



**北京汽车股份有限公司**  
BAIC MOTOR CORPORATION LIMITED\*

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

Stock code : 1958

\* For identification purpose only



ANNUAL REPORT  
**2022**



Official website



WeChat Official accounts

| BJ60



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## Section I Corporate Information

- **LEGAL NAME OF THE COMPANY**

北京汽車股份有限公司

- **ENGLISH NAME OF THE COMPANY**

BAIC Motor Corporation Limited<sup>1</sup>

- **REGISTERED OFFICE**

A5-061, Unit 101, 5th Floor, Building No 1, Courtyard No. 99, Shuanghe Street, Shunyi District, Beijing 101300, China

- **HEADQUARTERS**

No. 99 Shuanghe Street, Shunyi District, Beijing 101300, China

- **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong

- **AUTHORIZED REPRESENTATIVES**

**Mr. Huang Wenbing**

5/F, 99 Shuanghe Street, Shunyi District, Beijing, China

**Mr. Wang Jianhui**

5/F, 99 Shuanghe Street, Shunyi District, Beijing, China

- **COMPANY SECRETARY**

**Mr. Wang Jianhui**

5/F, 99 Shuanghe Street, Shunyi District, Beijing, China

- **HONG KONG LEGAL ADVISOR**

**Linklaters**

11th Floor, Alexandra House, 18 Chater Road, Hong Kong

- **CHINA LEGAL ADVISOR**

**JunHe LLP**

20/F, China Resources Building, 8 Jianguomenbei Avenue, Dongcheng District, Beijing, China

- **AUDITORS (EXTERNAL AUDIT FIRM)**

**PricewaterhouseCoopers**

Certified Public Accountants and Registered PIE Auditor  
22/F Prince's Building, Central, Hong Kong

**PricewaterhouseCoopers Zhong Tian LLP**

11/F, PricewaterhouseCoopers Center, 202 Hubin Road, Shanghai, China

1 For identification purpose only

## Section I Corporate Information

- **PRINCIPAL BANKS**

- **Bank of Beijing, Jinyun Branch**

- Block A, Jinyun Building, A43 Xizhimen North Street, Haidian District, Beijing, China

- **China CITIC Bank, Olympic Village Branch**

- 1/F, Tower D, Tian Chuang Shi Yuan Building, No. 309 Huizhong Beili, Chaoyang District, Beijing, China

- **H SHARE REGISTRAR**

- **Computershare Hong Kong Investor Services Limited**

- Shops 1712-1716, 17/F, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong

- **H SHARE STOCK CODE**

- 1958

- **INVESTOR ENQUIRIES**

- Investor hotline: (86) 10 5676 1958;

- (852) 3188 8333

- Website: [www.baicmotor.com](http://www.baicmotor.com)

- E-mail: [ir@baicmotor.com](mailto:ir@baicmotor.com)

## Section II Chairman's Statement



**RMB**

**190.46**

**Billion**

In 2022, the Group recorded the consolidated revenue of RMB190.46 billion and the net profit of RMB16.34 billion for the year

**Chen Wei**

*Chairman*

**0.947**

**Million Units**

In 2022, the Beijing Brand, Beijing Benz, Beijing Hyundai and Fujian Benz sold 0.947 million units of vehicles in total

### DEAR SHAREHOLDERS,

On behalf of the Board of Directors (the “Board”), I am delighted to present the 2022 Annual Report of BAIC Motor Corporation Limited (the “Company”, together with its subsidiaries, the “Group” or “we”).

In 2022, with continuing triple pressure of shrinking demand, supply shock and weakening projection, the CPC Central Committee and State Council launched a package of policies to stabilise the economy, and pushed the economy to stabilise and rebound under pressure. The annual GDP growth rate of China hit 3.0%<sup>2</sup>, with new milestones reached for high quality development. China’s auto market as a whole was recovering and improving, with sales volume continuing to rank first in the world. New energy vehicles continued to develop at a rapid pace, adhere to innovation-driven and promote the transformation and upgrading of the global automotive industry. According to the statistics of China Association of Automobile Manufacturers (“CAAM”), the annual sales volume of vehicles in China reached 23.563 million units in 2022, representing a year-on-year increase of 9.5%; the sales volume of new energy vehicles reached 6.887 million units, representing a year-on-year increase of 93.4%; automobile export sales increased by 54.4% to 3.111 million units.

In 2022, the Group actively responded to the external challenges, with “Transformation and Development as well as Reform and Innovation” as its business philosophy, and integrated and synergised the whole value chain, adhering to the main rhythm of progressing in stability. The Group recorded the consolidated revenue of RMB190.46 billion and the net profit of RMB16.34 billion for the year.

<sup>2</sup> The GDP growth rate for 2022 was 3.0% as published by the National Bureau of Statistics

## Section II Chairman's Statement

In 2022, Beijing Brand, Beijing Benz, Beijing Hyundai and Fujian Benz sold a total of 0.947 million units of vehicles. Beijing Benz reported the sales of 592 thousand units of vehicles for the year, continued to rank among top joint-venture luxury brands in terms of sales volume. Beijing Hyundai responded positively to changes in market conditions and the impact of the pandemic, with sales of 250 thousand units of vehicles for the year. Beijing Brand focused on its core products, achieving a steady enhancement in quality of its products. Fujian Benz ensured supply and controlled costs to maintain a stable pace in operation.

Based on 2022 results of operations, the Board of Directors recommended the payment of an annual dividend of RMB0.17 (inclusive of tax) per share to Shareholders, so as to practically provide a return to Shareholders.

2023 is the first year to fully implement the spirit of the 20th National Congress of the Communist Party of China. China will continue to adhere to the general keynote of "Seeking Progress in a Stable Manner" and promote the overall improvement of economy to achieve effective improvement of quality and reasonable growth of quantity. With the exit of the 50% purchase tax reduction for fuel vehicles and the extension of the purchase tax exemption for new energy vehicles, opportunities and challenges coexist in the development of the automobile industry. Together with the expected recovery of chip supply, the automobile market will continue to show a stable to positive development trend.

In the new year, the Group will continue to focus on its main business, stabilize its foundation, accelerate the transformation to electrification and intelligence with a clear product roadmap of "Comprehensive Transformation Towards New Energy", form a differentiated product matrix, and make every effort to consolidate its competitive position and achieve its business objectives for 2023.

In terms of the business operation strategy of various brands, in 2023, Beijing Brand will adopt "Survival, Reform and Development" as its operation strategy, implement domestic and international dual strategies, and open up a pathway for quality development; Beijing Benz will accelerate in pushing forward quality projects, and consolidate its leadership in the domestic high-end luxury car market; and Beijing Hyundai will transform for innovation to ensure improvements of both sales and revenue.

Lastly, I would like to express my gratitude to all our staff and partners for their hard work, and to our Shareholders for their long-lasting support.



**Chen Wei**

*Chairman*

March 24, 2023

## Section III Summary of Financial and Performance Information

### I. FIVE-YEAR FINANCIAL SUMMARY

Summary of consolidated financial information of the Group for 2018 to 2022 is as follows:





## Section III Summary of Financial and Performance Information

(Unit: RMB million)

Item	For the year ended December 31,				
	2022	2021	2020	2019	2018
Revenue	190,463	175,916	176,973	175,410	151,920
Cost of sales	(148,128)	(138,273)	(134,833)	(137,776)	(114,913)
Gross profit	42,334	37,643	42,140	37,634	37,007
Selling and distribution expenses	(11,177)	(10,312)	(11,309)	(10,414)	(10,432)
General and administrative expenses	(5,338)	(5,799)	(7,984)	(7,195)	(6,437)
Net impairment losses on financial assets and contract assets	(475)	(87)	(401)	(256)	(133)
Other gains/(losses), net	664	2,515	(101)	2,862	623
Finance gain/(cost), net	1	61	100	(162)	(357)
Share of (loss)/profit of investments accounted for using equity method	(1,281)	(1,101)	(2,015)	(314)	904
Profit before income tax	24,729	22,920	20,430	22,155	21,175
Income tax expense	(8,394)	(7,769)	(7,475)	(6,998)	(6,904)
Profit for the year	16,335	15,151	12,955	15,157	14,271
Attributable to					
Equity holders of the Company	4,197	3,858	2,029	4,996	4,429
Non-controlling interests	12,138	11,293	10,926	10,161	9,842

As at December 31,

Total assets, total liabilities and interests attributable to equity holders of the Company	As at December 31,				
	2022	2021	2020	2019	2018
Total assets	173,375	180,844	193,703	196,393	172,034
Total liabilities	94,438	105,957	120,109	124,018	102,796
Interests attributable to equity holders of the Company	54,497	52,583	51,088	50,007	48,415

Explanation: In 2020, as the Company acquired from Beijing Automotive Group Co., Ltd. (“BAIC Group”), a Controlling Shareholder of the Company, a 100% equity interest held by BAIC Group in BAIC International Development Co., Ltd. (“BAIC International”) and a 24.78% equity interest held by BAIC Group in BAIC Yunnan Ruili Motor Co., Ltd., the acquisition constituted a business combination under common control, and the Company therefore restated the information for 2019 in the consolidated financial information in 2020. Information for 2020 and 2019 is extracted from the Company’s 2020 Annual Report, and information for 2021 and 2018 is extracted from the Company’s 2021 and 2018 Annual Reports, respectively.

### II. FIVE-YEAR PERFORMANCE SUMMARY

The sales volume of vehicles of each passenger vehicle business segment of the Group for 2018 to 2022 is as follows:

(Unit: unit)

Brand	For the year ended December 31,				
	2022	2021	2020	2019	2018
Beijing Brand <sup>Note</sup>	71,897	72,434	81,792	166,992	156,159
Beijing Benz	591,716	561,008	610,816	567,306	485,006
Beijing Hyundai	250,424	360,565	446,082	662,590	790,177
Fujian Benz	33,024	37,196	29,920	28,182	28,616

Note: Based on strategic considerations including optimization of the product mix, starting from 2019, the Company ceased to produce and sell passenger vehicles of the Wevan brand.

## Section IV Company Profile and Business Overview

### I. OVERVIEW

We are a leading passenger vehicle manufacturer in China, and are one of the passenger vehicle manufacturers with the most optimized brand layout and business system in the industry. Our brands cover joint venture premium passenger vehicles, joint venture premium “multi-purpose” passenger vehicles, joint venture mid- to high-end passenger vehicles and proprietary brand passenger vehicles, which can maximally satisfy various consumers’ demands.

The Company completed its H shares initial public offering and was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange” or “Hong Kong Stock Exchange”) on December 19, 2014 (H shares stock abbreviation: BAIC Motor; H shares stock code: 1958).

### II. MAJOR BUSINESS OPERATIONS

The Group’s major business operations include research and development, manufacturing, sales and after-sale services of passenger vehicles, production of core parts and components of passenger vehicles, car financing, international businesses and other related businesses. We keep optimizing industry chains and strengthening our brands.

#### Passenger Vehicles

Our passenger vehicle business is conducted through four business segments, namely Beijing Brand, Beijing Benz, Beijing Hyundai and Fujian Benz.

#### 1. Beijing Brand

Beijing Brand, our proprietary brand, offers a full range of oil powered and new energy models of sedan, SUV, and off-road vehicles to provide travelling experiences in all scenarios for users.

Beijing Brand deepens the product layout, implements the brand value of “harmony, carefree and joyful living” and strives to be the selection for family in outdoor activities. It comprehensively promotes the hybrid and pure electric technology sector, constructs a mainstream product matrix, and creates three

product series of “Yue Off-road Performance, Yue Travel Outdoor and Yue Mobility” to reach more life scenes. With “Hardcore Reliability + Fearlessness + Military Quality + Performance Partners” as the core, the Yue Off-road Performance Series covers A/B/C class off-road models and helps “Free Off-road Driving” with hardcore strength; Positioned as “Hardcore Fashion + Smart Connectivity + Boundless Travel + Multi-functions”, the Yue Travel Outdoor Series focuses on “Outdoor Exploration” and covers cool, smart and luxurious A/B/C class hardcore off-road products; The Yue Mobility Series focuses on “Power Aesthetics + Cool Attraction + Fun Players + National Trendsetters” with A/A+ SUV and sedan products to satisfy the pragmatic family-oriented and quality trendy “urban fun”.

The Beijing Brand currently sells fuel models such as the MOFANG and X7, pure electric models such as EU5/EU5 PLUS and EU7, X7 hybrid models, and off-road models such as BJ40, BJ60 and BJ80.

#### 2. Beijing Benz

Beijing Benz Automotive Co., Ltd. (“Beijing Benz”) is a subsidiary of the Company. The Company holds 51.0% equity interest of Beijing Benz, while Mercedes-Benz Group AG (“Mercedes-Benz Group”) and its wholly-owned subsidiary, Mercedes-Benz Group China Ltd., together hold 49.0% equity interest in Beijing Benz. Beijing Benz commenced the manufacturing and sales of passenger vehicles of Mercedes-Benz brand in 2006.

At present, Beijing Benz has become a joint venture involved in research and development, manufacturing and sale of engines and vehicles, and after-sales services. It manufactures and sells Mercedes-Benz E-Class long-wheelbase sedan, the new long-wheelbase GLC SUV, the new EQE, and other oil powered and new energy vehicles. It exports core parts and components of engines and vehicles, which is an important part of the global production network of Mercedes-Benz, producing more than 4 million vehicles and engines.

## Section IV Company Profile and Business Overview

Beijing Benz serves as an exemplary company that contributes to the capital's automobile industry to transform and upgrade towards the direction of high precision and high technology. It integrates the world's advanced manufacturing technology and modern management, applying the features of "digitalization, adaptability, efficiency and sustainability" in each stage of production. It has won various honorary titles including "Global Excellent Operating Factory", "Green Model Factory", "Beijing Intelligent Manufacturing Benchmarking Enterprise in Beijing" and "Pilot Model for Sino-German Intelligent Manufacturing Cooperation", constantly promoting high-quality development.

### 3. Beijing Hyundai

Beijing Hyundai Motor Co., Ltd. ("Beijing Hyundai") is a joint venture of the Company. The Company holds 50.0% equity interest of Beijing Hyundai through its subsidiary BAIC Investment Co., Ltd. ("BAIC Investment"), while Hyundai Motor Company ("Hyundai Motor") holds another 50.0% equity interest of Beijing Hyundai. Beijing Hyundai commenced the manufacturing and sales of passenger vehicles of Hyundai brand in 2002.

Beijing Hyundai manufactures and sells over ten models of sedans, covering middle class, compact, mini class, and SUV models, mainly including the seventh-generation Elantra, the tenth-generation Sonata, the fourth-generation Santa Fe Traveller, the fifth-generation TUCSON L 8AT, new ix35, Custo, LA FESTA N-line and new generation MISTRA EV to fully meet the needs of different consumers.

### 4. Fujian Benz

Fujian Benz Automotive Co., Ltd. ("Fujian Benz") is a joint venture of the Company. The Company holds 35.0% equity interest of Fujian Benz, and establishes an act-in-concert agreement with Fujian Motor Industry Group

Co. ("FJMOTOR"), which holds 15.0% equity interest of Fujian Benz. The consensus will be reached while making decisions regarding the operation, management and other matters of Fujian Benz, as well as the exercising of power by the directors appointed by FJMOTOR. Mercedes-Benz Vans Hong Kong Limited holds the remaining 50.0% equity interest of Fujian Benz. Fujian Benz commenced the manufacturing and sales of multi-purpose passenger vehicles and light passenger vehicles of Mercedes-Benz brand in 2010. At present, Fujian Benz stays on the leading edge in the field of joint venture premium business purpose vehicles, with production and sale of Mercedes-Benz V-Class vehicles and New Vito products.

### Core Parts and Components for Passenger Vehicles

In addition to manufacturing of whole vehicles, we also produce engines, powertrain, power batteries, and other core parts and components for passenger vehicles through the production bases of Beijing Brand, Beijing Benz and Beijing Hyundai.

In respect of Beijing Brand, we manufacture engines, transmissions, new energy reducers and other core automobile parts and components through entities including BAIC Motor Powertrain Co., Ltd. ("Powertrain") mainly for use in our whole vehicles as well as for sale to other automobile manufacturers. By digesting and assimilating Saab technology and through the combination of cooperative and independent development, we have broken through many technological difficulties, successively completed the development of many types of engines and transmission products, and realized mass production of such products. Such products have been widely used for Beijing Brand passenger vehicles. The "Magic Core\*" (魔核) 1.5T engine was awarded the 2021 "China Heart" Top 10 engine prize.

\* For identification purpose only

## Section IV Company Profile and Business Overview

Beijing Benz commenced to manufacture engines in 2013 and currently owns two engine plants and the first power battery factory outside Germany, which produce several engines and new-energy power battery products. In 2022, EB42X, the new generation of battery was put into production, featuring more electricity and less energy consumption and helping advance Beijing Benz's electrification drive.

Beijing Hyundai commenced to manufacture engines in 2004. Its specific product offerings cover four major series namely BETA, Kappa, Gamma and Gammall, which are industry-leading in terms of technology and power, etc. and are mainly for use in Hyundai-branded passenger vehicles manufactured by Beijing Hyundai.

### Car Financing

We conduct car financing and automobile after-sales business of Beijing Brand, Mercedes-Benz brand and Hyundai brand through associates and joint ventures including BAIC Group Finance Co., Ltd. ("BAIC Finance"), Mercedes-Benz Leasing Co., Ltd. ("MBLC"), Beijing Hyundai Auto Finance Company Limited ("BHAF") and BH Leasing Co., Ltd. ("BH Leasing") and continuously promote the rapid development of car financing businesses by methods including capital investment and business cooperation.

In respect of Beijing Brand's car financing business, we have conducted group strategic cooperation with various automobile financial companies, commercial banks and lease finance companies, offering clients a great variety of financial products covering all car models now selling in the market, and meeting different customer demands. We offer interest-free fixed-rate loans, low/zero down payments, zero monthly payments and other financial products mainly through BAIC Finance to meet the different financial needs of our customers.

MBLC is an associate of the Company. The Company and Mercedes-Benz Group China Ltd. hold 35.0% and 65.0% equity interests in MBLC respectively. MBLC comprehensively promoted its digital business, which further stimulated the sales of Beijing Benz's electric vehicles.

BHAF is an associate of the Company. The Company holds 33.0% and 14.0% equity interests in BHAF through its subsidiary, BAIC Investment, and its joint venture, Beijing Hyundai, respectively, while Hyundai Capital Services and Hyundai Motor hold the remaining equity interest. BHAF was ranked amongst the best in the industry in terms of the new retail loan contract volume and progressed steadily to business diversification which further stimulated the sales of Beijing Hyundai's new models.

BH Leasing is an associate of the Company. The Company, Hyundai Capital Services and Hyundai (China) Investment Co., Ltd. hold 50%, 40% and 10% equity interests in BH Leasing, respectively. BH Leasing provides sale-leaseback and direct leasing services to customers in the car sales market, which further stimulated the sales of new vehicles.

### International Business

We promote the rapid development of international business through the production and operation businesses of the South African production base and the marketing business in South African and Southern African Development Community (SADC) markets which are in the charge of BAIC Automobile SA Proprietary Limited, a joint venture of the Company, through international marketing business in markets outside China and South Africa which are in the charge of BAIC International, a wholly-owned subsidiary of the Company, and through overseas sales companies, KD technology<sup>3</sup> cooperation, vehicle distribution, etc. International business focuses on exporting passenger vehicle products of Beijing Brand. The sales of vehicles maintained fast

3 means Knocked-down

## Section IV Company Profile and Business Overview

growth thanks to business innovation like a change in the product mix, piloting in new markets, and a shift towards new energy solutions.

### III. OTHER RELATED BUSINESSES

During 2022, we continued to conduct lightweight research and development, new energy technology changes, information big data and used car businesses through relevant joint ventures.

### IV. CORE COMPETITIVENESS

Amid intense market competition in 2022, the Group continued to maintain stable growth, which attributed to the following core competitiveness:

#### 1. Enhancing innovative product forms to meet increasingly diverse needs

The Company's passenger vehicle brand portfolio is profoundly competitive and highly complementary and can satisfy the purchase demands of different groups for vehicles at different stages. Beijing Benz comprehensively built a "digitalized, flexible and green" intelligent factory and steadily advanced the introduction of new product projects, thus further consolidating its leading position in the high-end premium vehicle market. Beijing Hyundai focused on research and development, innovation, comprehensively upgraded product lines, accelerated the introduction and application of new technologies including the transition to new energy vehicles, intelligence and networking. Beijing Brand stuck to electrification and hybridization, identified market anchors for needs, integrated the entire value chain of research, production, supply, and sales, formed key local advantages and effectively enhanced product competitiveness.

#### 2. Diversified equity structure and good strategic partnership

BAIC Group, a Controlling Shareholder of the Company as well as one of the main automobile groups in China, has established a relatively complete automobile industry chain covering businesses including research, development and manufacturing of vehicles, components and parts, automobile service trade, comprehensive commuting service, finance and investment. Other Shareholders of the Company include state-owned investment platforms, key state-owned enterprises, Mercedes-Benz Group, related strategic and financial investors, which constitute a diversified and internationalized equity structure. Such diversified equity structure is conducive to sufficient utilization of resources of Shareholders, improvement in the management ability by the Company and deep exploitation of the development potential of the Company.

The Company has established close joint venture and cooperation relationships with Mercedes-Benz Group, Hyundai Motor and other famous enterprises in the industry, and has further expanded the breadth and depth of the cooperation. In addition to establishment of Beijing Benz, Fujian Benz, Beijing Mercedes-Benz Sales Service Co., Ltd. ("Benz Sales") and MBLC by the Company and Mercedes-Benz Group, both parties have cooperated and exchanged with each other in technology, platform, human resources and other aspects to a greater extent. Close cooperation with strategic partners enhances the research and development ability of the Company, expands the talent team and enriches the experience of the Company in management, production and operation.

## Section IV Company Profile and Business Overview

### 3. Experienced management team and core research and development team

The management team has extensive industry and management experience as well as multidisciplinary and compound knowledge systems and professional skills. The team members have worked for domestic and foreign leading automobile enterprises and accumulated extensive experience in enterprise management. They broaden the international vision rooted in local culture and ensure that the Company is able to formulate efficient and farsighted research and development strategies by grasping the future development trend and technologies of passenger vehicles and the law of industry development. Meanwhile, with the continuous improvement and optimization of the training system, the Company has carried out comprehensive improvement and continuously made progress in terms of pioneering, leading, basic and professional strengths.

The Company is committed to developing the first-class research and development strength and has a research and development team with excellent quality and reasonable structure. The core research and development team consists of international and domestic senior professionals in relevant fields, including intelligentization, electrification, vehicle integration, NVH, power, etc., with strong strength and rich experience in research and development. The team fully promotes independent innovation, creates core technologies in depth, and continuously builds the independently developed “core”. The team has continuously made achievements, with the capacity for the development of complete vehicle systems, core parts and components, and integrated development of key sub-system technology and vehicle system. It is an important research and development organization for passenger vehicles of Beijing Brand.

### 4. Geographic advantage of headquarters in Beijing

The headquarters of the Company is located in Beijing, the capital of China, where there are many scientific research institutions, colleges and universities, a great number of industry experts and talents. The Company is able to obtain more high-quality human resources support, attract high-end industry talents and keep abreast of new technologies and breakthroughs in the industry in a timely manner, in order to support the improvement in the research and development strength of the Company. Meanwhile, Beijing boasts more convenient transportation, a more developed logistics system, more complete supporting facilities and infrastructures, which satisfy the demands of the Company for support necessary for production and operation.

### 5. Advanced manufacturing, techniques, quality and process management

We have specialized production facilities to manufacture and assemble passenger vehicles to improve efficiency and maintain product quality standards. All of our brand production facilities are equipped with flexible production lines, as such we can apply differentiated production processes for different types of passenger vehicles. In order to ensure high quality operation of production, we carry out regular maintenance of the production facilities. Meanwhile, we have set up and implemented stringent quality control systems that comply with national and international standards, as we attach great importance to the consistency of product quality.

## V. CONTROLLING SHAREHOLDER

BAIC Group is the sole Controlling Shareholder of the Company and held 44.50% equity interest in the Company as of the Date of Issue of the Report. BAIC Group is one of the main automobile manufacturing groups in China and ranked 162nd in 2022 Global

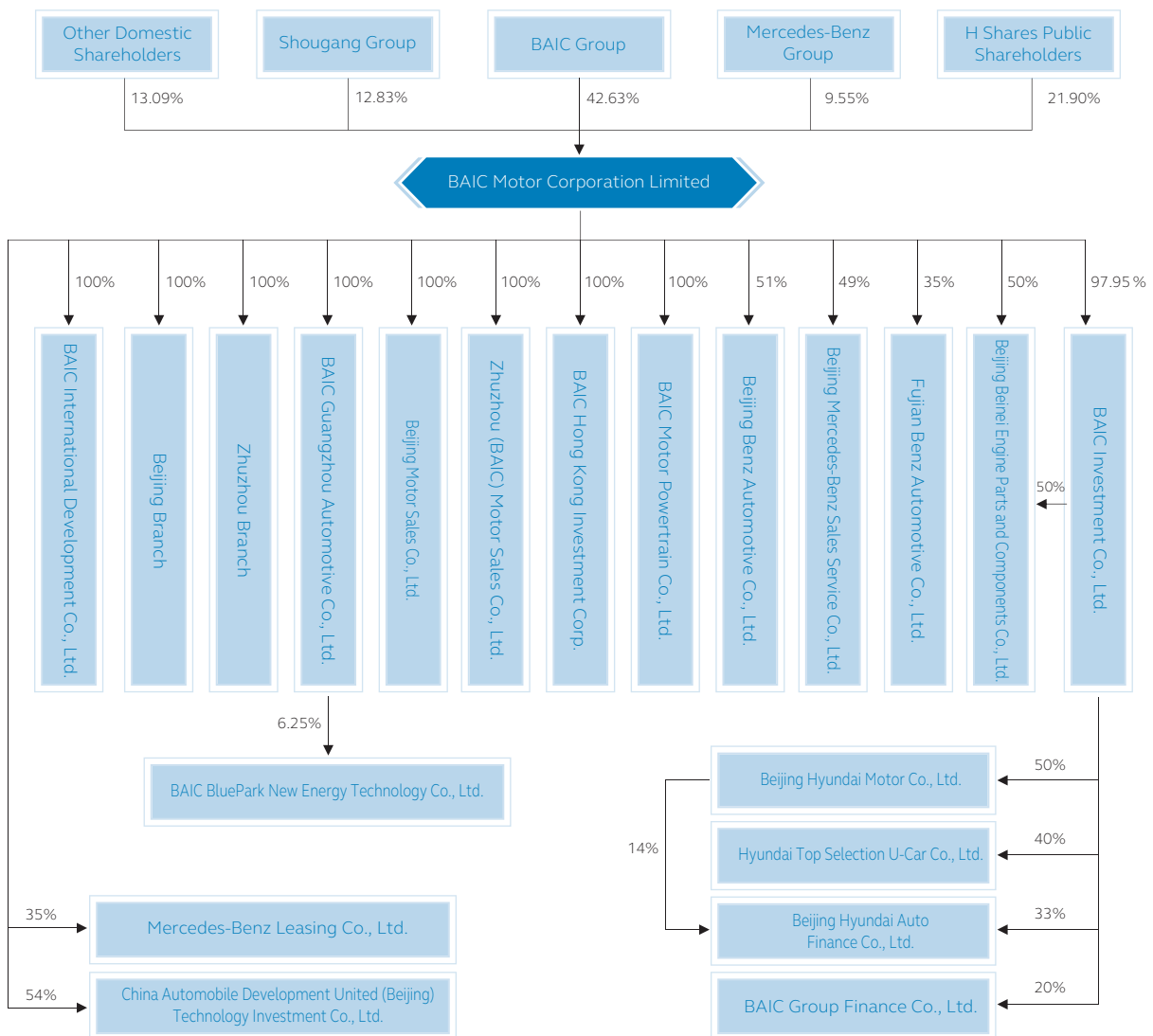
## Section IV Company Profile and Business Overview

Fortune 500. BAIC Group has an operating history of over 60 years. It has now developed into a comprehensive and modern automobile conglomerate with diversified business portfolio and integrating vehicle research and development

and manufacturing, parts and components manufacturing, automobile service trade, education and investment and financing business, as well as incubation of new industries.

### VI. BRIEF OF EQUITY STRUCTURE

The following chart sets out the major shareholding and investment structure of the Company as at December 31, 2022 (the “end of 2022”):



Note: As at the Date of Issue of the Report, BAIC Group held 44.50% equity interest in the Company.

BEIJING BRAND • MAJOR MODEL



1



2



3





4

- 1 BJ40
- 2 BJ60
- 3 BJ80
- 4 EU5 PLUS
- 5 NEW X7
- 6 MOFANG



6

BEIJING BENZ • MAJOR MODEL



7

8



9

BEIJING HYUNDAI • MAJOR MODEL



10

- 7 C-CLASS L
- 8 EQE
- 9 GLC L SUV
- 10 Custo
- 11 MUFASA
- 12 The Fifth-Generation Tucson L



11



12

## Section IV Company Profile and Business Overview

### VII. THE INDUSTRY DEVELOPMENT OF PASSENGER VEHICLES DURING 2022

According to the data of CAAM, in 2022, the sales volume of the overall industry of passenger vehicles in China reached 23.563 million units, representing a year-on-year increase of 9.5%, and kept ranking first in the world. In the first half of 2022, due to the unfavourable factors such as frequent outbreaks of the COVID-19 and chip shortage, the market was inactive. In the second half of the year, as the COVID-19 gradually eased and purchase tax halving policy yielded results, the overall growth rate of the industry showed a good recovery trend. The sales volume of the whole year made “a U-shaped recovery with an obvious rise”.

Thanks to favourable policies and markets, the production and sales of new energy vehicles continued to grow explosively. According to the data of CAAM, the annual sales volume of new energy vehicles was 6.887 million units, representing a year-on-year increase of 93.4%, with a market share of 25.6%. This means that the industry has entered a period of comprehensive market expansion.

According to the data of CAAM, the annual volume of Chinese-branded passenger vehicles reached 11.766 million units, representing a year-on-year increase of 22.8%, and the market share of those vehicles was 49.9%, hitting a new high. The sales of premium brand passenger vehicles was 3.886 million units, representing a year-on-year increase of 11.1% and the proportion of passenger vehicles sales increased to 16.5%; 2.529 million units of passenger vehicles were exported, representing a year-on-year increase of 56.7% and achieving a leapfrog breakthrough.

As for industry policies, as the foundation for domestic economic recovery was not yet solid, China continued to increase macro policy regulation, introduced a package of policies to stabilize the economy in 2022, and implemented a combination of policies including the Announcement on the Reduction of Vehicle Purchase Tax for Some Passenger Vehicles, Extending the Exemption of Vehicle Purchase Tax for New Energy Vehicles until the end of 2023, and Policy on Supporting L3 or Better Intelligent Networked Vehicles for Faster Entry into the Market and Driving on the Road. All these together will help promote high-quality development of the industry.

### VIII. BUSINESS OPERATIONS OF THE GROUP IN 2022

#### Production and Sales of Brands

Despite many external challenges such as frequent outbreaks of the pandemic, a continuous rise in raw material prices, impact from the global supply chain, and intensified industry competition, the Group's four business segments sold a total of 947,000 units of vehicles in 2022. Beijing Brand seized opportunities and took several measures to maintain the stability of overall operations with breakthroughs in core markets and products. Beijing Benz promoted product structure optimization and still stably ranked among top domestic luxury brands in terms of sales volume; Beijing Hyundai focused on differentiated marketing for its main models, leading to sound business operations. Fujian Benz continued to improve its stable operation capabilities.

## Section IV Company Profile and Business Overview

### 1. Beijing Brand

In 2022, Beijing Brand actively responded to external challenges and made every effort to promote the synergy of the entire value chain of products. The sales volume increased significantly in the second half of the year and the annual sales of pure electric vehicles reached 72,000 units, representing a year-on-year decrease of 0.7%. With the EU5 as the main model, Beijing Brand spared no effort to develop the pure electric vehicle market, resulting in a year-on-year increase of 51.1% in sales. The stable delivery of the EU5 fast battery-swapping version of the public battery swap electric vehicle model will help the mobility industry with full electrification. MOFANG, a smart model equipped with the Harmony OS intelligent vehicle operation system, and X7, which is positioned as a family vehicle for enjoying life, were introduced as the “Binary Star” product portfolio. Meanwhile, Beijing Brand also expedited the implementation of its hybrid vehicle platform and new pure electric vehicle platform to accelerate the overall electrification drive and implement the “carbon peak and neutrality” goals.

In terms of overseas markets, 18,000 vehicles were exported throughout the year, representing a year-on-year growth rate of 81.8%, which was higher than the export growth rate of Chinese automobiles. X7 had excellent performance in the Vietnam market. The Company used the “special zone” operation model for the piloting of its international business and expanded the export of new energy and off-road vehicles. Models like MOFANG received German national certification, diversifying Beijing Brand’s export products.

### 2. Beijing Benz

In 2022, under external pressures such as tight supply chains and insufficient market vitality, Beijing Benz took the initiative to take measures such as grid management. The number of vehicles produced in the year once again exceeded 600,000 units and that of vehicles sold reached 592,000 units, a year-on-year increase of 5.5%. In view of this, Beijing Benz still ranked among the best premium brands in China.

Beijing Benz fully promoted the implementation of its product strategy. Mercedes-Benz’s new EQE, C350e L plug-in hybrid sedan and new long-wheelbase GLC SUV were put into production as scheduled. The M260 engine and EB42X power battery managed to be installed on vehicles. All these would provide the impetus for the sustainable development. Meanwhile, Beijing Benz comprehensively promoted the implementation of the manufacturing concept of “new luxury”, worked with partners to create a green supply chain of automotive steel, helping to achieve the “carbon peak and neutrality” goals. It continued to strengthen intelligent manufacturing and green manufacturing, and was awarded the “Beijing Intelligent Manufacturing Energy Measurement Center (Automobile Manufacturing)”.

## Section IV Company Profile and Business Overview

### 3. Beijing Hyundai

In 2022, Beijing Hyundai actively responded to multiple internal and external challenges such as the increased industry competition by accelerating the application of digitalization, intelligent network, and autonomous driving technologies. It successfully launched the fourth-generation Santa Fe Traveller, new LA FESTA N Line, fifth-generation Tucson L 8AT and other models with better intelligence. Meanwhile, Beijing Hyundai focused on innovation in brand marketing and further improved the sale proportion of main models such as Elantra with 250,000 units of vehicles sold throughout the year.

### 4. Fujian Benz

In 2022, Fujian Benz continued to stabilize its operations and consolidated its supply chain and mass-produced new models to cope with market challenges. It sold 33,000 units of vehicles throughout the year.

### Production Facilities

We have specialized production facilities to manufacture and assemble products. All of our production facilities are equipped with flexible production lines. This not only enables us to flexibly change production plans and respond quickly to changes in market demand, but also reduces our capital expenditures and operating costs.

The intelligent factory in Zhuzhou City of Beijing Brand has adopted an advanced digital and intelligent production quality management system with a focus on the design and manufacturing process for the quality of whole vehicle products and continued to improve the accuracy of digital standards implementation.

Guided by the principle of “digitalization, flexibility, effectiveness and sustainability”, Beijing Benz continuously builds Mercedes-Benz’s most comprehensive production base in the world to continuously promote its own high-quality development. It has established a quality centre based on Mercedes-Benz Group’s global standards to ensure that every unit of Mercedes-Benz vehicles is up to its globally unified standards and quality management system.

Beijing Hyundai adheres to the production philosophy of “green, quality, intelligent and efficient” and adopts intelligent production equipment and international management system with over 90% automation rate to fully ensure accuracy and output high-quality products. Meanwhile, it reasonably uses flexible production plan and mixed-model line production to effectively reduce manufacturing costs.

### Sales Network

There are independent marketing channels for all our brands. The Group always attaches great importance to the interests of customers, strives to optimize its product-service system, and is devoted to enabling product distributors and customers to receive timely, efficient, accurate and high quality service guarantee.

In 2022, the Group followed the “customer first” principle, continued to optimize and upgrade the dealer network, comprehensively improved customer experience, and enhanced overall competitiveness.

Beijing Brand had a new fresh start and facilitated online sales through innovated marketing activities and new media matrix operations, and continuously optimized the channel mix. In terms of services, Beijing Brand focused on customers’ key concerns, and promoted the building of a service ecosystem.

## Section IV Company Profile and Business Overview

Beijing Brand focused on publicity via its club, app and WOM, and deepened the systematic operation.

Guided by “2020 network upgrade plan”, Beijing Benz assisted its Benz brand sales network with retail transformation by upgrading store design, improving channel development capabilities, and optimizing customer experience. Meanwhile, Beijing Benz kept an eye on the profitability of dealers and pushed forward their efforts to improve quality and increase efficiency by focusing on key cost items.

Beijing Hyundai actively promoted network layout and coverage optimization, and continued to enhance the healthy development of its channels. It performed innovative marketing with hot topics, and increased the popularity of brands and models; it strengthened the communication of technical brand characteristics, and promoted fan marketing to achieve accurate marketing/service/line management, assisting in the transformation of customer value.

### Research and Development

The Group believes that our research and development capability is critical to the future development. During 2022, all of our brands vigorously promoted the construction of research and development system and capacity.

Beijing Brand continued to focus on “electrification”, “intelligence”, and “networking” and promoted a combination of independent innovation and strategic cooperation to achieve breakthroughs in core technologies and core capabilities. In terms of intelligent cockpits, Beijing Brand built a unified hardware platform and software ecosystem to improve customer data operation capabilities. In the area of hybridization, the Company developed engines with high thermal efficiency. In terms of electrification, the Company advanced self-development of super charging cores, improved the

energy density of batteries, and increased the power density and operating efficiency of electric drive assemblies with an aim to build a 800V high-voltage platform.

Beijing Benz has the largest research and development center among all joint venture enterprises of Mercedes-Benz Group. It has an internationally advanced test laboratory for power battery testing, weather corrosion, emissions, engine, vibration and noise and electric drive testing, which is built and operated in strict accordance with the Mercedes-Benz Group’s standards, so as to establish the only fully functional prototype plant of the Mercedes-Benz Group abroad, which is able to finish high-quality localized prototype trials, significantly shorten the validation cycle for new product introduction and increase product maturity. Meanwhile, it has a high-level research and development team, with a leading level technology in China in localization of components, product introduction and problem analysis, digital verification of research and development, problem analysis of new energy electric drive/battery systems, implementation and verification of localized technology solutions, and engineering change control, providing strong technical support for the research and development and production of Mercedes-Benz’s domestic traditional and new energy models.

Beijing Hyundai kept an eye on the market changes and consumer demands in China, promoted innovative transformation, and expanded its product portfolio. In 2022, it promoted intelligent network upgrades for its main vehicle model, and launched auto-pilot technique application to meet the needs of consumers. The Company expedited the development of a variety of new energy models. Its first EV model based on an exclusive platform equipped with F-OTA technology will be launched in 2023.

## Section IV Company Profile and Business Overview

### Joint Venture Cooperation and Industrial Chain Extension

During 2022, the Group continuously promoted the integration of industry and finance and industrial cooperation in various fields, further broadening the scope of cooperation, optimising the industry chain, focusing on its main business and enhancing its competitiveness.

On March 18, 2022, BAIC Investment, a subsidiary of the Company, and Hyundai Motor entered into an amendment agreement to the Joint Venture Contract and the Articles of Association, pursuant to which, BAIC Investment and Hyundai Motor have agreed to jointly inject capital of US\$942 million in Beijing Hyundai in proportion to their respective current interest in the registered capital of Beijing Hyundai, with each party injecting US\$471 million. Upon completion of the capital increase, the shareholding of BAIC Investment in Beijing Hyundai remained unchanged at 50%. With this capital increase and the ongoing support of Beijing Hyundai shareholders, it is expected that Beijing Hyundai can improve its working capital and prevent liquidity risks, and will further increase strategic resource investment in collaboration with shareholders, thus improving its operation and market position. Meanwhile, the transaction is also expected to provide capital protection for the introduction of new products and expansion of the layout of new-energy vehicles sector and export business.

On July 15, 2022, the Company and BAIC BluePark New Energy Technology Co., Ltd. (“BAIC BluePark”), an A-share listed subsidiary of BAIC Group, entered into a share subscription agreement (the “Share Subscription Agreement”), pursuant to which, BAIC BluePark conditionally agreed to issue to the Company, and the Company conditionally agreed to subscribe for, not less than 35.99% of the total number of new A shares to be issued under the A Share Issuance. The subscription price per new A share shall be determined in accordance with the pricing principle in respect of the A Share Issuance and the total subscription amount payable by the Company shall not exceed RMB2.879 billion. Upon completion of the Subscription, the Company and BAIC Guangzhou Automotive Co., Ltd. (“BAIC Guangzhou”) shall in aggregate hold not less than 6.25%, and not more than 24.36% of the enlarged total issued A shares. Through participation in the A share Issuance, the Company can prevent the dilution of its shareholding in BAIC BluePark, while further deepening the cooperation relationship between the Company and BAIC BluePark through increasing its shareholding, broadening cooperation fields, saving investment costs of the Company in new energy fields and sharing development dividends in new energy fields. The subscription was approved by the shareholders of the Company at the general meeting on August 26, 2022 and its completion is subject to the fulfilment of the conditions set out in the Share Subscription Agreement.

Please refer to the relevant announcements of the Company for details of the above cooperation. In the future, the Group will focus on the overall business strategy, optimize the effective cooperation relationship, support its various business reforms, and further enhance its competitiveness.



## Section IV Company Profile and Business Overview

### IX. PROSPECT FOR THE DEVELOPMENT OF PASSENGER VEHICLE INDUSTRY IN 2023

In 2023, China will continue to adhere to the general tone of seeking progress in a stable manner and make efforts to achieve high-quality development. The implementation of relevant supporting policies and measures will further invigorate market entities and stimulate consumption. In addition, problems such as chip shortage are expected to be alleviated. Given all this, China's passenger vehicle market will maintain a moderate growth trend in the future.

CAAM and relevant authorities believe that the main trend of the macroeconomy and the development of the automobile industry in 2023 will be as follows:

#### 1. Macroeconomic growth is about to gradually get back to normal and favourable policies will be introduced

In 2023, China's GDP is expected to achieve better growth. Macro policies that support auto consumption, stabilize growth, and expand domestic demand will drive the recovery of the underlying consumption.

#### 2. China's automobile market will remain steady

In 2023, the long-term positive macroeconomic fundamentals of China will not change. Chip shortage will gradually ease, and hopefully the share of the new energy vehicle will further increase, and the automobile market in China is expected to show a trend of stable development.

#### 3. Favourable policies will further boost the new energy market demand

In 2023, the preferential policy of exempting vehicle purchase tax for new energy vehicles will remain unchanged, and the successive launch of local policies such as the prolonged quota increase and subsidies for inner purchase of vehicles will further boost the new energy market demand.

### X. OPERATIONAL STRATEGY OF THE GROUP FOR 2023

#### Overall operational strategy

In 2023, the Group will seize new opportunities to focus on its main business, stabilize its foundation, and accelerate electrification and intelligence for achieving high-quality development.

#### Operational strategy of Beijing Brand

In 2023, with the theme of "Survival, Reform and Development", Beijing Brand will accelerate the iteration of off-road vehicles and pure electric vehicle models for strategic markets in China and beyond. The Company will comprehensively deepen reforms and build efficient and responsive system capabilities. It will resolutely seek electrification and hybridization, continue to advance the upgrade of platforms and technologies, and promote the achievement of annual business goals, paving way for high-quality development.

## Section IV Company Profile and Business Overview

### **Operational strategy of Beijing Benz**

In 2023, Beijing Benz will follow strategic development planning, implement the concept of high-quality development into the whole production and operation process, continue to stabilize production and increase sales, and accelerate the implementation of high-quality projects. It will also ensure a successful of electrification and continue to consolidate its leading position in China's high-end premium vehicle market.

### **Operational strategy of Beijing Hyundai**

In 2023, Beijing Hyundai will seek for transformation. It will focus on “strengthening business innovation, improving internal competency, and responding to market changes”. It will reshape brand value, improve product competitiveness, and enhance channel operation capabilities, and optimize supply chain management to ensure sales and revenue growth.

### **Operational strategy of Fujian Benz**

In 2023, Fujian Benz will continue to focus on economic benefits, ensure the stability of the supply chain, improve production efficiency and production quality to achieve steady growth in overall strength and operating results, continuing to strive to achieve the goal of “becoming a respected front-runner in travel solutions in the new era”.

## Section V Management Discussion and Analysis

### REVENUE AND NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The Group's main business operations are the research and development, manufacturing, sales and after-sales services of passenger vehicles. The above-mentioned business has brought sustained and stable revenue to the Group. The revenue of the Group increased from RMB175,915.7 million in 2021 to RMB190,462.6 million in 2022, representing a year-on-year increase of 8.3%, mainly attributable to the increase in revenue of Beijing Benz.

Revenue associated with Beijing Benz increased from RMB167,966.4 million in 2021 to RMB183,154.8 million in 2022, representing a year-on-year increase of 9.0%, mainly attributable to the increase in sales volume of Beijing Benz and the proportion of high-value vehicle models.

Revenue associated with Beijing Brand decreased from RMB7,949.2 million in 2021 to RMB7,307.8 million in 2022, representing a year-on-year decrease of 8.1%, mainly attributable to the change in structure of Beijing Brand's vehicle models.

The Group's net profit attributable to equity holders of the Company increased from RMB3,858.2 million in 2021 to RMB4,196.6 million in 2022, representing a year-on-year increase of 8.8%; the basic earnings per share increased from RMB0.48 in 2021 to RMB0.52 in 2022.

### GROSS PROFIT

The Group's gross profit increased from RMB37,643.2 million in 2021 to RMB42,334.2 million in 2022, representing a year-on-year increase of 12.5%, mainly attributable to the increase in the gross profit of Beijing Benz.

The gross profit of Beijing Benz increased from RMB42,255.0 million in 2021 to RMB47,396.0 million in 2022, representing a year-on-year increase of 12.2%; the gross profit margin increased from 25.2% in 2021 to 25.9% in 2022, mainly attributable to the increase in sales volume and the change in structure of vehicle models.

The gross profit of Beijing Brand decreased from RMB-4,512.8 million in 2021 to RMB-5,038.0 million in 2022, mainly attributable to the change in structure of vehicle models.

### WORKING CAPITAL AND FINANCIAL RESOURCES

The Group usually satisfied its daily working capital requirements through self-owned cash and borrowings. The Group's net cash generated from operating activities increased from RMB12,903.0 million in 2021 to RMB18,654.1 million in 2022, representing a year-on-year increase of 44.6%, mainly attributable to an increase in the net cash inflow generated from operating activities of Beijing Benz.

As at the end of 2022, the Group had cash and cash equivalents of RMB37,227.0 million, notes receivable of RMB926.6 million, notes payable of RMB2,685.8 million, outstanding borrowings of RMB20,313.4 million, unused bank credit lines of RMB23,334.5 million and commitments for capital expenditure of RMB34,512.6 million. The above outstanding borrowings included RMB2,704.3 million equivalents of USD borrowings as at the end of 2022.

### CAPITAL STRUCTURE

The Group maintained a reasonable combination of equity and liability to ensure an effective capital structure.

The Group's asset-liability ratio (total liabilities/total assets) decreased from 58.6% as at the end of 2021 to 54.5% as at the end of 2022, representing a year-on-year decrease of 4.1 percentage points, mainly attributable to an increase in equity due to profit contribution and a decrease in interest-bearing liabilities.

The Group's net gearing ratio ((total borrowings less cash and cash equivalents)/(total equity plus total borrowings less cash and cash equivalents)) changed from -33.0% as at the end of 2021 to -27.3% as at the end of 2022, mainly attributable to (i) an increase in total equity; and

## Section V Management Discussion and Analysis

(ii) a decrease in total borrowings and cash and cash equivalents.

As at the end of 2022, the total outstanding borrowings was RMB20,313.4 million, including short-term borrowings of RMB11,733.0 million in aggregate and long-term borrowings of RMB8,580.4 million in aggregate. The Group will repay the aforesaid borrowings in a timely manner at maturity.

As of the end of 2022, none of the Group's loan agreements in effect includes any agreement on the obligations to be performed by the controlling shareholder of the Company. In the meantime, the Group also strictly followed all the terms and conditions in its debt covenants, and no default took place.

### SIGNIFICANT INVESTMENTS

Total capital expenditures of the Group decreased from RMB7,066.0 million in 2021 to RMB5,520.1 million in 2022, representing a year-on-year decrease of 21.9%. Capital expenditures of Beijing Benz decreased from RMB6,442.2 million in 2021 to RMB4,703.1 million in 2022. Capital expenditures of Beijing Brand increased from RMB623.8 million in 2021 to RMB817.0 million in 2022.

Total research and development expenses of the Group increased from RMB2,651.4 million in 2021 to RMB2,712.5 million in 2022, representing a year-on-year increase of 2.3%, the majority of which were incurred by the Group for its product research and development activities. Based on accounting standards and the Group's accounting policy, expenses of the aforesaid research and development complied with capitalization conditions had been capitalized accordingly.

### MATERIAL ACQUISITIONS AND DISPOSALS

On March 18, 2022, BAIC Investment and Hyundai Motor entered into the Amendment Agreement in relation to the capital increase. Upon completion of the capital

increase, the registered capital of Beijing Hyundai was increased to US\$2.979 billion and shareholding of BAIC Investment in Beijing Hyundai remained unchanged at 50%.

On July 15, 2022, the Company and BAIC BluePark, an A-share listed subsidiary of BAIC Group, entered into a conditional share subscription agreement for non-public issuance, pursuant to which, BAIC BluePark conditionally agreed to issue to the Company, and the Company conditionally agreed to subscribe for, not less than 35.99% of the total number of new A Shares actually issued under A Share Issuance. The subscription price per new A share shall be determined in accordance with the pricing principle in respect of the A Share Issuance and the total subscription amount payable by the Company shall not exceed RMB2.879 billion. Upon the completion of the subscription, the Company and BAIC Guangzhou, a wholly-owned subsidiary of the Company, shall in aggregate hold not less than 6.25%, and not more than 24.36% of the enlarged total issued A Shares.

For detail announcements on the aforesaid cooperations, please refer to the relevant announcements of the Company dated March 18, 2022 and July 15, 2022.

### FOREIGN EXCHANGE GAINS<sup>4</sup>

The Group's foreign exchange gains (mainly from the businesses of Beijing Benz) decreased from foreign exchange gains of RMB604.3 million in 2021 to foreign exchange gains of RMB404.4 million in 2022, mainly due to (i) the effective lock on the foreign exchange rate risks due to the judgment in foreign exchange forward contracts; and (ii) the decrease in exchange gains from Euro-denominated payments as a result of the drop in the exchange rate of RMB against Euro.

<sup>4</sup> Foreign exchange profits include foreign exchange forward contracts at fair value through profit or loss

## Section V Management Discussion and Analysis

The Group used foreign currencies (primarily Euro) to pay for part of its imported parts and components, and the Group also had borrowings denominated in foreign currencies. Foreign exchange fluctuations may affect the Group's operating results.

The Group has a well-developed foreign exchange management strategy that continuously and orderly controls foreign exchange rate risks of foreign exchange exposure. At present, the Group mainly uses foreign exchange forward contracts as our hedging tool.

### EMPLOYEE AND REMUNERATION POLICIES

The Group's staff increased from 18,694 as at the end of 2021 to 19,491 as at the end of 2022. The staff costs incurred by the Group increased from RMB5,201.8 million in 2021 to RMB5,809.1 million in 2022, representing a year-on-year increase of 11.7%, mainly due to increased production and increased working hours at the Group and the increase in the average staff costs resulting from the increase in the annual average wage in society.

Through integrating human resources strategy on the basis of job classification, the Group has established a performance and competence based remuneration system, and will link the annual business objectives with the performance appraisal of staff through a performance evaluation system, providing effective assurance in recruiting, retaining and motivating talents, as well as the pursuit of the Group's human resources strategy.

In addition, the Group has established an enterprise annuity system to provide the qualified and voluntary employees with the supplementary pension system with certain guarantee on retirement income.

### PLEDGE OF ASSETS

As at the end of 2022, the Group had pledged notes receivable of RMB545.0 million.

### CONTINGENT LIABILITIES

As at the end of 2022, the Group had no material contingent liabilities.

### PRINCIPAL RISKS AND UNCERTAINTIES

#### 1. Risks relating to macroeconomic volatility

Macroeconomic performance will have an impact on consumer demands for automobiles, and therefore will affect the Group's operating performance. If China's economic growth slows down, the purchasing power of residents will be affected, leading to a decrease in the customer demand for the Group's products, thus adversely affecting the Group's financial situation, operating results and prospects. The Group will continuously pay attention to China's macroeconomic situation, and take measures in due course to respond to fluctuations in the economic environment.

## Section V Management Discussion and Analysis

### 2. Risk of increased market competition

The Group operates in a highly competitive industry with fierce market competition. According to the statistics of CAAM, in 2022, the sales volume of passenger vehicles in China was 23.563 million units, representing a year-on-year increase of 9.5%, the automobile industry is at a critical stage of transformation and upgrading, facing further increased pressure. Meanwhile, enterprises in the industry continuously improved their core competitiveness through the increase in research and development investment, industry integration and otherwise, and thus the market competition increased. If the Group fails to take appropriate measures to maintain and improve its market position, its future results of operations will be adversely affected. The Group will continuously pay attention to the market conditions and take measures in due course to maintain and improve its market position.

### 3. Risks relating to the price fluctuation and supply of raw material

The key raw materials used by the Group in the research and development, production and sales of automobiles include power batteries, steel, aluminum, rubber, plastics and paint, etc. With the increase in production and sales year over year, the volume of production factors procured by the Group from suppliers has also increased every year. Chip shortage and high prices of bulk raw materials will adversely affect the Group's results of operations.

## Section VI Report of the Board of Directors

The Board of Directors hereby presents the report of the Board of Directors to the Shareholders and 2022 audited consolidated financial statements of the Group as prepared in accordance with the International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board.

### COMPANY PROFILE AND INITIAL PUBLIC OFFERING

The Company was incorporated as a joint stock limited company in the PRC on September 20, 2010. On December 19, 2014, the Company’s H Shares have been listed on the Main Board of the Stock Exchange in Hong Kong Special Administrative Region (“Hong Kong”).

### BUSINESS REVIEW

Please refer to the chapters headed “Company Profile and Business Overview” on pages 8 to 24 and “Management Discussion and Analysis” on pages 25 to 28 in this report for details regarding the business conditions, main risks and uncertainties facing the Group in 2022, and the outlook for 2023. In addition, please refer to relevant information on pages 29 to 32 in this report for events after balance sheet date, the Group’s environmental performance and policies, the compliance with the relevant laws and regulations that have a significant impact on the Group and the Group’s relations with employees, suppliers and customers in 2022.

### PRINCIPAL BUSINESS

Please refer to the section headed “Major Business Operations” on pages 8 to 10 of “Company Profile and Business Overview” in this report for details.

### OUTLOOK

Please refer to the chapter headed “Operational Strategy of the Group for 2023” on pages 23 to 24 of “Company Profile and Business Overview” in this report for details.

### PERFORMANCE

The results of the Company and the Group for the year 2022, and the financial positions of the Company and the Group at the end of 2022 are set out in the audited consolidated financial statements on pages 132 to 212 in this report.

### PROPERTY

Changes in property, plant and equipment of the Group in 2022 are set out in Note 7 to the consolidated financial statements.

### SHARE CAPITAL

As of the Date of Issue of the Report, the total share capital of the Company is RMB8,015,338,182 and is divided into 8,015,338,182 Shares, at par value of RMB1.0 per Share (comprising 5,494,647,500 Domestic Shares and 2,520,690,682 H Shares).

### TAXATION

The tax position of the Group for 2022 is set out in Note 33 to the consolidated financial statements.

### EVENTS AFTER BALANCE SHEET DATE

The Group did not have any events after balance sheet date in 2022.

### DISTRIBUTABLE RESERVES

Details of changes in the reserves of the Company and the Group for 2022 are set forth in Note 40 to the consolidated financial statements, and in the consolidated statement of changes in equity on pages 136 to 137, respectively, among which the information of the reserve distributable to Shareholders is set forth in Note 40 to the consolidated financial statements.

## Section VI Report of the Board of Directors

### PROFIT DISTRIBUTION

In accordance with the provisions of Article 197 of the Articles of Association of BAIC Motor Corporation Limited (the “Articles of Association”), distributable profits will be determined based on either the China Accounting Standards for Business Enterprises (“CASBE”) released by the Ministry of Finance or the IFRSs, whichever is lower.

The Board recommends the Company to distribute a final dividend for the year 2022 of RMB0.17 per share (tax inclusive) in cash to the shareholders whose names appear on the register of members at the close of business on the record date determined in accordance with the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”). Based on the total ordinary share capital of 8,015,338,182 Shares as at the end of 2022, the aggregate cash dividend to be paid out will amount to RMB1,362,607,490.94. The proposal will be submitted to the Company’s 2022 Annual General Meeting (the “2022 Annual General Meeting”) for consideration and approval. The expected date of distribution will be no later than September 15, 2023.

For the details of the distribution of the final dividend by the Company, please refer to the circular for the 2022 Annual General Meeting to be dispatched by the Company in due course.

### PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

The Company and the Group did not purchase, redeem or sell any listed securities of the Company in 2022.

### MAJOR CLIENTS AND SUPPLIERS

#### Major clients

The transaction amount of the top five clients of the Group in 2022 accounted for 3.4% of the Group’s operating revenue in 2022. The transaction amount of the single largest client of the Group accounted for 1.7% of the Group’s operating revenue in 2022.

#### Major suppliers

The transaction amount of the top five suppliers of the Group in 2022 accounted for approximately 64.0% of the Group’s cost of raw materials used in the cost of sales in the year. The transaction amount of the single largest supplier of the Group accounted for approximately 48.0% of the Group’s cost of raw materials used in the cost of sales in the year.

In 2022, Mercedes-Benz Group (the largest supplier of the Group), Beijing BAIC Yanfeng Automobile Components Co., Ltd. (the second largest supplier of the Group), Beijing Hainachuan Lear Automotive System Co., Ltd. (the third largest supplier of the Group), and Beijing Electric Vehicle Co., Ltd. (the fourth largest supplier of the Group) are the related parties of the Group.

None of the Directors of the Company (the “Directors”), their close associates or any Shareholders (who to the best of the Directors’ knowledge held more than 5% of the issued Shares of the Company) had interests in the major clients and suppliers of the Group during anytime in 2022.

### RELATIONS WITH EMPLOYEES, SUPPLIERS AND CLIENTS

The Group provides a competitive remuneration portfolio to attract and incentivize employees. The Group reviews the employees’ remuneration portfolio on a regular basis and makes necessary adjustment in order to be in line with the market standard. The Group also understands that it is of great importance to maintain good relations with suppliers and clients for the realization of the short-term and long-term goals. For the purpose of maintaining its brand competitiveness and dominance, the Group is committed to providing consistently premium products and services to clients. In 2022, the Group had no material and significant dispute with suppliers and clients.



## Section VI Report of the Board of Directors

### ENVIRONMENTAL PERFORMANCE AND POLICIES

The Group has actively responded to the environmental policies and strictly complied with the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China, and other laws, regulations and relevant policies. In adhering to the environmental concept of "green operation for sustainable development", it promoted cleaner production, developed green products through eco-design, and reduced the impact on the environment throughout the product life cycle. The Group strengthened the management and control over pollutants to reduce the impact of the production process on the environment by enhancing production efficiency, improving technologies and processes, optimizing emission management and treatment systems as well as environmental monitoring.

The Group, through the business philosophy of "improving efficiency through cost reduction", promoted both management-related energy conservation and project-related energy conservation, explored energy-saving potential, improved energy utilization efficiency and reduced energy consumption, achieving continuous improvement in energy performance and transforming into a "carbon neutral" enterprise. It has established its operating policy of planning energy consumption, promoting energy conservation and increasing productivity and effectiveness through energy conservation. The Group saved energy through technologies and management methods, and continuously reduced its own energy consumption and carbon dioxide emissions, thus achieving the coordinated development of economic development and resource conservation.

In 2022, the Group strictly complied with relevant laws, regulations and China's environmental policies, and established corresponding compliance operation mechanisms. It prepared the environmental, social and governance report according to the Environmental,

Social and Governance Reporting Guide issued by the Stock Exchange. For details, please refer to the chapter headed "Environmental, Social and Governance Report" on pages 80 to 125 of this report.

### COMPLIANCE WITH LAWS AND REGULATIONS

The Company is an exempted company incorporated in China with limited liability, and is registered as a non-Hong Kong company under the Hong Kong Companies Ordinance. The Shares of the Company are traded on the Main Board of the Stock Exchange. The Company continuously reviews its current systems and procedures, emphasizes and strives to comply with the Company Law of the People's Republic of China (the "Company Law"), the Listing Rules, the Securities and Futures Ordinance (the "SFO"), applicable Hong Kong Companies Ordinance, and other relevant laws and regulations which have a significant impact on the Company. The Company endeavors to safeguard its Shareholders' interests, enhance corporate governance and strengthen the functions of the Board of Directors.

Laws and regulations that have a significant impact on the operation of the Group include but are not limited to the Company Law, the Regulation of the People's Republic of China on the Administration of Company Registration, the Securities Law of the People's Republic of China, the Foreign Investment Law of the People's Republic of China, the Civil Code of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Regulation on the Administration on Recall of Defective Auto Products, the Provisions on the Liability for the Repair, Replacement and Return of Household Automotive Products, the Trademark Law of the People's Republic of China, the Patent Law of the People's Republic of China and the Product Quality Law of the People's Republic of China. In case of violation of the aforesaid laws and regulations, the Group may be subject to corresponding civil legal liabilities and administrative penalties imposed by competent authorities, or corresponding criminal liabilities if such violation constitutes a crime.

## Section VI Report of the Board of Directors

The operation of the Group has always complied with national and local laws and regulations. The Group upholds honesty and integrity, and performs its social responsibility. In 2022, there was no material litigation or dispute against the Group.

The Group has always been adhering to putting the exercise of power under institutional checks, continuously improving and strengthening the construction of the Company's employee management system. In 2022, the Group further deepened and perfected the management system matching with the governance requirements of listed companies, and further optimized the system which is easy to comply with, operate and implement. Meanwhile, the Group continuously enforced the policies such as the Implementation of the Decision-making System by State-owned Enterprises for the Major Issues, Major Personnel Appointments and Dismissals, Investments in Major Projects and Use of Large Sums of Money, and the Requirements of Practice Integrity for State-owned Enterprises Leaderships.

The Company and its employees have been exercising their best endeavors to strictly follow the applicable rules, laws and industry standards. The Directors are not aware of any breach of laws or regulations which have a significant impact on the Group, nor are they aware of any litigation or cases of corruption, bribery, extortion, fraud and money laundering involving the Group in 2022.

### DONATIONS

In 2022, no donation has been made by the Group.

### BANK LOANS AND OTHER BORROWINGS

Details for bank loans and other borrowings of the Group at the end of 2022 are set forth in Note 23 to the consolidated financial statements.

### DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The basic information of the Directors, the supervisors (the "Supervisors") and senior management of the Company is set out in the chapter headed "Directors, Supervisors and Senior Management" on pages 70 to 79 of this report.

The Company has received confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. As each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors to be independent persons pursuant to Rule 3.13 of the Listing Rules.

### CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The following sets out changes in information of the Directors, Supervisors and senior management from January 1, 2022 to the Latest Practicable Date:

#### Directors and Supervisors

On May 16, 2022, Mr. Liao Zhenbo resigned as a non-executive Director and member of the Strategy Committee of the Board (the "Strategy Committee") due to change of job. The Company convened its 2021 Annual General Meeting on June 28, 2022 (the "2021 Annual General Meeting"). Mr. Chen Wei was appointed as a non-executive Director and Mr. Zhang Guofu was appointed as an executive Director for a term commencing from June 28, 2022 until the expiration of the term of the fourth session of the Board. Meanwhile, Mr. Chen Wei was appointed as the Chairman of the Board, the Chairman of the Strategy Committee and the Chairman of the Nomination Committee of the Board (the "Nomination Committee"), and Mr. Zhang Guofu was appointed as a member of the Strategy Committee, for a term commencing from June 28, 2022 until the expiration of the term of the fourth session of the Board.

## Section VI Report of the Board of Directors

On the same day, due to job arrangement adjustment, Mr. Jiang Deyi resigned from his concurrent positions as the Chairman of the Board, a non-executive Director of the Company, the Chairman of the Strategy Committee and the Chairman of the Nomination Committee.

On November 10, 2022, due to work adjustment reasons, Mr. Zhang Guofu ceased to be an executive Director of the Company and a member of the Strategy Committee.

On December 16, 2022, the Board held a meeting to recommend the appointment of Mr. Song Wei as a non-executive Director of the Company for a term commencing from the date of approval by shareholders at the general meeting of the Company until the expiration of the term of the fourth session of the Board.

Please refer to the relevant announcements of the Company dated May 18, 2022, June 28, 2022, November 11, 2022 and December 16, 2022 and the relevant circular dated May 27, 2022 for further details.

Save as disclosed above, there was no change in the composition of the Board, the Strategy Committee, the Audit Committee of the Board (the “Audit Committee”), the Nomination Committee or the Remuneration Committee of the Board (the “Remuneration Committee”) from January 1, 2022 and up to the Latest Practicable Date.

On May 16, 2022, Ms. Li Chengjun ceased to be the Chairwoman of the Board of Supervisors (the “Board of Supervisors”) and an employee representative supervisor of the Company. Please refer to the relevant announcement of the Company dated May 18, 2022 for details. Mr. Zhang Ran was elected as the employee representative supervisor of the Company at the meeting of the employee representatives of the Company for a term commencing from June 27, 2022 until the expiration of the term of the fourth session of the Board of Supervisors. At the fourth session of the Board of Supervisors held on June 28, 2022, Mr. Zhang Ran was elected as the Chairman of the fourth session of the Board of Supervisors for a term commencing from June 28, 2022 until the expiration of the term of the fourth

session of the Board of Supervisors. Please refer to the relevant announcement of the Company dated June 28, 2022 for details. On March 15, 2023, Mr. Sun Zhihua ceased to be the supervisor of the Company. Please refer to the relevant announcement of the Company dated March 17, 2023 for details. On March 24, 2023, the Board of Supervisors resolved to propose to appoint Ms. Jiao Feng as the non-employee representative supervisor of the Company for a term commencing from the date of approval by shareholders at the general meeting of the Company until the expiration of the term of the fourth session of the Board of Supervisors. Please refer to the relevant announcement of the Company dated March 24, 2023 for details. Save as disclosed above, there was no change in the composition of the Board of Supervisors from January 1, 2022 and up to the Latest Practicable Date.

### SENIOR MANAGEMENT AND COMPANY SECRETARY

As the Stock Exchange confirmed that Mr. Wang Jianhui was qualified to act as the company secretary of the Company under Rule 3.28 of the Listing Rule on January 12, 2022, Mr. Lee Kwok Fai resigned as the company secretary assistant of the Company with effect from January 29, 2022.

On May 18, 2022, the Board appointed Mr. Zhang Guofu as the executive vice president and Mr. Peng Gang as the vice president of the Company for a term commencing from May 18, 2022 until the expiration of the term of the fourth session of the Board. Starting from May 18, 2022, Mr. Chen Wei and Mr. Du Junbao ceased to be the vice presidents of the Company due to job changes.

On November 18, 2022, Mr. Ding Zuxue was appointed as vice president of the Company for a term commencing from November 18, 2022 until the expiration of the term of the fourth session of the Board of Directors. Starting from November 10, 2022, Mr. Zhang Guofu ceased to serve as executive vice president of the Company due to job changes and Mr. Gao Jianjun ceased to be the vice president of the Company.

## Section VI Report of the Board of Directors

Save as disclosed above, from January 1, 2022 and up to the Latest Practicable Date, there was no change in senior management and company secretary of the Company.

### SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Each Director of the Board of Directors and each Supervisor of the Board of Supervisors has entered into a service contract with the Company for a term of three years or ending on the expiry of the term of office for the current session of the Board of Directors or the Board of Supervisors. The service contracts set out the main terms, key conditions and relevant rights, obligations and responsibilities of the appointed Directors and Supervisors, with particular emphasis on the duties of the independent non-executive Directors and the executive Directors, and they can be terminated in accordance with the relevant terms in the service contracts.

In 2022, none of the Directors or the Supervisors entered into a service contract with the Company that cannot be terminated by the Company within a year without compensation (other than statutory compensation).

### REMUNERATION OF DIRECTORS AND SUPERVISORS

Details of remuneration of Directors and Supervisors in 2022 are set out in Note 41 to the consolidated financial statements.

### REMUNERATION FOR FIVE INDIVIDUALS WITH THE HIGHEST REMUNERATION

Details of remuneration for five individuals (excluding Directors and Supervisors) with the highest remuneration in the Company in 2022 are set forth in Note 31 to the consolidated financial statements.

### MANAGEMENT CONTRACTS

In 2022, no contract regarding the management and administration of overall business and any substantial part of the business has been entered into by the Company.

### CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed “Connected Transactions” on pages 39 to 49 in this report, none of the Company or any of its subsidiaries entered into any contracts of significance with the Controlling Shareholder or any of its subsidiaries other than the Group, nor was there any contract of significance between the Group and the Controlling Shareholder or any of its subsidiaries other than the Group in relation to provision of services in 2022.

### MATERIAL INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS, TRANSACTIONS OR ARRANGEMENTS

In 2022, save as disclosed in this report, none of the Directors or Supervisors or their connected entities directly or indirectly has material interest in any contracts, transactions or arrangements, which are significant to the businesses of the Group and entered into by the Company or any of its subsidiaries.

### INTERESTS OF DIRECTORS ON COMPETING BUSINESSES

In 2022, save as disclosed in this report, none of the Directors or their associates has any competing interests in the businesses which compete or are likely to compete with businesses of the Company, either directly or indirectly.

## Section VI Report of the Board of Directors

### DIRECTORS AND SUPERVISORS SERVING IN COMPETING BUSINESSES

The chart below summarizes the information of the Directors and Supervisors of the Company serving in BAIC Group and its connected companies as at the Date of Issue of the Report:

Name	Major positions in the Group	Main positions in Beijing Automotive Group Co., Ltd. and its connected companies
Mr. Chen Wei <sup>Note 1</sup>	<ul style="list-style-type: none"> <li>Chairman of the Board and non-executive Director of the Company</li> </ul>	<ul style="list-style-type: none"> <li>Assistant general manager of Beijing Automotive Group Co., Ltd.</li> </ul>
Mr. Hu Hanjun	<ul style="list-style-type: none"> <li>Non-executive Director of the Company</li> </ul>	<ul style="list-style-type: none"> <li>Deputy general manager and secretary to the Board of Beijing Automotive Group Co., Ltd.</li> <li>Director of BAIC Automotive Asset Operation Management Co., Ltd.</li> <li>Director of Beijing BAIC ROCAR Automobile Service &amp; Trade Co., Ltd.</li> </ul>
Mr. Chen Hongliang	<ul style="list-style-type: none"> <li>Non-executive Director of the Company</li> </ul>	<ul style="list-style-type: none"> <li>Assistant general manager of Beijing Automotive Group Co., Ltd.</li> </ul>

Note 1: Mr. Chen Wei was appointed as Chairman of the Board and non-executive Director of the Company on June 28, 2022.

The businesses of the Group are partially competing with those of BAIC Group and its subsidiaries. Mr. Huang Wenbing, executive Director of the Company, devoted most of his time to managing the Company's daily operations.

Save as disclosed above, as of the Date of Issue of the Report, none of the Directors, Supervisors or their associates had any interest in competing businesses or businesses that might be competing with the Group's business, nor did they have any other conflicts of interest with the Group.

### INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the end of the Reporting Period, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations which were required (a) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register of the Company as referred to therein; or (c) pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

## Section VI Report of the Board of Directors

### DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

As at the end of 2022, none of the Directors or Supervisors or any of their respective associates was granted by the Company or its subsidiaries any rights to, or exercised any rights to acquire shares or debentures of the Company or any other body corporate.

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at the end of 2022, to the best knowledge of the Directors, the following entities/persons (except for the Directors, Supervisors and senior management) had interests or short positions in the Shares or 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, or recorded in the register required to be kept by the Company under section 336 of the SFO, or who were directly and/or indirectly deemed to have 5% or more interest of the nominal value of any class of share capital carrying rights to vote in all circumstances at the annual general meetings:

Name of Shareholder	Class of Shares	Number of Shares/Underlying Shares Held <sup>Note 1</sup>	Percentage of Relevant Class of Shares (%) <sup>Note 2</sup>	Percentage of the Total Share Capital (%)
Beijing Automotive Group Co., Ltd. <sup>Note 3</sup>	Domestic Shares	3,416,659,704(L)	62.18	42.63
Shougang Group Co., Ltd.	Domestic Shares	1,028,748,707(L)	18.72	12.83
Shenzhen Benyuan Jinghong Equity Investment Fund Enterprise (Limited Partnership)	Domestic Shares	342,138,918(L)	6.23	4.27
Mercedes-Benz Group AG	H Shares	765,818,182(L)	30.38	9.55

Note 1: (L) – Long position, (S) – Short position, (P) – Lending pool.

Note 2: The percentage is calculated based on the number of Shares held by relevant persons/the number of relevant classes of Shares of the Company in issue as at the end of 2022.

Note 3: As at the Date of Issue of the Report, BAIC Group held 44.50% equity interest in the Company.

## Section VI Report of the Board of Directors

### ARRANGEMENTS FOR SHARE PRE-EMPTIVE RIGHT AND SHARE OPTION

In 2022, no arrangement for share pre-emptive right and share option was made by the Company, and there is no specific provision under the PRC laws or the Articles of Association regarding share pre-emptive right.

### DEBENTURES ISSUED

The debentures issued by the Group in 2022 are set out below:

On April 14, 2022, the Group issued ultra short-term debentures worth RMB1,500 million with a term of 180 days and a coupon rate of 2.16%. All proceeds were used for repaying interest-bearing debts and replenishing the working capital.

On June 24, 2022, the Group issued green medium-term notes (Technology Innovation Instrument) worth RMB1,000 million with a term of 3 years and a coupon rate of 2.88%. All proceeds were used for the procurement of three major types of electrical and mechanical equipment for the production of new energy electric vehicles in technical transformation and capacity expansion projects of Zhuzhou base of BAIC Motor Corporation Limited.

On September 22, 2022, the Group issued ultra short-term debentures worth RMB1,500 million with a term of 180 days and a coupon rate of 1.76%. All proceeds were used for repaying interest-bearing debts and replenishing the working capital.

On September 27, 2022, the Group issued green medium-term notes (Technology Innovation Instrument) worth RMB1,500 million with a term of 3 years and a coupon rate of 2.65%. All proceeds were used for the procurement of three major types of electrical and mechanical equipment for the production of new energy electric vehicles in technical transformation and capacity expansion projects of Zhuzhou base of BAIC Motor Corporation Limited.

As at the end of 2022, the total outstanding borrowings was RMB20,313.4 million, including short-term borrowings of RMB11,733.0 million in aggregate and long-term borrowings of RMB8,580.4 million in aggregate.

### EQUITY-LINKED AGREEMENTS

In 2022, no equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company or subsisted.

### PERMITTED INDEMNITY PROVISION

In 2022, no permitted indemnity provision (whether made by the Company or otherwise) was made which was or is in force for the benefit of the Directors of the Company or any directors of the associated companies of the Company (if made by the Company).

The Company has liability insurance to protect Directors, Supervisors and senior management against certain relevant lawsuits.

## Section VI Report of the Board of Directors

### RETIREMENT AND EMPLOYEE BENEFIT SCHEMES

For details of the retirement and employee benefit schemes of the Group, please refer to the section headed “Employees” on pages 49 to 50 of this report.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For details, please refer to the chapter headed “Corporate Governance Report” on pages 53 to 69 of this report.

### AUDIT COMMITTEE

The Audit Committee has reviewed the Company’s and the Group’s 2022 annual results, and the audited consolidated financial statements for 2022 prepared in accordance with the IFRSs.

### AUDITORS

PricewaterhouseCoopers (“PwC”) and PricewaterhouseCoopers Zhong Tian LLP (“PwC Zhong Tian”) were appointed as the Company’s auditors in relation to the financial statements prepared under the IFRSs and China Accounting Standards, respectively, for the year of 2022.

### FIVE-YEAR FINANCIAL SUMMARY

Summary of the Group’s operation performance, assets and liabilities for the last five financial years is set out in the chapter headed “Summary of Financial and Performance Information” on pages 6 to 7 in this report. This summary does not form part of the audited consolidated financial statements.

### COMPLIANCE OF BAIC GROUP WITH THE NON-COMPETITION UNDERTAKING

The Company has received a confirmation letter from BAIC Group, which confirms that in 2022, BAIC Group has complied with every undertaking in the Non-competition Undertaking given to the Company.

### PUBLIC FLOAT

According to the information publicly available to the Company, or to the knowledge of the Directors, on the Date of Issue of the Report, the public held no less than 21.90% of Shares issued by the Company, which complies with a waiver regarding public float granted to the Company when it got listed. For details, please refer to the Prospectus, the announcement of the Company on partial exercise of over-allotment option dated January 12, 2015, and the announcement of the Company on completion of the placing of H Shares dated May 3, 2018.

### MATERIAL LITIGATION

As of the end of 2022, the Company was not involved in any material litigation or arbitration. To the best knowledge of the Directors, there is also no pending material litigation or claim against the Company or material litigation or claim against the Company which may have material adverse effect to the Company.



## Section VI Report of the Board of Directors

### CONNECTED TRANSACTIONS

#### Fully-exempted continuing connected transactions

##### Trademark and Technology Licensing Framework Agreement between the Company and BAIC Group

The Company entered into the Trademark and Technology Licensing Framework Agreement with BAIC Group on December 2, 2014 for an initial term commencing on the Listing date of the Company and expiring at the end of 2016, subject to renewal upon mutual consents by both parties. Both parties renewed the agreement on October 20, 2016 and March 27, 2019, respectively, with the term from January 1, 2020 to the end of 2022, subject to further renewal with the agreement of both parties.

Pursuant to the agreement, BAIC Group agreed to grant the Group (excluding Beijing Benz) a non-exclusive license for the use of certain registered trademarks (the “Licensed Trademarks”) and relevant production technologies owned by BAIC Group on a royalty-free basis. The Group will use the Licensed Trademarks and the production technologies within the scope specified in the Trademark and Technology Licensing Framework Agreement.

BAIC Group is the sole Controlling Shareholder and a Connected Person of the Company. The transaction between the Company and BAIC Group constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

The Trademark and Technology Licensing Framework Agreement was entered into on normal commercial terms, and the Group paid the trademark licensing fee of RMB nil and the technology licensing fee of RMB nil to BAIC Group in 2022. The applicable percentage ratio calculated pursuant to Chapter 14A of the Listing Rules was less than 0.1% on an annual basis. Pursuant to Rule 14A.76 of the Listing Rules, the aforesaid continuing connected transactions are exempted from reporting, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

#### Non-exempt continuing connected transactions

##### 1. Trademark Licensing Agreement between Beijing Benz and BAIC Group

Beijing Benz, a non-wholly owned subsidiary of the Company, entered into a trademark licensing agreement (the “Trademark Licensing Agreement”) with BAIC Group on February 28, 2013, with regard to its company name of “Beijing Benz” and the production and assembly of its existing vehicle models. The agreement will remain effective within the term of the joint venture agreement of Beijing Benz. The trademark licensing arrangement was a part of the joint venture agreement regarding Beijing Benz between the Company and Mercedes-Benz Group.

Pursuant to the agreement, Beijing Benz has the non-exclusive license granted by BAIC Group to use the “Beijing” trademark in the Company’s name and the manufacturing and assembly of passenger vehicles, and Beijing Benz shall regularly pay the trademark licensing fee to BAIC Group. The trademark licensing fee payable to BAIC Group has been determined with reference to an agreed percentage of the net revenue generated by each vehicle. The annual caps of the trademark licensing fee paid by Beijing Benz to BAIC Group under the Trademark Licensing Agreement for 2020, 2021 and 2022 were RMB939.8 million, RMB986.8 million and RMB1,036.2 million respectively. The above continuing connected transactions and the annual caps were considered and approved by the Board of Directors on March 27, 2019. For other details on the Trademark Licensing Agreement, please refer to the announcement of the Company dated March 27, 2019.

In 2022, the trademark licensing fee paid by Beijing Benz to BAIC Group under the above agreement was RMB753.5 million.

## Section VI Report of the Board of Directors

### 2. **Property and Facility Leasing Framework Agreement between the Company and BAIC Group**

The Company entered into a property and facility leasing framework agreement (the “Property and Facility Leasing Framework Agreement”) with BAIC Group on December 2, 2014, with the term from the Listing date of the Company to December 31, 2016, subject to renewal through mutual consents by both parties. Both parties renewed the Property and Facility Leasing Framework Agreement on October 20, 2016, with a term from January 1, 2017 to December 31, 2019, subject to renewal through mutual consents by both parties.

Pursuant to the agreement, the Company and/or its subsidiaries will lease properties and facilities from BAIC Group and/or its associates for manufacturing specific passenger vehicles. The rent payable under the agreement was agreed based on arm’s length negotiation between the parties to the agreement with reference to the local market price, in compliance with relevant rules and regulations of the PRC; individual agreements shall be entered into, which shall specify the specific terms and conditions, including property rents, payment methods and other usage fees, in respect of relevant leased properties and facilities.

On March 27, 2019, the Company entered into a supplemental agreement to the Property and Facility Leasing Framework Agreement (the “Property and Facility Leasing Supplemental Agreement”) with BAIC Group to supplement certain provisions in respect of transaction type under the Property and Facility Leasing Framework Agreement and set the annual cap for the rentals to be received by the Group from BAIC Group and/or its associates for property and facility leasing in 2019. Pursuant to the Property and Facility Leasing Supplemental Agreement, the Company and/or its subsidiaries will lease properties and facilities to BAIC Group and/or its associates for manufacturing specific passenger vehicles.

The Company and BAIC Group renewed the amended Property and Facility Leasing Framework Agreement on March 27, 2019, for a term from January 1, 2020 to the end of 2022, subject to renewal through mutual consents by both parties. The annual caps for 2020, 2021 and 2022 determined by the Company for the total annual rentals in respect of property and facility leasing to be paid to BAIC Group and/or its associates are RMB351.9 million, RMB387.1 million and RMB425.8 million respectively; the annual caps for 2020, 2021 and 2022 for the total annual rentals in respect of property and facility leasing to be received from BAIC Group and/or its associates are RMB255.9 million, RMB255.9 million and RMB255.9 million respectively. The above continuing connected transactions and the annual caps were considered and approved by the Board of Directors on March 27, 2019. For other details on the Property and Facility Leasing Framework Agreement, please refer to the announcement of the Company dated March 27, 2019.

In 2022, the rentals for property and facility leasing paid by the Group to BAIC Group and/or its associates were RMB122.4 million, and the rentals received from BAIC Group and/or its associates for property and facility leasing were RMB17.6 million.

### 3. **Financial Services Framework Agreement between the Company and BAIC Finance**

The Company entered into a financial services framework agreement (the “Financial Services Framework Agreement”) with BAIC Finance on December 2, 2014, for an initial term commencing on the Listing date of the Company and expiring on December 31, 2016, subject to renewal through mutual consents by both parties. The Company renewed the Financial Services Framework Agreement with BAIC Finance on October 20, 2016, with the term from January 1, 2017 to December 31, 2019, subject to renewal through mutual consents by both parties.

## Section VI Report of the Board of Directors

Pursuant to the agreement, BAIC Finance will provide financial services to the Company, mainly including: (i) deposits; (ii) loans and entrusted loans; (iii) other financial services inclusive of notes discount and acceptance, finance leasing, settlement and entrusted loan agency; and (iv) any other services subject to relevant approvals from China Banking and Insurance Regulatory Commission (“CBIRC”).

The Financial Services Framework Agreement provides for the following pricing principles:

- (a) Deposit services. Interest rates for the deposits placed by the Group with BAIC Finance will not be lower than: (i) the lower limit of the interest rate published by the People’s Bank Of China (“PBOC”) for deposits of the same type for the same period; (ii) the interest rate for deposits of the same type for the same period placed by subsidiaries of BAIC Group (other than the Group); or (iii) the interest rate for deposits of the same type for the same period offered by independent commercial banks to the Group.
- (b) Loans services. Interest rates for the loans to be advanced by BAIC Finance to the Group will not be higher than: (i) the caps (if any) of the loan interest rate published by the PBOC for loans of the same type for the same period; (ii) the interest rate for loans of the same type for the same period offered by BAIC Finance to other subsidiaries of BAIC Group (other than the Group); or (iii) the interest rate for loans of the same type for the same period offered by independent commercial banks to the Group.
- (c) Other financial services. The interest rates or services fees will be: (i) subject to the benchmark fee (if applicable) for financial services of the same type published by the PBOC or CBRC from time to time; (ii) comparable to or not exceeding the interest rates or fees charged by independent commercial banks or financial institutions to the Group for financial services of the same type; and (iii) comparable to, or no less favourable to the Group than, fees charged by BAIC Finance to the subsidiaries of BAIC Group other than the Group for financial services of the same type.

As BAIC Group, the Controlling Shareholder and a Connected Person of the Company, holds 56.00% equity interest in BAIC Finance, an associate of BAIC Group, BAIC Finance is also a Connected Person of the Company. The transactions under the Financial Services Framework Agreement between the Company and BAIC Finance constitute connected transactions of the Company, pursuant to Chapter 14A of the Listing Rules.

As the loan services provided by BAIC Finance to the Group are on normal commercial terms and on terms that are no less favourable than those offered by independent third parties to the Group for comparable services in China, and no security over the assets of the Group was granted in respect of the loans, the loan service transactions are exempted from the reporting, announcement and independent Shareholders’ approval requirements under the Rule 14A.90 of the Listing Rules.

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The Company renewed the Financial Services Framework Agreement with BAIC Finance on March 27, 2019, with the term from January 1, 2020 to the end of 2022, subject to renewal through mutual consents by both parties. The annual caps on the maximum daily balance of deposits and the interest income from deposits under the Financial Services Framework Agreement for 2020, 2021 and 2022 are as follows:

Item	Annual cap for the year ended December 31, (RMB in million)		
	2020	2021	2022
Maximum daily balance of deposits placed by the Group with BAIC Finance	16,000.0	16,000.0	16,000.0
Interest income from deposits placed by the Group with BAIC Finance	292.8	292.8	292.8

The above continuing connected transactions and the annual caps were considered and approved by the Board of Directors on March 27, 2019, and approved at the 2018 annual general meeting of the Company on June 18, 2019. For other details on the Financial Services Framework Agreement, please refer to the announcement of the Company dated March 27, 2019 and the circular of the Company dated May 24, 2019.

In 2022, the actual maximum daily balance of deposits placed by the Group with BAIC Finance was RMB15,994.0 million, and the actual interest income from deposits placed by the Group with BAIC Finance was RMB196.6 million.

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### 4. Products and Services Purchasing Framework Agreement between the Company and BAIC Group

The Company entered into a products and services purchasing framework agreement (the “Products and Services Purchasing Framework Agreement”) with BAIC Group on December 2, 2014, for an initial term commencing on the Listing date of the Company and expired on December 31, 2016, subject to renewal through mutual consents by both parties. In order to effectively meet the Company’s requirements for stable supply and high quality of products and integrated services, the Company renewed the Products and Services Purchasing Framework Agreement with BAIC Group on October 20, 2016, with the term from January 1, 2017 to December 31, 2019, subject to renewal through mutual consents by both parties.

Pursuant to such agreement, BAIC Group and/or its associates will provide the Company and/or its subsidiaries with products including automobile equipment, raw materials, components and parts, vehicles, and services including labor services, logistics services, transportation services and consultancy services. In order to ensure that the terms of individual transactions in respect of the

purchase of products and integrated services by the Group from BAIC Group are fair and reasonable and in line with market practices, the Group has adopted the following pricing policies and measures: to have regular contact with the suppliers of the Group (including BAIC Group) to keep abreast of market developments and the price trend of integrated services; before placing an individual purchase order, to invite a certain number of suppliers (including BAIC Group) from the list of approved suppliers of the Group to submit quotations or proposals; and to have the suppliers and pricing of products and integrated services determined by the collective decision of the Company’s tender assessment board according to the Company’s administrative measures for market quotations.

The Company renewed the Products and Services Purchasing Framework Agreement with BAIC Group on March 27, 2019, for the term from January 1, 2020 to the end of 2022, subject to renewal through mutual consents by both parties. The annual caps for purchase of products and purchase of services under the Products and Services Purchasing Framework Agreement for 2020, 2021 and 2022 are as follows:

**Annual cap for the year ended December 31,  
(RMB in million)**

Item	2020	2021	2022
Purchase of products	50,346.0	52,920.8	55,603.1
Purchase of services	5,036.4	4,990.2	5,194.6

The above continuing connected transactions and the annual caps were considered and approved by the Board of Directors on March 27, 2019, and approved at the 2018 annual general meeting of the Company on June 18, 2019. For other details on the Products and Services Purchasing Framework Agreement, please refer to the announcement of the Company dated March 27, 2019 and the circular of the Company dated May 24, 2019.

In 2022, the actual amount of products and services purchased under the Products and Services Purchasing Framework Agreement were RMB27,093.9 million and RMB4,309.5 million respectively.

## Section VI Report of the Board of Directors

### 5. Product Marketing and Service Provision Framework Agreement between the Company and BAIC Group

The Company entered into a product marketing and service provision framework agreement (the “Product Marketing and Service Provision Framework Agreement”) with BAIC Group on December 2, 2014, for an initial term from the Listing date of the Company to December 31, 2016, subject to renewal through mutual consents by both parties. The Company renewed the Product Marketing and Service Provision Framework Agreement with BAIC Group on October 20, 2016, with the term from January 1, 2017 to December 31, 2019, subject to renewal through mutual consents by both parties.

Pursuant to such agreement, BAIC Group and/or its associates will purchase various products comprising facilities, raw materials, components and parts, vehicles etc. (“Supply of Products”) and services comprising sales agency, processing agency, labor, logistics, transportation and consultancy services (“Supply of Services”) from the Company and/or

its subsidiaries. In order to ensure that the terms under such agreement are fair, the said agreement specifically provides that the terms of transactions contemplated thereunder are to be no less favorable than those entered into between the Company and independent third parties. The service fees charged to BAIC Group by the Group are determined on the basis of arm’s length negotiations between the relevant parties. To ensure that the terms of supplying products and services to BAIC Group are fair and reasonable, the Group made reference to the relevant historical prices of products and services and based such on the principle of cost coupled with a fair and reasonable margin.

The Company renewed the Product Marketing and Service Provision Framework Agreement with BAIC Group on March 27, 2019, for the term from January 1, 2020 to the end of 2022, subject to renewal through mutual consents by both parties. The annual caps for Supply of Products and Supply of Services under the Product Marketing and Service Provision Framework Agreement for 2020, 2021 and 2022 are as follows:

**Annual cap for the year ended December 31,  
(RMB in million)**

Item	2020	2021	2022
Supply of Products	29,726.4	31,250.5	32,836.9
Supply of Services	392.7	413.3	434.7

The transaction for Supply of Products and the annual caps were considered and approved by the Board of Directors on March 27, 2019, and approved at the 2018 annual general meeting of the Company on June 18, 2019. The transaction for Supply of Services and the annual caps were considered and approved by the Board of Directors on March 27, 2019. For other details on the transactions for the Supply of Products and Supply of Services, please refer to the announcement of the Company dated March 27, 2019 and the circular of the Company dated May 24, 2019.

In 2022, the amounts actually incurred for the Supply of Products and Supply of Services under the Product Marketing and Service Provision Framework Agreement were RMB18,166.3 million and RMB30.5 million respectively.

## Section VI Report of the Board of Directors

### 6. Continuing connected transactions in relation to Mercedes-Benz Group and its associates

In 2022, the Group has entered into a number of continuing connected transactions with Mercedes-Benz Group and its associates. In view of factors including protection of trade secrets and avoidance of unnecessary burden and losses to the business and operation of the Group, the Stock Exchange, at the time of Listing of the Company, has granted the Company an exemption from strict compliance with the written agreement and/or annual cap, announcements, annual reporting and/or independent Shareholders' approval requirements under the Listing Rules in respect of certain transactions with Mercedes-Benz Group, as follows:

Nature of transaction	Transaction summary and pricing policy	Exemption granted
<b>Sales of vehicles by Beijing Benz to Mercedes-Benz Group and its associates</b>	<ul style="list-style-type: none"> <li>• <b>Transaction summary:</b> Mercedes-Benz Group and its associates purchased vehicles from Beijing Benz for the purposes of research and development, testing, marketing, promotion and self-use.</li> <li>• <b>Pricing policy:</b> The market prices of relevant vehicles have been taken into consideration to ensure that the prices are fair and reasonable and on normal commercial terms.</li> </ul>	Signing of written agreement
<b>Purchases of parts and accessories by Beijing Benz from Mercedes-Benz Group and its associates</b>	<ul style="list-style-type: none"> <li>• <b>Transaction summary:</b> Beijing Benz purchased from Mercedes-Benz Group and its associates' components (including chassis), spare parts and accessories for the purposes of production.</li> <li>• <b>Pricing policy:</b> The market prices of similar products available in the market will be taken into consideration by Beijing Benz to ensure that the prices offered by Mercedes-Benz Group and/or its associates are reasonable and competitive in the market.</li> <li>• <b>Transaction amount:</b> Not applicable.</li> </ul>	Signing of written agreement, annual cap, annual reporting, announcement and independent Shareholders' approval

## Section VI Report of the Board of Directors

Nature of transaction	Transaction summary and pricing policy	Exemption granted
<p><b>Provision of the right to use intellectual property rights (including trademarks and technologies) by Mercedes-Benz Group and its associates to Beijing Benz</b></p>	<ul style="list-style-type: none"> <li>• <b>Transaction summary:</b> Beijing Benz is granted by Mercedes-Benz Group a non-exclusive license for the use of trademarks (including the “Benz” trademark in its company name) and technologies in the manufacture and assembly of Mercedes-Benz branded passenger vehicles upon the periodic payment of royalties to Mercedes-Benz Group and its associates.</li>   <li>• <b>Pricing policy:</b> The prices for the use of technologies and trademarks have been agreed by Mercedes-Benz Group and the Group on arm’s length negotiations subject to internal control procedures. The royalties payable for such licenses of technologies and trademarks are calculated as a percentage of the net revenue from vehicles and automobile parts and components which use the licensed technologies and trademarks. This net revenue is calculated based on the manufacturer’s suggested retail price less the value-added tax, gross margin of dealers, sales rebates to dealers, consumption tax and sales discounts.</li>   <li>• <b>Transaction amount:</b> Not applicable.</li> </ul>	<p>Signing of written agreement, annual cap, annual reporting, announcement and independent Shareholders’ approval</p>



## Section VI Report of the Board of Directors

Nature of transaction	Transaction summary and pricing policy	Exemption granted
<p><b>Provision of services by Mercedes-Benz Group and its associates to Beijing Benz</b></p>	<ul style="list-style-type: none"> <li>• <b>Transaction summary:</b> Beijing Benz entered into service procurement agreements with Mercedes-Benz Group and its associates, pursuant to which Mercedes-Benz Group and its associates provided technical support, training, specialist assistance, IT support, sales consulting, marketing and operational management services.</li> <li>• <b>Pricing Policy:</b> The service fees charged by Mercedes-Benz Group and its associates to the Group are determined based on arm's length negotiations subject to internal control procedures. In relation to technical support services and specialist assistance services, Mercedes-Benz Group and the Company agreed that the service fees to be paid will be determined on a fixed fee rate on a daily basis with reference to the historical rates paid by Beijing Benz for the provision of similar services. The Group will take into account the market prices and comparable prices of similar services.</li> <li>• <b>Transaction amount:</b> Not applicable.</li> </ul>	<p>Signing of written agreement, annual cap, annual reporting, announcement and independent Shareholders' approval</p>
<p><b>Beijing Benz provides Mercedes-Benz Group and its associates with services, parts and accessories</b></p>	<ul style="list-style-type: none"> <li>• <b>Transaction summary:</b> Beijing Benz sold components and spare parts and provided aftersales referral services to Mercedes-Benz Group and its associates.</li> <li>• <b>Pricing Policy:</b> In relation to the aforesaid transactions, the Group will take into account the market prices of the relevant parts, components and services offered by other suppliers to Mercedes-Benz Group and its associates to ensure that the prices Beijing Benz offered to Mercedes-Benz Group and its associates are fair and reasonable and on normal commercial terms. The Group determines the prices of our components, parts and accessories by reference to the average profit margin in the market or based on the principle of the cost plus a reasonable margin.</li> <li>• <b>Transaction amount:</b> Not applicable.</li> </ul>	<p>Signing of written agreement, annual cap, annual reporting, announcement and independent Shareholders' approval</p>

## Section VI Report of the Board of Directors

Upon completion of the placing of H Shares by the Company on May 3, 2018 and as at the date of this report, Mercedes-Benz Group held 9.55% equity interest in the Company and ceased to be a Connected Person at the listed company level; since Mercedes-Benz Group at the same time held 49% equity interest in Beijing Benz, a significant subsidiary of the Company, Mercedes-Benz Group and its associates remained Connected Persons of the Company at the subsidiary level pursuant to Chapter 14A of the Listing Rules, and the transactions entered into between the Group and Mercedes-Benz Group and its associates continued to constitute connected transactions of the Company and shall be regulated as transactions with Connected Persons at the subsidiary level.

The annual caps for the continuing connected transactions arising from the sale of vehicles by Beijing Benz to Mercedes-Benz Group and its associates for 2020, 2021 and 2022 are RMB210.0 million, RMB210.0 million and RMB210.0 million respectively. The above continuing connected transactions and the annual caps were considered and approved by the Board of Directors on March 27, 2019. As each of applicable percentage ratios of the annual caps is less than 1%, pursuant to Rule 14A.76 of the Listing Rules, the aforesaid continuing connected transactions shall be fully exempted from reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. In 2022, the actual amount of such transactions was RMB168.4 million.

### **Independent non-executive Directors' review and confirmation**

Independent non-executive Directors have reviewed the aforesaid continuing connected transactions and have confirmed that in 2022, they have been entered into: in the ordinary and usual course of the Group's business; on normal commercial terms or better terms; with the terms no less favorable to the Company than those offered to or by (as the case may be) independent third parties, if those available for comparison are insufficient to determine whether the terms of such transaction is normal commercial terms; and in accordance with relevant agreements whose conditions are fair and

reasonable and in the interest of the Shareholders of the Company as a whole.

### **Auditor's Letter**

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged our auditor, PwC, to report on the Group's continuing connected transactions in accordance with HKSAE3000 (Revised) "Hong Kong Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accounts. Based on its work, the Company's auditor provided the Board of Directors with a letter confirming that, with respect to the aforesaid continuing connected transactions: (1) nothing has come to our auditor's attention that causes it to believe that the disclosed continuing connected transactions have not been approved by the Board of Directors; (2) for transactions involving the provision of goods or services by the Group, nothing has come to our auditor's attention that causes it to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group; (3) nothing has come to our auditor's attention that causes it to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; (4) with respect to the aggregate amount for each of the aforesaid continuing connected transactions, nothing has come to our auditor's attention that causes it to believe that the amount of the disclosed continuing connected transactions has exceeded the annual cap as set by the Company.

The Company has submitted a copy of the aforesaid auditor's letter to the Stock Exchange.

The Company confirmed that the entering into and implementation of specific agreements in relation to the above continuing connected transactions for 2022 has complied with the pricing principles of these continuing connected transactions.

## Section VI Report of the Board of Directors

Save as disclosed above and as in this annual report, there are no other related party transactions or continuing related party transactions set out in Note 38 to the consolidated financial statements which are disclosable connected transactions or continuing connected transactions under the Listing Rules. The connected transactions and continuing connected transactions have complied with the disclosure requirements under Chapter 14A of the Listing Rules.

### MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) in Appendix 10 to the Listing Rules as the code of conduct for dealing in securities of the Company by all Directors, Supervisors and senior management of the Company. In response to the Company’s enquiries, all

Directors, Supervisors and senior management of the Company have confirmed that they strictly complied with the Model Code during the Reporting Period.

### ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of 2022 audited consolidated financial statements are consistent with the principal accounting policies for the preparation of 2021 audited consolidated financial statements.

### EMPLOYEES

#### Personnel Structure

As of the end of 2022, the Group had 19,491 full-time employees and the number of employees of different functions is set out in the table below:

Classification	Beijing Brand	Beijing Benz	Subtotal
Production workers	3,527	10,984	14,511
Technical staff	1,612	1,753	3,365
Sales, management and other personnel	845	770	1,615
Total	5,984	13,507	19,491

### Employee motivation

The Group has established a comprehensive performance evaluation system to link the annual business objectives with the performance evaluation of different departments and employees. The Group implements a rigorous and comprehensive performance evaluation system built across the Company and cascaded down to its departments, branches and individuals to ensure full coverage of key indicators as well as effective implementation and achievement of indicators by level-by-level management. Through multiple measures and approaches, the Group’s business and individual motivation are connected, thereby stimulating the creative capability of the organization and the individuals. In line with the notion of pursuing shareholder value and corporate social responsibility, the Group hopes to achieve sustainable development.

### Employee training

The Group relied on the “B-EST” training system to support organizational and talent development in 2022. It implemented strategies from cultural traction, mentorship, supportive business, coordinated development and other aspects to strengthen internal training and refine external training, and adhered to them for the long haul, in a bid to create a lifelong learning ecology.

## Section VI Report of the Board of Directors

In the talent training system, the Group took into account the business characteristics and talent training needs while strengthening the holistic training via internal and external teaching, special training camp, community operations and so forth, increased the organizational effectiveness and energized the staff, providing a strong guarantee for the career development of employees and the implementation of its strategies.

### Employees' remuneration

Based on human resources strategies, the Group has established a performance and competence-oriented remuneration system with a focus on the post value, and a competitive remuneration standard with reference to the remuneration level of relevant enterprises in Beijing and the same industry, providing effective guarantee for recruiting, retaining and motivating talents, as well as the realization of human resources strategy of the Group.

### Pension plan

In 2022, the Group has a total of 85 retired individuals who enjoy the basic pension insurance granted by the local social security bureau.

The Group has established an enterprise annuity system to provide the qualified and voluntary employees with the supplementary pension system with certain guarantee on retirement income. The employees participating in the plan shall make relevant payment by a certain proportion. A third-party legal person trustee is entrusted to act as the account manager, custodian and investment manager to carry out fund management and investment activities. In accordance with the provisions of the pension system, such payment shall be payable at the time of employee retirement.

The Group makes fixed monthly contributions to various retirement benefit schemes based on a specified percentage of eligible employees' salaries and the relevant contribution ceilings, including:

- (a) Mandatory Chinese government-funded pension scheme: The Group is required to make contributions to pension plans established by municipal and provincial governments in the PRC under these plans. In accordance with the relevant government policy, the Group is not allowed to use the relevant contributions to reduce the existing contribution level even if the employee withdraws from the relevant scheme before the contributions are vested in him/her. In 2022, the Group did not use any forfeited contributions in the relevant schemes to reduce the existing level of contributions. As of December 31, 2022, the Group also had no forfeited contribution balances available for such purposes; and
- (b) Voluntary supplementary pension scheme: The Group did not use forfeited contributions under these schemes (i.e., contributions that employees withdrew from the schemes before the contributions were vested in him/her and were processed by the Group on behalf of the employees) to reduce the current level of contributions in 2022. As of December 31, 2022, the balance of forfeited contributions available to the Group for such purpose was RMB9.4 million.

All references in this part of this annual report (Report of the Board of Directors) to other parts, sections of or notes in the annual report, form part of the Report of the Board of Directors.



**BY ORDER OF THE BOARD**

**Chen Wei**  
Chairman

March 24, 2023

## Section VII Report of the Board of Supervisors

In 2022, pursuant to the Company Law, the Articles of Association and the Rules of Procedure of the Board of Supervisors of BAIC Motor Corporation Limited (“Rules of Procedure of the Board of Supervisors”), and in the spirit of accountability for the interest of the Company and safeguarding the legitimate rights and interests of the Shareholders, all Supervisors have duly performed their supervisory duties to effectively monitor and inspect the execution of the duties of the Directors and senior management and the operation and management activities of the Company. In so doing, they have promoted the operation standardization and healthy development of the Company.

### THE WORK OF THE BOARD OF SUPERVISORS

#### Convening meetings of the Board of Supervisors

In 2022, a total of five meetings of the Board of Supervisors were held, at which the election of the Chairman of the Board of Supervisors, the Work Report of the Board of Supervisors for 2021, the 2021 Annual Report, the 2022 Interim Report, the financial statements for the first quarter and the third quarter of 2022 were considered and approved.

#### Changes of members of the Board of Supervisors

On May 16, 2022, Ms. Li Chengjun ceased to be the Chairwoman of the Board of Supervisors and an employee representative Supervisor. Please refer to the relevant announcement of the Company dated May 18, 2022 for details. Mr. Zhang Ran was elected as the employee representative Supervisor of the Company at the meeting of the employee representatives of the Company for a term commencing from June 27, 2022 until the expiration of the term of the fourth session of the Board of Supervisors. At the fourth session of the Board of Supervisors held on June 28, 2022, Mr. Zhang Ran was elected as the Chairman of the fourth session of the Board of Supervisors for a term commencing from June 28, 2022 until the expiration of the term of the

fourth session of the Board of Supervisors. Please refer to the relevant announcement of the Company dated June 28, 2022 for details.

#### Attendance at the Shareholders’ general meetings and the Board meetings

Pursuant to the Articles of Association and the Rules of Procedure of the Board of Supervisors, members of the Board of Supervisors attended the 2021 annual general meeting, the 2022 first domestic shareholders class meeting, the 2022 first H shareholders class meeting and the 2022 first extraordinary general meeting, and sat in on the on-site Board meetings. The Board of Supervisors also appointed certain Supervisors to act as the scrutineers of the general meetings and Board meetings to ensure the legality of meeting procedures and matters voted on at the meetings, and reviewed relevant materials of the Board meetings held by teleconference.

By attending the general meetings and the Board meetings and reviewing relevant meeting materials, members of the Board of Supervisors enhanced their understanding of consideration of proposals at the general meetings and the Board meetings, as well as the decision-making process of the Board. They have also enhanced their understanding of the financial position, connected transactions and production and operation of the Company, the supervision of the performance of the duties of the Directors and senior management, decisions on significant matters, standardization and effectiveness of operation and management activities. In a timely manner, they informed the Company of possible risks and problems in production, operation, financial management and internal control, and put forward reasonable suggestions on major operating decisions and financial risk control of the Company, and enhanced supervision of the Company for lawful operation. In so doing, they have played a positive role in promoting the Company’s standardized governance and improving the operational efficiency of the Company.

## Section VII Report of the Board of Supervisors

### INDEPENDENT OPINION OF BOARD OF SUPERVISORS ON LAWFUL OPERATION OF THE COMPANY

In 2022, the Board of Directors made scientific decisions in compliance with the Company Law, the Listing Rules, the Articles of Association and relevant laws, regulations and systems. The Directors duly performed their duties diligently and in accordance with the laws; the members of senior management devoted to their duties, and faithfully performed their duties and conscientiously implemented the decisions made by the Board of Directors to ensure standardized operation and orderly management of the Company. The Company continuously improved and effectively implemented the internal control systems according to its actual conditions, laws and regulations. The internal control systems complied with relevant national laws, regulations and actual requirements of the Company and played a relatively good role in preventing and controlling risks for the operation and management of the Company. The Company has established internal joint supervision mechanisms including discipline inspection and supervision, internal audit and compliance management, which effectively promotes, prevents and addresses the operational risks of the Company, and improves compliant operation of the Company.

### INDEPENDENT OPINION OF BOARD OF SUPERVISORS ON INSPECTION OF THE COMPANY'S FINANCIAL STATUS

The chairman and some members of the Board of Supervisors were in attendance at the meetings of the Audit Committee for the year, and supervised the

financial position, risk management, internal audit and other work of the Company. The Board of Supervisors carefully read the 2022 financial budget report of the Company, reviewed the standard unqualified auditor's reports issued by PwC and PwC Zhong Tian, listened to the report of the Company's senior management on relevant audit and communicated with the auditors. The Board of Supervisors is of the view that the Company's 2022 financial report meets the requirements of the relevant accounting standards and regulations; and it gives a true and fair view of the Company's financial position and business performance; and the information reflecting the Company's operation is truthful, legitimate and complete without false information, misleading representation or material omissions.

During the year, the work of the Board of Supervisors was supported by the Shareholders, the Board of Directors and the management. We hereby would like to express our heartfelt gratitude to the Shareholders, the chairman of the Board, the Directors and the management.



**By order of the Board of Supervisors**  
**Mr. Zhang Ran**  
*Chairman of the Board of Supervisors*

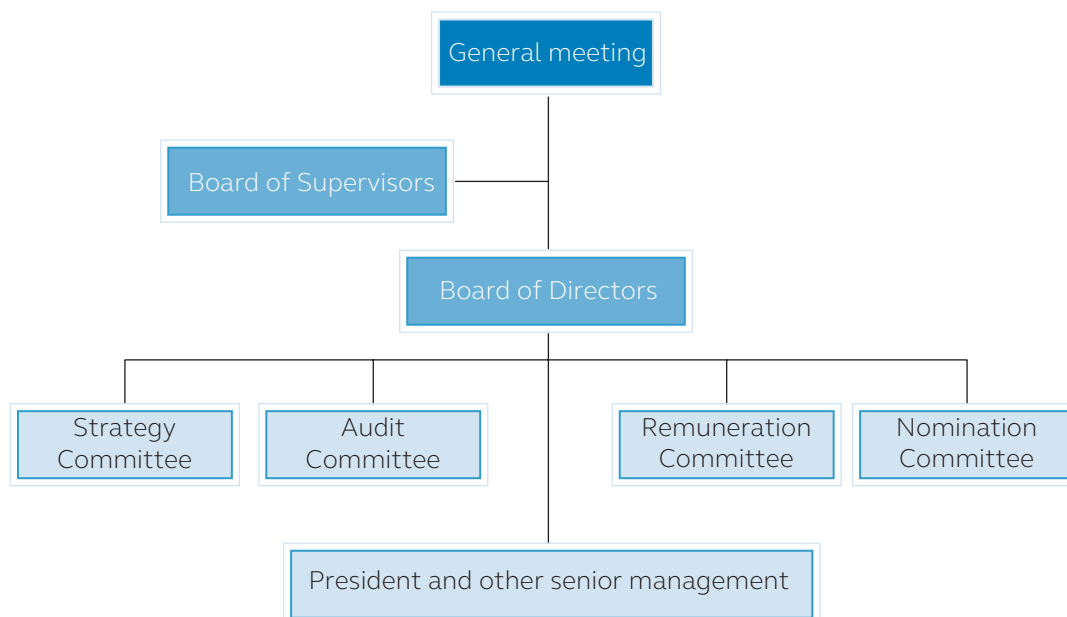
March 24, 2023

## Section VIII Corporate Governance Report

### CORPORATE GOVERNANCE PRACTICE

The Group has been building and maintaining a high level of corporate governance so as to protect the rights and interests of Shareholders and enhance corporate value and a sense of responsibility. The Company has put together a sound and market-oriented corporate governance structure and established the general meeting, the Board of Directors, the Strategy Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee (the “Special Committees”) and the Board of Supervisors, and implemented corporate governance practices in strict accordance with the Articles of Association. The Company has adopted the Corporate Governance Code as set forth in Appendix 14 to the Listing Rules (the “Corporate Governance Code”).

The governance structure of the Company is as follows:



In the opinion of all Directors of the Company, the Company has complied with all applicable code provisions under the Corporate Governance Code throughout 2022 and the Group has complied with all code provisions set out in the Corporate Governance Code in all material respects.

### GENERAL MEETING

#### Responsibility

The general meeting is the supreme decision-making body of the Company and is responsible for lawfully exercising its functions and rights and making important decisions. The annual general meeting or

the extraordinary general meeting provides a channel for direct communication between Directors and Shareholders. Therefore, the Company attaches great importance to the general meeting. Notice shall be sent to all the Shareholders to encourage their attendance, at least 20 working days before an annual general meeting, or 10 working days or 15 days (whichever is longer) before an extraordinary general meeting, requesting that all the Directors, Supervisors and secretary to the Board attend the meetings, while the president and other senior management should be in attendance at the meetings.

## Section VIII Corporate Governance Report

In 2022, the Company held four general meetings, including the 2021 annual general meeting, the 2022 first domestic shareholders class meeting, the 2022 first H shareholders class meeting and the 2022 first extraordinary general meeting. The attendance of Directors at general meetings in 2022 is set out on page 58 of this report.

### SUBSTANTIAL SHAREHOLDERS

BAIC Group is the Controlling Shareholder of the Company and as at the Date of Issue of the Report, BAIC Group holds 44.50% of the Shares of the Company. During 2022, BAIC Group did not circumvent the general meeting to make direct or indirect intervention in the Company's decision making and business operation.

For 2022, information on other substantial Shareholders and information on the persons with a voting right of 5.0% or above at the general meeting (classes of Shares by Domestic Share and H Share) are set out in the chapter headed "Report of the Board of Directors" on pages 29 to 50 of this report.

### BOARD OF DIRECTORS

#### Responsibility

Pursuant to the Articles of Association, the Company established the Board of Directors which is accountable to the general meeting. The Board of Directors comprises fourteen Directors, including one executive Director, eight non-executive Directors and five independent non-executive Directors. The Directors are elected at the general meeting for a three-year term of office, and are eligible for re-election and re-appointment upon expiry of the term. The Board of Directors determines key decision plans of the Company, and reviews and monitors the Company's business operation. The Board of Directors has authorized the Company's senior management to oversee the day-to-day management of the Company, with operational authority and responsibility. In order

to facilitate the Board of Directors to consider specific matters of the Company, the Board has set up four Special Committees, namely the Strategy Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board of Directors has delegated various responsibilities to the Special Committees within their scope of duties.

All the Directors undertake that they will, in good faith, comply with the applicable laws and regulations and carry out their duties in the interests of the Company and the Shareholders during their term of office.

#### Composition of the Board of Directors

As of the Date of Issue of the Report, the Board of Directors comprised fourteen members, and the biographical details of the Directors are set out in the chapter headed "Directors, Supervisors and Senior Management" on pages 70 to 79 in this report. In 2022, the Board of Directors complied at all time with Rule 3.10(1) and Rule 3.10(2) of the Listing Rules regarding the appointment of at least three independent non-executive Directors (specifically, at least one of the independent non-executive Directors shall possess appropriate professional qualification or expertise relating to accounting or financial management), and Rule 3.10A of the Listing Rules regarding the appointment of one-third of the Board members to be independent non-executive Directors.

All the Directors (including independent non-executive Directors) have brought different valuable work experience and expertise to the Board so as to effectively carry out the duties of the Board of Directors. All the Directors agreed to comply with the provisions as set out in the Corporate Governance Code and disclose to the Company in a timely manner information regarding the number of positions held, nature of the position(s), identity, term of office and other significant undertakings in other listed companies or organizations.



## Section VIII Corporate Governance Report

As each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules, the Company considers each of the above persons to be independent. The independent non-executive Directors are invited to serve as members of the Strategy Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee. In 2022, there were no dissenting voices from the independent non-executive Directors on Board resolutions and other non-Board related matters.

All independent non-executive Directors shall not be involved in day-to-day management. The independent non-executive Directors also provide an independent view of the Board's deliberations to ensure high standards of corporate governance. The Company believes that the Board of Directors can effectively obtain independent views and opinions by combining factors such as the proportion of independent non-executive Directors, their selection and the frequency of participation of each independent non-executive Director in Board meetings.

In 2022, none of the Directors, Supervisors and senior management has any financial, business or family relationships or any relationships in other material aspects with each other or with the Company for which disclosure may be required.

### Performance and continuing professional development

All the newly appointed Directors have received the necessary job performance training and relevant materials of the Company to ensure that they have an appropriate understanding of the Company's operation, business and their corresponding responsibilities as required by the relevant regulations, laws, rules and ordinances. The Company also arranges research activities and seminars for the Directors regularly to help them understand the Company's latest business development, and the laws, regulations and latest news at the regulatory level on a timely basis. Meanwhile, the

Company also updates the Directors on the Company's business performance, operational situation and market prospect regularly to facilitate the Directors to fulfill their duties.

Training received by all the Directors in 2022 is set out on page 58 of this report.

### Appointment, re-election and re-appointment of Directors and Supervisors

The appointment, re-election and re-appointment and removal procedures and requirements of Directors and Supervisors are set forth in the Articles of Association. The Nomination Committee is responsible for reviewing the composition of the Board of Directors and putting forward suggestions on the appointment, re-election and re-appointment and succession plan of Directors. Executive Directors, non-executive Directors and independent non-executive Directors shall serve for a term of three years. The employee representatives Supervisors are elected democratically by the employee representative congress, while non-employee representatives Supervisors are elected by the general meeting. The term of office of each Supervisor is three years, renewable upon re-election.

Information on the service contracts with all Directors and Supervisors is set out in the chapter headed "Report of the Board of Directors" on page 34 of this report.

### Board meeting

Pursuant to the Articles of Association, the Board of Directors shall hold at least four regular meetings each year, which shall be convened by the chairman. A 14-day advance written notice along with materials relating to the issues to be considered shall be served to all Directors, in order to provide the Directors with an opportunity to attend the meetings and help them fully understand all relevant issues to be considered so as to ensure effective decision-making of the Board.

## Section VIII Corporate Governance Report

For meetings of the Special Committees, a 3-day advance written notice shall be served to all the committee members. The meeting notice, includes meeting agenda and relevant Board paper to ensure adequate time for the committee members to review and prepare for the meeting. Where the Directors or committee members are not able to attend the meeting in person, the Company will communicate with them well in advance to ensure their rights to thoroughly express opinions and to participate in decision-making for the issues to be considered.

The minutes of the Board meetings and the Special Committees meetings shall record in detail the matters considered and resolutions passed including the questions raised by the Directors. Upon compilation, the draft minutes of the Board meetings and the Special Committees meetings shall be sent to the Directors within a reasonable time in a reasonable manner after the meetings.

During 2022, the Board held ten meetings. The main matters considered are as follows:

Name of Board Meeting	Date	Main Matters Considered
8th meeting of the fourth session of the Board	March 9, 2022	2022 Annual Investment Plan Capital increase to Beijing Hyundai by BAIC Investment
9th meeting of the fourth session of the Board	March 24, 2022	2021 Report of the President 2021 Final Account Report 2021 Profit Distribution Plan 2021 Annual Report and Annual Results Announcement 2021 Report of the Board of Directors 2021 Environmental, Social and Governance Report Production and Operation Plan for 2021 General Mandate for the Issuance of Shares General Mandate for the Repurchase of Shares 2022 Credit Line Application General Mandate for the Issuance of Debt Financing Instruments Re-appointment of International Auditor and Domestic Auditor for 2022 Amendment to Working Rules for the President
10th meeting of the fourth session of the Board	April 27, 2022	Financial Statements for the First Quarter of 2022 Application for renewal of the Continuing Connected Transaction Framework Agreement and the 2023–2025 annual caps for continuing connected transactions Transfer of shareholding in National New Energy Vehicle Technology Innovation Center (NEVC)

## Section VIII Corporate Governance Report

Name of Board Meeting	Date	Main Matters Considered
11th meeting of the fourth session of the Board	May 18, 2022	Appointment of relevant senior management Nomination of Directors, election of the Chairman of the Board of Directors, and election and appointment of members of the relevant Special Committees
12th meeting of the fourth session of the Board	June 28, 2022	Election of the Chairman of the Board of Directors
13th meeting of the fourth session of the Board	July 15, 2022	Subscription for shares non-publicly issued by BAIC BluePark
14th meeting of the fourth session of the Board	August 29, 2022	2022 Interim Report and 2022 Interim Results
15th meeting of the fourth session of the Board	October 26, 2022	Financial Statements for the Third Quarter of 2022 Administrative Measures of BAIC Motor Corporation Limited for the Authorization of Non-Daily Operations
16th meeting of the fourth session of the Board	November 18, 2022	Appointment of relevant senior management
17th meeting of the fourth session of the Board	December 16, 2022	Nomination of Directors and election and appointment of members of the Strategy Committee of the Board Application for the 2023 annual cap for a continuing connected transaction under the trademark licensing contract between Beijing Benz and BAIC Group

## Section VIII Corporate Governance Report

Attendance of Directors at the meetings of the Board, the Strategy Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee, the general meetings and their training in 2022 are set out as follows:

Name of Director	Number of Meetings Attended						
	Board meeting	Strategy Committee meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	General Meeting	Training Received <sup>Note 1</sup>
<b>Chairman and Non-executive Director</b>							
Chen Wei <sup>Note 2</sup>	6/6	1/1	-	-	2/2	1/1	A/B/C/D
Jiang Deyi <sup>Note 2</sup>	4/4	4/4	-	-	1/1	0/3	A/B/C/D
<b>Executive Director</b>							
Huang Wenbing	10/10	5/5	-	1/1	3/3	4/4	A/B/C/D
Zhang Guofu <sup>Note 3</sup>	4/4	1/1	-	-	-	1/1	A/B/C/D
<b>Non-executive Directors</b>							
Liao Zhenbo <sup>Note 4</sup>	3/3	2/2	-	-	-	-	A/B/C/D
Hu Hanjun	10/10	5/5	4/4	-	-	4/4	A/B/C/D
Chen Hongliang	10/10	5/5	-	-	-	4/4	A/B/C/D
Ye Qian	10/10	5/5	-	-	-	4/4	A/B/C/D
Hubertus Troska	10/10	5/5	-	-	-	0/4	A/B/C/D
Harald Emil Wilhelm	10/10	-	-	-	-	0/4	A/B/C/D
Gu Tiemin	10/10	-	-	1/1	-	4/4	A/B/C/D
Sun Li	10/10	5/5	-	-	-	0/4	A/B/C/D
<b>Independent Non-executive Directors</b>							
Ge Songlin	10/10	5/5	-	-	3/3	0/4	A/B/C/D
Yin Yuanping	10/10	-	-	1/1	3/3	4/4	A/B/C/D
Xu Xiangyang	10/10	5/5	-	-	3/3	4/4	A/B/C/D
Tang Jun	10/10	-	4/4	1/1	-	1/4	A/B/C/D
Edmund Sit	10/10	-	4/4	1/1	-	4/4	A/B/C/D

Note 1: A: attending seminars and/or meetings and/or forums and/or briefings; B: speaking at seminars and/or meetings and/or forums; C: attending training provided by lawyers or training related to the Group's business; D: reading materials on various topics, including corporate governance, responsibilities of directors, amendments to the Listing Rules and other related regulations.

Note 2: Mr. Jiang Deyi resigned from his concurrent position as the Chairman of the Board, non-executive Director, the Chairman of the Strategy Committee and the Chairman of the Nomination Committee on June 28, 2022. On the same day, Mr. Chen Wei was appointed as the Chairman of the Board, non-executive Director, the Chairman of the Strategy Committee and the Chairman of the Nomination Committee.

Note 3: Mr. Zhang Guofu was appointed as an executive Director and member of the Strategy Committee on June 28, 2022 and ceased to be an executive Director and a member of the Strategy Committee on November 10, 2022.

Note 4: Mr. Liao Zhenbo resigned as a non-executive Director and member of the Strategy Committee on May 16, 2022.

## Section VIII Corporate Governance Report

### COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code in Appendix 10 to the Listing Rules as the code of conduct for dealing in securities by the Directors, Supervisors and senior management. After making all reasonable enquiries to all Directors, supervisors and senior management, it is confirmed that they complied with the Model Code in 2022.

### AUTHORIZATION OF THE BOARD OF DIRECTORS

The Board of Directors reserves the right of decision making on all major matters of the Company, including approving and supervising all matters relating to policies, overall strategy, internal control and risk management system, significant transactions (especially transactions involving conflicts of interest), financial data, nomination of Director candidates and other major financial, production and operational matters. The Directors can seek independent and professional opinions when performing their duties, with the expenses borne by the Company. Meanwhile, the Directors are encouraged to make independent consultation from the Company's senior management.

The senior management is authorized to take charge of the Company's day-to-day management, administration and operation, and the Board of Directors will regularly review the performance of the senior management and execution of relevant resolutions. The management shall obtain approval of the Board of Directors before entering into any major transactions.

### FUNCTIONS OF CORPORATE GOVERNANCE

The Board of Directors confirmed that corporate governance is the joint responsibility of all Directors, and its function includes the following: formulate and

review the Company's policies and practices on corporate governance; review and monitor the training and continuous professional development of the Directors and senior management; review and monitor the Company's policies and practices on compliance with the regulatory requirements; formulate, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and review the Company's compliance with the Corporate Governance Code and disclosure of information in the corporate governance report.

### REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Board of Directors has established the Remuneration Committee with the responsibilities including confirming and reviewing the remuneration policies and proposals of the Directors and senior management. Regarding the specific remuneration packages for Directors and senior management, the Remuneration Committee should consider factors such as remuneration paid by comparable companies, time commitment and duties of the Directors, employment conditions elsewhere in the Company and desirability of performance-based remuneration. In 2022, except for the independent non-executive Directors who received Directors' remuneration from the Company, the remaining Directors and Supervisors did not receive remuneration from the Company as Directors or Supervisors. The executive Directors received the senior management's remuneration in the Company. The remuneration standard of independent non-executive Directors is determined in accordance with the Company's actual situation and with reference to the average market level. The remuneration standard of each independent non-executive Director is RMB120,000 per year (before tax), which shall be calculated starting from the effective date of their term of office.

## Section VIII Corporate Governance Report

Details of remuneration of Directors and Supervisors in 2022 are set out in Note 41 to the consolidated financial statements.

The remuneration paid by the Company to the senior management (including two Directors) in 2022 is as follows:

Remuneration Range (RMB)	Number of Personnel
1,500,001-2,000,000	2
Below 1,500,000	7

### LIABILITY INSURANCE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Company has liability insurance to protect Directors, Supervisors and senior management against certain relevant lawsuits in 2022.

### CHAIRMAN AND PRESIDENT

According to the requirement of code provision C.2.1 (previous code provision A.2.1) of the Corporate Governance Code, the roles of chairman and president should be separated. In 2022, the Chairman of the Company was Mr. Jiang Deyi (resigned on June 28, 2022) and Mr. Chen Wei (appointed on June 28, 2022) and the President (Chief Executive Officer) was Mr. Huang Wenbing. The Company has clearly defined the responsibilities of the chairman and the president and the detailed definitions are provided in the Articles of Association.

### SPECIAL COMMITTEES OF THE BOARD OF DIRECTORS

#### Strategy Committee

The Board of Directors has established the Strategy Committee to operate formally and perform corresponding duties effective from the Listing date of the Company. The Strategy Committee is mainly responsible for carrying out research and making recommendations in respect of the medium- and long-term development strategies of the Company. The specific terms of reference of the Strategy Committee can be found on websites of the Stock Exchange and the Company.

As of the end of 2022, the Strategy Committee comprised nine members, namely Mr. Chen Wei (chairman), Mr. Hu Hanjun, Mr. Chen Hongliang, Mr. Huang Wenbing, Mr. Ye Qian, Mr. Hubertus Troska, Mr. Sun Li, Mr. Ge Songlin and Mr. Xu Xiangyang, of which two were independent non-executive Directors, six were non-executive Directors and one was executive Director.

Mr. Jiang Deyi has ceased to be the chairman of the Strategy Committee since June 28, 2022 and Mr. Chen Wei has been appointed as the chairman of the Strategy Committee since June 28, 2022. Mr. Liao Zhenbo ceased to act as the Chairman of the Strategy Committee on May 16, 2022, Mr. Zhang Guofu started to act as a member of the Strategy Committee on June 28, 2022, and ceased to act as a member of the Strategy Committee on November 10, 2022.

During 2022, the Strategy Committee held a total of five meetings. Attendance of the committee members at the meetings is set out on page 58 of this report.

## Section VIII Corporate Governance Report

### Audit Committee

The Board of Directors has established the Audit Committee to operate formally and perform corresponding duties effective from the Listing date of the Company. The Audit Committee is mainly responsible for reviewing and monitoring the Company's financial reporting processes, including, among others, proposing the engagement or change of external auditors; monitoring internal audit system of the Company and its implementation; being responsible for the communication of internal auditors and external auditors; reviewing the financial information and its disclosure; reviewing risk management and internal monitoring system of the Company. The specific terms of reference of the Audit Committee can be found on the websites of the Stock Exchange and the Company.

As of the end of 2022, the Audit Committee comprised three members, namely Mr. Edmund Sit (chairman), Mr. Hu Hanjun and Mr. Tang Jun, of which two were independent non-executive Directors and one was a non-executive Director.

During 2022, the Audit Committee held a total of four meetings, which reviewed and presented reasonable comments on the financial reporting system, compliance procedures, internal monitoring and control (on resources, qualifications, training programs and budget of the employees in the accounting and finance departments of the Company), and risk management system and procedures.

The decisions of the Board of Directors were in line with the recommendation and suggestion made by the Audit Committee on selection, appointment, resignation or removal of external auditors.

Meanwhile, the Audit Committee has reviewed the Group's first and third quarters' financial statements, the interim results and annual results for the financial year of 2022, the work plan of external auditors and the relevant auditing arrangements as well as the report prepared by PwC for accounting matters and major discoveries during the audit process.

During 2022, the Audit Committee held a total of four meetings. Attendance of the committee members at the meetings is set out on page 58 of this report.

### Remuneration Committee

The Board of Directors has established the Remuneration Committee to operate formally and perform corresponding duties effective from the Listing date of the Company. The Remuneration Committee is mainly responsible for formulating assessment standards of Directors and senior management and evaluating their performance to confirm and review the remuneration policies and plans of senior management. The specific terms of reference of the Remuneration Committee can be found on the websites of the Stock Exchange and the Company.

As of the end of 2022, the Remuneration Committee comprised five members, namely Ms. Yin Yuanping (chairman), Mr. Huang Wenbing, Mr. Gu Tiemin, Mr. Tang Jun and Mr. Edmund Sit, of which three were independent non-executive Directors, one was a non-executive Director and one was an executive Director.

## Section VIII Corporate Governance Report

The Remuneration Committee has made recommendations and suggestions to the Board of Directors on the remuneration packages for certain executive Directors and senior management.

During 2022, the Remuneration Committee held one meeting, which considered and discussed relevant employee incentive schemes. Attendance of the committee members at the meeting is set out on page 58 of this report.

### Nomination Committee

The Board of Directors has established the Nomination Committee to operate formally and perform corresponding duties effective from the Listing date of the Company. The Nomination Committee is mainly responsible for considering the structure, size and composition of the Board, reviewing the suitable candidates of Directors and senior management and making proposals to the Board. The specific terms of reference of the Nomination Committee can be found on the websites of the Stock Exchange and the Company.

As of the end of 2022, the Nomination Committee comprised five members, namely Mr. Chen Wei (chairman), Mr. Huang Wenbing, Mr. Ge Songlin, Ms. Yin Yuanping and Mr. Xu Xiangyang, of which three were independent non-executive Directors, one was a non-executive Director and one was an executive Director.

Mr. Jiang Deyi has ceased to be the chairman of the Nomination Committee since June 28, 2022 and Mr. Chen Wei has been appointed as the chairman of the Nomination Committee since June 28, 2022.

During 2022, the Nomination Committee held a total of three meetings, which put forward opinions and suggestions to the Board and the Board of Supervisors on the change of Directors, Supervisors and senior management. Attendance of the committee members at the meetings is set out on page 58 of this report.

### DIRECTOR NOMINATION METHOD AND PROCEDURE

A Director may be nominated by Shareholders or the Board.

Any Shareholders holding individually or jointly more than 3% of the total outstanding Shares in the Company with voting rights may propose a candidate for election as a non-employee representative Director at the general meeting in writing, at least 10 working days prior to a general meeting.

The Board may propose a list of Director candidates, according to the number of Directors to be appointed, up to the number specified in the Articles of Association, and submit the same to the Board for review. After the selection of Director candidates, the Board may submit a written proposal to the general meeting. Where there is a need to fill the casual vacancy of Directors, a list of Director candidates shall be proposed by the Board at the general meeting for election or replacement.

Written notices indicating the intent to nominate Director candidates and their acceptance of the nomination, as well as written information on the nominees shall be delivered to the Company at least 10 business days prior to the date of the general meeting. The Board shall provide the Shareholders with biographical details and basic information on the Directors candidates.



## Section VIII Corporate Governance Report

Prior to submission to the Board, the list of all Director candidates shall be reviewed by the Nomination Committee, which shall put forward suggestions to the Board and Shareholders. The Nomination Committee shall review the biographical details of candidates and conduct due diligence, and evaluate their educational backgrounds, professional qualifications, industry-related experience, character and integrity, etc., by reference to the “Board Diversity Policy”. In the case of independent non-executive Directors, the Nomination Committee shall evaluate the independence of the candidates in accordance with the Corporate Governance Code and the Listing Rules. With regard to Directors who offer themselves for re-election upon the expiry of the term of their office, the Nomination Committee shall review the overall contribution and performance of the candidates during their term of office (including the attendance rates of the candidates at Special Committees meetings, Board meetings and ordinary meetings, their participation and performance in the Board).

### DIVIDEND POLICY

The profit distribution policy is summarized as follows:

When distributing its profit after tax for the year, the Company shall set aside 10% of the profit as its statutory reserve fund. After allocation to the statutory reserve fund, subject to the approval by a resolution of the general meeting, the profit after tax may also be appropriated to the discretionary reserve fund. After making up losses and appropriation to reserve funds in accordance with the Articles of Association, balance of the profit after tax shall be distributed in proportion to the shareholdings of the Shareholders, except where non-pro rata distribution is provided pursuant to the Articles of Association.

The Company may distribute dividends in one or both of the following manners:

- (I) cash;
- (II) shares.

The Company shall maintain consistent and stable profit distribution policies as practicable and shall consider cash dividend as the first priority. The specific ratio of dividend to be distributed shall be resolved by the Shareholders at the general meetings.

The Company shall calculate, declare and pay dividends and other amounts which are payable to holders of Domestic Shares in Renminbi within 3 months after the date of declaration. The Company shall calculate and declare dividends and other amount which are payable to holders of overseas listed foreign shares in Renminbi, and shall pay such amounts in foreign currency within 3 months after the date of declaration. The exchange rate shall be the average central parity rate for the relevant foreign currency announced by the People’s Bank of China 5 working days prior to the declaration of the dividend and other amounts. The dividend distribution of the Company shall be implemented by the Board according to the authorization delegated by the general meeting through an ordinary resolution.

### BOARD DIVERSITY POLICY

The Nomination Committee has formulated the “Board Diversity Policy” on the nomination and appointment of new Directors, in which it stipulates that the selection standard of Director candidate includes various factors such as gender, age, cultural and educational background, race, professional experience, skills, knowledge and length of service. The final candidate will be selected based on the comprehensive capability and the contributions that the individual is expected to bring to the Board. The composition of the Board of Directors (including their gender, age and term of office) will be disclosed in the annual report each year.

## Section VIII Corporate Governance Report

The Nomination Committee shall consider and adopt the composition of Board of Directors in accordance with the above measurement standard. By taking into account the Directors' skills and experience and their suitability to the Company, the Nomination Committee believes that the Company's existing Board structure in 2022 is reasonable and meets the requirements of "Board Diversity Policy", without the need of adjustment.

Gender diversity has been achieved in the Board level as the Board currently has one female Director. Gender diversity has also been achieved among employees. The Board shall review its Board Diversity Policy on a regular basis to ensure its continuous effectiveness.

### Reasons for implementing the diversity policy

The Company firmly believes that diversity is the basis for the effective and successful operation of the Board. In order to achieve sustainable and balanced development, the Company regards increasing diversity at the Board level as one of the key elements to support the achievement of its strategic objectives and its sustainable development. All appointments by the Board are based on the principle of meritocracy, and the benefits of Board diversity are fully taken into account in the selection of candidates, under objective conditions.

It helps the Nomination Committee and the Board ensure that the Board has suitable skills, experience and diversified opinions, which are balanced and meet the business requirements of the Company.

In the selection of Director candidates, as an automobile enterprise, the Company has taken into diversified consideration, the industry, economy, management and other related education, as well as experience in the automobile industry.

### Measurable objectives

The selection of candidates will be based on a series of diversity criteria, including but not limited to gender, age, cultural and educational background, race, professional experience, skill, knowledge and length of service. The final decision will be based on merit of candidates and the contribution that the candidates are expected to bring to the Board.

### Implementation and monitoring

The Nomination Committee shall research into the structure, size and composition (including the skills, knowledge and experience) of the Board once a year, and put forward suggestions on Board changes arising out of change in strategies of the Company, and shall supervise the implementation of the diversity policy by the Board, according to the policy of the committee in relation to Board diversity.

As at the date of this report, the composition of the Board at the diversity level is summarized as follows:

1. Gender: There are 14 Directors, consisting of 1 female Director and 13 male Directors;
2. Educational background: There are 14 Directors, consisting of 3 Directors holding a doctoral degree, 10 Directors holding a master's degree and 1 Director holding a bachelor's degree;
3. Age: There are 14 Directors, consisting of 4 Directors aged at or above 60 and 10 Directors aged below 60;
4. Position: There are 14 Directors, consisting of 1 executive Director, 8 non-executive Directors and 5 independent non-executive Directors;
5. Nationality: There are 14 Directors, consisting of 12 Chinese Directors and 2 German Directors.

At the end of 2022, about 90% of our workforce (including senior management) are males and about 10% are females. The Company will ensure to adopt gender diversity during staff recruitment in order to promote gender diversity within the Company.

## Section VIII Corporate Governance Report

### RESPONSIBILITY OF DIRECTORS IN RELATION TO THE FINANCIAL STATEMENTS

The Board of Directors shall fulfill its duty to prepare the 2022 financial statements of the Group so as to present a true and fair view of the Group's production and operational condition, and of the business performance and cash flow of the Company.

The management of the Company has provided the Board of Directors with the necessary explanation and data to facilitate the Directors to review the Company's financial statements submitted for the approval by the Board of Directors. The Company has provided all members of the Board of Directors with updated information on the performance and prospects of the Company on a monthly basis.

The Directors are not aware of any significant uncertainties, that are, events or incidents that may cause significant concern on the on-going operation of the Company.

The results of the Company and the Group for the year 2022, and the financial positions of the Company and the Group at the end of 2022 are set out in the audited consolidated financial statements on pages 132 to 212 in this report.

### COMPANY SECRETARY

Mr. Wang Jianhui serves as the secretary to the Board (with effect from January 17, 2019) and the company secretary of the Company (with effect from January 29, 2019), responsible for advising the Board of Directors on corporate governance, ensuring compliance with policies and procedures of the Board of Directors, relevant laws and regulations. In order to maintain good corporate governance and ensure compliance with the Listing Rules and applicable laws in Hong Kong, the Company continued to engage TMF Hong Kong Limited to assist Mr. Wang Jianhui (internal contact person) in performing his duties as the company secretary of the Company. On

January 12, 2022, the Stock Exchange confirmed that Mr. Wang Jianhui was qualified to act as the company secretary of the Company under Rule 3.28 of the Listing Rules.

Mr. Lee Kwok Fai has resigned as the company secretary assistant of the Company with effect from January 29, 2022. For details, please refer to the relevant announcement of the Company dated January 28, 2022.

In 2022, Mr. Wang Jianhui attended no less than 15 hours of relevant professional training respectively, in compliance with the requirement under Rule 3.29 of the Listing Rules.

### CONTROL MECHANISM

#### Board of Supervisors

The fourth session of the Board of Supervisors comprises five Supervisors. The powers and functions of the Board of Supervisors include, but not limited to, reviewing and providing written opinions on the periodic reports prepared by the Board; monitoring the financial activities of the Company; supervising the performance of duties of Directors and senior management and proposing the removal of the Directors and senior management who have acted in breach of the laws, administrative regulations, the Articles of Association or the resolutions passed at the general meeting; requesting that the Directors and senior management to conduct rectification for actions causing damage to the interest of the Company; and proposing that extraordinary general meetings be convened.

In 2022, the Board of Supervisors monitored the financial activities and the legality and compliance of the duties carried out by the Directors and senior management of the Company. Four meetings were held in total, with attendance rate (including authorizing other Supervisors to attend the meeting) of 100%. The Supervisors also attended the general meetings and Board meetings as non-voting delegates and duly performed the duties of the Board of Supervisors.

## Section VIII Corporate Governance Report

### INTERNAL CONTROL AND RISK MANAGEMENT

#### Responsibility of the Board

The Board is responsible for supervising the design, implementation and monitoring of risk management system by the management to ensure the establishment and maintenance of an effective risk management system of the Group. The Board keeps supervising risk management and internal control systems of the Group and reviews the effectiveness of the risk management and internal control systems of the Group at least once annually. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Audit Committee under the Board is responsible for conducting regular or irregular reviews on the operation of the risk management and internal control systems of the Company in order to ensure the effectiveness of their operation. The management should report to the Board in respect of the operation of the risk management and internal control systems at least once annually. The Board and the Audit Committee are all clear that the effective risk management and internal control systems can only minimize the possibility of the occurrence of risks as possible, not to completely eradicate the same. The Board can only take reasonable measures, but cannot absolutely guarantee to eradicate risks.

#### Risk management and internal control systems

The Company's legal compliance business department and the audit department established under the legal and compliance department are responsible for the risk management, internal control, operation maintenance and evaluation functions. Risk management and internal control system construction and system operation are included in the legal compliance business department, which is responsible for providing a related working mechanism of risk management and internal control and the generalized risk management and internal control methods and tools and designing relevant operating

modes, establishing relevant organizations of risk management, organizing related professional training of risk and internal control together with the human resources department, as well as establishing risk and internal control business processes and incentive and communication mechanisms. The audit department is responsible for organizing self-evaluation of risk management and internal control and entrusting an independent third party to implement the risk management and internal control evaluation.

The Board of Directors has reviewed the effectiveness of risk management and internal control systems of the Group for 2022 and considered that such systems were effective and adequate.

The Company has set up a comprehensive risk management system involving three lines of defense. The first line of defense is the business departments and units of the Company. They will identify, assess, monitor, and give early warnings for risks in their professional areas, research into and develop risk management strategies, and implement risk control measures based on the management needs of their professions and the requirements of laws and regulations and the Company regarding risk management. The second line of defense is the risk management department and joint meetings for integrated management and control, which is responsible for the top-level design of the risk management and control system and the management of significant risk matters reported by departments and units involved in the first line of defense and other channels. The third line of defense is internal supervision departments such as the audit and disciplinary inspection departments who are responsible for monitoring the building and operation of the risk management system, promoting the rectification of problems, and facilitating the continuous improvement of the risk management system. The three lines of defense cooperate with each other in building and continuously improving a risk management model based on unified leadership, levels of responsibility, and classified management.

## Section VIII Corporate Governance Report

The risk management and internal control systems of the Company are a set of comprehensive and self-contained risk management system which absorbs the insights from others' strengths. For example, the compilation of the Risk Management and Internal Control Manual learned from the COSO-ERM<sup>5</sup>, the Enterprise Risk Management Integration Framework and the Guidelines for Internal Control jointly issued by five ministries; the establishment of a risk database learned from the "Risk Intelligence Map" of a professional risk management organization and the Guidelines for Comprehensive Risk Management issued by State-owned Assets Supervision and Administration Commission of the State Council. The entire risk management and internal control systems have the following features:

1. A comprehensive system. The Company has built a risk prevention and control network involving all staff and full value chains, based on process system, risk database and the Risk Management and Internal Control Manual.
2. Rapid response. The Company actively promotes professional risk management philosophy via professional methods carried out by professionals through risk manager system to implement risk responsibility, from level to level and set up the Risk Management Committee, established a professional risk management team consisting of risk specialists, risk liaison officers and risk internal trainer.

The Group conducts a comprehensive self-evaluation work which covers the relevant year for the comprehensive risk management and internal control system once a year, evaluating by using hundreds of indicators from the two dimensions of the design integrity and the running availability to undertake the system assessment. In 2022, the self-evaluation work for risk and internal control involved a total of 649 indicators,

consisting of 272 design integrity indicators and 377 execution availability indicators. In respect of the flawed entries discovered during the evaluation, the Company adopts special rectification work, assigns a person of primary responsibility, clarifies the rectification plans, deliverables and schedule requirements, and completes the rectification work within a time limit.

### The procedures of processing and releasing inside information

The Group has established a compliance system of internal monitoring and control information reporting which consists of internal major information contacts, which mainly includes regular material information reporting and temporary material information reporting, for the purpose of ensuring the high efficiency and order of the transmission and usage of the Group's internal information. Meanwhile, the information disclosure management department combines the Group's actual operating environment, changes to regulatory policies and the major concern of capital markets as well as in accordance with the regulatory requirements, proactively acquiring and discriminating the sensitive information which will result in the abnormal fluctuation of the Group's stock price, ensuring the proactively acquiring and discriminating of the Group's inside information and forming a bilateral and two-dimensional compliance system of information monitoring and control with the functions of "reporting proactively" and "monitoring proactively".

The Company has formulated and published systems including the Management System of Information Disclosure and the Measures for the Administration of Major Internal Information Reporting as the internal monitor and control and safeguard measures for processing and releasing inside information procedures and applied them within the Group.

5 COSO is an abbreviation of The Committee of Sponsoring Organizations of the Treadway Commission, which formally promulgated the Enterprise Risk Management Integrated Framework (COSO-ERM) in September 2004. The first revision of the risk management framework was initiated in 2014, and the latest revision of the Enterprise Risk Management Integrated Framework (COSO-ERM) was published in September 2017.

## Section VIII Corporate Governance Report

### AUDITORS' REMUNERATION

The Company has appointed PwC and PwC Zhong Tian as the auditors of the Company's 2022 annual financial statements prepared under IFRS and PRC Accounting Standards, respectively. The general meeting authorized the management of the Company to determine its service remuneration.

The remuneration for the year 2022 paid or payable to the above Company's auditors, for audit and audit-related services amounted to RMB7.1 million and there was no non-audit services fee.

### COMMUNICATION WITH THE SHAREHOLDERS AND INVESTOR RELATIONS

The Company believes that effective communication with the Shareholders is very important for enhancing investor relations and helping investors to better understand the Company's business, performance and strategies. The Company also firmly believes that timely and non-selective disclosure of the Company's information is very important for Shareholders and investors to make informed investment decisions.

#### Information disclosure

The Company attaches great importance to fulfilling the legal obligation of information disclosure. It has strictly complied with the related provisions of the Listing Rules and the rules and procedures on the administration of information disclosure to disclose information that may have material impact on the investors' decision-making in a timely, accurate and complete manner, thus ensuring that all Shareholders are equally and fully informed.

In 2022, the Company released a total of 65 announcements in accordance with the Listing Rules. All announcements of the Company were published on the websites of the Stock Exchange and the Company. For details, please visit [www.hkexnews.hk](http://www.hkexnews.hk) and [www.baicmotor.com](http://www.baicmotor.com).

### Communication with investors

In order to promote effective communication, the Company has adopted the Shareholder Communication Policy to establish good communication channels between the Company and the Shareholders, such as website ([www.baicmotor.com](http://www.baicmotor.com)), hotlines (tel: +86 10 5676 1958; +852 3188 8333) and e-mail ([ir@baicmotor.com](mailto:ir@baicmotor.com)) for investors' inquiries. The Company shall publish the latest information on the business operation and development, corporate governance practices and other information on its website for public access.

The general meeting of the Company provides an opportunity for Shareholders and Directors to communicate directly. The Company's chairman and chairmen of the Special Committees under the Board will try their best to attend the annual general meeting to answer queries from the Shareholders, while the Company's external auditors will also attend the above meeting to answer questions thereon.

The Board is responsible for overseeing the implementation and monitoring of the Shareholder Communication Policy to ensure that the Company establishes and maintains an effective Shareholder Communication Policy. The Board oversees the Shareholder Communication Policy of the Company on an ongoing basis and reviews the effectiveness of the Shareholder Communication Policy of the Company at least once a year. The Board has reviewed the effectiveness of the Shareholder Communication Policy in 2022 and considered it to be effective and adequate.

### Shareholders' rights

In order to protect the interests and rights of the Shareholders, the Company shall present resolutions in the form of stand-alone motion to the general meeting for consideration (including the election of individual Directors). The motions presented to the general meeting for consideration shall be voted in accordance with the Listing Rules, and the voting results shall be published on the websites of the Company and the Stock Exchange in a timely manner after the meeting.

## Section VIII Corporate Governance Report

Pursuant to the Articles of Association, Shareholders individually or collectively holding 10% or more of the Company's issued and outstanding Shares with voting right can make a formal request in writing to the Board of Directors to convene an extraordinary general meeting for specific purposes. The general meeting shall be held within two months after such requests being put forward by the Shareholders.

According to the Articles of Association, Shareholders individually or collectively holding more than 3% of the Shares may submit an extraordinary proposal to the Board in writing 10 days before the date of the general meeting. The Board shall notify other Shareholders within two days upon the receipt of the proposal and include it for consideration at the general meeting. The written proposal shall be addressed to the Board. Please visit the Company's website for relevant procedures for nomination of Directors for election. Shareholders who want to make inquiries regarding the Company to the Board of Directors can do so through the abovementioned communication channels.

### Articles of Association

At the 2021 First Extraordinary General Meeting of the Company held on March 24, 2021, certain amendments to the Articles of Association were considered and approved. The revised Articles of Association were uploaded onto the websites of the Stock Exchange and the Company on March 24, 2021 for public access.

## Section IX Directors, Supervisors and Senior Management

As of the Latest Practicable Date, the profiles of Directors, Supervisors and senior management are as follows:

### DIRECTORS

**Mr. Chen Wei (陳巍)**, born in June 1969, holds a bachelor's degree in engineering and an EMBA degree and is a senior engineer. He currently serves as the **chairman of the Board of Directors, a non-executive Director, and the secretary of the party committee of the Company**. He also serves as an assistant to the general manager of BAIC Group, a director of Beijing Benz, director of Benz Sales, chairman of Fujian Benz, executive director and general manager of BAIC Group Off-road Vehicle Co., Ltd., and executive director of Beijing Off-road Vehicle Technology Center of BAIC Group (北京北汽越野車研究院有限公司).

Mr. Chen has nearly 30 years of experience in the automobile industry. Since 1994, he has acted successively as an assistant engineer and an engineer of the product engineering department, an onsite engineer of the U.S. office, the head of the vehicle model development section and the production planning section in Beijing Jeep Motor Co., Ltd., the manufacturing director of the engineering and manufacturing department, the manager of the assembly workshop, and production supervisor in Beijing Benz-Daimler Chrysler Automotive Co., Ltd., the general manager of the corporate and legal affairs department and vice president of production and manufacturing of Beijing Benz Automotive Co., Ltd., and the vice president of the Company as well as the secretary of the party committee and senior executive vice president of Beijing Benz Automotive Co., Ltd, and other positions.

Mr. Chen has served as a non-executive Director of the Company since June 28, 2022.

**Mr. Hu Hanjun (胡漢軍)**, born in October 1971, holds a master's degree in business administration and is a senior economist. He **currently serves as a non-executive Director of the Company**, and concurrently as the deputy general manager and the secretary to the board of directors BAIC Group, a director of Beijing Benz, the director of Beijing Automotive Asset Operation Management Co., Ltd., Beijing General Aviation Co., Ltd., BAIC ROCAR Automobile Services & Trade Co., Ltd. ("BAIC ROCAR") and BAIC International HK Co., Ltd. (北京汽車國際香港有限公司).

Mr. Hu has nearly 30 years of experience in the automobile industry. Since 2009, Mr. Hu has acted successively as an assistant to the general manager and the head of finance operation department of Beijing ROCAR Automobile Services & Trade Co., Ltd. (北京鵬龍汽車服務貿易有限公司), a member of the party committee and the deputy general manager of BAIC ROCAR, a member of the joint party committee of BAIC Rocar Services & Trade (北汽鵬龍服務貿易), the deputy general manager of BAIC ROCAR, the head of asset management department, strategy and investment management department, an assistant to the General Manager of BAIC Group, , Director of Bohai Automotive Systems Co., Ltd., etc.

Mr. Hu has acted as a non-executive Director of the Company since March 24, 2021.



## Section IX Directors, Supervisors and Senior Management

**Mr. Chen Hongliang (陳宏良)**, born in January 1965, holds a master's degree in engineering and is a researcher-level senior engineer. He **currently serves as a non-executive Director of the Company**, and concurrently the assistant to the general manager, and head of the Strategy and Investment department of BAIC Group, the director of CAAM, the chairman of Beijing Association of Automobile Manufacturers (北京汽車行業協會), and the vice president of the Beijing Federation of Industry Economics (北京工業經濟聯合會).

Mr. Chen has over 30 years of experience in the automobile industry. Since 1988, he has acted as the deputy workshop director, the workshop director and the deputy factory director of Nanjing Automobile Factory (南京汽車製造廠), the deputy director of the vehicle body plant, the deputy director of the general manager office, the head of the procurement department (at the deputy division director level), the director of the assembly plant, the secretary of the party committee, the deputy general manager and the deputy secretary of the party committee of NAVECO Ltd., the deputy general manager of the passenger vehicle business department of BAIC Group (at the division director level), the secretary of the party committee and general manager of Zhuzhou Branch of the Company, a member of the party committee and the vice president of the Company, the secretary of the party committee and the senior executive vice president of Beijing Benz, and the executive Director, president, deputy secretary of the party committee of the Company, the head of the operation and management department of BAIC Group and other positions.

Mr. Chen has acted as an executive Director of the Company since June 23, 2017, and was re-designated as a non-executive Director of the Company on December 31, 2020.

**Mr. Huang Wenbing (黃文炳)**, born in March 1973, holds a master's degree in business administration and is a senior engineer. He **currently serves as an executive Director, the secretary of the party committee and the president of the Company**, the director of Beijing Hyundai, executive director and general manager of BAIC Investment, an executive director of BAIC International, and the chairman and general manager of BAIC Hong Kong.

Mr. Huang has more than 20 years of experience in the automotive industry. Since 1995, he has served successively in various positions in Yuejin Motor Group (躍進汽車集團公司), Nanjing FIAT, and BAIC Motor Corporation Limited. He once served as the deputy of the quality center of the Company, the general manager of Zhuzhou Branch of the Company, and the director of the production and technology center and the director of the operation center of the Company, the vice president of the Company and secretary of the Party Committee of the Institute, etc.

Mr. Huang has served as an executive Director of the Company since March 24, 2021.

## Section IX Directors, Supervisors and Senior Management

**Mr. Ye Qian (葉芊)**, born in September 1984, holds a master's degree in business administration. He **currently serves as the non-executive Director of the Company**, the director and general manager of Beijing Shougang Fund Co., Ltd. (北京首鋼基金有限公司), a member of the executive committee of Shougang Concord Century Holdings Limited, an executive director of Shougang Century Holdings Ltd., a director of AVIC Fund Management Co., Ltd., and a supervisor of Beiqi Foton Motor Co., Ltd.\* (北汽福田汽車股份有限公司).

Mr. Ye has more than 10 years of experience in investment management. He has served successively in Great Wall Motor Company Limited (長城汽車股份有限公司), Representative Office in Hong Kong & Macao of CCPIT, and China Chamber of International Commerce.

Mr. Ye has acted as a non-executive Director of the Company since March 24, 2021.

**Mr. Hubertus Troska**, born in March 1960, German, holds an MBA degree. He **currently serves as a non-executive Director of the Company**, the deputy chairman of the board of directors and director of Beijing Benz. He is a member of the board of directors of Mercedes-Benz Group AG, in charge of the business in the Greater China. Since December 2012, he has been a member of the Board of Directors of Daimler AG (now Mercedes-Benz Group AG). Mr. Hubertus Troska is also the chairman of the board of directors and CEO of Mercedes-Benz Group China Ltd. and is responsible for all strategic and operational activities of Daimler and Mercedes-Benz Group AG in China. He is also a member of the board of directors of Mercedes-Benz Group AG.

Mr. Hubertus Troska has been working in Daimler for more than 30 years and served in Daimler AG in various management positions at headquarters and in various business areas worldwide, covering six markets including the United States, Mexico and Turkey. He was formerly the Global Head of Mercedes-Benz Truck, the President of Mercedes-AMG GmbH and Head of Product Marketing for Mercedes-Benz Automotive Group.

Mr. Hubertus Troska has served as a non-executive Director of the Company since November 18, 2013.

**Mr. Harald Emil Wilhelm**, born in April 1966, German, holds an MBA degree. He **currently serves as a non-executive Director of the Company**. Since April 2019, he has been a member of the board of directors of Mercedes-Benz Group AG (formerly Daimler AG), in charge of finance and control as well as the Mercedes-Benz mobility business. Mr. Wilhelm is also a member of the board of directors of Mercedes-Benz AG and the chairman of the board of supervisors of Mercedes-Benz Mobility AG. He is also a member of the board of supervisors, a shareholder representative and a member of the Audit Committee of Daimler Trucks Holding AG.

Mr. Harald Emil Wilhelm has nearly 30 years of enterprise management experience since he worked for Deutsche Aerospace AG. He has held many financial management positions at Airbus SE since 2000, and has worked as a chief financial officer of Airbus SE and Airbus Commercial Aircraft since June 2012. Before working for Airbus SE, Mr. Wilhelm acted as the vice president of mergers & acquisitions at Daimler-Benz Aerospace AG.

Mr. Harald Emil Wilhelm has served as a non-executive Director of the Company since June 18, 2019.

**Mr. Gu Tiemin (顧鐵民)**, born in May 1968, holds a master's degree in law and is a senior economist and a lawyer. He **currently serves as a non-executive Director of the Company**. He is currently an expatriate fulltime director of Beijing State-owned Capital Operation and Management Co., Ltd. (北京國有資本運營管理有限公司), and serves as a non-executive director of BBMG Corporation (北京金隅集團股份有限公司).

Mr. Gu has over thirty years' experience in government and business administration. He successively acted as a section member, chief section member and deputy director of the Enforcement and Supervision Division of the Legal Office of Beijing Municipal People's Government (北京市人民政府法制辦), deputy director of

\* For identification purpose only

## Section IX Directors, Supervisors and Senior Management

the Legal Affairs Office of the People's Government of Xuanwu District, Beijing (Head of Division), director of the Article and Law Department of the Beijing Foreign Trade and Economic Cooperation Commission, director of the Legal and Fair Trade Department (WTO Affairs Division), Beijing Municipal Bureau of Commerce, deputy secretary general of the Jinhua Municipal Government, Zhejiang Province (hanging position), deputy director of Beijing Municipal Bureau of Commerce, deputy director of Beijing International Technical Cooperation Center (Beijing Technical Exchange Training Center) (北京國際技術合作中心(北京技術交流培訓中心)), deputy general manager of Beijing Shounong Group, deputy secretary to the Party Committee of Beijing International Technical Cooperation Center (Beijing Technical Exchange Training Center), secretary to the Party Committee and chairman of the board of directors of Beijing International Technical Cooperation Co. Ltd. and other positions since 1991.

Mr. Gu has served as a non-executive Director of the Company since June 18, 2021.

**Mr. Sun Li (孫力)**, born in August 1965, holds a master's degree in business administration and is a senior economist. He **currently serves as a non-executive Director of the Company** and a full-time director of investment enterprises of Beijing Energy Holding Co., Ltd. (北京能源集團有限責任公司).

Mr. Sun has more than 30 years' experience in business management. Since 1988, he successively served as a cadre of the Economic Information Department of China Public Relations Association, a cadre of the News Department of the General Office of the Ministry of Water Resources, a senior staff member of the News Department, a principal staff member of the News Department, the deputy director of the News Department of the General Office, a cadre of the Office of Preparation for Water Resources Dispatch Building of the Ministry of Water Resources, the head of general manager office of Beijing International Power Development and Investment Corporation, the head of the office of board of directors, manager of human resources department, party branch

secretary, and head of the general manager office of Beijing Energy Investment Holding Co., Ltd. (北京能源投資(集團)有限公司), the head of the general manager office, head of human resources department of Beijing Energy Holding Co., Ltd. (北京能源集團有限責任公司), and the secretary of party committee and executive director of Beijing Yuanshen Energy Saving Technology Co., Ltd. (北京源深節能技術有限責任公司) and other positions.

Mr. Sun has acted as a non-executive Director of the Company since March 24, 2021.

**Mr. Ge Songlin (葛松林)**, born in September 1955, holds a doctoral degree in engineering in Italy and is a senior engineer at a professor level. He **currently serves as an independent non-executive Director of the Company**, the specialized secretary general of Society of Automotive Engineering of China, the deputy director of the working committee of Science and Technology Award of China Automobile Industry (中國汽車工業科技獎勵工作委員會) and an editor-in-chief of the academic journal Automotive Engineering, a distinguished professor at Hefei University of Technology, Jiangsu University and Changsha University of Science and Technology and a member of the academic committee of the key laboratory of Shanghai Jiaotong University and other positions.

Mr. Ge has nearly 40 years of experience in the automobile industry. Since 1982, he has served successively as an assistant lecturer, lecturer, associate professor and professor in Hefei University of Technology. In 1992, he went to University of Florence in Italy for a doctoral degree study and later in 1997 he served as a senior engineer in the automobile industry department of the Ministry of Machine-Building Industry and the deputy secretary general of Society of Automotive Engineering of China after returning to China, etc.

Mr. Ge has served as an independent non-executive Director of the Company since April 21, 2017.

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**Ms. Yin Yuanping (尹援平)**, born in March 1956, holds a bachelor's degree in economics. She **currently serves as the independent non-executive Director of the Company**, and the vice council president of China Enterprise Confederation/China Enterprise Directors Association (中國企業聯合會/中國企業家協會, the "CEC").

Ms. Yin has more than 30 years of experience in corporate management. Since 1989, Ms. Yin Yuanping has acted successively as the vice president and vice general editor, the president and general editor of CEC Enterprise Management Publishing House (中國企聯企業管理出版社), the vice president, the standing vice chairman, the secretary to the Party Committee and the standing vice chairman of CEC, and the president and standing vice president of China Enterprise Management Science Foundation (中國企業管理科學基金會), etc.

Ms. Yin has acted as an independent non-executive Director of the Company since March 24, 2021.

**Mr. Xu Xiangyang (徐向陽)**, born in May 1965, holds a doctoral degree in engineering. He **currently serves as an independent non-executive Director of the Company**, a professor in School of Transportation Science and Engineering (交通科學與工程學院), a director of the academic committee (學術委員會) and a doctoral tutor of Beihang University (北京航空航天大學), as well as a standing director and a fellow of Society of Automotive Engineers China (中國汽車工程學會), a standing deputy director of the National Automatic Transmission Engineering Technology Research Center for Passenger Vehicles (國家乘用車自動變速器工程技術研究中心) and an independent non-executive director of Cheshi Technology Inc..

Mr. Xu has more than 30 years of experience in the automobile industry. Since 1990, Mr. Xu has acted successively as an assistant lecturer, lecturer, associate professor and professor in School of Automotive Engineering (汽車工程學院) of Harbin Institute of Technology (哈爾濱工業大學), a visiting scholar in Daimler, a professor and deputy director in Faculty

of Automotive Engineering (汽車工程系) as well as a professor and vice president in School of Transportation Science and Engineering of Beihang University and other positions.

Mr. Xu has acted as an independent non-executive Director of the Company since March 24, 2021.

**Mr. Tang Jun (唐鈞)**, born in March 1978, holds a doctoral degree in management. He **currently serves as an independent non-executive Director of the Company**, a director of the Crisis Management Research Center and a professor and a doctoral tutor in the School of Public Administration and Policy of Renmin University of China. Meanwhile, he serves as the deputy director of the Urban Safety Research Center of People's Public Security University of China, a special researcher of the Fire and Rescue Department under the Ministry of the Emergency Management (應急管理部消防救援局), an expert consultant of www.cpd.com.cn (中國警察網), a member of the National Risk Management and Standardized Technique Committee (全國風險管理標準化技術委員會), the deputy chairman of the City Management Volunteers Association of Beijing (北京市城市管理志願者協會), the deputy director of the School Security Professional Committee of China Society of Emergency Management (中國應急管理學會校園安全專業委員會), a director of the Public Management Research Center of Chinese Public Administration Society and of the Research Society for China Public Sector Reform Management, an editorial board member of the press of the Reform and Management of China Public Sector (《中國機構改革與管理》), and a consultant of the press of China Fire (《中國消防》). Mr. Tang has nearly 20 years of experience in risk management and safety management. Since 2005, he has served as a lecturer and an associate professor in School of Public Administration Policy as well as a deputy director of the Crisis Management Research Center of Renmin University of China, etc.

Mr. Tang has served as an independent non-executive Director of the Company since March 24, 2021.

## Section IX Directors, Supervisors and Senior Management

**Mr. Edmund Sit (薛立品)**, born in November 1963, holds a master's degree in business administration and is a fellow of the Association of Chartered Certified Accountants in the United Kingdom, a fellow of the Hong Kong Institute of Certified Public Accountants, a member of Association of International Certified Financial Consultants, an associate member of Society of Chinese Accountants & Auditors and a member of the Hong Kong Business Accountants Association. He **currently serves as an independent non-executive Director and the chairman of the Audit Committee of the Company**, an independent non-executive director, the chairman of the audit committee and the chairman of the remuneration committee in First Tractor Company Limited, the director of Alpcorp Ltd. and Alpcorp Trading Services Ltd., and the general manager of Chuanghui Consulting Company (創慧顧問諮詢公司) and Chuanghui Chinese Medicine Clinic (創慧中醫診所), as well as the chief lecturer of the Association of International Certified Financial Consultants.

Mr. Sit has more than 30 years of experience in auditing, finance, management accounting, personnel management, financing, company secretary and listing, etc. He worked for KPMG, Ernst & Young, System Pro Uarco Business Forms Ltd, Logo S.A., Xiang Lu Industries Ltd, Chubb Hong Kong Ltd, Johnson Controls Hong Kong Ltd, C&C Joint Printing Co., (HK) Ltd, Sino Fame International Group (譽中國際集團) and Wanyu Group (萬裕集團). He acted as a senior management member of Tianneng Power International Limited, Beijing Media Corporation Limited, SMI Holdings Group Limited, Wong's International Holdings Limited and Beijing Gas Blue Sky Holdings Limited.

Mr. Tang has acted as an independent non-executive Director of the Company since March 24, 2021.

### SUPERVISORS

**Mr. Zhang Ran (張然)**, born in October 1985, holds a master's degree in literature and **currently serves as the chairman of the Board of Supervisors and the employee representative supervisor of the Company as well as the deputy party secretary and the leader of the labor union of the Company**. He also serves as a supervisor of BAIC Group Off-road Vehicle Co., Ltd..

Mr. Zhang has more than ten years of experience in the automobile industry. Since 2008, he has successively served as various positions such as the person-in-charge of the recruitment of Beijing Hyundai Motor Co., Ltd., the person-in-charge of the recruitment and informatization of the human resources management department of Beijing Automotive Group Co., Ltd., the deputy head of the human resources department of the management center and the deputy director (leading the work) of the expatriate management office of the Company, the head of the human resources department of the management center and the director of the expatriate management office of the Company, and the head of the organization department of the party committee/the human resources department of the Company.

Mr. Zhang has acted as an employee representative Supervisor of the Company since June 27, 2022.

## Section IX Directors, Supervisors and Senior Management

**Mr. Zhou Xuehui (周雪輝)**, born in December 1966, holds a bachelor's degree and is a senior accountant. He **currently serves as a non-employee representative Supervisor of the Company**, and the deputy head of the financial department of BAIC Group.

Mr. Zhou has more than 30 years of experience in financial management. Since 1988, Mr. Zhou Xuehui has served successively as the person-in-charge of accounting, league branch secretary, a manager of the financial department, a manager of finance and logistic department, a manager and assistant to the general manager of the planning and finance department in Beijing Automotive Industry Imp. & Exp. Co., Ltd., a deputy general manager and general manager of Beijing Yanshenglong Automobile Trade Co., Ltd (北京燕盛隆汽車貿易有限公司), the head of the financial department for capital management in Beijing Automotive Industry Holding Co., Ltd. (the predecessor of BAIC Group), the deputy secretary of the party branch and the head of the labor union of BAIC Finance, the deputy secretary of the party committee, the deputy general manager, a secretary of the discipline inspection commission and the chairman of the labor union of BAIC Finance, the vice president of the Party School, a member of the university council of BAIC Group, the deputy general manager of Beijing Automotive Education Investment Co. Ltd. (北京汽車教育投資有限公司).

Mr. Zhou has acted as a non-employee representative Supervisor of the Company since March 24, 2021.

**Mr. Zhang Yanjun (張彥軍)**, born in November 1972, holds a master's degree in accounting. He **currently serves as an employee representative Supervisor** and the deputy head of the legal and compliance department of the Company.

Mr. Zhang has over 20 years of experience in auditing. Since 2003, he served successively as a researcher of audit research institute of Beijing Audit Bureau, the head of audit office of Beijing Automotive Holding Co., Ltd., the director of audit and supervision office of BAIC Automotive Asset Operation Management Co., Ltd., the general manager of audit and compliance department of Beijing Benz Automotive Co., Ltd., the head of the audit department of the Company and other positions.

Mr. Zhang has acted as an employee representative Supervisor of the Company since March 24, 2021.

**Ms. Qiao Yufei (喬雨菲)**, born in January 1988, holds a master's degree in finance, chartered financial analyst (CFA). She **currently serves as a non-employee representative Supervisor of the Company**, the principal of post-investment management and service department of Shougang Fund, a director and the general manager of Beijing Shouxi Investment Management Co., Ltd. (北京首熙投資管理有限公司), a director of Beijing VSTARTUP Industrial Operation and Management Co., Ltd. (北京創業公社產業運營管理股份有限公司), and a director of Capital Industrial Financial Services Group Limited (首惠產業金融).

Ms. Qiao has over 10 years of experience in investment and post-investment management. She has served successively as a senior manager and the vice president of investment banking department and the vice president of equity investment department of CITIC Securities Company Limited since 2012.

Ms. Qiao has acted as a non-employee representative Supervisor of the Company since March 24, 2021.

## Section IX Directors, Supervisors and Senior Management

### SENIOR MANAGEMENT AND COMPANY SECRETARY

See “DIRECTORS” of this Section for the profile of **Mr. Huang Wenbing**.

Mr. Huang has acted as the president of the Company since December 31, 2020.

**Mr. Li Deren (李德仁)**, born in October 1966, holds a bachelor’s degree in economics, a master’s degree in laws and an MBA degree and is a senior accountant. He **currently serves as the vice president of the Company**, a director of BAIC Finance, a director of Benz Sales, a supervisor of Fujian Benz, and a director of BAIC Hong Kong.

Mr. Li has more than 30 years of experience in finance, audit and business management. He worked as the deputy secretary of the youth league committee of Hebei Chengde School of Economics and Finance (河北承德財經學校), the deputy chief accountant of Hebei Chengde Iron & Steel Group (河北承德鋼鐵集團), the financial officer of Hebei Chengde Xinxin Vanadium and Titanium Co., Ltd. (河北承德新新鈦股份有限公司) (stock code: 600357.SH), the chief financial officer and the audit director of Beijing Jianlong Steel Group (北京建龍鋼鐵集團), the chief financial officer of Beijing Baiduoan Technology Co., Ltd. (北京百多安科技有限公司), the general manager of Shandong Branch of such company, the deputy leader of the project construction team and the deputy general manager of the Beijing Branch of the Company, the deputy director of the finance and economics center of the Company, the head of the research and development and finance department of the center, a member of the party committee, the chief financial officer and the head of the financial management department of Powertrain, the assistant to president of the Company, and the director of the finance and economics center and the investment planning center of the Company.

Mr. Li has acted as the vice president of the Company since June 15, 2017.

**Mr. Peng Gang (彭綱)**, born in July 1980, holds a master’s degree in business administration. He is **currently the vice president of the Company**, the secretary of the party committee, executive director and general manager of Beijing Motor Sales Co., Ltd., executive director and general manager of Zhuzhou (BAIC) Motor Sales Co., Ltd., executive director and general manager of BAIC Group Off-road Vehicle Sales Service Co., Ltd. (北京汽車集團越野車銷售服務有限公司), and the secretary of the party committee, executive director and general manager of BAIC BluePark Marketing Service Co., Ltd (北京汽車藍谷營銷服務有限公司).

Mr. Peng has more than 20 years of experience in marketing. He once served as the sales director of Beijing Beichen Wantong Trading Development Co., Ltd. (北京北辰萬通商貿發展有限公司), a staff member of the special store development department of the sales headquarters, the director of the Suzhou and Shanghai office, the director of the Beijing office, the director of the Beijing office and the head of the special store support department, the head of the special store support department, the head of the business supervision department, and the head of the sales promotion department of Beijing Hyundai Motor Co., Ltd., the deputy director of the customer relationship department, the director of the network department, the deputy general manager and the head of the off-road vehicle department, and the deputy general manager of Beijing Motor Sales Co., Ltd., and the deputy general manager of BAIC Group Off-road Vehicle Sales Service Co., Ltd.

Mr. Peng has acted as the vice president of the Company since May 18, 2022.

**Mr. Ding Zuxue (丁祖學)**, born in November 1967, holds a bachelor’s degree in engineering. He is **currently the vice president of the Company** and the deputy general manager of BAIC Group Off-road Vehicle Co., Ltd.

Mr. Ding has more than 30 years of experience in the automobile industry. He once acted as a technician in the scientific research department of the technology

## Section IX Directors, Supervisors and Senior Management

development center of China National Heavy Duty Truck Industrial Enterprise Corporation (中國重型汽車工業企業聯營公司) and the head of the trial production department and the director of the trial production department (at the section chief level) of the vehicle quality assurance institute and the head (at the section chief level) of the second vehicle inspection department of the quality supervision, inspection, identification and testing institute under the technology development center of China National Heavy Duty Truck Group Corporation (中國重型汽車集團公司). At Beiqi Foton Motor Co., Ltd., Mr. Ding served as the deputy director and director of the trial production and testing laboratory of the technology research institute, the assistant to the president and the head of the pilot plant and vice president of the technology research institute, and the deputy general manager, manager, and the assistant to the general manager of the quality control department. He also served as the deputy general manager of CHERY Detank Co. Ltd. (奇瑞重工股份有限公司), vice president of the vehicle research institute of BAIC Motor Corporation Limited, standing vice president of the Off-road Vehicle Technology Center of BAIC Group, deputy general manager of the off-road vehicle business department of BAIC Group, and deputy general manager of a branch of BAIC Group Off-road Vehicle Co., Ltd.

Mr. Ding has acted as the vice president of the Company since November 18, 2022.

**Mr. Yang Xueguang (楊學光)**, born in September 1972, holds a master's degree in business administration and is an engineer. He **currently serves as the vice president of the Company.**

Mr. Yang has more than 20 years of experience in the automotive industry. Since 1995, he has served successively as an employee of Beijing Light Automobile Co., Ltd., a technical support engineer of Beijing Beizhao Olympus Optical Co., Ltd. (北京北照奧林巴斯光學有限公司), the director of the processing center of the Institute of Electronics, Chinese Academy of Sciences, an employee of the assembly shop in the vehicle factory of Beijing Hyundai, the head of the No. 2 assembly inspection section of the quality department of Beijing Hyundai, the head of the quality department of Beijing Branch of the Company, the head of the quality control department of Beijing Branch of the quality center in the Company, the deputy director of the quality center, the head of the quality control department of Beijing Branch, the deputy director of the procurement center and the head of the parts purchase department of the Company, and the head of the quality center and the management center of the Company.

Mr. Yang has acted as the vice president of the Company since January 22, 2018.



## Section IX Directors, Supervisors and Senior Management

**Mr. Wang Jianhui (王建輝)**, born in August 1977, holds a bachelor's degree in metallurgical machinery and a master's degree in business administration. He **currently serves as the vice president, the secretary to the Board, the company secretary of the Company**, the chairman and president of BAIC Automobile SA, a director of Fujian Benz, the chairman of BHAF, deputy chairman of the board of directors of Hyundai Top Selection U-Car, a director of BH Leasing, a director of Benz Leasing, a director of Beijing Shougang Cold-Rolled Sheet Co., Ltd. (北京首鋼冷軋薄板有限公司), and the chairman of the Supervisory Committee of BAIC Yunnan Ruili Motor Co., Ltd.

Mr. Wang has nearly twenty years of experience in corporate governance, investment management and capital operations. Since 2007, he has served successively as the manager of the project management department of BAIC Investment, the manager of the investment management department of the Company, the director of production, the director of integrated management and the deputy general manager of Beijing BAIC Faurecia Automotive Systems Co., Ltd., and the professional chief officer of the planning center of the Company, and the deputy director (presiding) of the planning center, the deputy director of the investment planning center and director of investment planning of the Company.

Mr. Wang has served as the secretary to the Board of the Company since January 17, 2019, the company secretary of the Company since January 29, 2019, and the vice president since February 4, 2021.

The terms of office of the above senior management expire on the expiry of the term of office for the fourth session of the Board of Directors.

## Section X Environmental, Social and Governance Report

### NOTES ON REPORT

This report is based on relevant policies, philosophies and objectives of the Group, and describes the overall environmental and social efforts and performance of the Group in 2022. This report should be read together with the section entitled “Corporate Governance Report” on pages 53 to 69 of this annual report to fully understand the environmental, social and governance performance of the Group.

This report has been prepared in accordance with the “Environmental, Social and Governance Reporting Guide” (the “ESG Guide”) in Appendix 27 to the Listing Rules, and by reference to the “Global Reporting Initiative Sustainability Reporting Standards” (GRI Standards) published by the Global Sustainability Standards Board (GSSB).

Financial data in this report are derived from this annual report and other data cover the Company and its subsidiaries, unless otherwise specified. All the monetary amounts in this report are denominated in Renminbi (RMB), unless otherwise specified.

### ESG GOVERNANCE STATEMENT BY THE BOARD

The Board highly values the Company’s ESG efforts, takes full responsibility for the Company’s ESG strategy, reporting and monitoring, and ensures that an appropriate and effective ESG risk management and internal control system is in place.

## Section X Environmental, Social and Governance Report

The Board is committed to integrating the monitoring of ESG issues (including their risks to the Company's business) into the daily management and business operations of the Company, requiring the management to regularly assess the impact and incidence of important ESG issues and risks in the daily management and business operations, and to formulate risk management measures. The Board regularly reviews the relevant risk assessment reports and conducts focused monitoring on the important ESG issues and risks identified, and supervises the management to carry out risk management in accordance with the risk management measures approved by the Board. Based on the Company's development strategy, relevant policies and regulations and stakeholder communication, most of the Board members also participate in the identification and evaluation of substantive ESG-related issues in order to clarify the Company's ESG governance priorities and set annual energy-saving and emission reduction targets and action plans.

This report provides information on the progress and effectiveness of the Group's ESG efforts in 2022 and will be approved by the Board prior to disclosure.

### 1. ESG MANAGEMENT OF THE COMPANY

#### 1.1 ESG Management

##### ESG Management System

In strict compliance with the ESG Guide, the Group has integrated ESG management into the management and decision-making processes of the Company, strengthened the ESG management system and enhanced ESG management capabilities. The Board is the highest-level responsible and decision-making body for ESG matters of the Group and has full responsibility for the Group's ESG strategy, performance and reporting. It receives reports from the ESG executive through regular meetings and monitors ESG-related matters that may affect the Group's business or operations as well as shareholders and other stakeholders' rights and interests to ensure the integration of ESG concepts with corporate strategies. Under the authority of the Board, the Group has established an ESG working group to monitor and implement its commitments and performance on key ESG issues, and to report regularly to the Board. In addition, the Group has established and continuously improved an ESG indicators system applicable to the Group, and defined the responsible departments and the ESG information reporting process to ensure timely, efficient and high-quality disclosure of ESG information.

## Section X Environmental, Social and Governance Report

### ESG Reporting Principles

**Materiality:** The materiality of our ESG issues is determined by the Board and stakeholder communication, the process for identifying material issues and the materiality matrix are disclosed in this report.

**Quantitative:** The statistical criteria, methods, assumptions and/or calculation tools for the quantitative KPIs in this report, and the sources of conversion factors, are described in the explanatory notes of this report.

**Balance:** This report presents the Group's performance for the reporting period in an unbiased manner so as not to unduly influence the decisions or judgments of its readers.

**Consistency:** The statistical methods used to disclose information in this report are consistent.

### ESG Governance Structure



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### 1.2 ESG Concept and Strategy

#### ESG Concept and Objective

The Company adheres to and practices the environmental protection concept and environmental policy of “green operation for sustainable development”, implementing sustainable development in all stages of product design, R&D and production. We are committed to achieving “Comprehensive Transformation Towards New Energy” and becoming a practitioner of the “carbon peak and neutrality” strategy. In actively responding to climate change and seeking to attain green and low-carbon development, we would like to contribute to the sustainable development of China’s automotive industry.

#### Stakeholders Communication

Stakeholder	Communication Mechanism	Stakeholders' Appeals	Response of the Group
Government and regulators	Policies and guidelines Daily communication	Driving economic development Tax payment according to law Honest and legitimate operation Creation of job opportunities Reducing energy consumption and carbon emissions Coping with climate change	Active response to national strategies Good operation Compliant operation Creation of jobs Raising environmental awareness Energy saving renovation Strengthening the construction of safety and environmental systems Green operation
Investors and shareholders	General meeting of shareholders Daily communication of the Board	Value enhancement Regulation of corporate governance Transparent operation	Good operating results Continuous improvement in the corporate governance structure Comprehensive, timely, accurate information disclosure
Customers	Company website WeChat official account and Weibo official account Vehicle owner activities Customer satisfaction survey	Good cost performance Safety guarantee Provision of high-quality services	Satisfaction of diversified needs of customers Improvement in the product quality management system Vehicle owner activities Customer satisfaction survey

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Stakeholder	Communication Mechanism	Stakeholders' Appeals	Response of the Group
Employees	Communication with employees Labour Union Employee Representative Congress President's communication meeting Bulletin	Sound remuneration and welfare system Smooth career development path Comfortable working environment	Safeguarding of legitimate rights and interests of employees Continuous reinforcement of safety and health management Diverse training Staff care activities
Suppliers and partners	Regular communication Business cooperation and exchange Training	Fair and equitable cooperation Cooperation and mutual benefit Supply chain environmental and social risk management	Improvement in supplier management Strengthening of internal procurement management Conducting supplier training Preferred environmental protection products and services
Dealers	Sales activities Training Business guidance	Model supply Business help	Strengthening of instruction and helping dealers in sales activities Sharing of market information Dealer training
Public, media and community	Information disclosure of media Philanthropic events Understanding community needs Development of an action plan	Open, transparent information disclosure Comprehensive, effective performance of corporate citizen responsibilities Common community development Harmonious community relations	Timely and objective information disclosure Supporting for development of sports Participation in volunteer activities Earnest efforts for public welfare

## Section X Environmental, Social and Governance Report

### Substantive Issue Management

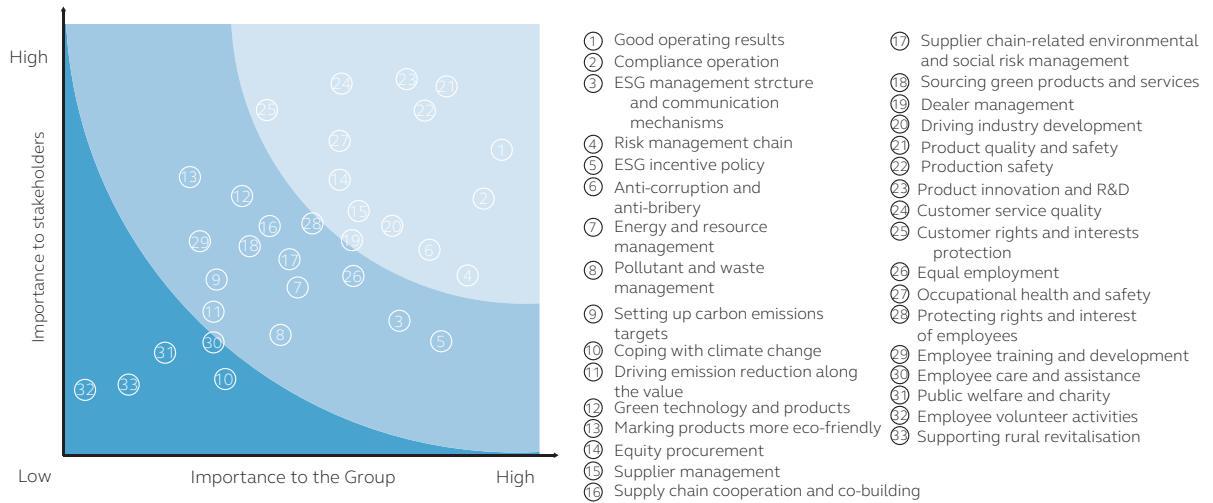
The Group values stakeholder communication and has established an efficient stakeholder communication and feedback mechanism to identify the feedback and expectations of various stakeholders on the Group, so as to enhance the Group's ESG performance in a targeted manner and effectively respond to the needs of various parties. In accordance with the ESG Guide, the Group has identified and screened ESG issues relevant to the Group through various forms of communication and exchanges with various stakeholders, as well as making reference to the common international ESG initiatives and standards and the general ESG issues of concern to the industry, forming a matrix of material issues for the Group as the basis for managing and disclosing ESG information.

### Identification Process of Substantive Issues

- **Stakeholder Identification**  
The Group identifies stakeholders who have decision-making power and influence over the Group based on its scope of business and the nature of its production operations.
- **Issue Identification**  
Based on the analysis of industry dynamics, competitive landscape and corporate sustainability strategies, combined with reference to regulatory disclosure requirements, international reporting disclosure standards, industry policies and development trends, and capital market rating priorities, the Group conducted interviews and research projects to understand the aspirations of various stakeholders and identified 33 substantive issues that may directly or indirectly affect our business.
- **Assessment of Issues**  
A questionnaire survey was conducted to understand the importance of the issues of concern to each stakeholder, and a matrix of material issues was derived through ranking and preliminary assessment.
- **Analysis and Validation of Issues**  
The substantive issues evaluated and ranked were finalised and a matrix of substantive issues was developed and used as the basis for optimising operational management and preparing this report.

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**Materiality Matrix of Core Substantive Issues for 2022**



## 1.3 Compliance Operation

### Anti-corruption

The Group and its employees carry out their work in strict compliance with laws and regulations including the “Constitution of the People’s Republic of China”, the “Criminal Law of the People’s Republic of China”, the “Supervision Law of the People’s Republic of China”, the “Law of the People’s Republic of China on Administrative Discipline for Public Officials”, the “Law of the People’s Republic of China on Anti-Corruption and Anti-Bribery”, and the “Provisions on Honest Practice of Leaders of State-owned Enterprises” as well as basic codes of ethics. The Group has formulated and implemented internal policies including the “Measures for Implementing the Party Conduct and Clean Governance Responsibility System”, the “Compliance Management Measures”, the “Compliance Reporting Management Measures” and the corporate code of business conduct, and resolutely eradicates any kind of illegal acts such as bribery and fraud through establishing an anti-corruption mechanism, carrying out anti-corruption education and smoothing reporting channels.



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During the reporting period, the Group was not aware of any lawsuits arising from violation of anti-corruption, anti-bribery, anti-fraud and anti-money laundering and other laws and regulations in its operating areas.

<b>Building a culture of integrity</b>	Integrity warning education	<p>Developed the “Work Plan for Integrity Culture Building and Publicity” to promote the integration of integrity culture into the development of the Company and to better spread the culture of integrity.</p> <p>Carried out the clean governance awareness season entitled “Strengthen Disciplinary and Legal Education to Promote Duty Fulfilment” and 6 series of sub-activities to make progress in building a brand of integrity culture unique to the Company.</p> <p>Carried out 4 integrity training sessions to raise the awareness of integrity practice among primary-level employees. The Legal Lecture Hall column of the Mobile School app uploaded 15 videos of discipline and law knowledge, released 3 issues of Discipline and Law Knowledge Quiz, and published 12 issues of “Clean BAIC” throughout the year. Distributed 6 long-form diagrams and typical cases to remind staff of integrity practice prior to important holidays, and compiled and issued the “Typical Cases Involving the Problems of Formalism, Bureaucracy, Hedonism And Extravagance”, 7 illegal cases related to COVID-19 as a deterrent, and 3 legal instructions on COVID-19 response.</p> <p>Organised staff to watch warning education films, played the 60-second Warning Video Clip in the Clean Practice column of the Jingcai 1958 official account on WeChat, distributed 20 warning education videos, and established two columns called “Disciplinary and Legal Interpretation” and “Forestalling Corporate Compliance Risks”.</p>
	Integrity knowledge quizzes	<p>Conducted 13 pre-appointment integrity exams for newly promoted executives with an attendance of 34, organised 1,832 executives and employees to take mid-term and annual integrity exams, and arranged executives above the middle level to attend the education and training course called “Build An Integrity Defence Line by Clearly Defining Duties”.</p>
	Integrity education training	<p>Integrity education training sessions related to duty performance were live-streamed to standardise the duty performance of staff and enhance their awareness of integrity.</p>
	<b>Smoothing reporting channels</b>	<p>There are many reporting channels, such as complaint email address, tip-off hotline, complaint box, letter and visit, and leader phone number and email address receiving complaints. During the inspection of reported cases, the “Interim Measures of BAIC Motor Corporation Limited on Real-name Whistle-blowing” and other relevant rules will be strictly implemented to protect the rights, interests and safety of whistleblowers.</p>

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### Anti-corruption Training Data for 2022

Indicators	Unit	2022
Total number of anti-corruption training sessions	No.	12
Number of anti-corruption training sessions for employees	No.	11
Number of anti-corruption training sessions for directors	No.	1
Total number of participants in anti-corruption training sessions	Participants	473
Number of employees participating in anti-corruption training sessions	Participants	458
Number of directors participating in anti-corruption training sessions	Participants	15
Total hours of anti-corruption training sessions	Hours	481
Training hours per person of anti-corruption training sessions	Hours/participant	1

## 2. GREEN DEVELOPMENT

### 2.1 Green and Low-carbon Products

Committed to green development, the Company incorporates the concept of environmental protection into the design, research and development of products. Active in the research and development (R&D) of green technologies, we apply clean, lightweight and other technologies that help reduce carbon emissions, in order to continuously improve power systems and fuel efficiency, a prerequisite for reducing driving emissions and mitigating the impact of vehicles on the environment.

#### 2.1.1 New Energy Vehicles

Beijing EU5 model, since its launch in 2018, has covered the market of A-class sedans ranging RMB100,000-140,000, and extended presence to three major market segments, that is, family sedans, online ride-hailing vehicles and cabs. It wins the recognition of customers with its merits in durability, cost effectiveness and intelligence, posting a cumulative sales volume of close to 180,000 units. The EU5 series is equipped with the high-performance ternary lithium battery, which could bring the NEDC working range of over 416/501km. Meanwhile, the well-received series also comes with a variety of intelligent components and functions such as dual 12.3-inch dashboard and central control display, V2V/V2L, intelligent voice control, ACC + AEB self-adjusting cruise, and intelligent start-stop. Among them, the cabs in the battery swapping mode can replace battery packs automatically and quickly, highly suitable for the operational needs of cabs. So far, more than 30,000 vehicles of this kind have been put into use in Beijing, Yunnan and other places, producing a positive social effect. In the future, the EU5 series will keep updating and upgrading to target younger customer groups and sharpen its competitiveness in terms of size, style and intelligence to gain a larger market share.

#### Case: Supporting the oil-to-electric conversion of cabs in Kunming, Yunnan

In March 2022, the Company delivered and put into use the Beijing EU5 Quick Change Version, which is an upgrade of the original power change version and has replaced more than 8,000 petrol cars by now. Through this project, the Company could comprehensively facilitate the construction of a national demonstration zone for the high integration of green energy and green manufacturing in Yunnan, boost the development of green transportation in the province, and help to create a better future for local people.

## Section X Environmental, Social and Governance Report

Beijing EU7 model, since its launch in 2019, has covered the market of A+ class sedans ranging RMB150,000-180,000, and extended presence to three major market segments, that is, family sedans, online ride-hailing vehicles and business-purpose vehicles. It wins the recognition of customers with its long wheelbase, large space and luxury quality. The EU7 series is equipped with the high-performance ternary lithium battery, which could bring the NEDC working range of over 475km. Meanwhile, the series also comes with a variety of intelligent components and functions such as dual 12.3-inch displays, intelligent voice control and remote control over mobile phone.

### **Case: Serving the Organising Committee of Beijing 2022 Winter Olympic and Paralympic Games**

During the 2022 Beijing Winter Olympic Games, the Company provided a total of 330 Beijing EU7s as shuttles between the Beijing and Yanqing Olympic Zones. And a number of core technicians were selected and trained to set up a fleet, responsible for responding to car demands of the organizing committee around the clock.

## 2.2 Addressing Climate Change

Climate change is a severe challenge that concerns the survival and development of all humankind. The Company continues to explore the low-carbon transition of the automotive industry, promotes the sustainable development of the automotive industry, and takes up obligations and responsibilities to address climate change by participating in the development of a “carbon peak and neutrality” standard for the automotive industry. We have been involved in drafting standards such as the “Technical Specification for Life Cycle Carbon Accounting for Passenger Cars” and the “Life Cycle Carbon Emission Allowance for Passenger Cars”.

On the production side, a series of measures such as policy and system development, energy-saving and environmental protection renovation and technological innovation were launched. On the consumer side, we have strengthened our electrified products, increased the proportion of new energy vehicles in production and sales, reduced fuel consumption by improving the thermal efficiency of engines and developing hybrid models to establish an internal life-cycle carbon footprint collection and management system for vehicles, making a positive contribution to achieving carbon neutrality.

### **Carbon Emission Targets for 2021 to 2025**

We will carry out mapping carbon emissions at all stages of raw materials, production, processing and use, and gradually realise the management of the carbon footprint of automotive products. We will also adopt a multi-pronged approach to launch energy-saving and carbon reduction initiatives in the production, use and recycling of vehicles so as to promote further reduction of carbon emissions.

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Carbon reduction in production	Carbon reduction in use	Carbon reduction in recycling
<ul style="list-style-type: none"> <li>In terms of green production, we are actively reducing energy consumption by improving our energy consumption management system, upgrading and renovating equipment, etc.</li> <li>In terms of green office, we are actively promoting water and electricity conservation among all staff members and promoting paperless office.</li> </ul>	<ul style="list-style-type: none"> <li>Through technological innovation, by 2025, the engine thermal efficiency will further increase.</li> <li>In the area of hybridisation, we will implement a two-motor hybrid system and an extended range hybrid system to further save fuel.</li> <li>For the electric drive system, the integrated efficiency will further increase by 2025 through technologies such as silicon carbide MOS, break-away speed reducer and flat wire oil cooling.</li> </ul>	<ul style="list-style-type: none"> <li>Selecting green and environmentally-friendly raw materials to further increase the proportion of green materials by 2025.</li> <li>Improving the overall utilisation rate of resources, standardised recycling rate and utilisation rate of key recycled materials, and reducing resource waste through recycling. By 2025, the utilisation rate of key recycled materials will further increase.</li> </ul>

### 2.3 Green Production and Operation

We always earnestly fulfil our environmental protection obligations, practice the concepts of green development and environmental protection, and establish and implement a comprehensive environmental management system in conjunction with industry standards. At the manufacturing end, we analyse and assess the impacts on the environment possibly caused in all aspects of raw material selection, manufacturing, production, use and disposal, reduce pollutant discharge/emission and improve the efficiency of resource use. In the daily office operation, we disseminate energy-saving and environmental protection knowledge to employees, raise their awareness of environmental protection, and promote green office actions. During the reporting period, the Company incurred no major environmental accidents.

<b>Environmental Management System</b>	Environmental management certification	We have passed the ISO14001 environmental management system certification and ensured the adaptability and effectiveness of our management system by revising the environmental protection policy, publishing and implementing an environmental management manual, launching special environmental protection activities, and conducting internal reviews and annual supervisory reviews of the environmental management system.
	Safety and environmental emergency management	We have established a safety and environmental emergency management mechanism and adopted graded response measures. We have also developed an annual environmental emergency drill plan and conducted special environmental risk emergency drills.

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Creating a green supply chain	The Group has actively organised all units to create a green supply chain. Zhuzhou Branch evaluated third-party enterprises under the green supply chain management from 5 major dimensions, that is, green supply chain management strategy, green procurement and supplier management, green production, green sales and recycling, green information platform building and information disclosure. In 2022, the branch passed the evaluation of the provincial authority and was rated as a model enterprise for green supply chain in Hunan Province.
Implementing green logistics	The layout of the production workshops has been rationalised, with each workshop connected by a corridor to facilitate process transport and reduce the use of logistics vehicles in the workshops; the logistics entrances and exits in the factory are reasonably designed to optimise transport routes and reduce transport energy consumption.

### Emissions Management

In strict compliance with the emissions management requirements of laws, regulations and 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 Atmospheric Pollution”, the “Law of the People’s Republic of China on Prevention and Control of Water Pollution” and the “Law of the People’s Republic of China on Prevention and Control of Environmental Pollution by Solid Waste” and through implementing a number of internal policies and systems such as the “Solid Waste Discharge Management Measures”, the “Air Pollutant Control and Management Measures”, the “Water Pollutant Control and Management Measures” and the “Energy-saving and Environmental Protection Management Procedures for Product Design of BAIC Motor”, we have established a sound environmental management system, to strengthen the management and control of pollutants, reduce and recycle waste, and cut the adverse impact on the environment by enhancing production efficiency, refining technology and processes, optimising the management and treatment system for emissions, intensifying environmental monitoring, etc.

#### Emissions Management Targets for 2021 to 2025

Further reduce wastewater, exhaust and solid waste through real-time monitoring, upgrading of environmental protection equipment, etc.; dispose of 100% of hazardous waste in a compliant manner.

## Section X Environmental, Social and Governance Report

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### Wastewater management

Wastewater treatment: A wastewater treatment station is built and promptly upgraded through measures such as adding the air flotation and disinfection tank processes and installing exhaust gas collection and treatment devices, so as to ensure that the treated production wastewater could meet the discharge standards of government departments.

Real-time monitoring: In accordance with the requirements of national and local environmental protection departments, online surveillance equipment for monitoring COD, ammonia nitrogen, total phosphorus and total nickel is installed and the online monitoring data are connected to the data platforms of local environmental protection departments.

Recycling: After treatment, some of the wastewater is reused for landscaping, greening and production processes. Meanwhile, a new domestic wastewater treatment station has been built along with the steam recovery programme to reduce the waste of water resources.

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### Exhaust gas management

Classification management: According to the production and operation conditions of the Company, corresponding gas exhausts, process exhausts and canteen fume exhausts are installed and corresponding emission control facilities are built to ensure that each type of exhaust pollutant meets the emission standards for atmospheric pollutants.

Real-time monitoring: In accordance with the requirements of national and local environmental protection departments, online surveillance equipment for monitoring VOC, nitrogen oxide, and other air pollutants is installed and the online monitoring data are connected to the data platforms of local environmental protection departments.

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### Solid waste management

Policy formulation: A number of policies and procedures have been developed and implemented, including the “Waste Management Procedures of BAIC Motor”, “Solid Waste Control Procedures” and “Hazardous Waste Management Policy”.

Classification management: Waste is divided into several categories: hazardous waste, recyclable waste and non-recyclable waste, and is managed in accordance with the principles of waste disposal.

Principles of waste treatment: Priority is given to waste recycling for reuse, followed by non-hazardous treatment. The classification ensures the safety and compatibility of different waste streams themselves and avoids barriers to subsequent recycling.

Compliance disposal: Select a qualified waste recycling unit to recycle recyclable waste for reuse to achieve resourcefulness of waste and establish a comprehensive ledger of recyclable waste. Non-recyclable waste is transported by the government sanitation department to designated landfills for disposal. Select a qualified hazardous waste disposal company and implement a “joint bill” system to ensure consistency in the records of production, transportation, disposal and environmental protection.

Recycling: As per the main principle of using recycled materials for green packaging, a recycling packaging management system has been developed and put into operation to record and monitor the operation of packaging, reducing the use of disposable packaging materials and cutting the amount of solid waste at source.

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**Noise management** Proactively identify and analyse noise sources during operation and production, including presses, air pressure stations, paint equipment generators, boiler room and paint shop fans. Vibration and noise reduction, sound insulation and acoustic absorption measures are adopted to ensure noise meets regulatory requirements and it does not affect the daily life of the surrounding community.

### Case: Multi-pronged approach to reducing VOC emissions

Zhuzhou Branch Plant No.2 brought the painting workshop under the fully enclosed management. It adopted the 3C1B process, eliminated the medium coating drying, sanding and storage processes, and reduced space and equipment investment, thus lowering operational energy consumption. The 2K varnish process was used to enhance the fullness and freshness of the top coat while lowering VOC emissions. The robotic interior and exterior coating process was introduced in place of manual coating, to ensure the stability and consistency of product quality, improve the coating rate, and reduce paint consumption and VOC emissions. At the same time, the pollutants generated in the painting process, such as VOC, were collected, concentrated and incinerated to achieve harmless emissions, causing no air pollution.

Beijing Hyundai carried out the inner panel robot transformation project for the coating workshop, in which the inner panel of a car door would be painted automatically by the spraying robot instead of manual spraying, in a bid to improve the direct run run (DRR) and spraying quality and reduce the amount of paint used. It is expected to reduce the annual use of oil-based finishing paint by 97,614 litres and reduce VOC emissions at source by 44.32 tonnes. The workshop has reduced 14.19 tonnes of VOC emissions to the environment after the transformation.

### Case: Continuously reducing hazardous waste

BAIC Guangzhou continued to reduce hazardous waste. It reviewed the hazardous waste-generated production processes, on-site hazardous waste management, and other aspects of the whole plant, and formulated ten hazardous waste reduction measures, which included adding new sludge dryers and reducing the amount of lime added to the wastewater treatment process. Thanks to these measures, there was a decrease of 30.65% in the hazardous waste generated per vehicle at BAIC Guangzhou in 2022.

## Section X Environmental, Social and Governance Report

### Case: Reducing solid waste generation with recycled packaging

Beijing Benz actively carried out a packaging optimisation project, in which it proposed recycling packaging. As per the main principle of using recycled materials for green packaging, it made great efforts to reduce the use of disposable packaging materials and cut the amount of solid waste generated at source. By replacing traditional disposable packaging paper, Beijing Benz reduced 4,427 tonnes of solid waste, with its existing recycling packaging rate reaching 88%.

### Emission Data for 2020-2022

Indicator	Unit	2022 <sup>Note 1</sup>	2021	2020
Scope 1: Direct GHG emissions	tCO <sub>2</sub> e	210,962.63	221,782.18	216,661.55
Scope 2: Indirect GHG emissions	tCO <sub>2</sub> e	569,541.35	552,913.94	691,380.66
Total GHG emissions <sup>Note 2</sup>	tCO <sub>2</sub> e	780,503.97	774,696.12	908,042.21
GHG emissions per vehicle	tCO <sub>2</sub> e per vehicle	0.84	0.75	0.80
Total wastewater discharge	Tonne	2,123,285.00	1,502,353.38	1,978,428.20
Total COD emissions	Tonne	139.64	86.45	112.53
Total ammonia nitrogen emissions	Tonne	8.05	4.16	6.41
Total VOC emissions	Tonne	630.93	422.80	1,166.52
Total SO <sub>2</sub> emissions	Tonne	5.24	2.95	7.88
Total production of hazardous wastes	Tonne	14,175.88	12,565.97	16,034.47
Hazardous wastes generation intensity	Kg per vehicle	15.03	12.19	14.08
Total production of non-hazardous wastes	Tonne	140,054.05	144,483.93	163,536.64
of which: metal	Tonne	99,652.57	100,672.10	120,831.33
of which: paper	Tonne	10,050.46	9,553.12	10,644.69
of which: timber	Tonne	9,230.79	9,413.44	10,038.99
of which: others	Tonne	21,120.23	24,845.27	22,021.63
Non-hazardous wastes generation intensity	Kg per vehicle	148.54	140.14	143.62

Note 1: Based on the materiality of production and operation to the business of the Group and the environmental influence, the discharge data of the Group for 2022 covers the Company, BAIC Research Institute, Zhuzhou Branch, Powertrain, BAIC Guangzhou, Beinei Parts and Components, Beijing Benz and Beijing Hyundai.

Note 2: GHG emissions are calculated with reference to the GHG Protocol Corporate Accounting and Reporting Standard (Revised Edition) 2012 published by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), the Fifth Assessment Report issued by the Intergovernmental Panel on Climate Change (IPCC); and the grid emission factors used in the calculation of Scope 2 emissions are determined with reference to the latest emission factors of China's regional power grid for 2022 released by the Department of Climate Change, the Ministry of Ecology and Environment of the PRC.

### Reducing resource consumption

The Company insists on practising the concept of sustainable development, and upholds the energy policy of “energy conservation, efficiency enhancement, and green operation”. Through a combination of management and technical energy conservation, we conduct meticulous energy management, strive to maximise energy utilisation and optimise energy efficiency, and achieve continuous improvement in energy performance. In short, we are committed to becoming a resource-saving and eco-friendly enterprise.



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### Energy Consumption Targets for 2021 to 2025

Further reduce the consumption of water and energy resources such as electricity and heat through energy-saving management, energy-saving technology, photovoltaic and geothermal energy, etc. in the production process.

Reduce energy and water consumption through green office initiatives such as water and electricity conservation in the office operation.

### Green production

**Energy management:** We have strengthened systematic management to ensure consistency in energy management systems. According to the (GB/T 23331-2020)/ISO 50001:2018 Energy Management System: Requirements with Guidance for Use, we revised, released and implemented a series of documents related to our existing energy management system, including the “BAIC Energy Management Manual”, “Monitoring, Measurement and Analysis Control Procedures for BAIC Energy Management System”, “Operation Control Procedures for BAIC Energy Management System”, “Energy Review, Energy Benchmarking and Performance Parameters Control Procedures of BAIC”, and “BAIC Energy Management Measures”.

**Management of key energy equipment:** We established key energy-consuming equipment efficiency billboards, and monitored energy consumption information of equipment at each time period and real-time current or fluid flow rate, thus enabling equipment managers to improve the performance of equipment by technical means given the information on energy use.

**Energy-saving technologies:** As part of the initiative to implement meticulous energy management, we adopted 13 management measures and technical renovations to prioritise energy conservation and energy efficiency enhancement. Consequently, we cut RMB1,214,000 in annual energy costs, saved 155.2 tonnes of standard coal, and reduced 552.28 tonnes of carbon dioxide emissions throughout 2022.

**Water conservation initiative:** We helped employees raise water-saving awareness and habits through advocacy measures such as carrying out the annual water-saving week campaign, producing publicity slogans and banners, organising online seminars and training sessions, etc. We actively modified the plant equipment and used the reclaimed water produced by the wastewater treatment station in the plant to replace the tap water for greening and toilet flushing, saving over 100,000 tons of tap water each year. Meanwhile, we also used the reclaimed water from external sources for greening, toilet flushing and other purposes, saving more than 150,000 tons of tap water per year.

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### Green office

We implement energy saving management by posting signs on electricity, water and air-conditioning temperature control, etc., and assign responsible persons to make sure that lights are turned off when people leave, and computers and printers are switched off after work. We also set regulations for usage of air conditioners, setting requirements and switch-on conditions for summer and winter are set to reduce energy waste.

We are gradually replacing light tubes with LED tubes to save energy.

The Company has adopted a paperless office, where all office work is signed off electronically and is printed on both sides of the paper, limiting the amount of paper that can be printed and reducing the use of paper.

Print cartridges are reused to reduce the amount of waste generated and are disposed of by qualified units after disposal.

### Environmental protection awareness and training

We conduct environmental training and assessment for new employees to ensure 100% training rate. Training on environmental protection is organised regularly for persons holding key environmental positions in the Company.

We spread the concepts of ecological progress through energy-saving and low-carbon operation. The Eco-friendly Awareness Month campaign was launched to vigorously promote energy conservation and environmental protection laws and regulations, and enhance the energy-saving and eco-friendly awareness among executives and employees. Both online and offline environmental knowledge quizzes were organised to inform employees of the basic general knowledge and the latest national situation in respect of energy conservation and environmental protection. Meanwhile, we also produced and displayed excellent cases in energy conservation and environmental protection and participated in green research to convey advanced green concepts and technologies.

#### Case: Beijing Benz held a green public interest activity to move towards the carbon peak and neutrality goal

In May 2022, Beijing Benz launched a one-month tree-planting campaign for employees as a move towards the carbon peak and neutrality goal. Through multiple channels and various publicity methods, it raised the awareness of green development and advocated the low-carbon lifestyle among all employees. During the event, the labour union of Beijing Benz organised 25 tree-planting activities (at both the company and branch levels), registering an attendance of 4,300 persons from 24 branches. These activities took place in two production zones and four plants of Beijing Benz, covering a greening area of over 31,160 square metres and planting more than 1,500 saplings, which could sequester 18,315 kilograms of carbon every year.

#### Case: Photovoltaic power generation helps save energy and reduce emissions

By utilising approximately 140,000 square meters of factory floor space, BAIC Guangzhou has built distributed photovoltaic (PV) power generation systems, and the two completed PV power generation projects have a total capacity of 12MW, a total area of 75,300 square meters of power generation modules and a total annual average power generation of 11.56 million kWh. In 2022, the cumulative electricity generated was approximately 12.92 million kWh, reducing carbon dioxide emissions by approximately 7,801 tonnes.

Zhuzhou Branch built a distributed PV power generation project using the roof of the plant and the parking lot. Phase I of the project was completed with a total installed capacity of 5.98MWh, which has been connected to the grid for power generation.

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### Case: Beijing Benz was named Beijing Intelligent Manufacturing Energy Measurement Center

Beijing Benz actively promotes green development, vigorously advocates resource conservation and environmental friendliness, and is committed to building an intelligent facility system. The digital energy management systems, such as digital energy measurement system (EMS) and intelligent automation system (BMS), have been successively launched, achieving the visualisation, networking and intelligence of management of equipment and energy information, and significantly reducing energy consumption and emissions. In 2022, Beijing Benz was honoured as “Beijing Intelligent Manufacturing Energy Measurement Center (Auto Manufacturing)”.

In 2022, the Company consumed 17,922,837 kWh of green energy, reducing 10,793.0797 tonnes of carbon dioxide emissions.

### Resource Utilisation Data for 2020-2022

Indicator	Unit	2022 <sup>Note 1</sup>	2021	2020
Total electricity consumption	kWh	1,009,127,197.32	940,853,318.32	988,807,740.44
Total gasoline consumption	L	1,042,573.08	1,969,123.11	1,637,187.67
Total diesel consumption	L	39,580.83	78,166.12	90,652.33
Natural gas consumption	m <sup>3</sup>	96,259,419.54	99,282,750.41	97,258,879.08
Total purchased heat	million kJ	73,285.20	84,639.07	86,078.88
Total comprehensive energy <sup>Note 2</sup>	TCE	248,672.83	251,291.50	255,687.93
Production energy consumption intensity	TCE per vehicle	0.26	0.24	0.22
Total water consumption <sup>Note 3</sup>	Tonne	5,502,414.40	5,440,528.79	6,283,154.26
Total water consumption intensity	Tonne per vehicle	5.84	5.28	5.52
Total recycled and reused water	Tonne	64,307,511.00	52,344,235.40	3,163,313.42
Percentage of recycled and reused water	%	92	91	50

Note 1: Based on the materiality of production and operation to the business of the Group and the environmental influence, the discharge data of the Group for 2022 covers the Company, BAIC Research Institute, Zhuzhou Branch, Powertrain, BAIC Guangzhou, Beinei Parts and Components, Beijing Benz and Beijing Hyundai.

Note 2: The total comprehensive energy consumption is based on electricity and fuel consumption, and relevant conversion factors specified in the General Principles for Calculation of the Comprehensive Energy Consumption (GB/T2589-2020) of the People's Republic of China, including electricity, gasoline, diesel, natural gas and purchased heat.

Note 3: In 2022, the Company did not have problems in sourcing suitable water resources.

### 2.4 Green Industry Chain

The supply chain is an important source of carbon emissions in the automotive industry. Always spearheaded by the concept of low-carbon sustainable development, the Company actively creates a green and sustainable supply chain, has established and improved the “Green Supply Chain Control Measures of BAIC”, advocates the concept of green production among suppliers, and prompts them to adopt clean production for reducing energy consumption, thus giving rise to a sustainable green supply chain.

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Zhuzhou Branch evaluated third-party enterprises under the green supply chain management from 5 major dimensions, that is, green supply chain management strategy, green procurement and supplier management, green production, green sales and recycling, green information platform building and information disclosure. Through the evaluation of green supply chain management, it could better play the leading role of a model enterprise in helping manufacturing enterprises elevate the level of green supply chain management. By creating a green supply chain, it will also establish a resource-saving, environment-friendly procurement, production, marketing, recycling and logistics system, promoting upstream and downstream enterprises to jointly enhance the efficiency of resource utilisation, improve environmental performance, and achieve the goal of efficient resource use, minimal environmental impact and green development of enterprises along the chain.

Beijing Benz has established a comprehensive procurement and supplier management system, covering supplier certification, selection, auditing, performance evaluation, capacity enhancement and training, and other aspects. It regularly commends green suppliers through supplier conferences, requires medium and high-risk suppliers to devise plans for improving their environmental performance, and continuously promotes suppliers to establish and enhance a sustainable green supply chain management system. At the same time, Beijing Benz conducts annual training for suppliers on green supply chain, environmental laws and regulations, and energy conservation and emission reduction, among other topics, to enhance their environmental management capabilities and exercise more effective control over suppliers. Through the establishment and implementation of a green supply chain system, Beijing Benz has seen the percentage of suppliers in the system who have passed the ISO14001 certification increase year by year in the past three years, and as of 2022, 95% of its suppliers have passed environmental certification. This change has greatly raised the green management standard of the whole supply chain, improved the resource use efficiency along the supply chain, and sharpened the core competitiveness of Beijing Benz, making it possible for the company to attain sustainable development.

### 2.5 TCFD Disclosure

Climate change is a challenge facing all mankind, and active response to it turns out to be a key issue in the course of future development. The Group attaches great importance to the impact of climate change on business as well as operations. It implements a series of feasible initiatives, and follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to disclose information related to addressing climate change in four dimensions, that is, governance, strategy, risk management metrics and targets.

#### **Governance:**

The Board is the highest-level responsible and decision-making body for ESG matters of the Group and has full responsibility for the Group's ESG strategy, performance and reporting. It receives reports from the ESG executive through regular meetings and monitors ESG-related matters that may affect the Group's business or operations as well as shareholders and other stakeholders' rights and interests to ensure the integration of ESG concepts with corporate strategies. Under the authority of the Board, the Group has established an ESG working group to monitor and implement its commitments and performance on key ESG issues, and to report regularly to the Board.

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### Strategy:

The Company pays close attention to climate change trends and macro policies, and collates and interprets the content of relevant policies proposed by China. As suggested by the TCFD, we communicate with regulators, investors, rating agencies and third-party professional agencies so as to identify transition risks and physical risks related to climate change in a more comprehensive and thorough manner. According to the classification of the TCFD, there are two main types of risks associated with climate change: (1) physical risks due to extreme weather events or rising temperatures; and (2) transition risks due to market, regulatory and policy changes in response to climate change.

### Risk management:

We have established a comprehensive risk management framework and related risk management system, which are applied to respond to climate change-related risks. In accordance with this risk management framework, the management formulates risk management policies and internal control processes to identify, assess and manage risks. These policies and processes are implemented by business departments in their daily operations and material risks identified are reported to the management on a regular basis.

### Identification and Assessment of Climate Change Risks and Opportunities

Climate-related risks	Risk category	Potential impact	Countermeasures
Transition risk	Policy and regulatory risks	The market has become increasingly aware of the risks posed by climate change and is pushing the implementation of climate change-related regulatory and disclosure requirements. The Company needs to meet additional compliance requirements to develop its global business.  Changes in policies and regulations may bring negative effects such as business loss or business closure.	The Company will actively keep abreast of the policy trends and track the domestic and overseas regulatory development, which will be incorporated into its long-term plan in a timely manner.
	Market risk	Climate change causes uncertainty in market supply and demand, leading to fluctuations in receivables.  The scarcity of non-renewable resources and energy sources is expected to increase the uncertainty in product costs and prices, and the electric vehicle industry may face market acceptance and consumer choice risks in the medium to long term.	The Company will strengthen efforts on low-carbon production and products, and actively develop and utilise clean energy.
Reputational risk		In the context of the implementation of the “carbon peak and neutrality” policy, the Company’s reputation may be damaged if it fails to take proactive and effective climate actions and disclose information in a timely manner to respond to the needs of external stakeholders.	It will actively respond to the government’s call to build itself into a resource-saving and environmentally-friendly enterprise, continuously improve its low-carbon level, reduce emissions of pollutants, and protect the ecology and the environment to the greatest extent.

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Climate-related risks	Risk category	Potential impact	Countermeasures
Physical risk	Acute risk	The occurrence of extreme weather, such as floods and typhoons, causes damage to assets, loss of personnel, interruption of business activities, etc.	The Company will actively cope with the risks arising from climate change and invest more resources in the analysis and identification of related risks to prevent and tackle them. Emergency plans will be laid down to strengthen the investigation into potential hazards. Efforts will be made to eliminate or minimise the impact of such risks on the Company.
	Chronic risk	The increase in temperature affects the Company's normal operations or increase operating costs.	

### Opportunities:

While exposing the Company to the aforementioned transition risks and physical risks, climate change also creates more opportunities and room for development. Under its pressure, the Company vigorously develops low-carbon and climate change-resilient products and industry chains. This will push the Company to make more attempts and innovations in its products and businesses.

Committed to the concept of green and low-carbon development, the Company actively implements a number of energy-saving and emission reduction projects. To date, we have built distributed PV power generation projects in BAIC Guangzhou, Zhuzhou Branch and Powertrain, thus minimising carbon emissions from the production process.

### Metrics and Targets:

China has striven for peak carbon emissions before 2030 and carbon neutrality by 2060. The Company attaches great importance and actively responds to the carbon peak and neutrality goal proposed by the State. In terms of policy formulation, we will implement low-carbon management through four types of measures, that is, accounting standards, public notification system, incentives and disincentives from both the production and consumption sides. With respect to manufacturing, we will seek to reduce carbon emissions throughout the whole life cycle of vehicles through vehicle electrification, alternative fuel use, material efficiency improvement, etc. The Company will take a series of initiatives to further cut its carbon emissions.

## 3. PRODUCT RESPONSIBILITY

### 3.1 Tightening Quality Control

The Company has always regarded quality and service as the foundation of its development, and is dedicated to building a meticulous, sound quality control and assurance system. In 2022, oriented to transformation, development, reform and innovation, the quality system focused on new product quality and manufacturing quality to provide excellent products and services for meeting customer expectations continuously.

#### Case: Beijing X7 won the first place in the customer satisfaction survey of the RMB100,000-150,000 compact SUV segment organised by the CACSI

In December 2022, the China Association for Quality released the China Automobile Customer Satisfaction Index (CACSI) in Beijing for 2022. The Beijing X7 model won first place in customer satisfaction within the RMB100,000-150,000 compact SUV segment.

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### Quality Management System

Under the guidance of the quality policy of “making high-quality vehicles, exceeding customer expectations; leading in quality, continuous creation of value”, and in strict compliance with requirements of laws and regulations including the “Product Quality Law of the People’s Republic of China” and the “Provisions on the Administration of Compulsory Product Certification” as well as the (GB/T19001-2016)/ISO9001:2015 Quality Management Systems: Requirements, the Company has constantly identified opportunities for improvement of the quality system through internal audits, stratified audits, special audits and quantitative evaluations of the quality system to avoid process risks, improve process performance and the ability to achieve the capability of the quality system, continuously meeting the requirements of customers and the needs and expectations of stakeholders, enhancing the full-process quality management system, and providing strong institutional support for quality control activities. There were no vehicles recalled due to safety problems in the year.

<b>Certified quality management system</b>	By specifying owners of processes and their responsibilities, refining the import and export of processes as well as controlling process performance, the Company established sound management standards for 9 management processes (MP), 11 customer-oriented processes (COP) and 14 support processes (SP).
	The Company successfully passed the annual on-site supervision and review of the ISO9001:2015 quality management recertification system and was awarded the certificate.
<b>Promoting quality management standardisation</b>	The quality gate process was upgraded to form the “Independent Passenger Car Development Quality Gate Process”, which focuses on the optimisation of the definition of quality gate, quality stages and activities, project relationship, quality gate objectives, deliverables system, etc. From data assessment, re-development prevention and proposal assessment at the project development stage, to physical quality assurance at the product and production maturity stage, quality cultivation and control activities were carried out throughout the process.
<b>Optimising quality and cost management</b>	On the basis of safeguarding the quality of products, with the idea of “promoting continuous optimisation of the quality and cost system, strengthening data accumulation and analysis, and realising PDCA management (budgeting + accounting + analysis + improvement)”, the Company improved the comprehensive quality and cost management system, coordinated and took into account both quality and cost requirements, and promoted the continuous quality and cost management covering all employees, the whole process and the whole value chain.
<b>Improving quality management capabilities</b>	Internal and external audits were used to drive system upgrades, improve system documents and enhance management capabilities of personnel in the system continuously. In 2022, the Company conducted 8 internal audits of the system, PFMEA process audits, special audits of the procurement process and special audits of the quantitative evaluation of quality maturity, supplemented 39 process documents, and implemented all measures for improvement effectively, thus stepping up efforts to assure process quality and improving the quality of physical products.
	The “Quality Manual” was comprehensively revised to include process identification checklists, process sequence diagrams, process relationship matrix, quality system process analysis and risk management, and 97 related processes and documents were revised and improved.
	With respect to the improvement of system management capability, the Company carried out quantitative evaluation and self-assessment of quality maturity, and combined with on-site counselling on process issues to enhance the self-improvement capability of the process.
	Training on the application of quality tools such as PFMEA, SPC and MSA was conducted to improve the application and standardisation of tools for quality improvement personnel, and a total of 300 persons received training.

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The Company strictly follows the requirements of the “Regulation on the Recall of Defective Vehicle Products” and the “Implementation Measures of the Regulation on the Recall of Defective Vehicle Products” and files the defective vehicle products with the State Administration of Market Supervision. Vehicles covered by the recall can be upgraded with a free control program or replaced with improved parts free of charge to eliminate safety hazards. During the recall period, users will be notified by registered mail, telephone and SMS, or by calling our service hotline 400-810-8100 (24 hours a day, Monday to Sunday) for inquiries.

### Product Safety Data for 2022

Indicator	Unit	2022
Percentage of the total number of products sold or shipped that have to be recalled for safety and health reasons	(%)	0

### Manufacturing Quality Management

In the operation and continuous improvement of the manufacturing quality control system, the Company adopted an approach to front-end process quality control, specialised process auditing and systemic product auditing. It revised the “Manufacturing Process Quality Control Measures of BAIC Motor”, which embedded the optimised management measures into the quality control system documents, to ensure the conformance of manufactured products.





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<b>Policy support</b>	The “Manufacturing Process Quality Control Measures of BAIC Motor” was revised to optimise related management measures.
<b>Quality auditing</b>	<p>Product review: All branches and subsidiaries passed the vehicle audit review. Special audits on vehicle odour, security and disaster prevention, ESC and smart vehicle, etc. were carried out, finding no major product quality problems. Auditor vision calibration activities were carried out to confirm that auditors could be competent.</p> <p>Compliance with laws and regulations: The sampling method and standard of the Ministry of Industry and Information Technology (MIIT) were adopted to gain a full picture of vehicle emission and fuel consumption, ensuring compliance in these two regards.</p>
<b>Information system</b>	The Manufacturing Process Quality Management Information System (MQMS) was upgraded and improved to standardise the information management of quality in the process of quality control of incoming parts, quality inspection of manufacturing process and products, and quality improvement to enhance the ability to analyse quality information in the manufacturing process, and to promote rapid and steady improvement of manufacturing quality.

### Building a Culture of Quality

To enhance product quality assurance, raise the quality awareness among employees and create a good quality culture, the Company organised 23 internal and external training sessions of various sorts in 2022, which covered quality systems, quality control knowledge and tools, and automotive expertise. Through online and offline training activities, all employees could enhance their quality awareness, and supplement their knowledge about quality control and automotive, thus capable of providing higher-quality products for customers.

<b>Offline Training</b>	<p>Conducted training sessions with respect to the quality system such as “Basic Knowledge of Quality Control System”, “IATF16949 Internal Auditor Training”, and “ASPICE Standard”.</p> <p>Conducted training courses with respect to quality control knowledge and tools such as “Knowledge and Application of Market Indicators” and “BPQG-Product Development Quality Gate Process”.</p> <p>Conducted training programmes on automotive expertise such as “Knowledge of Electric Vehicle Drive Motor Products”, “Safety Status and Common Failure Modes Related to New Energy Vehicle Battery”, “BMS Battery Management System Technologies”, and “Improvement and Mechanism of NVH Phenomena in Hybrid Power Systems”.</p>
<b>Online Learning</b>	The Quality Knowledge Sharing column was set up in the Mobile School app, where 7 typical quality courses were launched to share knowledge, including system basics, process files, quality indicators, and quality improvement methods and processes. These courses could provide a learning platform for all employees of the Company, especially quality personnel, to enhance their quality awareness.

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### Product Safety Guarantee

The Company continues to create high-quality products by conducting whole-value-chain quality assurance activities such as quality evaluation and functional inspection of all elements of physical vehicles. To improve customer experience, it carries out simulated vehicle user tests, comprehensive test drives, etc., to spot and solve problems as far as possible. Meanwhile, static and dynamic inspections are organised prior to delivery and OTA upgrades are launched for vehicles already sold to continuously strengthen the intelligent safety of vehicles, thus improving the quality of products delivered and safety in use.

#### Case: L2.5 driver assistance technology enhances active safety

In 2022, the Company's BEIJING MOFANG series was developed according to the five-star evaluation standard of the China New Car Assessment Programme (C-NCAP), which ensured the safety and reliability of the products. C-NCAP is an all-round safety test for samples of new cars on the market conducted by the China Automotive Technology and Research Center Co., Ltd., a third-party organisation. Compared with previous versions, the 2018 version of C-NCAP has added the "Active Safety" test item, which has significantly increased the level of difficulty and is fully in line with the international mainstream NCAP.

With respect to active safety, BEIJING MOFANG also features a fatigue alert to remind drivers to pay attention when driving, in addition to the usual active safety features such as VSA vehicle stability control system, ABS four-wheel anti-lock braking system, HSA slope start assist system, EBD electronic brake-force distribution system, ESS emergency braking warning system, and TPMS tyre pressure monitoring system. Moreover, MOFANG is equipped with the industry-leading L2.5 autonomous driving technology, which includes a full range of active safety technologies in its class to avoid potential hazards as much as possible.

#### Case: Smart cockpit was designed to enhance user experience

The smart cockpit adopts the new EEA3.0 electronic and electrical architecture, comes in the mode of hardware and software separation, and integrates 5 modules such as body control domain, driver assistance domain and infotainment domain. It truly realises the one-screen control of 423 vehicle-level functions including AR-HUD, electronic exterior rearview mirror, car-machine interaction, face recognition, driver assistance and seamless flow, which greatly enhances operation convenience and user experience.

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### 3.2 R&D of Innovative Technologies

Keenly aware that scientific and technological innovation is the primary driving force of development, the Company actively promotes technological innovation and R&D, and participates in industry events, conferences and exchanges in the ways such as standard development to discuss technological trends and boost technology optimisation and upgrading. While exploring market opportunities, we work to provide customers with higher-quality products and fuel industry development and technology application.

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**Creating an innovative atmosphere** We have formulated the “Management Measures for Government Science and Technology Projects of BAIC Motor Research Institute”, “Management Measures for Government Science and Technology Project Funds of BAIC Motor Research Institute” and “Management Measures for Intellectual Property Rights of BAIC Motor Research Institute” to create a relaxed environment for scientific and technological R&D, encourage research personnel to participate in scientific and technological innovation, and give scientific and technological personnel more authority to manage projects and use funds.

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**Strengthening multi-party cooperation** We have actively teamed up with Huawei and other companies to create highly integrated, intelligent products connected to the Internet. Focused on the forward-looking technology of Internet of Things, we have accelerated the industrial application of cutting-edge technological achievements. During the cooperation process, we reached a number of results, which included establishing the Internet product development and management model under the vehicle development management process framework, building the BAIC EEA2.0 upgraded platform, and improving the BAIC vehicle safety function development system.

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**Technological innovation research** The “New Advantages in Process R&D Shaped by the Manufacturing Process Digital Simulation and Verification Capabilities”, a project programme compiled by the Company, was selected as one of the excellent cases in the integration of informatisation and commercialisation for 2022 and published as a monograph in “the Pathway to Digital Transformation of Manufacturing Industry: Practices and Innovations in the Informatisation and Commercialisation Integrated System” (a volume published by Publishing House of Electronics Industry in April 2022).

The Company partnered with Beijing Institute of Technology to carry out research in the fields of smart manufacturing, such as augmented reality (AR) technology-aided process planning, verification and analysis.

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**Undertaking innovative research projects of the State** Powertrain, a subsidiary of the Company, applied for the project “Hybrid Engine Development (2017YFB0103400)” as a new energy project under the National Key R&D Programme in conjunction with a number of universities and vehicle manufacturers. Of the project, Topic “Development of Key Core Parts for Hybrid Special Engines (2017YFB0103403)” and Topic “Complete Design and Integrated Development of Hybrid Engines (2017YFB0103404)” were sponsored by Powertrain to focus on researching and developing key parts and core technologies of hybrid engines in complete design and integrated development, such as variable valve timing (VVT), exhaust gas recirculation (EGR), low-power accessories, exhaust purification, structural optimisation, and intelligent thermal management system.

### Case: Beijing Brand Innovation Studio

The labour union of the Company vigorously carries out staff innovation activities. Taking the BEIJING MOFANG project as a starting point, all innovation studios fully exploit their strengths, pursue an approach of “one platform” (innovation studio), “one team” (skilled craftsmen), and “four major aspects” (culture, skills, quality and cost), and unify skilled personnel of each unit around the BEIJING MOFANG project to make breakthroughs together. In 2022, innovation studios trained 95 skilled talents for the Company, and proposed or submitted 171 Five Small Innovations projects, which doubled compared with last year. Across the Company there were 15 model teams, 6 first-class prizes, 2 second-class prizes and 14 third-class prizes for technological innovation achievements, and 5 star-level employee innovation studios.

### Protection of Intellectual Property Rights (IPRs)

The Group attaches importance to preserving the intellectual products of employees and strives to protect intellectual property rights. In accordance with the “Intellectual Property Protection Law of the People’s Republic of China”, the “Corporate Intellectual Property Management Code” and other regulations and requirements, we continued to strengthen the implementation of the “Measures of BAIC Motor for Management of Intellectual Property”, “Management Measures of Intellectual Property Rights Incentives of BAIC Motor”, the “Patent Management Measures of BAIC Motor”, and other IPR management documents so as to strengthen the management of IPRs, improve the acquisitions, maintenance, application and protection of IPRs, and patent various technological innovations, ensuring the protection of technological innovation and management improvement.

### Technology Innovation Data for 2022

Indicators	Unit	2022
R&D investment in 2022	(RMB million)	2,712.5
Number of patent applications in 2022	(No.)	44
Number of patents granted in 2022	(No.)	49
of which: Number of invention patents granted	(No.)	5
Total number of patents granted	(No.)	6,842
of which: total number of invention patents granted	(No.)	467

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### Intelligent networking

The substitution of traditional cars with intelligent networked vehicles represents a definite technological trend that has formed a high consensus in the transformation and development course of the automotive industry. We join hands with partners to build a top-notch intelligent control and operating platform for passenger cars in China. At the same time, we make steady progress in the development of smart driving system based on home-made chips and the development of SOA service software for intelligent cockpits, creating new product highlights and enhancing the appeal to customers and user satisfaction.

By 2025, the Company will continue to develop advanced assisted driving technology in the field of intelligent networking with vehicle-road coordination and autonomous control, intelligent cockpit technology with multi-model interaction and user experience, digital cloud platform technology based on cloud computing, big data and AI, and the formation of service-oriented “software + service” products.

### 3.3 Enhancing Customer Services

#### Upgrading Service Levels

The Company always adhere to the “customer-centric” principle. Through the strict implementation of the “Customer Complaint Management System of BAIC Motor” and the “After-sales Service Management System Usage Management Regulations”, the Company has been promoting the standardisation of complaint management through various means, such as optimising and upgrading the call centre system, establishing a dealer complaint management mechanism, and strengthening the supervision of the complaint handling process, so as to form a closed-loop management mechanism for timely detection and resolution of customer complaints and continuously improve the quality and level of service, striving to bring higher-quality and more considerate service to customers.

**Policy improvement:** The “Management Measure of Customer Complaints of BAIC Motor” was revised and approved to refine the types of complaints and conditions for closure, so that dealers can clearly understand and promote the handling of complaint cases.

**System upgrading:** The Company promoted a system upgrade for the call centre and customer marketing service platform. A total of 105 requests for improvement were proposed to open up the information transfer channel between the call centre and the dealer system, improving complaint handling efficiency. Some examples of these requests included timely complaint transfer reminders, complaint escalation reminders, complaint overtime alerts and complaint business report output.

**Dealership management:** The Company has formulated the “Dealership Service Staffin Rules”, “Special Management Rules on the Use of After-sales Service Management System” and “Dealership Operation Standard (DOS) Manual”. It provides guidance to dealers on their operations by standardising the sales process and combining it with customers’ psychological experience of buying a car to optimise the verification criteria. An after-sales satisfaction reporting mechanism has been established, in which major problematic dealers are asked to give special reports every quarter, analyse weak links and causes thereof, formulate rectification plans, and follow up on the implementation of corrective measures in a closed loop, thus helping them raise the level of customer satisfaction. The Company conducts return visits to customers in accordance

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with validation standards and requests dealers to rectify the problems identified and make improvements through learning, training and simulation exercise, among other methods. The business policies and incentive & disincentive mechanisms have been introduced to motivate dealers for improvement and upgrading.

### Customer Complaints and Satisfaction Data for 2022

Indicators	Unit	2022
Total number of customer complaints	piece(s)	976
Customer complaint reduction rate	%	14
Sales satisfaction	%	96
After-sales service satisfaction	%	97

### Improving communication mechanism

The Company is dedicated to establishing efficient and unimpeded comprehensive communication channels with customers, actively carrying out two-way communication activities with customers, collecting customer complaints and feedback through online platforms and hotlines, and improving the complaint handling mechanism and processes on a continuous manner so as to fully understand customers' appeals and expectations and enhance their satisfaction substantially.

<b>Improving communication channels</b>	The Company has established diverse channels such as "400 Customer Service Communication Platform", "BAIC Motor" app and WeChat group to enhance communication and interaction with customers.
<b>Carrying out user surveys</b>	A new product survey mechanism has been established. In 2022, the Company conducted more than 60 user communication and surveying seminars in more than 30 cities, including Beijing, Hangzhou, Xiamen, Shijiazhuang, Wenzhou and Zhengzhou, raising more than 3,000 copies of quantitative questionnaires and gathering customers' opinions and suggestions on new products, all of which could provide input for continuous improvement of products and marketing strategies.
<b>Improving sales satisfaction</b>	<p>System optimisation: The Company optimises the design of the check questionnaire, to prioritise examining the professionalism and standardisation of the wording of sales consultants, improve the professional skills and service standards of sales consultants, and enhance the customer service experience, all of which would help facilitate transactions.</p> <p>Diagnosis and analysis: Through analysing the results of the sales satisfaction check, the Company diagnoses the problems of the dealers in sales and service management and then further finds out the causes thereof.</p> <p>Rectification of weak links: According to the diagnostic analysis results, dealers could spot their own weaknesses and make targeted rectifications and improvements through sales consultant training, sales process-oriented simulation exercises, etc.</p> <p>Continuous monitoring: The sales satisfaction results are subject to monthly rolling review and quarterly summary &amp; analysis, so as to help dealers identify and correct problems in a timely manner and provide continuous monitoring feedback.</p>

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**Enhancing after-sales service** An after-sales satisfaction reporting mechanism has been established, in which major problematic dealers are asked to give special reports on a regular basis, analyse weak links and causes thereof, formulate rectification plans, and follow up on the implementation of corrective measures in a closed loop, thus helping them raise the level of customer satisfaction. A third-party consulting company is introduced to make professional analysis of after-sales satisfaction results, produce a satisfaction analysis report every quarter, and conduct comprehensive analysis of all weak links identified.

In the regular surveys on new car buyers and new vehicle repair/maintenance customers, customers are invited to evaluate and score the sales and service processes. In this way, the Company can get informed of the problems and weak links existing in dealer services and organise relevant dealers to correct the problems identified and make improvements, thus continuously improving service quality and customer satisfaction.

### **Protecting the rights and interests of customers**

The Group is committed to providing customers with reliable services while continuously improving product safety performance. In accordance with laws and regulations including the “Law of the People’s Republic of China on the Protection of Consumer Rights and Interests” and the “Advertisement Law of the People’s Republic of China”, we make effort to safeguard the rights and interests of our customers, carefully handle every piece of customer feedback, protect the privacy of our customers, and deliver true and reliable advertising information to our customers.

**Improving information security management:** The Company has formulated and released a number of documents such as the “Management Measures on Confidentiality of BAIC Motor”, “IT Information Security Management Manual of BAIC Motor” and “Management Measures on Big Data of BAIC Motor” to protect the security of information assets and business continuity of information systems, thus putting in place a secure and effective information security management system.

**Safeguarding network security:** The Company has issued a number of documents such as the “Network Management System of BAIC Motor”, “Information Security Base Line of BAIC”, “Management Measures on the Use of Development, Operation and Maintenance Resources by Suppliers of BAIC Motor”, and “Staff Information Security Brochure of BAIC Motor” to conduct internal network security management, exercise rigid control over access to intranet and create a secure and stable internal office environment.

### **Customer privacy protection**

During the use of customer data, the accounts that use customer data and their privileges, as well as the daily use of customer data, shall be subject to application and approval in strict accordance with the pertinent management systems, to avoid disclosure or unintended use of sensitive information of customer data. It is necessary to carry out strict business confidentiality management.

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In the process of maintaining customer data, each customer data-holding department submits the corresponding customer data according to its own data needs and the management requirements of the sales company, and is responsible for the timeliness and accuracy of the customer data submission and strict business confidentiality management.

While dealing with the personal data of users and vehicle data in the vehicle system and the vehicle app/software, the Company shall strictly comply with the laws and regulations on personal information protection in China. We are committed to protecting the personal information provided by customers. To cope with the risks possibly arising from personal information leakage, tampering and loss, the Company brings personal information under categorised management and provides the internal management policies and operating procedures for the disposal of personal information security incidents. In response to security incidents, the Company takes appropriate encryption, de-identification and other security technology measures. We continue to standardise the processes of privacy protection and information security.

### **Responsible Marketing**

The content, materials and themes of the advertisements are checked three times with the review standards to ensure that the advertisements are reasonable and risk-free through the triple check of “professional third-party supplier team-responsible department-department head”. The Company will also regularly organise staff in relevant positions to learn about risk cases in the industry to enhance their awareness of risk prevention and compliance.

### **3.4 Supply Chain Management Mechanism**

The Company is committed to building a sustainable and internationally competitive first-class supplier system, which could benefit multiple parties along the value chain. Through the in-depth promotion of the supply chain capacity building drive, the Company continues to deepen its partnerships with international first-class parts suppliers with leading technology and stable quality, and has entered into core strategic cooperation relationships with many world-leading parts suppliers. To date, we have established a comprehensive supplier lifecycle management system covering key stages such as supplier access, development process, information management, performance evaluation, capability building, and assessment and exit. Meanwhile, a number of documents have been formulated and implemented, including the “Management Measures for Parts Supplier Access Control of BAIC Motor”, “Parts Supplier Development Process of BAIC Motor”, “Information Management Measures for Parts Suppliers of BAIC Motor”, “Management Measures for Performance Evaluation of Parts Suppliers of BAIC Motor”, “Management Measures on Supplier Capacity Enhancement of BAIC Motor”, “Management Measures on Parts Supplier Assessment of BAIC Motor”, and “Management Measures for Supplier Freezing/Exit of BAIC Motor”, all of which are dynamically optimised and improved in line with actual business needs.



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<b>Management and Evaluation</b>	Supplier selection	Based on the Company's product planning, technology upgrade and development, changes in market demand and supplier cooperation performance, the Company has made the supply chain grow stronger and leaner, established a mechanism for planning, cultivating, selecting and eliminating suppliers, and set up a comprehensive supplier database to ensure the selection of suppliers to work with is in line with its development needs.
	Supplier inspection	Candidate suppliers are inspected in accordance with the "Management Measures for Parts Supplier Access Control of BAIC Motor". An evaluation team consisting of procurement, quality and technical personnel conducts a comprehensive assessment of suppliers to identify potential suppliers' capabilities, risks and directions for improvement to ensure that new suppliers meet the Company's various requirements.
	Supplier audit	A regular supply review mechanism has been established, under which during the parts development and mass production phases of new projects, suppliers are regularly subject to process audits, product audits and performance evaluations to comprehensively assess their capability and performance, and to promote supplier self-improvement and upgrading.
	Compliance and rectification	Suppliers before access shall undergo stringent compliance screening. In the access process, a professional department carries out compliance evaluation on a candidate supplier. The supplier should be declined in principle, if it fails to pass the compliance screening. If the compliance screening is passed with conditions, the supplier should provide relevant explanatory documents/commitments or add clauses in the contract to prevent risks. This requirement aims to ensure that all newly admitted suppliers are free of compliance risks or hazards.

## Section X Environmental, Social and Governance Report

<b>Cooperation and Exchange</b>	Strengthening multi-party cooperation	<p>The Company continues to cooperate with top international auto parts suppliers such as Bosch, Faurecia, UMC, Fuyao and Inalfa which provides important guarantees in terms of forward-looking technology reserves and simultaneous development of new products.</p> <p>We have actively teamed up with Huawei and other companies to create highly integrated, intelligent products connected to the Internet.</p>
	Conducting supplier training	<p>Through various forms, suppliers are organised to attend training sessions related to process system and management tools from time to time, such as the “Supplier Capability Standards of BAIC” and “Seven Quality Control Tools”. The purposes of the training are to continuously promote suppliers to further understand the Company’s system control requirements as well as its quality control processes and requirements for parts at all stages of new project development, mass production and supply; require suppliers to act on these requirements in the cooperation process; and ensure suppliers fully use quality tools in the processes of daily quality control and problem improvement. Suppliers are expected to quickly solve quality problems and continue to improve their quality assurance capabilities, so as to ensure that their parts meet the quality requirements of the Company at all stages of new project development, mass production and supply, a prerequisite for continuously sharpening its comprehensive competitiveness in the supply chain.</p>

### Supplier Data for 2022

Indicators	Unit	2022
Total number of suppliers	(No.)	352
Of which: Total number of suppliers in Eastern China	(No.)	169
Of which: Total number of suppliers in Southern China	(No.)	44
Of which: Total number of suppliers in Central China	(No.)	62
Of which: Total number of suppliers in Northern China	(No.)	46
Of which: Total number of suppliers in Northwestern China	(No.)	1
Of which: Total number of suppliers in Southwestern China	(No.)	11
Of which: Total number of suppliers in Northeastern China	(No.)	19
Of which: the number of suppliers for which reviews were initiated	(No.)	352
Number of suppliers to whom the practice was enforced	(No.)	352
Supplier review coverage rate	(%)	100

## Section X Environmental, Social and Governance Report

### Responsible Supply Chain

The Company incorporates environmental and social risks into its supplier management system and continues to promote the development of a responsible supply chain. The Company requires all suppliers to comply with the “Environmental Protection Law of the People’s Republic of China”, “Regulations for the Administration of Pollutant Discharge Permits (Trial)”, “Classified Administration Catalogue of Fixed Source Pollutant Permits”, “Environmental Protection Management Ordinance for Construction Projects”, “Classified Administration Catalogue of Environmental Impact Assessments for Construction Projects”, “Work Safety Law of the People’s Republic of China” and other environmental and social laws and regulations to ensure that suppliers in cooperation are operating in compliance. Meanwhile, the Company has formulated and continuously optimised the “Management and Control Measures for Green Supply Chain of BAIC Motor”, which spreads the concept of green production to suppliers, prompts suppliers to adopt clean production and reduce energy consumption, and makes the supply chain go green.

<b>Environmental risk management for suppliers</b>	<p>When selecting new suppliers, priority will be given to those capable of compliant and standardised environmental management, and suppliers will be required to obtain ISO14001 certificates, discharge permits, environmental protection receipt &amp; inspection reports, etc. and get their environmental management and security protection items checked during the on-site access review, to ensure that newly admitted suppliers meet environmental requirements.</p> <p>For suppliers with whom the Company has established partnerships, the Company has established a regular monitoring and investigation mechanism with respect to suppliers’ environmental performance, checks and facilitates the acquisition of environmental protection documents/certificates by suppliers on a regular basis, and uses environmental performance as one of the annual performance appraisal indicators for suppliers. If a supplier violates national or local environmental laws and regulations and fails to rectify the situation, the supplier will be assessed and penalised in accordance with the pertinent requirements, and the supplier exit process will also be activated to ensure environmental compliance and effective control of all suppliers.</p>
<b>Social risk management for suppliers</b>	<p>For a newly introduced supplier, the Company will conduct compliance evaluation, including basic information, administrative penalties, abnormal operations, serious law breaches, litigation, dishonesty, etc. of the supplier, to ensure that the supplier is operating in compliance without risks.</p> <p>For suppliers with whom the Company has established cooperative relationships, the Company conducts regular supplier risk checks to ensure that all cooperative suppliers are risk-free.</p>

## Section X Environmental, Social and Governance Report

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<b>Preferred environmental protection products and services</b>	<p>At the early stage of new product development, the Company states the environmental requirements that must be met and gives priority to the use of eco-friendly and energy-saving materials to ensure that the content of hazardous substances and recyclability meet the requirements of national regulations and standards for hazardous substances, RRR and material identification in related technical requirements. At the stage of product development approval and mass production approval, the Company requires suppliers to submit test certificates that meet the technical requirements for environmental protection. For those suppliers who cannot provide test certificates or fail to pass the tests, they will not be recognised for production.</p> <p>For mass-produced products, the Company monitors the compliance of parts and components with environmental requirements by means of annual verification. If a supplier is found not to meet the technical requirements, the Company will give it penalties from ordering rectification to cancelling of the supplier qualification.</p>
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### 4. EMPLOYEE RIGHTS AND INTERESTS

#### 4.1 Employee Rights and Interests

The Group has strictly complied with the “Labour Law of the People’s Republic of China”, the “Labour Contract Law of the People’s Republic of China”, the “Provisions on the Prohibition of Using Child Labour” (Order of the State Council of the People’s Republic of China No. 364) and other relevant laws and regulations to prevent the use of child and forced labour resolutely. During the reporting period, the Group did not violate any international, national or local standards and rules in relation to child and forced labour.

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<b>Setting reasonable working hours</b>	<p>According to rules and policies including the “Collective Contract” and the “Measures of BAIC Motor for Attendance Management”, the Group has adopted a standard working hour system of 5 days a week and 8 hours a day.</p> <p>We have strictly implemented the vacation arrangements for national statutory holidays, and have paid employees their wages in full during employees’ annual leave, marriage leave, funeral leave, public holidays, etc.</p> <p>Overtime hours are strictly controlled and subject to approval procedures to fully protect employees’ rights to rest.</p> <p>The labour union signs the “Collective Contract” with the Company through a collective negotiation mechanism, so as to protect the rights and interests of employees.</p>
<b>Optimising employee remuneration system</b>	<p>In 2018, the Group established a salary and benefits system that is centred on the value of the position and guided by the performance and ability of its employees. To meet the needs of operation and development, the Group makes targeted and optimised adjustments to the existing salary and benefits system in terms of position ranking system, annual salary adjustment mechanism, salary and benefits structure, and fixed salary and benefits for fresh graduates. At the same time, to minimise the investment of energy in internal management and resource coordination, and ensure the R&amp;D team can be laser-focused on projects to accomplish the preset goals, the Group has prepared a special plan for human resource management of operation projects, which gives such projects operational service and policy support.</p>

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## Section X Environmental, Social and Governance Report

### Seeking democratic opinions

The Company follows the requirements of the “Labour Contract Law of the People’s Republic of China” and actively fulfils the democratic procedures and notification obligations in respect of rules and policies that affect the vital interests of employees. The Company strictly implements a series of policies that concern the rights and interests of employees, including the “Measures of BAIC Motor for the Management of Employee Incentives and Disincentives”, the “Measures of BAIC Motor for Attendance Management”, and the “Measures of BAIC Motor for Management of Employee Remuneration”, in order to seek for democratic opinions and perform democratic procedures.

The labour union signs the Collective Contract with the Company and gets it registered with the Human Resources and Social Security Bureau of Shunyi District, Beijing, so as to fully protect the rights and interests of employees.

### 4.2 Equal Employment

The Group recruit employees in accordance with the “Labour Law of the People’s Republic of China” and other pertinent laws and regulations, as per the “Recruitment Management System of BAIC Motor” and in the light of its business development. In the process of external recruitment, the Group does not discriminate against any candidate on the basis of gender, ethnicity, faith, etc. The recruitment information released to the public has been reviewed and confirmed by multiple persons at different levels. The Group is active in fulfilling social responsibility. In addition to talent recruitment, it also provides daily and summer internship programmes for college students to provide them with learning and training opportunities.

By the end of 2022, the total number of employees of the Group was 19,491, with 100% of the employees signing employment contracts, 9 labour complaints were filed, processed and resolved through the official grievance mechanism.

### Employment and Employee Turnover Data for 2022

Indicators	Unit	2022
Total number of employees	(person)	19,491
Number of full-time employees	(person)	19,491
Number of part-time employees	(person)	0
Number of male employees	(person)	17,298
Number of female employees	(person)	2,193
Number of employees aged below 30	(person)	7,094
Number of employees aged 30 and between 30 and 50	(person)	11,526
Number of employees aged equal to and above 50	(person)	871
Production workers	(person)	14,511
Technical staff	(person)	3,365
Sales personnel	(person)	124
Other personnel	(person)	1,491
Number of employees in Southern China	(person)	777
Number of employees in Central China	(person)	2,592
Number of employees in Northern China	(person)	15,844
Number of employees in Southwestern China	(person)	274
Number of employees overseas	(person)	4
Percentage of employees from ethnic minorities	(%)	6.95

## Section X Environmental, Social and Governance Report

Indicators	Unit	2022
Percentage of foreign employees	(%)	0.02
Percentage of female management	(%)	37.50
Annual turnover rate of employees	(%)	2.29
Annual turnover rate of male employees	(%)	2.04
Annual turnover rate of female employees	(%)	0.26
Annual turnover rate of employees aged below 30	(%)	0.83
Annual turnover rate of employees aged 30 and between 30 and 50	(%)	1.44
Annual turnover rate of employees aged equal to and over 50	(%)	0.03
Annual turnover rate of production workers	(%)	0.89
Annual turnover rate of technical staff	(%)	1.40
Annual employee turnover rate in Southern China	(%)	0.18
Annual employee turnover rate in Central China	(%)	0.23
Annual employee turnover rate in Northern China	(%)	1.84
Annual employee turnover rate in Southwestern China	(%)	0.05

### 4.3 Safety and Health

The Group conducts compliance evaluations, analyses the requirements identified therefrom and implements such requirements through adjusting internal documents every year in strict accordance with the laws and regulations on occupational health and safety, including the “Law of the People’s Republic of China on Work Safety” and the “Labour Law of the People’s Republic of China”. Meanwhile, the Group maintains the efficient operation of the safety management system through the establishment of organisations, allocation of responsibilities and establishment of mechanisms, with sound results achieved therefrom.

During the reporting period, the Group carried out safety education and training 568 times at the company level, with an attendance of 324,149. The lost days due to work-related injury was 764 days. There was no litigation in relation to employee health and safety.

Below are the measures adopted by the Group with respect to safety and health in 2022:

The Group has set up sound safety management organisations, duties and charters, put in place a mature work safety responsibility system, and adjusted/formulated safety and health targets/indicators every year, which are refined level by level and signed with a target responsibility letter at each level.

The Group prioritises ensuring intrinsic safety and meeting requirements for work safety, fire safety and occupational health at the same time.

A safety risk identification and assessment control system, a hidden danger screening and management system, and an emergency management system are established as three lines of defence for safety and health, to minimise the occurrence of accidents and injuries.

The Group has passed the certification of work safety standardisation and occupational health & safety management systems, and makes continuous improvement in this regard.

## Section X Environmental, Social and Governance Report

A clear system of safety incentives and accountability, as well as a system of regular safety meetings and other information exchange mechanisms are in place to ensure the effective operation of the entire system.

The Group builds a culture of safety, guiding all employees to know about and act on safety requirements.

### Case: Taking the National Work Safety Month as an opportunity to build a culture of safety continuously

In June 2022, to celebrate the June 5th World Environment Day and the Safety Production Publicity and Counselling Day, Zhuzhou Branch made planning in advance to carry out a series of activities such as all-employee awareness enhancement, safety hazard screening, compliance inspection, two 100 initiatives, safety grid building, emergency drills and safety competitions, all of which aimed to create a culture of safety.

### Case: Organising “Occupational Health Specialists” campaign to select company health specialists

To implement the occupational health work plan, Zhuzhou Branch formulated and implemented the “Work Plan for Building of Zhuzhou Branch of BAIC into an Occupational Health Enterprise” in accordance with the “Work on Building Occupational Health Enterprises”, a notice issued by Zhuzhou Municipal Government. All departments responded positively to the call of the branch and recommended 10 persons to participate in the selection of “occupational health specialists” across the city, three of whom were recommended by Zhuzhou Municipal Health Action Promotion Committee to take part in the selection of this kind on the level of Hunan Province. After carrying out a series of occupational health activities and improving various aspects of work related to occupational health, Zhuzhou Branch submitted the award application materials to Zhuzhou Municipal Health Action Promotion Committee and was rated one of the “Occupational Health Enterprises” in Zhuzhou in December 2022 by the expert panel through on-site evaluation.

### Work-related Injury Data for 2020-2022

Indicator	Unit	2022	2021	2020
Number of work-related deaths	(person)	0	0	0
Work-related death rate	(%)	0	0	0

#### 4.4 Growth and Development

The Group revised and improved a number of policies and measures such as the “Training Management Measures of BAIC Motor”, “Management Measures for Internal Lecturers of BAIC Motor” and “Special Training Management Measures of BAIC Motor”. Committed to enhancing its existing policies, the Company strives to create a working environment that supports staff development and trains professional technicians.

## Section X Environmental, Social and Governance Report

The Group insists on recruiting, nurturing, appreciating and valuing talents, and adheres to the principle of fairness and impartiality, with quality and knowledge as the basis and ability and experience as the criteria for promotion. We continuously promote the close integration of the talent development system and the development strategy of the Company, and have set up a dual channel model for management and occupational development, so as to open up career pathways for employees, and establish a talent development path guided by “post value”, vertical development, horizontal expansion and multiple ladders. The Group has always regarded employees as its most important assets. In recent years, we have been making an inventory of posts to increase the matching degree between employees and jobs and step up the talent ladder building efforts. In the future, we will take into account job vacancies, follow “dual-channel planning” as the guide, and use job qualifications as the standard, to complete the comprehensive training of outstanding talents with potential at different levels and sequences.

### **Case: Building a “B-EST” training system to promote personnel development across the Company**

In 2022, the Company set up the “B-EST” training system to boost the organisational and personnel development. Within the system, strategies such as cultural building, lecturer training, business assistance, and coordinated development would be adopted and the online learning platform be relied on to deliver effective internal training and refined external training over the long term, so as to form an enterprise-level ecosystem for lifelong learning over time.

### **Case: The “Double Star” Programme helps new employees make great leaps forward fast**

In the Company’s talent training system, the Rising Star Programme and the Shining Star Programme are crucial for fresh graduates by helping them well fit into the workplace and take great leaps in professionalism at the early stage of career, that is, 0-3 years. The overall training is divided into three parts according to the 721 Model for Learning and Development along with internal and external lectures, mentorship, on-the-job practice and other activities. The Company and each department take on different roles in different parts of the two programmes, which fully respect the business characteristics and personnel training needs of each department, while pursuing the approach to overall training.



## Section X Environmental, Social and Governance Report

### Employee Training Data for 2022

Indicators	Unit	2022
Percentage of trained employees	(%)	100
Of which: percentage of male employees completing the training	(%)	100
Of which: percentage of female employees completing the training	(%)	100
Of which: percentage of senior management employees completing the training	(%)	100
Of which: percentage of middle management employees completing the training	(%)	100
Total hours of employee training	(hour)	834,667.5
Average completed training hours per employee completed	(hour/person)	43
Of which: average completed training hours of a male employee	(hour/person)	43
Of which: average completed training hours of a female employee	(hour/person)	43
Of which: average completed training hours of a senior management employee	(hour/person)	110
Of which: average completed training hours of a middle management employee	(hour/person)	43

### 4.5 Staff Care

The Group insists on safeguarding employees' rights of being informed, participating, expressing themselves and supervising. We regularly convene the employee representative congress to listen to the democratic appraisal of the leadership team and its members by the staff representatives as well as the demands of staff. We strive to enhance the well-being of the staff and have set up a dedicated fund to help employees in difficulty.

**Listening to staff's demands** The Group held the 2022 Annual Work Conference/the 8th Session of the First Employee Representative Conference, where it listened to the "Work Summary of 2021 and Work Arrangement for 2022" and carried out the democratic appraisal of the leadership team and its members by the staff representatives.

The 9th Session of the 1st Employee Representative Conference was held to elect the employee representative supervisor for the Fourth Board of Supervisors, fulfilling the democratic supervision function of the staff representatives effectively.

**Enhancing staff's well-being** The Company carried out a series of activities to celebrate the Chinese New Year 2022 and the Second National Plan on Sport and Fitness for All, and organised or participated in the China (Beijing) International Fair for Trade in Services, the 3rd "Cloud" Walking Challenge and the 10th Staff Carnival. By creating a cultural and sports brand, we guide employees to work happily, live healthily and practice a positive corporate culture.

The Company launched two labour union service programmes to provide staff with preferential and convenient services.

Mutual assistance insurance was renewed and claims were handled on a daily basis, establishing a barrier against poverty due to illness.

**Getting involved in COVID-19 response** The union has been a tireless promoter of COVID-19 response. It earmarked RMB440,000 for pandemic prevention and control at the primary level, distributed more than 430,000 medical disposable face masks and 13,300 N95 masks, provided anti-pandemic supplies worth over RMB80,000 for factory workers under the closed-loop management, to take good care of every employee during the special period.

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<b>Paying visits to employees along various supplies</b>	<p>To protect workers exposed to winter and summer environments, the Group paid visits to those working on the front line along with the supplies bought by the labour union organisations at all levels. These supplies worth RMB5,668,000 were distributed to more than 10,000 workers.</p> <p>Given the actual production and operation conditions, the Group made 12 special visits to the No.1 Project team, South Africa Project team, etc., focusing on special staff groups such as business travellers during COVID-19, front-line staff during the National Day holiday and overseas business travellers.</p>
<b>Providing assistance for employees in need</b>	<p>The Group aided workers in temporary hardship due to serious illness or accidents, with a special grant of RMB10,000. Meanwhile, we got involved in flood disaster relief, and disbursed special allowances worth RMB25,000 to help the affected workers.</p>
<b>Caring for female employees</b>	<p>The Group cares for and serves female workers. Model women workers were selected, to set good examples and spark enthusiasm and creativity among all female staff members.</p> <p>Each unit worked harder to build baby care rooms. 6 existing care rooms were upgraded to the star level and 1 was newly built throughout the year.</p> <p>The Group cared for the mental health of female workers, by carrying out 17 psych seminars throughout the year, which benefited nearly 500 persons.</p>

### 5. COMMUNITY SERVICES

#### 5.1 Charity

Spearheaded by the values of “openness and sharing”, the Group attaches equal importance to business development and social responsibility. Given its characteristics and advantages, it actively participates in public benefit activities, and drives other parties along the industrial chain to jointly create a better future.

##### **Case: One-on-one education aid activities to help students realise their dreams**

For seven consecutive years, BAIC International has carried out the “Love along the Silk Road” charity activities in the border areas of Yunnan, establishing one-on-one aid relationships with 48 students and donating RMB185,000 in scholarships. This move has had a positive social impact in the local community, greatly enhancing the visibility and reputation of the Beijing Brand.

#### 5.2 Volunteer Activities

The Group’s employees actively participate in various youth volunteer activities at the national and corporate levels, practising CSRs, shaping a good corporate image and becoming the best ambassadors of the Company.

During the reporting period, the Company organised employees to take part in the following volunteer activities:

2 outstanding employees were sent to join the volunteer team of the Beijing 2022 Winter Olympics, and 3 employees were dispatched to serve the senior title evaluation project of the automotive industry in Beijing.

## Section X Environmental, Social and Governance Report

The “Civilised Practice Week” volunteer service activity was launched along with the Lanxiyuan Community to make progress in building a city culture.

During the 20th National Congress, 15 employees were selected to set up the R&D base volunteer team for COVID-19 response, guiding employees to enter and leave the base by scanning their QR code for registration in an orderly manner.

9 volunteer service activities were held as part of the “Learning the Spirit of Lei Feng” month campaign.

During COVID-19, volunteer teams were set up to assist the Company in disinfection, nucleic acid testing and other aspects of work. At the same time, volunteer service teams were recruited and sent to work on the front line of pandemic control, responsible for tent building, supplies handling, building property management, nucleic acid sampling, etc.

### Voluntary Service Data for 2020-2022

Indictor	Unit	2022	2021	2020
Terms of volunteer activities	(term)	375	375	370
Number of participants in employee volunteer activities	(person)	8,230	9,311	9,257
Hours of volunteer activities during the reporting period	(hour)	13,240	44,756	43,566
Number of beneficiaries in volunteer activities during the reporting period	(person)	19,315	97,812	96,580

### 5.3 Response to Rural Revitalisation

The Group has continued to facilitate the rural revitalisation on all fronts, coordinated various units to provide aid in employment, consumption and public welfare, and prepared and issued the “2022 Implementation Plan and Work Plan of BAIC to Help Promote Rural Revitalisation in a Comprehensive Manner”.

During the reporting period, the Group achieved the following results in the rural revitalisation:

Employment assistance: Getting 1,111 persons employed.

Consumption assistance: Spending RMB1,237,000 to buy products from areas receiving assistance, among which RMB660,000 goods came from provinces and regions receiving key assistance such as Inner Mongolia, Tibet, Qinghai, Xinjiang and Hubei. Targeted assistance was offered to villages with weak collective economy in Beijing, by procuring goods worth RMB178,200 from such villages.

Assistance in the form of public welfare: Fujian Benz, a subsidiary of the Company, continued to carry out the “Morning Star Programme” as a public welfare brand to donate nearly RMB600,000 to a number of schools.

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### ESG INDICATOR INDEX

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<b>A1 Emissions</b>	General Disclosure Information relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	90-94
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	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	94
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	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	97
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	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	94-96
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Aspects	Description	Page
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## Section XI Independent Auditor's Report



羅兵咸永道

**TO THE SHAREHOLDERS OF BAIC MOTOR CORPORATION LIMITED**  
*(incorporated in the People's Republic of China with limited liability)*

### OPINION

#### What we have audited

The consolidated financial statements of BAIC Motor Corporation Limited (the “Company”) and its subsidiaries (the “Group”), which are set out on pages 132 to 212, comprise:

- the consolidated balance sheet as at December 31, 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

#### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

#### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.



## Section XI Independent Auditor's Report

### KEY AUDIT MATTERS

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

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

- Capitalization of internal development costs
- Impairment assessment of the property, plant and equipment, land use rights and the intangible assets related to the Beijing Brand passenger vehicle business
- Provision for warranties

#### Key Audit Matter

##### *Capitalization of internal development costs*

Refer to Note 5 (Critical accounting estimates and judgements) and Note 9 (Intangible assets) of the consolidated financial statements.

The Group launches new vehicle models which require expenditure on the internal research and development projects. Management capitalizes the costs on development projects when the criteria set out in the accounting standard for capitalization of such costs have been met. RMB1,597 million of internal development costs have been capitalized and recorded as addition to intangible assets for the year ended December 31, 2022.

We focused on this area due to the higher inherent risk in relation to the capitalization of internal development costs and significant judgements involved in assessing whether the criteria set out in the accounting standard for capitalization of expenditure on the internal research and development projects have been met, particularly:

- The timing to start capitalization;
- The technical feasibility of the projects; and
- The likelihood of the projects that will deliver sufficient future economic benefits.

#### How our audit addressed the Key Audit Matter

We have understood and evaluated the design of the controls identified by the management surrounding the capitalization of internal development costs and subsequent measurement which we considered as key, and assessed the inherent risk of material misstatements by considering the complexity and susceptibility to management bias or fraud.

We tested such controls and performed substantive test of details on the projects with significant expenditure on the internal development as follows:

- We obtained the bases of considerations from management to determine the projects which were considered under development stage, in terms of how the specific requirements of the relevant accounting standards were met and whether it is appropriate to start the capitalization of the costs attributable to the projects.
- We also conducted interviews with individual project development managers responsible for the projects selected to obtain corroborative evidence such as project progress reports to support the explanations provided by the management.
- We tested samples of cost incurred by selected individual project and through our understanding of the projects and assessing the nature and necessity of such costs to evaluate whether such cost items selected for testing were directly attributable to the projects.

Based on above, we found that the judgement applied by management in assessing the criteria for capitalization of internal development costs were supported by the evidence we gathered and consistent with our understanding.

## Section XI Independent Auditor's Report

### Key Audit Matter

*Impairment assessment of property, plant and equipment, land use rights and intangible assets related to Beijing Brand passenger vehicle business*

Refer to Note 5 (Critical accounting estimates and judgements), Note 7 (Property, plant and equipment), Note 8 (Land use rights) and Note 9 (Intangible assets) of the consolidated financial statements.

The Group has material balances of property, plant and equipment, land use rights and intangible assets related to Beijing Brand passenger vehicle business, a separate cash generating unit ("CGU") with operating losses for the year ended December 31, 2022.

Management has engaged an independent valuer to determine the recoverable amount of this CGU, being the value in use. Such assessment involved judgements and assumptions, such as future cash flow projections using revenue, gross margin and other operating costs forecasts, long-term growth rate of revenue and discount rate.

Based on above management's assessment, the value in use of this CGU is larger than its net carrying value as of December 31, 2022.

We focused on this area due to the material balances of those long-lived assets related to Beijing Brand passenger vehicle business, and the fact that judgement and assumptions involved to determine the recoverable amount of this CGU are subject to high degree of estimation uncertainty. The inherent risk is considered significant due to the complexity of valuation model and subjectivity of assumptions used.

### How our audit addressed the Key Audit Matter

We obtained an understanding of management's internal control and assessment process of recoverable amount and assessed the inherent risk of material misstatements by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity and subjectivity.

The recoverable amount of the Beijing Brand passenger business was determined based on value in use, which is the present value of the future cash flows expected to be derived from this CGU, and we performed the following major audit procedures:

1. We assessed the competence, independence and integrity of the valuer. We read the valuer's report and assessed the valuation methodology.
2. We tested the consistency and assessed the reasonableness of the data used and evaluated the management's key assumptions adopted in the discounted cash flow projections, mainly in relation to:
  - the budgeted sales, gross margin and other operating costs, by comparing them with actual performance and historical financial data of this CGU. For the budgeted sales, we also compared to the Group's strategic plan; and
  - discount rate, by comparing it with the cost of capital of comparable companies and historical weighted average cost of capital, as well as considering territory-specific factors.

Based on available evidence, we found the data used and the key assumptions adopted in management's discounted cash flow projection were supported by the evidence we gathered.

## Section XI Independent Auditor's Report

### Key Audit Matter

#### *Provision for warranties*

Refer to Note 5 (Critical accounting estimates and judgements) and Note 24 (Provisions) of the consolidated financial statements.

The Group recognizes estimated warranty costs for vehicles sold principally at the time of sale of the vehicles or when it is determined that such obligations are probable and can be reasonably estimated. As disclosed in Note 24, the Group's warranties provision balance is RMB6,148 million as at December 31, 2022. The key judgement adopted by management as part of this process includes determining the estimated warranty cost per unit of vehicle sold.

We focused on this area given the higher inherent risk as estimates are adjusted from time to time with the actual outcome of claims subject to high estimation uncertainty.

### How our audit addressed the Key Audit Matter

In assessing the inherent risk of material misstatements by estimation uncertainty in provision for warranties, we obtained an understanding on the management's control and process to identify and quantify the provisions and tested related controls.

We also tested the provision for warranties attributable to vehicles with significant sales volume as follows:

- We tested the mathematical accuracy of the management's calculation of the provision for warranties which is based on the cost-per-unit and sales volume, and traced the volume data in current period to related sales records for each type of vehicle.
- We assessed the reasonableness of the cost-per-unit provision estimates of vehicles sold in the year with the Group's data sources that reported warranty costs in the past.
- In respect of the provision for warranties previously recorded and subsequently settled during the year, we compared the provision amount with the settlement amount and investigated if significant variance exists and the reasonableness of the reassessment of the adequacy of the provision for warranties previously made by the management. We also discussed with management the existence of any indicators of significant product defect occurred during the year and subsequent to the year-end that would significantly affect the estimates of the year end warranty provision.

We found the assumptions adopted and judgement applied by management were supported by the available evidence.

### OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

## Section XI Independent Auditor's Report

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## Section XI Independent Auditor's Report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Peter Man Kam Tsang.

### **PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, March 24, 2023

# Consolidated Balance Sheet

As at December 31, 2022

	Note	As at December 31,	
		2022 RMB'000	2021 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	49,086,066	50,573,099
Land use rights	8	6,787,039	6,977,295
Investment properties		242,107	170,409
Intangible assets	9	10,474,252	11,016,548
Investments accounted for using equity method	11,12	13,113,315	12,529,144
Financial assets at fair value through other comprehensive income	13	1,597,924	2,688,906
Deferred income tax assets	14	8,739,006	7,719,320
Other receivables and prepayments	18	880,895	2,533,828
		<b>90,920,604</b>	94,208,549
<b>Current assets</b>			
Inventories	15	26,092,623	21,141,081
Accounts receivable	16	15,738,853	17,988,720
Advances to suppliers	17	219,126	149,549
Other receivables and prepayments	18	2,312,559	4,753,766
Restricted cash and term deposits with initial term of over three months	19	864,662	1,634,090
Cash and cash equivalents	20	37,227,015	40,968,622
		<b>82,454,838</b>	86,635,828
<b>Total assets</b>		<b>173,375,442</b>	180,844,377
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	21	8,015,338	8,015,338
Other reserves	22	21,711,410	22,711,546
Retained earnings		24,770,018	21,855,875
		<b>54,496,766</b>	52,582,759
<b>Non-controlling interests</b>		<b>24,440,339</b>	22,304,316
<b>Total equity</b>		<b>78,937,105</b>	74,887,075

# Consolidated Balance Sheet

As at December 31, 2022

	Note	As at December 31,	
		2022 RMB'000	2021 RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	23	8,580,404	7,632,677
Lease liabilities	7(b)(i)	169,525	55,062
Deferred income tax liabilities	14	16,208	21,273
Provisions	24	3,590,878	2,977,044
Deferred income	25	2,710,497	3,228,685
Other payables		23,534	64,464
		<b>15,091,046</b>	13,979,205
<b>Current liabilities</b>			
Accounts payable	26	29,869,141	39,615,698
Contract liabilities	27	1,214,906	1,366,602
Other payables and accruals	28	32,095,423	32,702,347
Current income tax liabilities		1,772,890	1,329,572
Borrowings	23	11,732,976	14,750,968
Lease liabilities	7(b)(i)	105,076	26,852
Provisions	24	2,556,879	2,186,058
		<b>79,347,291</b>	91,978,097
<b>Total liabilities</b>		<b>94,438,337</b>	105,957,302
<b>Total equity and liabilities</b>		<b>173,375,442</b>	180,844,377

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The financial statements on pages 132 to 212 were approved by the Board of Directors on March 24, 2023 and were signed on its behalf.

Chen Wei, Director

Huang Wenbing, Director

# Consolidated Statement of Comprehensive Income

For the year ended December 31, 2022

	Note	For the year ended December 31,	
		2022 RMB'000	2021 RMB'000
<b>Revenue</b>	6	<b>190,462,586</b>	175,915,687
Cost of sales		<b>(148,128,379)</b>	(138,272,452)
<b>Gross profit</b>		<b>42,334,207</b>	37,643,235
Selling and distribution expenses		<b>(11,176,768)</b>	(10,311,937)
General and administrative expenses		<b>(5,337,959)</b>	(5,798,684)
Net impairment losses on financial assets		<b>(474,556)</b>	(87,491)
Other gains, net	29	<b>663,966</b>	2,515,020
<b>Operating profit</b>		<b>26,008,890</b>	23,960,143
Finance income	32	<b>659,631</b>	887,138
Finance costs	32	<b>(658,459)</b>	(826,238)
Finance income, net		<b>1,172</b>	60,900
Share of loss of investments accounted for using equity method		<b>(1,280,849)</b>	(1,100,562)
<b>Profit before income tax</b>		<b>24,729,213</b>	22,920,481
Income tax expense	33	<b>(8,393,911)</b>	(7,769,002)
<b>Profit for the year</b>		<b>16,335,302</b>	15,151,479
<b>Profit attributable to:</b>			
Equity holders of the Company		<b>4,196,597</b>	3,858,175
Non-controlling interests		<b>12,138,705</b>	11,293,304
		<b>16,335,302</b>	15,151,479
<b>Earnings per share for profit attributable to ordinary shareholders of the Company for the year</b> (expressed in RMB)			
Basic and diluted	34	<b>0.52</b>	0.48



## Consolidated Statement of Comprehensive Income

For the year ended December 31, 2022

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
<b>Profit for the year</b>	<b>16,335,302</b>	15,151,479
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to profit or loss</i>		
Gain/(loss) on cash flow hedges, net of tax	345,359	(259,824)
Share of other comprehensive income/(loss) of investments accounted for using the equity method	18,905	(11,577)
Currency translation differences	(98,683)	(53,908)
<i>Items that will not be reclassified to profit or loss</i>		
Changes in fair values of financial assets at fair value through other comprehensive income	(1,090,982)	448,215
<b>Other comprehensive (loss)/income for the year</b>	<b>(825,401)</b>	122,906
<b>Total comprehensive income for the year</b>	<b>15,509,901</b>	15,274,385
<b>Attributable to:</b>		
Equity holders of the Company	3,196,461	4,136,486
Non-controlling interests	12,313,440	11,137,899
	<b>15,509,901</b>	15,274,385

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# Consolidated Statement of Changes in Equity

For the year ended December 31, 2022

	Attributable to equity holders of the Company				Non-controlling interests RMB'000	Total RMB'000
	Share capital RMB'000 (Note 21)	Other reserves RMB'000 (Note 22)	Retained earnings RMB'000	Sub-total RMB'000		
<b>Balance at January 1, 2022</b>	8,015,338	22,711,546	21,855,875	52,582,759	22,304,316	74,887,075
Profit for the year	-	-	4,196,597	4,196,597	12,138,705	16,335,302
Other comprehensive (loss)/income	-	(1,000,136)	-	(1,000,136)	174,735	(825,401)
<b>Total comprehensive income for the year</b>	-	(1,000,136)	4,196,597	3,196,461	12,313,440	15,509,901
<b>Transactions with owners</b>						
2021 final dividends	-	-	(1,282,454)	(1,282,454)	-	(1,282,454)
Dividends to non-controlling interest holders of a subsidiary	-	-	-	-	(10,241,000)	(10,241,000)
Contribution from non-controlling interest holder of a subsidiary	-	-	-	-	63,583	63,583
	-	-	(1,282,454)	(1,282,454)	(10,177,417)	(11,459,871)
<b>Balance at December 31, 2022</b>	8,015,338	21,711,410	24,770,018	54,496,766	24,440,339	78,937,105

## Consolidated Statement of Changes in Equity

For the year ended December 31, 2022

	Attributable to equity holders of the Company				Sub-total RMB'000	Non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000 (Note 21)	Perpetual bond RMB'000	Other reserves RMB'000 (Note 22)	Retained earnings RMB'000			
<b>Balance at January 1, 2021</b>	8,015,338	1,998,160	22,120,796	18,953,206	51,087,500	22,506,443	73,593,943
Profit for the year	-	-	-	3,858,175	3,858,175	11,293,304	15,151,479
Other comprehensive income/(loss)	-	-	278,311	-	278,311	(155,405)	122,906
<b>Total comprehensive income for the year</b>	-	-	278,311	3,858,175	4,136,486	11,137,899	15,274,385
<b>Transactions with owners</b>							
Appropriation to reserve fund	-	-	314,279	(314,279)	-	-	-
2020 final dividends	-	-	-	(641,227)	(641,227)	-	(641,227)
Repayment of perpetual bond	-	(1,998,160)	(1,840)	-	(2,000,000)	-	(2,000,000)
Dividends to non-controlling interest holders of a subsidiary	-	-	-	-	-	(11,368,000)	(11,368,000)
Contribution from non-controlling interest holder of a subsidiary	-	-	-	-	-	27,974	27,974
	-	(1,998,160)	312,439	(955,506)	(2,641,227)	(11,340,026)	(13,981,253)
<b>Balance at December 31, 2021</b>	8,015,338	-	22,711,546	21,855,875	52,582,759	22,304,316	74,887,075

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Consolidated Statement of Cash Flows

For the year ended December 31, 2022

	Note	For the year ended December 31,	
		2022 RMB'000	2021 RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	36(a)	27,331,630	18,669,990
Interest paid		(520,129)	(741,431)
Interest received		659,631	887,138
Income tax paid		(8,817,059)	(5,912,722)
Net cash generated from operating activities		18,654,073	12,902,975
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(4,707,636)	(7,282,497)
Addition of intangible assets		(1,517,698)	(1,162,987)
Addition of investments accounted for using equity method		(3,100,319)	–
Purchase of financial assets		–	(343,875)
Receipt of government grants for capital expenditures		118,181	11,663
Proceeds from disposals of property, plant and equipment, land use rights and intangible assets	36(b)	56,486	289,782
Proceeds from disposal of subsidiaries in prior year		–	12,300
Proceeds from disposal of investments accounted for using equity method		67,545	–
Dividends received from investments accounted for using equity method		1,226,288	705,096
Dividends received from financial assets		73	–
Net cash used in investing activities		(7,857,080)	(7,770,518)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		15,426,252	20,259,976
Repayments of borrowings		(17,648,678)	(18,186,665)
Repayment of loans from immediate parent company		(888,722)	–
Contribution from non-controlling interest holder of a subsidiary		63,583	27,974
Principal elements of lease payments		(109,552)	(121,059)
Interests paid to perpetual bondholders		–	(112,000)
Repayment of perpetual bond		–	(2,000,000)
Dividends paid by the Company		(1,282,454)	(641,227)
Dividends paid to non-controlling interest holders of subsidiaries		(10,241,000)	(11,368,000)
Net cash used in financing activities		(14,680,571)	(12,141,001)
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at January 1		40,968,622	48,146,250
Exchange differences on cash and cash equivalents		141,971	(169,084)
<b>Cash and cash equivalents at December 31</b>		<b>37,227,015</b>	<b>40,968,622</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 1 GENERAL INFORMATION

BAIC Motor Corporation Limited (the “Company”), together with its subsidiaries (collectively referred to as the “Group”), are principally engaged in the manufacturing and sales of passenger vehicles, engines and auto parts in the People’s Republic of China (the “PRC”).

The address of the Company’s registered office is A5-061, Unit 101, 5th Floor, Building No. 1, Courtyard No. 99, Shuanghe Street, Shunyi District, Beijing, the PRC.

The Company was incorporated in the PRC on September 20, 2010 as a joint stock company with limited liability under Company Law of the PRC. The immediate parent company of the Company is Beijing Automotive Group Co., Ltd. (“BAIC Group”), which is beneficially owned by the State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality (“SASAC Beijing”). The Company’s ordinary shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since December 19, 2014.

These financial statements are presented in Renminbi thousand Yuan (“RMB’000”), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on March 24, 2023.

## 2 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) which are measured at fair value.

### **New standards, amendments to standards and interpretations**

The Group has applied the following for the first time for their annual reporting period commencing January 1, 2022:

- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to IFRS 3 Reference to the Conceptual Framework
- Annual Improvements to IFRS Standards 2018-2020

The above did not have any material impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 2 BASIS OF PREPARATION (CONTINUED)

### New standards, amendments to standards and interpretations (Continued)

Certain new standard and amendments to standards have been published that are not mandatory for December 31, 2022 reporting period and have not been early adopted by the Group.

		<b>Effective for annual periods beginning on or after</b>
IFRS 17	Insurance Contracts	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	January 1, 2023
Amendments to IAS 8	Definition of Accounting Estimates	January 1, 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	January 1, 2024
Amendments to IFRS 16	Leases on Sale and Leaseback	January 1, 2024

These are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Subsidiaries

#### (a) Consolidation

Subsidiaries are all entities (including a structured entity) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

For business combinations involving enterprises under common control, the consideration paid and net assets obtained by the acquirer are measured at the carrying amount. The difference between the carrying amount of the net assets obtained from the combinations and the carrying amount of the consideration paid is treated as an adjustment to capital reserve.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Subsidiaries (Continued)

#### (a) Consolidation (Continued)

The Group applies the acquisition method to account for business combinations except for business combinations under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the profit or loss.

#### (b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.1 Subsidiaries (Continued)

#### (c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

### 3.2 Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Interests in joint ventures are accounted for using the equity method. Under this method, the interests are initially recognized in the consolidated balance sheet at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses, and movements in other comprehensive income, in profit or loss and other comprehensive income respectively. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of joint ventures and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill.

Where the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which include any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of the joint ventures have been aligned where necessary, to ensure consistency with the policies adopted by the Group.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.3 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognized in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount to "Share of profit/(loss) of investments accounted for using equity method" in the profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been aligned where necessary to ensure consistency with the policies adopted by the Group.

### 3.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee led by Chief Executive Officer that makes strategic decisions.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.5 Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in RMB, which is the Company's functional currency and the Group's presentation currency.

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the profit or loss on a net basis within "Other gains/(losses), net".

#### (c) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting currency translation differences are recognized in other comprehensive income.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items, as well as right-of-use assets (Note 3.27) within the same line item as that within which the corresponding underlying assets would be presented if they were owned.

Subsequent costs are included in the asset's carrying amount or as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation on items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Buildings	15-30 years
Machinery	10 years
Vehicles	4-10 years
Furniture and office equipment	3-5 years
Mouldings	5-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.10).

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized within "Other gains/(losses), net" in the profit or loss.

### 3.7 Land use rights

Land use rights are stated at cost less accumulated amortization and accumulated impairment losses. Cost represents consideration paid for the rights to use the land on which various plants and buildings are situated. Amortization of land use rights is calculated on a straight-line basis over the period of the land use rights.

Land use rights are right-of-use assets upon adoption of IFRS 16 effective for annual period commencing January 1, 2019 (Note 3.27).

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.8 Investment properties

Investment properties are held for long-term rental yields and are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at cost less accumulated depreciation and accumulated impairment losses.

### 3.9 Intangible assets

#### (a) Intellectual rights

Separately acquired intellectual rights are shown at historical cost. Intellectual rights have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of intellectual rights over their estimated useful lives of 5 to 10 years.

#### (b) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of 5 years.

#### (c) Research and development costs

Research cost is recognized in profit or loss in the period in which it is incurred. Development cost is capitalized only if all of the following conditions are satisfied:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset, and use or sell it;
- management ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate economic benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development phase can be reliably measured.

The development cost of an internally generated intangible asset is the sum of the expenditure incurred from the date the asset meets the recognition criteria above to the date when it is available for use. The development costs capitalized in connection with the intangible asset include costs of materials and services used or consumed and employee costs incurred in the creation of the asset.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.9 Intangible assets (Continued)

#### (c) Research and development costs (Continued)

Capitalized development costs are amortized using the straight-line method over their estimated useful lives.

Development costs not satisfying the above criteria are recognized in the profit or loss as incurred. Development costs previously recognized as expenses are not recognized as an asset in a subsequent period.

#### (d) Goodwill

Goodwill arises on the acquisition of subsidiaries, joint ventures and associates and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquire.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

### 3.10 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment and whenever there is an indication of impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.11 Investments and other financial assets

#### (a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (“OCI”) or through profit or loss), and
- those to be measured at amortized cost

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (“FVOCI”).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

#### (b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### (c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.11 Investments and other financial assets (Continued)

#### (c) Measurement (Continued)

##### (i) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the profit or loss.
- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

##### (ii) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other gains when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.11 Investments and other financial assets (Continued)

#### (d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For accounts receivable, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

### 3.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

### 3.13 Derivatives and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions ("cash flow hedges").

At the inception of the hedging, the Group documents the economic, relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedges items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in Note 28. Movements in the hedging reserve in equity are shown in Note 22. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

#### Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss within other gains/(losses).



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.13 Derivatives and hedging activities (Continued)

#### Cash flow hedges that qualify for hedge accounting (Continued)

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss. Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), the deferred hedging gains and losses are included within the initial cost of the asset. The deferred amounts are ultimately recognized in profit or loss as the hedged item affects profit or loss (for example through cost of sales).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

### 3.14 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

### 3.15 Accounts and other receivables

Accounts receivable are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of accounts and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Except for notes receivable measured at FVOCI, accounts and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

### 3.16 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

### 3.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.18 Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

### 3.19 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit or loss as finance cost over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

### 3.20 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on interest rates on similar borrowings in the entity's functional currency.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.21 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

#### (a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### (b) Deferred income tax

##### (i) Inside basis differences

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

##### (ii) Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.21 Current and deferred income tax (Continued)

#### (c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 3.22 Employee benefits

#### (a) Pension obligations

The Group contributes on a monthly basis to various defined contribution retirement benefit plans organized by relevant municipal and provincial governments in the PRC. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans. The contributions are recognized as employee benefit expense when they are due.

#### (b) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plans. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceilings. The Group's liability in respect of these funds is limited to the contributions payable in each period.

### 3.23 Provision

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as financial costs.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.24 Revenue recognition

The Group manufactures and sells vehicles, auto parts and technologies to its dealers and automotive/spare parts manufacturers. The revenue recognition policies applied by the Group for each of these activities are as follows:

#### (a) Products

Revenue from sales of products is recognized when the performance obligation for promises to transfer goods to customers is satisfied which is at a point in time when control of the products has transferred, being when the risk and reward have been transferred, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The vehicles are often sold with sales rebates. Sales are recorded based on the prices specified in the sales contracts, net of the sales rebates which are calculated periodically.

#### (b) Services

Revenue from providing services of aftersales, transportation, research and development, technical consultancy, etc is recognized upon satisfaction of the performance obligations over time in the accounting period during which the services are rendered.

#### (c) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

### 3.25 Dividend income

Dividends are received from financial assets measured at FVPL and at FVOCI. Dividends are recognized as other gains in profit or loss when the right to receive payment is established.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.26 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

Interest income on financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized in the profit or loss.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other gains.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

### 3.27 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that termination option.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.27 Leases (Continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.28 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the profit or loss on a straight-line basis over the expected lives of the related assets.

### 3.29 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

## 4 FINANCIAL RISK MANAGEMENT

### 4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

The Group's risk management and treasury department focuses on minimizing potential adverse effects on the Group's financial performance.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 4.1 Financial risk factors (Continued)

#### (a) Market risk

##### (i) Foreign exchange risk

The Group has international purchase transactions and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in RMB, was as follows:

	As at December 31,			
	2022		2021	
	Euro RMB'000	Other foreign currencies RMB'000	Euro RMB'000	Other foreign currencies RMB'000
Accounts receivable	810,914	83,267	810,483	352,430
Other receivables and prepayments	352,027	20,644	–	20,859
Cash and cash equivalents	4,008,560	186,091	2,586,850	298,190
Accounts payable	4,104,513	6,261	11,285,077	185
Other payables and accruals	3,887,829	221,706	3,288,056	161,545

To manage the impact of exchange rate fluctuations, the Group continually assesses its exposure to foreign exchange risks, and a portion of those risks will be mitigated by using derivative financial instruments when management considers necessary.

Management has set up a policy to manage their foreign exchange risk against their functional currency. The Group uses forward foreign exchange contracts to hedge anticipate cash flows (mainly purchase of inventories) in major foreign currencies for the subsequent periods.

As at December 31, 2022, the asset carrying value of the forward foreign exchange contracts was RMB352,027,000 (Note 18(a)) (December 31, 2021: liability of RMB745,820,000 (Note 28(a))). The foreign exchange forwards are denominated in the same currency as the highly probable future inventory purchases (both in Euro) and therefore the hedge ratio is 1:1.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 4.1 Financial risk factors (Continued)

#### (a) Market risk (Continued)

##### (i) Foreign exchange risk (Continued)

As at each year end, if Euro weakened by 10% against RMB with all other variables held constant, the post-tax profit and other comprehensive income for each year would have changed mainly as a result of foreign exchange differences on translation of Euro denominated assets and liabilities as well as forward foreign exchange contracts:

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
(Decrease)/increase in profit for the year	(39,889)	502,878
Increase in other comprehensive loss/decrease in other comprehensive income	278,211	738,258

A weakening of the RMB against the Euro would have had equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

##### (ii) Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

As at December 31, 2022, if the interest rates on borrowings had been 100 basis points higher/lower than the prevailing rate, with all other variables held constant, net profit for the year ended December 31, 2022 would have been approximately RMB73,515,000 (2021: RMB81,837,000) lower/higher respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

#### (b) Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt instruments, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

##### (i) Risk management

As at December 31, 2022, 100% (December 31, 2021: 100%) of the Group's restricted cash, short-term deposits and cash at banks are held in reputable local joint-stock commercial banks, state-owned banks, other financial institutions and world-wide reputable banks, which management believes are of high credit quality. Management does not expect any losses from non-performance by these counterparties.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 4.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (i) Risk management (Continued)

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. Normally, the Group does not require collaterals from trade debtors. Management makes periodic collective assessment as well as individual assessment on the recoverability of accounts and other receivables based on historical payment records, the length of the ageing period, the financial strength of the debtors and whether there are any disputes with the relevant debtors. The Group's historical experience in collection of accounts and other receivables falls within the recorded allowances and the directors are of the opinion that adequate provision for uncollectible receivables has been made in the financial statements.

##### (ii) Provision for impairment on of financial assets

Impairment of financial assets are determined on the basis outlined in Note 3.11(d). To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the ageing. As at December 31, 2022 the provision for impairment in respect of those collectively assessed accounts receivable was approximately RMB890,428,000 (December 31, 2021: RMB616,828,000) based on expected loss rates applied on different groupings as follows.

#### Receivables for sales loans and service fees

	Current RMB'000	More than 30 days RMB'000	More than 1 year RMB'000	More than 2 years RMB'000	More than 3 years RMB'000	More than 4 years RMB'000	Total RMB'000
<b>As at December 31, 2022</b>							
Expected loss rate	0.1%	2.4%	11.2%	30.5%	68.8%	98.0%	9.2%
Accounts receivable, gross	7,465,862	278,620	137,274	263,284	347,200	487,932	8,980,172
Loss allowance	3,492	6,797	15,432	80,334	239,013	478,136	823,204
<b>As at December 31, 2021</b>							
Expected loss rate	0.1%	0.1%	4.3%	40.0%	54.5%	95.3%	7.0%
Accounts receivable, gross	6,585,371	779,473	339,537	489,998	475,545	150,153	8,820,077
Loss allowance	3,613	543	14,497	195,997	259,127	143,051	616,828

#### Accounts receivable from government subsidies of new energy vehicle sales

As at December 31, 2022, accounts receivable, gross, from government subsidies of new energy vehicle sales amounted to approximately RMB 6,722,461,000 (December 31, 2021: RMB 7,766,392,000) with provision for impairment of approximately RMB 67,224,000 (December 31, 2021: Nil).

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 4.1 Financial risk factors (Continued)

#### (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities at all times as not to breach borrowing limits or covenants (where applicable) on any of its facilities. The Group's forecasting takes into consideration debt financing plans, covenant compliance, and if applicable, external regulatory or legal requirements.

The Group's primary cash requirements have been for additions of and upgrades on property, plant and equipment, expenditure on research and development payment on related debts and payment for purchases and operating expenses. The Group finances its working capital requirements through a combination of internal resources and long-term and short-term borrowings.

As at December 31, 2022, the Group has net current assets of approximately RMB3,108 million (December 31, 2021: net current liabilities of RMB5,342 million). Management regularly monitors the Group's current and expected liquidity requirements to ensure that it maintains sufficient cash and cash equivalents and has available funding through adequate amount of committed banking facilities to meet its capital commitments and working capital requirements. The amount of undrawn credit facilities at the balance sheet dates are disclosed in Note 23 to these financial statements.

The tables below analyze the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000 (Note)
<b>At December 31, 2022</b>				
Borrowings	12,041,689	5,257,098	3,587,473	–
Lease liabilities	110,952	110,726	3,017	12,852,939
Accounts payable	29,869,141	–	–	–
Other payables	29,256,661	23,926	–	–
<b>At December 31, 2021</b>				
Borrowings	15,004,014	2,753,207	5,153,076	–
Lease liabilities	27,728	776	2,719	12,513,374
Accounts payable	39,615,698	–	–	–
Other payables	28,256,414	45,172	21,851	–

Note: This is mainly related to a long-term lease with significant discounting impact by which the present value of its lease payments is calculated and recognized in the consolidated balance sheet.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 4.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "total equity" as shown in the consolidated balance sheet plus net debt.

As at December 31, 2022 and 2021, the balance of total cash and cash equivalents exceeded the balance of borrowings.

### 4.3 Fair value estimation

The carrying amounts of the Group's current financial assets and liabilities, including cash and cash equivalents, restricted cash, accounts and other receivables, accounts and other payables and borrowings approximate their fair values. The fair value of financial assets is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

The table below analyzed financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 4.3 Fair value estimation (Continued)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets</b>				
Financial assets at FVOCI (Notes 13, 16)				
<b>At December 31, 2022</b>	<b>1,594,924</b>	<b>-</b>	<b>920,168</b>	<b>2,515,092</b>
<b>At December 31, 2021</b>	2,685,906	-	1,964,939	4,650,845
Derivative financial instruments (Note 18)				
<b>At December 31, 2022</b>	<b>-</b>	<b>352,027</b>	<b>-</b>	<b>352,027</b>
<b>At December 31, 2021</b>	-	-	-	-
<b>Liabilities</b>				
Derivative financial instruments (Note 28)				
<b>At December 31, 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At December 31, 2021</b>	-	745,820	-	745,820

## 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### (a) Capitalization of internal development costs

Only internal development costs directly attributable to projects which are considered under development stage and when it is probable that the projects will be successful considering the criteria set out in Note 3.9(c) are capitalized and recognized as intangible assets. The Group's development activities are tracked by its technical department and documented to support the basis of determining if and when the criteria were met, particularly (i) the timing to start capitalization; (ii) the technical feasibility of the projects; and (iii) the likelihood of the projects that will deliver sufficient future economic benefits.

### (b) Impairment of long-lived assets

The Group is required to test goodwill and intangible assets not ready for use on an annual basis. Other non-financial assets are tested whenever events or changes in circumstances indicate that the carrying amount of those assets exceeds its recoverable amount. The recoverable amount is determined based on the higher of fair value less costs to sell and value in use.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### (b) Impairment of long-lived assets (Continued)

Determination of the value in use is an area involving management judgement in order to assess whether the carrying value of the long-lived assets can be supported by the net present value of future cash flows. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain areas including management's expectations of (i) future unlevered free cash flows; (ii) long-term sales growth rates; and (iii) the selection of discount rates to reflect the risks involved.

The property, plant and equipment, land use right and intangible assets related to Beijing Brand passenger vehicle business are tested for impairment based on the recoverable amount of the CGU to which these assets are related. The recoverable amount of the CGU was determined based upon value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Management determines annual sales growth rate to be a key assumption as it is the main driver for revenue and costs in each period. The annual sales growth rate is based on past performance and management's expectations of market development. The discount rate used is pre-tax and reflects specific risks relating to the relevant business.

For impairment testing, cash flows beyond the five-year period are extrapolated using the estimated annual sales growth rate of 3%. The discount rate applied to the cash flow projections used for value-in-use calculations is 15.53% (December 31, 2021: 15.40%).

### (c) Provisions

The Group recognizes a provision when there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where these criteria are not met, a contingent liability may be disclosed in the notes to the financial statements. Obligations arising in respect of contingent liabilities that have been disclosed, or those which are not currently recognized or disclosed in the financial statements could have a material effect on the Group's financial position.

The Group recognizes expected warranty costs for products sold principally at the time of sale of the product and when it is determined that such obligations are probable and can be reasonably estimated. Amounts recorded are based on the Group's estimates of the amount that will eventually be required to settle such obligations. These accruals are based on factors such as past experience, production changes, industry developments and various other considerations. The Group's estimates are adjusted from time to time based on facts and circumstances that impact the status of existing claims.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### (d) Income taxes

The Group is subject to income taxes in the PRC. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognized only if it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. This determination requires significant judgement regarding the realizability of deferred tax assets. For entities with a recent history of losses, there would need to be convincing other evidence that sufficient taxable profits would be available in the future. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

## 6 SEGMENT INFORMATION

### (a) Description of segments and principal activities

The Group's segment information is presented on the basis of internal reports that are regularly reviewed by the Group's Executive Committee, in order to allocate resources to the segments and assess their performance. For each of the Group's reportable segments, the Group's Executive Committee reviews internal management reports on monthly basis, at a minimum. Management has determined the reporting segments based on these reports.

The Group considers the business from a product perspective and has the following reportable segments:

- Passenger vehicles of Beijing Brand: manufacturing and sales of passenger vehicles of BAIC brands, and providing other businesses and related services;
- Passenger vehicles of Beijing Benz Automotive Co., Ltd. ("Beijing Benz"): manufacturing and sales of passenger vehicles of Beijing Benz brand and providing other related services.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 6 SEGMENT INFORMATION (CONTINUED)

### (b) Profit and loss disclosures, segment assets and segment liabilities

Management defines segment results based on gross profit. Information about reportable segments and reconciliations of reportable segment results are as follows:

	Passenger vehicles – Beijing Brand RMB'000	Passenger vehicles – Beijing Benz RMB'000	Elimination RMB'000	Total RMB'000
<b>For the year ended December 31, 2022</b>				
Total revenue	7,466,692	183,154,764	(158,870)	190,462,586
Inter-segment revenue	(158,870)	-	158,870	-
Revenue from external customers	7,307,822	183,154,764	-	190,462,586
Timing of revenue recognition				
– At a point in time	7,018,606	181,432,635	-	188,451,241
– Over time	289,216	1,722,129	-	2,011,345
	7,307,822	183,154,764	-	190,462,586
Segment gross (loss)/profit	(5,037,973)	47,395,966	(23,786)	42,334,207
<b>Other profit &amp; loss disclosures:</b>				
Selling and distribution expenses				(11,176,768)
General and administrative expenses				(5,337,959)
Net impairment losses on financial assets				(474,556)
Other gains, net				663,966
Finance income, net				1,172
Share of loss of investments accounted for using equity method				(1,280,849)
<b>Profit before income tax</b>				24,729,213
Income tax expense				(8,393,911)
<b>Profit for the year</b>				16,335,302
<b>Other information:</b>				
<b>Significant non-cash expenses</b>				
Depreciation and amortization	(3,613,454)	(5,343,017)	-	(8,956,471)
Provisions for impairments on assets	(1,385,693)	(99,158)	-	(1,484,851)
<b>As at December 31, 2022</b>				
<b>Total assets</b>	73,840,724	114,675,089	(15,140,371)	173,375,442
Including:				
Investments accounted for using equity method	13,113,315	-	-	13,113,315
<b>Total liabilities</b>	(30,476,937)	(63,974,955)	13,555	(94,438,337)

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 6 SEGMENT INFORMATION (CONTINUED)

### (b) Profit and loss disclosures, segment assets and segment liabilities (Continued)

	Passenger vehicles – Beijing Brand RMB'000	Passenger vehicles – Beijing Benz RMB'000	Elimination RMB'000	Total RMB'000
<b>For the year ended December 31, 2021</b>				
Total revenue	8,174,349	167,966,443	(225,105)	175,915,687
Inter-segment revenue	(225,105)	-	225,105	-
Revenue from external customers	7,949,244	167,966,443	-	175,915,687
Timing of revenue recognition				
– At a point in time	7,724,274	166,428,334	-	174,152,608
– Over time	224,970	1,538,109	-	1,763,079
	7,949,244	167,966,443	-	175,915,687
Segment gross (loss)/profit	(4,512,770)	42,255,038	(99,033)	37,643,235
<b>Other profit &amp; loss disclosures:</b>				
Selling and distribution expenses				(10,311,937)
General and administrative expenses				(5,798,684)
Net impairment losses on financial assets				(87,491)
Other gains, net				2,515,020
Finance income, net				60,900
Share of loss of investments accounted for using equity method				(1,100,562)
<b>Profit before income tax</b>				22,920,481
Income tax expense				(7,769,002)
<b>Profit for the year</b>				15,151,479
<b>Other information:</b>				
<b>Significant non-cash expenses</b>				
Depreciation and amortization	(4,116,918)	(5,353,824)	-	(9,470,742)
Provisions for impairments on assets	(929,439)	(4,163)	-	(933,602)
<b>As at December 31, 2021</b>				
<b>Total assets</b>	82,090,547	113,916,580	(15,162,750)	180,844,377
Including:				
Investments accounted for using equity method	12,529,144	-	-	12,529,144
<b>Total liabilities</b>	(37,946,651)	(68,030,203)	19,552	(105,957,302)

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 6 SEGMENT INFORMATION (CONTINUED)

### (b) Profit and loss disclosures, segment assets and segment liabilities (Continued)

There is no customer accounting for 10 percent or more of the Group's revenue for each of the years ended December 31, 2022 and 2021.

The Group is domiciled in the PRC. The percentage of its revenue from external customers residing in the PRC is approximately 99.2% for the year ended December 31, 2022 (2021: 99.5%).

As at December 31, 2022, the percentage of the Group's non-current assets, other than financial instruments and deferred income tax assets, located in the mainland of the PRC is approximately 98.4% (December 31, 2021: 98.6%).

## 7 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Furniture and office equipment RMB'000	Mouldings RMB'000	Construction in progress RMB'000	Total RMB'000
<b>Net book amount at January 1, 2022</b>	17,925,741	14,953,722	323,089	2,188,492	4,284,184	10,897,871	50,573,099
Additions	330,013	271,854	113,802	99,706	20,838	4,610,690	5,446,903
Transfers upon completion to							
– investment properties	-	-	-	-	-	(85,544)	(85,544)
– property, plant and equipment	425,508	1,840,381	71,456	762,548	2,385,598	(5,485,491)	-
Disposals	(56,975)	(177)	(22,620)	(15,269)	(42,127)	-	(137,168)
Depreciation	(1,134,423)	(2,948,188)	(141,125)	(1,056,428)	(1,422,122)	-	(6,702,286)
Impairment	-	(8,938)	-	-	-	-	(8,938)
<b>Net book amount at December 31, 2022</b>	17,489,864	14,108,654	344,602	1,979,049	5,226,371	9,937,526	49,086,066
<b>At December 31, 2022</b>							
Cost	24,488,680	32,805,427	1,054,871	8,452,138	13,469,151	9,937,526	90,207,793
Accumulated depreciation and impairment	(6,998,816)	(18,696,773)	(710,269)	(6,473,089)	(8,242,780)	-	(41,121,727)
Net book amount	17,489,864	14,108,654	344,602	1,979,049	5,226,371	9,937,526	49,086,066

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Furniture and office equipment RMB'000	Mouldings RMB'000	Construction in progress RMB'000	Total RMB'000
<b>Net book amount at</b>							
<b>January 1, 2021</b>	17,121,446	15,346,394	375,527	2,079,447	3,572,900	11,933,177	50,428,891
Additions	35,620	265,409	26,023	191,858	79,147	6,407,789	7,005,846
Transfers upon completion to							
– investment properties	-	-	-	-	-	(172,303)	(172,303)
– property, plant and equipment	1,921,270	2,418,588	43,002	1,123,839	1,764,093	(7,270,792)	-
Disposals	(7,570)	(122,541)	(9,425)	(25,915)	(8,360)	-	(173,811)
Depreciation	(1,145,025)	(2,950,826)	(112,038)	(1,155,676)	(1,123,596)	-	(6,487,161)
Impairment	-	(3,302)	-	(25,061)	-	-	(28,363)
<b>Net book amount at</b>							
<b>December 31, 2021</b>	17,925,741	14,953,722	323,089	2,188,492	4,284,184	10,897,871	50,573,099
<b>At December 31, 2021</b>							
Cost	23,934,525	30,960,118	936,089	7,815,128	11,305,488	10,897,871	85,849,219
Accumulated depreciation and impairment	(6,008,784)	(16,006,396)	(613,000)	(5,626,636)	(7,021,304)	-	(35,276,120)
Net book amount	17,925,741	14,953,722	323,089	2,188,492	4,284,184	10,897,871	50,573,099

Notes:

- (a) The Group has capitalized borrowing costs amounting to RMB18,326,000 on qualifying assets of property, plant and equipment for the year ended December 31, 2022 (2021: RMB20,226,000). Borrowing costs were capitalized at the weighted average of its borrowing rate of 6.08% during the year (2021: 4.51%).

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) This note provides information for leases where the Group is a lessee.

(i) Amounts recognized in the balance sheet

	As at December 31,	
	2022 RMB'000	2021 RMB'000
<b>Right-of-use assets</b>		
Included in property, plant and equipment		
– Buildings	294,700	117,963
– Machinery	115	56
	294,815	118,019
Included in land use rights (Note 8)	6,787,039	6,977,295
<b>Lease liabilities</b>		
Non-current	169,525	55,062
Current	105,076	26,852
	274,601	81,914

Additions to the right-of-use assets included in property, plant and equipment during the 2022 financial year were RMB302,239,000 (2021: RMB49,763,000).

(ii) Amounts recognized in the profit or loss

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
<b>Depreciation/amortization charge of right-of-use assets</b>		
Included in property, plant and equipment		
– Buildings	127,264	114,779
– Machinery	104	220
	127,368	114,999
Included in land-use rights (Note 8)	181,193	181,230
<b>Interest expense</b> (included in finance costs) (Note 32)	14,781	8,262
<b>Expenses relating to short-term leases</b> (included in cost of sales, selling and distribution expenses and general and administrative expenses)	19,854	30,519

(iii) Amounts recognized in the statement of cash flows

The total cash outflow for leases in 2022 was RMB144,186,000 (2021: RMB159,840,000).

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Depreciation on property, plant and equipment of the Group is analyzed as follows:

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
Cost of sales	6,105,533	5,928,973
Selling and distribution expenses	2,962	4,222
General and administrative expenses	463,640	417,028
	6,572,135	6,350,223
Capitalized in intangible assets – development costs	130,151	136,938
	6,702,286	6,487,161

## 8 LAND USE RIGHTS

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
<b>Net book amount at January 1, 2022</b>	6,977,295	7,158,525
Disposals	(9,063)	–
Amortization	(181,193)	(181,230)
<b>Net book amount at December 31, 2022</b>	6,787,039	6,977,295
<b>At December 31, 2022</b>		
Cost	8,317,594	8,327,893
Accumulated amortization	(1,530,555)	(1,350,598)
<b>Net book amount</b>	6,787,039	6,977,295

Note:

The Group's land use rights are held under leases for periods of 31.5 to 50 years.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 9 INTANGIBLE ASSETS

	Development costs (note (b)) RMB'000	Computer software RMB'000	Goodwill (note (a)) RMB'000	Total RMB'000
<b>Net book amount at January 1, 2022</b>	9,914,844	199,759	901,945	11,016,548
Additions	1,597,140	73,196	-	1,670,336
Amortization	(2,130,750)	(81,882)	-	(2,212,632)
<b>Net book amount at December 31, 2022</b>	<b>9,381,234</b>	<b>191,073</b>	<b>901,945</b>	<b>10,474,252</b>
<b>At December 31, 2022</b>				
Cost	24,896,762	1,142,119	901,945	26,940,826
Accumulated amortization	(15,515,528)	(951,046)	-	(16,466,574)
Net book amount	9,381,234	191,073	901,945	10,474,252
<b>Net book amount at January 1, 2021</b>	11,340,077	217,076	901,945	12,459,098
Additions	1,462,015	60,177	-	1,522,192
Disposals	-	(715)	-	(715)
Amortization	(2,887,248)	(76,779)	-	(2,964,027)
<b>Net book amount at December 31, 2021</b>	<b>9,914,844</b>	<b>199,759</b>	<b>901,945</b>	<b>11,016,548</b>
<b>At December 31, 2021</b>				
Cost	23,168,482	1,070,181	901,945	25,140,608
Accumulated amortization	(13,253,638)	(870,422)	-	(14,124,060)
Net book amount	9,914,844	199,759	901,945	11,016,548

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 9 INTANGIBLE ASSETS (CONTINUED)

Notes:

- (a) Goodwill is monitored by management at the level of the two operating segments identified in Note 6.

A segment-level summary of the goodwill allocation is presented below.

	As at December 31,	
	2022 RMB'000	2021 RMB'000
Passenger vehicles of Beijing Benz (i)	807,505	807,505
Passenger vehicles of Beijing Brand (ii)	94,440	94,440
	<b>901,945</b>	901,945

Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs that are expected to benefit from the business combinations in which the goodwill arose. The units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 6).

The recoverable amount of each CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Management determines annual sales growth rate to be a key assumption as it is the main driver for revenue and costs in each period. The annual sales growth rate is based on past performance and management's expectations of market development. The discount rate used is pre-tax and reflects specific risks relating to the relevant business.

- (i) This arises from the acquisition of Beijing Benz in 2013 and is fully allocated to the CGU of passenger vehicles of Beijing Benz. For impairment testing, the estimated annual sales growth rate covering the five-year forecast period is 3% beyond which is extrapolated at 3%. The discount rate applied to the cash flow projections used for value-in-use calculations is 16.55% (December 31, 2021: 16.55%).
- (ii) This arises from the acquisition of China Automobile Development United (Beijing) Technology Investment Co., Ltd. in September 2016 and is fully allocated to the CGU of passenger vehicles of Beijing Brand. For impairment testing, the estimated annual sales growth rate covering the five-year forecast period is 10% – 28% beyond which is extrapolated at 3%. The discount rate applied to the cash flow projections used for value-in-use calculations is 18.28% (December 31, 2021: 18.17%).
- (b) The Group has capitalized borrowing costs amounting to RMB108,902,000 on qualifying intangible assets for the year ended December 31, 2022 (2021: RMB100,858,000). Borrowing costs were capitalized at the weighted average of its borrowing rate of 3.28% during the year (2021: 3.21%).
- (c) Amortization on intangible assets of the Group is analyzed as follows:

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
Cost of sales	2,121,888	2,573,773
General and administrative expenses	67,410	363,622
	<b>2,189,298</b>	2,937,395
Capitalized in intangible assets – development costs	23,334	26,632
	<b>2,212,632</b>	2,964,027



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 10 INVESTMENTS IN SUBSIDIARIES

### (a) Material non-controlling interests

Set out below is the summarized financial information for a 51% owned subsidiary, Beijing Benz, which has non-controlling interests that are material to the Group. The amounts disclosed below are before inter-company eliminations, and are stated at the basis upon the Group acquired 51% interests in Beijing Benz as according to IFRS 3 “Business Combinations”.

#### (i) Summarized balance sheet

	As at December 31,	
	2022 RMB'000	2021 RMB'000
Non-current assets	53,343,424	53,309,514
Current assets	61,331,665	60,607,066
<b>Total assets</b>	<b>114,675,089</b>	113,916,580
Non-current liabilities	5,055,774	4,906,234
Current liabilities	58,919,181	63,123,969
<b>Total liabilities</b>	<b>63,974,955</b>	68,030,203
<b>Net assets</b>	<b>50,700,134</b>	45,886,377
Less: goodwill	(807,505)	(807,505)
The Group's non-controlling interests in Beijing Benz	49,892,629 24,447,388	45,078,872 22,088,647

#### (ii) Summarized statement of comprehensive income

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
Revenue	183,154,764	167,966,443
Net profit	25,368,398	23,208,556
Other comprehensive income/(loss)	345,359	(259,824)
<b>Total comprehensive income</b>	<b>25,713,757</b>	22,948,732

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 10 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

### (a) Material non-controlling interests (continued)

#### (ii) Summarized statement of comprehensive income (continued)

Below sets out the amounts attributable to non-controlling interests in Beijing Benz in the Group's consolidated statements of comprehensive income:

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
Net profit attributable to non-controlling interests	12,430,515	11,372,192
Other comprehensive income/(loss) attributable to non-controlling interests	169,226	(127,314)
Total comprehensive income attributable to non-controlling interests	12,599,741	11,244,878
Dividends to non-controlling interest holders	10,241,000	11,368,000

#### (iii) Summarized statement of cash flows

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
Net cash flows generated from operating activities	20,405,383	17,111,807
Net cash flows used in investing activities	(4,226,991)	(6,019,891)
Net cash flows used in financing activities	(20,962,928)	(23,200,000)
Exchange differences on cash and cash equivalents	128,272	(222,073)
Net decrease in cash and cash equivalents	(4,656,264)	(12,330,157)

(b) The list of the principal subsidiaries at December 31, 2022 is disclosed in Note 39. All of the subsidiaries established in the PRC are limited liability companies.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 11 INVESTMENTS IN JOINT VENTURES

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
<b>At January 1</b>	<b>5,432,848</b>	7,843,019
Additional investments (note (a))	3,100,319	-
Share of loss for the year	(1,930,362)	(1,941,086)
Share of other comprehensive income/(loss) for the year	18,905	(11,577)
Share of total comprehensive loss for the year	(1,911,457)	(1,952,663)
Dividends received	(548,907)	(457,508)
<b>At December 31</b>	<b>6,072,803</b>	5,432,848

Notes:

- (a) In March and August 2022, Beijing Hyundai Motor Company (“Beijing Hyundai”) increased its registered capital by an aggregate of approximately USD942 million with approximately USD471 million contributed by BAIC Investment Co., Ltd. (“BAIC Investment”), a subsidiary of the Company. BAIC Investment continued to hold 50% of equity interests in Beijing Hyundai upon completion of above capital increase.
- (b) None of the joint ventures are considered individually material as at December 31, 2022.
- (c) Individually immaterial joint ventures

The information below reflects the amounts presented in the financial statements of the joint ventures after alignment with accounting policies of the Group.

	As at December 31,	
	2022 RMB'000	2021 RMB'000
Aggregate carrying amount of the net assets	13,899,475	11,999,889
<b>Aggregate amount of the Group's share thereon</b>	<b>6,072,803</b>	5,432,848
	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
Aggregate total comprehensive loss	(3,381,250)	(3,360,112)
<b>Aggregate amount of the Group's share of total comprehensive loss</b>	<b>(1,911,457)</b>	(1,952,663)

- (d) The list of the principal joint ventures at December 31, 2022 is disclosed in Note 39.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 12 INVESTMENTS IN ASSOCIATES

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
<b>At January 1</b>	<b>7,096,296</b>	6,453,360
New investments	–	50,000
Disposals of investments	(41,916)	–
Share of profit for the year	<b>649,513</b>	840,524
Share of total comprehensive income for the year	<b>649,513</b>	840,524
Dividends received	<b>(663,381)</b>	(247,588)
<b>At December 31</b>	<b>7,040,512</b>	7,096,296

Notes:

- (a) None of the associates are considered individually material as at December 31, 2022.
- (b) Individually immaterial associates

The information below reflects the amounts presented in the financial statements of the associates after alignment with accounting policies of the Group.

	As at December 31,	
	2022 RMB'000	2021 RMB'000
Aggregate carrying amount of the net assets	<b>23,647,419</b>	23,847,104
<b>Aggregate amount of the Group's share thereon</b>	<b>7,040,512</b>	7,096,296
	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
Aggregate total comprehensive income	<b>2,194,983</b>	2,596,826
<b>Aggregate amount of the Group's share of total comprehensive income</b>	<b>649,513</b>	840,524

- (c) The list of the principal associates at December 31, 2022 is disclosed in Note 39.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 13 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
<b>At January 1</b>	<b>2,688,906</b>	1,896,816
Addition for the year	–	343,875
Changes in fair values	<b>(1,090,982)</b>	448,215
<b>At December 31</b>	<b>1,597,924</b>	2,688,906

Note:

Balance at December 31, 2022 mainly represents 6.25% (December 31, 2021: 6.25%) equity interests in BAIC BluePark New Energy Technology Co., Ltd. (“BAIC BluePark”) being held by BAIC Guangzhou Automotive Co., Ltd. (“BAIC Guangzhou”), a wholly-owned subsidiary of the Company. BAIC BluePark is an A-share listed subsidiary of BAIC Group and listed on Shanghai Stock Exchange.

On July 15, 2022, the Company and BAIC BluePark entered into a conditional share subscription agreement for non-public issuance (the “Subscription Agreement”) pursuant to which, BAIC BluePark conditionally agreed to issue to the Company, and the Company conditionally agreed to subscribe for, not less than 35.99% of the total number of new A Shares to be issued under the proposed non-public issuance by BAIC BluePark (the “A Share Issuance”). The subscription price per new A share shall be determined in accordance with the pricing principle in respect of the A Share Issuance and the total subscription amount payable by the Company shall not exceed RMB2.879 billion.

Upon the completion of the subscription, the Company and BAIC Guangzhou shall in aggregate hold not less than 6.25%, and not more than 24.36% of the enlarged total issued A shares of BAIC BluePark.

## 14 DEFERRED INCOME TAXES

Movements of deferred tax asset balances comprising temporary differences attributable to:

	Provisions for impairment losses RMB'000	Accruals RMB'000	Others RMB'000	Total RMB'000
<b>At January 1, 2022</b>	<b>310,815</b>	<b>7,034,710</b>	<b>1,535,511</b>	<b>8,881,036</b>
(Charged)/credited to statement of comprehensive income	<b>(81,868)</b>	<b>1,458,750</b>	<b>(326,697)</b>	<b>1,050,185</b>
<b>At December 31, 2022</b>	<b>228,947</b>	<b>8,493,460</b>	<b>1,208,814</b>	<b>9,931,221</b>
<b>At January 1, 2021</b>	381,384	9,311,162	750,903	10,443,449
(Charged)/credited to statement of comprehensive income	(70,569)	(2,276,452)	784,608	(1,562,413)
<b>At December 31, 2021</b>	310,815	7,034,710	1,535,511	8,881,036

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 14 DEFERRED INCOME TAXES (CONTINUED)

Movements of deferred tax liability balances comprising temporary differences attributable to:

	Capitalized interest RMB'000	Valuation surplus upon acquisition of a subsidiary RMB'000	Others RMB'000	Total RMB'000
<b>At January 1, 2022</b>	(21,273)	(659,578)	(502,138)	(1,182,989)
Credited/(charged) to statement of comprehensive income	5,065	34,549	(65,048)	(25,434)
<b>At December 31, 2022</b>	<b>(16,208)</b>	<b>(625,029)</b>	<b>(567,186)</b>	<b>(1,208,423)</b>
<b>At January 1, 2021</b>	(26,423)	(679,478)	–	(705,901)
Credited/(charged) to statement of comprehensive income	5,150	19,900	(502,138)	(477,088)
<b>At December 31, 2021</b>	<b>(21,273)</b>	<b>(659,578)</b>	<b>(502,138)</b>	<b>(1,182,989)</b>

Note:

Deferred income tax assets and liabilities are presented net to the consolidated balance sheet through setting-off of RMB1,192,215,000 as at December 31, 2022 pursuant to set-off provisions as set out in Note 3.21(c).

Deferred income tax assets are recognized for tax loss carry forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The Group did not recognize deferred income tax assets in respect of losses and deductible temporary differences amounting to approximately RMB48 billion (December 31, 2021: RMB40 billion) that can be carried forward against future taxable income as at December 31, 2022.

The unrecognized tax loss amounting to approximately RMB39 billion (December 31, 2021: RMB33 billion) can be carried forward for utilization in future included in which approximately RMB3 billion, RMB2 billion, RMB19 billion and RMB15 billion being expired in less than 1 year, 1-2 years, 2-5 years and 5-10 years respectively.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 15 INVENTORIES

	As at December 31,	
	2022 RMB'000	2021 RMB'000
Raw materials	8,831,023	8,606,838
Work in progress	489,125	814,683
Finished goods	18,715,645	12,928,919
	<b>28,035,793</b>	22,350,440
Less: provision for impairment (note (a))	<b>(1,943,170)</b>	(1,209,359)
	<b>26,092,623</b>	21,141,081

Notes:

- (a) Provision for impairment is recognized for the amount by which the carrying amount of the inventories exceeds the recoverable amount, and is recorded in cost of sales in the profit or loss.
- (b) The cost of inventories recognized as cost of sales for the year ended December 31, 2022 amounted to RMB123,067 million (2021: RMB110,821 million).

## 16 ACCOUNTS RECEIVABLE

	As at December 31,	
	2022 RMB'000	2021 RMB'000
Accounts receivable, gross (note (a))	15,702,633	16,586,469
Less: provision for impairment	<b>(890,428)</b>	(616,828)
	<b>14,812,205</b>	15,969,641
Notes receivable (note (b)) measured at		
– FVOCI	917,168	1,961,939
– amortized cost	9,480	57,140
	<b>15,738,853</b>	17,988,720

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 16 ACCOUNTS RECEIVABLE (CONTINUED)

Notes:

- (a) The majority of the Group's sales are on credit. A credit period may be granted in respect of sales to customers with good credit history and long-established relationship with the Group. The ageing analysis of accounts receivable based on invoice date is as follows:

	As at December 31,	
	2022 RMB'000	2021 RMB'000
Current to 1 year	8,392,827	7,608,224
1 to 2 years	349,340	567,776
2 to 3 years	485,389	4,203,040
Over 3 years	6,475,077	4,207,429
	<b>15,702,633</b>	16,586,469

Movements on the provision for impairment on accounts receivable are as follows:

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
<b>As at January 1</b>	616,828	465,630
Provision for impairment recognized during the year	273,600	151,198
<b>As at December 31</b>	<b>890,428</b>	616,828

- (b) Substantially all notes receivable are with maturity period of within six months.
- (c) Most accounts receivable are denominated in RMB and their carrying amounts approximate fair values.
- (d) The amounts of accounts receivable pledged as collateral as at respective balance sheet dates are as follows:

	As at December 31,	
	2022 RMB'000	2021 RMB'000
Accounts receivable (i)	–	200,000
Notes receivable (ii)	545,005	543,684
	<b>545,005</b>	743,684

- (i) collateral for borrowings
- (ii) collateral for notes payable issued by banks

## 17 ADVANCES TO SUPPLIERS

In the ordinary course of business, the Group is required to make advance payments to certain suppliers according to the terms of respective agreements. The advance payments made to these parties are unsecured, non-interest bearing and will be settled or utilized in accordance with the terms of relevant agreements.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 18 OTHER RECEIVABLES AND PREPAYMENTS

	As at December 31,	
	2022 RMB'000	2021 RMB'000
Deductible value-added tax	1,184,685	5,029,603
Receivable from		
– sales of raw materials	545,762	207,086
– disposals of property, plant and equipment and land use rights	542,101	525,345
– sales of new energy vehicle credits	466,382	805,765
Contracts fulfillment costs	447,928	597,387
Derivative financial instruments (note (a))	352,027	–
Service fees	98,830	76,880
Deposits	13,151	11,734
Prepayments for property, plant and equipment	11,704	47,894
Dividend receivable from a joint venture	–	14,000
Others	149,931	389,991
	3,812,501	7,705,685
Less: non-current portion	(880,895)	(2,533,828)
Less: provision for impairment	(619,047)	(418,091)
	2,312,559	4,753,766

Note:

- (a) Derivative financial instruments represented forward foreign exchange contracts entered by the Group to hedge against the relative currency movements for settlement of Euro denominated trade payables (the hedged forecast transactions).

Movements on the provision for impairment on other receivables are as follows:

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
<b>As at January 1</b>	418,091	484,489
Provision/(reversal of provision) for impairment	200,956	(66,398)
<b>As at December 31</b>	619,047	418,091

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 19 RESTRICTED CASH AND TERM DEPOSITS WITH INITIAL TERM OF OVER THREE MONTHS

	As at December 31,	
	2022 RMB'000	2021 RMB'000
Pledged deposits (note (a))	564,662	1,334,090
Term deposits with initial term of over three months (note (b))	300,000	300,000
	<b>864,662</b>	1,634,090

Notes:

- (a) Pledged deposits are maintained with banks mainly for issuance of notes payable. They earn interests at annual rates ranging from 0.25% to 4.83% in 2022 (2021: 0.30% to 1.38%).
- (b) These term deposits earn interests at annual rate of 3.35% (2021: 3.35%).

## 20 CASH AND CASH EQUIVALENTS

	As at December 31,	
	2022 RMB'000	2021 RMB'000
Cash on hand	23,639,997	16,946,615
Short-term deposits	13,587,018	24,022,007
	<b>37,227,015</b>	40,968,622

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 20 CASH AND CASH EQUIVALENTS (CONTINUED)

Notes:

- (a) As at December 31, 2022, cash and cash equivalents of RMB13,325,601,000 (December 31, 2021: RMB15,913,195,000) were deposited in BAIC Finance (a 20% owned associate of a subsidiary of the Company) which was approved by the China Banking Regulatory Commission as a non-bank financial institution. The remaining 80% equity interests of this associate is owned by BAIC Group.
- (b) As at December 31, 2022, approximately 88% (December 31, 2021: 93%) of the Group's cash and cash equivalents are denominated in RMB. The conversion of RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government.

## 21 SHARE CAPITAL

	Number of ordinary shares of RMB1 each (thousands)	RMB'000
<b>At January 1, 2022 and December 31, 2022</b>	8,015,338	8,015,338
<b>At January 1, 2021 and December 31, 2021</b>	8,015,338	8,015,338

## 22 OTHER RESERVES

	Capital reserve RMB'000 (note (a))	Statutory reserve RMB'000 (note (b))	Financial assets at FVOCI RMB'000	Cash flow hedges RMB'000	Currency translation differences RMB'000	Total RMB'000
<b>At January 1, 2022</b>	17,541,520	4,691,251	624,471	(122,709)	(22,987)	22,711,546
<b>Other comprehensive income/(loss)</b>						
Gain on cash flow hedges	-	-	-	176,133	-	176,133
Share of other comprehensive income of investments accounted for using the equity method	-	-	-	18,905	-	18,905
Currency translation differences	-	-	-	-	(104,192)	(104,192)
Changes in fair value of financial assets at FVOCI	-	-	(1,090,982)	-	-	(1,090,982)
<b>At December 31, 2022</b>	17,541,520	4,691,251	(466,511)	72,329	(127,179)	21,711,410

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 22 OTHER RESERVES (CONTINUED)

	Capital reserve RMB'000 (note (a))	Statutory reserve RMB'000 (note (b))	Financial assets at FVOCI RMB'000	Cash flow hedges RMB'000	Currency translation differences RMB'000	Total RMB'000
<b>At January 1, 2021</b>	17,543,360	4,376,972	176,256	21,378	2,830	22,120,796
<b>Other comprehensive income/(loss)</b>						
Loss on cash flow hedges	-	-	-	(132,510)	-	(132,510)
Share of other comprehensive loss of investments accounted for using the equity method	-	-	-	(11,577)	-	(11,577)
Currency translation differences	-	-	-	-	(25,817)	(25,817)
Changes in fair value of financial assets at FVOCI	-	-	448,215	-	-	448,215
<b>Transactions with owners</b>						
Appropriation to reserve fund	-	314,279	-	-	-	314,279
Repayment of perpetual bond	(1,840)	-	-	-	-	(1,840)
<b>At December 31, 2021</b>	17,541,520	4,691,251	624,471	(122,709)	(22,987)	22,711,546

Notes:

(a) Capital reserve

Capital reserve includes share premium and reserves arising from capital contributions from equity holders. Share premium represents the difference between the fair value of shares issued and their respective par value. Incremental costs directly attributable to the issue of new shares are shown as a deduction.

(b) Statutory reserve

In accordance with the relevant PRC laws and financial regulations, every year the Company is required to transfer 10% of the profit after taxation determined in accordance with the PRC accounting standards to the statutory surplus reserve until the balance reaches 50% of the paid-up share capital. Such reserve can be used to reduce any losses incurred and to increase share capital. Except for the reduction of losses incurred, any other usage should not result in this reserve balance falling below 25% of the registered capital.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 23 BORROWINGS

	As at December 31,	
	2022 RMB'000	2021 RMB'000
<b>Non-current</b>		
Borrowings from financial institutions (note (a))	2,655,662	3,811,976
Corporate bonds (note (b))	5,924,742	3,820,701
	8,580,404	7,632,677
<b>Current</b>		
Borrowings from financial institutions (note (a))	6,283,888	9,493,780
Add: current portion of non-current borrowings from financial institutions	3,278,064	534,710
Corporate bonds (note (b))	2,171,024	4,722,478
	11,732,976	14,750,968
<b>Total borrowings</b>	<b>20,313,380</b>	<b>22,383,645</b>

### Maturity of borrowings

	As at December 31,	
	2022 RMB'000	2021 RMB'000
Within 1 year	11,732,976	14,750,968
1 to 2 years	5,079,675	2,570,409
2 to 5 years	3,500,729	5,062,268
	20,313,380	22,383,645

### Contractual repricing dates upon interest rate changes

	As at December 31,	
	2022 RMB'000	2021 RMB'000
Within 6 months	8,296,617	9,661,630
6 to 12 months	126,637	249,850
	8,423,254	9,911,480

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 23 BORROWINGS (CONTINUED)

### Weighted average annual interest rates

	As at December 31,	
	2022	2021
Borrowings from financial institutions	3.11%	3.30%
Corporate bonds	2.99%	3.68%

### Currency

	As at December 31,	
	2022 RMB'000	2021 RMB'000
RMB	17,570,096	20,079,512
United States Dollar ("USD")	2,704,338	2,235,888
South African Rand	38,946	68,245
	20,313,380	22,383,645

### Undrawn facilities at floating rates

	As at December 31,	
	2022 RMB'000	2021 RMB'000
Within 1 year	17,194,021	14,405,555
Over 1 year	6,140,434	4,700,000
	23,334,455	19,105,555

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 23 BORROWINGS (CONTINUED)

Notes:

- (a) Balances at December 31, 2022 include borrowings of RMB1,175 million (December 31, 2021: RMB2,399 million) obtained from BAIC Finance, an associate of the Group. The remaining balances were obtained from banks.
- (b) Corporate bonds are analyzed as follows:

Issuer	Issue date	Interest rate per annum	Carrying value RMB'000	Maturity
<b>At December 31, 2022</b>				
The Company	January 8, 2020	3.39%	619,890	3 years
The Company	November 5, 2021	3.45%	1,003,750	3 years
BAIC Finance Investment Co., Ltd.	March 16, 2021	2.00%	2,446,648	3 years
The Company	June 22, 2022	2.88%	1,012,704	3 years
The Company	September 26, 2022	2.65%	1,506,113	3 years
The Company	September 23, 2022	1.76%	1,506,661	6 months
			<b>8,095,766</b>	
<b>At December 31, 2021</b>				
BAIC Investment	January 20, 2017	4.29%	832,251	7 years <sup>(i)</sup>
The Company	July 4, 2017	4.72%	2,352,946	7 years <sup>(i)</sup>
The Company	January 8, 2020	3.39%	619,683	3 years
The Company	November 5, 2021	3.45%	1,003,089	3 years
BAIC Finance Investment Co., Ltd.	March 16, 2021	2.00%	2,235,888	3 years
The Company	October 22, 2021	2.92%	1,499,322	6 months
			<b>8,543,179</b>	

(i) redeemable and redeemed by bondholders after the end of 5<sup>th</sup> year

- (c) The fair values of the borrowings are not materially different to their carrying amounts, since the interests payable on these borrowings is either close to that calculated by current interest rate or the borrowings are of a short-term nature.

## 24 PROVISIONS

Balances represent warranty provisions for vehicles sold.

	As at December 31,	
	2022 RMB'000	2021 RMB'000
Current	2,556,879	2,186,058
Non-current	3,590,878	2,977,044
<b>Total</b>	<b>6,147,757</b>	<b>5,163,102</b>

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 24 PROVISIONS (CONTINUED)

Movements of warranty provisions are as follows:

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
<b>At January 1</b>	5,163,102	4,800,729
Additions	3,363,118	3,091,777
Amortization of discount on non-current provisions (Note 32)	161,555	121,275
Payments	(2,540,018)	(2,850,679)
<b>At December 31</b>	<b>6,147,757</b>	5,163,102

## 25 DEFERRED INCOME

Balances mainly include supports from local government to compensate for purchases of assets and development of new technologies.

Movements of deferred income are as follows:

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
<b>At January 1</b>	3,228,685	3,570,884
Additions	134,943	600,854
Amortization	(653,131)	(943,053)
<b>At December 31</b>	<b>2,710,497</b>	3,228,685

## 26 ACCOUNTS PAYABLE

	As at December 31,	
	2022 RMB'000	2021 RMB'000
Accounts payable	27,183,330	37,276,917
Notes payable	2,685,811	2,338,781
	<b>29,869,141</b>	39,615,698



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 26 ACCOUNTS PAYABLE (CONTINUED)

Ageing analysis of accounts payable based on invoice date is as follows:

	As at December 31,	
	2022 RMB'000	2021 RMB'000
Current to 1 year	26,945,233	33,473,222
1 to 2 years	124,767	1,372,626
2 to 3 years	21,736	1,992,237
Over 3 years	91,594	438,832
	<b>27,183,330</b>	<b>37,276,917</b>

## 27 CONTRACT LIABILITIES

The balance represents unsatisfied performance obligations at the end of the year which include advances from customers consisting primarily of prepayment received from the dealers for sale of vehicles.

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
Amount of revenue recognized in the current reporting period relating to contract liabilities at the beginning of the period	1,355,419	1,282,720

## 28 OTHER PAYABLES AND ACCRUALS

	As at December 31,	
	2022 RMB'000	2021 RMB'000
Sales discounts and rebates	11,717,464	11,155,224
Payable for		
– services	5,355,274	4,143,847
– property, plant and equipment and intangible assets	4,655,880	3,813,905
– general operations	3,191,859	3,026,655
Marketing expenses payable	2,163,739	2,027,450
Employee compensation payable	1,788,918	1,448,684
Other taxes payable	1,205,187	3,002,740
Payables for transportation and warehouse expenses	1,087,356	1,216,130
Derivative financial instruments (Note 18(a))	–	745,820
Deposits payable	26,371	172,124
Others	903,375	1,949,768
	<b>32,095,423</b>	<b>32,702,347</b>

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 29 OTHER GAINS, NET

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
Government grants	378,215	1,933,232
Loss on disposals of property, plant and equipment, land use rights and intangible assets	(72,989)	(24,244)
Loss on fair value change of foreign exchange forward contract	(379,144)	(432,977)
Foreign exchange gains	783,509	1,037,288
Others	(45,625)	1,721
	<b>663,966</b>	<b>2,515,020</b>

## 30 EXPENSES BY NATURE

Operating profit is arrived at after charging/(crediting) the following:

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
Raw materials and consumables used	123,466,103	114,521,117
Changes in inventories of finished goods and work in progress	(5,461,168)	(4,290,607)
Depreciation and amortization	8,956,471	9,470,742
Service fees and charges	8,327,810	7,463,776
Employee benefit costs (Note 31)	5,809,065	5,201,841
Transportation and warehouse expenses	3,299,360	3,203,680
Daily operating expenses	2,442,097	2,004,732
Warranty expenses (note (a))	2,012,127	1,595,830
Advertising and promotion	1,632,398	1,654,382
Provision for impairment on non-financial assets	1,010,295	846,111
Auditor's remuneration – audit services	7,095	7,095

Note:

- (a) This is presented net of recharges to other related companies of approximately RMB1,350,991,000 (2021: RMB1,464,416,000).

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 31 EMPLOYEE BENEFIT COSTS

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
Wages and salaries	4,022,570	3,559,240
Pension scheme and other social security costs (note (a))	581,725	558,173
Welfare, medical and other expenses	841,146	730,648
Housing benefits	363,624	353,780
	<b>5,809,065</b>	<b>5,201,841</b>

Note:

- (a) The Group makes fixed contributions on a monthly basis to various retirement benefit plans based on a specified percentage of the salaries of eligible employees and the relevant contribution ceilings, including:

### Mandatory PRC government-sponsored pension plan

The Group is required to make contributions to pension plans established by municipal and provincial governments in the PRC under these plans. According to the relevant government policies, the Group shall not use the relevant contributions to reduce the existing level of contributions even if an employee leaves the relevant plan prior to vesting fully. In 2022, the Group did not use any forfeited contributions under the relevant plans to reduce the existing level of contributions (2021: Nil); nor did the Group have a balance of forfeited contributions available for such purposes as of December 31, 2022 (December 31, 2021: Nil).

### Voluntary supplementary pension plan

The Group has not used any forfeited contributions under this plan (i.e. contributions handled by the Group on behalf of employees who left the plan prior to vesting fully) to reduce existing level of contributions in 2022; the Group's balance of forfeited contributions available for such purposes as of December 31, 2022 amounted to RMB9,413,000 (December 31, 2021: RMB7,501,000).

## Five highest paid individuals

The five individuals whose emoluments were the highest in the Group did not include any director or supervisor (2021: Nil) for the year ended December 31, 2022. The directors' and supervisors' emoluments are reflected in the analysis shown in Note 41. The emoluments payable to the five (2021: five) highest individuals are as follows:

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
Salaries, allowances and other benefits	15,393	15,869
Contribution to pension scheme	435	471
	<b>15,828</b>	<b>16,340</b>

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 31 EMPLOYEE BENEFIT COSTS (CONTINUED)

### Five highest paid individuals (Continued)

The emoluments of the individuals fell within the following bands:

	For the year ended December 31,	
	2022 Number of individuals	2021 Number of individuals
Emolument band (in HK dollar)		
HK\$2,500,001 – HK\$3,000,000	1	–
HK\$3,000,001 – HK\$3,500,000	1	–
HK\$3,500,001 – HK\$4,000,000	2	5
HK\$4,000,001 – HK\$4,500,000	1	–

During the year, there was no emolument paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2021: Nil).

## 32 FINANCE INCOME, NET

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
<b>Finance income</b>		
Interest income on deposits in financial institutions	659,631	887,138
<b>Finance costs</b>		
Interest expense on borrowings from financial institutions	341,572	416,125
Interest expense on corporate bonds	229,242	355,365
Interest expense on loans from immediate parent company and fellow subsidiaries	38,537	46,295
Interest expense on lease liabilities (Note 7(b)(ii))	14,781	8,262
Amortization of discount on non-current provisions (Note 24)	161,555	121,275
	785,687	947,322
Less: capitalized interest (Notes 7(a), 9(b))	(127,228)	(121,084)
	658,459	826,238
<b>Finance income, net</b>	1,172	60,900

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 33 INCOME TAX EXPENSE

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
Current income tax expense	9,533,782	5,642,893
Deferred income tax (credit)/expense	(1,139,871)	2,126,109
	<b>8,393,911</b>	7,769,002

According to the New and High-Technology Enterprise Certificate issued by relevant government regulatory bodies, certain entities of the Group in the PRC were recognized as new and high-technology enterprises with preferential income tax rate of 15%.

Except for the aforementioned companies and certain overseas subsidiaries which are subject to statutory income tax rates in respective tax jurisdictions, provision for income tax is calculated based on the statutory income tax rate of 25% for each of the years ended December 31, 2022 and 2021 on the assessable income of respective Group entities in accordance with relevant PRC enterprise income tax rules and regulations.

The reconciliation between the Group's actual tax charge and the amount which is calculated based on the statutory income tax rate of 25% in the PRC is as follows:

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
Profit before income tax	24,729,213	22,920,481
Tax calculated at the statutory tax rate of 25%	6,182,303	5,730,120
Effects of preferential tax rates and different tax rates in other jurisdictions	88,145	98,918
Impact on share of results of investments accounted for using equity method	320,212	275,140
Income not subject to tax	(7,467)	(7,223)
Expenses not deductible for tax purposes	27,820	77,030
Additional deduction on research and development expenses	(247,855)	(232,604)
Tax losses/deductible temporary differences for which no deferred tax was recognized	2,030,753	1,827,621
Tax charge	<b>8,393,911</b>	7,769,002

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 34 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	For the year ended December 31,	
	2022	2021
Profit attributable to ordinary shareholders of the Company (RMB'000)	4,196,597	3,858,175
Weighted average number of ordinary shares in issue (thousands)	8,015,338	8,015,338
Earnings per share for profit attributable to ordinary shareholders of the Company for the year (RMB)	0.52	0.48

Note:

During the years ended December 31, 2022 and 2021, there were no potential dilutive ordinary shares and diluted earnings per share was equal to basic earnings per share.

## 35 DIVIDENDS

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
Proposed final dividend of RMB0.17 per share (2021: RMB0.16 per share) (note (a))	1,362,607	1,282,454

Note:

- (a) The Board of Directors proposes that the Company distributes a final dividend for the year 2022 of RMB0.17 per share (tax inclusive). The proposal will be submitted to the 2022 annual general meeting for consideration and approval. This is not reflected as dividend payable in these financial statements but will be reflected as an appropriation of retained earnings for the year ending December 31, 2023.

The final dividend of approximately RMB1,282,454,000 (RMB0.16 per share (tax inclusive)) relating to the year ended December 31, 2021 was approved by the shareholders at the Company's annual general meeting held in June 2022 and paid in September 2022.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 36 CASH FLOW INFORMATION

### (a) Cash generated from operations

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
Profit before income tax	24,729,213	22,920,481
Adjustments for:		
Share of loss of investments accounted for using equity method	1,280,849	1,100,562
Dividends from financial assets	(73)	–
Gain on disposal of investments accounted for using equity method	(48,202)	–
Loss on disposals of property, plant and equipment, land use rights and intangible assets	72,989	24,244
Depreciation and amortization	8,956,471	9,470,742
Provision for impairment on non-financial assets	1,010,295	846,111
Net impairment losses on financial assets	474,556	87,491
Foreign exchange (gains)/losses	(141,971)	170,280
Finance income, net	(1,172)	(60,900)
Amortization of deferred income	(653,131)	(943,053)
	35,679,824	33,615,958
Changes in working capital:		
– Inventories	(5,952,898)	(1,616,834)
– Accounts receivable	1,976,267	2,110,498
– Advances to suppliers, other receivables and prepayments	3,301,870	263,724
– Accounts payable	(9,766,700)	(8,645,258)
– Contract liabilities, other payables and accruals	1,270,167	(7,420,471)
– Provisions	823,100	362,373
Cash generated from operations	27,331,630	18,669,990

### (b) Proceeds from disposals of property, plant and equipment, land use rights and intangible assets include

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
Net book amounts disposed	146,231	174,526
Loss on disposals	(72,989)	(24,244)
Change in related receivables	(16,756)	139,500
Cash proceeds	56,486	289,782

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 36 CASH FLOW INFORMATION (CONTINUED)

### (c) Debt reconciliation

The following sets out an analysis and the movements in cash and cash equivalents and liabilities arising from financing activities for each of the periods presented.

	As at December 31,	
	2022 RMB'000	2021 RMB'000
Cash and cash equivalents	37,227,015	40,968,622
Borrowings – repayable within one year	(11,732,976)	(14,750,968)
Borrowings – repayable after one year	(8,580,404)	(7,632,677)
Loans from immediate parent company and fellow subsidiaries	(498,378)	(1,351,980)
Lease liabilities	(274,601)	(81,914)
	<b>16,140,656</b>	17,151,083
Cash and cash equivalents	37,227,015	40,968,622
Gross debt – fixed interest rates	(12,663,105)	(13,906,059)
Gross debt – variable interest rates	(8,423,254)	(9,911,480)
	<b>16,140,656</b>	17,151,083

	Liabilities arising from financing activities					
	Cash and cash equivalents RMB'000	Borrowings due within 1 year RMB'000	Borrowings due after 1 year RMB'000	Loans from immediate parent company and fellow subsidiaries RMB'000	Lease liabilities RMB'000	Total RMB'000
<b>As at January 1, 2022</b>	40,968,622	(14,750,968)	(7,632,677)	(1,351,980)	(81,914)	17,151,083
Cash flows	(3,883,578)	2,956,784	(734,358)	888,722	124,333	(648,097)
Addition of leases and interest on lease liabilities	-	-	-	-	(317,020)	(317,020)
Foreign exchange adjustments	141,971	-	(213,369)	(4,260)	-	(75,658)
Other non-cash movements	-	61,208	-	(30,860)	-	30,348
<b>As at December 31, 2022</b>	<b>37,227,015</b>	<b>(11,732,976)</b>	<b>(8,580,404)</b>	<b>(498,378)</b>	<b>(274,601)</b>	<b>16,140,656</b>
<b>As at January 1, 2021</b>	48,146,250	(11,736,216)	(8,721,150)	(1,240,053)	(153,210)	26,295,621
Cash flows	(7,008,544)	(3,167,583)	1,094,272	-	129,321	(8,952,534)
Addition of leases and interest on lease liabilities	-	-	-	-	(58,025)	(58,025)
Foreign exchange adjustments	(169,084)	(81,266)	(5,799)	(1,195)	-	(257,344)
Other non-cash movements	-	234,097	-	(110,732)	-	123,365
<b>As at December 31, 2021</b>	<b>40,968,622</b>	<b>(14,750,968)</b>	<b>(7,632,677)</b>	<b>(1,351,980)</b>	<b>(81,914)</b>	<b>17,151,083</b>



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 37 COMMITMENTS

The Group has the following capital commitments for property, plant and equipment not provided for as at December 31, 2022 and 2021 respectively.

	As at December 31,	
	2022 RMB'000	2021 RMB'000
Contracted but not provided for	16,991,077	17,315,401
Authorized but not contracted for	17,521,529	17,529,667

## 38 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control the other party or exercise significant influence. Parties are also considered to be related if they are subject to common control.

The immediate parent company of the Company is BAIC Group and as a result related parties of the Group include BAIC Group, other entities and corporations in which BAIC Group is able to control or exercise significant influence, and key management personnels of the Company and BAIC Group, as well as their close family members.

BAIC Group is a company beneficially owned by SASAC Beijing which also owns a significant portion of the productive assets and entities in the PRC (collectively referred as the “government-related entities”). Apart from transactions with abovementioned related parties, the Group has transactions with other government-related entities which are conducted in the ordinary course of the Group’s business on terms comparable to those with non-government-related entities. For the purpose of the related party transaction disclosures, management believes that meaningful information relating to related party transactions has been adequately disclosed.

In addition to the information disclosed elsewhere in the financial statements, the following transactions were carried out in the ordinary course of the Group’s business and were determined based on mutually agreed terms for each of the years ended December 31, 2022 and 2021.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 38 RELATED PARTY TRANSACTIONS (CONTINUED)

### (a) Significant transactions with related parties

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000
Sale of goods and materials and property, plant and equipment to		
– fellow subsidiaries	18,073,902	16,439,636
– joint ventures	946,632	1,813,213
– other related companies	2,278,074	2,047,927
Services provided to		
– fellow subsidiaries	22,286	20,716
– joint ventures	6,545	–
– other related companies	90,863	356,422
Purchases of goods and materials from		
– fellow subsidiaries	9,553,433	9,708,143
– joint ventures	81,793	38,069
– other related companies	74,141,391	66,363,006
Services received from		
– immediate parent company	778,559	699,725
– fellow subsidiaries	3,365,434	2,852,746
– joint ventures	1,257,567	1,053,560
– other related companies	5,899,938	6,217,832
Lease income from		
– fellow subsidiaries	4,606	10
– other related companies	69,418	20,443
Lease expenses to		
– fellow subsidiaries	122,366	154,402
Interest income from		
– an associate	196,598	289,252
– an other related company	1,427	1,654
Interest expenses to		
– immediate parent company	30,861	39,518
– a fellow subsidiary	10,235	6,777
– an associate	82,405	95,914
Key management compensations		
– salaries, allowances and other benefits	7,260	7,408
– employer's contributions to pension schemes	628	648
– discretionary bonuses	4,463	5,183

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 38 RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) Significant balances with related parties

	As at December 31,	
	2022 RMB'000	2021 RMB'000
<b>Assets</b>		
Financial assets at FVOCI		
– a fellow subsidiary	1,594,924	2,685,906
Accounts receivable		
– fellow subsidiaries	1,133,554	1,457,190
– joint ventures	100,521	179,047
– other related companies	1,049,273	851,053
Notes receivables		
– fellow subsidiaries	12,650	64,470
Advances to suppliers		
– immediate parent company	3,462	–
– fellow subsidiaries	31,910	77,683
– an associate	65	–
Other receivables		
– fellow subsidiaries	138,135	372,352
– joint ventures	427,751	719,603
– other related companies	483,413	138,654
Cash and cash equivalents		
– an associate (Note 20(a))	13,325,601	15,913,195
– an other related company	46,224	65,009

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 38 RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) Significant balances with related parties (Continued)

	As at December 31,	
	2022 RMB'000	2021 RMB'000
<b>Liabilities</b>		
Accounts payable		
– fellow subsidiaries	3,079,852	8,286,736
– joint ventures	30,296	16,507
– other related companies	8,836,917	15,860,219
Notes payable		
– fellow subsidiaries	200,315	20,717
– joint ventures	45,941	–
– other related companies	44,253	63,994
Contract liabilities		
– fellow subsidiaries	28,768	7,454
Other payables and accruals		
– immediate parent company	1,413,375	1,467,593
– fellow subsidiaries	953,736	732,138
– joint ventures	384,655	210,547
– associates	5,049	12,983
– other related companies	4,430,728	4,320,828
Borrowings from		
– an associate (Note 23(a))	1,175,490	2,399,310
Lease liabilities		
– a fellow subsidiary	210,241	–

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 39 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Company name	Place and date of establishment/ incorporation	Issued and paid-up capital (million)	Attributable equity interests	Principal activities
<b>Subsidiaries</b>				
BAIC Guangzhou Automotive Co., Ltd.	The PRC August 18, 2000	RMB1,360	100%	Manufacture of passenger vehicles
BAIC Investment Co., Ltd.	The PRC June 28, 2002	RMB7,964	97.95%	Investment holding
Beijing Beinei Engine Parts and Components Co., Ltd.	The PRC September 2, 2003	RMB471	98.98%	Manufacture of auto parts
Beijing Benz Automotive Co., Ltd.*	The PRC August 8, 2005	USD2,320	51%	Manufacture and sales of passenger vehicles
BAIC Hong Kong Investment Corp. Limited	Hong Kong October 21, 2009	RMB60	100%	Investment holding
BAIC Motor Powertrain Co., Ltd.	The PRC February 9, 2010	RMB1,476	100%	Manufacture of auto engine
Beijing Motor Sales Co., Ltd.	The PRC May 3, 2012	RMB7,600	100%	Sale of passenger vehicles
Zhuzhou (BAIC) Motor Sales Co., Ltd.	The PRC August 5, 2013	RMB8	100%	Sale of passenger vehicles
China Automobile Development United (Beijing) Technology Investment Co., Ltd.	The PRC December 18, 2013	RMB104	54.0865%	Investment management
BAIC International Development Co., Ltd.	The PRC April 16, 2013	RMB1,252	100%	Project investment, investment management and vehicle export
BAIC Yunnan Ruili Motor Co., Ltd.	The PRC December 20, 2013	RMB297	42.91%	Manufacture and sales of passenger vehicles

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 39 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Company name	Place and date of establishment/ incorporation	Issued and paid-up capital (million)	Attributable equity interests	Principal activities
<b>Joint Ventures</b>				
Beijing Hyundai Motor Company	The PRC October 16, 2002	USD2,979	50%	Manufacture and sales of passenger vehicles
Beijing Mercedes-Benz Sales Service Co., Ltd.	The PRC December 7, 2012	RMB102	49%	Marketing and sales of vehicles
Fujian Benz Automotive Co., Ltd.	The PRC June 8, 2007	Euro 287	35%	Manufacture and sales of passenger vehicles
Beijing BAIC Faurecia Automotive Systems Co., Ltd.	The PRC June 27, 2011	USD41	50%	Manufacture and sales of automobile interior decoration parts
<b>Associates</b>				
BAIC Group Finance Co., Ltd.	The PRC November 9, 2011	RMB5,000	20%	Auto financing and currency settlement
Beijing Hyundai Auto Finance Co., Ltd.	The PRC June 26, 2012	RMB4,000	33%	Automobile financing services
Mercedes-Benz Leasing Co., Ltd.	The PRC January 9, 2012	RMB3,598	35%	Finance lease services

\* registered as a sino-foreign equity joint venture under the PRC law

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 40 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

### Balance sheet of the Company

	As at December 31,	
	2022 RMB'000	2021 RMB'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	4,771,374	4,909,879
Land use rights	494,143	506,088
Intangible assets	7,218,674	7,440,060
Investments in subsidiaries	37,514,045	34,507,310
Investments in joint ventures and associates	2,181,691	2,231,691
Financial assets at fair value through other comprehensive income	3,000	3,000
Other receivables and prepayments	416,485	1,862,568
	<b>52,599,412</b>	51,460,596
<b>Current assets</b>		
Inventories	583,995	1,323,100
Accounts receivable	14,286,846	13,237,144
Advances to suppliers	42,627	23,216
Other receivables and prepayments	15,174,339	16,009,968
Restricted cash	132,068	501,472
Cash and cash equivalents	8,176,719	6,502,995
	<b>38,396,594</b>	37,597,895
<b>Total assets</b>	<b>90,996,006</b>	89,058,491

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 40 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

### Balance sheet of the Company (Continued)

	As at December 31,	
	2022 RMB'000	2021 RMB'000
<b>EQUITY</b>		
<b>Capital and reserves attributable to equity holders</b>		
Share capital	8,015,338	8,015,338
Other reserves (note (a))	26,839,843	26,839,843
Retained earnings (note (a))	28,116,847	23,206,153
<b>Total equity</b>	<b>62,972,028</b>	58,061,334
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	6,126,970	5,345,382
Lease liabilities	106,868	–
Provisions	96,134	65,131
Deferred income	360,112	368,578
	<b>6,690,084</b>	5,779,091
<b>Current liabilities</b>		
Accounts payable	6,755,525	7,531,782
Contract liabilities	39,069	39,384
Other payables and accruals	3,159,811	4,125,219
Borrowings	11,198,983	13,456,562
Lease liabilities	103,373	25,425
Provisions	77,133	39,694
	<b>21,333,894</b>	25,218,066
<b>Total liabilities</b>	<b>28,023,978</b>	30,997,157
<b>Total equity and liabilities</b>	<b>90,996,006</b>	89,058,491

The balance sheet of the Company was approved by the Board of Directors on March 24, 2023 and was signed on its behalf.

Chen Wei, Director

Huang Wenbing, Director



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 40 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Note:

(a) Reserve movement of the Company is as set out below:

	Capital reserve RMB'000 (Note 22(a))	Statutory reserve RMB'000 (Note 22(b))	Others RMB'000	Retained earnings RMB'000	Total RMB'000
<b>At January 1, 2022</b>	<b>22,832,172</b>	<b>4,007,671</b>	–	<b>23,206,153</b>	<b>50,045,996</b>
Profit for the year	–	–	–	<b>6,193,148</b>	<b>6,193,148</b>
2021 final dividends	–	–	–	<b>(1,282,454)</b>	<b>(1,282,454)</b>
<b>At December 31, 2022</b>	<b>22,832,172</b>	<b>4,007,671</b>	–	<b>28,116,847</b>	<b>54,956,690</b>
<b>At January 1, 2021</b>	22,834,012	3,693,392	1,012	16,995,754	43,524,170
Profit for the year	–	–	–	7,165,905	7,165,905
Appropriation to reserve fund	–	314,279	–	(314,279)	–
2020 final dividends	–	–	–	(641,227)	(641,227)
Repayment of perpetual bond	(1,840)	–	–	–	(1,840)
Others	–	–	(1,012)	–	(1,012)
<b>At December 31, 2021</b>	<b>22,832,172</b>	<b>4,007,671</b>	–	<b>23,206,153</b>	<b>50,045,996</b>

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 41 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS

### (a) Directors', supervisors' and chief executive officer's emoluments

For the year ended December 31, 2022

	Emoluments paid to or receivable by director/supervisor in respect of services as a director/supervisor						Emoluments paid or receivable in respect of other services in connection with the management of the affairs of the Company or its subsidiary undertakings	Total
	Salaries, allowances and estimated money value of other benefits	Employer's contribution to a retirement benefit scheme	Discretionary bonus <sup>(1)</sup>	Housing allowance	Remunerations paid in respect of accepting office as director	Emoluments paid or receivable in respect of other services in connection with the management of the affairs of the Company or its subsidiary undertakings		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Executive director</b>								
Huang Wenbing (黃文炳) (Chief Executive Officer)	905	72	900	-	-	-	1,877	
Zhang Guofu (張國富) <sup>(2)</sup>	371	31	-	-	-	-	402	
<b>Non-executive director</b>								
Chen Wei (陳巍) <sup>(3)</sup>	624	44	-	-	-	-	668	
Jiang Deyi (姜德義) <sup>(4)</sup>	-	-	-	-	-	-	-	
Hu Hanjun (胡漢軍)	-	-	-	-	-	-	-	
Chen Hongliang (陳宏良)	-	-	-	-	-	-	-	
Ye Qian (葉芊)	-	-	-	-	-	-	-	
Liao Zhenbo (廖振波) <sup>(5)</sup>	-	-	-	-	-	-	-	
Hubertus Troska (唐仕凱)	-	-	-	-	-	-	-	
Harald Emil Wilhelm	-	-	-	-	-	-	-	
Gu Tiemin (顧鐵民)	-	-	-	-	-	-	-	
Sun Li (孫力)	-	-	-	-	-	-	-	

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 41 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (CONTINUED)

### (a) Directors', supervisors' and chief executive officer's emoluments (Continued)

For the year ended December 31, 2022 (Continued)

	Emoluments paid to or receivable by director/supervisor in respect of services as a director/supervisor					Emoluments paid or receivable in respect of other services in connection with the management of the affairs of the Company or its subsidiary undertakings	Total
	Salaries, allowances and estimated money value of other benefits	Employer's contribution to a retirement benefit scheme	Discretionary bonus <sup>(1)</sup>	Housing allowance	Remunerations paid in respect of accepting office as director		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Independent non-executive director</b>							
Ge Songlin (葛松林)	-	-	-	-	120	-	120
Yin Yuanping (尹援平)	-	-	-	-	120	-	120
Xu Xiangyang (徐向陽)	-	-	-	-	120	-	120
Tang Jun (唐鈞)	-	-	-	-	120	-	120
Edmund Sit (薛立品)	-	-	-	-	120	-	120
<b>Supervisor</b>							
Li Chengjun (李承軍) <sup>(5)</sup>	267	28	150	-	-	-	445
Zhang Ran (張然) <sup>(3)</sup>	379	44	26	-	-	-	449
Sun Zhihua (孫智華)	-	-	-	-	-	-	-
Zhou Xuehui (周雪輝)	-	-	-	-	-	-	-
Qiao Yufei (喬雨菲)	-	-	-	-	-	-	-
Zhang Yanjun (張彥軍)	540	58	212	-	-	-	810

Notes:

- (1) Discretionary bonuses are determined based on the performance of the Group.
- (2) Appointed in June 2022 and resigned in November 2022.
- (3) Appointed in June 2022.
- (4) Resigned in June 2022.
- (5) Resigned in May 2022.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 41 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (CONTINUED)

### (a) Directors', supervisors' and chief executive officer's emoluments (Continued)

For the year ended December 31, 2021

	Emoluments paid to or receivable by director/supervisor in respect of services as a director/supervisor					Emoluments paid or receivable in respect of other services in connection with the management of the affairs of the Company or its subsidiary undertakings		Total RMB'000
	Salaries, allowances and estimated money value of other benefits RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Discretionary bonus <sup>(1)</sup> RMB'000	Housing allowance RMB'000	Remunerations paid in respect of accepting office as director RMB'000	RMB'000	RMB'000	
<b>Executive director</b>								
Huang Wenbing (黃文炳) (Chief Executive Officer)	899	80	386	-	-	-	-	1,365
<b>Non-executive director</b>								
Jiang Deyi (姜德義)	-	-	-	-	-	-	-	-
Chen Hongliang (陳宏良)	-	-	453	-	-	-	-	453
Shang Yuanxian (尚元賢) <sup>(2)</sup>	-	-	-	-	-	-	-	-
Liao Zhenbo (廖振波)	-	-	-	-	-	-	-	-
Xie Wei (謝偉) <sup>(2)</sup>	-	-	-	-	-	-	-	-
Qiu Yinfu (邱銀富) <sup>(2)</sup>	-	-	-	-	-	-	-	-
Hubertus Troska (唐仕凱)	-	-	-	-	-	-	-	-
Harald Emil Wilhelm	-	-	-	-	-	-	-	-
Lei Hai (雷海) <sup>(2)</sup>	-	-	-	-	-	-	-	-
Hu Hanjun (胡漢軍) <sup>(3)</sup>	-	-	-	-	-	-	-	-
Sun Li (孫力) <sup>(3)</sup>	-	-	-	-	-	-	-	-
Ye Qian (葉芊) <sup>(3)</sup>	-	-	-	-	-	-	-	-
Jin Wei (金偉) <sup>(4)</sup>	-	-	-	-	-	-	-	-
Gu Tiemin (顧鐵民) <sup>(5)</sup>	-	-	-	-	-	-	-	-

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 41 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (CONTINUED)

### (a) Directors', supervisors' and chief executive officer's emoluments (Continued)

For the year ended December 31, 2021 (Continued)

	Emoluments paid to or receivable by director/supervisor in respect of services as a director/supervisor					Emoluments paid or receivable in respect of other services in connection with the management of the affairs of the Company or its subsidiary undertakings RMB'000	Total RMB'000
	Salaries, allowances and estimated money value of other benefits RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Discretionary bonus <sup>(1)</sup> RMB'000	Housing allowance RMB'000	Remunerations paid in respect of accepting office as director RMB'000		
<b>Independent non-executive director</b>							
Wong Lung Tak Patrick (黃龍德) <sup>(2)</sup>	-	-	-	-	37	-	37
Bao Robert Xiaochen (包曉晨) <sup>(2)</sup>	-	-	-	-	37	-	37
Zhao Fuquan (趙福全) <sup>(2)</sup>	-	-	-	-	37	-	37
Liu Kaixiang (劉凱湘) <sup>(2)</sup>	-	-	-	-	37	-	37
Ge Songlin (葛松林)	-	-	-	-	120	-	120
Yin Yuanping (尹援平) <sup>(3)</sup>	-	-	-	-	83	-	83
Xu Xiangyang (徐向陽) <sup>(3)</sup>	-	-	-	-	83	-	83
Tang Jun (唐鈞) <sup>(3)</sup>	-	-	-	-	83	-	83
Edmund Sit (薛立品) <sup>(3)</sup>	-	-	-	-	83	-	83
<b>Supervisor</b>							
Pang Mingjing (龐民京) <sup>(2)</sup>	-	-	-	-	57	-	57
Zhan Zhaohui (詹朝輝) <sup>(2)</sup>	-	-	-	-	57	-	57
Wang Min (王敏) <sup>(2)</sup>	-	-	-	-	-	-	-
Gu Zhangfei (顧章飛) <sup>(2)</sup>	-	-	-	-	-	-	-
Meng Meng (孟猛) <sup>(2)</sup>	-	-	-	-	-	-	-
Li Shuangshuang (李雙雙) <sup>(2)</sup>	-	-	-	-	-	-	-
Wang Bin (王彬) <sup>(2)</sup>	170	13	108	-	-	-	291
Li Chengjun (李承軍)	684	80	300	-	-	-	1,064
Qi Chunyu (齊春雨) <sup>(2)</sup>	-	-	-	-	-	-	-
Sun Zhihua (孫智華) <sup>(3)</sup>	-	-	-	-	-	-	-
Zhou Xuehui (周雪輝) <sup>(3)</sup>	-	-	-	-	-	-	-
Qiao Yufei (喬雨菲) <sup>(3)</sup>	-	-	-	-	-	-	-
Zhang Yanjun (張彥軍) <sup>(3)</sup>	405	40	99	-	-	-	544

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

## 41 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (CONTINUED)

### (a) Directors', supervisors' and chief executive officer's emoluments (Continued)

For the year ended December 31, 2021 (Continued)

Notes:

- (1) Discretionary bonuses are determined based on the performance of the Group.
  - (2) Resigned in March 2021.
  - (3) Appointed in March 2021.
  - (4) Resigned in June 2021.
  - (5) Appointed in June 2021.
- (b) During the year ended December 31, 2022, no retirement benefits by a defined benefit pension plan operated by the Group were paid or made, directly or indirectly, to or receivable by a director/supervisor in respect of his services as a director/supervisor or other services in connection with the management of the affairs of the Company or its subsidiaries (2021: Nil).
- (c) During the year ended December 31, 2022, no payments or benefits in respect of termination of director/supervisor 's services were paid or made, directly or indirectly, to or receivable by a director/supervisor; nor are any payable (2021: Nil).
- (d) During the year ended December 31, 2022, no consideration was provided to or receivable by third parties for making available director/supervisor 's services (2021: Nil).
- (e) There are no loans, quasi-loans or other dealings in favour of the director/supervisor, his controlled bodies corporate and connected entities (2021: Nil).
- (f) Save as disclosed elsewhere in these financial statements, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director/supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2021: Nil).

## Section XII Definitions

“2021” or “the year 2021”	the year ended December 31, 2021
“2021 Annual General Meeting”	the Shareholder’s general meeting of the Company for the year of 2021
“2022” or “the year 2022” or “the year”	the year ended December 31, 2022
“2023” or “the year 2023”	the year ending December 31, 2023
“Articles of Association”	the Articles of Association of BAIC Motor Corporation Limited considered and amended at the first extraordinary general meeting of the Company for 2021 held on March 24, 2021
“Audit Committee”	audit committee of the Board
“BAIC ROCAR”	Beijing BAIC ROCAR Automobile Service & Trade Co., Ltd.
“BAIC BluePark”	BAIC BluePark New Energy Technology Co., Ltd.
“BAIC Guangzhou”	BAIC Guangzhou Automotive Co., Ltd.
“BAIC Finance”	BAIC Group Finance Co., Ltd.
“BAIC Group”	Beijing Automotive Group Co., Ltd.
“BAIC International”	BAIC International Development Co., Ltd.
“BAIC Investment”	BAIC Investment Co., Ltd.
“Beijing Benz”	Beijing Benz Automotive Co., Ltd. (previously known as Beijing Jeep Motor Co., Ltd. and Beijing Benz-Daimler Chrysler Automotive Co., Ltd.)
“Beijing Brand”	when referring to a brand, “Beijing Brand” means the passenger vehicle business of our proprietary brand. When referring to a business segment, it means the consolidated business of our Company and its subsidiaries (excluding Beijing Benz)
“Beijing Hyundai”	Beijing Hyundai Motor Co., Ltd.
“Benz Sales”	Beijing Mercedes-Benz Sales Service Co., Ltd.
“BH Leasing”	BH Leasing Co., Ltd.
“BHAF”	Beijing Hyundai Auto Finance Co., Ltd.
“Board of Directors” or “Board”	the board of directors of the Company
“Board of Supervisors”	the board of supervisors of the Company
“CAAM”	China Association of Automobile Manufacturers

## Section XII Definitions

<b>“CBIRC”</b>	China Banking and Insurance Regulatory Commission
<b>“China Accounting Standards” or “PRC Accounting Standards”</b>	China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC
<b>“the Company” or “Company”</b>	BAIC Motor Corporation Limited
<b>“Company Law”</b>	the Company Law of the People’s Republic of China, as amended and adopted by the Standing Committee of the Thirteenth National People’s Congress on October 26, 2018 and effective from October 26, 2018, as amended, supplemented or otherwise modified from time to time
<b>“connected transaction(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“controlling shareholder(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Corporate Governance Code”</b>	the Corporate Governance Code as set forth in Appendix 14 to the Listing Rules
<b>“Date of Issue of the Report”</b>	March 24, 2023, i.e. the date on which the annual report is submitted to the Board of Directors for approval
<b>“Director(s)”</b>	director(s) of the Company
<b>“Domestic Share(s)”</b>	ordinary shares in the Company’s share capital, with a nominal value of RMB1.0 each, which are subscribed for and paid up in Renminbi
<b>“end of 2021”</b>	December 31, 2021
<b>“end of 2022”</b>	December 31, 2022
<b>“ESG Guide”</b>	the Environmental, Social and Governance Reporting Guide as set forth in Appendix 27 to the Listing Rules
<b>“Financial Services Framework Agreement”</b>	the financial services framework agreement entered into between the Company and BAIC Group Finance Co., Ltd. on December 2, 2014
<b>“FJMOTOR”</b>	Fujian Motor Industry Group Co.
<b>“Fujian Benz”</b>	Fujian Benz Automotive Co., Ltd.
<b>“general meeting”</b>	the Shareholder’s general meeting of the Company
<b>“Group”, “our Group” or “We” or “our”</b>	the Company and its subsidiaries
<b>“H Share(s)”</b>	overseas listed foreign shares in the ordinary share capital of the Company with a nominal value of RMB1.0 each, to be subscribed for and traded in HK dollars and listed and traded on the Stock Exchange



## Section XII Definitions

<b>“HK\$”</b>	the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Hyundai Motor”</b>	Hyundai Motor Company
<b>“IFRS”</b>	International Financial Reporting Standards issued by the International Accounting Standards Board
<b>“Latest Practicable Date”</b>	April 7, 2023, being the latest practicable date for ascertaining relevant information contained in this annual report prior to printing
<b>“Licensed Trademarks”</b>	a non-exclusive license for the use of certain registered trademarks owned by Beijing Automotive Group Co., Ltd. granted by Beijing Automotive Group Co., Ltd. to the Group (excluding Beijing Benz Automotive Co., Ltd.) on a royalty-free basis
<b>“Listing”</b>	Listing of the H Shares on the Stock Exchange
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>“Main Board”</b>	the stock market operated by the Stock Exchange (excluding options market), independent of the Growth Enterprise Market of the Stock Exchange and under parallel operation with the Growth Enterprise Market
<b>“MBLC”</b>	Mercedes-Benz Leasing Co., Ltd.
<b>“Mercedes-Benz Group”</b>	Mercedes-Benz Group AG (formerly known as Daimler AG)
<b>“Model Code”</b>	the Model Code for Securities Transactions by Directors of Listed Issuers as set forth in Appendix 10 to the Listing Rules
<b>“Nomination Committee”</b>	nomination committee of the Board
<b>“PBOC”</b>	the People’s Bank of China
<b>“Powertrain”</b>	BAIC Motor Powertrain Co., Ltd.
<b>“Products and Services Purchasing Framework Agreement”</b>	the products and services purchasing framework agreement entered into between the Company and Beijing Automotive Group Co., Ltd. on December 2, 2014
<b>“Product Marketing and Service Provision Framework Agreement”</b>	the product marketing and service provision framework agreement entered into between the Company and Beijing Automotive Group Co., Ltd. on December 2, 2014
<b>“Property and Facility Leasing Framework Agreement”</b>	the property and facility leasing framework agreement entered into between the Company and Beijing Automotive Group Co., Ltd. on December 2, 2014

## Section XII Definitions

<b>“Property and Facility Leasing Supplemental Agreement”</b>	the property and facility leasing supplemental agreement entered into between the Company and Beijing Automotive Group Co., Ltd. on March 27, 2019
<b>“Prospectus”</b>	the prospectus of the Company dated December 9, 2014
<b>“PwC”</b>	PricewaterhouseCoopers
<b>“PwC Zhong Tian”</b>	PricewaterhouseCoopers Zhong Tian LLP
<b>“Remuneration Committee”</b>	remuneration committee of the Board
<b>“Renminbi” or “RMB”</b>	the lawful currency of the PRC
<b>“Rules of Procedure of the Board of Supervisors”</b>	the Rules of Procedure of the Board of Supervisors of BAIC Motor Corporation Limited
<b>“SFO”</b>	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
<b>“Share(s)”</b>	Domestic share(s) and H share(s)
<b>“Shareholder(s)”</b>	holder(s) of the Share(s)
<b>“Special Committees”</b>	collectively, Strategy Committee, Audit Committee, Remuneration Committee and Nomination Committee
<b>“Stock Exchange” or “Hong Kong Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Strategy Committee”</b>	strategy committee of the Board
<b>“Subsidiary(ies)”</b>	has the meaning ascribed thereto in section 2 of the Company Ordinance
<b>“Supply of Products”</b>	including facilities, raw materials, components and parts, and vehicles
<b>“Supply of Services”</b>	including sales agency, processing agency, labor, logistics, transportation and consultancy services
<b>“Supervisor(s)”</b>	supervisor(s) of the Company
<b>“Trademark Licensing Agreement”</b>	the trademark licensing agreement entered into between Beijing Benz Automotive Co., Ltd., a non-wholly owned subsidiary of the Company and Beijing Automotive Group Co., Ltd. on February 28, 2013 with regard to its company name of “Beijing Benz”, and the production and assembly of its existing vehicle models



**北京汽车股份有限公司**  
BAIC MOTOR CORPORATION LIMITED\*