the Group's cash and cash equivalents were mainly denominated in Renminbi, HK dollars and US dollars, and borrowings were also mainly denominated in Renminbi, Great Britain Pound and US dollars. The Group was exposed to foreign exchange risk primarily through sales and purchases, capital expenditures and other expenses that are denominated in a currency other than the functional currency of the relevant subsidiaries. The Group's foreign exchange exposure mainly arises from the conversion of Renminbi against US dollars, Great Britain Pound, HK dollars and Euro. The Group manages our foreign exchange risk by performing regular reviews of net foreign exchange exposure and minimizes these exposures through entering into foreign exchange forward contracts. The effective period of the Group's hedging activities must not exceed 12 months or the term of the relevant borrowings. The management of the Group continues to monitor the market environment and its own foreign exchange risk profile, and considers appropriate hedging measures when necessary. As at June 30, 2023, the notional amount of outstanding foreign exchange forward contracts held by the Group was converted to RMB646.8 million.

6. Capital Commitments

As at June 30, 2023, the Group's capital commitments were approximately RMB51.7 million (December 31, 2022: approximately RMB70.1 million), representing a year-on-year decrease of 26%, mainly due to the gradual completion of purchase contracts which have been entered into but have not been performed in whole or in part in the first Half 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 the first half of 2023, our outstanding capital commitments were mainly attributable to the upgrading and improvement of factories and equipment and outward investment.

7. Pledge of the Group's Assets

As at June 30, 2023, except for the pledge for certain bank deposits as disclosed in “(1) Financial guarantees” in “8. Contingent Liabilities” under this section, the Group had no fixed assets pledged for the guarantees for property preservation in civil procedure (December 31, 2022: nil).

8. Contingent Liabilities

(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 June 30, 2023, the outstanding balance of the above guarantees provided by the Group to dealers and customers totalled RMB1,358.1 million (December 31, 2022: RMB1,986.1 million), and the bank deposits pledged for these guarantees were RMB75.73 million (December 31, 2022: RMB113.02 million).

(2) Outstanding performance bond and letter of credit

As at June 30, 2023, the Group had outstanding performance bond and letter of credit of a total of RMB335.4 million (December 31, 2022: RMB377.8 million).

9. Advance to an Entity

As of June 30, 2023, there was no advance extended by the Company to an entity which is subject to disclosure requirements under the Hong Kong Stock Exchange Listing Rules.

10. Pledge of Shares by Controlling Shareholders

As of June 30, 2023, there was no pledge of Shares by the controlling shareholders.

11. Loan Agreements with Covenants relating to Specific Performance of Controlling Shareholders

As of June 30, 2023, there was no loan agreement of the Company with covenants relating to specific performance of the controlling shareholders.

12. Breach of Loan Agreements

As of June 30, 2023, there was no breach of the loan agreements by the Company in which the loan involved would have a significant impact on the business operations of the Company.

13. Financial Assistance and Guarantees to Affiliated Companies

As of June 30, 2023, there was no financial assistance and guarantee to affiliated companies by the Company which is subject to disclosure requirements under the Hong Kong Stock Exchange Listing Rules.

14. Information on Employees of the Company

(1) Number of Employees

As at June 30, 2023, the Group had approximately 11,705 full-time employees (excluding labor dispatch workers) (as at June 30, 2022: 12,648). During the Reporting Period, the employee benefits expenses amounted to approximately a total of RMB1,312.6 million (the corresponding period of 2022: RMB1,158.9 million).

(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. For six months ended June 30, 2023, the salary expenses of the Group’s employees were RMB1,312.6 million (six months ended June 30, 2022: RMB1,158.9 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.

15. Significant Events after the Reporting Period

On August 23, 2023, the Company held the seventh meeting in 2023 of the second session of the Board of Directors and the sixth meeting in 2023 of the second session of the Supervisory Committee, at which the Resolution on Termination and Changes of Certain A Share Proceeds-funded Projects was considered and approved by unanimous vote, authorizing the Company to terminate and change certain A Share proceeds-funded projects in line with reality of the A Share proceeds-funded projects, and open a special account to deposit the proceeds for the new A Share proceeds-funded projects, and agreeing to authorize the Chief Executive Officer and President of the Company and his authorized persons to handle the matters in relation to the termination and changes of A Share proceeds-funded projects, including but not limited to the cancellation and opening of the special account for the proceeds, and the signing of related agreements and documents. The relevant resolution will be submitted to general meeting of the Company for approval. For details, please refer to the announcement of the Company dated August 23, 2023 titled “Announcement in relation to Termination and Changes of Certain A Share Proceeds-funded Projects”.

Save as disclosed above, no significant event has occurred for the Group since the end of the Reporting Period and up to the Latest Practicable Date.

SECTION IV CORPORATE GOVERNANCE

I. INFORMATION ON ANNUAL GENERAL MEETING AND EXTRAORDINARY GENERAL MEETING CONVENED 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
The first extraordinary general meeting in 2023	Extraordinary general meeting	69.32%	March 23, 2023	March 23, 2023	For details, please refer to the Announcement on the Resolutions of the First Extraordinary General Meeting in 2023 disclosed on the website of Cninfo at http://www.cninfo.com.cn/ .
2022 annual general meeting	Annual general meeting	67.97%	May 25, 2023	May 25, 2023	For details, please refer to the Announcement on the Resolutions of the Annual General Meeting in 2022 disclosed on the website of Cninfo at http://www.cninfo.com.cn/ .
The second extraordinary general meeting in 2023	Extraordinary general meeting	66.25%	June 15, 2023	June 15, 2023	For details, please refer to the Announcement on the Resolutions of the Second Extraordinary General Meeting in 2023 disclosed on the website of Cninfo at http://www.cninfo.com.cn/ .

2. Request of preferred Shareholders whose voting rights are restored for holding an extraordinary general meeting

Applicable Not applicable

SECTION IV CORPORATE GOVERNANCE *(Continued)*

II. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Applicable Not applicable

There were no changes in Directors, Supervisors and senior management of the Company during the Reporting Period. For details, please refer to the 2022 annual report.

After the Company makes specific inquiries, the Directors and Supervisors confirm that there are no changes in the information on Directors and Supervisors disclosable pursuant under paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Hong Kong Stock Exchange Listing Rules according to Rule 13.51B of the Hong Kong Stock Exchange Listing Rules following the publication of the 2022 annual report and as at the Latest Practicable Date.

III. 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. The positions of Chairman and Chief Executive Officer of the Company are taken up by Mr. Mai Boliang and Mr. Li Guiping respectively, with clear division of responsibility between them. The Chairman takes charge of the affairs of the Board and reviews the implementation of the Board's resolutions whereas the Chief Executive Officer, under the leadership of the Board, is mainly responsible for the Company's management operations and business coordination, and thus the Company has complied with the provisions of code provision C.2.1 of the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Stock Exchange Listing Rules. Apart from the information disclosed in the "VII. Information on Directors, Supervisors and Senior Management" set out in the "Section VII Corporate Governance and Corporate Governance Report" in the 2022 annual Report of the Company, there is no financial, business, family and other material/related relationship among Directors and between the Chairman and the Chief Executive Officer.

SECTION IV CORPORATE GOVERNANCE *(Continued)*

IV. PROFIT DISTRIBUTION AND CONVERSION OF CAPITAL RESERVE INTO SHARE CAPITAL DURING THE REPORTING PERIOD

Applicable Not applicable

The Company proposed not to distribute cash dividend, bonus shares or increase share capital by way of transfer from capital reserves during the Reporting Period.

V. IMPLEMENTATION OF THE COMPANY'S SHARE INCENTIVE PLAN, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES

Applicable Not applicable

1. Share Incentives

Applicable Not applicable

2. Implementation of Employee Stock Ownership Plan

Applicable Not Applicable

On May 19, 2023, the Company convened the sixth meeting of the second session of the Board of Directors for 2023 and the fifth meeting of the second session of the Supervisory Committee for 2023, which considered and approved the relevant proposals including the proposal on the Employee Stock Ownership Scheme (2023-2027) (Draft) of CIMC Vehicles (Group) Co., Ltd. and its summary. The above proposals were considered and approved at the 2023 Second Extraordinary General Meeting dated June 15, 2023. During the Reporting Period, the Phase I Employee Stock Ownership Scheme (2023-2027) has opened a securities account but has not yet purchased any A Shares of the Company. The Shares source of the Employee Stock Ownership Scheme (2023-2027) is the A Shares of CIMC Vehicles as purchased through the secondary market (including but not limited to bidding transactions and block transactions) and other ways permitted by laws and regulations, and the issuance of any new Shares of the Company is not involved, therefore, as of the date of this report, there are no Shares available for issuance under the Employee Stock Ownership Scheme (2023-2027). For details, please refer to the relevant announcements of the Company dated May 22, 2023 and June 15, 2023, and the circular dated May 29, 2023.

Changes in asset management institutions during the Reporting Period

Applicable Not applicable

SECTION IV CORPORATE GOVERNANCE *(Continued)*

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

Applicable Not applicable

Exercise of Shareholders' rights during the Reporting Period

Applicable Not applicable

Other relevant information on and description of employee stock ownership scheme during the Reporting Period

Applicable Not applicable

Changes in members of the management committee of employee stock ownership scheme

Applicable Not applicable

Financial impact of employee stock ownership scheme on the Company and related accounting treatment during the Reporting Period

Applicable Not applicable

Termination of employee stock ownership scheme during the Reporting Period

Applicable Not applicable

3. Other Employee Incentive Measures

Applicable Not applicable

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

I. MAJOR ENVIRONMENTAL PROTECTION ISSUES

1. Environmental protection-related policies and industry standards

The subsidiaries of the Group shall comply with the following environmental protection laws, regulations and industry standards in the course of production and operation:

- (1) Environmental protection laws and regulations: The subsidiaries of the Group strictly abide by laws, regulations and industry standards including the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste, the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on Prevention and Control of Water Pollution, the Integrated Emission Standard of Air Pollutants, the Standard for Control of Fugitive Emission of Volatile Organic Compounds, the Integrated Wastewater Discharge Standard, the Standard for Pollution Control on Hazardous Waste Storage, as well as the relevant environmental protection responsibilities and requirements.
- (2) Pollutant discharge permit system: The subsidiaries of the Group strictly abide by the Regulation on the Administration of Permitting of Pollutant Discharges, obtained legal pollutant discharge permits in accordance with local pollutant discharge permit systems, and monitored and disclosed pollutant discharge data as required.
- (3) Environmental impact assessment: The subsidiaries of the Group conducted environmental impact assessments for construction, expansion or reconstruction projects in strict compliance with laws and regulations including the Regulations on the Administration of Construction Project Environmental Protection and the Law of the PRC on Environmental Impact Assessment, ensuring the full assessment and control of impacts on the environment.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

- (4) ISO14001 Standards: The subsidiaries of the Group have established an environmental management system according to the certification standards of international environmental management system, and ensured that their environmental management meets international standards.
- (5) Industry environmental standards: In strict compliance with industry environmental protection standards including the Emission Standard of Volatile Organic Compounds for Surface Coating (Vehicle Manufacturing Industry), the Emission Standard of Volatile Organic Compounds for Industrial Surface Coating and the Boiler Air Pollutant Discharge Standard, the subsidiaries of the Group continued to improve process conditions, adopt efficient environmental protection equipment and facilities, reduce pollutant emissions, and ensure that the production process of products meets the industry environmental requirements.

2. 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	Type of major and specific pollutants	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd.	Atmospheric pollution	Particulate matter	Organised emission	3	Semi-trailer KTL workshop, B6 coating workshop	9.400 mg/m ³	Integrated Emission Standard of Air Pollutants DB32/4041-2021	0.9486	5.9420	Not exceeded
		Non-methane total hydrocarbons	Organised emission	1	Semi-trailer hazardous waste warehouse	0.400mg/m ³		0.0024	4.8050	Not exceeded
		Particulate matter	Organised emission	3	Semi-trailer KTL workshop, shower room	3.900mg/m ³	Boiler Air Pollutant Discharge Standard DB32/4385-2022	0.0113	5.9420	Not exceeded
		Nitric oxide	Organised emission	3	Semi-trailer KTL workshop, shower room	40.000mg/m ³		0.1372	4.0550	Not exceeded
		Sulfur dioxide	Organised emission	3	Semi-trailer KTL workshop, shower room	ND (not detected)		0	0.0257	Not exceeded
		Ringelmann Blackness	Organised emission	3	Semi-trailer KTL workshop, shower room	< 1		-	Not approved by regulators	Not exceeded
		Particulate matter	Organised emission	2	Tanker powder spraying workshop	5.100mg/m ³	Boiler Air Pollutant Discharge Standard GB13271-2014	0.0135	5.9420	Not exceeded
		Nitric oxide	Organised emission	2	Tanker powder spraying workshop	48.000mg/m ³		0.1414	4.0550	Not exceeded
		Sulfur dioxide	Organised emission	2	Tanker powder spraying workshop	ND (not detected)		0	0.0257	Not exceeded
		Ringelmann Blackness	Organised emission	2	Tanker powder spraying workshop	< 1		-	Not approved by regulators	Not exceeded

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Name of company or subsidiary	Type of major and specific pollutants	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
		Particulate matter	Organised emission	11	Semi-trailer KTL workshop, B6 coating workshop; tanker powder spraying workshop, coating workshop	18.800mg/m ³	Emission Standard of Air Pollutants for Industrial Kilns and Furnaces DB 32/3728-2020	0.0359	5.9420	Not exceeded
		Nitric oxide	Organised emission	11	Semi-trailer KTL workshop, B6 coating workshop; tanker powder spraying workshop, coating workshop	92.000mg/m ³		0.4000	4.0550	Not exceeded
		Sulfur dioxide	Organised emission	11	Semi-trailer KTL workshop, B6 coating workshop; tanker powder spraying workshop, coating workshop	4.000mg/m ³		0.0101	0.0257	Not exceeded
		Ringelmann Blackness	Organised emission	10	Semi-trailer KTL workshop, B6 coating workshop; tanker powder spraying workshop, coating workshop	< 1		-	Not approved by regulators	Not exceeded
		Particulate matter	Organised emission	2	Semi-trailer KTL workshop, B6 coating workshop	8.300mg/m ³	Emission Standard of Air Pollutants for Surface Coating (Vehicle Parts and Components) DB32/3966-2021	0.3220	5.9420	Not exceeded
		Methylbenzene + Xylene	Organised emission	1	Semi-trailer B6 coating workshop	0.195mg/m ³		0.0137	Not approved by regulators	Not exceeded
		Non-methane total hydrocarbons	Organised emission	4	Semi-trailer KTL workshop, B6 coating workshop	12.124mg/m ³		1.5918	4.8050	Not exceeded
		Particulate matter	Organised emission	2	Tanker coating workshop	2.700mg/m ³	Integrated Emission Standard of Air Pollutants GB16297-1996	0.3801	5.9420	Not exceeded
		Particulate matter	Organised emission	2	Tanker coating workshop	4.400mg/m ³		0.2154	5.9420	Not exceeded
		Methylbenzene	Organised emission	1	Tanker coating workshop	0.180mg/m ³	Emission Standard of Volatile Organic Compounds for Surface Coating (Vehicle Manufacturing Industry) DB32/2862-2016	0.0086	Not approved by regulators	Not exceeded
		Xylene	Organised emission	1	Tanker coating workshop	0.193mg/m ³		0.0079	Not approved by regulators	Not exceeded
		Non-methane total hydrocarbons	Organised emission	7	Tanker powder spraying workshop, coating workshop, hazardous waste warehouse	1.460mg/m ³		0.2679	4.8050	Not exceeded

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

Name of company or subsidiary	Type of major and specific pollutants	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
		Non-methane total hydrocarbons	Organised emission	1	Semi-trailer KTL workshop	6.900mg/m ³	Emission Standard of Volatile Organic Compounds for Industrial Enterprises (DB12/524-2020), 50 mg/m ³	0.0088	4.8050	Not exceeded
	Water pollution	pH	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	8.4	Wastewater Quality Standards for Discharge to Municipal Sewers GB/T31962-2015 (Grade B), Integrated Wastewater Discharge Standard GB8978-1996 (Level III)	-	Not approved by regulators	Not exceeded
		SS	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	87.000 mg/L		4.0559	Not approved by regulators	Not exceeded
		Five-day biochemical oxygen demand	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	93.000mg/L		3.3828	Not approved by regulators	Not exceeded
		Anionic surfactant	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	2.550mg/L		0.0646	Not approved by regulators	Not exceeded
		Total nickel	Indirect emission	1	Main outlet of semi-trailer plant	0.220mg/L		0.0022	0.0080	Not exceeded
		Total phosphorus	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	7.640mg/L		0.4509	1.0060	Not exceeded
		COD	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	495.500mg/L		25.4749	103.8420	Not exceeded
		Total nitrogen	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	64.400mg/L		2.6737	9.9740	Not exceeded
		Petroleum	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	7.670mg/L		0.117	Not approved by regulators	Not exceeded
		Total chromium	Indirect emission	1	Main outlet of tanker plant	ND (not detected)		0	0.00003	Not exceeded
		Fluoride	Indirect emission	1	Main outlet of tanker plant	15.800mg/L		0.4756	Not approved by regulators	Not exceeded
		Ammonia nitrogen	Indirect emission	2	Main outlet of semi-trailer plant, main outlet of tanker plant	44.650mg/L		2.7404	5.7810	Not exceeded
		Total zinc	Indirect emission	1	Main outlet of semi-trailer plant	0.150mg/L		0.0011	Not approved by regulators	Not exceeded
		Total manganese	Indirect emission	1	Main outlet of semi-trailer plant	0.900mg/L		0.0103	Not approved by regulators	Not exceeded

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Name of company or subsidiary	Type of major and specific pollutants	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission	
Zhumadian CIMC Huajun Vehicle Co., Ltd.	Atmospheric pollution	Methylbenzene	Organised	13	The outer edge of coating workshop	0.380mg/m ³	Emission Standard of Volatile Organic Compounds for Industrial Surface Coating DB41/1951-2020	0.1300	Not approved by regulators	Not exceeded	
		Xylene	Organised	13	The outer edge of coating workshop	3.16 mg/m ³		1.6300	Not approved by regulators	Not exceeded	
		Non-methane total hydrocarbons	Organised	15	The outer edge of coating workshop	11.6 mg/m ³		6.6260	58.8350	Not exceeded	
		Particulate matter	Organised	11	The outer edge of sanding workshop	31.300 mg/m ³		Integrated Emission Standard of Air Pollutants GB16297-1996	3.8400	Not approved by regulators	Not exceeded
		Particulate matter	Organised	13	The outer edge of coating workshop	5.300 mg/m ³		3.0300	Not approved by regulators	Not exceeded	
	Water pollution	COD	Indirect emission	1	The main outlet of the plant	36.000 mg/L	Integrated Wastewater Discharge Standard GB 8978-1996	0.6293	3.4440	Not exceeded	
		Ammonia nitrogen	Indirect emission	1	The main outlet of the plant	8.1900 mg/L		0.0936	0.4750	Not exceeded	
		Five-day biochemical oxygen demand	Indirect emission	1	The main outlet of the plant	11.600 mg/L		0.1632	Not approved by regulators	Not exceeded	
		pH	Indirect emission	1	The main outlet of the plant	7.9		-	Not approved by regulators	Not exceeded	
		Total phosphorus	Indirect emission	1	The main outlet of the plant	0.960 mg/L		0.0181	Not approved by regulators	Not exceeded	
		Fluoride	Indirect emission	1	The main outlet of the plant	0.492 mg/L		0.0111	Not approved by regulators	Not exceeded	
		Anionic surfactant	Indirect emission	1	The main outlet of the plant	0.154 mg/L		0.0038	Not approved by regulators	Not exceeded	
		Petroleum	Indirect emission	1	The main outlet of the plant	0.350 mg/L		0.0069	Not approved by regulators	Not exceeded	
		Phosphate	Indirect emission	1	The main outlet of the plant	0.620 mg/L		0.0098	0.2316	Not exceeded	
SS	Indirect emission	1	The main outlet of the plant	18.000 mg/L		0.3476	Not approved by regulators	Not exceeded			
Total nickel	Indirect emission	1	The main outlet of the plant	0 mg/L		0	Not approved by regulators	Not exceeded			
CIMC Vehicles (Shandong) Co., Ltd.	Atmospheric pollution	Nitric oxide	Organised emission	2	The boiler room of refrigeration and cold	46.000mg/m ³	Boiler Air Pollutant Discharge Standard of Shandong (DB37/2374-2018)	0.0864	Not approved by regulators	Not exceeded	
		Sulfur dioxide	Organised emission	2	The boiler room of refrigeration and cold	4.000mg/m ³		0.0022	Not approved by regulators	Not exceeded	
		Particulate matter	Organised emission	2	The boiler room of refrigeration and cold	1.900mg/m ³		0.0048	Not approved by regulators	Not exceeded	

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

Name of company or subsidiary	Type of major and specific pollutants	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
		Methylbenzene	Organised emission	4	Painting workshop – painting line (small parts, colour separation), drying line (small parts, colour separation)	0.186mg/m ³	Shandong Province Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing (DB37/2801.1-2016)	0.0051	Not approved by regulators	Not exceeded
		Xylene	Organised emission	4	Painting workshop – painting line (small parts, colour separation), drying line (small parts, colour separation)	2.370mg/m ³		0.0469	Not approved by regulators	Not exceeded
		Non-methane total hydrocarbons	Organised emission	6	Painting workshop – painting line (small parts, colour separation), drying line (small parts, colour separation), plate making process, cold foaming process	26.600mg/m ³		0.9345	20.6500	Not exceeded
		Sulfur dioxide	Organised emission	2	Painting workshop – painting colour separation line, small parts drying line	4.000mg/m ³	Shandong Provincial Standard – Regional and Integrated Emission Standard of Air Pollutants (DB37/2376-2019)	0.0132	Not approved by regulators	Not exceeded
		Nitric oxide	Organised emission	2	Painting workshop – painting colour separation line, small parts drying line	34.000mg/m ³		0.1049	Not approved by regulators	Not exceeded
		Particulate matter	Organised emission	7	Painting workshop – painting line (small parts, colour separation), drying line (small parts, colour separation), carving and trimming, plasma cutting, woodworking cutting	3.300mg/m ³		0.2046	Not approved by regulators	Not exceeded
	Water pollution	pH	Indirect emission	1	Domestic sewage outlet	7.1	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015)	–	Not approved by regulators	Not exceeded
		COD	Indirect emission	1	Domestic sewage outlet	25.000mg/L		0.1305	Not approved by regulators	Not exceeded
		Total phosphorus	Indirect emission	1	Domestic sewage outlet	3.470mg/L		0.0117	Not approved by regulators	Not exceeded
		Five-day biochemical oxygen demand	Indirect emission	1	Domestic sewage outlet	7.600mg/L		0.0348	Not approved by regulators	Not exceeded
		SS	Indirect emission	1	Domestic sewage outlet	11.00mg/L		0.0544	Not approved by regulators	Not exceeded

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

Name of company or subsidiary	Type of major and specific pollutants	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd.	Atmospheric pollution	Ammonia nitrogen	Indirect emission	1	Domestic sewage outlet	7.400mg/L		0.0198	Not approved by regulators	Not exceeded
		Particulate matter	Organised	3	Shot blasting room, centralized welding fume collection	4.300 mg/m ³	Shandong Provincial Standard – Regional and Integrated Emission Standard of Air Pollutants (DB37/2376-2019)	0.3947	Not approved by regulators	Not exceeded
		Nitric oxide	Organised	2	Drying room	17.000mg/m ³		0.0261	Not approved by regulators	Not exceeded
		Sulfur dioxide	Organised	2	Drying room	3.000mg/m ³		0.0025	Not approved by regulators	Not exceeded
		VOCs	Organised	1	Painting room, drying room	3.840mg/m ³	Shandong Province Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing (DB37/2801.1-2016)	0.362	78.6450	Not exceeded
		Methylbenzene	Organised	1	Painting room, drying room	0.125mg/m ³		0.0117	Not approved by regulators	Not exceeded
		Xylene	Organised	1	Painting room, drying room	0.134 mg/m ³		0.0126	Not approved by regulators	Not exceeded
CIMC Vehicles (Jiangmen) Co., Ltd.	Atmospheric pollution	Methylbenzene + Xylene	Organised	3	3 for the painting line	8.820 mg/m ³	DB44/816-2010 Emission Standard of Volatile Organic Compounds for Surface Coating (Vehicle Manufacturing Industry)	0.3207	Not approved by regulators	Not exceeded
		VOCs	Organised	3	3 for the painting line	15.500 mg/m ³		0.7238	2.9000	Not exceeded
		Particulate matter	Organised	4	1 in the sanding room, 3 in the paint grinding room	<20 mg/m ³	DB44/27-2001 Emission Limits of Air Pollutants	1.0021	Not approved by regulators	Not exceeded
		SO ₂	Organised	1	1 in the drying room	4.000 mg/m ³	GB9078-1996 Emission Standard of Air Pollutants for Industrial Kilns and Furnaces	0.0026	0.0800	Not exceeded
Dongguan CIMC Special Vehicle Co., Ltd.	Atmospheric pollution	NOX	Organised	1	1 in the drying room	54.000 mg/m ³		0.0369	0.4400	Not exceeded
		Particulate matter	Organised emission	15	Structure workshop, coating workshop	19.400mg/m ³	Air Pollutant Emission Limits DB44/27-2001 Period II Class 2 standard	2.5226	Not approved by regulators	Not exceeded
		Manganese and its compounds	Organised emission	6	Structure workshop	0.077mg/m ³		0.0019	Not approved by regulators	Not exceeded
		SO ₂	Organised emission	8	Coating workshop	3.000mg/m ³		0.0313	0.2978	Not exceeded
		NOX	Organised emission	8	Coating workshop	25.000mg/m ³		0.1096	2.9114	Not exceeded
		VOCs	Organised emission	2	Coating workshop	9.780mg/m ³	Emission Standard of Volatile Organic Compounds for Surface Coating (Vehicle Manufacturing Industry) DB44/816-2010	0.0598	0.0870	Not exceeded

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

Name of company or subsidiary	Type of major and specific pollutants	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Approved total emission		Excessive emission		
								(tonnes/year)	(tonnes/year)			
Gansu CIMC Vehicles Co., Ltd.	Water pollution	COD	Direct emission	1	Industrial wastewater outlet	12.000mg/L	Environmental Quality Standard for Surface Water GB3838-2002	0.0561	0.6600	Not exceeded		
		BOD5	Direct emission	1	Industrial wastewater outlet	3.700 mg/L		0.0173	Not approved by regulators	Not exceeded		
		Total phosphorus	Direct emission	1	Industrial wastewater outlet	0.080 mg/L		0.0004	Not approved by regulators	Not exceeded		
		Petroleum	Direct emission	1	Industrial wastewater outlet	0.380mg/L		0.0018	Not approved by regulators	Not exceeded		
		Total zinc	Direct emission	1	Industrial wastewater outlet	0.025mg/L		0.0001	Not approved by regulators	Not exceeded		
		Total nickel	Direct emission	1	Industrial wastewater outlet	0.060mg/L		0.0003	Not approved by regulators	Not exceeded		
		Total manganese	Direct emission	1	Industrial wastewater outlet	0.062mg/L		0.0003	Not approved by regulators	Not exceeded		
		Fluoride	Direct emission	1	Industrial wastewater outlet	0.760mg/L		0.0036	Not approved by regulators	Not exceeded		
		Total nitrogen	Direct emission	1	Industrial wastewater outlet	1.420mg/L		0.0066	0.0405	Not exceeded		
		SS	Direct emission	1	Industrial wastewater outlet	15.000mg/L		Discharge Standard of Water Pollutants for Electroplating DB44/1597-2015	0.0702	Not approved by regulators	Not exceeded	
		COD	Indirect emission	1	Domestic sewage outlet	209.000mg/L			Discharge Limits of Water Pollutants DB44/26-2001	4.7999	Not approved by regulators	Not exceeded
		SS	Indirect emission	1	Domestic sewage outlet	73.000mg/L				1.6765	Not approved by regulators	Not exceeded
		BOD	Indirect emission	1	Domestic sewage outlet	63.800mg/L				1.4653	Not approved by regulators	Not exceeded
		Ammonia nitrogen	Indirect emission	1	Domestic sewage outlet	13.600mg/L				0.3123	Not approved by regulators	Not exceeded
		Total phosphorus	Indirect emission	1	Domestic sewage outlet	2.750mg/L				0.0632	Not approved by regulators	Not exceeded
		Atmospheric pollution	Xylene	Organised emission	1	Coating workshop				0.530mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996)	0.0440
Methylbenzene	Organised emission		1	Coating workshop	1.660mg/m ³	0.1460	Not approved by regulators			Not exceeded		
Particulate matter	Organised emission		4	Coating workshop and sanding room	10.600mg/m ³	1.4810	Not approved by regulators			Not exceeded		
Nitric oxide	Organised emission		1	Coating workshop	25mg/m ³	0.0049	Not approved by regulators			Not exceeded		
Volatile organic compounds	Organised emission		1	Coating workshop	5.23mg/m ³	0.5250	66.5000			Not exceeded		

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Name of company or subsidiary	Type of major and specific pollutants	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
	Water pollution	SS	Indirect emission	1	The main outlet of the plant	51.000mg/L	Integrated Wastewater Discharge Standard GB8978-1996	0.4250	Not approved by regulators	Not exceeded
		Five-day biochemical oxygen demand	Indirect emission	1	The main outlet of the plant	8.700mg/L		0.0720	Not approved by regulators	Not exceeded
		CODcr	Indirect emission	1	The main outlet of the plant	25.000mg/L		0.2080	Not approved by regulators	Not exceeded
		Ammonia nitrogen	Indirect emission	1	The main outlet of the plant	19.300mg/L		0.1610	Not approved by regulators	Not exceeded
		Total phosphorus	Indirect emission	1	The main outlet of the plant	1.680mg/L		0.0140	Not approved by regulators	Not exceeded
		pH	Indirect emission	1	The main outlet of the plant	7.9		-	Not approved by regulators	Not exceeded
		Luoyang CIMC Lingyu Automobile Co., Ltd.	Atmospheric pollution	Particulate matter 4	Organised emission	22	Cutting and welding fume treatment facilities	3.600mg/m ³	Special Plan for Industrial Pollution Control in Luoyang City in 2020 (Luo Huan Gong Jian Ban [2020] No.14)	0.6728
Particulate matter 1	Organised emission			11	Drying room of the painting workshop, drying room of the powder spraying line, powder curing room and hot cleaning furnace	4.500mg/m ³	Standards in Table 1 in the Standards of Atmospheric Pollution Emissions from Industrial Furnaces (DB41/1066-2020)	0.0529	Not approved by regulators	Not exceeded
Sulfur dioxide 1	Organised emission			11	Drying room of the painting workshop, drying room of the powder spraying line, powder curing room and hot cleaning furnace	6.000mg/m ³		0.0261	1.3800	Not exceeded
Nitric oxide 1	Organised emission			11	Drying room of the painting workshop, drying room of the powder spraying line, powder curing room and hot cleaning furnace	69.000mg/m ³		0.3570	5.1300	Not exceeded

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

Name of company or subsidiary	Type of major and specific pollutants	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (tonnes/year)	Approved total emission (tonnes/year)	Excessive emission
		Nitric oxide 2	Organised emission	1	Gas-fired boiler of the powder spraying line (spare boiler, not used in the first half of 2023)	0	Boiler Air Pollutant Discharge Standard (DB41/2089-2021)	0	5.1300	Not exceeded
		Particulate matter 2	Organised emission	1		0		0	Not approved by regulators	Not exceeded
		Sulfur dioxide 2	Organised emission	1		0		0	1.3800	Not exceeded
		Particulate matter 3	Organised emission	8	The painting room, polishing room and sandblasting room of the painting workshop, the shot blasting room and the powder spraying room of the powder spraying line	8.900mg/m ³	Class 2 standards in Table 2 of the Integrated Emission Standard of Air Pollutants (GB16297 – 1996)	1.2841	Not approved by regulators	Not exceeded
		Non-methane total hydrocarbons	Organised emission	3	Exhaust gas treatment facilities for painting and drying in the painting workshop, the powder curing room and hot cleaning furnace of the powder spraying line	45.870mg/m ³	Standards in Table 1 in the Standards of Volatile Organic Compounds Emissions from Industrial Coating Processes (DB41/1951-2020)	1.7113	18.5100	Not exceeded
	Water pollution	COD	Indirect emission	1	The main sewage outlet of the plant	162.836mg/L	Class 3 standard in Table 4 in the Integrated Wastewater Discharge Standard (GB8978-1996)	1.0731	8.9060	Not exceeded
		SS	Indirect emission	1	The main sewage outlet of the plant	18.000mg/L		0.1591	Not approved by regulators	Not exceeded
		Fluoride	Indirect emission	1	The main sewage outlet of the plant	3.680mg/L		0.0319	Not approved by regulators	Not exceeded
		pH	Indirect emission	1	The main sewage outlet of the plant	7.6		-	Not approved by regulators	Not exceeded
		Anionic surfactant	Indirect emission	1	The main sewage outlet of the plant	0.151mg/L		0.0012	Not approved by regulators	Not exceeded
		COD	Indirect emission	1	The main sewage outlet of the plant	22.200mg/L		0.1160	Not approved by regulators	Not exceeded
		Ammonia nitrogen	Indirect emission	1	The main sewage outlet of the plant	39.718mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T 31962-2015)	0.0812	1.2140	Not exceeded
		Phosphate	Indirect emission	1	The main sewage outlet of the plant	2.078mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T 31962-2015)	0.0087	Not approved by regulators	Not exceeded
		Petroleum	Indirect emission	1	The main sewage outlet of the plant	0.060mg/L		0.0007	Not approved by regulators	Not exceeded

3. Construction and operation of pollution prevention and control facilities

Yangzhou CIMC	Industrial sewage:
Tong Hua	3 sets of sewage treatment systems, including
Special Vehicles (1)	1 set of semi-trailer electrophoresis wastewater treatment system: the maximum capacity of treating wastewater with phosphorus and heavy metal is 4.5 m ³ /h and the maximum capacity of treating wastewater without phosphorus and heavy metal is 8 m ³ /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;
Co., Ltd.	(2) 1 set of semi-trailer plant coating wastewater treatment system, with a designed capacity of 2 m ³ /h. Wastewater is recycled to the painting room after treated with solvent and discharged regularly after the treatment in compliance with standards;
	(3) 1 set of tanker plant coating wastewater treatment system: Wastewater with heavy metals after flocculation and sedimentation, and wastewater without heavy metals after pH adjustment + sedimentation are subjected to air flotation + hydrolysis acidification + contact oxidation + sedimentation. Such treated wastewater is discharged via pipes after reaching the standard. The designed treatment capacity is 40t/d.

Currently, all the above facilities are in normal operation.

Industrial exhaust:

- (1) 6 sets of sanding waste gas dust removal facilities, with cyclone dust removal + filter barrel dust removal process; the air speed at the inlet of cyclone dust collector is 18-22 m/s; the air speed of filter barrel dust collector is 0.85 m/min; the filtration precision is 5-10 μ m;
- (2) 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;
- (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 canteen fume purification devices, adopting the fume purification device to treat the canteen fume;
- (5) Low-nitrogen burners are installed for 2 sets of natural gas boilers in the shower room;
- (6) 2 sets of activated carbon adsorption devices for the hazardous waste warehouse;

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

- (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%;
- (9) 1 set of electro-drying waste gas catalytic combustion device, adopting the catalytic combustion process, with a designed air treatment volume of 4,000 Nm³/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 25,000 m³/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%.

One of the three sets of facilities in facility (2) is planned to be upgraded, and currently has been decommissioned and reported to the local environmental authority; and other facilities are in normal operation.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

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 (GB18597-2023), with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels on site.

Currently, all the above facilities are in normal operation.

Zhumadian CIMC Industrial sewage:

- Huajun Vehicle Co., Ltd.
- (1) 1 set of phosphorus-containing inorganic wastewater treatment system, adopting reactive precipitation + TMF + RO + flocculation reaction + secondary biochemical treatment. The treated water is returned to the phosphating washing tank, and the treatment capacity is 4.5 m³/h;
 - (2) 1 set of non-phosphorus organic 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 m³/h;
 - (3) Domestic sewage is discharged to the municipal network after treated by the septic tank.

Currently, all the above facilities are in normal operation.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Industrial exhaust:

- (1) 3 sets of plasma gas cutting dust collection and treatment facilities, each with a treatment capacity of 6,000 m³/h;
- (2) 10 sets of robotic welding fume collection and treatment facilities, each with a treatment capacity of 5,000 m³/h;
- (3) 1 set of frame line welding fume collection and treatment facilities, with a treatment capacity of 8,000 m³/h;
- (4) 1 set of lifting welding robot welding fume collection and treatment facilities, with capacity of 8,000 m³/h;
- (5) 2 sets of carving and trimming line robot welding fume collection and treatment facilities, each with a treatment capacity of 10,000 m³/h, adopting the filter cartridge dust removal process;
- (6) 8 sets of sanding dust collection and treatment facilities, each with a treatment capacity of 80,000 m³/h, adopting the bag dust collecting process;
- (7) 1 set of electrophoresis tank organic waste gas collection and treatment facilities, with a treatment capacity of 35,000 m³/h, adopting the activated carbon adsorption process;
- (8) 1 set of electro-drying organic waste gas catalytic combustion treatment facilities, with a treatment capacity of 10,000 m³/h, adopting the catalytic combustion process;
- (9) 1 set of powder coating waste gas collection and treatment facilities, with a treatment capacity of 30,000 m³/h, adopting the UV photo-oxidation + activated carbon adsorption process;
- (10) 7 sets of manual painting waste gas catalytic combustion facilities, each with a treatment capacity of 170,000 m³/h, adopting the activated carbon adsorption + catalytic combustion desorption process;
- (11) 4 sets of manual painting washing + activated carbon adsorption treatment facilities, each with a treatment capacity of 150,000 m³/h, adopting the washing + activated carbon adsorption process.

Currently, all the above facilities are in normal operation.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Hazardous waste:

- (1) The Company has built 2 hazardous waste warehouses, with a closed and wind, rain and sun-proof space. The warehouse is managed under the dual administrator and lock system; the floor has been hardened and treated to prevent any infiltration; cofferdams are established to avoid any leakage. The warehouse sets waste liquid collection measures in place; hazardous waste is stored properly in intact packaging and by category. The warehouses are in normal operation.

Currently, all the above facilities are in normal operation.

CIMC Vehicles

Industrial sewage:

(Shandong) Co., Ltd. The Company has 2 sets of sewage treatment systems, consisting of industrial wastewater treatment station and domestic sewage treatment station.

- (1) Industrial wastewater treatment station with a capacity of 2.08 m³/h, adopts the “electrooxidation + flotation + biochemical reaction + sedimentation + sand filtration” process. After the treatment, the wastewater that meets the reclaimed water standards will be reused in the water rotation process of the painting line, with no external discharge;
- (2) Domestic sewage treatment station with a capacity of 2.5 m³/h, adopts the process of “combining the physical and biochemical processes, with the biochemical process as the primary force”. After the treatment, the wastewater that meets the Grade-A standard of the Wastewater Quality Standard for Discharge to Municipal Sewers (GB/T31962-2015) is discharged to the municipal network, and ultimately treated deeply by Everbright Water (Zhangqiu) Operating Limited.

Currently, all the above facilities are in normal operation.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Industrial exhaust:

- (1) 2 sets of catalytic combustion facilities, with a designed capacity of 60,000 m³/h and 80,000 m³/h respectively, adopting the activated carbon adsorption and desorption + catalytic combustion process;
- (2) A set of four-stage filtration + zeolite wheel adsorption and desorption + RTO equipment is provided, with the designed air treatment capacity of 70,000m³/h and the four-stage filtration+ zeolite wheel adsorption and desorption + RTO process;
- (3) 1 set of UV photocatalytic purification + activated carbon adsorption facilities, with a designed capacity of 20,000 m³/h, adopting the UV photocatalytic purification process;
- (4) 2 sets of filter cartridge dust removal facilities, with a designed capacity of 10,000 m³/h and 1,500 m³/h, adopting the filter cartridge filtration process;
- (5) 2 sets of low-nitrogen combustion facilities, with the rated power of 0.7 MW and 1.4 MW, adopting the low-nitrogen combustion process;
- (6) 2 sets of drying waste gas treatment facilities, each with the rated power of 0.75 MW, adopting the direct combustion process;
- (7) 1 set of blanking dust treatment facilities, with rated power of 22kW and air volume of 20,000 m³/h, adopting the bag central treatment process;
- (8) 1 set of two-stage activated carbon adsorption facility, with the air treatment capacity of 20,000m³/h, adopting the two-stage activated carbon adsorption process;

Currently, all the above facilities are in normal operation.

Hazardous waste:

- (1) The Company has built 1 hazardous waste temporary storage room in accordance with requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2023), with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels.

Currently, all the above facilities are in normal operation.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Shandong	Industrial sewage:
Wanshida	(1) 1 set of painting wastewater treatment system, with the capacity of 4 m ³ /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;
Special Purpose Vehicle Manufacturing Co., Ltd.	(2) 1 set of domestic sewage treatment system, with the capacity of 4 m ³ /h, adopting the “hydrolytic acidification + SBR + contact oxidization + sand filtration + disinfection process”. After the treatment, the wastewater meets Grade-A standard set out in the Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB 18918-2002) and the quality standard for water used in greening work contained in the Reuse of Urban Recycling Water – Water Quality for Urban Miscellaneous Water Consumption (GB/T18920-2002), and is all used in the greening and road water spraying in the plant, with no external emission.

Currently, all the above facilities are in normal operation.

Industrial exhaust:

- (1) 4 sets of CNC cutting machine fume collection and treatment facilities, each with a designed capacity of 5,000 m³/h, adopting the filter cartridge dust removal process;
- (2) 2 sets of shot blasting machine fume collection and treatment facilities, each with a designed capacity of 5,000 m³/h, adopting the filter cartridge dust removal process;
- (3) 16 sets of fume collection and treatment facilities, with a designed capacity of 1,000 m³/h, adopting the filter cartridge dust removal process;
- (4) 2 sets of painting waste gas collection and treatment facilities, with the designed capacity of 100,000 m³/h and 120,000 m³/h, adopting the activated carbon adsorption and desorption + catalytic combustion process;
- (5) 2 sets of centralized welding fume collection and treatment facilities, with the designed air treatment capacity of 100,000m³/h and the filter cartridge dedusting process.

Currently, all the above facilities are in normal operation.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Hazardous waste:

- (1) The Company has built 1 hazardous waste temporary storage room in accordance with requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2023), with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels.

Currently, all the above facilities are in normal operation.

CIMC Vehicles Industrial sewage:

- (Jiangmen) Co., Ltd.
- (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.

Currently, all the above facilities are in normal operation.

Industrial exhaust:

- (1) 4 sets of VOCs treatment facilities for the paint line, 1 set of particulate matter treatment facilities for the sand blasting line, 3 sets of particulate matter treatment facilities in the paint grinding room, 1 set of canteen purification system, 3 sets of CNC cutting dust removal system, and 3 sets of laser cutting dust removal system.

Currently, all the above facilities are in normal operation.

Hazardous waste:

- (1) The Company has built the hazardous waste temporary warehouse, with an area of 180 m².

Currently, all the above facilities are in normal operation.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Dongguan CIMC Industrial sewage:

- Special Vehicle Co., Ltd. (1) The coating workshop is equipped with a wastewater treatment station, with the total treatment capacity of 237t/d. The phosphating wastewater treatment system and the 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. The coating workshop has arranged special personnel responsible for the ordinary operation of the wastewater treatment system, and each manshift records the operation of the wastewater treatment station.
- (2) The oily wastewater from the canteen is treated by oil and residue removal process; the toilet wastewater is treated by Level III septic tank; other domestic sewage is treated by residue removal process. After such treatment, other domestic sewage is discharged to the municipal network after residue removal treatment when meeting the Time Slot II Level III Standard set out in the Discharge Limits of Water Pollutants DB44/26-2001. Currently, all the above facilities are in normal operation.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Industrial exhaust:

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

Currently, all the above facilities are in normal operation.

Hazardous waste:

- (1) The Company has built 1 hazardous waste temporary warehouse, with the floor hardened and treated to prevent any infiltration and cofferdams established to avoid any leakage. The warehouse adopts separate storage measures for different categories of hazardous waste and sets classification labels. Sludge and waste engine oil have been stored on the leak-proof board, and diversion trenches and slow slopes are installed for the dangerous waste warehouse. Online monitoring equipment has been installed in the hazardous waste warehouse to realize real-time monitoring.

Currently, all the above facilities are in normal operation.

Gansu CIMC
Vehicles Co.,
Ltd.

Industrial sewage:

- (1) The domestic sewage of the Company is discharged into the municipal pipe network after passing through the septic tank;
- (2) A hydraulic cyclone system is used in the Company's painting room to discharge wastewater to the circulating pool, for recycling in a closed loop, without externally discharging industrial wastewater.

Currently, all the above facilities are in normal operation.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

Industrial exhaust:

- (1) 2 sets of laser cutting flue gas collection and treatment facilities, with a treatment capacity of 11,000m³/h and 8,000m³/h respectively;
- (2) 7 sets of mobile welding fume collection and treatment devices, each with a treatment capacity of 4,000 m³/h;
- (3) Painting exhaust in the painting room: 2 sets of hydraulic cyclone treatment + activated carbon adsorption + desorption and catalytic combustion processes, with a treatment capacity of 84,000 m³/h and 126,000 m³/h respectively.

Currently, all the above facilities are in normal operation.

Hazardous waste:

- (1) One hazardous waste warehouse which is enclosed, wind, rain and sun-proof, with floor hardened and treated to prevent any infiltration, and cofferdams to avoid any leakage, and waste liquid collection measures; hazardous waste is stored properly in intact packaging and by category. The warehouse is in normal operation.

Currently, all the above facilities are in normal operation.

Luoyang CIMC

Lingyu
Automobile Co.,
Ltd.

Industrial sewage:

- (1) 1 set of industrial wastewater treatment facilities, with a treatment capacity of 120 m³/d and the “coagulation-sedimentation + hydrolyze acidification + biocontact oxidation” process. The wastewater meets the Class 3 standard in Table 4 of the Integrated Wastewater Discharge Standard (GB8978 – 1996) after the treatment and is discharged to the wastewater treatment plant of the whole plant through main outlet of the plant and the municipal sewage pipe network;
- (2) 1 set of sewage treatment facilities of the plant, with a treatment capacity of 240 m³/d and the “hydrolyze acidification + bio-contact oxidation” process. After the treatment, the wastewater meets the Class 3 standard in Table 4 of the Integrated Wastewater Discharge Standard (GB8978 – 1996) and is discharged to the city’s wastewater treatment plant for through the municipal network.

Currently, all the above facilities are in normal operation.

Industrial exhaust:

- (1) 3 sets of painting, drying VOCs waste gas treatment facilities, with a designed air treatment capacity of 136,000 m³/h, 146,000 m³/h and 140,000 m³/h respectively, and the “activated carbon adsorption/desorption + catalytic combustion” process;
- (2) 2 sets of dust removal facilities for the manual sandblasting room, with a designed air treatment capacity of 22,206 m³/h and 30,000 m³/h, and the bag dust collecting process;
- (3) 1 set of dust removal facilities of the polishing room, with a designed air treatment capacity of 136,000 m³/h and the filter cartridge dust removal process;
- (4) 3 sets of numerical-controlled cutting fume and dust removal facilities, with a designed air treatment capacity of 6,290 m³/h and the filter cartridge dust removal process;
- (5) 4 sets of welding fume and dust removal facilities of the semi-trailer workshop, 1 set with a designed air treatment capacity of 6,290 m³/h, 3 sets with a designed air treatment capacity of 15,000 m³/h and the filter cartridge dust removal process;
- (6) 8 sets of welding fume and dust removal facilities of the tank workshop, with a designed air treatment capacity of 15,000 m³/h and the filter cartridge dust removal process;
- (7) 4 sets of welding fume and dust removal facilities of the mixing workshop, 2 sets with a designed air treatment capacity of 30,000 m³/h, 2 sets with a designed air treatment capacity of 24,000 m³/h and the filter cartridge dust removal process;
- (8) 1 set of shot blasting dust removal facilities for the powder spraying lines, with a designed air treatment capacity of 90,000 m³/h and the cyclone + filter cartridge dust removal process;
- (9) 3 sets of powder spraying dust treatment facilities for the powder spraying lines, with a designed air treatment capacity of 32,000 m³/h, 32,000 m³/h and 24,000 m³/h, respectively and the cyclone + filter cartridge dust removal process;
- (10) 1 set of powder curing waste gas treatment facilities for the powder spraying lines, with a designed air treatment capacity of 3,000 m³/h and the catalytic combustion process;
- (11) 4 sets of laser cutting fume and dust removal facilities, of which 2 sets have a designed air treatment capacity of 2,500 m³/h, and the remaining 2 sets have a designed air treatment capacity of 3,500 m³/h, with the filter cartridge dust removal process;
- (12) 2 sets of welding fume and dust removal facilities for the automatic welding production line for mixer truck frames, with the designed air flow rate of 30,000m³/h and 56,000m³/h, respectively, and the filter cartridge dust removal process;

Currently, all the above facilities are in normal operation.

Hazardous waste:

- (1) The Company has built 1 hazardous waste temporary storage room with the floor hardened and treated to prevent infiltration, difference areas for different types of hazardous waste, and classification labels;
Currently, all the above facilities are in normal operation.

4. Environmental impact assessment of construction projects and other environmental protection administrative licensing

Environmental impact assessment	Eight major subsidiaries that discharge pollutants have submitted an environmental impact assessment application, which has been approved.
Pollutant discharge permits	Eight major environmental supervision subsidiaries obtained national pollutant discharge permits during their operation.
Other environmental protection administrative permits	None

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

The existing pollutant discharge permits are as follows:

S/N	Company Name	Pollutant Discharge Permit Number/Pollutant Discharge Registration Number	Validity Period of Current Certificate
1	Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd.	91321091608706482E002V (Semi-trailer Plant) 91321091608706482E003V (Tank Truck Plant)	From December 23, 2022 to December 22, 2027 From January 21, 2021 to January 26, 2024
2	Zhumadian CIMC Huajun Vehicle Co., Ltd.	91411700175914226P001R	From October 20, 2021 to October 19, 2026
3	CIMC Vehicles (Shandong) Co., Ltd.	9137010061320142XH001C	From January 4, 2023 to January 03, 2028
4	Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd.	913708327986915837001Q	From October 21, 2019 to October 20, 2024
5	CIMC Vehicles (Jiangmen) Co., Ltd.	91440705769334958U001C	From September 30, 2022 to September 29, 2027
6	Dongguan CIMC Special Vehicle Co., Ltd.	91441900398195118U001Q	From September 29, 2022 to September 28, 2027
7	Gansu CIMC Vehicles Co., Ltd.	9162000784046137M001V	From December 24, 2022 to December 23, 2027
8	Luoyang CIMC Lingyu Automobile Co., Ltd.	91410300799163918F001R	From January 07, 2022 to January 06, 2027

5. Contingency plans for unexpected environment-related events

All the major environmental supervision subsidiaries of the Group prepared contingency plans for unexpected environment-related events and filed them with relevant competent authorities. They developed relevant management methods and procedures for unexpected environment-related events, had relevant contingency facilities and maintained them properly, and organized contingency drills for unexpected environment-related events during the year.

6. Environmental self-monitoring program

All major environmental supervision subsidiaries of the Group carried out environmental monitoring in accordance with relevant requirements, and engaged qualified third-party agencies to regularly monitor wastewater, waste gas and noise.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

7. Administrative punishment for environmental issues during the Reporting Period

Name of company or subsidiary	Reasons for Punishment	Violations	Punishment	Impact on the Production and Operation of the Listed Company	Rectification Measures of the Company
Shanghai Jibao Tiancheng Automobile Examination and Repair Co., Ltd. (上海集寶天誠汽車檢測修理有限公司) (formerly named as Shanghai CIMC Automobile Examination and Repair Co., Ltd. 上海中集汽車檢測修理有限公司)	On April 10, 2023, Shanghai Baoshan Ecological Environment Bureau issued a written decision on administrative punishment: H0113HF [2023] No. 17. The Company issued a false report in relation to the emission inspection on HDT3866 diesel vehicles on February 4, 2023.	Violation of Paragraph 1 of Article 54 of the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution	A fine of RMB100,000	No major impact	None Description: The company has completed the registration of industry and commerce changes for equity change on April 7, 2023, and ceased to be a subsidiary of the Company upon the change.

8. Other discloseable environmental information

None.

9. Continuous improvement

Is the environmental management system certification (ISO14001) attained	All the eight major environmental supervision subsidiaries of the Group have attained the ISO14001 certification.
Environmental protection investment amount	In the first half of 2023, the Group's investment in environmental protection was RMB17,595,000, including RMB9,870,000 from major environmental supervision subsidiaries.
Environmental protection tax	In the first half of 2023, the environmental protection tax on major environmental supervision subsidiaries of the Group was RMB94,170.
Performance of the Company in terms of reduction in discharge of "waste gas, waste water and waste residue"	<p>Improvement in terms of waste gas: The Group continued to promote the LTP + LoM production model, and gradually transformed the manual coating production line to the automatic powder spraying line through process improvement and production capacity optimization, so as to reduce oil-based painting and coating operations and the generation of volatile organic compounds at source.</p> <p>Improvement in terms of waste water: All enterprises of the Group continued to strengthen the management and maintenance of sewage treatment facilities in 2023 to ensure their normal operation, adopted a sewage recycling approach to reuse part of treated sewage in the production process to reduce the consumption of groundwater resources, and transformed the oil-based painting to the automatic powder spraying to reduce the generation of paint mist sewage.</p> <p>Improvement in terms of solid waste: All enterprises in the Group continued to optimize the production process and material management to reduce the generation of waste, conducted the recycle and resource utilization of waste through effective classification and sorting, and strengthened the storage and treatment of waste to ensure meeting environmental protection requirements.</p>

10. Measures taken to reduce carbon emissions during the Reporting Period and their effects

In the first half of 2023, the Group adopted a series of carbon emission reduction measures to reduce the carbon emission in its production and operation process. In the first half of 2023, the measures taken by the Group to reduce carbon emissions:

- (1) Optimization of energy management: The Group strengthened its energy management, and identified and reduced the links with inefficient energy use, thus reducing the energy consumption and the carbon emission from burning fossil fuels.
- (2) Use of clean energy: The Group actively promoted the application of clean energy and made full use of roof resources to install photovoltaic panels. As at June 30, 2023, rooftop photovoltaic projects of eight enterprises, namely Wuhu CIMC Ruijiang Automobile Co., Ltd., Qingdao CIMC Reefer Trailer Co., Ltd., Dongguan CIMC Special Vehicle Co., Ltd., CIMC Vehicle (Jiangmen) Co., Ltd., Yangzhou CIMC Tonghua Special Vehicles Co., Ltd., Jiangsu Baojing Auto Parts Co., Ltd., CIMC Taizijie Vehicle Body Manufacturing (Jiangmen) Co., Ltd. and China Jiangsu Vanguard Trailer Rental Co., Ltd., were put into use. In the first half of 2023, the total photovoltaic power generation exceeded 7.4 million kwh, reducing carbon emissions by a total of over 5,000 tons. In the future, the Group will continuously cause its subsidiaries to carry out rooftop photovoltaic power generation projects, so as to further optimize the energy use structure and reduce greenhouse gas emissions.
- (3) Vehicle technology innovation: The Group is committed to promoting the innovation of vehicle technology, and enhanced the fuel efficiency and energy utilization efficiency of vehicles through improving the power system, vehicle structure and lightweight technology, thus reducing the emission of greenhouse gas.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

- (4) Green supply chain management: The Group paid attention to green environmental protection requirements in its supply chain management, encouraged the use of low-carbon materials and environment-friendly production processes in the cooperation with suppliers, and actively reduced greenhouse gas emissions in the logistics process.

In the future, the Group will continue to promote sustainable development, and reduce carbon emissions relying on technological innovation and management methods, thus actively promoting low-carbon economic transformation.

II. SOCIAL RESPONSIBILITY

Following the national strategy of rural revitalization, the Company earnestly fulfills its social responsibilities, proactively supports the development of agriculture, rural areas and rural residents, and contributes its share to promoting the rural revitalization.

In 2023, under the leadership of the party committee of Luolong District in Luoyang City, Lingyu Automobile under our Champion Tanker Business Group has established a paired assistance relationship with the Bigou Community in Luolong District. The party committee of Lingyu Automobile formulated a series of assistance measures based on its advantages, and conducted in-depth on-site research. On June 10, 2023, Lingyu Automobile organized 30 party members to carry out the activity of “assisting in the new development of rural area with the original aspiration of party members” in the Bigou Community of Luolong District. Lingyu Automobile rented a land of 300 square meters in Bigou Community to plant vegetables, with a view to providing paired assistance and accelerating the rural revitalization.



SECTION VI SIGNIFICANT EVENTS

I. COMMITMENT COMPLETED DURING THE REPORTING PERIOD AND OVERDUE 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

There was no commitment completed during the Reporting Period and overdue 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.

II. TIE-UP OF FUNDS BY CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES FOR NON-OPERATING PURPOSES

Applicable Not applicable

During the Reporting Period, the Controlling Shareholder and other related parties did not tie up funds of the Company for non-operating purposes.

III. EXTERNAL GUARANTEE IN VIOLATION OF REGULATIONS

Applicable Not applicable

During the Reporting Period, the Company did not provide guarantees externally in violation of laws.

IV. ENGAGEMENT AND REMOVAL OF ACCOUNTING FIRMS

Whether the 2023 interim report has been audited

Yes No

The 2023 interim report of the Company has not been audited.

V. DESCRIPTION PROVIDED BY THE BOARD, THE SUPERVISORY COMMITTEE AS TO THE "MODIFIED AUDIT REPORT" OF THE AUDITORS FOR THE REPORTING PERIOD

Applicable Not applicable

SECTION VI SIGNIFICANT EVENTS *(Continued)*

VI. DESCRIPTION OF INFORMATION IN THE “MODIFIED AUDIT REPORT” FOR THE PREVIOUS YEAR OF THE BOARD

Applicable Not applicable

VII. 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.

VIII. LITIGATION MATTERS

MATERIAL LITIGATION AND ARBITRATION

Applicable Not applicable

During the Reporting Period, the Company was not involved in material litigation and arbitration.

OTHER LITIGATION

Applicable Not applicable

IX. PUNISHMENT AND RECTIFICATION

Applicable Not applicable

During the Reporting Period, there was no significant punishment and rectification.

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

Applicable Not applicable

SECTION VI SIGNIFICANT EVENTS (Continued)

XI. MATERIAL 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	-	28,245.29	2.60%	135,000	No	Cash settlement	-	August 26, 2021, June 2, 2022	For details, refer to the Announcement on Estimations of Ordinary Related Transactions for 2022-2024 disclosed on the Cninfo at http://www.cninfo.com.cn/ . For details, refer to the Announcement on Revision to the Estimated Cap on Daily Related Party Transactions in 2022-2024 disclosed on the website of Cninfo at http://www.cninfo.com.cn/ .

SECTION VI SIGNIFICANT EVENTS *(Continued)*

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 services from related parties	Purchase of services	Market price	-	5,748.16	0.53%	55,000	No	Cash settlement	-	August 26, 2021, June 2, 2022	For details, refer to the Announcement on Estimations of Ordinary Related Transactions for 2022-2024 disclosed on the Cninfo at http://www.cninfo.com.cn .
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	-	10,525.02	0.78%	51,000	No	Cash settlement	-		For details, refer to the Announcement on Estimations of Ordinary Related Transactions for 2022-2024 disclosed on the Cninfo at http://www.cninfo.com.cn .
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	-	127.43	0.01%	5,500	No	Cash settlement	-		For details, refer to the Announcement on Estimations of Ordinary Related Transactions for 2022-2024 disclosed on the Cninfo at http://www.cninfo.com.cn .
Total					-	44,645.90	-	246,500	-		-		

Details of large sales return

If the total amount of ordinary related transactions to be carried out during the period is estimated by type, the actual performance (if any) during the Reporting Period

Reasons for significant differences between the transaction price and the market reference price (if applicable)

N/A

SECTION VI 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	Book Value of Transferred Assets (RMB 0,000)	Appraised Value of Transferred Assets (RMB 0,000) (If Any)	Transfer Price (RMB 0,000)	Settlement Method for Related Transaction	Transaction Profit and Loss (RMB 0,000)	Date of Disclosure	Disclosure Index
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CIMC Group	Controlling shareholder of the Company	Related Transactions Involving Disposal of Equity Interests	The Company and its wholly-owned subsidiary CIMC VEHICLE INVESTMENT HOLDINGS COMPANY LIMITED transferred the total 100% equity of Shenzhen CIMC Special Vehicle held by them to CIMC Group, the controlling shareholder of the Company.	Based on the appraised value and taking into account commercial reasons, installment payments and other factors, the specific price is determined by both parties through negotiation.	20,596.06	125,648.89	131,699.86	In cash	84,797.43	February 6, 2023	For details, please refer to the Announcement on Transfer of Equity in Wholly-owned Subsidiary and Connected/Related Party Transactions disclosed on the website of Cimifo at http://www.cimifo.com.cn/ .
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Reasons for significant differences between the transfer price and the book value or appraised value (if any).

According to the Equity Transfer Agreement in Relation to Shenzhen CIMC Vehicle Co., Ltd., the parties thereunder confirmed that the adjusted equity transfer price of 100% equity of Shenzhen CIMC Special Vehicle is RMB 1,316,999,600. There is no significant difference between the transfer price before and after adjustment and the appraised value.

Impact on the operating results and financial status of the Company

The transaction is in line with the Company's future strategic planning, which will facilitate the supply-side structural reform promoted by the Company and enhance the quality and efficiency of the Company's operation. The transaction will not have any adverse impact on the financial status, operating results, future main business and sustainable operating capabilities of the Company, nor will it harm the interests of the Company and its Shareholders as a whole.

If the relevant transaction involves any performance agreement, the actual performance during the Reporting Period

N/A

SECTION VI SIGNIFICANT EVENTS *(Continued)*

3. Related Transaction Involving Joint External Investment

Applicable Not applicable

During the Reporting Period, the Company did not carry out related transactions involving joint external investment.

4. Related Claims and Debts

Applicable Not Applicable

Whether there are non-operating related claims or debts

Applicable Not applicable

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

SECTION VI SIGNIFICANT EVENTS *(Continued)*

5. Dealings with Financial Companies with Related Relationships

Applicable Not applicable

Deposit business

Related Party	Related Relationship	Maximum Daily Deposit Limit (RMB'0,000)	Deposit Interest Rate Range	Amount Incurred During the Period			Ending Balance (RMB'0,000)
				Beginning Balance (RMB'0,000)	Total Deposit During the Period (RMB'0,000)	Total Withdrawal During the Period (RMB'0,000)	
CIMC Finance Company Ltd.	Common controlling shareholder	70,000	The interest rate is determined by reference to: (1) the interest rate published by the People's Bank of China for similar deposits and for the same period; (2) the interest rate charged by CIMC Finance Company Ltd. to other subsidiaries of CIMC Group (excluding the Company) for similar deposits and for the same period; (3) the interest rate offered by independent third-party commercial banks to the Company and its subsidiaries for similar deposits and for the same period.	68,813.72	927,866.26	927,799.94	68,904.26

SECTION VI SIGNIFICANT EVENTS (Continued)

Loan business

Related Party	Related Relationship	Loan Amount (RMB'0,000)	Range of Lending Rate	Beginning Balance (RMB'0,000)	Amount Incurred During the Period		Ending Balance (RMB'0,000)
					Total Amount of Loans for the Period (RMB'0,000)	Total Amount of Repayment for the Period (RMB'0,000)	
CIMC Finance Company Ltd.	Common controlling shareholder	35,000	The interest rate is determined by reference to: (1) Interest rates of similar loans for the same period announced by the People's Bank of China; (2) Interest rates of similar loans provided by independent commercial banks and/or other nonbank financial institutions to the Group for the same period. (3) Interest rates of loans from Party A to Party B shall not be higher than the interest rate of similar loans from other financial institutions to Party B.	14,050.58	0	1,561.17	12,489.41

Credit or 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 Company 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 RMB0.1561 million. As at the end of the Reporting Period, the balance of guarantee for the above business was RMB533.0142 million.

SECTION VI SIGNIFICANT EVENTS *(Continued)*

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

Applicable Not applicable

There was 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

On March 27, 2023, the Company convened the fourth meeting of the second session of the Board of Directors for 2023 and the third meeting of the second session of the Supervisory Committee for 2023, which respectively considered and approved the Proposal on Estimations of Ordinary Related Transactions with Shandong Linglong Tire Co., Ltd. for 2023, and agreed to the issues in relation to ordinary related transactions with Shandong Linglong Tire Co., Ltd. for 2023.

Information on websites for disclosure of holding announcements on material connected transactions

Name of Holding Announcement	Date of Disclosure of Holding Announcement	Name of Website for Disclosure of Holding Announcement
Announcement on Estimations of Ordinary Related Transactions with Shandong Linglong Tire Co., Ltd. for 2023	March 28, 2023	Cninfo (http://www.cninfo.com.cn/)

SECTION VI SIGNIFICANT EVENTS *(Continued)*

XII. MATERIAL CONTRACTS AND THEIR PERFORMANCE

1. Custody, Contracting and Lease

(1) Custody

Applicable Not applicable

Description of Custody

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

Description of Contracting

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.

SECTION VI SIGNIFICANT EVENTS *(Continued)*

(3) Lease

Applicable Not applicable

Description of Lease

1. As 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 lessor

The Group leases out some of its houses, buildings, machinery equipment, transport machines and other equipment for a term ranging from 1 month to 20 years which may be extended according to the needs of the lessees. Under lease contracts, the rent shall be adjusted annually based on market rent conditions.

Projects on which the profit or loss of the Company exceeded 10% of the total profit of the Company for the Reporting Period

Applicable Not applicable

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

SECTION VI SIGNIFICANT EVENTS (Continued)

2. Material Guarantee

Applicable Not applicable

Unit: RMB'0,000

External guarantees of the Company and its subsidiaries (excluding guarantees to subsidiaries)										
Name of Principal	Date of Disclosure of Announcement on Guarantee	Guarantee Limit	Date of Incurrence	Actual Guarantee Amount	Type of Guarantee	Security (If Any)	Counter Guarantee (If Any)	Term of Guarantee	Is the Guarantee Fulfilled	Are Guarantees provided for Related Parties
	Vehicle customers and distributors of Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd.	March 28, 2023	320,000	January 1, 2022	12,123.21	Joint and several guarantee	None	Counter guarantee was provided	1-3 years	No
Vehicle customers and distributors of Wuhu CIMC Ruijiang Automobile Co., Ltd.			January 1, 2022	58,656.61	Joint and several guarantee	None	Counter guarantee was provided	1-3 years	No	No
Vehicle customers and distributors of Zhumadian CIMC Huajun Vehicle Co., Ltd.			January 1, 2022	335.02	Joint and several guarantee	None	Counter guarantee was provided	1-3 years	No	No
Vehicle customers and distributors of Shenzhen CIMC Special Vehicle and CIMC Vehicle (Jiangmen) Co., Ltd.			January 1, 2022	30,037.35	Joint and several guarantee	None	Counter guarantee was provided	1-3 years	No	No

SECTION VI 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 and distributors of Luoyang CIMC Lingyu Automobile Co., Ltd.	March 28, 2023	320,000	January 1, 2022	34,166.58	Joint and several guarantee	None	Counter guarantee was provided	1-3 years	No	No
Vehicle customers and distributors of Chongqing CIMC Vehicle Sales Service Co., Ltd.			January 1, 2022	440.30	Joint and several guarantee	None	Counter guarantee was provided	1-3 years	No	No
Vehicle customers of Shanghai CIMC Vehicle Sales Services Co., Ltd.			January 1, 2022	52.29	Joint and several guarantee	None	Counter guarantee was provided	1-3 years	No	No
Vehicle customers of Shaanxi CIMC Vehicle Sales Service Co., Ltd.			January 1, 2022	0	Joint and several guarantee	None	Counter guarantee was provided	1-3 years	No	No
Customers of Kunming CIMC Vehicle Industrial Park Development Co., Ltd.	March 28, 2023	4,000	-	-	-	-	-	-	-	-
Total external guarantee limit approved during the Reporting Period (A1)			324,000.00				Total amount of external guarantee incurred during the Reporting Period (A2)			8,736.85
Total external guarantee limit approved as at the end of the Reporting Period (A3)			324,000.00				Total balance of external guarantee provided as at end of the Reporting Period (A4)			135,811.36

SECTION VI SIGNIFICANT EVENTS *(Continued)*

Guarantee from the Company to Subsidiaries										
Name of Principal	Date of Disclosure of Announcement on Guarantee	Guarantee Limit	Date of Incurrence	Actual Guarantee Amount	Type of Guarantee	Security (If Any)	Counter Guarantee (If Any)	Term of Guarantee	Is the Guarantee Fulfilled	Are Guarantees provided for Related Parties
	Limit									Fulfilled
Liangshan CIMC Dongyue Vehicles Co., Ltd.	March 28, 2023	200,000	January 12, 2023	912.80	Joint and several guarantee	None	Equity pledge by minority shareholders	1 year	No	No
Liangshan CIMC Dongyue Vehicles Co., Ltd.			March 23, 2023	2,473.45	Joint and several guarantee	None	Equity pledge by minority shareholders	1 year	No	No
Zhumadian CIMC Huajun Casting Co., Ltd.			January 28, 2023	950.00	Joint and several guarantee	None	None	1 year	No	No
Zhumadian CIMC Huajun Casting Co., Ltd.			January 6, 2023	3,112.50	Joint and several guarantee	None	None	1 year	No	No
CIMC Taizijie Vehicle Body Manufacturing (Zhenjiang) Co., Ltd.			September 21, 2022	2,300.00	Joint and several guarantee	None	None	1 year	No	No
CIMC Taizijie Vehicle Body Manufacturing (Jiangmen) Co., Ltd.			August 4, 2022	3,600.00	Joint and several guarantee	None	None	1 year	No	No
Kunming CIMC Vehicle Industrial Park Development Co., Ltd.			January 17, 2023	1,749.40	Joint and several guarantee	None	None	3 year	No	No
Kunming CIMC Vehicle Industrial Park Development Co., Ltd.			February 20, 2023	4,000.00	Joint and several guarantee	None	None	3 year	No	No
Total guarantee limit approved for subsidiaries during the Reporting Period (B1)			200,000.00	Total amount of guarantee to subsidiaries incurred during the Reporting Period (B2)						14,198.15
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)						20,098.15

SECTION VI SIGNIFICANT EVENTS *(Continued)*

Total guarantee limit approved for subsidiaries during the Reporting Period (C1)	200,000.00	Total amount of guarantee to subsidiaries incurred during the Reporting Period (C2)	0
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)	0

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)	524,000.00	Total amount of guarantee incurred during the Reporting Period (A2+B2+C2)	22,935.00
Total guarantee limit approved as at the end of the Reporting Period (A3+B3+C3)	524,000.00	Total balance of guarantee provided as at end of the Reporting Period (A4+B4+C4)	155,909.51
Total amount of guarantee provided (i.e. A4+B4+C4) as a percentage of net assets of the Company			10.92%

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)			2,300.00
Excess of the total guarantee over 50% of net assets (F)			0
Sum of the above three guarantee amounts (D+E+F)			2,300.00

SECTION VI SIGNIFICANT EVENTS *(Continued)*

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	1,818.66
Description of the provision of external guarantee in violation of specified procedures (if any)	None

Note 1: The total approved limit of guarantee from the Company and its subsidiaries to subsidiaries during the Reporting Period was RMB2,000.00 million.

3. Material Contracts in the Ordinary Course of Business

Applicable Not applicable

4. Other Material Contracts

Applicable Not applicable

During the Reporting Period, the Company had no other material contracts.

XIII. OTHER MATERIAL MATTERS

Applicable Not applicable

1. Matters in relation to Over 1% Increase in Holding of H Shares by the Controlling Shareholder

For details, refer to the Announcement on Over 1% Increase in Holding of H Shares by the Controlling Shareholder (Announcement No. 2023-002) disclosed on January 19, 2023 on the website of Cninfo at <http://www.cninfo.com.cn/>, and the announcement published on the website of the Hong Kong Stock Exchange at <https://www.hkexnews.hk/>.

SECTION VI SIGNIFICANT EVENTS *(Continued)*

2. Matters in relation to Change in Shareholdings of Shareholders with over 5% of the Shares

For details, please see the Announcement on Pre-disclosure of Reduction in Holdings of A Shares by Shareholders with More Than 5% of Shares (Announcement No. 2023-008) disclosed on February 6, 2023, the Announcement on Change of Over 1% in Holdings of A Shares by Shareholders with More than 5% of Shares (Announcement No. 2023-014) disclosed on February 21, 2023, the Indicative Announcement on Equity Change of Shareholders with More than 5% of Shares (Announcement No. 2023-015) and the Condensed Statement of Changes in Equity disclosed on February 23, 2023, the Announcement on Change of over 1% in Holdings of Shareholders with More than 5% of Shares (Announcement No. 2023-032) disclosed on March 31, 2023, the Announcement on Change of over 1% in Holdings of Shareholders with More than 5% of Shares (Announcement No. 2023-042) disclosed on April 28, 2023, the Announcement on Passage of Half of the Period for Reduction in Holdings of A Shares by Shareholders with More than 5% of Shares (Announcement No. 2023-044) disclosed on May 11, 2023, and the Announcement on Change of over 1% in Holdings of Shareholders with More than 5% of Shares (Announcement No. 2023-052) disclosed on June 2, 2023 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/>.

3. Matters in relation to Transfer of Equity in Wholly-owned Subsidiary and Connected Transactions

For details, please refer to the Announcement on Transfer of Equity in Wholly-owned Subsidiary and Connected/Related Party Transactions (Announcement No. 2023-006) disclosed on February 6, 2023 and the Announcement on Progress of Transfer of Equity in Wholly-owned Subsidiary and Connected/Related Party Transactions and Completion of Registration of Industry and Commerce Changes (Announcement No. 2023-034) disclosed on April 4, 2023 on the website of Cninfo at <http://www.cninfo.com.cn/>, and the announcements published on the website of the Hong Kong Stock Exchange at <https://www.hkexnews.hk/>.

4. Matters in relation to the Foreign Exchange Forward Hedging Business in 2023

For details, refer to the Announcement on the Foreign Exchange Forward Hedging Business in 2023 (Announcement No. 2023-012) disclosed on February 21, 2023 on the website of Cninfo at <http://www.cninfo.com.cn/>, and the announcement published on the website of the Hong Kong Stock Exchange at <https://www.hkexnews.hk/>.

SECTION VI SIGNIFICANT EVENTS *(Continued)*

5. Matters in relation to Guarantees for Subsidiaries and their Distributors and Customers in 2023

For details, refer to the Announcement on the Guarantees for Subsidiaries and their Distributors and Customers in 2023 (Announcement No. 2023-024) disclosed on the website of Cninfo at <http://www.cninfo.com.cn/> on March 28, 2023, and the announcement published on the website of the Hong Kong Stock Exchange at <http://www.cninfo.com.cn/>.

6. Matters in relation to Reconsideration and Termination and Postponement of Certain A Share Proceeds-funded Projects

For details, refer to the Announcement on Reconsideration and Termination and Postponement of Certain A Share Proceeds-funded Projects (Announcement No. 2023-031) disclosed on March 28, 2023 on the website of Cninfo at <http://www.cninfo.com.cn/>, and the announcement published on the website of the Hong Kong Stock Exchange at <https://www.hkexnews.hk/>.

7. Employee Stock Ownership Scheme (2023-2027)

For details, refer to the Announcement on the Employee Stock Ownership Scheme (2023-2027) (Draft) of CIMC Vehicles (Group) Co., Ltd. and the Announcement on the Measures for the Administration of Employee Stock Ownership Scheme (2023-2027) of CIMC Vehicles (Group) Co., Ltd. disclosed on May 22, 2023, and the Announcement on Progress of Phase I Employee Stock Ownership Scheme (2023-2027) (Announcement No. 2023-055) disclosed on July 3, 2023 and August 1, 2023 on the website of Cninfo at <http://www.cninfo.com.cn/>, and the announcements published on the website of the Hong Kong Stock Exchange at <https://www.hkexnews.hk/>.

8. Equity Distribution for 2022

For details, refer to the Announcement on the Profit Distribution Plan for 2022 (Announcement No. 2023-026) disclosed on March 28, 2023 and the Announcement on Distribution of Equity for A Shares in 2022 (Announcement No. 2023-058) disclosed on July 14, 2023 on the website of Cninfo at <http://www.cninfo.com.cn/>, and the announcements published on the website of the Hong Kong Stock Exchange at <https://www.hkexnews.hk/>.

SECTION VI SIGNIFICANT EVENTS *(Continued)*

XIV. OTHER SIGNIFICANT MATTERS OF SUBSIDIARIES OF THE COMPANY

Applicable Not applicable

XV. OTHER INFORMATION DISCLOSED IN ACCORDANCE WITH THE HONG KONG STOCK EXCHANGE LISTING RULES

1. Securities Transactions by the Directors and Supervisors

The Company has adopted a set of code of conduct on terms no less exacting than the required standards set out in the Model Code in connection with securities transactions by the Directors and Supervisors. Upon the enquiries made to all Directors and Supervisors of the Company, they confirmed that they have complied with the standards for securities transactions by the directors and supervisors as set out in the Model Code and the code of conduct during the Reporting Period, save as the following events which occurred after the Reporting Period:

Ms. Yu Siwei (“**Ms. Yu**”), the spouse of Mr. He Jin (“**Mr. He**”, a Director of the Company), dealt in A Shares of the Company by way of call auction. Ms. Yu bought 1,000 A Shares on July 17, 2023, sold 1,000 A Shares on July 25, 2023, and bought 1,000 A Shares on July 26, 2023. The above transactions violated the provisions of A.3(a)(ii), A.6 and B.8 of the Model Code, and constitute the short-swing transaction under Article 44 of the Securities Law of the PRC (the “**Securities Law**”). As at July 26, 2023, Mr. He is deemed to hold 1,000 A Shares under the Securities and Futures Ordinance.

The Company paid high attention to the incident upon the knowledge of it, and has conducted relevant verification and investigation in a timely manner. Mr. He Jin and his spouse Ms. Yu Siwei have actively cooperated with the investigation and made corrections. Upon verification, Ms. Yu made the above transactions due to her insufficient knowledge of relevant laws and regulations, and her dealing in shares of the Company was a discretionary act based on her judgment of the secondary market. Mr. He was not aware of this short-swing transaction, and did not inform Ms. Yu of information on the operations of the Company prior to and following this short-swing transaction. Therefore, there was no insider dealing in shares of the Company, benefit from insider information, or intentional violation of rules. Mr. He has expressed deep remorse for failing to perform his supervision obligations to his spouse in a timely manner, and Ms. Yu was also fully aware of the severity of this non-compliant transaction and has expressed sincere apology

SECTION VI SIGNIFICANT EVENTS *(Continued)*

for the adverse impact of the above transaction on the Company and the market. Ms. Yu undertook that she will consciously comply with the provisions of the Securities Law, the Several Provisions on the Reduction of Shares Held in a Listed Company by the Shareholders, Directors, Supervisors, and Senior Executives of the Listed Company, the Hong Kong Stock Exchange Listing Rules, the Securities and Futures Ordinance and other relevant laws and regulations, carefully learn the relevant requirements of relevant laws and regulations, strictly abide by the relevant regulations, and avoid the recurrence of such incident in the future.

The Company has adopted the following actions and measures in relation to the incident:

- (1) According to the provisions of Article 44 of the Securities Law and the relevant policies of the Company, the Company has confiscated all earning of RMB630 obtained by Ms. Yu from the short-swing transaction.
- (2) The Company issued the Announcement on Apology for Short-swing Transaction by Relative of Director (《關於董事親屬短線交易的致歉公告》) on the Shenzhen Stock Exchange after the closing of market on July 28, 2023 and an overseas regulatory announcement on the website of the Hong Kong Stock Exchange, and Mr. He has also made a corresponding declaration of interests as to the deemed holding of shares on July 28, 2023 according to the Securities and Futures Ordinance.
- (3) The Company will continue to strengthen the training and publicity on compliance, require Directors, Supervisors, senior management and Shareholders holding more than 5% of Shares to further learn the relevant laws, regulations and normative documents, including the Securities Law, the Rules on the Management of Shares Held by the Directors, Supervisors, and Senior Management of Listed Companies and the Changes Thereof (《上市公司董事、監事和高級管理人員所持本公司股份及其變動管理規則》), the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, the Hong Kong Stock Exchange Listing Rules and the Securities and Futures Ordinance, and to strictly abide by the relevant regulations. The Company will continue to procure relevant personnel to strictly regulate the dealing in shares of the Company, and avoid the recurrence of such incident in the future.

SECTION VI SIGNIFICANT EVENTS *(Continued)*

The Board also adopted the Model Code to regulate all dealings in securities of the Company by relevant employees who were likely to be in possession of unpublished inside information of the Company, as specified in Code Provision A.6.4 of the Corporate Governance Code. After making reasonable enquiry, no relevant employees of the Company were found to violate the Model Code during the Reporting Period.

2. Corporate Governance Practices

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 continued to review and improve the quality of corporate governance practice with reference to local and international standards. Since the Listing Date of H Shares, the Company has adopted the Corporate Governance Code set out in Appendix 14 to the Hong Kong Stock Exchange Listing Rules as its principal guideline on corporate governance practices, and complied with the code provisions set out in Part II of the Corporate Governance Code.

3. The Audit Committee

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 interim financial information of the Company for the six months ended June 30, 2023 has not been audited but has been reviewed by the Audit Committee. The Audit Committee has also reviewed the accounting policies, standards and practices adopted by the Company, and discussed with the Company on risk management, internal control system and financial reporting. The Audit Committee has no disagreement on the accounting treatment adopted by the Company.

SECTION VII CHANGES IN SHARES AND SHAREHOLDERS

I. CHANGES IN SHARES

1. Changes in Shares

Unit: Share

	Prior to Change		Increase/Decrease (+/-)				Upon Change		
	Number	Percentage	Issuance of New Shares	Bonus Issue	Conversion of Capital Reserve into Share Capital	Others	Subtotal	Number	Percentage
I. Shares subject to selling restrictions	1,013,428,475	50.23%						1,013,428,475	50.23%
1. State-owned shares									
2. Shares held by state-owned legal persons									
3. Shares held by other domestic investors	728,443,475	36.10%						728,443,475	36.10%
of which: Shares held by domestic legal persons	728,443,475	36.10%						728,443,475	36.10%
Shares held by domestic natural persons									
4. Shares held by foreign investors	284,985,000	14.12%						284,985,000	14.12%
of which: Shares held by foreign legal persons	284,985,000	14.12%						284,985,000	14.12%
Shares held by foreign natural persons									
II. Shares not subject to selling restrictions	1,004,171,525	49.77%						1,004,171,525	49.77%
1. RMB ordinary shares	725,236,525	35.95%						725,236,525	35.95%
2. Domestic listed foreign shares									
3. Overseas listed foreign shares	278,935,000	13.83%						278,935,000	13.83%
4. Others									
III. Total shares	<u>2,017,600,000</u>	<u>100.00%</u>						<u>2,017,600,000</u>	<u>100.00%</u>

SECTION VII CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

Reasons for changes in shares

Applicable Not applicable

Approval for changes in shares

Applicable Not applicable

Transfer for changes in shares

Applicable Not applicable

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

Impact of changes in shares on financial indicators including the basic earnings per share, diluted earnings per share and net assets per share attributable to ordinary Shareholders of the Company for the previous year or latest period

Applicable Not applicable

Other information whose disclosure is considered necessary by the Company or required by securities regulatory authorities

Applicable Not applicable

2. Changes in Shares subject to Selling Restrictions

Applicable Not applicable

3. Purchase, Sale or Redemption of Listed Securities of the Company

There was no purchase, sale or redemption of any listed securities of the Company by the Company or its subsidiaries during the Reporting Period.

SECTION VII CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

II. ISSUANCE AND LISTING OF SECURITIES

Applicable Not applicable

III. NUMBER OF SHAREHOLDERS AND THE SHAREHOLDING OF THE COMPANY

Unit: Share

Total number of ordinary Shareholders as at the end of the Reporting Period	Total number of Shareholders: 29,719 (among which, A Shares: 29,674, and H Shares: 45)	Total number of preferred Shareholders whose voting rights have been reinstated as at the end of the Reporting Period	0	Total number of Shareholders holding Shares with special voting rights	0
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Shareholdings of the Shareholders holding more than 5% of the Shares or the top ten Shareholders

Name of Shareholder	Nature of Shareholder	Shareholding percentage	Number of shares held as at the end of the Reporting Period	Changes during the Reporting Period	Number of shares held subject to trading restrictions	Number of shares held not subject to trading restrictions	Pledged, charged or frozen shares Status	Number
CIMC Group	Domestic non-state-owned legal person	36.10%	728,443,475	0	728,443,475	0		
CIMC Hong Kong (note 1)	Overseas legal person	20.68%	417,190,600	13,935,000	284,985,000	132,205,600		
HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司) (note 2)	Overseas legal person	7.27%	146,668,432	(13,933,500)	0	146,668,432		

SECTION VII CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

Name of Shareholder	Nature of Shareholder	Shareholding percentage	Number of shares held as at the end of the Reporting Period	Changes during the Reporting Period	Number of shares held subject to trading restrictions	Number of shares held not subject to trading restrictions	Pledged, charged or frozen shares Status	Number
Ping An Capital Co., Ltd. (平安資本有限責任公司) – Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥))	Others	3.73%	75,273,188	(50,956,400)	0	75,273,188		
Ping An Capital Co., Ltd. (平安資本有限責任公司) – Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企業(有限合夥))	Others	3.65%	73,581,905	(48,103,600)	0	73,581,905		
Xiangshan Huajin	Domestic non-state-owned legal person	3.56%	71,894,400	(3,983,100)	0	71,894,400		
Hong Kong Securities Clearing Company Limited	Overseas legal person	1.57%	31,679,168	29,873,365	0	31,679,168		
Shenzhen Longyuan	Domestic non-state-owned legal person	1.15%	23,160,000	0	0	23,160,000		
Central Enterprises Poor Regions Industry Investment Fund Co., Ltd. (中央企業鄉村產業投資基金股份有限公司)	State-owned legal person	0.42%	8,572,832	(20,162,800)	0	8,572,832		
China Merchants Bank (招商銀行股份有限公司) – China Europe Internet Pioneer Hybrid Securities Investment Fund (中歐互聯網先鋒混合型證券投資基金)	Others	0.42%	8,498,900	8,498,900	0	8,498,900		

Strategic investors or ordinary legal persons becoming top ten Shareholders by way of placing of new Shares

Central Enterprises Poor Regions Industry Investment Fund Co., Ltd. (中央企業鄉村產業投資基金股份有限公司) became top ten Shareholders by way of placing of new Shares, the shares held by which were released from the restriction on sale on July 8, 2022. Neither the start date nor the end date of the shareholding period has been agreed with the Shareholder.

SECTION VII CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

Description of connected relationships or concerted actions of the above Shareholders	<p>1. CIMC Hong Kong is a wholly-owned subsidiary of CIMC Group;</p> <p>2. Each of Ping An Capital Co., Ltd. (平安資本有限責任公司) – Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥)) and Ping An Capital Co., Ltd. (平安資本有限責任公司) – Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企業(有限合夥)) is a partnership private equity investment fund. The executive partner of Ping An Capital Co., Ltd. (平安資本有限責任公司) – Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥)) is Ping An Capital Co., Ltd. (平安資本有限責任公司), and the executive partner of Ping An Capital Co., Ltd. (平安資本有限責任公司) – Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企業(有限合夥)) is Ping An Decheng. Both Ping An Decheng and Ping An Capital Co., Ltd. (平安資本有限責任公司) are enterprises whose equity interests are indirectly owned as to 100% by Ping An Group (a listed company, 601318.SH/02318. HK). Ping An Capital Co., Ltd. (平安資本有限責任公司) – Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥)) and Ping An Capital Co., Ltd. (平安資本有限責任公司) – Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) (台州太富祥雲股權投資合夥企業(有限合夥)) are under the control of the same entity and are persons acting in concert.</p> <p>Saved as disclosed above, the Company is not aware of any other related relationship among the above Shareholders, or whether they are persons acting in concert.</p>
Description of entrusting/being entrusted voting rights or waiving voting rights of the above Shareholders	Not applicable
Special description of the special accounts for repurchase held by the top ten Shareholders	Not applicable

SECTION VII 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	
		Class of Shares	Number
HKSCC NOMINEES LIMITED (Note 2)	146,668,432	Overseas listed foreign shares	146,668,432
CIMC Hong Kong (Note 1)	132,205,600	Overseas listed foreign shares	132,205,600
Ping An Capital Co., Ltd. - Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership)	75,273,188	RMB ordinary shares	75,273,188
Ping An Capital Co., Ltd. - Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership)	73,581,905	RMB ordinary shares	73,581,905
Xiangshan Huajin	71,894,400	RMB ordinary shares	71,894,400
Hong Kong Securities Clearing Company Limited	31,679,168	RMB ordinary shares	31,679,168
Shenzhen Longyuan	23,160,000	RMB ordinary shares	23,160,000
Central Enterprises Poor Regions Industry Investment Fund Co., Ltd. (中央企業鄉村產業投資基金股份有限公司)	8,572,832	RMB ordinary shares	8,572,832
China Merchants Bank (招商銀行股份有限公司) - China Europe Internet Pioneer Hybrid Securities Investment Fund (中歐互聯 網先鋒混合型證券投資基金)	8,498,900	RMB ordinary shares	8,498,900
Taiping Asset Management (太平資管) - China Merchants Bank - No. 17 Asset Management Product of Taiping Asset Quantitative Investment (太平資產量化 17 號資管產品)	7,431,650	RMB ordinary shares	7,431,650

SECTION VII CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

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	<ol style="list-style-type: none">1. CIMC Hong Kong is a wholly-owned subsidiary of CIMC.2. 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 privately-offered partnership investment funds. The executive partner of Ping An Capital Co., Ltd. – Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) is Ping An Capital Co., Ltd., and the executive partner of Ping An Capital Co., Ltd. – Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) is Ping An Decheng. Both Ping An Decheng and Ping An Capital Co., Ltd. are enterprises whose equity interests are indirectly owned as to 100% by Ping An Group (a listed company, 601318.SH/02318.HK). Ping An Capital Co., Ltd. - 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. 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.
Description of the top 10 ordinary Shareholders participating in the margin trading and securities lending business	N/A

Note 1: As at the end of the Reporting Period, 132,205,600 H Shares of the Company held by CIMC Hong Kong were registered under HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司). The number of shares held by CIMC Hong Kong and the shareholding percentage in the above table have taken into account the number of such shares.

Note 2: HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司) is the nominee holder on behalf of the non-registered Shareholders of the H Shares. As at the end of the Reporting Period, 278,874,032 H Shares were registered under HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司). The number of Shares held and the shareholding percentage of HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司) in the above table do not take into account the 132,205,600 H Shares registered thereunder and held by CIMC Hong Kong.

SECTION VII CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

Whether the Company had voting rights difference arrangement

Yes No

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 ten ordinary Shareholders and the top ten ordinary Shareholders not subject to trading restrictions did not enter into any agreed repurchase transaction during the Reporting Period.

IV. DISCLOSURE OF SHAREHOLDINGS OF THE SUBSTANTIAL SHAREHOLDERS AND OTHER PARTIES UNDER THE SFO OF HONG KONG

As at June 30, 2023, to the knowledge of Directors, the following persons other than the Directors, Supervisors and chief executive of the Company had interests and/or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept pursuant to Section 336 of the SFO:

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares	Long Position/ Short Position	Approximate	Approximate
					Percentage of the Relevant Shares	Percentage of the Total Issued Share Capital of the Company
CIMC Group	Beneficial owner	A Shares	728,443,475	Long position	50.11%	36.10%
	Interest in controlled corporation ⁽¹⁾	H Shares	417,190,600	Long position	73.98%	20.68%
Ping An Decheng	Interest in controlled corporation ⁽²⁾	A Shares	73,581,905	Long position	5.06%	3.65%
Ping An Financial	Interest in controlled corporation ⁽²⁾	A Shares	148,855,093	Long position	10.24%	7.38%
Ping An Life Insurance	Interest in controlled corporation ⁽⁴⁾	A Shares	148,855,093	Long position	10.24%	7.38%
Ping An Group	Interest in controlled corporation ⁽²⁾	A Shares	148,855,093	Long position	10.24%	7.38%

SECTION VII CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares	Long Position/ Short Position	Approximate	Approximate
					Percentage of the Relevant Shares	Percentage of the Total Issued Share Capital of the Company
CIMC Hong Kong	Beneficial owner	H Shares	417,190,600	Long position	73.98%	20.68%
Shanghai Taifu	Beneficial owner	A Shares	75,273,188	Long position	5.18%	3.73%
Chi Xiao	Interest in controlled corporation ⁽³⁾	A Shares	75,273,188	Long position	5.18%	3.73%
Nanshan Group	Interest in controlled corporation ⁽³⁾	A Shares	75,273,188	Long position	5.18%	3.73%
Taizhou Taifu	Beneficial owner	A Shares	73,581,905	Long position	5.06%	3.65%
Ping An Health Partnership	Interest in controlled corporation ⁽⁴⁾	A Shares	73,581,905	Long position	5.06%	3.65%
Shenzhen Sidao Branch Investment Co., Ltd. (深圳市思道科技投資有限公司)	Interest in controlled corporation ⁽⁴⁾	A Shares	73,581,905	Long position	5.06%	3.65%
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 ⁽⁴⁾	A Shares	73,581,905	Long position	5.06%	3.65%
Hong Kong Tiancheng Investment & Trading Co. Limited	Beneficial owner	H Shares	39,948,500	Long position	7.08%	1.98%
Shandong Linglong Tire Co., Ltd.	Interest in controlled corporation ⁽⁵⁾	H Shares	39,948,500	Long position	7.08%	1.98%
Linglong Group Co., Ltd. (玲瓏集團有限公司)	Interest in controlled corporation ⁽⁵⁾	H Shares	39,948,500	Long position	7.08%	1.98%
Wang Xicheng	Interest in controlled corporation ⁽⁵⁾	H Shares	39,948,500	Long position	7.08%	1.98%
GIC Private Limited Citigroup Inc.	Investment manager	H Shares	33,816,000	Long position	6.00%	1.68%
Citigroup Inc.	Interest in controlled corporation	H Shares	55,356	Long position	0.01%	0.003%
			55,000	Short Position	0.01%	0.003%
	Approved lending agent	H Shares	33,769,758	Long position	5.99%	1.67%

SECTION VII CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

Notes:

- (1) CIMC Hong Kong is a wholly-owned subsidiary of CIMC Group and therefore CIMC Group is deemed to be interested in H Shares held by CIMC Hong Kong. As at June 30, 2023, CIMC Hong Kong held 417,190,600 H Shares.
- (2) Ping An Decheng is the general partner of Taizhou Taifu and therefore is deemed to be interested in A Shares held by Taizhou Taifu. Ping An Capital Co., Ltd. (平安資本有限責任公司) is the executive partner of Shanghai Taifu and therefore is deemed to be interested in A Shares held by Shanghai Taifu. Ping An Capital Co., Ltd. (平安資本有限責任公司) is wholly-owned by 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), which is wholly-owned by Ping An Financial. 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 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.
- (4) Both Ping An Life Insurance and Ping An Health Partnership are limited partners of Taizhou Taifu, respectively holding 47.62% and 38.33% of its equity interests, and therefore both of them 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 55.12% equity interest in Ping An Health Partnership, and therefore is deemed to be interested in A Shares held by Taizhou Taifu. Ping An Life Insurance holds 40.36% equity interest in Shanghai Taifu, and therefore is deemed to be interested in A Shares held by Shanghai Taifu.
- (5) 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 38.96% 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.

V. 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

VI. CHANGES IN SHAREHOLDING OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Applicable Not applicable

There were no changes in the direct shareholding of the Company's Directors, Supervisors and senior management during the Reporting Period. For details, see the 2022 annual report.

SECTION VII CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

VII. 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 June 30, 2023, the interests and/or short positions of the Directors, Supervisors and chief executive of the Company (the “Chief Executive”) in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they are taken or deemed to have under such provisions of the SFO, or which are required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Nature of Interest	Class of Shares	Number of Shares/		Approximate Percentage of the Relevant Class of Shares	Approximate Percentage of the Total Issued Share Capital of the Company
			Underlying Shares Held	Long Position/ Short Position		
Li Guiping	Interest in controlled corporation (Note 1)	A Shares	95,054,400	Long position	6.54%	4.71%
	Beneficial owner	H Shares	2,500	Long position	0.00%	0.00%
Wang Yu	Interest in controlled corporation (Note 2)	A Shares	71,894,400	Long position	4.95%	3.56%

Notes:

- (1) Mr. Li Guiping is an executive Director, Chief Executive Officer and President of the Company. Mr. Li Guiping is the general partner of Shenzhen Longhui, a general partner of Xiangshan Huajin and is interested in 47.37% of the shares, therefore he is deemed to be interested in 71,894,400 A Shares held by Xiangshan Huajin. Mr. Li Guiping is interested in 80% of the equity interest of Longyuan Investment, a general partner of 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 Yu is interested in 26.32% of the shares of Shenzhen Longhui, a general partner of Xiangshan Huajin, and therefore is also deemed to be interested in 71,894,400 A Shares held by Xiangshan Huajin.

SECTION VII CHANGES IN SHARES AND SHAREHOLDERS *(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	Number of Shares/underlying Shares held
					Approximate Percentage of the Relevant Class of Shares
CIMC Group	A Shares	Mai Boliang	Beneficial owner (Note 1)	890,465	0.04%
	A Shares	He Jin	Beneficial owner (Note 1)	26,100	0.00%
CIMC Enric	Ordinary Share	Mai Boliang	Beneficial owner (Note 1)	7,260,000	0.36%
		Wang Yu	Beneficial owner (Note 1)	720,000	0.04%
		Zeng Han	Beneficial owner (Note 1)	800,000	0.04%
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 (Note 4)	10,000,000	3.85%
Shenzhen SF-Trailer.net Technology Co., Ltd. (深圳市星火車聯科技有限公司)	Domestic Shares	Li Guiping	Interest in controlled corporation (Note 5)	1,200,000	17.14%

Notes:

- Mr. Mai Boliang, Mr. He Jin, Mr. Wang Yu and Mr. Zeng Han are non-executive Directors of the Company. As at June 30, 2023, Mr. Mai Boliang and Mr. He Jin held 890,465 and 26,100 A Shares in issue of CIMC Group respectively, and Mr. Mai Boliang, Mr. Wang Yu and Mr. Zeng Han held 7,260,000, 720,000 and 800,000 ordinary shares of CIMC Enric respectively. CIMC Group and CIMC Enric are associated corporations of the Company.
- The approximate percentage of shareholding is calculated based on the total issued A share capital of 2,302,682,490 shares of CIMC Group as at June 30, 2023.
- The approximate percentage of shareholding is calculated based on the total issued ordinary share capital of 2,028,277,588 shares of CIMC Enric as at June 30, 2023.
- Mr. Li Guiping is an executive Director, Chief Executive Officer and President of the Company. As Mr. Li Guiping has a 34% equity interest in Shenzhen Huixin Enterprise Management Center (Limited Partnership) (深圳匯信企業管理中心(有限合夥)), Mr. Li Guiping discloses his 3.85% equity interest in China Jiangsu Vanguard Trailer Rental Co., Ltd. which is held by the Company as to 51.92% of its shares.
- Mr. Li Guiping is an executive Director, Chief Executive Officer and President of the Company. Mr. Li Guiping has a 4.8% equity interest in Shenzhen Yuanxin Investment Partnership (Limited Partnership) (深圳源欣投資合夥企業(有限合夥)), 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 54.29% of its shares.

SECTION VII CHANGES IN SHARES AND SHAREHOLDERS *(Continued)*

VIII. CHANGE OF CONTROLLING SHAREHOLDERS OR DE FACTO CONTROLLER

Changes in controlling shareholders during the Reporting Period

Applicable Not applicable

During the Reporting Period, there was no change in controlling shareholders of the Company.

Changes in de facto controller during the Reporting Period

Applicable Not applicable

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

SECTION VIII INFORMATION ON PREFERENCE SHARES

Applicable Not applicable

During the Reporting Period, the Company had no preference shares.

SECTION IX INFORMATION ON BONDS

Applicable Not applicable

SECTION X FINANCIAL REPORT

I. AUDIT REPORT

Has the interim report been audited?

Yes No

The interim financial report of the Company has not been unaudited.

II. FINANCIAL STATEMENTS

The Group prepares the financial statements and their notes in accordance with the Chinese Accounting Standards for Business Enterprises.

Unit in the statements of the notes to financial statements: RMB

CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

	Note	June 30, 2023	December 31, 2022
ASSETS			
Current assets			
Cash at bank and on hand	4(1)	6,197,739,832.62	4,850,527,987.23
Financial assets held for trading	4(2)	41,548,346.97	22,209,407.79
Derivative financial assets	4(3)	–	6,161,436.00
Notes receivables	4(4)	138,604,889.43	93,034,550.82
Accounts receivables	4(5)	4,257,784,370.40	3,121,505,473.81
Receivables financing	4(6)	248,492,449.44	258,818,435.64
Advances to suppliers	4(7)	238,100,179.48	239,789,397.31
Other receivables	4(8)	1,082,772,000.42	232,452,952.37
Inventories	4(9)	5,525,774,291.13	5,514,764,338.69
Current portion of non-current assets		76,554,878.47	88,906,160.21
Other current assets	4(10)	193,746,457.95	245,182,741.32
Total current assets		18,001,117,696.31	14,673,352,881.19
Non-current assets			
Long-term receivables		13,808,780.65	13,964,818.87
Other non-current financial assets	4(11)	10,786,384.58	10,786,384.58
Long-term equity investments	4(12)	226,251,856.14	193,282,252.60
Investment properties	4(13)	408,724,634.44	405,746,795.38
Fixed assets	4(14)	4,811,498,513.89	4,933,210,366.18
Construction in progress	4(15)	198,417,307.83	247,577,774.52
Right-of-use assets	4(16)	255,493,667.00	238,375,993.30
Intangible assets	4(17)	755,681,369.43	844,157,433.69
Goodwill	4(18)	432,188,583.01	402,268,655.29
Long-term prepaid expenses		28,733,447.91	34,258,397.20
Deferred tax assets	4(19)	171,117,021.80	143,858,729.81
Other non-current assets	4(20)	69,314,423.15	76,389,581.39
Total non-current assets		7,382,015,989.83	7,543,877,182.81
TOTAL ASSETS		25,383,133,686.14	22,217,230,064.00
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	4(22)	255,299,573.65	467,995,600.44
Derivative financial liabilities	4(3)	22,128,429.86	5,683,205.67
Notes payables	4(23)	860,125,176.31	809,432,692.20
Accounts payables	4(24)	4,329,264,313.27	3,740,535,444.53
Advances from customers		10,078,213.46	11,619,033.61
Contract liabilities	4(25)	738,961,008.46	618,541,399.99
Employee benefits payable	4(26)	706,959,363.80	640,955,242.09
Taxes payable	4(27)	604,987,824.10	331,548,587.53
Other payables	4(28)	1,746,940,453.98	1,142,928,896.80
Current portion of non-current liabilities	4(29)	191,674,059.64	126,750,345.95
Other current liabilities	4(30)	267,063,372.10	232,168,335.30
Total current liabilities		9,733,481,788.63	8,128,158,784.11

CONSOLIDATED BALANCE SHEET *(Continued)*

AS AT JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

	Note	June 30, 2023	December 31, 2022
Non-current liabilities			
Long-term borrowings	4(31)	333,655,097.84	331,206,865.99
Lease liabilities	4(32)	197,997,938.81	188,590,165.71
Deferred income	4(33)	77,489,609.12	71,970,975.17
Deferred tax liabilities	4(19)	121,593,154.46	120,722,396.58
Other non-current liabilities		16,111,862.04	16,099,977.15
Total non-current liabilities		746,847,662.27	728,590,380.60
Total liabilities		10,480,329,450.90	8,856,749,164.71
Shareholders' equity			
Share capital	4(34)	2,017,600,000.00	2,017,600,000.00
Capital reserve	4(35)	4,799,987,227.70	4,800,309,693.04
Other comprehensive income	4(36)	352,766,291.86	72,001,695.05
Surplus reserve	4(37)	322,977,011.06	322,977,011.06
Undistributed profits	4(38)	6,778,146,576.69	5,486,894,339.25
Total equity attributable to shareholders of the Company		14,271,477,107.31	12,699,782,738.40
Non-controlling interests		631,327,127.93	660,698,160.89
Total shareholders' equity		14,902,804,235.24	13,360,480,899.29
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		25,383,133,686.14	22,217,230,064.00

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

Legal representative:
Li Guiping

Principal in charge of accounting:
Zhan Rui

Head of accounting department:
Zhan Rui



BALANCE SHEET

AS AT JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

	Note	June 30, 2023	December 31, 2022
ASSETS			
Current assets			
Cash at bank and on hand		3,195,378,243.97	2,507,272,276.81
Accounts receivables	16(1)	248,568,494.09	279,253,005.24
Receivables financing		–	289,100.00
Other receivables	16(2)	1,441,761,227.27	1,044,980,628.00
Other current assets		9,072,436.31	5,818,797.75
Total current assets		4,894,780,401.64	3,837,613,807.80
Non-current assets			
Other non-current financial assets		10,786,384.58	10,786,384.58
Long-term equity investments	16(3)	5,539,933,079.14	5,568,418,761.89
Investment properties		2,099,631.55	2,292,131.60
Fixed assets		38,413,149.65	27,868,641.57
Construction in progress		22,740,689.83	17,752,377.88
Right-of-use assets		8,196,432.45	11,775,617.49
Intangible assets		23,581,694.39	18,632,997.26
Long-term prepaid expenses		1,200,143.88	2,074,887.36
Other non-current assets		2,034,971.60	4,719,632.00
Total non-current assets		5,648,986,177.07	5,664,321,431.63
TOTAL ASSETS		10,543,766,578.71	9,501,935,239.43

BALANCE SHEET *(Continued)*

AS AT JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

	June 30, 2023	December 31, 2022
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payables	895,242.68	694,753.25
Contract liabilities	–	302,352.29
Employee benefits payable	167,849,716.25	138,316,748.67
Taxes payable	162,977,068.54	1,693,006.24
Other payables	2,217,358,141.67	1,664,424,174.78
Current portion of non-current liabilities	6,041,516.64	6,767,201.72
Other current liabilities	1,308,567.16	1,391,369.41
Total current liabilities	2,556,430,252.94	1,813,589,606.36
Non-current liabilities		
Lease liabilities	2,688,221.56	5,437,061.90
Total non-current liabilities	2,688,221.56	5,437,061.90
Total liabilities	2,559,118,474.50	1,819,026,668.26
Shareholders' equity		
Share capital	2,017,600,000.00	2,017,600,000.00
Capital reserve	4,619,829,707.33	4,620,152,172.67
Other comprehensive income	18,436,287.93	18,436,287.93
Surplus reserve	322,977,011.06	322,977,011.06
Undistributed profits	1,005,805,097.89	703,743,099.51
TOTAL SHAREHOLDERS' EQUITY	7,984,648,104.21	7,682,908,571.17
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	10,543,766,578.71	9,501,935,239.43

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

Legal representative:
Li Guiping

Principal in charge of accounting:
Zhan Rui

Head of accounting department:
Zhan Rui

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Item	Note	For the six months ended June 30, 2023	For the six months ended June 30, 2022
I. Revenue	4(39)	13,469,630,221.58	11,195,842,138.07
Less: Cost of sales	4(39)	(10,864,684,412.39)	(9,944,943,043.42)
Taxes and surcharges	4(40)	(44,312,333.84)	(41,842,407.56)
Selling expenses	4(41)	(362,631,042.01)	(263,724,269.00)
Administrative expenses	4(42)	(634,021,567.25)	(398,444,110.44)
Research and development expenses	4(43)	(169,673,482.64)	(145,901,201.60)
Financial income	4(44)	52,263,937.89	52,575,847.22
Including: Interest expenses		(19,399,139.48)	(22,050,434.04)
Interest income		52,195,353.69	34,617,381.21
Add: Other income	4(48)	24,830,356.64	38,441,371.21
Investment income/(losses)	4(49)	1,110,032,442.56	(2,072,886.45)
Including: Share of profit of associates and joint ventures		11,088,768.49	4,058,836.70
Fair value losses	4(50)	(3,982,163.82)	(9,375,789.37)
Credit impairment losses	4(47)	(33,441,937.19)	(5,524,064.71)
Asset impairment losses	4(46)	(60,307,874.06)	(12,555,324.98)
Gains on disposals of assets	4(51)	(1,066,545.98)	(8,606,775.04)
II. Operating profit		2,482,635,599.49	453,869,483.93
Add: Non-operating income	4(52)	4,984,413.01	5,164,187.96
Less: Non-operating expenses	4(53)	(846,869.35)	(3,059,489.26)
III. Profit before income tax		2,486,773,143.15	455,974,182.63
Less: Income tax expenses	4(54)	(594,829,645.75)	(85,668,688.02)
IV. Profit for the year		1,891,943,497.40	370,305,494.61
Classified by business continuity			
Net profit from continuing operations		1,891,943,497.40	370,305,494.61
Net profit from discontinued operations		-	-
Classified by ownership			
Net profit attributable to shareholders of the Company		1,896,532,237.44	365,758,163.71
Net profit attributable to non-controlling interests		(4,588,740.04)	4,547,330.90

CONSOLIDATED INCOME STATEMENT *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Item	Note	For the six months ended June 30, 2023	For the six months ended June 30, 2022
V. Other comprehensive income, net of tax		280,722,373.56	40,905,763.97
Attributable to shareholders of the Company		280,764,596.81	40,871,165.68
Items that may be reclassified subsequently to profit or loss		280,764,596.81	40,871,165.68
Currency translation differences		280,764,596.81	40,871,165.68
Attributable to non-controlling interests		(42,223.25)	34,598.29
VI. Total comprehensive income		2,172,665,870.96	411,211,258.58
Attributable to shareholders of the Company		2,177,296,834.25	406,629,329.39
Attributable to non-controlling interests		(4,630,963.29)	4,581,929.19
VII. Earnings per share	4(55)		
Basic earnings per share (RMB)		0.94	0.18
Diluted earnings per share (RMB)		0.94	0.18

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

Legal representative:
Li Guiping

Principal in charge of accounting:
Zhan Rui

Head of accounting department:
Zhan Rui

INCOME STATEMENT

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Item	Note	For the six months ended June 30, 2023	For the six months ended June 30, 2022
I. Revenue	16(4)	26,622,669.21	14,440,454.66
Less: Cost of sales	16(4)	–	(363,117.78)
Taxes and surcharges		(530,918.75)	(100,703.28)
Selling expenses		(4,876,586.18)	(3,939,212.99)
Administrative expenses		(110,712,101.06)	(42,258,661.70)
Research and development expenses		(12,329,846.10)	(10,259,381.44)
Financial income		12,861,956.73	15,985,063.26
Including: Interest expenses		(16,307,688.49)	(8,334,275.95)
Interest income		28,760,742.62	22,284,933.43
Add: Other income		2,368,011.98	486,524.76
Investment income	16(5)	1,153,895,407.16	541,958,773.37
Including: Share of profit of associates and joint ventures		9,648,251.53	3,975,352.14
Fair value (losses)/gains		(192,500.05)	5,121.74
Credit impairment losses		(2,457,241.62)	(3,052,373.85)
Gains on disposal of assets		–	644.55
II. Operating profit		1,064,648,851.32	512,903,131.30
Add: Non-operating income		248,464.27	14,980.00
Less: Non-operating expenses		(6,397.70)	(570.86)
III. Profit before income tax		1,064,890,917.89	512,917,540.44
Less: Income tax expenses		(157,548,919.51)	–
IV. Profit for the period		907,341,998.38	512,917,540.44
Classified by business continuity			
Net profit from continuing operations		907,341,998.38	512,917,540.44
Net profit from discontinued operations		–	–
V. Other comprehensive income, net of tax		–	–
VI. Total comprehensive income		907,341,998.38	512,917,540.44

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

Legal representative:
Li Guiping

Principal in charge of accounting:
Zhan Rui

Head of accounting department:
Zhan Rui

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Item	Note	For the six months ended June 30, 2023	For the six months ended June 30, 2022
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		11,367,641,401.46	9,217,975,776.56
Refund of taxes and surcharges		161,853,350.43	158,922,827.45
Cash received relating to other operating activities	4(56)(a)	<u>132,022,249.36</u>	<u>257,097,326.04</u>
Sub-total of cash inflows from operating activities		<u>11,661,517,001.25</u>	<u>9,633,995,930.05</u>
Cash paid for goods and services		(7,980,160,643.60)	(7,291,181,487.05)
Cash paid to and on behalf of employees		(1,223,840,752.37)	(1,178,176,546.01)
Payments of taxes and surcharges		(598,845,874.89)	(528,673,740.71)
Cash paid relating to other operating activities	4(56)(b)	<u>(613,188,945.46)</u>	<u>(429,185,750.40)</u>
Sub-total of cash outflows from operating activities		<u>(10,416,036,216.32)</u>	<u>(9,427,217,524.17)</u>
Net cash generated from operating activities		<u>1,245,480,784.93</u>	<u>206,778,405.88</u>
II. Cash flows from investing activities			
Cash received from disposals of investments		–	13,911,624.08
Cash received from returns on investments		16,906,175.01	1,041,792.00
Proceeds from disposal of fixed assets, intangible assets and other long-term assets		19,116,382.92	19,397,363.42
Proceeds from disposal of associates and joint ventures	4(57)(b)	<u>518,336,472.63</u>	<u>–</u>
Sub-total of cash inflows from investing activities		<u>554,359,030.56</u>	<u>34,350,779.50</u>
Payment for fixed assets, intangible assets and other long-term assets		(224,213,515.89)	(347,519,585.72)
Cash paid for investments		(22,500,000.00)	–
Payments for acquisition of a subsidiary		(9,427,902.99)	–
Cash paid relating to other investing activities		<u>(24,778,104.04)</u>	<u>(2,050,012.60)</u>
Sub-total of cash outflows from investing activities		<u>(280,919,522.92)</u>	<u>(349,569,598.32)</u>
Net cash generated from investing activities		<u>273,439,507.64</u>	<u>(315,218,818.82)</u>

CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Item	Note	For the six months ended June 30, 2023	For the six months ended June 30, 2022
III. Cash flows from financing activities			
Cash received from capital injections		–	100,000,000.00
Including: Cash injection from non-controlling interests		–	50,000,000.00
Proceeds from borrowings		318,991,507.89	885,089,314.02
Sub-total of cash inflows from financing activities		318,991,507.89	985,089,314.02
Repayments of borrowings		(476,243,767.55)	(1,112,275,494.91)
Cash payments for dividends distribution and interest expenses of borrowings		(24,727,292.25)	(39,478,331.49)
Including: dividends paid to non-controlling interests of subsidiaries		(5,865,222.19)	(18,695,583.19)
Cash payments relating to other financing activities	4(56)(c)	(25,322,553.52)	(51,071,224.13)
Sub-total of cash outflows from financing activities		(526,293,613.32)	(1,202,825,050.53)
Net cash generated from financing activities		(207,302,105.43)	(217,735,736.51)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		63,030,097.41	10,840,442.76
V. Net decrease in cash and cash equivalents	4(57)(a)	1,374,648,284.55	(315,335,706.69)
Add: Cash and cash equivalents at the beginning of the period	4(57)(a)	4,682,817,168.35	4,694,703,333.58
VI. Cash and cash equivalents at the end of the period		6,057,465,452.90	4,379,367,626.89

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

Legal representative:
Li Guiping

Principal in charge of accounting:
Zhan Rui

Head of accounting department:
Zhan Rui

CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Item	For the six months ended June 30, 2023	For the six months ended June 30, 2022
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	56,415,931.97	12,283,136.93
Refund of taxes and surcharges	–	11,008,187.28
Cash received relating to other operating activities	<u>41,793,957.26</u>	<u>23,792,708.63</u>
Sub-total of cash inflows from operating activities	<u>98,209,889.23</u>	<u>47,084,032.84</u>
Cash paid to and on behalf of employees	(46,987,189.47)	(42,644,192.95)
Payments of taxes and surcharges	(994,451.24)	(931,271.08)
Cash paid relating to other operating activities	<u>(47,067,281.47)</u>	<u>(29,779,975.77)</u>
Sub-total of cash outflows from operating activities	<u>(95,048,922.18)</u>	<u>(73,355,439.80)</u>
Net cash generated from operating activities	<u>3,160,967.05</u>	<u>(26,271,406.96)</u>
II. Cash flows from investing activities		
Cash received from disposals of investments	518,523,885.00	63,934,079.69
Cash received from returns on investments	271,491,516.13	474,525,205.62
Proceeds from disposal of fixed assets, intangible assets and other long-term assets	3,301.94	17,118.14
Proceeds from disposal of associates and joint ventures	–	–
Cash received from other investing activities	<u>114,305,629.93</u>	<u>101,182,390.88</u>
Sub-total of cash inflows from investing activities	<u>904,324,333.00</u>	<u>639,658,794.33</u>
Payment for fixed assets, intangible assets and other long-term assets	(25,252,294.79)	(14,743,291.46)
Cash paid for investments	(149,472,477.10)	(264,250,000.00)
Cash paid for other investing activities	<u>(147,000,000.00)</u>	<u>(331,000,000.00)</u>
Sub-total of cash outflows from investing activities	<u>(321,724,771.89)</u>	<u>(609,993,291.46)</u>
Net cash generated from investing activities	<u>582,599,561.11</u>	<u>29,665,502.87</u>

CASH FLOW STATEMENT *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Item	For the six months ended June 30, 2023	For the six months ended June 30, 2022
III. Cash flows from financing activities		
Cash received from other financing activities	<u>1,017,543,707.11</u>	<u>24,720,683.00</u>
Sub-total of cash inflows from financing activities	<u>1,017,543,707.11</u>	<u>24,720,683.00</u>
Cash payments relating to other financing activities	<u>(915,645,629.44)</u>	<u>(21,624,554.60)</u>
Sub-total of cash outflows from financing activities	<u>(915,645,629.44)</u>	<u>(21,624,554.60)</u>
Net cash generated from financing activities	<u>101,898,077.67</u>	<u>3,096,128.40</u>
IV. Effect of foreign exchange rate changes on cash and cash equivalents	<u>447,361.33</u>	<u>266,556.46</u>
V. Net increase in cash and cash equivalents	688,105,967.16	6,756,780.77
Add: Cash and cash equivalents at the beginning of the period	<u>2,507,272,276.81</u>	<u>2,129,112,624.05</u>
VI. Cash and cash equivalents at the end of the period	<u>3,195,378,243.97</u>	<u>2,135,869,404.82</u>

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

Legal representative:
Li Guiping

Principal in charge of accounting:
Zhan Rui

Head of accounting department:
Zhan Rui

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

Item	Note	Attributable to shareholders of the Company					Sub-total	Non-controlling interests	Total shareholders' equity
		Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits			
Balance at January 1, 2022		2,017,600,000.00	4,754,868,324.01	(129,005,928.69)	261,108,219.97	4,834,324,784.85	11,738,895,400.14	647,678,560.24	12,386,573,960.38
Movements for the period									
Total comprehensive income		-	-	-	-	365,758,163.71	365,758,163.71	4,547,330.90	370,305,494.61
Profit for the year		-	-	40,871,165.68	-	-	40,871,165.68	34,598.29	40,905,763.97
Other comprehensive income		-	-	-	-	-	-	-	-
Sub-total		-	-	40,871,165.68	-	365,758,163.71	406,629,329.39	4,581,929.19	411,211,258.58
Profit distribution									
Appropriation to surplus reserves	4(37)	-	-	-	-	-	-	-	-
Profit distribution to shareholders	4(38)	-	-	-	-	(403,520,000.00)	(403,520,000.00)	(63,456,908.14)	(466,976,908.14)
Capital injections from non controlling interests		-	8,636,489.01	-	-	-	8,636,489.01	41,363,510.99	50,000,000.00
Transactions with non controlling interests		-	16,644,560.82	-	-	-	16,644,560.82	33,355,439.18	50,000,000.00
Others		-	(331,247.26)	-	-	-	(331,247.26)	-	(331,247.26)
Balance at June 30, 2022		2,017,600,000.00	4,779,818,126.58	(88,134,763.01)	261,108,219.97	4,796,562,948.56	11,766,954,532.10	663,522,531.46	12,430,477,063.56

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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
Note								
Balance at January 1, 2023	2,017,600,000.00	4,800,309,693.04	72,001,695.05	322,977,011.06	5,486,894,339.25	12,699,782,738.40	660,698,160.99	13,360,480,899.29
Movements for the period								
Total comprehensive income								
Profit for the year	-	-	-	-	1,896,532,237.44	1,896,532,237.44	(4,588,740.04)	1,891,943,497.40
Other comprehensive income	-	-	280,764,596.81	-	-	280,764,596.81	(42,223.25)	280,722,373.56
Sub-total	-	-	280,764,596.81	-	1,896,532,237.44	2,177,296,834.25	(4,630,963.29)	2,172,665,870.96
Profit distribution								
Appropriation to surplus reserves	-	-	-	-	-	-	-	-
Profit distribution to shareholders	-	-	-	-	(605,280,000.00)	(605,280,000.00)	(25,773,230.67)	(631,053,230.67)
Others	-	(322,465.34)	-	-	-	(322,465.34)	1,033,161.00	710,695.66
Balance at June 30, 2023	2,017,600,000.00	4,799,987,227.70	352,766,291.86	322,977,011.06	6,778,146,576.69	14,271,477,107.31	631,327,127.93	14,902,804,235.24

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

Legal representative: Li Guiping

Principal in charge of accounting: Zhan Rui

Head of accounting department: Zhan Rui

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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, 2022		2,017,600,000.00	4,620,483,419.93	18,436,287.93	261,108,219.97	550,443,979.69	7,468,071,907.52
Movements for the period							
Total comprehensive income		-	-	-	-	512,917,540.44	512,917,540.44
Profit for this period		-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-
Sub-total		-	-	-	-	512,917,540.44	512,917,540.44
Profit distribution							
Appropriation to surplus reserves		-	-	-	-	-	-
Profit distribution to shareholders	4(38)	-	-	-	-	(403,520,000.00)	(403,520,000.00)
Others		-	(331,247.26)	-	-	-	(331,247.26)
Balance at June 30, 2022		2,017,600,000.00	4,620,152,172.67	18,436,287.93	261,108,219.97	659,841,520.13	7,577,138,200.70

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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, 2023		2,017,600,000.00	4,620,152,172.67	18,436,287.93	322,977,011.06	703,743,099.51	7,682,908,571.17
Movements for the period							
Total comprehensive income		-	-	-	-	907,341,998.38	907,341,998.38
Profit for this period		-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-
Sub-total		-	-	-	-	907,341,998.38	907,341,998.38
Appropriation to surplus reserves							
Profit distribution to shareholders	4(38)	-	-	-	-	(605,280,000.00)	(605,280,000.00)
Others		-	(322,465.34)	-	-	-	(322,465.34)
Balance at June 30, 2023		2,017,600,000.00	4,619,829,707.33	18,436,287.93	322,977,011.06	1,005,805,097.89	7,984,648,104.21

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

Legal representative: Li Guiping

Principal in charge of accounting: Zhan Rui

Head of accounting department: Zhan Rui

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

1 GENERAL INFORMATION

CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)股份有限公司) (the “Company”) was formerly known as CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)有限公司) (the “Predecessor”). The Predecessor, formerly named as Shenzhen Tianda Heavy Machinery Ltd., is a sino-foreign joint venture approved for incorporation by Wai Jing Mao Shen He Zi Zheng Zi (1996) No. 0861 issued by the People’s Government of Shenzhen on 29 August 1996, with a registered capital of USD1,000,000. On 21 November 1997, as approved by the Shenzhen Administration for Industry and Commerce, the Predecessor was renamed as “Shenzhen CIMC Heavy Machinery Ltd.” And on 22 June 2004, as approved by the Shenzhen Administration for Industry and Commerce, the Predecessor was renamed as “CIMC Vehicles (Group) Co., Ltd.” (中集車輛(集團)有限公司). The registered capital was 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 and headquarter is No. 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen.

In 2007, according to the Predecessor’s Board resolutions, China Resource SZITIC Trust Co., Ltd. (formerly known as “Shenzhen International Trust and Investment Co., Ltd.”, hereinafter “CR Trust”) made a capital contribution of 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 after the capital increased.

In 2011, investors increased the Predecessor’s registered capital by USD93,000,000 in proportion to their contributions to the registered capital.

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

1 GENERAL INFORMATION *(Continued)*

In 2016, Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd. transferred its 1.544% equity interests in the Predecessor to Shenzhen Long Yuan Gang Cheng Enterprise Management Centre (Limited Partnership) (“Shenzhen Longyuan”). In 2017, CR Trust transferred its 10.7735% and 5.0585% equity interests in the Predecessor to Taizhou Tai Fu Xiang Yun Equity Investment. The equity interests held by the rest of the shareholders remained unchanged.

In 2018, the Predecessor completed the business registration of the overall change to a joint-stock limited company, with a total of 1,500,000,000.00 shares at the par value of RMB1 per share. The Predecessor was renamed as “CIMC Vehicles (Group) Co., Ltd.” (中集車輛(集團)股份有限公司).

The parent company and the ultimate holding company of the Company is CIMC Group. The Company’s shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 11 July 2019, and listed on the ChiNext of the Shenzhen Stock Exchange on 8 July 2021. As at 30 June 2023, 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 23 August 2023.

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 of Long-term equity investments (Note 2(11)), 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.

(2) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for six months ended 30 June 2023 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 30 June 2023 and their financial performance, cash flows and other information for six months then ended.

(3) Accounting year

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

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.

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.

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 *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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 *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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 *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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.

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.

Apart from notes receivables, accounts receivables, receivables financing, contract assets and lease receivables mentioned above, at each balance sheet date, the ECL of financial instruments at different stages is measured respectively. 12-month ECL is recognised for financial instruments in Stage 1 which 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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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 with low credit risk as at the balance sheet date, the Group assumes there is no significant increase in credit risk since initial recognition. The Group determines them as the financial instruments in Stage 1 and recognises the 12-month ECL.

For the financial instruments in Stage 1 and Stage 2, the interest income is calculated by applying the effective interest rate to the book balance (before net of 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).

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:

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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)*

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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)*

(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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

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 contract fulfilment 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.

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

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.

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

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)).

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.

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(21) Provisions *(Continued)*

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(22) Revenue *(Continued)*

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(22) Revenue *(Continued)*

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(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.

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 (Note 2(18)).

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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)*

For a lease modification that is not accounted for as a separate lease, the Group redetermines the lease term at the effective date of the lease modification, and remeasures the lease liability by discounting the revised lease payments using a revised discount rate, except for the contract modification that could be accounted for by applying the practical expedient in accordance with regulations of the Ministry of Finance. For a lease modification which decreases the scope of the lease or shortens the lease term, the Group decreases the carrying amount of the right-of-use asset, and recognises in profit or loss any gain or loss relating to the partial or full termination of the lease. For other lease modifications which lead to the remeasurement of lease liabilities, the Group correspondingly adjusts the carrying amount of the right-of-use asset.

For the eligible rent reductions agreed upon for existing leases, the Group applies the practical expedient and records the undiscounted concessions in profit or loss when the agreement is reached to discharge the original payment obligation with corresponding adjustment of lease liabilities.

The Group as the lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. An operating lease is a lease other than a finance lease.

(a) Operating leases

Where the Group leases out self-owned buildings, machinery and equipment, and motor vehicles under operating leases, rental income therefrom is recognised on a straight-line basis over the lease term. Variable rental that is linked to a certain percentage of sales is recognised in rental income as incurred.

For a lease modification, the Group accounts for it as a new lease from the effective date of the modification, and considers any lease payments received in advance and receivable relating to the lease before modification as receivables of the new lease.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

(27) Segment information

The Group identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenue and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group. Two or more operating segments that have similar economic characteristics and satisfy certain conditions can be aggregated into one single operating segment.

(28) Critical accounting estimates and judgements

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

(a) *Critical accounting estimates and key assumptions*

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are outlined below:

(i) *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 uses parameters including China fiscal balance, China money supply M1 growth rate, the risk of economic downturn, GDP, CPI, external market environment, technological environment, changes in customer conditions, etc. The Group regularly monitors and reviews assumptions and parameters related to the calculation of ECL. There was no significant change in the assumptions and parameters mentioned above for the six months ended June 30, 2023.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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 *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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 *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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.

(29) Significant changes in accounting policies

In 2022 and 2023, the Ministry of Finance issued the Circular on Issuing Interpretation No.16 of Accounting Standards for Business Enterprises (the "Interpretation No.16"), and the Q&A on the Implementation of Accounting Standards for Business Enterprises. The Group and the Company has adopted the above notice and Q&A to prepare the financial statements for the six months ended 30 June 2023, and the revisions above have no significant impacts on the financial statements of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

3 TAXATION

(1) The income tax rates applicable to the Company and its main subsidiaries are as follows:

	For the six months ended June 30, 2023	For the six months ended June 30, 2022	Tax base
The Company	25%	25%	Taxable income
Subsidiaries registered in China	15%-25%	15%-25%	Taxable income
Subsidiaries registered in Hong Kong, China	16.5%	16.5%	Taxable income
Subsidiaries registered in British Virgin Islands	–	–	Taxable income
Subsidiaries registered in Australia	30%	30%	Taxable income
Subsidiaries registered in Thailand	20%	20%	Taxable income
Subsidiaries registered in South Africa	28%	28%	Taxable income
Subsidiaries registered in the US	25%-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 *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

3 TAXATION *(Continued)*

(1) The income tax rates applicable to the Company and its main subsidiaries are as follows *(Continued)*:

The subsidiaries entitled to the favourable tax are presented as follows:

Name of entity	Local statutory tax rate	Favourable tax rates		Reason
		For the six months ended June 30, 2023	For the six months ended June 30, 2022	
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. ("Shenzhen Vehicle")	25%	15%	15%	High-tech enterprises
Zhumadian CIMC Huajun Vehicle Co., Ltd. ("CIMC Huajun")	25%	15%	15%	High-tech enterprises
Gansu CIMC Vehicles Co., Ltd.	25%	15%	15%	High-tech enterprises
Yangzhou CIMC Tonghua Special Vehicles Co., Ltd. ("Yangzhou Tonghua")	25%	15%	15%	High-tech enterprises
Dongguan CIMC Special Vehicle Co., Ltd.	25%	15%	15%	High-tech enterprises
Zhumadian CIMC Huajun Casting Co., Ltd.	25%	15%	15%	High-tech enterprises
Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd.	25%	15%	15%	High-tech enterprises
CIMC Vehicles (Shandong) Co., Ltd.	25%	15%	15%	High-tech enterprises
Luoyang CIMC Lingyu Automobile Co., Ltd.	25%	15%	15%	High-tech enterprises
CIMC Vehicle (Jiangmen) Co., Ltd.	25%	15%	15%	High-tech enterprises
Jiangsu Baojing Auto Parts Co., Ltd.	25%	15%	15%	High-tech enterprises
Qingdao CIMC Reefer Trailer Co., Ltd.	25%	15%	25%	High-tech enterprises
CIMC-Shac (Xi'an) Special Vehicles Co., Ltd.	25%	15%	15%	The western region development enterprises

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

3 TAXATION *(Continued)*

(2) Other main categories and rates of taxes applicable to the Group are set out below:

Category	For the six months ended June 30, 2023	For the six months ended June 30, 2022	Tax base
Value-added tax ("VAT") (China)	6% · 9% and 13%	6% · 9% and 13%	Taxable value-added amount (Tax payable is calculated using the taxable 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)

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

3 TAXATION *(Continued)*

(2) Other main categories and rates of taxes applicable to the Group are set out below *(Continued)*:

Category	For the six months ended June 30, 2023	For the six months ended June 30, 2022	Tax base
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)
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 (China)	7%	7%	The payment amount of VAT
Educational surcharge (China)	5%	5%	The payment amount of VAT

Pursuant to the provisions including the Circular on Enterprise Income Tax Policy concerning Deductions for Equipment and Appliances (Cai Shui [2018] No. 54) and the Announcement on Extending the Implementation Period of Certain Preferential Tax Policies (Cai Shui [2021] No. 6) issued by the State Taxation Administration, during the period from 1 January 2018 to 31 December 2023, the cost of newly purchased equipment with the original cost less than 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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash at bank and on hand

	June 30, 2023	December 31, 2022
Cash on hand	332,143.25	394,404.68
Cash at bank	5,399,381,474.19	4,034,154,922.68
Deposits at Finance Company	657,751,835.46	648,267,840.99
Other cash balances	140,274,379.72	167,710,818.88
– deposited at Finance Company	31,290,766.05	39,869,392.69
	6,197,739,832.62	4,850,527,987.23
Including: Overseas deposits	1,782,648,509.62	1,124,059,583.82

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 June 30, 2023 and December 31, 2022, other cash balances of the Group mainly include vehicle mortgage loan guarantees, notes guarantees and other guarantees.

(2) Financial assets held for trading

	June 30, 2023	December 31, 2022
Financial assets held for trading		
Investment in listed entity ^(a)	41,548,346.97	22,209,407.79

(a) In July 2022, the Group entered into an investment agreement to invest equity interest in a company located in PRC, listed in Hong Kong, with total consideration of USD6,000,000.00. This investment has been classified as an investment in equity instruments at fair value through profit or loss.

During the year ended 31 December 2023, fair value loss related to the investment amounted to RMB17,847,283.69 (Note 4(50)).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(3) Derivative financial assets and derivative financial liabilities

	June 30, 2023	December 31, 2022
Derivative financial assets		
– Forward exchange contracts	–	6,161,436.00
Derivative financial liabilities		
– Forward exchange contracts	22,128,429.86	5,683,205.67

As at 30 June 2023, the forward foreign exchange contracts held by the Group included unsettled forward contracts denominated in USD of domestic subsidiaries with a nominal amount of USD76,515,987.53 and unsettled forward contracts denominated in THB of overseas subsidiaries with a nominal amount of THB 451,730,000.00 (Forward exchange contracts held by the Group as at 31 December 2022 were unsettled forward contracts denominated in USD of domestic subsidiaries with a nominal amount of USD48,200,000.00).

(4) Notes receivables

	June 30, 2023	December 31, 2022
Trade acceptance notes	122,023,544.96	36,400,973.57
Bank acceptance notes	18,765,349.89	57,586,756.68
Less: Provision for bad debts	(2,184,005.42)	(953,179.43)
	138,604,889.43	93,034,550.82

(a) As at 30 June 2023, the Group had no pledged notes receivable shown in notes receivable.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(4) Notes receivables *(Continued)*

- (b) As at 30 June 2023, the amount of the Group's endorsed or discounted but not yet due banker acceptance notes as shown in the notes receivable as follow:

	Derecognised	Not derecognised
Trade acceptance notes	–	17,401,322.61
Bank acceptance notes	–	55,130,351.35
	–	72,531,673.96

For the six months ended June 30, 2023 and 2022, certain bank acceptance notes of certain subsidiaries of the Group were discounted and endorsed for the purpose of daily treasury management. The objective of the business model was to manage such notes receivables to both collect their contractual cash flows, and sell financial assets which satisfies the derecognition criteria. Therefore, these bank acceptance notes were reclassified to financial assets at fair value through other comprehensive income under receivables financing (Note 4(6)). The remaining bank acceptances and trade acceptances that do not meet the above conditions and business model are listed as notes receivables.

(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 June 30, 2023, The group shall measure the provision for bad debts based on lifetime ECL. The provision for bad debts is RMB56,296.05 (December 31, 2022: RMB172,760.27). 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 June 30, 2023, The Group shall measure the allowance for bad debts based on lifetime ECL. The provision for bad debts is RMB2,127,709.37 (December 31, 2022: RMB780,419.16).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(4) Notes receivables *(Continued)*

(c) Provision for bad debts *(Continued)*

- (ii) The provisions accrued for the six months ended June 30, 2023 is RMB2,184,005.42 (for the six months ended June 30, 2022: RMB941,315.18), and the provisions collected or reversed for the six months ended June 30, 2023 is RMB953,179.43 (for the six months ended June 30, 2022: RMB966,840.65).
- (iii) No notes receivables were written off for the six months ended June 30, 2023 and 2022.

(5) Accounts receivables

	June 30, 2023	December 31, 2022
Accounts receivables	4,475,265,902.90	3,294,607,520.44
Less: Provision for bad debts	<u>(217,481,532.50)</u>	<u>(173,102,046.63)</u>
	<u>4,257,784,370.40</u>	<u>3,121,505,473.81</u>

The credit terms of accounts receivables granted by the Group are generally ranged from 30 days to 180 days.

- (a) The ageing analysis of accounts receivables from the date of the initial recognition was as follows:

	June 30, 2023	December 31, 2022
Within 1 year (inclusive)	4,212,668,572.17	3,083,345,472.07
1 to 2 years (inclusive)	168,240,355.45	145,766,591.22
2 to 3 years (inclusive)	46,656,599.58	16,981,204.75
Over 3 years	<u>47,700,375.70</u>	<u>48,514,252.40</u>
	<u>4,475,265,902.90</u>	<u>3,294,607,520.44</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(5) Accounts receivables *(Continued)*

(b) As at June 30, 2023, the five largest accounts receivables aggregated by debtors are summarised and analysed as follows:

	Balance	Provision for bad debts	% of total balance
Total balance of the five largest accounts receivables	<u>725,090,962.61</u>	<u>19,048,707.56</u>	<u>16.20%</u>

(c) For the six months ended June 30, 2023 and 2022, the Group has no accounts receivables derecognized due to transfer of financial asset.

(d) *Provision for bad debts*

For the accounts 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:

	June 30, 2023		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rates	Amount
Not overdue	3,345,449,833.62	2.01%	67,268,751.96
Overdue within 1 year	940,622,470.19	5.16%	48,561,685.56
Overdue 1 to 2 years	127,687,616.66	34.78%	44,410,084.46
Overdue 2 to 3 years	17,810,991.14	76.05%	13,546,019.23
Overdue over 3 years	<u>43,694,991.29</u>	100.00%	<u>43,694,991.29</u>
	<u>4,475,265,902.90</u>		<u>217,481,532.50</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(5) Accounts receivables *(Continued)*

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

(i) *(Continued)*

	December 31, 2022		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rates	Amount
Not overdue	2,314,106,991.08	2.11%	48,891,105.80
Overdue within 1 year	817,078,983.64	4.78%	39,091,986.01
Overdue 1 to 2 years	108,661,396.91	29.84%	32,422,846.36
Overdue 2 to 3 years	13,035,538.25	84.17%	10,971,497.90
Overdue over 3 years	<u>41,724,610.56</u>	100.00%	<u>41,724,610.56</u>
	<u>3,294,607,520.44</u>		<u>173,102,046.63</u>

(ii) The provision for bad debts for the six months ended June 30, 2023 amounted to RMB50,077,765.10 (for the six months ended June 30, 2022: RMB18,736,939.06). A provision for bad debts amounted to RMB3,706,075.47 has been collected or reversed (for the six months ended June 30, 2022: RMB7,226,825.23). The Group has no significant collection or reversal of accounts receivables.

(e) The accounts receivables amounted to RMB747,842.06 was written off for the six months ended June 30, 2023 (for the six months ended June 30, 2022: RMB254,015.35), and the provision for bad debts amounted to RMB747,842.06 (for the six months ended June 30, 2022: RMB254,015.35). The Group has no significant written-off of accounts receivable.

(f) As at June 30, 2023 and December 31, 2022, the Group had no accounts receivables pledged to the bank as a guarantee for short-term borrowings.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(6) Receivables financing

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Bank acceptance notes	249,240,169.95	259,594,363.78
Less: Provision for bad debts	<u>(747,720.51)</u>	<u>(775,928.14)</u>
	<u>248,492,449.44</u>	<u>258,818,435.64</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 and were listed as receivables financing.

The Group had no bank acceptance notes for which the provision for impairment was made individually. As at June 30, 2023, the Group have measured provision as lifetime ECL amounted to RMB747,720.51 (December 31, 2022: RMB775,928.14). 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 June 30, 2023, the amount of pledged bank acceptance notes receivables disclosed in receivables financing was RMB6,100,168.88 (December 31, 2022: RMB7,309,187.09).

As at June 30, 2023, the Group's endorsed or discounted but not yet due notes receivables listed in receivables financing are as follows:

	<u>Derecognised</u>	<u>Not derecognised</u>
Bank acceptance notes	<u>2,025,704,354.69</u>	<u>—</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(7) Advances to suppliers

(a) Ageing analysis of advances to suppliers was as follows:

	June 30, 2023		December 31, 2022	
	Amount	% of total balance	Amount	% of total balance
Within 1 year (inclusive)	235,628,950.06	98.96%	232,061,848.59	96.77%
1 to 2 years (inclusive)	2,317,798.39	0.97%	7,333,582.50	3.06%
2 to 3 years (inclusive)	150,935.59	0.06%	88,358.00	0.04%
Over 3 years	2,495.44	0.01%	305,608.22	0.13%
	<u>238,100,179.48</u>	<u>100.00%</u>	<u>239,789,397.31</u>	<u>100.00%</u>

As at June 30, 2023, the prepayments aged over one year amounted to RMB 2,471,229.42 (December 31, 2022: RMB 7,727,548.72), which are mainly prepayments for raw materials. Since the raw materials have not been delivered, the payment has not been settled.

(b) As at June 30, 2023, 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>135,010,187.96</u>	<u>56.70%</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(8) Other receivables

	June 30, 2023	December 31, 2022
Amounts due from related parties <i>(Note 8(6)(d))</i>	824,594,223.07	29,484,444.99
Other receivables from staffs	10,923,079.54	6,133,672.18
Tax refund receivables	1,086,250.57	5,473,976.92
Rental and other deposits	114,715,087.32	90,975,981.36
Disbursement of vehicle mortgage loans	28,623,546.06	25,253,825.91
Receivables from equity/asset transfer	10,902,601.47	10,902,601.47
Reimbursed expenses	59,971,986.11	60,552,852.44
Vendor rebates	25,215,498.96	18,181,653.37
Others	18,053,146.07	8,373,996.12
	1,094,085,419.17	255,333,004.76
Less: Provision for bad debts	(11,313,418.75)	(22,880,052.39)
	1,082,772,000.42	232,452,952.37

(a) Ageing analysis of other receivables was as follows:

	June 30, 2023	December 31, 2022
Within 1 year(inclusive)	1,027,492,478.09	156,751,395.39
1 to 2 years(inclusive)	26,111,033.08	67,856,634.49
2 to 3 years(inclusive)	12,945,670.85	1,875,538.66
Over 3 years	27,536,237.15	28,849,436.22
	1,094,085,419.17	255,333,004.76

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) Other receivables (Continued)

(b) Changes in provision and book balance

	Stage 1				Stage 3				Total
	12-month ECL (group)		12-month ECL (individual)		Lifetime ECL (credit impaired)		Total		
	Book balance	Provision for bad debts	Provision for bad debts	Provision for bad debts	Book balance	Provision for bad debts	Provision for bad debts	Provision for bad debts	
December 31, 2022	221,713,214.66	3,923,262.74	-	-	33,619,790.10	18,956,789.65	22,880,052.39	22,880,052.39	
Increase in the current period	848,944,100.23	1,608,155.80	-	-	8,046,645.79	1,150,878.85	2,759,034.65	2,759,034.65	
Reversal in the current period	(5,195,441.78)	(1,696,299.03)	-	-	(3,250,293.34)	(2,836,772.77)	(4,533,071.80)	(4,533,071.80)	
Write-off in the current period	-	-	-	-	(1,426,632.32)	(1,426,632.32)	(1,426,632.32)	(1,426,632.32)	
Including: Write-off	-	-	-	-	(1,426,632.32)	(1,426,632.32)	(1,426,632.32)	(1,426,632.32)	
Derecognition	-	-	-	-	-	-	-	-	
Other reduction	-	-	-	-	(8,365,964.17)	(8,365,964.17)	(8,365,964.17)	(8,365,964.17)	
Transfer to Stage 3	-	-	-	-	-	-	-	-	
Reverse to Stage 1	-	-	-	-	-	-	-	-	
June 30, 2023	<u>1,065,461,873.11</u>	<u>3,835,119.51</u>	-	-	<u>28,623,546.06</u>	<u>7,478,299.24</u>	<u>11,313,418.75</u>	<u>11,313,418.75</u>	

Except for amounts increased and decreased in the current period, 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 *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(8) Other receivables *(Continued)*

(b) Changes in provision and book balance *(Continued)*

As at June 30, 2023 and December 31, 2022, the Group did not have other receivables at Stage 2. Other receivables at Stage 1 and Stage 3 are analysed as follows:

As at June 30, 2023 and December 31, 2022, there was no provision for bad debts made individually.

(i) As at June 30, 2023, 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	824,594,223.07	-	-	Loss provision was made based on the following 12-month ECL
Tax refund receivables	1,086,250.57	-	-	
Rental and other deposits	114,715,087.32	-	-	
Other receivables from staffs	10,923,079.54	-	-	
Others	114,143,232.61	3.36%	3,835,119.51	
	<u>1,065,461,873.11</u>		<u>3,835,119.51</u>	
Stage 3	Book balance	Lifetime ECL rates	Provision for bad debts	Reason
Disbursement of vehicle mortgage loans	28,623,546.06	26.13%	7,478,299.24	Loss provision was made based on the lifetime ECL
	<u>28,623,546.06</u>		<u>7,478,299.24</u>	

NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) Other receivables (Continued)

(b) Changes in provision and book balance (Continued)

- (ii) As at December 31, 2022 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	29,484,444.99	-	-	Loss provision was made based on the following 12-month ECL
Tax refund receivables	5,473,976.92	-	-	
Rental and other deposits	90,975,981.36	-	-	
Other receivables from staffs	6,133,672.18	-	-	
Others	89,645,139.21	4.38%	3,923,262.74	
	<u>221,713,214.66</u>		<u>3,923,262.74</u>	
Stage 3	Book balance	Lifetime ECL rates	Provision for bad debts	Reason
Disbursement of vehicle mortgage loans	25,253,825.91	41.94%	10,590,825.46	Loss provision was made based on the lifetime ECL
Others	8,365,964.19	100.00%	8,365,964.19	
	<u>33,619,790.10</u>		<u>18,956,789.65</u>	

- (c) The provision for bad debts for the six months ended June 30, 2023 amounted to RMB2,759,034.65 (for the six months ended June 30, 2022: RMB3,261,908.91). A provision for bad debts amounted to RMB4,533,071.80 for the six months ended June 30, 2023 has been collected or reversed (for the six months ended June 30, 2022: RMB1,737,478.60).

- (d) The other receivables amounted to RMB1,426,632.32 was written off for the six months ended June 30, 2023 (for the six months ended June 30, 2022: RMB4,266,311.68), the provision for bad debts amounted to RMB1,426,632.32 (for the six months ended June 30, 2022: RMB4,266,311.68). The other receivables amounted to RMB8,365,964.17 resulting from disposal of Shenzhen Vehicle was written off for the six months ended June 30, 2023 (for the six months ended June 30, 2022: nil), the provision for bad debts amounted to RMB8,365,964.17 (for the six months ended June 30, 2022: nil).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(8) Other receivables *(Continued)*

(e) As at June 30, 2023, the five largest other receivables aggregated by debtor are analysed as follows:

Name of entity	Nature	Book balance	Ageing	% of total balance	Provision for bad debts
CIMC Group	Amounts receivable for equity transfer	799,038,548.78	Within 1 year	73.03%	-
Avalon Risk Management	Deposits and guarantees	23,845,140.00	1 to 2 years	2.18%	-
Dongguan CIMC Innovation Industrial Park Development Co., Ltd	Construction funds of disbursement for employee dormitory	16,552,122.00	Over 3 years	1.51%	-
Pan Asia Pacific Supply Chain Co., LTD.	Disbursement	9,939,087.90	Within 1 year	0.91%	-
Guangdong Huajin auto parts manufacturing Co., LTD.	Supplier rebates	9,781,850.34	Within 1 year	0.89%	-
		<u>859,156,749.02</u>		<u>78.52%</u>	<u>-</u>

(f) As at June 30, 2023 and December 31, 2022, the Group did not recognise government grants at amounts receivable.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(9) Inventories

(a) Inventories are summarised by categories as follows:

	June 30, 2023		
	Book balance	Provision for decline in the value of inventories and impairment of contract fulfilment costs	Carrying amount
Raw materials	1,896,084,671.98	(62,714,772.08)	1,833,369,899.90
Work in progress	1,438,562,241.56	(13,192,947.23)	1,425,369,294.33
Finished goods	1,933,940,723.54	(66,142,326.08)	1,867,798,397.46
Materials processed on commission	20,232,896.17	–	20,232,896.17
Spare parts	356,889,091.16	–	356,889,091.16
Low value consumables	21,482,618.55	–	21,482,618.55
Contract fulfilment costs ⁽ⁱ⁾	632,093.56	–	632,093.56
	<u>5,667,824,336.52</u>	<u>(142,050,045.39)</u>	<u>5,525,774,291.13</u>
	December 31, 2022		
	Book balance	Provision for decline in the value of inventories and impairment of contract fulfilment costs	Carrying amount
Raw materials	2,051,386,588.92	(63,972,025.54)	1,987,414,563.38
Work in progress	1,376,915,919.31	(6,417,457.04)	1,370,498,462.27
Finished goods	1,791,872,311.82	(37,163,925.87)	1,754,708,385.95
Materials processed on commission	21,385,613.84	–	21,385,613.84
Spare parts	362,520,949.18	–	362,520,949.18
Low value consumables	17,223,754.38	–	17,223,754.38
Contract fulfilment costs ⁽ⁱ⁾	1,012,609.69	–	1,012,609.69
	<u>5,622,317,747.14</u>	<u>(107,553,408.45)</u>	<u>5,514,764,338.69</u>

- (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. For the six months ended June 30, 2023, the amount of contract fulfilment costs recognised in cost of sale is RMB9,058,447.58 (for the six months ended June 30, 2022: RMB5,952,842.56).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(9) Inventories *(Continued)*

- (b) Provision for decline in the value of inventories and impairment of contract fulfilment costs is analysed as follows:

	December 31, 2022	Movements in the current period			Currency translation differences	June 30, 2023
		Provision	Reversal	Write-off		
Raw materials	(63,972,025.54)	(22,926,369.97)	8,207,976.32	17,672,191.24	(1,696,544.13)	(62,714,772.08)
Work in progress	(6,417,457.04)	(7,083,412.78)	417,426.46	8,779.36	(118,283.23)	(13,192,947.23)
Finished goods	<u>(37,163,925.87)</u>	<u>(39,598,349.62)</u>	<u>764,472.74</u>	<u>9,881,321.33</u>	<u>(25,844.66)</u>	<u>(66,142,326.08)</u>
	<u>(107,553,408.45)</u>	<u>(69,608,132.37)</u>	<u>9,389,875.52</u>	<u>27,562,291.93</u>	<u>(1,840,672.02)</u>	<u>(142,050,045.39)</u>

- (c) Provisions for inventories are analysed 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 period
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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(10) Other current assets

	June 30, 2023	December 31, 2022
Prepaid tax and tax to be deducted	187,419,253.25	237,139,757.50
Others	6,327,204.70	8,042,983.82
	<u>193,746,457.95</u>	<u>245,182,741.32</u>

(11) Other non-current financial assets

	June 30, 2023	December 31, 2022
Equity investment in a non-listed company	<u>10,786,384.58</u>	<u>10,786,384.58</u>

(12) Long-term equity investments

	June 30, 2023	December 31, 2022
Joint ventures (a)	53,264,605.89	51,188,276.33
Associates (b)	<u>172,987,250.25</u>	<u>142,093,976.27</u>
	226,251,856.14	193,282,252.60
Less: Provision for impairment of long-term equity investments	<u>—</u>	<u>—</u>
	<u>226,251,856.14</u>	<u>193,282,252.60</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(12) Long-term equity investments *(Continued)*

(a) Joint ventures

	Movements in the current period										Ending balance of provision for impairment	
	December 31, 2022	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	June 30, 2023		
Jiangsu Wanjiang Technology Co., Ltd.*	8,523,166.02	-	-	410,396.51	-	-	-	-	-	-	8,933,562.53	-
Shenzhen Xinghuo Chelian Technology Co., Ltd. (Xinghuo Chelian)*	867,944.20	-	(758,923.50)	(109,020.70)	-	-	-	-	-	-	-	-
Shenzhen Zhongnan Jizhi Technology LLP* (i)	-	-	-	-	-	-	-	-	-	-	-	-
GoldSuwan Autoparts Manufacture Co., Ltd.	41,797,146.11	-	-	931,923.42	1,601,953.83	-	-	-	-	-	44,331,023.36	-
	51,188,276.33	-	(758,923.50)	1,233,299.23	1,601,953.83	-	-	-	-	-	53,264,605.89	-

* Joint ventures directly held by the Company.

Equity related information in joint ventures is set forth in Note 6(2).

(i) In 2023, the Group acquired a portion of its equity and could control it upon completion of the acquisition, which is therefore included in the consolidation scope, the relevant information is in note 5.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12) Long-term equity investments (Continued)

(b) Associates

	Movements in the current period										Ending balance of provision for impairment
	December 31, 2022	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	June 30, 2023	
Senju (Shanghai) International Trade Co., Ltd.	626,352.64	-	-	116,732.15	-	-	-	-	-	743,084.79	-
Shenzhen Shuxiang Technology Co., Ltd. (i)	-	-	-	-	-	-	-	-	-	-	-
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	24,573,087.28	-	-	1,291,044.07	-	(322,465.34)	(1,139,729.94)	-	-	24,401,946.07	-
Chengdu CIMC Industrial Park Investment and Development Co., Ltd.	87,574,641.97	-	-	3,423,132.12	-	-	-	-	-	90,997,774.09	-
CIMC Commercial Tires Inc.(i)	-	-	-	-	-	-	-	-	-	-	-
Shenzhen Bay Angel Phase III Venture Capital Partnership	29,319,884.38	22,500,000.00	-	5,024,560.92	-	-	-	-	-	56,844,445.30	-
(Limited Partnership)	142,093,976.27	22,500,000.00	-	9,855,469.26	-	(322,465.34)	(1,139,729.94)	-	-	172,987,250.25	-

Equity related information in associates is set forth in Note 6(2).

- (i) The carrying amount of the Group's investment in these associates under the equity method was reduced to zero, and the excess loss was recognised for future audit, relevant information for which was disclosed in Note 6(2).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(13) Investment properties

	Buildings and relevant land use rights
December 31, 2022	405,746,795.38
Changes in fair value	774,508.27
Transfer from fixed assets	2,068,143.71
Currency translation differences	135,187.08
June 30, 2023	<u>408,724,634.44</u>

For the six months ended June 30, 2023 and 2022, no capitalised borrowing cost was recognised in investment properties.

For the six months ended June 30, 2023, the impact on the Group's profit or loss resulting from the changes in fair value of investment properties are gains of RMB774,508.27 (for the six months ended June 30, 2022: losses of RMB2,832,342.40)(Note 4(50)).

As at June 30, 2023, buildings and land use rights with a carrying amount of approximately RMB112,427,443.32 (December 31, 2022: RMB108,747,443.32) didn't obtain the property ownership certificate due to unfinished procedures.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) Fixed assets

	Buildings		Machinery and equipment		Motor vehicles		Electronic and other equipment		Total
	Self-use	Lease	Self-use	Lease	Self-use	Lease	Self-use	Lease	
Cost									
December 31, 2022	3,355,612,648.48	2,274,635.40	3,473,829,737.60	117,004,673.54	185,008,685.91	389,381,198.95	238,370,873.29	102,455,739.27	7,863,938,192.44
Increase in the current year									
Purchase	43,956,118.48	-	23,730,726.34	8,330,491.07	4,969,544.28	14,200,477.78	12,216,037.16	-	107,403,395.11
Transfers from construction in progress	13,280,948.03	-	139,309,847.63	-	1,507,301.84	-	4,098,737.47	-	158,196,894.97
Business combinations not under common control	-	-	-	-	164,864.00	-	1,142,323.00	-	1,307,187.00
Decrease in the current period									
Disposal and crapping	(194,875,809.61)	-	(212,622,873.72)	-	(11,341,704.29)	(5,287,643.83)	(19,193,896.57)	(83,539.83)	(443,405,467.85)
Currency translation differences	44,027,506.03	-	33,720,436.98	-	3,711,147.38	-	2,837,250.45	-	84,296,340.84
June 30, 2023	3,262,001,411.41	2,274,635.40	3,457,967,874.83	125,335,164.61	184,019,839.12	398,294,032.90	239,471,324.80	102,372,199.44	7,771,736,482.51
Accumulated depreciation									
December 31, 2022	831,063,982.74	481,304.89	1,547,862,593.68	19,364,852.32	122,476,543.17	190,760,793.18	150,440,957.13	45,058,482.81	2,907,509,489.92
Depreciation charge	50,882,059.47	34,039.71	108,353,974.97	6,913,448.48	17,453,599.77	35,799,053.70	5,690,545.18	6,560,894.94	231,687,616.22
Decrease in the current period									
Disposal and crapping	(94,808,431.91)	-	(114,306,329.62)	-	(9,957,450.05)	(2,841,380.97)	(12,418,698.94)	(44,572.54)	(234,376,864.03)
Currency translation differences	8,872,581.67	-	19,439,564.52	-	2,493,399.83	-	1,482,350.58	-	32,287,896.60
June 30, 2023	796,010,191.97	515,344.60	1,561,349,803.55	26,278,300.80	132,466,092.72	223,718,465.91	145,195,153.95	51,574,765.21	2,937,108,138.71

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(14) Fixed assets *(Continued)*

	Buildings		Machinery and equipment		Motor vehicles		Electronic and other equipment		Total
	Self-use	Lease	Self-use	Lease	Self-use	Lease	Self-use	Lease	
Provision for impairment									
31 December 2022	150,736.69	-	18,564,076.88	-	30,435.32	-	4,473,087.45	-	23,218,336.34
Increase in the current year	-	-	-	-	-	-	-	-	-
Write-off on disposal	-	-	(21,268.01)	-	-	-	-	-	(21,268.01)
Currency translation differences	-	-	(67,238.42)	-	-	-	-	-	(67,238.42)
June 30, 2023	150,736.69	-	18,475,570.45	-	30,435.32	-	4,473,087.45	-	23,129,829.91
Carrying amount									
June 30, 2023	2,465,840,482.75	1,759,290.80	1,878,142,500.83	99,056,863.81	51,523,311.08	174,575,566.99	89,803,083.40	50,797,414.23	4,811,498,513.89
December 31, 2022	2,524,397,929.05	1,798,330.51	1,907,403,067.04	97,639,821.22	62,501,707.42	199,620,405.77	83,456,828.71	57,397,276.46	4,933,210,366.18

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(14) Fixed assets *(Continued)*

For the six months ended June 30, 2023, depreciation charged to fixed assets amounted to RMB231,687,616.22 (for the six months ended June 30, 2022: RMB213,081,180.86), of which the depreciation expenses charged in the cost of sales, selling expenses, administrative expenses and research and development expenses were RMB187,412,542.66, RMB3,678,500.95, RMB29,896,457.60 and RMB10,700,115.01 (for the six months ended June 30, 2022: RMB167,863,909.81, RMB3,718,800.05, RMB28,019,826.67, and RMB13,478,644.33), respectively.

For the six months ended June 30, 2023, the cost of fixed assets transferred from construction in progress amounted to RMB158,196,834.97 (for the six months ended June 30, 2022: RMB149,352,675.99).

(i) Temporarily idle fixed assets

As at June 30, 2023, buildings, machinery and equipment and electronic and other equipment with a carrying amount of RMB24,102,460.21 (a cost of RMB46,971,248.76) (December 31, 2022: a carrying amount of RMB24,718,698.15 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	7,901,688.60	–	22,502,053.60
Machinery and equipment	15,619,724.96	13,903,198.91	157,414.32	1,559,111.73
Electronic and other equipment	947,781.60	852,884.41	53,602.31	41,294.88
	<u>46,971,248.76</u>	<u>22,657,771.92</u>	<u>211,016.63</u>	<u>24,102,460.21</u>

(ii) Fixed assets which property ownership certificates not obtained:

As at June 30, 2023, buildings with a carrying amount of RMB455,451,735.23 (December 31, 2022: RMB512,399,551.36) had not been granted the property ownership certificates, or of which, property ownership transfer procedures were not processed. The Group has eligible right to use and dominate the above-mentioned buildings.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(14) Fixed assets *(Continued)*

(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 June 30, 2023 and December 31, 2022, the Group had no fixed assets as collateral.

(15) Construction in progress

	June 30, 2023			December 31, 2022		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
CIMC smart logistics equipment project	7,371,742.07	-	7,371,742.07	111,964,539.31	-	111,964,539.31
Vanguard Trenton & Monon GA Plant	45,124,887.53	-	45,124,887.53	39,821,453.80	-	39,821,453.80
Baoji manufacturing plant project	20,756,785.83	-	20,756,785.83	19,033,580.37	-	19,033,580.37
Production line upgrade project of LOM-CRTC-ON	6,431,421.24	-	6,431,421.24	5,967,914.80	-	5,967,914.80
Kunming vehicle park project	20,862,335.56	-	20,862,335.56	6,024,518.95	-	6,024,518.95
Huajun industrial park fire protection renovation project	3,998,857.79	-	3,998,857.79	-	-	-
Front compartment production and logistics line equipment	2,561,806.66	-	2,561,806.66	-	-	-
Paint workshop water-based paint renovation project	2,157,060.72	-	2,157,060.72	-	-	-
Others	89,152,410.43	-	89,152,410.43	64,765,767.29	-	64,765,767.29
	<u>198,417,307.83</u>	<u>-</u>	<u>198,417,307.83</u>	<u>247,577,774.52</u>	<u>-</u>	<u>247,577,774.52</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(15) Construction in progress (Continued)

(i) Movements of major construction in progress

Project name	Budgeted amount	December 31, 2022	Increase in the current period	Transfer to fixed assets/intangible assets in the current period	Other decreases	Currency translation differences	June 30, 2023	% of project investment to the budget	Work progress	Source of funds
CIMC smart logistics equipment project	456,000,000.00	111,964,539.31	9,473,181.92	(114,065,979.16)	-	-	7,371,742.07	90.00%	99.00%	Raised funds
Vanguard Trenton & Monon GA Plant	94,067,957.11	39,821,453.80	14,250,094.18	(10,575,736.91)	-	1,629,076.46	45,124,887.53	90.00%	90.00%	Self-owned
Baoji manufacturing plant project	45,000,000.00	19,033,580.37	3,570,486.41	(1,847,280.95)	-	-	20,756,785.83	76.00%	80.00%	Raised funds
Production line upgrade project of LOM-CRTC-ON ⁽ⁱ⁾	6,300,000.00	5,967,914.80	71,803.42	-	-	391,703.02	6,431,421.24	95.00%	99.00%	Self-owned
Kunming vehicle park project	119,460,000.00	6,024,518.95	14,837,816.61	-	-	-	20,862,335.56	75.00%	75.00%	Raised funds/ Self-owned
Huajun industrial park fire protection renovation project	4,892,000.00	-	3,998,857.79	-	-	-	3,998,857.79	80.00%	80.00%	Self-owned
Front compartment production and logistics line equipment	2,846,000.00	-	2,561,806.66	-	-	-	2,561,806.66	90.01%	90.00%	Self-owned
Paint workshop water-based paint renovation project	2,666,000.00	-	2,157,060.72	-	-	-	2,157,060.72	80.00%	80.00%	Self-owned
Others		64,765,767.29	64,115,354.20	(39,698,015.72)	(466,050.73)	435,355.39	89,152,410.43			Raised funds/ Self-owned
		247,577,774.52	115,036,461.91	(166,187,012.74)	(466,050.73)	2,456,134.87	198,417,307.83			
Including: Capitalised borrowing costs		-	846,511.75	-	-	-	846,511.75			

(i) The budget amount of the project is less than the conversion of the project input into RMB, mainly due to exchange rate fluctuations.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(16) Right-of-use assets

	Buildings	Machinery and other equipment	Total
Cost			
December 31,2022	325,329,253.62	19,321,642.86	344,650,896.48
Increase in the current period			
New lease contracts	29,351,596.18	3,269,458.83	32,621,055.01
Decrease in the current period			
Other decreases	-	-	-
Currency translation differences	14,499,097.37	973,008.03	15,472,105.40
June 30, 2023	369,179,947.17	23,564,109.72	392,744,056.89
Accumulated depreciation			
December 31,2022	96,981,676.69	9,293,226.49	106,274,903.18
Increase in the current period			
Depreciation charge	24,792,341.58	2,134,009.10	26,926,350.68
Decrease in the current period			
Other decreases	-	-	-
Currency translation differences	3,434,640.41	614,495.62	4,049,136.03
June 30, 2023	125,208,658.68	12,041,731.21	137,250,389.89
Provision for impairment			
December 31,2022	-	-	-
June 30, 2023	-	-	-
Carrying amount			
June 30, 2023	243,971,288.49	11,522,378.51	255,493,667.00
December 31,2022	228,347,576.93	10,028,416.37	238,375,993.30

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(17) Intangible assets

	Land use rights	Technological know-how and trademarks	Software use rights	Customer contracts	Customer relationships	Total
Cost						
December 31, 2022	949,354,989.89	143,763,119.46	80,032,912.02	16,704,259.00	95,884,362.17	1,285,739,642.54
Increase in the current period						
Purchase	-	69,715.35	4,259,404.62	-	-	4,329,119.97
Transfers from construction in progress	-	653,600.78	7,336,576.99	-	-	7,990,177.77
Business combinations not under common control	-	116,600.00	-	-	-	116,600.00
Decrease in the current year						
Disposal	(109,524,620.80)	(482,966.65)	(4,334,501.60)	-	-	(114,342,089.05)
Currency translation differences	2,643,444.00	8,831,767.09	1,653,132.25	1,490,709.00	6,625,131.08	21,244,183.42
June 30, 2023	842,473,813.09	152,951,836.03	88,947,524.28	18,194,968.00	102,509,493.25	1,205,077,634.65
Accumulated amortisation						
December 31, 2022	189,245,895.12	95,953,861.41	42,566,484.12	16,704,259.00	57,715,114.21	402,185,613.86
Increase in the current period						
Amortization charge	19,870,717.06	5,901,398.68	6,150,405.00	-	2,799,274.52	34,721,795.26
Decrease in the current year						
Disposal	(39,462,244.98)	(764,378.20)	(2,542,609.77)	-	-	(42,769,232.95)
Currency translation differences	242,151.57	6,237,581.00	1,162,490.42	1,490,709.00	5,026,105.27	14,159,037.26
June 30, 2023	169,896,518.77	107,328,462.89	47,336,769.77	18,194,968.00	65,540,494.00	408,297,213.43
Provision for impairment						
December 31, 2022	-	4,483,608.64	-	-	34,912,986.35	39,396,594.99
Currency translation differences	-	(353,556.10)	-	-	2,056,012.90	1,702,456.80
June 30, 2023	-	4,130,052.54	-	-	36,968,999.25	41,099,051.79
Carrying amount						
June 30, 2023	672,577,294.32	41,493,320.60	41,610,754.51	-	-	755,681,369.43
December 31, 2022	760,109,094.77	43,325,649.41	37,466,427.90	-	3,256,261.61	844,157,433.69

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(17) Intangible assets *(Continued)*

For the six months ended June 30, 2023, the amortisation of intangible assets amounted to RMB34,721,795.26 (for the six months ended June 30, 2022: RMB37,967,119.78).

As at June 30, 2023, and December 31, 2022, the Group had no land use rights without certificates of ownership.

As at June 30, 2023, and December 31, 2022, the Group had no land use rights as collateral.

Expenditures on research and development incurred for the six months ended June 30, 2023 amounted to RMB169,673,482.64 (for the six months ended June 30, 2022: RMB145,901,201.60), all of which were recognised in profit or loss for the current period. As at June 30, 2023, the Group had no intangible assets arising from internal research and development (December 31, 2022: nil).

(18) Goodwill

	December 31, 2022	Increase in the current period	Currency translation differences	June 30, 2023
Goodwill –				
CIMC Vehicles UK Limited ("Vehicles UK")	325,439,257.00	–	29,042,607.00	354,481,864.00
CIMC Huajun	35,740,080.73	–	–	35,740,080.73
Others	78,657,826.44	–	1,173,308.82	79,831,135.26
	<u>439,837,164.17</u>	<u>–</u>	<u>30,215,915.82</u>	<u>470,053,079.99</u>
Less: Provision for impairment –				
Others	(37,568,508.88)	–	(295,988.10)	(37,864,496.98)
	<u>402,268,655.29</u>			<u>432,188,583.01</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(18) Goodwill *(Continued)*

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, 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, LLC. and CIMC Vehicles South Africa (Pty) Ltd., Jiangsu Baojing Auto Parts Co., Ltd., Zhenjiang Shenxing Taibao Technology Co., Ltd. and Xxentria (Jiangmen) Technology Material Co., LTD (“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.

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(18) Goodwill *(Continued)*

The main assumptions applied in calculating discounted future cash flows for the Group's significant asset groups for the six months ended June 30, 2023 are as follows:

	Vehicles UK
Revenue growth rates in the forecast period	2%
Terminal revenue growth rates	2%
Gross margins	7.8%-7.9%
Pre-tax discount rates	16%

The main assumptions applied in calculating discounted future cash flows for the Group's significant asset groups in 2022 are as follows:

	Vehicles UK
Revenue growth rates in the forecast period	2%-7%
Terminal revenue growth rates	2%
Gross margins	7.4%-7.9%
Pre-tax discount rates	16%

If the revenue growth rates in the forecast period of Vehicles UK had decreased by 7.0% 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 9.7% 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 2.5% from current estimates while other conditions had been held constant, goodwill would have been impaired.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(19) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets before offsetting

	June 30, 2023		December 31, 2022	
	Deductible temporary differences and deductible tax losses	Deferred tax assets	Deductible temporary differences and deductible tax losses	Deferred tax assets
Provision for inventories	103,660,029.12	17,028,368.78	73,089,545.49	12,177,042.16
Provisions	144,166,419.56	23,151,586.46	136,965,938.94	25,221,942.94
Employee benefits payable	188,979,830.53	28,346,974.58	149,484,393.22	24,019,780.91
Provision for bad debts	165,505,894.08	28,023,552.41	135,156,070.85	22,004,220.81
Intra-group unrealised profits	180,419,881.76	45,104,970.44	172,050,845.64	43,569,779.48
Deferred income	65,317,168.02	10,374,959.64	61,410,597.32	9,489,936.93
Accrued expenses	190,352,006.28	42,231,803.64	252,102,070.22	42,930,955.68
Deductible tax losses	243,246,993.49	46,569,417.22	264,118,011.49	41,200,844.22
Lease liability	239,210,827.77	54,928,532.81	211,727,228.35	50,713,508.36
Others	34,925,116.83	6,693,719.27	39,778,700.97	9,944,308.69
	<u>1,555,784,167.44</u>	<u>302,453,885.25</u>	<u>1,495,883,402.49</u>	<u>281,272,320.18</u>
Including:				
Expected to be recovered within one year (inclusive)		149,210,294.76		145,232,395.94
Expected to be recovered after one year		<u>153,243,590.49</u>		<u>136,039,924.24</u>
		<u>302,453,885.25</u>		<u>281,272,320.18</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(19) Deferred tax assets and deferred tax liabilities *(Continued)*

(b) *Deferred tax liabilities before offsetting*

	June 30, 2023		December 31, 2022	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Accelerated depreciation of long-term assets	(467,780,317.84)	(87,140,315.94)	(533,143,641.49)	(96,197,808.40)
Business combinations not under common control	(82,673,886.89)	(18,229,157.75)	(94,336,465.43)	(20,407,544.16)
Changes in fair value of financial assets held for trading and derivative financial instruments	(2,998,291.00)	(449,743.65)	(4,946,259.33)	(765,774.28)
Adjustments in fair value of investment properties	(327,144,075.97)	(80,259,381.02)	(326,369,567.70)	(80,096,636.53)
Right of use asset	(221,382,635.33)	(62,277,878.02)	(220,537,383.05)	(54,848,082.86)
Others	(27,722,185.80)	(4,573,541.53)	(31,008,706.18)	(5,820,140.72)
	<u>(1,129,701,392.83)</u>	<u>(252,930,017.91)</u>	<u>(1,210,342,023.18)</u>	<u>(258,135,986.95)</u>
Including:				
Expected to be recovered within one year (inclusive)		(80,709,124.67)		(80,862,410.81)
Expected to be recovered after one year		(172,220,893.24)		(177,273,576.14)
		<u>(252,930,017.91)</u>		<u>(258,135,986.95)</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(19) Deferred tax assets and deferred tax liabilities *(Continued)*

- (c) Deductible temporary differences and deductible tax losses that are not recognised as deferred tax assets are analysed as follows:

	June 30, 2023	December 31, 2022
Deductible temporary differences	162,245,244.01	192,843,584.22
Deductible tax losses	910,083,856.48	986,006,667.66
	<u>1,072,329,100.49</u>	<u>1,178,850,251.88</u>

- (d) Deductible tax losses that are not recognised as deferred tax assets will be expired in following years:

	June 30, 2023	December 31, 2022
2023	48,870,162.46	51,435,355.84
2024	25,917,429.29	41,492,400.07
2025	31,228,225.99	56,412,620.47
2026	270,122,130.76	295,280,391.64
2027	232,783,830.03	242,764,344.83
2028 and subsequent years	301,162,077.95	298,621,554.81
	<u>910,083,856.48</u>	<u>986,006,667.66</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(19) Deferred tax assets and deferred tax liabilities *(Continued)*

- (e) The net balances of deferred tax assets and deferred tax liabilities after offsetting are as follows

	June 30, 2023		December 31, 2022	
	Offsetting amount	Balance after offsetting	Offsetting amount	Balance after offsetting
Deferred tax assets	(131,336,863.45)	171,117,021.80	(137,413,590.37)	143,858,729.81
Deferred tax liabilities	131,336,863.45	(121,593,154.46)	137,413,590.37	(120,722,396.58)

For the possible taxation effect from the cumulative undistributed profits of foreign subsidiaries, no deferred tax liabilities were recognised for the taxable temporary differences of RMB3,497,967,098.92 (December 31, 2022: RMB2,269,200,140.90), as the Group has full discretion in determining the policy for dividend distribution and has neither such plan in foreseeable future nor the intent to dispose of these subsidiaries.

In addition, the Group had no significant unrecognised deferred tax liabilities in the current period.

(20) Other non-current assets

	June 30, 2023	December 31, 2022
Prepayment for equipments	<u>69,314,423.15</u>	<u>76,389,581.39</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(21) Provision for impairment

	December 31, 2022	Increase in the current period	Decrease in the current period		Currency translation differences	June 30, 2023
			Reversal	Write-off/Others		
Provision for bad debts of notes receivables	953,179.43	2,184,005.42	(953,179.43)	-	-	2,184,005.42
Including: Provision for bad debts on an individual basis	-	-	-	-	-	-
Provision for bad debts on a collective basis	953,179.43	2,184,005.42	(953,179.43)	-	-	2,184,005.42
Provision for bad debts of accounts receivables	173,102,046.63	50,077,765.10	(3,706,075.47)	(747,842.06)	(1,244,361.70)	217,481,532.50
Including: Provision for bad debts on an individual basis	-	-	-	-	-	-
Provision for bad debts on a collective basis	173,102,046.63	50,077,765.10	(3,706,075.47)	(747,842.06)	(1,244,361.70)	217,481,532.50
Provision for impairment of receivables financing	775,928.14	747,720.51	(775,928.14)	-	-	747,720.51
Provision for bad debts of other receivables	22,880,052.39	2,759,034.65	(4,533,071.80)	(9,792,596.49)	-	11,313,418.75
Provision for impairment of long-term receivables	1,505,337.35	70,905.53	(101,684.86)	-	-	1,474,558.02
Current portion of non-current assets	3,486,194.86	1,701,987.21	(3,028,147.82)	-	-	2,160,034.25
Provision for financial guarantees	34,442,570.30	27,309,933.12	(38,311,326.83)	-	-	23,441,176.59
Sub-total	237,145,309.10	84,851,351.54	(51,409,414.35)	(10,540,438.55)	(1,244,361.70)	258,802,446.04
Provision for bad debts of advances to suppliers	107,553,408.45	69,608,132.37	(9,389,875.52)	(27,562,291.93)	1,840,672.02	142,050,045.39
Provision for inventories and impairment of contract fulfilment costs	23,218,336.34	-	-	(21,268.01)	(67,238.42)	23,129,829.91
Provision for impairment of fixed assets	39,396,594.99	-	-	-	1,702,456.80	41,099,051.79
Provision for impairment of intangible assets	37,568,508.88	-	-	-	295,988.10	37,864,496.98
Others	5,545,584.17	152,543.70	(62,926.49)	-	-	5,635,201.38
Sub-total	213,282,432.83	69,760,676.07	(9,452,802.01)	(27,583,559.94)	3,771,878.50	249,778,625.45
	<u>450,427,741.93</u>	<u>154,612,027.61</u>	<u>(60,862,216.36)</u>	<u>(38,123,998.49)</u>	<u>2,527,516.80</u>	<u>508,581,071.49</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(22) Short-term borrowings

	June 30, 2023	December 31, 2022
Guaranteed ^(a)		
RMB	69,569,866.00	92,595,662.64
THB	–	113,055,174.92
GBP	–	32,796,571.32
	<u>69,569,866.00</u>	<u>238,447,408.88</u>
Unsecured		
RMB	40,040,916.68	30,025,361.07
USD	55,833,764.98	119,414,625.49
EUR	20,874,315.00	19,670,685.00
GBP	65,831,040.00	60,437,520.00
	<u>182,580,036.66</u>	<u>229,548,191.56</u>
Pledged ^(b)		
RMB	<u>3,149,670.99</u>	–
	<u>255,299,573.65</u>	<u>467,995,600.44</u>

(a) The Group's short-term guaranteed borrowings include the guaranteed borrowings of Liangshan CIMC Dongyue Vehicles Co., Ltd. and Zhumadian CIMC Huajun Casting Co., Ltd. (all of which are subsidiaries of the Group) · CIMC Taizijie Vehicle Body Manufacturing (Jiangmen) Co., Ltd. · CIMC Taizijie Vehicle Body Manufacturing (Zhenjiang) Co., Ltd. amounted to RMB69,569,866.00, all of which are guaranteed by the Company.

(b) As at June 30, 2023, bank pledged loans of RMB3,149,670.99 (December 31, 2022: nil) were short-term loans obtained from the discount of trade acceptance notes of the Group's subsidiary, Luoyang CIMC Lingyu Automobile Co., Ltd. (Note 4 (4)).

(c) As at June 30, 2023, the interest rate of short term borrowings ranged from 3.02% to 7.00% (December 31, 2022: 0.80% to 5.98%).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(23) Notes payables

	June 30, 2023	December 31, 2022
Trade acceptance notes	236,447,601.29	101,965,578.70
Bank acceptance notes	623,677,575.02	707,467,113.50
	860,125,176.31	809,432,692.20

(24) Accounts payables

	June 30, 2023	December 31, 2022
Related parties <i>(Note 8(6)(g))</i>	275,400,081.51	221,415,018.33
Third parties	4,053,864,231.76	3,519,120,426.20
	4,329,264,313.27	3,740,535,444.53

(i) As at June 30, 2023, accounts payables aged over one year amounted to RMB63,596,532.99 (December 31, 2022: RMB78,645,390.80), which were mainly material costs payable, and have not yet been settled.

(ii) The ageing of accounts payables based on their recording dates is as follows:

	June 30, 2023	December 31, 2022
Within 30 days	2,457,893,174.95	2,207,910,273.84
31 to 60 days	1,037,752,240.78	935,903,109.43
61 to 90 days	443,802,246.63	136,928,659.54
Over 90 days	389,816,650.91	459,793,401.72
	4,329,264,313.27	3,740,535,444.53

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(25) Contract liabilities

	June 30, 2023	December 31, 2022
Advances for goods	<u>738,961,008.46</u>	<u>618,541,399.99</u>

For the six months ended June 30, 2023, balance of RMB591,281,243.81 included in contract liabilities at the beginning of the period was recognized as revenue (for the six months ended June 30, 2022: RMB406,436,016.77).

(26) Employee benefits payable

	June 30, 2023	December 31, 2022
Short-term employee benefits payable ^(a)	686,153,945.93	608,083,560.84
Defined contribution plans payable ^(b)	20,746,203.87	23,435,380.25
Termination benefits payable ^(c)	<u>59,214.00</u>	<u>9,436,301.00</u>
	<u>706,959,363.80</u>	<u>640,955,242.09</u>

(a) Short-term employee benefits payable

	December 31, 2022	Increase in the current period	Decrease in the current period	June 30, 2023
Wages and salaries, bonus, allowances and subsidies	576,739,416.99	1,107,194,764.42	(1,031,252,863.88)	652,681,317.53
Staff welfare	5,414,146.71	19,432,638.02	(19,894,629.17)	4,952,155.56
Social security contributions	7,061,862.95	26,265,296.76	(23,933,415.04)	9,393,744.67
Including: Medical insurance	5,974,240.61	23,814,761.21	(20,972,370.25)	8,816,631.57
Work injury insurance	625,396.12	1,972,735.05	(2,577,357.30)	20,773.87
Maternity insurance	462,226.22	477,800.50	(383,687.49)	556,339.23
Housing funds	1,822,810.71	26,374,281.13	(27,399,651.76)	797,440.08
Labour union funds and employee education funds	7,264,128.89	6,003,750.21	(6,192,555.46)	7,075,323.64
Other short-term employee benefits	<u>9,781,194.59</u>	<u>25,529,831.94</u>	<u>(24,057,062.08)</u>	<u>11,253,964.45</u>
	<u>608,083,560.84</u>	<u>1,210,800,562.48</u>	<u>(1,132,730,177.39)</u>	<u>686,153,945.93</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(26) Employee benefits payable *(Continued)*

(b) Defined contribution plans

	December 31, 2022	Increase in the current period	Decrease in the current period	June 30, 2023
Basic pensions	23,327,366.26	62,637,591.05	(65,282,650.14)	20,682,307.17
Unemployment insurance	<u>108,013.99</u>	<u>2,189,382.71</u>	<u>(2,233,500.00)</u>	63,896.70
	<u>23,435,380.25</u>	<u>64,826,973.76</u>	<u>(67,516,150.14)</u>	20,746,203.87

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

	June 30, 2023	December 31, 2022
Other termination benefits ⁽ⁱ⁾	<u>59,214.00</u>	<u>9,436,301.00</u>

(i) For the six months ended June 30, 2023, other termination benefits paid by the Group for termination of the employment relationship were RMB36,977,438.34 (for the six months ended June 30, 2022: RMB1,230,491.58).

(27) Taxes payable

	June 30, 2023	December 31, 2022
Unpaid VAT	70,568,546.96	67,389,222.19
Corporate income tax payable	467,747,246.50	189,015,798.31
Land use tax payable	5,924,762.31	4,530,306.83
Individual income tax payable	17,919,079.44	18,322,821.78
City maintenance and construction tax payable	1,354,171.88	2,180,690.69
Educational surcharge payable	1,006,942.24	1,643,876.62
Others	<u>40,467,074.77</u>	<u>48,465,871.11</u>
	<u>604,987,824.10</u>	<u>331,548,587.53</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(28) Other payables

	June 30, 2023	December 31, 2022
Amounts due to related parties <i>(Note 8(6)(h))</i>	71,769,579.40	96,122,124.09
Dividends payable to shareholders-related parties <i>(Note 8(6)(h))</i>	420,832,250.40	–
Dividends payable to shareholders third parties	184,447,749.60	–
Dividends due to non-controlling interests	23,699,964.67	3,791,956.19
Accrued expenses	429,264,661.42	296,076,966.01
Deposits for quality guarantees and temporary receipts	308,417,753.30	412,161,288.86
Freight expenses payable	59,831,043.58	37,389,419.25
Payables for equipment and land use rights	125,710,286.83	159,932,835.76
Payables and advance for land use rights	23,934,472.69	23,934,472.69
Payable for acquisitions	17,578,166.16	10,932,782.29
Others	81,454,525.93	102,587,051.66
	<u>1,746,940,453.98</u>	<u>1,142,928,896.80</u>

(a) As at June 30, 2023, other payables with ageing over one year amounted to RMB77,165,282.78 (December 31, 2022: RMB41,289,610.39), mainly representing amounts due to related parties and payables and advance for land use rights, which had not been settled due to unfinished government and related parties procedures and other reasons.

(29) Current portion of non-current liabilities

	June 30, 2023	December 31, 2022
Current portion of long-term borrowings <i>(Note 4(31))</i>	141,955,328.39	82,598,864.99
Current portion of lease liabilities <i>(Note 4(32))</i>	49,718,731.25	44,151,480.96
	<u>191,674,059.64</u>	<u>126,750,345.95</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(30) Other current liabilities

	June 30, 2023	December 31, 2022
Warranties ^(a)	183,336,734.84	139,192,610.32
Financial guarantee for vehicle mortgage loans ^(b)	23,441,176.59	34,442,570.30
Accrued litigation and compensation loss	1,444,001.15	1,645,386.81
Output VAT to be recognised	55,273,536.47	44,022,067.12
Others	3,567,923.05	12,865,700.75
	<u>267,063,372.10</u>	<u>232,168,335.30</u>

(a) The Group provides after-sale quality maintenance commitments to consumers who purchase transportation vehicles. In case of failures and quality problems that are not caused by accidents during the warranty period for transportation vehicles sold, the Group undertakes the warranty responsibility as per the contract. Provision for warranties is made based on the Group's estimated obligation for such quality warranties.

(b) In accordance with the provisions of financial guarantee contracts related to auto financial guarantees provided for consumers by the Group and its subsidiaries, the Group and its subsidiaries, as vehicle financing guarantors for consumers of transportation vehicles sold, shall perform obligations or assume liabilities in accordance with the contracts when the debtors fail to perform obligations, and the financial contract liabilities are subsequently measured at the higher of the amount initially recognised net of accumulated amortisation and the provisions determined according to the contingency principle. The amount of warranties is provided based on the risk assessment on the Group's loss arising from compensation for the guarantee contracts.

(c) Changes in warranties and financial guarantee for vehicle mortgage loans

	December 31, 2022	Increase in the current period	Decrease in the current period	Currency translation differences	June 30, 2023
Warranties	139,192,610.32	75,784,693.49	(32,868,476.54)	1,227,907.57	183,336,734.84
Financial guarantee for vehicle mortgage loans	<u>34,442,570.30</u>	<u>27,309,933.12</u>	<u>(38,311,326.83)</u>	-	<u>23,441,176.59</u>
	<u>173,635,180.62</u>	<u>103,094,626.61</u>	<u>(71,179,803.37)</u>	<u>1,227,907.57</u>	<u>206,777,911.43</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(31) Long-term borrowings

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Guaranteed ^(a)	57,553,906.50	–
Unsecured	418,056,519.73	413,805,730.98
	475,610,426.23	413,805,730.98
Less: Current portion of long-term borrowings <i>(Note 4(28))</i>		
Guaranteed	(8,633,086.44)	–
Unsecured	(133,322,241.95)	(82,598,864.99)
	(141,955,328.39)	(82,598,864.99)
	333,655,097.84	331,206,865.99

(a) As at June 30, 2023, The Group has long-term guaranteed borrowings of Kunming CIMC Vehicle Industrial Park Development Co., Ltd., a subsidiary of the Group, is guaranteed by the Company.

(b) As at June 30, 2023, the interest rate of long-term borrowings ranged from 3.20% to 4.60% (December 31, 2022: 4.00% to 4.65%).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(32) Lease liabilities

	June 30, 2023	December 31, 2022
Lease liabilities	247,716,670.06	232,741,646.67
Less: current portion of non-current liabilities <i>(Note 4(29))</i>	<u>(49,718,731.25)</u>	<u>(44,151,480.96)</u>
	<u>197,997,938.81</u>	<u>188,590,165.71</u>

(33) Deferred income

	December 31, 2022	Increase in the current period	Decrease in the current period	June 30, 2023
Government grants	<u>71,970,975.17</u>	<u>31,804,372.00</u>	<u>(26,285,738.05)</u>	<u>77,489,609.12</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (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, 2022	Increase in the current period	Decrease in the current period			Currency translation differences	June 30, 2023	Asset related/ Income related
			Recognized in other income	Offset against financial expenses	Other reduction			
Land supporting funds and technology research and development funds of Shandong Vehicles	2,921,613.09	-	(112,369.68)	-	-	-	2,809,243.41	Asset related
Land contract tax refund of Wuhu Automobile	2,562,150.00	-	(70,995.00)	-	-	-	2,491,155.00	Asset related
Technological transformation project of Jiangmen Vehicles	9,119,135.88	-	(621,778.77)	-	-	-	8,497,357.11	Asset related
Stereoscopic warehouse project of CIMC Huajun	1,166,666.77	-	(124,999.98)	-	-	-	1,041,666.79	Asset related
Elevator programme of CIMC MLI	1,294,578.74	-	(527,212.66)	-	-	23,453.89	790,819.97	Income related
Subsidies for technological upgrading of fixed assets granted by Shenzhen Pingshan Finance Bureau	5,161,431.82	-	(151,806.81)	-	(5,009,625.01)	-	-	Asset related
Investment in renovation projects by Yangzhou Bureau of Industry and Information Technology	3,743,189.96	-	(207,954.88)	-	-	-	3,535,235.08	Asset related
Discounted loan interest for Yangzhou Tonghua plant construction project	-	23,294,372.00	-	(2,091,249.44)	-	-	21,203,122.56	Income related
Funding plan for intelligent manufacturing key projects in Dongguan	2,685,694.89	-	(234,418.74)	-	-	-	2,451,276.15	Asset related
Technical investment and transformation project of the Industry and Information Technology Bureau of Shenzhen Municipality	7,443,983.00	-	(218,940.69)	-	(7,225,042.31)	-	-	Asset related
Special fund for economic development of Pingshan District, Shenzhen	5,476,289.59	-	(153,478.98)	-	(5,322,810.61)	-	-	Asset related
Transformation in intelligent manufacturing technology for special vehicles	902,985.08	-	(49,253.76)	-	-	-	853,731.32	Asset related
Central air pollution prevention and control fund – coating VOC control project	1,722,222.20	-	(83,333.34)	-	-	-	1,638,888.86	Asset related
Major emerging industrial project for manufacturing of high-end storage and transportation equipment for fluid materials in Wuhu	4,247,439.96	-	(265,465.02)	-	-	-	3,981,974.94	Asset related
Provincial special funds of technological upgrading to promote high-quality economic development	1,275,312.46	-	(60,729.42)	-	-	-	1,214,583.04	Asset related
Special funds for science and technology plans in Jiangsu	1,100,000.00	-	(300,000.00)	-	-	-	800,000.00	Income related
Zhumadian CIMC Huajun coating waste gas VOCs deep treatment project	4,165,840.29	-	(207,313.04)	-	-	-	3,958,527.25	Asset related
Promoting new industrialization projects in Wuhu	5,598,291.08	-	(263,413.38)	-	-	-	5,334,877.70	Asset related
Provincial special funds for Luoyang Lingyu to raise the development quality of manufacturing industries	3,032,082.67	-	(191,500.56)	-	-	-	2,840,582.11	Income related
Funds for fixed assets of Gaoxin District, Zhenjiang	2,783,473.30	4,000,000.00	(1,009,628.89)	-	-	-	5,773,844.41	Asset related
Central air pollution prevention and control funds of Jinan	1,579,500.00	-	-	-	-	-	1,579,500.00	Asset related
CIMC Shanxi Automobile VOCs deep treatment project	-	2,570,000.00	(150,308.28)	-	-	-	2,419,691.72	Asset related
Provincial special funds for intelligent transformation of digital transformation	-	1,940,000.00	(97,000.00)	-	-	-	1,843,000.00	Asset related/ Income related
Others	3,989,094.39	-	(73,870.19)	-	(1,484,692.50)	-	2,430,531.70	Income related
	<u>71,970,975.17</u>	<u>31,804,372.00</u>	<u>(5,175,772.07)</u>	<u>(2,091,249.44)</u>	<u>(19,042,170.43)</u>	<u>23,453.89</u>	<u>77,489,609.12</u>	

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (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, 2022	Movements in the current period ^(a)	June 30, 2023
Shares subject to trading restriction –			
Ordinary shares denominated in RMB	728,443,475.00	–	728,443,475.00
H shares	284,985,000.00	–	284,985,000.00
Shares not subject to trading restriction –			
Ordinary shares denominated in RMB	725,236,525.00	–	725,236,525.00
H shares	278,935,000.00	–	278,935,000.00
	<u>2,017,600,000.00</u>	<u>–</u>	<u>2,017,600,000.00</u>

(35) Capital reserve

	December 31, 2022	Increase in the current period	Decrease in the current period ^(a)	June 30, 2023
Share premium	4,768,464,279.39	–	–	4,768,464,279.39
Other capital reserve –				
Others	31,845,413.65	–	(322,465.34)	31,522,948.31
	<u>4,800,309,693.04</u>	<u>–</u>	<u>(322,465.34)</u>	<u>4,799,987,227.70</u>

(a) In March 2023, other shareholders of the Company's associate, Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. increased its capital by RMB200,000,000.00, and the Company did not increase its capital simultaneously, resulting in the dilution of the Company's shareholding in Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. from 5.52% to 3.7991%. Before and after the capital increase, the difference of equity shares held by the Company was deducted from the capital reserve of RMB322,465.34.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (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, 2022	Increase in the current period	Decrease in the current period	June 30, 2023
Statutory surplus reserve	<u>322,977,011.06</u>	<u>–</u>	<u>–</u>	<u>322,977,011.06</u>

(38) Undistributed profits

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Undistributed profits at the beginning of the period	5,486,894,339.25	4,834,324,784.85
Add: Net profit attributable to the shareholder of the Company	1,896,532,237.44	365,758,163.71
Less: Appropriation for surplus reserve Dividends paid ^(a)	<u>(605,280,000.00)</u>	<u>–</u> (403,520,000.00)
Undistributed profits at the end of the period	<u>6,778,146,576.69</u>	<u>4,796,562,948.56</u>

(a) Approved by the shareholders' general meeting on 25 May 2023, the Company distributed cash dividends to the shareholder of the Company, at RMB0.3 per share (tax inclusive). Calculated according to 2,017,600,000 shares issued, totaling at RMB605,280,000.00.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Revenue from main operations	13,291,290,536.62	11,046,010,539.56
Revenue from other operations	178,339,684.96	149,831,598.51
	<u>13,469,630,221.58</u>	<u>11,195,842,138.07</u>
	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Cost of sales from main operations	10,770,560,157.06	9,904,187,295.42
Cost of sales from other operations	94,124,255.33	40,755,748.00
	<u>10,864,684,412.39</u>	<u>9,944,943,043.42</u>

(a) Revenue and cost of sales from main operations

	For the six months ended June 30, 2023		For the six months ended June 30, 2022	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Sales of vehicles	11,847,264,897.57	9,556,883,643.95	9,808,657,822.78	8,851,092,461.46
Sales of parts and components	1,275,241,527.18	1,099,917,015.75	1,059,834,973.93	934,571,048.23
Others	168,784,111.87	113,759,497.36	177,517,742.85	118,523,785.73
	<u>13,291,290,536.62</u>	<u>10,770,560,157.06</u>	<u>11,046,010,539.56</u>	<u>9,904,187,295.42</u>

(b) Revenue and cost of sales from other operations

	For the six months ended June 30, 2023		For the six months ended June 30, 2022	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Sales of scrap	48,751,557.32	1,328,588.90	68,035,700.75	2,727,923.79
Others	129,588,127.64	92,795,666.43	81,795,897.76	38,027,824.21
	<u>178,339,684.96</u>	<u>94,124,255.33</u>	<u>149,831,598.51</u>	<u>40,755,748.00</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (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:

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Revenue	13,373,106,711.01	11,117,908,746.08
Including: Recognised at a point in time	13,302,646,358.86	11,041,016,866.51
Recognised over time	70,460,352.15	76,891,879.57
Rental income ⁽ⁱ⁾	96,523,510.57	77,933,391.99
	<u>13,469,630,221.58</u>	<u>11,195,842,138.07</u>

(i) The rental income from the operating rental of buildings, machinery and equipment, motor vehicles, electronic and other equipment owned by the Group. No significant lease changes occur for the six months ended June 30, 2023 and 2022.

(40) Taxes and surcharges

	For the six months ended June 30, 2023	For the six months ended June 30, 2022	Taxation base
City maintenance and construction tax	7,373,694.08	7,880,445.88	7% of the payment amount of VAT
Educational surcharge	4,992,557.20	5,817,521.85	5% of the payment amount of VAT
Property tax	13,363,278.49	9,128,899.56	The residual value and rental income of properties and the prescribed tax rate
Land use tax	11,282,898.51	14,523,171.61	The area of land actually used and the prescribed unit tax
Stamp tax	6,249,604.75	3,738,887.44	The amount included in the taxable vouchers or the number of vouchers and the prescribed tax rate or unit tax
Others	1,050,300.81	753,481.22	
	<u>44,312,333.84</u>	<u>41,842,407.56</u>	

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(41) Selling expenses

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Employee benefits expenses	138,929,594.72	119,668,536.90
Travelling, entertainment and selling expenses	59,860,425.68	56,799,973.71
Product warranty expenses	75,784,693.49	32,990,662.21
External sale commission of products	36,856,529.43	15,676,966.23
Insurance premiums	5,180,876.16	7,327,425.47
Maintenance fees	9,888,035.61	6,942,673.23
Advertising and exhibition fees	5,856,339.53	6,294,884.95
Storage fees	2,061,421.17	3,952,364.52
Depreciation and amortisation expenses	3,769,264.03	3,718,800.05
Professional service fees	5,158,361.61	1,455,357.27
Others	19,285,500.58	8,896,624.46
	362,631,042.01	263,724,269.00

(42) Administrative expenses

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Employee benefits expenses	385,582,261.56	220,266,724.30
Depreciation and amortisation expenses	66,056,765.35	49,186,752.64
Professional service fees	53,553,639.12	29,828,180.80
Material consumption and low value products	5,220,517.60	10,296,478.00
Insurance premiums	15,271,475.31	9,898,268.29
Utilities	8,680,592.05	8,446,105.66
Depreciation of right-of-use assets	11,440,891.25	7,957,773.00
Entertainment expenses	8,820,898.19	6,659,108.53
Charges and local fees	2,068,811.44	5,507,345.09
Travelling expenses	10,813,389.33	5,141,424.83
External maintenance charges	5,205,207.95	4,725,523.43
Transportation expenses	1,556,916.51	2,694,104.39
Rentals	8,297,397.20	2,652,889.47
Human resource related expenses	6,098,065.53	1,656,463.68
Others	45,354,738.86	33,526,968.33
	634,021,567.25	398,444,110.44

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Employee benefits expenses	56,053,872.72	56,191,980.46
Direct material consumption	78,986,790.75	52,172,113.08
Depreciation and amortisation	11,368,699.04	15,145,308.18
Test fee	10,755,159.19	12,751,168.35
Design fee	2,583,702.36	6,014,458.13
Others	9,925,258.58	3,626,173.40
	<u>169,673,482.64</u>	<u>145,901,201.60</u>

(44) Financial income

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Interest expenses on borrowings	17,734,531.80	22,022,002.36
Add: Interest expenses on lease liabilities	3,755,857.12	4,724,209.18
Less: Government grants <i>(Note 4(33))</i>	<u>(2,091,249.44)</u>	<u>(4,695,777.50)</u>
Interest expenses	19,399,139.48	22,050,434.04
Less: Interest income	(52,195,353.69)	(34,617,381.21)
Exchange (losses)/gains	(23,375,554.65)	(42,384,676.12)
Others	3,907,830.97	2,375,776.07
	<u>(52,263,937.89)</u>	<u>(52,575,847.22)</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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:

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Changes in inventories of finished goods and work in progress	(203,714,733.97)	(348,226,111.95)
Consumed raw materials and low value consumables	9,771,101,282.70	9,074,338,311.03
Employee benefits expenses	1,312,604,974.58	1,158,851,771.61
Depreciation and amortization expenses	273,788,652.37	257,755,957.67
Shipping and handling expenses	245,696,299.09	156,278,472.37
Utility expenses	106,889,001.75	83,376,457.64
Processing and repairing expenses ⁽ⁱⁱ⁾	90,475,709.08	81,469,286.47
Travelling, entertainment and selling expenses	83,386,132.10	68,600,507.07
Product warranty expenses	75,784,693.49	32,990,662.21
Professional service fees	58,712,000.73	31,283,538.07
Depreciation of right-of-use assets	26,926,350.68	22,537,059.39
Design fee and test fee	23,264,120.13	22,391,799.88
Insurance premiums	20,728,980.54	17,225,693.76
Rentals ⁽ⁱ⁾	13,461,665.31	7,841,447.66
Charges and local fees	2,068,811.44	5,507,345.09
Advertising and exhibition fees	5,856,339.53	6,294,884.95
Others	123,980,224.74	74,495,541.54
	<u>12,031,010,504.29</u>	<u>10,753,012,624.46</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. For the six months ended June 30, 2023, the amount was RMB13,461,665.31 (for the six months ended June 30, 2022: RMB7,841,447.66).

(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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(46) Asset impairment losses

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Provision for inventories and costs incurred to fulfil a contract	(60,218,256.85)	(12,555,324.98)
Others	(89,617.21)	—
	<u>(60,307,874.06)</u>	<u>(12,555,324.98)</u>

(47) Credit impairment losses

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
(Provision)/reversal of provision for notes receivables	(1,230,825.99)	25,525.47
Provision for accounts receivables	(46,371,689.63)	(11,510,113.83)
Reversal of provision for receivables financing	28,207.63	368,856.72
Reversal/(provision) of provision for other receivables	1,774,037.15	(1,524,430.31)
Reversal/(provision) of provision for long- term receivables (including current portion of non-current assets)	1,356,939.94	(30,073.14)
Reversal of provision for financial guarantee contracts	11,001,393.71	7,146,170.38
	<u>(33,441,937.19)</u>	<u>(5,524,064.71)</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(48) Other income

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Government grants ^(a)	24,109,492.74	36,664,269.82
Extra deductible VAT	28,810.19	640,293.58
Tax refunds	692,053.71	1,136,807.81
	<u>24,830,356.64</u>	<u>38,441,371.21</u>

(a) Government grants

	For the six months ended June 30, 2023	For the six months ended June 30, 2022	Asset related/ Income related
Wuhu Key R&D Innovation Platform performance subsidies	7,000,000.00	–	Income related
Funds for manufacturing industry individual champion in technological innovation project support plan award in Shenzhen	2,000,000.00	–	Income related
CIMC UK Climate Change rebate Grant	1,321,765.53	–	Income related
Market supervision Administration quality management fund of Anhui Province	1,000,000.00	–	Income related
Provincial fund for economic and information to manufacturing green factory of Wuhu City	1,000,000.00	–	Income related
Funds for fixed assets of Gaoxin District, Zhenjiang	1,009,628.90	–	Income related
Major new industry special funds of Anhui	–	16,109,800.00	Income related
Provincial transformation and upgrading special funds of Yangzhou Economic Development Board	–	3,200,000.00	Income related
Flood prevention and anti-creation money from the Bureau of Finance and State Administration of Gaoxin District, Zhenjiang	–	1,800,000.00	Income related
Others	<u>10,778,098.31</u>	<u>15,554,469.82</u>	Income related
	<u>24,109,492.74</u>	<u>36,664,269.82</u>	

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(49) Investment income/(losses)

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Share of net profit of associates and joint ventures	11,088,768.49	4,058,836.70
Income from disposal of long-term equity investments	1,112,158,428.45	–
(Losses)/income from disposal of derivative financial instruments	(9,011,658.97)	(2,050,012.60)
Income of equity instruments held for trading during its holding period	1,109,917.56	–
Losses from discounted notes receivables	(5,313,012.97)	(4,081,710.55)
	<u>1,110,032,442.56</u>	<u>(2,072,886.45)</u>

(50) Fair Value losses

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Fair value change on investment properties	774,508.27	2,832,342.40
Fair value change on equity instruments held for trading	17,847,283.69	–
Fair value change on derivative financial assets	(6,161,436.00)	(1,614,526.60)
Fair value change on derivative financial liabilities	(16,442,519.78)	(10,593,605.17)
	<u>(3,982,163.82)</u>	<u>(9,375,789.37)</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(51) Gains on disposals of assets

	For the six months ended June 30, 2023	For the six months ended June 30, 2022	Amount recognised in non-recurring profit or loss for the six months ended June 30,2023
Gains on disposals of fixed assets	1,595,569.82	753,787.04	1,595,569.82
Losses on disposals of fixed assets	<u>(2,662,115.80)</u>	<u>(9,360,562.08)</u>	<u>(2,662,115.80)</u>
	<u>(1,066,545.98)</u>	<u>(8,606,775.04)</u>	<u>(1,066,545.98)</u>

(52) Non-operating income

	For the six months ended June 30, 2023	For the six months ended June 30, 2022	Amount recognised in non-recurring profit or loss for the six months ended June 30,2023
Unpayable payables	991,832.20	598,778.97	991,832.20
Penalty income	2,706,833.90	4,155,515.68	2,706,833.90
Compensation income	444,493.85	239,180.31	444,493.85
Donations	215,000.00	–	215,000.00
Others	<u>626,253.06</u>	<u>170,713.00</u>	<u>626,253.06</u>
	<u>4,984,413.01</u>	<u>5,164,187.96</u>	<u>4,984,413.01</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(53) Non-operating expenses

	For the six months ended June 30, 2023	For the six months ended June 30, 2022	Amount recognised in non-recurring profit or loss for the six months ended June 30, 2023
Losses on disposals of fixed assets	63,369.32	776,330.10	63,369.32
Compensation expenses	27,052.84	359,806.13	27,052.84
Penalty expenses	338,774.33	1,623,843.34	338,774.33
Donations	15,000.00	—	15,000.00
Others	402,672.86	299,509.69	402,672.86
	<u>846,869.35</u>	<u>3,059,489.26</u>	<u>846,869.35</u>

(54) Income tax expenses

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Current income tax calculated based on tax law and related regulations	621,217,179.86	100,297,506.56
Deferred income tax	<u>(26,387,534.11)</u>	<u>(14,628,818.54)</u>
	<u>594,829,645.75</u>	<u>85,668,688.02</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(54) Income tax expenses *(Continued)*

Reconciliation between income tax expense and profit before income tax at applicable tax rates is as follows:

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Profit before income tax	<u>2,486,773,143.15</u>	<u>455,974,182.63</u>
Income tax calculated at applicable tax rates	609,122,168.23	101,022,247.72
Income not subject to tax	(3,686,169.04)	(5,948,939.47)
Expenses not deductible for tax purposes	8,022,091.11	4,730,962.23
Utilisation of previously unrecognised deductible tax losses and temporary differences	(27,026,198.25)	(11,174,836.82)
Adjustment on taxation in previous year	(9,618,152.29)	(7,998,970.30)
Deductible tax losses and temporary differences for which no deferred tax asset was recognised	32,632,666.44	20,450,422.94
Research and development expenses bonus deduction	<u>(14,616,760.45)</u>	<u>(15,412,198.28)</u>
Income tax expenses	<u>594,829,645.75</u>	<u>85,668,688.02</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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.

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Consolidated net profit attributable to ordinary shareholders of the Company	1,896,532,237.44	365,758,163.71
Weighted average number of ordinary shares outstanding	<u>2,017,600,000.00</u>	<u>2,017,600,000.00</u>
Basic earnings per share (RMB/share)	<u>0.94</u>	<u>0.18</u>
Including:		
– Basic earnings per share from continuing operations:	<u>0.94</u>	<u>0.18</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 six months ended June 30, 2023 and 2022, and therefore, diluted earnings per share are the same as the basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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

(a) *Cash received relating to other operating activities*

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Interest	52,195,353.69	34,617,381.21
Government grants	50,738,092.67	40,299,283.63
Forfeiture income	2,706,833.90	4,155,515.68
Others	26,381,969.10	178,025,145.52
	<u>132,022,249.36</u>	<u>257,097,326.04</u>

(b) *Cash paid relating to other operating activities*

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Shipping and handling expenses	223,254,674.76	151,752,980.83
Travelling, entertainment and selling expenses	83,386,132.10	68,600,507.07
Rental, insurance and miscellaneous charges related to sale	49,007,260.34	36,735,338.08
Product warranty expenses	32,880,917.51	22,786,678.73
Professional service fees	53,994,653.07	31,688,478.45
Advertising and exhibition fees	5,856,339.53	6,294,884.95
External sale commission of products	36,856,529.43	15,676,966.23
Others	127,952,438.72	95,649,916.06
	<u>613,188,945.46</u>	<u>429,185,750.40</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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)*

(c) Cash payments relating to other financing activities

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Repayments of lease liabilities	25,322,553.52	28,930,713.87
Repayments of financing leaseback	<u>—</u>	<u>22,140,510.26</u>
	<u>25,322,553.52</u>	<u>51,071,224.13</u>

For the six months ended June 30, 2023, total cash outflows for leases paid by the Group amounted to RMB38,784,218.83 (for the six months ended 30 June, 2022: RMB36,772,161.53), 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 *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Net profit	1,891,943,497.40	370,305,494.61
Add/Less: Asset impairment losses	60,307,874.06	12,555,324.98
Credit impairment losses	33,441,937.19	5,524,064.71
Depreciation of right-of-use assets	26,926,350.68	22,537,059.39
Depreciation of fixed assets	231,687,616.22	213,081,180.86
Amortisation of intangible assets	34,721,795.26	37,967,119.78
Amortisation of long-term prepaid expenses	7,379,240.89	6,707,657.03
Losses/(gains) on disposals of fixed assets, intangible assets and other long-term assets	1,129,915.30	9,383,105.14
Losses/(gains) arising from changes in fair value	3,982,163.82	9,375,789.37
Financial expenses	21,490,388.92	26,746,211.54
Investment income	(1,112,368,002.44)	(2,008,824.10)
Increase in deferred tax assets	(87,572,706.32)	(13,601,956.57)
Decrease in deferred tax liabilities	60,798,865.63	(1,026,861.97)
Increase in inventories	(79,801,367.00)	(695,680,790.25)
Increase in operating receivables	(1,389,909,898.32)	(340,705,809.95)
Increase in operating payables	1,541,323,113.64	545,619,641.31
Net cash flows from operating activities	<u>1,245,480,784.93</u>	<u>206,778,405.88</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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 investing and financing activities that do not involve cash receipts and payments

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Right-of-use assets increased in the current period	<u>32,621,055.01</u>	<u>29,426,485.57</u>
Changes in cash and cash equivalents		
	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Cash and cash equivalents at the end of the period	6,057,465,452.90	4,379,367,626.89
Less: Cash equivalents at the beginning of the period	<u>(4,682,817,168.35)</u>	<u>(4,694,703,333.58)</u>
Net increase/(decrease) in cash and cash equivalents	<u>1,374,648,284.55</u>	<u>(315,335,706.69)</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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) Disposal of subsidiaries

(i) Disposal of subsidiaries

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Cash and cash equivalents received for disposal of subsidiaries during the year	521,123,885.00	—
Including: Shenzhen vehicle	518,523,885.00	—
Shanghai CIMC Automobile Examination and Repair Co., Ltd.	2,600,000.00	—
Less: Cash and cash equivalents held by the subsidiaries at the date of loss of control	(2,787,412.37)	—
Including: Shenzhen vehicle	(2,561,155.39)	—
Shanghai CIMC Automobile Examination and Repair Co., Ltd.	(226,256.98)	—
Net cash received on disposal of subsidiaries	<u>518,336,472.63</u>	—

Price of disposal of subsidiary in 2023

Shenzhen Vehicle	1,316,998,649.72
Shanghai CIMC Automobile Examination and Repair Co., Ltd.	<u>2,600,000.00</u>
	<u>1,319,598,649.72</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (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) Disposal of subsidiaries *(Continued)*

(i) Disposal of subsidiaries (Continued)

Net assets of subsidiaries at disposal date in 2023

	Shenzhen vehicle	Shanghai CIMC Automobile Examination and Repair Co., Ltd.
Current assets	152,753,647.85	621,577.95
Non-current assets	219,065,340.47	2,689,749.97
Current liabilities	(138,703,124.79)	(1,831,669.53)
Non-current liabilities	(27,155,300.65)	—
	<u>205,960,562.88</u>	<u>1,479,658.39</u>

(c) Cash and cash equivalents

	June 30, 2023	December 31, 2022
Cash		
Including: Cash on hand	332,143.25	394,404.68
Cash at bank and Finance Company that can be drawn on demand	6,057,133,309.65	4,682,422,763.67
Cash and cash equivalents at the end of the period	<u>6,057,465,452.90</u>	<u>4,682,817,168.35</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(58) Monetary items denominated in foreign currencies

	June 30, 2023		
	Functional currency	Exchange rate	Amount in RMB
Cash at bank and on hand -			
USD	176,712,256.18	7.2258	1,276,887,420.68
EUR	9,814,713.69	7.8771	77,311,481.21
HKD	18,260,957.10	0.9220	16,836,602.45
AUD	7,933,003.89	4.7992	38,072,072.27
GBP	27,864,311.71	9.1432	254,768,974.79
THB	594,637,378.22	0.2034	120,949,242.73
Others			<u>11,558,277.32</u>
			<u>1,796,384,071.45</u>
Accounts receivables -			
USD	277,029,676.48	7.2258	2,001,761,036.29
EUR	3,389,468.92	7.8771	26,699,185.60
HKD	3,356,160.63	0.9220	3,094,380.10
AUD	1,616,059.88	4.7992	7,755,794.58
JPY	156,673,394.41	0.0501	7,849,337.06
GBP	38,126,949.07	9.1432	348,602,320.71
THB	21,471,359.88	0.2034	4,367,274.60
Others			<u>48,531,343.85</u>
			<u>2,448,660,672.79</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(58) Monetary items denominated in foreign currencies *(Continued)*

	June 30, 2023		
	Functional currency	Exchange rate	Amount in RMB
Other receivables -			
USD	23,656,167.73	7.2258	170,934,736.75
EUR	2,932,358.84	7.8771	23,098,483.81
HKD	4,017,812.28	0.9220	3,704,422.92
AUD	239,055.74	4.7992	1,147,276.31
THB	233,784,667.11	0.2034	47,551,801.29
Others			4,082,326.88
			<u>250,519,047.96</u>
Short-term borrowings -			
USD	7,727,001.16	7.2258	55,833,764.98
EUR	2,650,000.00	7.8771	20,874,315.00
GBP	7,200,000.00	9.1432	65,831,040.00
			<u>142,539,119.98</u>
Accounts payables -			
USD	117,449,215.77	7.2258	848,664,543.33
EUR	11,843,222.70	7.8771	93,290,249.54
HKD	1,859.52	0.9220	1,714.48
AUD	4,321,051.14	4.7992	20,737,588.61
GBP	46,715,863.96	9.1432	427,132,487.32
THB	93,406,716.18	0.2034	18,998,926.07
Others			38,978,489.48
			<u>1,447,803,998.83</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(58) Monetary items denominated in foreign currencies *(Continued)*

	June 30, 2023		
	Functional currency	Exchange rate	Amount in RMB
Other payables -			
USD	81,064,527.29	7.2258	585,756,061.31
EUR	1,076,426.94	7.8771	8,479,122.65
HKD	6,405,091.28	0.9220	5,905,494.16
AUD	2,121,150.95	4.7992	10,179,827.63
GBP	1,313,167.00	9.1432	12,006,548.51
THB	59,871,687.22	0.2034	12,177,901.18
Others			11,749,374.69
			<u>646,254,330.13</u>
Current portion of non-current liabilities -			
USD	444,049.96	7.2258	3,208,616.21
CAD	1,816,774.74	5.4721	9,941,573.03
AUD	2,447,403.68	4.7992	11,745,579.76
GBP	1,024,874.21	9.1432	9,370,629.86
			<u>34,266,398.86</u>
Lease liabilities -			
USD	1,415,110.59	7.2258	10,225,306.10
CAD	10,731,517.97	5.4721	58,723,939.48
AUD	10,707,952.10	4.7992	51,389,603.74
GBP	7,719,969.92	9.1432	70,585,229.00
			<u>190,924,078.32</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)).

5 CHANGES IN THE CONSOLIDATION SCOPE

(1) Business combinations not under common control

- (a) In February 2023, the Group signed a share transfer agreement with Shenzhen Anyu Information Technology Co., LTD and Fang Xianyang to purchase 22.8571% and 3.4286% of the shares of joint venture Xinghuo Chelian, respectively. The company also purchased 40% of the shares of Zhongan Jizhi Technology LLP held by Shenzhen Anyu Information Technology Co., LTD., and 0.9901% of the shares of Shenzhen Xinghuo Jizhi Technology LLP held by Fang Xianyang. Upon completion of the acquisition, the Group holds 64.89% of the shares of Xinghuo Chelian and 75% of the shares of Zhongan Jizhi Technology LLP, and Xinghuo Chelian and Zhongan Jizhi Technology LLP are in the consolidation scope of the Company.

Zhongan Jizhi Technology LLP holds 99.01% of the shares of Shenzhen Xinghuo Jizhi LLP. After Zhongan Jizhi Technology LLP is included in the consolidation scope of the Company, the Company indirectly holds 74.26% of the shares of Shenzhen Xinghuo Jizhi Technology LLP. Shenzhen Xinghuo Jizhi Technology LLP is in the consolidation scope of the Company.

- (b) In April 2023, the Group signed a share transfer agreement with Shanghai Shenyi Special Vehicle Parts Co., Ltd. and Jin Yeqing, the former shareholders of Shanghai Changyi Automobile Sales Co., LTD. (“Shanghai Changyi”), to purchase 90.2009% and 9.7991% shares of Shanghai Changyi respectively. Upon completion of the acquisition, the Group holds 100% shares of Shanghai Changyi, which is included in the consolidation scope of the Company.

The business combinations above have no significant impacts on financial statements of the Group for the six months ended 30 June 2023.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

5 CHANGES IN THE CONSOLIDATION SCOPE (Continued)

(2) Disposal of subsidiaries

(a) Information relating to the disposal of subsidiaries during the year is summarized as follows:

Subsidiaries	Disposal price	Proportion of disposal	Method of disposal	Time-point at which lose control	The basis for determining when control is lost	The difference between the disposal price and the disposal investment at the level of the consolidated financial statements is entitled to the share of the subsidiary's net assets	The amount transferred to investment profit or loss from other comprehensive income related to the original subsidiary equity investment
Shenzhen Vehicle	1,316,998,649.72	100%	Disposal of equity	3 April 2023	Register of shareholders and articles of association changed	205,960,562.88	1,111,038,086.84
Shanghai CIMC Automobile Examination and Repair Co., Ltd.	2,600,000.00	100%	Disposal of equity	7 April 2023	Register of shareholders and articles of association changed	1,479,658.39	1,120,341.61

(i) On 7 April 2023, the Company disposed of its entire equity interest in Shanghai CIMC Automotive Examination and Repair Co., LTD., with a disposal proceeds of RMB1,120,341.61.

(ii) On 3 April 2023, the Company disposed of its entire equity interest held in Shenzhen Vehicle with a disposal proceeds of RMB1,111,038,086.84.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

5 CHANGES IN THE CONSOLIDATION SCOPE *(Continued)*

(2) Disposal of subsidiaries *(Continued)*

(b) *The disposal gain or loss information is as follows:*

(i) *Shenzhen vehicle*

The disposal gain or loss information is as follows:

	<u>Amount</u>
Disposal price	1,316,998,649.72
Less: Share of Shenzhen Vehicle net assets enjoyed at the level of consolidated financial statements	<u>(205,960,562.88)</u>
Investment income from disposal	<u>1,111,038,086.84</u>

(ii) *Shanghai CIMC Automobile Examination and Repair Co., Ltd.*

The disposal gain or loss information is as follows:

	<u>Amount</u>
Disposal price	2,600,000.00
Less: Share of Shanghai CIMC Automobile Examination and Repair Co., Ltd. net assets enjoyed at the level of consolidated financial statements	<u>(1,479,658.39)</u>
Investment income from disposal	<u>1,120,341.61</u>

(3) Changes in the consolidation scope for other reason

On March 21, 2023, the Group incorporated a wholly-owned subsidiary, CIE Manufacturing (Canada) Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES

(1) Interests in subsidiaries

(a) Constitution of the Group

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
Benjiu Tengyue semitrailer Parts (Shenzhen) Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Sales of semitrailers, vans and other specialty vehicles and modified vehicles built by CIMC Group and its subsidiaries; sales of chassis, tractors and related spare parts	RMB16.5 million	100%	-	By establishment
Gansu CIMC Vehicles Co., Ltd.	Legal entity	Gansu, the PRC	Gansu, the PRC	Refitting of specialty vehicle, trailer and fittings, production of auto parts; sales of raw materials relating to car, motorcycle and metals and chemicals	RMB25 million	-	100.00%	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	RMB200.81 million	59.18%	40.82%	By establishment
CIMC Vehicles (Liaoning) Co., Ltd.	Legal entity	Liaoning, the PRC	Liaoning, the PRC	Development and production of kinds of semitrailer, specialty vehicles and relevant parts, and providing relevant technical services	RMB30 million	75.00%	25.00%	By establishment

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Interests in subsidiaries *(Continued)*

(a) Constitution of the Group *(Continued)*

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
CIMC-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
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	100.00%	-	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	40.00%	60.00%	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)	RMB144,215,315	75.00%	-	By establishment

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Interests in subsidiaries *(Continued)*

(a) Constitution of the Group *(Continued)*

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
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	100.00%	-	By establishment
Xinjiang CIMC Vehicle Logistics Equipment Co., Ltd.	Legal entity	Xinjiang, the PRC	Xinjiang, the PRC	Sales of hardware and electrical equipment, electromechanical equipment and chemical products; maintenance of mechanical equipment; storage of logistic equipment; leasing and retreading of tires	RMB0.5 million	100.00%	-	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	100.00%	-	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	100.00%	-	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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Interests in subsidiaries *(Continued)*

(a) Constitution of the Group *(Continued)*

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
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	100.00%	-	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
Yangzhou Tonghua	Legal entity	Jiangsu, the PRC	Jiangsu, the PRC	Development, manufacturing and sales of specialty vehicles, modified vehicles, semitrailers and parts, and after-sales services	RMB434,300,750	100.00%	-	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	44.00%	43.01%	By acquisition
CIMC Huajun	Legal entity	Henan, the PRC	Henan, the PRC	Refitting of specialty vehicle, trailer and fittings, production of auto parts, sales of various automotive related products and logistics	RMB205.34 million	74.50%	25.50%	By acquisition

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Interests in subsidiaries *(Continued)*

(a) Constitution of the Group *(Continued)*

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
Shanghai CIMC Vehicle 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	-	100.00%	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
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	100.00%	-	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	75.00%	25.00%	By establishment

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
Shaanxi CIMC Vehicle Sales Service Co., Ltd.	Legal entity	Shaanxi, the PRC	Shaanxi, the PRC	Sales of vehicles and auto parts	RMB5 million	100.00%	-	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	50.00%	25.00%	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	100.00%	-	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	-	73.78%	By acquisition
Dongguan CIMC Special Vehicle Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Development, production and sales of all kinds of high-tech and high-performance specialty vehicles, refitted vehicles, special semitrailer series (the production of above products is subject to the announcement of relevant national authorities) and their spare parts, new mechanical equipment for road and port, containers, folding boxes, special containers, general mechanical products and metal structures; technical after-sales services; import and export of goods and technologies	RMB380,268,600	100.00%	-	By establishment

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Interests in subsidiaries *(Continued)*

(a) Constitution of the Group *(Continued)*

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
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
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.	RMB260 million	32.69%	19.23%	By establishment
Shenzhen Shengji Logistics and Transportation Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	International and domestic freight forwarding agency; leasing of vehicles	RMB20 million	-	51.92%	By establishment
Wuhan Shengji Logistics and Transportation Co., Ltd.	Legal entity	Hubei, the PRC	Hubei, the PRC	General freight; leasing of containers and automobiles	RMB6 million	-	51.92%	By establishment
Shanghai Rongji Logistics Co., Ltd.	Legal entity	Shanghai, the PRC	Shanghai, the PRC	Land transport of freights; vehicle leasing and storage services	RMB6 million	-	51.92%	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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
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	-	51.92%	By establishment
Zhumadian CIMC Wanjia Axle Co., Ltd.	Legal entity	Henan, the PRC	Henan, the PRC	Design, production, sales and technical service of vehicle axles and other auto parts	RMB20 million	100.00%	-	By establishment
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	RMB559,880,000	100.00%	-	By establishment
CIMC Taizijie Vehicle Body Manufacturing (Zhenjiang) Co., Ltd.	Legal entity	Jiangsu, the PRC	Jiangsu, the PRC	Development, production and sales of kinds of specialty vehicles, semitrailer and relevant parts; relevant consultation and after-sales services	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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Interests in subsidiaries *(Continued)*

(a) Constitution of the Group *(Continued)*

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
Zhenjiang Shenxing Taobao 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
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	-	51.92%	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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Interests in subsidiaries *(Continued)*

(a) Constitution of the Group *(Continued)*

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
CIMC 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%	75.00%	By acquisition
Yangzhou Vanguard Trailer Logistics Technology Co., Ltd.	Legal entity	Jiangsu, the PRC	Jiangsu, the PRC	Land freight transportation; leasing of machinery equipment and vehicles; domestic freight agency; technical services; warehousing services, etc.	RMB6 million	-	51.92%	By establishment

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Interests in subsidiaries *(Continued)*

(a) Constitution of the Group *(Continued)*

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
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	-	51.92%	By establishment
Ordors Shen Ordors Shengji Logistics Technology Ltd.	Legal entity	Neimenggu, the PRC	Neimenggu, the PRC	Land freight transportation; leasing services; domestic freight forwarding; technical services; warehousing services; parts, machinery and equipment, electrical equipment and chemical products sales; electronic components, hardware products wholesale; special equipment sales and rental, etc.	RMB6 million	-	51.92%	By establishment
Zhumadian Vanguard Logistics Ltd.	Legal entity	Henan, the PRC	Henan, the PRC	Land freight transportation; leasing services; domestic freight forwarding; technical services; warehousing services; sales of machinery and equipment, electronic components; electrical equipment and chemical products; wholesale of hardware products, etc.; electronic components, electrical equipment and chemical products; wholesale of hardware products, etc.	RMB6 million	-	51.92%	By establishment
Shenzhen Xinghuo Chelian Technology Co., Ltd.	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Computer database, computer system analysis; Providing computer technology services and consulting; E-commerce, online business services, database services and consulting	RMB7 million	54.29%	10.60%	By acquisition

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Interests in subsidiaries *(Continued)*

(a) Constitution of the Group *(Continued)*

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
Zhongan Jizhi Technology LLP	Legal entity	Guangdong, the PRC	Guangdong, the PRC	Technical development and sales of computer software and information system software; Invest and set up industries	RMB1 million	75.00%	-	By acquisition
Shenzhen Xinghuo Jizhi LLP	Legal entity	Guangdong, the PRC	Guangdong, the PRC	General business items are: computer software, information system software development, sales; Invest and set up industries	RMB1,010,000	-	74.26%	By acquisition
Shanghai Changyi	Legal entity	Shanghai, the PRC	Shanghai, the PRC	Sales of automobiles, auto parts, mechanical equipment and accessories; installation and maintenance of mechanical equipment (except special equipment), automobile registration services	RMB20,410,000	100.00%	-	By acquisition
CIMC Vehicle Investment Holdings Co., Ltd.	Legal entity	BVI	BVI	Investment holding	USD50,000	100.00%	-	By establishment
CIMC Vehicles (HK) Ltd.	Legal entity	Hong Kong	Hong Kong	Production and sales of kinds of specialty vehicles	HKD10,000	-	100.00%	By establishment
Manson Technology Limited	Legal entity	Hong Kong	Hong Kong	Investment holding	HKD10,000	100.00%	-	By establishment
CIMC Vehicles (Bahrain) Factory WLL	Legal entity	Bahrain	Bahrain	Sales and services of land transport vehicles	BHD565,000	-	70.00%	By establishment
CIMC Australia Road Transport Equipment Pty Ltd.	Legal entity	Australia	Australia	Investment holding	AUD8.3 million	-	100.00%	By establishment

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Interests in subsidiaries *(Continued)*

(a) Constitution of the Group *(Continued)*

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
General Transport Equipment Pty Ltd.	Legal entity	Australia	Australia	Manufacturing and services of land transport vehicles	AUD24	-	100.00%	By establishment
Charm Beat Enterprises Limited	Legal entity	BVI	BVI	Holdings investment	USD1	-	100.00%	By establishment
CIMC Vehicle Europe GmbH	Legal entity	Germany	Germany	Manufacturing and services of land transport vehicles	EUR1 million	-	100.00%	By establishment
Growth Fortune (Pty) Ltd.	Legal entity	South Africa	South Africa	Manufacturing and services of land transport vehicles	ZAR5,175	-	100.00%	By establishment
Dee Siam Manufacturing Co., Ltd.	Legal entity	Thailand	Thailand	Manufacturing and services of land transport vehicles	THB1,221,220,000	-	100.00%	By establishment
CIMC Trailer RUS LLC	Legal entity	Russia	Russia	Sales and services of land transport vehicles	RUB60 million	-	100.00%	By establishment
Vehicles UK	Legal entity	UK	UK	Investment holding	GBP100	-	100.00%	By establishment
SDC Trailers Limited	Legal entity	UK	UK	Manufacturing, sales and services of land transport vehicles	GBP146,292	-	100.00%	By acquisition
Retlan Manufacturing Limited	Legal entity	UK	UK	Manufacturing, sales and services of land transport vehicles	GBP692,041	-	100.00%	By acquisition
MDF Engineering Ltd.	Legal entity	UK	UK	Manufacturing, sales and services of land transport vehicles	GBP1	-	100.00%	By acquisition
CIMC USA INC	Legal entity	USA	USA	Investment holding	USD10	-	100.00%	By establishment

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Constitution of the Group (Continued)

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
Vanguard National Trailer Corporation	Legal entity	USA	USA	Manufacturing and services of land transport vehicles	USD10	-	100.00%	By acquisition
RRE Company LLC	Legal entity	USA	USA	Manufacturing and services of land transport vehicles	USD1	-	100.00%	By establishment
CIMC Reefer Trailer Inc.	Legal entity	USA	USA	Manufacturing and services of land transport vehicles	USD10	-	100.00%	By establishment
CIMC Intermodal Equipment, LLC (renamed "Direct Chassis, LLC")	Legal entity	USA	USA	Manufacturing and services of land transport vehicles	USD10 million	-	100.00%	By acquisition
CIMC Vehicle Australia Pty Ltd.	Legal entity	Australia	Australia	Manufacturing and services of land transport vehicles	AUD0.1 million	-	100.00%	By establishment
Marshall Lethlean Industries Pty Ltd.	Legal entity	Australia	Australia	Manufacturing and services of land transport vehicles	AUD3.1 million	-	100.00%	By establishment
CIMC Holdings Australia Pty Ltd.	Legal entity	Australia	Australia	Investment holding	AUD14,714,000	-	100.00%	By establishment
CIMC Vehicle Europe Coöperatie U.A.	Legal entity	Netherlands	Netherlands	Investment holding	USD50,000	-	100.00%	By establishment
Burg Carrosserie B.V.	Legal entity	Netherlands	Netherlands	Investment holding	NLG0.2 million	-	100.00%	By acquisition
Exploitiemaatschappij Intraprogress B.V.	Legal entity	Netherlands	Netherlands	Investment holding	NLG175,000	-	100.00%	By acquisition

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Interests in subsidiaries *(Continued)*

(a) Constitution of the Group *(Continued)*

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
Lag Trailers NV Bree	Legal entity	Belgium	Belgium	Manufacturing and services of land transport vehicles	EUR3,245,000	-	100.00%	By acquisition
Immoburg NV Bree	Legal entity	Belgium	Belgium	Manufacturing and services of land transport vehicles	EUR247,752	-	100.00%	By acquisition
LAG Service Polska Sp.z.o.o.	Legal entity	Poland	Poland	Manufacturing and services of land transport vehicles	PLN50,000	-	100.00%	By acquisition
LAG Polska Sp.z.o.o.	Legal entity	Poland	Poland	Manufacturing and services of land transport vehicles	PLN51,800	-	100.00%	By acquisition
LAG Immopolska Sp.z.o.o.	Legal entity	Poland	Poland	Manufacturing and services of land transport vehicles	PLN5,000	-	100.00%	By acquisition
Burg trailer Service BV	Legal entity	Netherlands	Netherlands	Manufacturing and services of land transport vehicles	EUR18,000	-	100.00%	By acquisition
CIMC Vehicles (Malaysia) SDN BHD	Legal entity	Malaysia	Malaysia	Sales and services of land transport vehicles	MYR3,575,692	-	100.00%	By establishment
CIMC Trailer Poland sp. z o.o.	Legal entity	Poland	Poland	Manufacturing and services of land transport vehicles	EUR8.8 million	-	100.00%	By establishment
CIMC Vehicles South Africa (Pty) Ltd.	Legal entity	South Africa	South Africa	Manufacturing, sales and services of land transport vehicles	ZAR100	-	100.00%	By acquisition

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Interests in subsidiaries *(Continued)*

(a) Constitution of the Group *(Continued)*

Subsidiaries	Type of entity	Place of registration	Major business location	Nature of business	Registered capital	Shareholding (%)		Acquisition method
						Direct	Indirect	
CIMC Vehicle (Vietnam) Co., Ltd.	Legal entity	Vietnam	Vietnam	Sales and services of land transport vehicles	USD1 million	-	100.00%	By establishment
Growth Fortune FZE	Legal entity	Djibouti	Djibouti	Manufacturing and services of land transport vehicles	USD9.25 million	-	100.00%	By establishment
DJIBOUTI CIMC HUAJUN VEHICLE FZE	Legal entity	Djibouti	Djibouti	Assembly, manufacturing, accessories and services	USD2.2 million	-	100.00%	By establishment
CIMC Intermodal Equipment UK Limited	Legal entity	UK	UK	Manufacturing and services of land transport vehicles	GBP10,000	-	100.00%	By establishment
CIMC Refrigerated Trailer Co., Ltd.	Legal entity	Canada	Canada	Manufacturing and services of land transport vehicles	CAD1,000	-	100.00%	By establishment
CIMC Intermodal Equipment NL B.V.	Legal entity	Netherlands	Netherlands	Manufacturing and services of land transport vehicles	EUR1	-	100.00%	By establishment
CIE Manufacturing (Canada) Co., Ltd	Legal entity	Canada	Canada	Manufacturing and services of land transport vehicles	USD120	-	100.00%	By establishment

As at June 30, 2023, no subsidiaries of the Group issued debt securities.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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 six months ended June 30, 2023	Dividends distributed to minority shareholders for the six months ended June 30, 2023	Non- controlling interests as at June 30, 2023
Wuhu CIMC Ruijiang Automobile Co., Ltd.	27.74%	9,553,373.74	15,172,570.48	173,927,634.19
Luoyang CIMC Lingyu Automobile Co., Ltd.	28.53%	(5,930,362.76)	–	69,797,376.51
CIMC Vehicle (Jiangmen) Co., Ltd.	25.00%	113,144.65	14,661,928.51	70,670,969.59

Major financial information of material non-wholly-owned subsidiaries of the Group is listed below:

	June 30, 2023					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Wuhu CIMC Ruijiang Automobile Co., Ltd.	1,156,744,805.50	367,729,951.83	1,524,474,757.33	857,622,125.22	39,883,041.29	897,505,166.51
Luoyang CIMC Lingyu Automobile Co., Ltd.	762,435,416.78	221,330,484.83	983,765,901.61	721,992,857.26	17,127,490.52	739,120,347.78
CIMC Vehicle (Jiangmen) Co., Ltd.	447,314,545.22	192,644,137.80	639,958,683.02	311,619,720.83	45,655,083.82	357,274,804.65

	December 31, 2022					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Wuhu CIMC Ruijiang Automobile Co., Ltd.	755,225,522.13	380,933,963.39	1,136,159,485.52	476,502,754.69	12,407,881.04	488,910,635.73
Luoyang CIMC Lingyu Automobile Co., Ltd.	660,208,983.19	222,682,816.93	882,891,800.12	597,979,266.55	19,480,569.76	617,459,836.31
CIMC Vehicle (Jiangmen) Co., Ltd.	410,026,160.92	194,903,834.42	604,929,995.34	271,486,290.22	17,424,777.73	288,911,067.95

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (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):

	For the six months ended June 30, 2023				For the six months ended June 30, 2022			
	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.	1,067,433,292.84	34,437,741.03	34,437,741.03	60,916,389.29	676,508,479.44	18,288,998.11	18,288,998.11	57,674,670.12
Luoyang CIMC Lingyu Automobile Co., Ltd.	610,341,313.04	(20,786,409.99)	(20,786,409.99)	20,206,869.84	660,206,444.41	(2,689,760.59)	(2,689,760.59)	27,631,711.63
CIMC Vehicle (Jiangmen) Co., Ltd.	164,071,024.75	452,578.58	452,578.58	(46,879,995.66)	167,252,222.95	13,001,412.96	13,001,412.96	(64,371,257.89)

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(2) Investments in joint ventures and associates

As at June 30, 2023 and December 31, 2022, the Group had no significant joint ventures and associates.

(a) Summarised financial information for immaterial joint ventures and associates

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Joint ventures:		
Aggregated carrying amount of investments	<u>53,264,605.89</u>	<u>13,781,041.17</u>
Aggregate of the following items in proportion		
Net profit (i)	1,233,299.23	(1,639,329.64)
Other comprehensive income (i)	<u>1,601,953.83</u>	<u>—</u>
Total comprehensive income	<u><u>2,835,253.06</u></u>	<u><u>(1,639,329.64)</u></u>
Associates:		
Aggregated carrying amount of investments	<u>172,987,250.25</u>	<u>139,989,400.02</u>
Aggregate of the following items in proportion		
Net profit (i)	9,855,469.26	5,698,166.34
Other comprehensive income (i)	<u>—</u>	<u>—</u>
Total comprehensive income	<u><u>9,855,469.26</u></u>	<u><u>5,698,166.34</u></u>

(i) The net profit and other comprehensive income have taken into account the impacts of both the fair value of the identifiable assets and liabilities and the unification of accounting policies.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

6 INTERESTS IN OTHER ENTITIES *(Continued)*

(2) Investments in joint ventures and associates *(Continued)*

(b) Excess loss incurred in joint ventures

	Accumulated unrecognised losses at the beginning of the period	Unrecognised losses in the current period	Accumulated unrecognised losses at the end of the period
Excess loss incurred in joint ventures and associates	<u>(11,097,655.19)</u>	<u>(4,548.66)</u>	<u>(11,102,203.85)</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).

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Revenue from external customers		
China	4,239,102,002.19	4,538,917,249.54
North America	6,322,983,740.38	4,774,181,585.58
Europe	1,673,451,638.26	1,295,686,952.25
Other regions	<u>1,234,092,840.75</u>	<u>587,056,350.70</u>
	<u>13,469,630,221.58</u>	<u>11,195,842,138.07</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

7 SEGMENT INFORMATION *(Continued)*

(a) *(Continued)*

Total non-current assets	June 30, 2023	December 31, 2022
China	5,280,553,309.86	5,337,664,834.77
North America	708,700,567.57	657,052,243.40
Europe	819,809,799.70	823,394,663.03
Other regions	150,988,269.53	363,873,255.75
	<u>6,960,051,946.66</u>	<u>7,181,984,996.95</u>

For the six months ended June 30, 2023 and 2022, the revenue derived from a single customer did not exceed 10% of the Group's revenue.

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(1) **The parent company**

(a) **General information of the parent company**

	Place of registration	Nature of business
CIMC Group	Shenzhen, the PRC	Investment holding

The Company's ultimate controlling party is CIMC Group, incorporated in Shenzhen, the PRC.

(b) **Registered capital and changes in registered capital of the parent company**

	December 31, 2022	Increase in the current period	Decrease in the current period	June 30, 2023
CIMC Group	5,392,520,385.00	-	-	<u>5,392,520,385.00</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(1) The parent company *(Continued)*

(c) *The percentages of shareholding and voting rights in the Company held by the parent company*

	June 30, 2023		December 31, 2022	
	Shareholding (%)	Voting rights (%)	Shareholding (%)	Voting rights (%)
CIMC Group	<u>56.78%</u>	<u>56.78%</u>	<u>56.09%</u>	<u>56.09%</u>

(2) Subsidiaries

The general information and other related information of subsidiaries are set out in Note 6.

(3) Joint ventures and associates

The information of joint ventures and associates that have related party transactions with the Group are as follows:

<u>Name of the entity</u>	<u>Name of the entity</u>
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.	It was a Joint venture, and has become a subsidiary since February 2023
Jiangsu Wanjing Technology Co., Ltd.	Joint ventures

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(4) Other related parties

<u>Name of the entity</u>	<u>Relationship with the Group</u>
CIMC HK	Controlled by the parent company of the Company
Yangzhou TongLee Reefer Container Co., Ltd.	Controlled by the parent company of the Company
CIMC Yiketong Parts Co., Ltd.	Controlled by the parent company of the Company
Taicang CIMC Reefer Logistics Equipment Co., Ltd.	Controlled by the parent company of the Company
Shenzhen CIMC Tongchuang Chemical Materials Technology Co., Ltd. (Former name “Shenzhen Zhongji Huijie Supply Chain Co., Ltd”)	Controlled by the parent company of the Company
Shenzhen CIMC Production City Development Group Co., Ltd.	Associate of the Company’s parent company
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
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 New Material Technology Development Ltd. (Former name “Jiaxing CIMC Wood Co., Ltd.”)	Controlled by the parent company of the Company

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(4) Other related parties *(Continued)*

<u>Name of the entity</u>	<u>Relationship with the Group</u>
Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd.	Controlled by the parent company of the Company
Dalian CIMC Special Logistics Equipment Co., Ltd.	Controlled by the parent company of the Company
Finance Company	Controlled by the parent company of the Company
CIMC Enric Holdings Limited and its subsidiaries	Controlled by the parent company of the Company
CIMC Eco Material Supply Co., Ltd.	Controlled by the parent company of the Company
CIMC Capital Ltd. and its subsidiaries	Associate of the Company's parent 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	Associate of the Company's parent company
CIMC Transportation Equipment (International) Holdings Limited	Controlled by the parent company of the Company
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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(4) Other related parties *(Continued)*

<u>Name of the entity</u>	<u>Relationship with the Group</u>
Qingdao CIMC Container Manufacture Co. Ltd.	Controlled by the parent company of the Company
Qingdao CIMC Reefer Container Manufacture Co., Ltd.	Controlled by the parent company of the Company
Shenzhen Qianhai Tongchuang new metal materials Co., LTD	Controlled by the parent company of the Company
Taicang CIMC Special Logistics Equipment Co., Ltd.	Controlled by the parent company of the Company
Shenzhen Vehicle	It was a subsidiary, and has been controlled by the parent company of the Company since April 3, 2023
Longyuan Port City	Minority shareholders of the Company
Taifu Xiangzhong	Minority shareholders of the Company
Taifu Xiangyun	Minority shareholders of the Company
Oriental Post Logistics Technology (Jiangxi) 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
Putian Jierui Logistics Co., LTD	The company which the executives of the Company serves

(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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5) Related party transactions *(Continued)*

(b) Purchase of goods

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Shanghai CIMC Baowell Industries Co., Ltd.	88,997,621.52	8,096,174.15
C&C Trucks Co., Limited and its subsidiaries	270,530.97	263,274.34
Taicang CIMC Reefer Logistics Equipment Co., Ltd.	2,053,097.35	3,733,225.57
Jiangsu Wanjing Technology Co., Ltd.	1,350,187.16	2,501,607.54
Qingdao Lida Chemical Co., Ltd.	3,850,864.00	8,613,190.97
CIMC Enric Holdings Limited and its subsidiaries	4,092,504.01	4,988,763.39
Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd.	4,675,157.30	704,667.14
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	21,301,774.84	180,050,004.56
CIMC Tongchuang Zhifu Protection Technology (Zhejiang) Co., Ltd.	394,678.69	1,075,451.94
Dalian CIMC Special Logistics Equipment Co., Ltd.	3,854,867.26	7,709,734.51
Qingdao CIMC Chuangying Composite Material Technology Co., Ltd.	5,701,976.10	3,122,569.88
Qingdao CIMC Container Manufacture Co. Ltd.	22,767,265.91	57,411,720.00
Shandong Linglong Tire Co., Ltd.	84,945,679.93	86,829,284.65
Taicang CIMC Special Logistics Equipment Co., Ltd.	–	66,444,821.64
Shenzhen Vehicle	7,103,701.01	–
Shenzhen Qianhai Tongchuang new metal materials Co., LTD	50,107,775.13	334,217.90
Qingdao CIMC Reefer Container Manufacture Co., Ltd.	57,750,105.87	–
Others	9,801,532.30	29,229,229.29
	369,019,319.35	461,107,937.47

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5) Related party transactions *(Continued)*

(c) Purchase of services

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
CIMC Enric Holdings Limited and its subsidiaries	3,139.37	124,126.94
CIMC TSD Supply Chain Services Co., LTD.	52,172,806.05	64,456,430.09
CIMC Transportation Technology Co., Ltd.	–	358,461.53
Others	5,913,519.69	3,579,312.05
	<u>58,089,465.11</u>	<u>68,518,330.61</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5) Related party transactions *(Continued)*

(d) Sales of goods

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
CIMC Enric Holdings Limited and its subsidiaries	87,148,182.73	82,890,011.30
CIMC Capital Ltd. and its subsidiaries	–	1,203,539.82
C&C Trucks Co., Limited and its subsidiaries	209,734.52	–
Oriental Post Logistics Technology (Jiangxi) Co. Ltd.	–	3,138,884.98
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	1,289,707.40	1,099,638.23
Guangdong CIMC building construction Co. Ltd.	8,972,500.45	26,284,812.75
Dalian CIMC Special Logistics Equipment Co., Ltd.	5,309,734.50	10,619,469.00
Yangzhou Tonglee Reefer Container Co.,Ltd.	–	2,438,898.23
Putian Jierui Logistics Co., LTD	4,413,659.16	20,807.30
Others	2,527,803.45	3,373,508.83
	<u>109,871,322.21</u>	<u>131,069,570.44</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5) Related party transactions *(Continued)*

(e) Rendering of services

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd.	34,438.82	1,813,764.29
CIMC Enric Holdings Limited and its subsidiaries	545,062.14	174,853.14
Shandong Linglong Tire Co., Ltd.	3,397,053.27	—
Others	694,771.99	637,578.49
	<u>4,671,326.22</u>	<u>2,626,195.92</u>

(f) Interest income

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Finance Company	<u>4,910,847.95</u>	<u>4,996,684.25</u>

(g) Income expenses and service charges

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Finance Company	<u>3,133,692.61</u>	<u>126,940.59</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5) Related party transactions *(Continued)*

(h) Borrowings from the related party

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Finance Company	—	156,117,589.79

(i) Repayment to the related party

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Finance Company	15,611,759.02	—

(j) Leases

Interest costs on lease liabilities in the current period with the Group as the lessee:

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
CIMC Group	185,647.12	—
Shenzhen Jiamei Apartment Management Co., Ltd.	—	1,077.41
	185,647.12	1,077.41

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5) Related party transactions *(Continued)*

(j) Leases *(Continued)*

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 period:

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Shenzhen Jiamei Apartment Management Co., Ltd.	570,230.11	671,808.24
CIMC Group	2,847,108.00	–
Others	237,484.20	161,345.03
	<u>3,654,822.31</u>	<u>833,153.27</u>

Rental income obtained by the Group as the lessor in the current period:

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
NYK Zhenhua logistics (Tianjin) Co. Ltd.	–	904,098.39
Others	1,273,065.53	140,384.07
	<u>1,273,065.53</u>	<u>1,044,482.46</u>

(k) Disposal of equity

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Sale of shares in Shenzhen Vehicle to CIMC Group (Note 5(2))	1,316,998,649.72	–

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5) Related party transactions *(Continued)*

(I) Remuneration of key management

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Remuneration of key management	<u>3,715,693.16</u>	<u>4,040,739.23</u>

(6) Balances with related parties

(a) Notes receivables

	June 30, 2023	December 31, 2022
CIMC Enric Holdings Limited and its subsidiaries	<u>–</u>	<u>500,000.00</u>

(b) Receivables financing

	June 30, 2023	December 31, 2022
CIMC Enric Holdings Limited and its subsidiaries	19,533,186.65	16,377,252.42
CIMC Capital Ltd. and its subsidiaries	–	2,187,000.00
Shenzhen Vehicle	<u>170,317.00</u>	<u>–</u>
	<u>19,703,503.65</u>	<u>18,564,252.42</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(6) Balances with related parties *(Continued)*

(c) *Accounts Receivables*

	June 30, 2023	December 31, 2022
CIMC Enric Holdings Limited and its subsidiaries	61,900,259.11	56,074,063.71
Guangdong CIMC building construction Co. Ltd.	975,955.33	11,885,774.57
Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd.	4,935.22	1,888,422.52
CIMC Yiketong Parts Co., Ltd.	–	1,244,880.00
Shenzhen Vehicle	29,157,028.38	–
C&C Trucks Co., Limited and its subsidiaries	373,342.55	33,342.55
Shandong Linglong Tire Co., Ltd.	6,692,791.10	3,185,870.76
Oriental Post Logistics Technology (Jiangxi) Co. Ltd.	1,326,409.45	2,446,555.61
Others	3,478,754.82	3,160,846.57
	<u>103,909,475.96</u>	<u>79,919,756.29</u>

(d) *Other receivables*

	June 30, 2023	December 31, 2022
Shenzhen CIMC Production City Development Group Co., Ltd. and its subsidiaries	16,552,122.00	16,552,122.00
CIMC Group	799,038,548.78	–
C&C Trucks Co., Limited and its subsidiaries	4,516,000.00	5,016,000.00
CIMC Capital Ltd. and its subsidiaries	800,000.00	800,000.00
Chengdu CIMC Industrial Park Investment and Development Co., Ltd. and its subsidiaries	30,974.00	431,018.18
Qingdao CIMC Container Manufacture Co. Ltd.	–	3,191,006.44
Others	3,656,578.29	3,494,298.37
	<u>824,594,223.07</u>	<u>29,484,444.99</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(6) Balances with related parties *(Continued)*

(e) Advances to suppliers

	June 30, 2023	December 31, 2022
C&C Trucks Co., Limited and its subsidiaries	562,817.12	1,984,824.84
Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd.	–	3,986,901.66
CIMC Enric Holdings Limited and its subsidiaries	1,390,780.93	1,296,692.80
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	436,319.78	3,332,298.48
Qingdao CIMC Container Manufacture Co. Ltd.	–	4,396,751.98
Others	270,735.60	715,218.19
	<u>2,660,653.43</u>	<u>15,712,687.95</u>

(f) Notes payables

	June 30, 2023	December 31, 2022
Shandong Linglong Tire Co., Ltd.	14,250,000.00	41,550,599.00
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	–	21,796,001.83
CIMC Enric Holdings Limited and its subsidiaries	3,400,000.00	1,301,225.00
Jiangsu Wanjing Technology Co., Ltd.	1,100,000.00	750,000.00
Others	–	1,900,000.00
	<u>18,750,000.00</u>	<u>67,297,825.83</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(6) Balances with related parties *(Continued)*

(g) Accounts payables

	June 30, 2023	December 31, 2022
Jiangsu Wanjing Technology Co., Ltd.	1,506,978.44	2,190,489.37
Shanghai CIMC Baowell Industries Co., Ltd.	86,651,373.37	81,597,820.54
CIMC Enric Holdings Limited and its subsidiaries	10,142,740.13	11,631,811.29
Qingdao Lida Chemical Co., Ltd.	3,124,136.65	3,417,273.33
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	910,143.27	11,634,767.19
CIMC TSD Supply Chain Services Co., LTD.	16,601,197.54	38,392,185.82
Shandong Linglong Tire Co., Ltd.	38,289,924.24	19,383,502.85
CIMC Group	1,051.58	47,202,855.08
Qingdao CIMC Chuangying Composite Material Technology Co., Ltd.	2,532,526.17	1,820,794.97
CIMC Burg B.V. and its subsidiaries	–	761,617.01
Shenzhen Vehicle	69,970,979.61	–
Qingdao CIMC Reefer Container Manufacture Co., Ltd.	15,857,852.73	–
Qingdao CIMC Container Manufacture Co. Ltd.	18,192,981.43	–
Shenzhen Qianhai Tongchuang new metal materials Co., LTD	7,029,354.64	15,885.21
Others	4,588,841.71	3,366,015.67
	<u>275,400,081.51</u>	<u>221,415,018.33</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(6) Balances with related parties *(Continued)*

(h) Other payables

	June 30, 2023	December 31, 2022
CIMC HK	168,091,289.75	47,786,353.44
CIMC Burg B.V. and its subsidiaries	–	21,792,443.84
CIMC Group	218,539,508.81	22,755.00
CIMC Transportation Equipment (International) Holdings Limited	16,843,370.29	16,234,511.98
C&C Trucks Co., Limited and its subsidiaries	–	1,500,000.00
Qianhai Ruiji Technology Co., Ltd.	1,130,840.05	1,130,840.05
Chengdu CIMC Industrial Park Investment and Development Co., Ltd. and its subsidiaries	1,419,794.78	1,296,442.62
CIMC-TianDa Holdings Company Limited and its subsidiaries	953,803.60	953,803.60
Taifu Xiangyun	36,505,651.50	–
Taifu Xiangzhong	37,868,876.40	–
Longyuan Port City	6,948,000.00	–
Others	4,300,694.62	5,404,973.56
	<u>492,601,829.80</u>	<u>96,122,124.09</u>

(i) Contract liabilities

	June 30, 2023	December 31, 2022
CIMC Enric Holdings Limited and its subsidiaries	–	1,043,601.48
Dalian CIMC Special Logistics Equipment Co., Ltd.	589,814.00	1,145,714.00
Others	1,252,131.59	338,339.18
	<u>1,841,945.59</u>	<u>2,527,654.66</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(6) Balances with related parties *(Continued)*

(j) Cash at bank and on hand

	June 30, 2023	December 31, 2022
Finance Company	<u>689,042,601.51</u>	<u>688,137,233.68</u>

9 CONTINGENCIES

(1) External guarantees provided

The Group works with Finance Company, Huishang Bank, Sinotruk Auto Finance Co. Ltd. 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 June 30, 2023, the loans of the above dealers and customers guaranteed by the Group amounted to RMB1,358,113,560.40 (December 31, 2022: RMB1,986,065,970.23).

The bank borrowings of the subsidiaries of the Company are guaranteed by the Company. As at June 30, 2023, the balance of the guarantees amounted to RMB126,994,016.90, and the interest amounted to RMB129,755.60. (December 31, 2022: the balance of the guarantees is RMB238,033,332.18, and the interest amount is RMB414,076.70).

The bank acceptance notes and performance guarantees of the subsidiaries of the Company are guaranteed by the Company. As at June 30, 2023, the balance of the guarantees amounted to RMB73,987,528.21 (December 31, 2022: RMB72,309,706.25).

(2) Performance guarantees and letters of credit issued but undue

As at June 30, 2023, performance guarantees and letters of credit issued by the Group but undue amounted to RMB143,950,509.39 and RMB191,483,700.00 respectively (December 31, 2022: RMB132,913,652.24 and RMB244,859,205.00).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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*

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Investment contracts that have been signed but not fulfilled or not absolutely fulfilled (i)	22,500,000.00	45,350,000.00
Purchase and construction contracts that have been signed but not fulfilled or not absolutely fulfilled	29,241,641.47	24,731,186.70
	<u>51,741,641.47</u>	<u>70,081,186.70</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 of June 30, 2023, the Company has paid a total of RMB52,500,000.00 for the first and second phases of investment, and the remaining subscription of RMB22,500,000.00 will be paid in full within 36 months from the date of establishment of the LLP.

11 EVENTS AFTER THE BALANCE SHEET DATE

As at the date of this report issued, the Group has no events after the balance sheet date to be disclosed.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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:

	June 30, 2023
Within 1 year	153,906,494.50
1 to 2 years	150,662,212.06
2 to 3 years	147,627,530.53
3 to 4 years	147,399,008.25
4 to 5 years	147,861,274.02
Over 5 years	21,075,686.07
	<u>768,532,205.43</u>

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 *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

13 FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

(1) Market risk *(Continued)*

(a) Foreign exchange risk *(Continued)*

The financial assets and financial liabilities denominated in foreign currencies, which are held by the subsidiaries of the Group, whose recording currencies are RMB, are expressed in RMB as at June 30, 2023 and December 31, 2022 as follows:

	June 30, 2023					Total
	USD	EUR	HKD	JPY	Others	
Financial assets denominated in foreign currency						
Cash at bank and on hand	16,246,972.85	266,436.21	9,524.08	-	1.44	16,522,934.58
Accounts receivables	440,725,529.25	8,661,822.83	1,164,917.12	7,849,337.06	48,109,668.01	506,511,274.27
Other receivables	224,433.35	-	26,172.54	-	-	250,605.89
	<u>457,196,935.45</u>	<u>8,928,259.04</u>	<u>1,200,613.74</u>	<u>7,849,337.06</u>	<u>48,109,669.45</u>	<u>523,284,814.74</u>
Financial liabilities denominated in foreign currency						
Short-term borrowings	55,833,764.98	-	-	-	-	55,833,764.98
Accounts payables	9,050,641.23	3,060,662.55	1,714.48	24,956.83	7,290,153.86	19,428,128.95
Other payables	20,637,071.60	852,289.54	156,736.60	-	48,987.83	21,695,085.57
Derivative financial liabilities	20,788,695.00	-	-	-	-	20,788,695.00
	<u>106,310,172.81</u>	<u>3,912,952.09</u>	<u>158,451.08</u>	<u>24,956.83</u>	<u>7,339,141.69</u>	<u>117,745,674.50</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

13 FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

(1) Market risk *(Continued)*

(a) Foreign exchange risk *(Continued)*

The financial assets and financial liabilities denominated in foreign currencies, which are held by the subsidiaries of the Group, whose recording currencies are RMB, are expressed in RMB as at June 30, 2023 and December 31, 2022 as follows: *(Continued)*

	December 31, 2022					Total
	USD	EUR	HKD	JPY	Others	
Financial assets denominated in foreign currency						
Cash at bank and on hand	45,393,525.86	782,546.38	11,693.89	13,613.18	872,367.89	47,073,747.20
Accounts receivables	419,078,902.82	8,484,496.09	58,955.82	699,544.77	4,495,964.79	432,817,864.29
Other receivables	4,196,753.81	-	26,172.54	-	-	4,222,926.35
Derivative financial assets	5,684,728.43	-	-	-	-	5,684,728.43
	<u>474,353,910.92</u>	<u>9,267,042.47</u>	<u>96,822.25</u>	<u>713,157.95</u>	<u>5,368,332.68</u>	<u>489,799,266.27</u>
Financial liabilities denominated in foreign currency						
Short-term borrowings	119,414,625.50	-	-	-	-	119,414,625.50
Accounts payables	29,061,759.52	2,230,383.95	200,648.21	39,719.55	1,412,528.89	32,945,040.12
Other payables	46,908,370.97	22,205,471.89	-	-	48,116.11	69,161,958.97
Derivative financial liabilities	5,683,205.67	-	-	-	-	5,683,205.67
	<u>201,067,961.66</u>	<u>24,435,855.84</u>	<u>200,648.21</u>	<u>39,719.55</u>	<u>1,460,645.00</u>	<u>227,204,830.26</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

13 FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

(1) Market risk *(Continued)*

(a) Foreign exchange risk *(Continued)*

Sensitivity analysis

As at June 30, 2023 and December 31, 2022, 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.

	June 30, 2023	December 31, 2022
RMB against USD		
Strengthened by 2.50%	3,623,339.55	(4,837,208.00)
Weakened by 2.50%	(3,623,339.55)	4,837,208.00
RMB against EUR		
Strengthened by 2.50%	(94,037.01)	284,415.25
Weakened by 2.50%	94,037.01	(284,415.25)
RMB against HKD		
Strengthened by 2.50%	(19,540.55)	1,946.74
Weakened by 2.50%	19,540.55	(1,946.74)
RMB against JPY		
Strengthened by 2.50%	(146,707.13)	(12,626.97)
Weakened by 2.50%	146,707.13	12,626.97

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

13 FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

(1) Market risk *(Continued)*

(a) Foreign exchange risk *(Continued)*

Sensitivity analysis (Continued)

The financial assets, 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 June 30, 2023 and December 31, 2022 as follows:

	June 30, 2023				
	RMB	GBP	HKD	EUR	Total
Financial assets denominated in foreign currency					
Cash at bank and on hand	<u>23,618.97</u>	<u>2,376,726.39</u>	<u>17,420.54</u>	<u>444,270.58</u>	<u>2,862,036.48</u>
Financial liabilities denominated in foreign currency					
Short-term borrowings	-	65,831,039.94	-	20,874,315.05	86,705,354.99
Other payables	<u>594,196.97</u>	-	<u>33,181.16</u>	-	<u>627,378.13</u>
	<u>594,196.97</u>	<u>65,831,039.94</u>	<u>33,181.16</u>	<u>20,874,315.05</u>	<u>87,332,733.12</u>
	December 31, 2022				
	RMB	GBP	HKD	EUR	Total
Financial assets denominated in foreign currency					
Cash at bank and on hand	<u>13,684.60</u>	<u>2,422,822.00</u>	<u>37,810.26</u>	<u>15,682,747.20</u>	<u>18,157,064.06</u>
Financial liabilities denominated in foreign currency					
Short-term borrowings	-	60,437,520.03	-	19,670,685.03	80,108,205.06
Other payables	<u>594,196.97</u>	-	<u>32,146.99</u>	-	<u>626,343.96</u>
	<u>594,196.97</u>	<u>60,437,520.03</u>	<u>32,146.99</u>	<u>19,670,685.03</u>	<u>80,734,549.02</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

13 FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

(1) Market risk *(Continued)*

(a) Foreign exchange risk *(Continued)*

Sensitivity analysis (Continued)

As at June 30, 2023 and December 31, 2022, if the USD had strengthened/weakened against the RMB, GBP, HKD and EUR due to the change in exchange rate while all other variables other than exchange rate had been held constant, the shareholders' equity and net profit of the Group would have increased/(decreased) as follows. The effect is presented in RMB using the spot exchange rates on the balance sheet date.

	June 30, 2023	December 31, 2022
USD against RMB		
Strengthened by 2.50%	10,698.34	10,884.61
Weakened by 2.50%	(10,698.34)	(10,884.61)
USD against GBP		
Strengthened by 2.50%	1,189,768.38	1,087,775.59
Weakened by 2.50%	(1,189,768.38)	(1,087,775.59)
USD against HKD		
Strengthened by 2.50%	295.51	(106.19)
Weakened by 2.50%	(295.51)	106.19
USD against EUR		
Strengthened by 2.50%	383,063.33	74,773.83
Weakened by 2.50%	(383,063.33)	(74,773.83)

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. GBP-denominated floating rate contract, amounting to RMB65,831,040.00 (December 31, 2022: RMB60,437,520.00), and GBP-denominated with floating rates linked to SONIA, amounting to RMB0 (December 31, 2022: 32,736,990.00), EUR-denominated with floating rates linked to EURIBOR, amounting to RMB20,874,315.00 (December 31, 2022: RMB19,670,685.00). As at June 30, 2023, the Group's long-term interest bearing borrowings were mainly RMB-denominated with floating rates, amounting to RMB417,894,071.84 (December 31, 2022: RMB413,605,830.82) (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 the six months ended June 30, 2023 and June 30, 2022, the Group did not enter into any interest rate swap agreements.

As at June 30, 2023, if interest rates on the floating rate borrowings had risen/fallen by 50 basis points while all other variables had been held constant, the Group's net profit would have been approximately RMB2,038,747.85 (December 31, 2022: approximately RMB2,120,562.45) lower/higher respectively.

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 June 30, 2023, the Group had no significant collateral and other credit enhancements held as a result of the debtor's mortgage (December 31, 2022: nil).

(3) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. The Group monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

13 FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

(3) Liquidity risk *(Continued)*

The financial liabilities of the Group at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flows:

	June 30, 2023				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term borrowings	258,281,459.08	-	-	-	258,281,459.08
Derivative financial liabilities	22,128,429.86	-	-	-	22,128,429.86
Notes payables	860,125,176.31	-	-	-	860,125,176.31
Accounts payables	4,329,264,313.27	-	-	-	4,329,264,313.27
Other payables	1,317,670,905.13	-	-	-	1,317,670,905.13
Long-term borrowings	145,791,668.39	193,204,911.12	161,630,174.69	-	500,626,754.20
Lease liabilities	55,240,092.66	41,633,963.33	99,732,533.58	86,127,340.91	282,733,930.48
	<u>6,988,502,044.70</u>	<u>234,838,874.45</u>	<u>261,362,708.27</u>	<u>86,127,340.91</u>	<u>7,570,830,968.33</u>
	December 31, 2022				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	469,500,056.84	-	-	-	469,500,056.84
Derivative financial liabilities	5,683,205.67	-	-	-	5,683,205.67
Notes payables	809,432,692.20	-	-	-	809,432,692.20
Accounts payables	3,740,535,444.53	-	-	-	3,740,535,444.53
Other payables	846,851,930.79	-	-	-	846,851,930.79
Long-term borrowings	85,226,505.47	226,903,365.27	132,973,333.33	-	445,103,204.07
Lease liabilities	46,057,317.02	41,458,356.96	90,125,339.65	80,642,992.44	258,284,006.07
	<u>6,003,287,152.52</u>	<u>268,361,722.23</u>	<u>223,098,672.98</u>	<u>80,642,992.44</u>	<u>6,575,390,540.17</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

13 FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

(3) Liquidity risk *(Continued)*

- (i) As at the balance sheet date, the Group's financial guarantees provided to external parties are analysed below based on the maximum amounts and the earliest periods in which the guarantees could be called:

	June 30, 2023				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Financial guarantees	<u>518,512,646.65</u>	<u>722,241,993.42</u>	<u>117,358,920.33</u>	<u>-</u>	<u>1,358,113,560.40</u>

	December 31, 2022				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Financial guarantees	<u>588,592,169.31</u>	<u>1,138,441,623.45</u>	<u>259,032,177.47</u>	<u>-</u>	<u>1,986,065,970.23</u>

- (ii) Bank borrowings and other borrowings are analysed by repayment terms as follows:

	June 30, 2023		December 31, 2022	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Within 1 year	<u>321,837,882.23</u>	<u>75,417,019.81</u>	<u>506,613,211.46</u>	<u>46,608,916.58</u>
1 to 2 years	<u>133,748,992.15</u>	<u>49,634,277.79</u>	<u>124,423,133.33</u>	<u>102,480,231.94</u>
2 to 5 years	<u>150,271,827.90</u>	<u>-</u>	<u>132,973,333.34</u>	<u>-</u>
	<u>605,858,702.28</u>	<u>125,051,297.60</u>	<u>764,009,678.13</u>	<u>149,089,148.52</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

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 June 30, 2023, the assets measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets held for trading-				
Equity investments of				
listed company	41,548,346.97	-	-	41,548,346.97
Other non-current financial				
assets-				
Equity investments of				
non-listed company	-	-	10,786,384.58	10,786,384.58
Receivables financing-				
Notes receivables	-	-	248,492,449.44	248,492,449.44
Total financial assets	41,548,346.97	-	259,278,834.02	300,827,180.99
Non-financial assets				
Investment properties	-	-	408,724,634.44	408,724,634.44
Total	41,548,346.97	-	668,003,468.46	709,551,815.43

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

14 FAIR VALUE ESTIMATES *(Continued)*

(1) Assets and liabilities measured at fair value on a recurring basis *(Continued)*

As at June 30, 2023, the liabilities measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Derivative financial liabilities -				
Forward exchange contracts	-	<u>22,128,429.86</u>	-	<u>22,128,429.86</u>

As at December 31, 2022, the assets measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets held for trading -				
Equity investments of listed company	22,209,407.79	-	-	22,209,407.79
Other non-current financial assets-				
Equity investments of non-listed company	-	-	10,786,384.58	10,786,384.58
Derivative financial assets-				
Forward exchange contracts	-	6,161,436.00	-	6,161,436.00
Receivables financing-				
Notes receivables	-	-	<u>258,818,435.64</u>	<u>258,818,435.64</u>
Total financial assets	<u>22,209,407.79</u>	<u>6,161,436.00</u>	<u>269,604,820.22</u>	<u>297,975,664.01</u>
Non-financial assets				
Investment properties	-	-	<u>405,746,795.38</u>	<u>405,746,795.38</u>
Total	<u>22,209,407.79</u>	<u>6,161,436.00</u>	<u>675,351,615.60</u>	<u>703,722,459.39</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

14 FAIR VALUE ESTIMATES *(Continued)*

(1) Assets and liabilities measured at fair value on a recurring basis *(Continued)*

As at December 31, 2022, the liabilities measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Derivative financial liabilities -				
Forward exchange contracts	–	5,683,205.67	–	5,683,205.67

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 period.

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation techniques.

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.

As the investment date approaches the end of the period, the fair value of the equity investments in an unlisted company is approximately the capital increase price of the latest financing, and the capital increase cost is taken as the fair value of the period.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

14 FAIR VALUE ESTIMATES *(Continued)*

(1) Assets and liabilities measured at fair value on a recurring basis *(Continued)*

The changes in Level 3 assets are analysed below:

	Other non-current financial assets
January 1, 2023 and June 30, 2023	10,786,384.58
Changes in unrealised gains or losses included in profit or loss for the six months ended June 30, 2023 with respect to assets still held as at June 30, 2023	<u><u>—</u></u>

The changes in Level 3 assets are analysed below:

	Other non-current financial assets
January 1, 2022	—
Gains arising from changes in fair value	—
Acquisitions in the current period	8,005,300.00
Currency translation differences	<u>—</u>
June 30, 2022	<u><u>8,005,300.00</u></u>
Changes in unrealised gains or losses included in profit or loss for the six months ended June 30, 2022 with respect to assets still held as at June 30, 2022	<u><u>—</u></u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

14 FAIR VALUE ESTIMATES *(Continued)*

(1) Assets and liabilities measured at fair value on a recurring basis *(Continued)*

The changes in Level 3 non-financial assets are analysed below:

	Investment properties
January 1, 2023	405,746,795.38
Gains arising from changes in fair value	774,508.27
Purchase and construction in the current period	2,068,143.71
Currency translation differences	135,187.08
June 30, 2023	408,724,634.44
Changes in unrealised gains or losses included in profit or loss for the six months ended June 30, 2023 with respect to assets still held as at June 30, 2023	774,508.27

The changes in Level 3 non-financial assets are analysed below:

	Investment properties
January 1, 2022	393,130,062.84
Gains arising from changes in fair value	2,832,342.40
Transfer from fixed assets	–
Currency translation differences	(84,800.97)
June 30, 2022	395,877,604.27
Changes in unrealised gains or losses included in profit or loss for the six months ended June 30, 2022 with respect to assets still held as at June 30, 2022	2,832,342.40

The Group's finance department is responsible for the valuation of assets, and at the same time external independent valuers are entrusted to evaluate the fair value of the Group's investment properties. The above valuation results are independently verified and accounted for by the finance department of the Group, and disclosure information in relation to fair value is prepared based on the verified valuation results.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

14 FAIR VALUE ESTIMATES *(Continued)*

(1) Assets and liabilities measured at fair value on a recurring basis *(Continued)*

Information about the Level 3 fair value measurement is as follows:

	Fair value as at June 30, 2023	Valuation technique	Name	Inputs		
				Scope/ Weighted average	Relationship with fair value	Observable/ Unobservable
Investment properties - Completed investment properties	403,859,210.40	Income approach	Rate of return/ Capitalisation rate Monthly rental (RMB/m ² /month)	2.46% – 12.12% 13-263	(a)	Unobservable
Land use rights	4,865,424.04	Direct comparison approach	Market quotation (RMB/m ²)	150-690	(a)	Unobservable

	Fair value as at December 31, 2022	Valuation technique	Name	Inputs		
				Scope/ Weighted average	Relationship with fair value	Observable/ Unobservable
Investment properties - Completed investment properties	400,244,313.77	Income approach	Rate of return/ Capitalisation rate Monthly rental (RMB/m ² /month)	2.46% – 12.12% 13-263	(a)	Unobservable
Land use rights	5,502,481.61	Direct comparison approach	Market quotation (RMB/m ²)	150-690	(a)	Unobservable

(a) Relationship between unobservable inputs and fair value:

- The higher is rate of return/capitalisation rate, the lower is the fair value;
- The higher is the monthly rental, the higher is the fair value.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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, accounts payables, notes payables, long-term borrowings and long-term payables, etc.

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 June 30, 2023 and December 31, 2022, the Group's gearing ratio was as follows:

	June 30, 2023	December 31, 2022
Total liabilities	10,480,329,450.90	8,856,749,164.71
Total assets	<u>25,383,133,686.14</u>	<u>22,217,230,064.00</u>
Gearing ratio	<u>41.29%</u>	<u>39.86%</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

(1) Accounts receivables

	June 30, 2023	December 31, 2022
Accounts receivables	258,549,063.52	286,776,333.05
Less: provision for bad debts	<u>(9,980,569.43)</u>	<u>(7,523,327.81)</u>
	<u>248,568,494.09</u>	<u>279,253,005.24</u>

(a) *The ageing of accounts receivables based on their recording dates is analysed as follows:*

	June 30, 2023	December 31, 2022
Within 1 year(inclusive)	240,654,231.10	271,407,682.59
1 to 2 years(inclusive)	13,009,057.53	12,644,998.08
2 to 3 years(inclusive)	3,522,978.06	1,930,105.10
Over 3 years	<u>1,362,796.83</u>	<u>793,547.28</u>
	<u>258,549,063.52</u>	<u>286,776,333.05</u>

(b) *As at June 30, 2023, 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>159,891,585.42</u>	<u>—</u>	<u>61.84%</u>

(c) *For the six months ended June 30, 2023 and June 30, 2022, 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 *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

(1) Accounts receivables *(Continued)*

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

(i) Provision for bad debts made on a collective basis for accounts receivables is analysed as follows:

	June 30, 2023		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rates	Amount
Not overdue	216,812,685.50	–	–
Overdue within 1 year	23,841,545.60	5.00%	1,192,077.28
Overdue 1 to 2 years	13,009,057.53	30.00%	3,902,717.26
Overdue 2 to 3 years	3,522,978.06	100.00%	3,522,978.06
Overdue over 3 years	1,362,796.83	100.00%	1,362,796.83
	<u>258,549,063.52</u>		<u>9,980,569.43</u>
	December 31, 2022		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rates	Amount
Not overdue	251,284,162.99	–	–
Overdue within 1 year	20,123,519.60	5.00%	1,006,175.99
Overdue 1 to 2 years	12,644,998.08	30.00%	3,793,499.44
Overdue 2 to 3 years	1,930,105.10	100.00%	1,930,105.10
Overdue over 3 years	793,547.28	100.00%	793,547.28
	<u>286,776,333.05</u>		<u>7,523,327.81</u>

(ii) The provision for bad debts for the current period amounted to RMB3,437,922.64 (for the six months ended June 30, 2022: RMB3,052,373.85), of which RMB980,681.02 (for the six months ended June 30, 2022: nil) was collected or reversed.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

(1) Accounts receivables *(Continued)*

(e) No accounts receivables were written off in the current period.

(f) As at June 30, 2023 and December 31, 2022, the Company did not have accounts receivables pledged.

(2) Other receivables

	June 30, 2023	December 31, 2022
Receivables from related parties	1,005,793,553.28	562,009,236.95
Dividends receivable	433,569,367.74	480,967,332.41
Deposits and guarantees	1,033,187.18	947,672.48
Receivables from staffs	1,365,119.07	808,112.76
Others	—	248,273.40
	<u>1,441,761,227.27</u>	<u>1,044,980,628.00</u>
Less: Provision for bad debts	—	—
	<u>1,441,761,227.27</u>	<u>1,044,980,628.00</u>

(a) *The ageing of other receivables is analysed as follows:*

	June 30, 2023	December 31, 2022
Within 1 year (inclusive)	810,976,479.55	468,105,132.65
1 to 2 years(inclusive)	316,888,620.21	268,640,389.85
2 to 3 years (inclusive)	210,075,136.86	209,331,097.57
Over 3 years	103,820,990.65	98,904,007.93
	<u>1,441,761,227.27</u>	<u>1,044,980,628.00</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

(2) Other receivables *(Continued)*

(b) Loss provision and changes in book balance

	Stage 1					Stage 3		
	12-month ECL (group)	12-month ECL (individual)		Sub-total	Lifetime ECL (credit impaired)		Total	
		Provision for bad debts	Book balance		Provision for bad debts	Provision for bad debts		Book balance
	Book balance	debits	balance	debits	debits	balance	debits	debits
December 31, 2022	1,044,980,628.00	-	-	-	-	-	-	-
Increase in the current period	570,316,458.40	-	-	-	-	-	-	-
Decrease in the current period	(173,535,859.13)	-	-	-	-	-	-	-
June 30, 2023	1,441,761,227.27	-	-	-	-	-	-	-

As at June 30, 2023 and December 31, 2022, the Company did not have other receivables at Stage 2 or Stage 3. Other receivables at Stage 1 are analysed as follows:

- (i) As at June 30, 2023 and December 31, 2022, 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 *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

(2) Other receivables *(Continued)*

(b) Loss provision and changes in book balance *(Continued)*

- (ii) As at June 30, 2023 and December 31, 2022, other receivables for which the related provision for bad debts was provided on the collective basis are analysed as follows:

Stage 1	June 30, 2023		
	Book balance	12-month ECL rates	Provision for bad debts
Receivables from related parties and dividends receivable:	1,439,362,921.02	-	-
Deposits and guarantees:	1,033,187.18	-	-
Receivables from staffs	1,365,119.07	-	-
	<u>1,441,761,227.27</u>		<u>-</u>
Stage 1	December 31, 2022		
	Book balance	12-month ECL rates	Provision for bad debts
Receivables from related parties and dividends receivable:	1,042,976,569.36	-	-
Deposits and guarantees:	947,672.48	-	-
Receivables from staffs	808,112.76	-	-
Others:	248,273.40	-	-
	<u>1,044,980,628.00</u>		<u>-</u>

(c) No provision for bad debts was made, collected or reversed in the current period.

(d) No other receivables were written off in the current period.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

(2) Other receivables *(Continued)*

(e) *As at June 30, 2023, 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
CIMC Group	Accounts receivable for sales of equity capital	469,770,940.15	Within 1 year.	32.58%	-
Yangzhou CIMC Tonghua Special Vehicles Co., Ltd.	Dividends receivable, Intra-group accounts	351,570,055.03	1 to 2 years, 2 to 3 years,	24.38%	-
Dongguan CIMC Special Vehicle Co., Ltd.	Dividends receivable, Intra-group accounts	114,020,367.69	Within 1 year, 1 to 2 years, 2 to 3 years,	7.91%	-
Yingkou Xinsheng vehicles Manufacturing Co., Ltd.	Intra-group accounts	108,142,127.33	Within 1 year	7.50%	-
CIMC Taizijie Vehicle Body Manufacturing (Zhenjiang) Co., Ltd.	Intra-group accounts	96,047,376.65	Within 1 year, 1 to 2 years, 2 to 3 years, More than 3 years,	6.66%	-
		<u>1,139,550,866.85</u>		<u>79.03%</u>	<u>-</u>

(3) Long-term equity investments

	June 30, 2023	December 31, 2022
Subsidiaries (a)	5,360,287,190.72	5,418,700,006.22
Joint ventures (b)	8,933,582.53	9,391,130.22
Associates (c)	170,712,305.89	140,327,625.45
	5,539,933,079.14	5,568,418,761.89
Less: provision for impairment of long-term equity investments	-	-
	<u>5,539,933,079.14</u>	<u>5,568,418,761.89</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (All amounts in RMB unless otherwise stated) [English translation for reference only]

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

(3) Long-term equity investments *(Continued)*

(a) Subsidiaries

	December 31, 2022	Increase/ (decrease) in the current period	June 30, 2023	Ending balance of provision for impairment	Cash dividends declared in the current period
Yangzhou CIMC Tonghua Special Vehicles Co., Ltd.	467,230,357.90	-	467,230,357.90	-	100,172,000.00
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	-	-
Benju Tengyue semitrailer Parts (Shenzhen) Co., Ltd. (i)	16,494,581.51	-	16,494,581.51	-	-
Shenzhen CIMC Vehicle Co., Ltd.	76,251,600.00	(76,251,600.00)	-	-	-
Qingdao CIMC Special Vehicle Co., Ltd.	130,477,107.59	-	130,477,107.59	-	-
CIMC Vehicle (Jiangmen) Co., Ltd.	100,840,327.90	-	100,840,327.90	-	25,563,750.00
Shanghai CIMC Vehicle Logistics Equipment Co., Ltd.	36,071,909.60	-	36,071,909.60	-	3,408,245.52
CIMC Vehicles (Liaoning) Co., Ltd.	22,500,000.00	-	22,500,000.00	-	-
CIMC-Shac (Xi'an) Special Vehicles Co., Ltd.	53,500,000.00	-	53,500,000.00	-	-
Guangzhou CIMC Vehicle Logistics Equipment Co., Ltd.	15,000,000.00	-	15,000,000.00	-	-
CIMC Vehicle Investment Holdings Co., Ltd.	1,485,394,347.13	-	1,485,394,347.13	-	-
Luoyang CIMC Lingyu Automobile Co., Ltd.	87,726,881.55	-	87,726,881.55	-	-
Wuhu CIMC Ruijiang Automobile Co., Ltd.	251,589,305.07	-	251,589,305.07	-	39,538,285.33
Qingdao CIMC Eco-Equipment Co., Ltd.	-	-	-	-	-
Liangshan CIMC Dongyue Vehicles Co., Ltd.	66,189,261.20	-	66,189,261.20	-	4,860,734.00
CIMC Vehicle (Group) Xinjiang Co., Ltd.	80,000,000.00	-	80,000,000.00	-	-
Sichuan CIMC Vehicle Logistics Equipment Co., Ltd.	5,000,000.00	-	5,000,000.00	-	-
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	-	49,410,806.67
Zhumadian CIMC Huajun Casting Co., Ltd.	202,662,000.00	-	202,662,000.00	-	-
Mason Technology Limited	208,008,108.50	-	208,008,108.50	-	-
Zhumadian CIMC Huajun Automobile Trading Co., Ltd.	10,000,000.00	-	10,000,000.00	-	-
China Jiangsu Vanguard Trailer Rental Co., Ltd.	85,000,000.00	-	85,000,000.00	-	-

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

(3) Long-term equity investments *(Continued)*

(a) Subsidiaries

	December 31, 2022	Increase/ (decrease) in the current period	June 30, 2023	Ending balance of provision for impairment	Cash dividends declared in the current period
Jiangsu Baojing Auto Parts Co., Ltd.	34,172,280.04	-	34,172,280.04	-	-
Guangzhou CIMC Vehicle Sales Services Co., Ltd.	35,010,000.00	-	35,010,000.00	-	-
Zhumadian CIMC Wanjia Axle Co., Ltd.	20,000,000.00	-	20,000,000.00	-	-
CIMC Taizijie Vehicle Body Manufacturing (Jiangmen) Co., Ltd.	559,880,000.00	-	559,880,000.00	-	-
CIMC Taizijie Vehicle Body Manufacturing (Zhenjiang) Co., Ltd.	100,000,000.00	-	100,000,000.00	-	-
Zhenjiang Shenxing Taibao Technology Co., Ltd.	3,313,207.13	-	3,313,207.13	-	-
Dongguan CIMC Special Vehicle Co., Ltd.	516,538,000.00	-	516,538,000.00	-	-
Kunming CIMC Vehicle Industrial Park Development Co., Ltd.	70,000,000.00	-	70,000,000.00	-	-
Yingkou Xinsheng vehicles Manufacturing Co., Ltd.	22,500,000.00	-	22,500,000.00	-	-
CIMC Vehicles (Shaanxi) Automobile Co., Ltd.	72,000,000.00	-	72,000,000.00	-	-
Xxentria	14,261,086.61	-	14,261,086.61	-	-
Shanghai Changyi	-	12,467,266.00	12,467,266.00	-	-
Shenzhen Xinghuo Chelian Technology Co., Ltd.	-	4,554,551.50	4,554,551.50	-	-
Shenzhen Zhongan Jizhi Technology LLP	-	816,967.00	816,967.00	-	-
Other subsidiaries	6,500,000.00	-	6,500,000.00	-	-
	<u>5,418,700,006.22</u>	<u>(58,412,815.50)</u>	<u>5,360,287,190.72</u>	<u>-</u>	<u>222,953,821.52</u>

(b) Refer to Note 4(12) for the Company's investments in joint ventures.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(3) Long-term equity investments (Continued)

(c) Associates

	Movements in the current period							Ending balance of provision for impairment			
	December 31, 2022	Increase in investments	Decrease in investments	Share of net profit/(loss) under equity method	Share of other comprehensive income	Share of other changes in equity	Cash dividends/ profit declared		Provision for impairment	Others	June 30, 2023
Senju (Shanghai) International Trade Co., Ltd.	626,352.64	-	-	116,732.15	-	-	-	-	-	743,084.79	-
Shenzhen Shuxiang Technology Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	24,573,097.28	-	-	1,291,044.07	-	(322,465.34)	(1,139,729.94)	-	-	24,401,946.07	-
Chengdu CIMC Industrial Park Investment and Development Co., Ltd.	85,808,291.15	-	-	2,914,538.58	-	-	-	-	-	88,722,829.73	-
Shenzhen Bay Angel Phase III Venture Capital Partnership (Limited Partnership)	29,319,884.38	22,500,000.00	-	5,024,560.92	-	-	-	-	-	56,844,445.30	-
	140,327,625.45	22,500,000.00	-	9,346,875.72	-	(322,465.34)	(1,139,729.94)	-	-	170,712,305.89	-

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

(4) Revenue and cost of sales

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Revenue from main operations	–	–
Revenue from other operations	<u>26,622,669.21</u>	<u>14,440,454.66</u>
	<u><u>26,622,669.21</u></u>	<u><u>14,440,454.66</u></u>

The Company's revenue from other operations mainly comprises the management service fees charged to its subsidiaries.

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Cost of sales from main operations	–	–
Cost of sales from other operations	<u>–</u>	<u>363,117.78</u>
	<u><u>–</u></u>	<u><u>363,117.78</u></u>

(a) Revenue and cost of sale from other operations

	For the six months ended June 30, 2023		For the six months ended June 30, 2022	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Rental income	–	–	55,045.87	–
Management service fees	19,708,595.58	–	11,502,758.17	–
Commissions	6,865,394.37	–	2,502,271.40	–
Others	<u>48,679.26</u>	<u>–</u>	<u>380,379.22</u>	<u>363,117.78</u>
	<u><u>26,622,669.21</u></u>	<u><u>–</u></u>	<u><u>14,440,454.66</u></u>	<u><u>363,117.78</u></u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

(4) Revenue and cost of sales *(Continued)*

(b) *The Company's revenue is disaggregated as follows:*

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Revenue from other operations		
Including: Recognised at a point in time	–	380,379.22
Recognised over time	<u>26,622,669.21</u>	<u>14,060,075.44</u>
	<u>26,622,669.21</u>	<u>14,440,454.66</u>

(5) Investment income

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Investment income from long-term equity investments under cost method	222,953,821.52	503,203,249.35
Investment income from long-term equity investments under equity method	9,648,251.53	3,975,352.14
Investment income/(losses) from disposals of long-term equity investments	911,497,387.29	25,456,481.58
Interest income and others	<u>9,795,946.82</u>	<u>9,323,690.30</u>
	<u>1,153,895,407.16</u>	<u>541,958,773.37</u>

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

1 STATEMENT OF NON-RECURRING PROFIT OR LOSS

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Losses on disposals of non-current assets	(1,129,915.30)	(9,383,105.14)
Government grants recognised in profit or loss	22,018,243.30	41,360,047.32
Gains and losses from changes in fair value of financial assets held for trading, derivative financial instruments and investment income, gains and losses from changes in fair value of investment properties subsequently measured using the fair value model and investment income from the disposal of derivative financial instruments	(11,883,905.23)	(11,425,801.97)
The cost of investments in subsidiaries, associates and joint ventures acquired by an enterprise is less than its share of the gain arising from the fair value of the investee's identifiable net assets at the time of investment acquisition	3,999,081.31	—
Net gain from disposals of long-term equity investments	1,112,158,428.45	—
Reorganization costs on disposal of long-term equity investments	(35,371,122.00)	—
Losses on debt restructuring	(12,800.00)	—
Other non-operating income and expenses other than the above mentioned items	4,200,912.98	2,881,028.80
	<u>1,093,978,923.51</u>	<u>23,432,169.01</u>
Less: Income tax	(228,969,013.46)	(2,319,964.84)
Less: Non-controlling interests, net of tax	(3,943,245.70)	(3,940,637.42)
	<u><u>861,066,664.35</u></u>	<u><u>17,171,566.75</u></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 *(Continued)*

FOR THE YEAR ENDED DECEMBER 31, 2023

(All amounts in RMB unless otherwise stated) [English translation for reference only]

2 RETURN ON NET ASSETS AND EARNINGS PER SHARE

	Weighted average return on net		Earnings per share			
	assets (%)		Basic earnings per share		Diluted earnings per share	
	For the six months ended June 30, 2023	For the six months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Net profit attributable to ordinary shareholders of the Company	13.86	3.08	0.94	0.18	0.94	0.18
Net profit attributable to ordinary shareholders of the Company, net of non-recurring profit or loss	7.57	2.93	0.51	0.17	0.51	0.17

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