CIMC 中集

中國國際海運集裝箱(集團)股份有限公司

CHINA INTERNATIONAL MARINE CONTAINERS (GROUP) CO., LTD.

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

(H Share Stock Code: 2039)
(A Share Stock Code: 000039)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021 (SUMMARY OF THE 2021 ANNUAL REPORT)

1 IMPORTANT NOTICE

1.1 The board of directors (the "**Board**"), the supervisory committee (the "**Supervisory Committee**") and the directors (the "**Directors**"), supervisors (the "**Supervisors**") and senior management of China International Marine Containers (Group) Co., Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**") warrant that there are no misrepresentations, misleading statements or material omissions contained in this results announcement for the year ended 31 December 2021 (the "**Announcement**"), and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this summary of the annual report for the year ended 31 December 2021 (the "**2021 Annual Report**").

The Announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.cimc.com). The Announcement is a summary of the 2021 Annual Report and the full version of the 2021 Annual Report will be posted on the above websites in due course.

1.2 The 2021 Annual Report and the Announcement have been considered and approved at the fourth meeting of the ninth session of the Board in 2022 (the "**Board Meeting**"). All Directors have attended the Board Meeting, among whom Mr. DENG Weidong, a director, authorized Mr. HU Xianfu, the vice-chairman, to exercise the voting right on his behalf.

1.3 The financial statements of the Group have been prepared in accordance with China Accounting Standards for Business Enterprises ("**CASBE**"). The financial statements of the Group for the year ended 31 December 2021, which have been prepared in accordance with CASBE, have been audited by PricewaterhouseCoopers Zhong Tian LLP ("**PricewaterhouseCoopers**"), who has issued an audit report with unqualified opinions on the financial statements. The financial figures set out in the Group's audited consolidated financial statements for the year ended 31 December 2021 have been agreed by PricewaterhouseCoopers, which are consistent with the amounts contained in the Announcement set out in the Group's consolidated balance sheet, consolidated income statement and the related notes thereon for the year ended 31 December 2021. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with "Hong Kong Standards on Auditing", "Hong Kong Standards on Review Engagements" or "Hong Kong Standards on Assurance Engagements" issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the Announcement.

1.4 Mr. MAI Boliang, person-in-charge of the Company, Chairman of the Board and CEO, and Mr. ZENG Han, Chief Financial Officer, person-in-charge of accounting affairs and head of the accounting department, hereby warrant the truthfulness, accuracy and completeness of the financial report in the Announcement.

1.5 The proposed profit distribution plan for 2021 of the Company as considered and approved by the Board Meeting is based on the total share capital of the Company as at the record date of dividend payment for 2021. A cash dividend of RMB0.69 (tax inclusive) per one share will be distributed to all shareholders, no bonus shares will be issued and additional 5 new shares will be issued to all Shareholders for every 10 shares being held by way of conversion of capital reserves. The proposed dividend is expected to be payable on or around 18 August 2022. The proposed profit distribution plan for 2021 shall be submitted to the Company's annual general meeting for consideration and approval.

1.6 The forward-looking statements in this Announcement regarding future plans and development strategies do not constitute a material commitment by the Group to investors. Investors are advised to be fully aware of the risks involved, to understand the differences between plans, forecasts and commitments and to be aware of the investment risks.

1.7 The reporting period (the "**Reporting Period**") means the twelve months started from 1 January 2021 and ended on 31 December 2021.

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

2 BASIC INFORMATION OF THE COMPANY

2.1 Basic Information of the Company

The Company was incorporated in Shenzhen, Guangdong Province, the PRC under the PRC Company Law on 14 January 1980 and was named as "China International Marine Containers Co., Ltd." (中國國際海運集裝箱股份有限公司) upon incorporation. After being restructured as a joint stock limited company in December 1992, and publicly offering A shares and B shares which were listed on the Shenzhen Stock Exchange in 1994, the Company changed its name to "China International Marine Containers (Group) Co., Ltd." (中國國際海運集裝箱(集團)股份有限公司) in 1995. The A shares of the Company were listed on the Shenzhen Stock Exchange on 8 April 1994 and its H shares were listed by introduction on the main board of the Hong Kong Stock Exchange on 19 December 2012. The Company is the first enterprise in China with its B shares converted into H shares listed on the main board of the Hong Kong Stock Exchange.

The Group is a world leading equipment and solution provider in the logistics and energy industries and is principally engaged in the manufacture of containers, road transportation vehicles, energy/chemical/liquid food equipment, offshore engineering equipment, airport facilities equipment as well as the provision of relevant services, including the design and manufacture of international standard dry containers, reefer containers, special-purpose containers, tank containers, wooden container floorboards, road tank trucks, natural gas processing equipment and static tanks, road transportation vehicles, heavy trucks, jack-up drilling platforms, semi-submersible drilling platforms, special vessels, passenger boarding bridges and bridge-mounted equipment, airport ground support equipment, fire safety and rescue vehicles, automated logistics system and intelligent parking system and relevant services. In addition, the Group is also engaged in recycled load business, logistics services business, finance and asset management and other businesses. Through business expansion and technology development, the Group has formed an industry cluster focusing on key equipment and solutions provided for the logistics and energy industries.

According to the latest Global Container Terminal Operators Annual Review and Forecast 2021/22 issued by Drewry, the Group ranked No. 1 in the world in terms of production and sales of standard dry containers, reefer containers, and special-purpose containers; according to the 2021 Global Tank Container Fleet Survey issued by the International Tank Container Organisation, the production of tank containers of the Group ranked No. 1 in the world; according to the 2021 Top Global OEM Ranking List for Semi-trailer Manufacturers published by Global Trailer, CIMC Vehicles, a subsidiary of the Group, was the world's No. 1 semi-trailer manufacturer in terms of production volume; CIMC TianDa, a subsidiary of the Group, is one of the world's three largest passenger boarding bridge manufacturers; the Group is also one of the high-end offshore engineering equipment enterprises in China.

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

2.2 Contact Persons and Means of Communication

	Wu Sanqiang	**He Linying**
	Secretary to the Board, Joint Company Secretary	Representative of Securities Affairs, Joint Company Secretary
Telephone:	(86 755) 2669 1130	(86 755) 2680 2258
Facsimile:	(86 755) 2682 6579	(86 755) 2682 6579
Email Address:	ir@cimc.com	ir@cimc.com

Contact Address in mainland China:	CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC (Postal code: 518067)
Contact Address in Hong Kong:	3101–2 Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong

3 SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS PREPARED IN ACCORDANCE WITH CASBE

3.1 Retrospective Adjustment to or Restatement of the Accounting Data for Prior Years by the Company due to Change of Accounting Policies and Correction of Accounting Errors

☐Yes ✔No

3.2 Key Accounting Data of the Group for the Last Five Years

Unit: RMB thousand

	For the year ended 31 December					
Consolidated Income Statement Items	**2021**	2020	Changes from the previous year to this year	2019	2018	2017
Revenue	**163,695,980**	94,159,083	73.85%	85,815,341	93,497,622	76,299,930
Operating profit	**13,471,549**	7,439,627	81.08%	5,838,747	6,477,005	4,171,685
Profit before income tax	**13,295,059**	7,290,406	82.36%	5,613,874	6,683,558	4,409,241
Income tax expense	**4,934,291**	1,278,666	285.89%	3,103,761	2,615,103	1,250,826
Net profit	**8,360,768**	6,011,740	39.07%	2,510,113	4,068,455	3,158,415
Including:						
Net profit attributable to shareholders and other equity holders of the Company	**6,665,323**	5,349,613	24.59%	1,542,226	3,380,436	2,509,242
Profit or loss attributable to minority shareholders	**1,695,445**	662,127	156.06%	967,887	688,019	649,173
Net profit attributable to shareholders and other equity holders of the Company after deducting non-recurring profit or loss	**5,473,060**	342,887	1496.17%	1,241,479	2,258,609	1,367,068

Unit: RMB thousand

Consolidated Balance Sheet Items	**2021**	2020	Changes from the previous year to this year	2019	2018	2017
			As at 31 December			
Total current assets	**81,457,379**	67,141,741	21.32%	90,023,127	81,902,959	59,001,923
Total non-current assets	**72,865,122**	79,069,770	(7.85%)	82,084,394	76,981,004	71,602,456
Total assets	**154,322,501**	146,211,511	5.55%	172,107,521	158,883,963	130,604,379
Total current liabilities	**69,422,602**	60,895,028	14.00%	70,551,310	73,137,289	51,421,759
Total non-current liabilities	**27,919,809**	31,462,639	(11.26%)	46,518,233	33,343,686	35,945,186
Total liabilities	**97,342,411**	92,357,667	5.40%	117,069,543	106,480,975	87,366,945
Total equity attributable to shareholders	**56,980,090**	53,853,844	5.81%	55,037,978	52,402,988	43,237,434
Equity attributable to shareholders and other equity holders of the Company	**45,118,633**	44,017,516	2.50%	39,253,886	37,324,999	32,460,927
Minority interests	**11,861,457**	9,836,328	20.59%	15,784,092	15,077,989	10,776,507

Unit: RMB thousand

Consolidated Cash Flow Statement Items	**2021**	2020	Changes from the previous year to this year	2019	2018	2017
			For the year ended 31 December			
Net cash flows from operating activities	**20,574,655**	12,810,486	60.61%	3,538,522	140,732	4,464,831
Net cash flows from investing activities	**(2,843,021)**	(3,538,804)	19.66%	(9,084,157)	(4,401,930)	(1,769,557)
Net cash flows from financing activities	**(12,186,978)**	(6,539,564)	(86.36%)	3,613,642	9,295,766	(3,537,153)

3.3 Key Financial Indicators of the Group for the Last Five Years

Key Financial Indicators	**2021**	2020	Changes from the previous year to this year	2019	2018 *(Note)*	2017
Basic earnings per share attributable to shareholders of the Company (RMB)	**1.81**	1.41	28.37%	0.37	0.92	0.81
Diluted earnings per share attributable to shareholders of the Company (RMB)	**1.80**	1.41	27.66%	0.37	0.92	0.81
Net cash flows from operating activities per share (RMB)	**5.72**	3.57	60.22%	0.99	0.05	1.50
Net assets per share attributable to shareholders and other equity holders of the Company (RMB) (Total shares based on ordinary shares outstanding at the end of the year)	**12.55**	12.24	2.53%	10.95	12.50	10.88
Weighted average return on net assets (%)	**15%**	14%	1%	4%	10%	8%
Weighted average return on net assets after deducting non-recurring profit or loss (%)	**13%**	0.19%	12.81%	3%	7%	4%

Note: As the Company implemented the increase in capital from capital reserve into share capital in 2019, various earnings per share data in 2018 were adjusted for the latest share capital pursuant to the relevant accounting standards.

3.4 Non-recurring Profit or Loss Items of the Group for the Last Three Years

Unit: RMB thousand

Items	2021	2020	2019
Losses on disposal of non-current assets	**(179,995)**	(91,808)	(3,905)
Government grants recognised in profit or loss for the current period	**646,885**	712,117	893,366
Gains or losses from changes in fair value arising from holding financial assets held for trading, and investment gains arising from disposal of investments in other equity instruments, other debt investments and other non-current financial assets and gains or losses from changes in fair values of investment properties subsequently measured at fair value, except for the effective hedging activities relating to the Group's ordinary activities	**1,344,952**	544,929	(217,160)
Reversal of impairment provision for accounts receivable tested for impairment separately	**–**	27,385	6,521
Net gains from disposal of long-term equity investment	**20,550**	4,427,236	352,525
Other non-operating income and expenses other than the above items	**20,407**	(28,845)	(158,785)
Effect of income tax	**(401,972)**	(335,163)	(207,787)
Effect of minority interests (after tax)	**(258,564)**	(249,125)	(364,028)
Total	**1,192,263**	5,006,726	300,747

4 SHAREHOLDINGS AND SHAREHOLDING STRUCTURE CHART

4.1 Number of Shareholders and Shareholdings

As at 31 December 2021, the Company had a total of 3,595,013,590 shares in issue, including 1,535,121,660 A shares and 2,059,891,930 H shares.

The total number of shareholders of the Company as at 31 December 2021 was 92,887, including 92,859 holders of A shares and 28 registered holders of H shares. The Company satisfied the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**") in relation to the minimum public float. The total number of shareholders of the Company as at 28 February 2022, being the end of the month preceding the publication of the Announcement, was 92,928, including 92,900 holders of A shares and 28 registered holders of H Shares.

4.2 Shareholdings of the Top Ten Shareholders as at the End of the Reporting Period (Prepared According to the Relevant Provisions of Domestic Securities Regulatory Rules)

Shareholdings of the Shareholders who held 5% or above or the top ten Shareholders at the end of the Reporting Period

Unit: Shares

Name of shareholders	Nature of shareholders	Percentage of shareholding	Number of shares held at the end of the Reporting Period	Changes during the Reporting Period	Number of shares held with selling restrictions	Number of shares held without selling restriction s	Pledged, marked or frozen shares Status	Number
HKSCC *(Note 1)*	Foreign legal person	59.31%	2,132,208,580	39,919,587	–	2,132,208,580	–	–
Shenzhen Capital Group *(Note 2)*	State-owned legal person	9.74%	350,000,000	–	–	350,000,000	–	–
COSCO SHIPPING Development Co., Ltd.	State-owned legal person	2.47%	88,793,700	88,793,700	–	88,793,700	–	–
Henan Yiluo Investment Management Co., Ltd. – Jun'an No.9 Yiluo private equity investment fund	Domestic non-state-owned legal person	1.21%	43,526,353	174,520	–	43,526,353	–	–
COSCO Container Industries Limited	Foreign legal person	1.14%	41,079,451	(127,526,761)	–	41,079,451	–	–
Henan Yiluo Investment Management Co., Ltd. – Junxing No.10 private equity fund	Domestic non-state-owned legal person	1.00%	35,820,686	1,030,000	–	35,820,686	–	–
Miao Yanfen (苗艷芬)	Domestic natural person	0.84%	30,081,857	11,492,844	–	30,081,857	–	–
China Securities Finance Corporation Limited	State-owned legal person	0.57%	20,391,009	(54,670,742)	–	20,391,009	–	–
CITIC – Prudential Life Insurance Co., Ltd. – participating products *(Note 3)*	Domestic non-state-owned legal person	0.55%	19,733,298	–	–	19,733,298	–	–
Henan Yiluo Investment Management Co., Ltd.– Junxing No.4 private equity fund	Domestic non-state-owned legal person	0.54%	19,484,105	(3,153,049)	–	19,484,105	–	–

Strategic investors or ordinary legal persons who became top ten Shareholders due to placing of new shares (if any)	None
Explanation on the relationship or concerted action of the above shareholders	Unknown
Explanation on above shareholders' delegation of/being entrusted with and waiver of voting rights	Not applicable
Special explanation on the existence of repurchase dedicated accounts among the top ten Shareholders (if any)	Not applicable

Note 1: As at 31 December 2021, HKSCC holds 2,132,208,580 shares of the Company, comprising 72,438,840 A shares held by Hong Kong Securities Clearing Company Limited, being the nominal holder of the A shares held by the non-registered shareholders of the Company, and 2,059,769,740 H shares held by HKSCC NOMINEES LIMITED, being the nominal holder of the H shares held by the non-registered shareholders of the Company. The H shares registered under HKSCC Nominees Limited include (but not limited to) 880,429,220 H shares held by China Merchants Group Limited ("**China Merchants Group**") through its subsidiaries (including China Merchants (CIMC) Investment Limited etc.), and the 719,089,532 H shares directly held by Shenzhen Capital Holdings Co., Ltd. ("**Shenzhen Capital Group**") through its wholly-owned subsidiary Shenzhen Capital (Hong Kong) Container Investment Co., Ltd. ("**Shenzhen Capital (Hong Kong)**").

Note 2: As at 31 December 2021, Shenzhen Capital Group held 719,089,532 H shares of the Company which were registered under HKSCC NOMINEES LIMITED (see note 1 above) and 350,000,000 A shares of the Company.

Note 3: As at 31 December 2021, CITIC-Prudential Life Insurance Co., Ltd. held 19,733,298 A shares of the Company and another 177,327,180 H shares of the Company registered in the name of HKSCC NOMINEES LIMITED (see note 1 above) as mentioned above.

4.3 Disclosure of Substantial Shareholders under the Securities and Futures Ordinance of Hong Kong

So far as the directors are aware, as at 31 December 2021, the persons other than a director, supervisor or chief executive of the Company who have interests or short positions in the shares or underlying shares of the Company which are discloseable under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance of Hong Kong are as follows:

Name of shareholder	Nature of shareholding	Number of shares	Capacity	Percentage of such shares in the issued share capital of the same class	Percentage of such shares in the total share capital
Shenzhen Capital Group *(Note 1)*	A shares	350,000,000(L)	Interest of corporation controlled by the substantial shareholder	22.80%	9.74%
	H shares	719,089,532(L)	Interest of corporation controlled by the substantial shareholder	34.91%	20.00%
China Merchants Group *(Note 2)*	H shares	880,429,220(L)	Interest of corporation controlled by the substantial shareholder	42.74%	24.49%
	H shares	103,488,035(S)	Interest of corporation controlled by the substantial shareholder	5.02%	2.88%
CITIC – Prudential Life Insurance Co., Ltd.	A shares	19,733,298 (L)	Beneficial holder	1.29%	0.55%
	H shares	177,327,180 (L)	Beneficial holder	8.61%	4.93%

(L) Long position

Note 1: Shenzhen Capital Group has an interest in A shares of the Company, being 350,000,000 A shares (L), and holds an interest in H shares of the Company, being 719,089,532 H shares (L) through its subsidiary Shenzhen Capital (Hong Kong), both of which are held in the capacity as interest of corporation controlled by the substantial shareholder.

Note 2: As at 31 December 2021, China Merchants Group Limited (招商局集團有限公司), through its subsidiaries (including China Merchants (CIMC) Investment Limited etc.), holds an interest in the H shares of the Company, and all the 880,429,220 H shares long position (L) and 103,488,035 H shares short position (S) are held in the capacity as interest of corporation controlled by the substantial shareholder. Among them, in the above long position (L), due to the issue of exchangeable bonds by the subsidiary of China Merchants Group Limited, 60,000,000 H shares of the Company were lent out. Regarding the abovementioned short position (S), Fine Perfection Investment Limited, the subsidiary of China Merchants Group Limited issued exchangeable bonds with part of the Company's Shares (being 103,488,035 H shares) held by it as the transaction target, thus forming a short position.

Save as disclosed above and so far as the directors are aware, as at 31 December 2021, no other person (other than a director, supervisor or chief executive of the Company) had any interests recorded in the register of interests and short positions in shares required to be kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance of Hong Kong.

4.4 Information on Substantial Shareholders

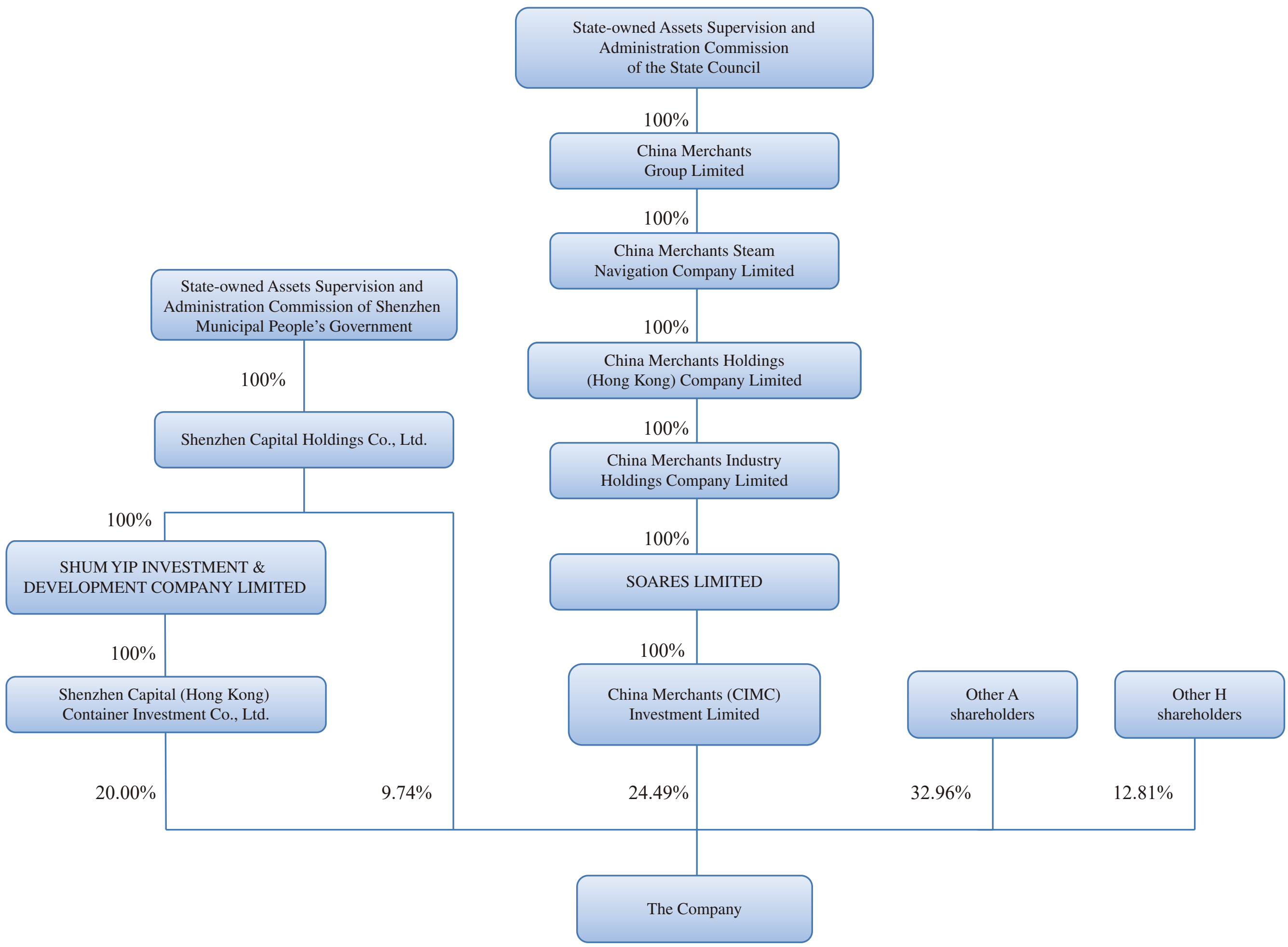
The Company has no controlling shareholder or actual controller, and there was no change during the Reporting Period. As of the end of the Reporting Period, the substantial shareholders of the Company are Shenzhen Capital Group and China Merchants Group.

Shenzhen Capital Group was incorporated in the PRC in June 2007 with a registered capital of RMB14.62 billion and Mr. Hu Guobin as its legal representative. Shenzhen Capital Group is the only state-owned municipal capital operation company in Shenzhen and one of the five municipal enterprises in Shenzhen selected for the national "Double Hundred Action". With the reform and development of Shenzhen state-owned enterprises, Shenzhen Capital Group has explored a business model with capital operation as its core, established four major business segments, namely strategic research and merger and acquisition, equity investment, industrial fund and capital market investment, formed an investment and acquisition service system covering the whole life cycle of enterprises and a post-investment service empowerment system focusing on "capital management", and devoted itself to developing from a local state-owned capital operation platform in Shenzhen into a first-class market-oriented, professional and comprehensive state-owned capital operation integrated service provider in China. As at the end of the Reporting Period, Shenzhen Capital Group and its wholly-owned subsidiary, Shenzhen Capital (Hong Kong), held a total of 29.74% of the issued shares of the Company and was the largest shareholder of the Company.

China Merchants Group was incorporated in October 1986 in the PRC. Its registered capital is RMB16.9 billion and its chairman of the board of directors is Mr. Miao Jianmin. China Merchants Group's business focuses on three core industries, namely transportation (harbour, highway, shipping, logistics, ocean engineering and trade), finance (banking, securities, funds and insurance) and real estates (industrial park development and real estate development), and is transforming from these three core industries to three major platforms, namely industrial operations, financial services, investment and capital operations. On 9 June 2017, China Merchants Ports Holdings Company Limited, a subsidiary of China Merchants Group, completed the transaction of transferring all shares of Soares Limited to China Merchants Industry Holdings Company Limited, another subsidiary of China Merchants Group. As of the end of the Reporting Period, China Merchants Group through its subsidiaries (including China Merchants Steam Navigation Company Limited, China Merchants Holdings (Hong Kong) Company Limited, China Merchants Industry Holdings Company Limited, Soares Limited and China Merchants (CIMC) Investment Limited) held 24.49% of the issued shares of the Company and was the second largest shareholder of the Company.

Apart from above two entities, no other legal person or individual holds shares representing 10% or more of the total issued share capital of the Company (excluding HKSCC).

Chart of shareholding structure between the Company and the substantial shareholders as at 31 December 2021:



5 DIRECTORS' REPORT

5.1 Overview

During the Reporting Period, the Group's revenue amounted to RMB163.696 billion (2020: RMB94.159 billion), representing a year-on-year increase of 73.85%; the net profit attributable to shareholders and other equity holders of the Company amounted to RMB6.665 billion (2020: RMB5.350 billion), representing a year-on-year increase of 24.59%; and the basic earnings per share amounted to RMB1.81 (2020: RMB1.41), representing a year-on-year increase of 28.37%. During the Reporting Period, the products and businesses contributing 10% or more to the Group's revenue included container manufacturing business, road transportation vehicles business, energy, chemical and liquid food equipment business and logistics services business. Among the principal businesses of the Group, container manufacturing business, energy, chemical and liquid food equipment business, logistics services business, recycled load business and finance and asset management business achieved substantial growth in their revenues, airport and logistics facilities and fire safety and rescue equipment recorded growth in their revenues, while road transportation vehicles business and offshore engineering business recorded relatively stable revenue.

The financial data set out below is extracted from the audited financial statements of the Group prepared under CASBE. The following discussion and analysis should be read in conjunction with the audited financial statements of the Group and their accompanying notes as set out elsewhere in the Announcement.

Consolidated Operating Results

Unit: RMB thousand

	2021	2020	Percentage change
Revenue	**163,695,980**	94,159,083	73.85%
Operating profit	**13,471,549**	7,439,627	81.08%
Net profit attributable to shareholders and other equity holders of the Company	**6,665,323**	5,349,613	24.59%
Net cash flows from operating activities	**20,574,655**	12,810,486	60.61%
Net increase in cash and cash equivalents	**5,319,748**	2,550,355	108.59%

5.2 Review of the Principal Businesses of the Group during the Reporting Period

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

(I) In logistics field:

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

The Group's container manufacturing business mainly consists of standard dry containers, reefer containers and special-purpose containers. The Group has the capacity to produce a full series of container products with independent intellectual property rights. Special-purpose containers mainly include North American domestic 53-foot containers, European pallet wide containers, bulk containers, special-purpose reefer containers, flatracks and other products.

In 2021, the global economy and merchandise trade showed a strong recovery, and China's foreign trade exports continued to grow faster than expected, despite the continuing disruptions caused by the epidemic. At the same time, the operation of global ports and inland transportation remained inefficient due to the epidemic, resulting in the depletion of global container capacity, poor return of empty containers and a significant drop in container turnover efficiency. As a result of the above, the container market experienced tight space and container availability, and tight container supply was the keynote of the container market in 2021. To resolve the tight container supply in the market and meet the demand for containers of China's foreign trade exports, the Group intensified its efforts on the container manufacturing business, improved production efficiency and fully released production capacity, trying its best to ensure the supply of new containers. With the joint efforts of the Group and industrial peers, the monthly output of new containers in the industry has been breaking new highs. With the continuous delivery of new containers, the tight container supply has been alleviated in October. Meanwhile, affected by the strong demand for containers and the hike in raw material prices resulted from rising commodity prices, both the price of new containers and profitability of the industry for the year recorded significant year-on-year increase.

As a result, during the Reporting Period, the production and sales volume of the Group's containers reached a record high, and the revenue and net profit of the container business also recorded significant increases as compared with the same period in 2020. In 2021, the accumulated sales volume of ordinary dry containers of the Group reached 2,511,300 TEUs (2020: 1,002,600 TEUs), representing a year-on-year increase of 150.48%; the accumulated sales volume of reefer containers was 148,300 TEUs (2020: 128,600 TEUs), representing a year-on-year increase of 15.32%. The container manufacturing business of the Group realised a revenue of RMB65,967 million (2020: RMB22,164 million), representing a year-on-year growth of 197.64%, and recorded a net profit of RMB11,327 million (2020: RMB1,987 million), representing a year-on-year growth of 469.94%. The sales revenue of ordinary dry containers reached RMB49,715 million (2020: RMB13,659 million), representing a year-on-year growth of 263.98%; the sales revenue of reefer containers amounted to RMB5,178 million (2020: RMB3,761 million), representing a year-on-year increase of 37.68%; the sales revenue of special-purpose containers was RMB10,071 million (2020: RMB4,638 million), representing a year-on-year increase of 117.15%.

In 2021, while fully grasping the historical market condition, the Group's container manufacturing business adhered to its established strategies, proactively adjusted its business strategies, innovated its business models and explored its business potential. Focusing on the three major areas of traditional container business, incremental special container business and innovative business, the Company took a number of measures both internally and externally and implemented management requirements strictly in all respects to ensure the quality growth of organic business and scale expansion of new business. During the Reporting Period, the Group invested and completed the technical reform project of "oil to water" in the manufacture of reefer containers in line with the national green and low-carbon requirements.

Expand the road transportation vehicles business:

CIMC Vehicles (Group) Co., Ltd. ("**CIMC Vehicles**"), the main operating entity of the Group's road transportation vehicles business, is a leading global high-end semi-trailer and specialty vehicle manufacturer, which is principally engaged in the manufacture and sale of semi-trailers, truck bodies for specialty vehicles and light van bodies. The main businesses of CIMC Vehicles include: 1) seven major categories of semi-trailer products business conducted in the four major markets worldwide, which include skeletal container semi-trailers, flatbed trucks and their derivatives, curtain side semi-trailers, van semi-trailers, refrigerated semi-trailers, tank semi-trailers and other special types of semitrailers; 2) truck bodies for specialty vehicle products business conducted in China, which include the manufacture of urban muck truck bodies and concrete mixer truck bodies and sales of fully-assembled vehicles; and 3) the production of light van bodies and sale of full-assembled trucks of light vans, which include refrigerated van bodies and dry cargo distribution van bodies.

In 2021, the road transportation vehicles business of the Group realised a revenue of RMB27,648 million (2020: RMB26,499 million), representing a year-on-year increase of 4.34% and hitting a new high, and recorded a net profit of RMB988 million (2020: RMB1,269 million), representing a year-on-year decrease of 22.19%. The main details are as follows:

(1) In 2021, the global semi-trailer business of CIMC Vehicles achieved solid growth in the global market, with the sales of 138,166 (2020: 131,327) semi-trailers of various types around the world, representing a year-on-year increase of 5.21%, and revenue from the global semi-trailer business amounted to RMB15,276 million, representing a year-on-year increase of 12.49%. According to Global Trailer, CIMC Vehicles has been the world's top one semi-trailer manufacturer for nine consecutive years. During the year, the domestic freight market continued to recover. According to the China Federation of Logistics & Purchasing, China's road freight volume increased by 14.2% year-on-year to 39.14 billion tons, and the freight turnover increased by 14.8% year-on-year to 6.9 trillion ton-kilometers, while the annual China Freight Price Index averaged 100.3, representing a year-on-year increase of 1.9. However, due to the impact of the switch from China V to China VI vehicle emission standards, coupled with rising fuel costs, purchase demand for semi-trailers was partially curbed in the second half of 2021. In the long term, the second-generation semi-trailer national standard GB1589–2016 and GB7258–2017 will further strengthen the requirements on the size and safety of semi-trailers respectively, and the price advantage of the first-generation semi-trailers will be significantly reduced with the full implementation of various domestic regulations on "overloading and overrunning control". The second-generation semi-trailers with higher transport efficiency and lower cargo damage rate will continue to improve in terms of price/performance ratio, and the industry will usher in the structural development opportunity. In terms of semi-trailers in Europe and the United States, thanks to continued strong overseas consumer demand and a tight global supply chain due to a number of factors such as repeated epidemics, port congestion and a shortage of truck drivers, the road freight prices in Europe and the United States have risen significantly, driving a surge in orders for road logistics vehicles. The economic situation in other emerging markets has been gradually recovering from the epidemic, leading to the growth in demand for semi-trailers. CIMC Vehicles has also seized the opportunity from the active promotion of the Free Trade Agreement between Southeast Asian countries and Europe, and continued to improve the establishment of market channels.

(2) In 2021, 52,703 (2020: 56,449) truck bodies for specialty vehicles were sold in China by CIMC Vehicles, representing a year-on-year decrease of 6.64%, including 28,478 (2020: 29,379, representing a year-on-year decrease of 3.07%) concrete mixer truck products and 24,225 (2020: 27,070, representing a year-on-year decrease of 10.51%) urban muck truck bodies. China's truck bodies for specialty vehicles business realised a revenue of RMB9,210 million, representing a year-on-year decrease of 9.38%. On the one hand, the growth rate of domestic infrastructure and real estate investment further slowed down, putting pressure on the demand for specialty vehicles; on the other hand, due to the impact of the switch from China V to China VI vehicle emission standards, China's specialty vehicles were overbought before the first half of 2021, and China's specialty vehicle industry showed slightly sluggish as a whole due to the slowdown of market demand in the second half of the year. Against the backdrop of carbon neutrality, CIMC Vehicles actively engaged in joint development and strategic cooperation with OEMs to promote the application of new energy heavy trucks in short- and medium-distance transportation, engineering construction and urban traffic, explored new energy pure electric dump truck business, and successfully developed pure electric muck truck bodies, pure electric mining truck bodies, pure electric gravel truck bodies and pure electric coal truck bodies. During the year, although the industry demand was under pressure, the leading advantage of CIMC Vehicles remained stable: for concrete mixers, despite the slight decline of sales volume as compared with last year, it still maintained its leading position in the industry and ranked the first in China for five consecutive years; for urban muck trucks, CIMC Vehicles effectively took the lead in the market, and although the sales volume of urban muck trucks dropped year-on-year, it still outperformed the overall heavy truck industry.

(3) In 2021, 9,115 lightweight van bodies (including refrigerated van bodies and dry van bodies of urban distribution) (2020: 6,049 refrigerated van bodies) were sold in China by CIMC Vehicles, and realised a revenue of RMB311 million, representing a slight decrease due to the drop in sale price. As the Chinese government promotes the rural revitalization and improves the transportation network for urban logistics and delivery, with the control of "understating the carrying capacities" and the implementation of the new blue-plate policy, the overloading in urban delivery areas will be further curbed. In April 2021, CIMC Vehicles set up a business segment for lightweight van bodies and built the brand of "Tai Zi Jie (太字節)", integrating the original refrigerated van body products and the new dry cargo urban delivery vehicle body products.

Expand the airport facilities and logistics equipment, fire safety and rescue equipment business

Through its subsidiary CIMC-TianDa Holdings Company Limited ("**CIMC TianDa**"), the Group is engaged in the business of airport and logistics equipment, fire safety and rescue equipment, mainly including passenger boarding bridges, airport ground support equipment, airport baggage handling systems, logistics handling systems and intelligent storage systems, comprehensive fire safety and rescue mobile equipment primarily based on various types of fire trucks and other fire safety and rescue equipment and services, including various types of fire pump monitors, intelligent control and management systems for fire vehicles and various types of fire-fighting systems, etc.

During the Reporting Period, the airport and logistics facilities and fire safety and rescue equipment businesses of the Group achieved a revenue of RMB6,842 million (2020: RMB6,089 million), representing a year-on-year increase of 12.37%, and recorded a net profit of RMB193 million (2020: RMB324 million), representing a year-on-year decrease of 40.42%.

(1) Airport and logistics facilities business: The airport and logistics facilities business achieved good growth as compared with last year. Thanks to the effective domestic prevention and control for the epidemic, the civil aviation industry maintained solid recovery. CIMC TianDa has secured orders to provide boarding bridges, bridge-mounted air conditioners and other supporting equipment, equipment upgrade and maintenance services for several airports in mainland China, which led to an increase in the revenue of airport facilities. During the year, the airport facilities projects were successfully completed and delivered for Qingdao Jiaodong International Airport, Haikou Meilan Airport Phase II, Shenzhen Airport Satellite Terminal and Zanzibar Airport in both domestic and overseas markets. In addition to boarding bridges, the year also saw the successful delivery of a boarding bridge project at the Port of Gdynia in Poland, opening a new page for CIMC TianDa in the European boarding bridge market. At the same time, driven by the development of the domestic e-commerce and logistics industry, increased demand for material handling and smart warehousing systems emerged in the domestic market. The logistics facilities sales recorded considerable growth during the year.

(2) Fire safety and rescue equipment business: The domestic fire safety and rescue equipment business of CIMC Tianda developed steadily during the year. The Ministry of Emergency Management's request to gradually replace imports by domestic production has brought opportunities for domestic fire safety and rescue equipment, and the rate of domestic production of fire safety and emergency equipment demand will further increase. The Company will transfer its foreign technology and production to the domestic market to comply with the national policy and the development trend of "intelligent fire safety", enrich the domestic high-end product structure and meet the demand for professional and intelligent high-end products in domestic market. In terms of foreign markets, in the face of environmental factors such as the recurrent epidemics in Europe, uncertain economic prospects, and unstable geopolitical situations, the sales revenue of CIMC-TianDa's overseas fire safety and rescue equipment business during the year decreased compared with last year. The increase in orders also fell short of expectations, affecting the overall performance of the business.

Leveraging the logistics services business

The logistics services business of the Group is committed to becoming the leader characterized by "equipment + technology" in multimodal transport industry in the PRC, focusing on the multimodal transport network layout covering major domestic seaports, Yangtze River ports, railway hub stations and major international routes. By conducting businesses of combined container transport, professional logistics, station operation and ecological support, the Group endeavors to build a multimodal transport development model combining containers, goods and yards with railway stations as the foundation, cargo control as the core and technology as empowerment.

In 2021, China's import and export goods trade as a whole achieved strong growth, resulting strong demand for international transportation and a boom in the overall logistics services industry and contributing to the development of various logistics businesses. In terms of policy, the State published the National Comprehensive Three-Dimensional Transportation Network Planning Outline (《國家綜合立體交通網規劃綱要》), the Special Action Plan for Quality Development of Commercial and Trade Logistics (2021–2025) (《商貿物流高質量發展專項行動計劃(2021–2025年)), the Implementation Opinions on Further Reducing Logistics Costs (《關於進一步降低物流成本的實施意見》) and other documents successively, in order to speed up the construction of a country with strong transportation network and support the cost reduction and efficiency enhancement in the logistics industry. In terms of industry dynamics, as affected by the recurring epidemic and high sea freight prices, the overall demand for rail combined transport and road combined transport increased significantly, bringing positive impact on the development of multimodal transport business.

During the Reporting Period, the logistics services business of the Group realised a revenue of RMB29,471 million (same period in 2020: RMB10,636 million), representing a year-on-year growth of 177.09%, and recorded a net profit of RMB542 million (same period in 2020: RMB266 million), representing a year-on-year increase of 103.91%.

In 2021, the Group's logistics services business focused on the multimodal transport and carried out global deployment of important routes. Through a combination of strategic investment and organic development, the Group has achieved comprehensive coverage of routes in North America, Latin America, Europe, Australia and New Zealand, South Asia, Southeast Asia and Africa. In addition, railway-related businesses, including international and domestic trains, river-rail combined transport and sea-rail combined transport, made a big breakthrough. In terms of professional logistics, we achieved certain results in cold chain logistics and steel logistics, and actively explored new business areas such as energy logistics and project logistics In terms of the station operation business, as cooperation with shipping companies, ports and railways was further intensified, the annual loading and unloading capacity and repair capacity recorded certain increase as compared with last year, and the ecological support business also grew accordingly.

Rely on the recycled load business as the supplementary to provide the modernized transportation and logistics with first-class products and services

The Group's recycled load business focuses on providing customers with comprehensive solutions for recycling packaging instead of disposable packaging to facilitate carbon neutral. At present, it mainly provides comprehensive solutions for R&D and manufacturing, leasing operations and packaging of customized recycled load for the automotive, liquid chemical/food, rubber and bulk commodities. Its major products include engine packaging boxes, power battery packaging boxes, gear box packaging boxes, rubber cases and IBC (Intermediate Bulk Container).

During the Reporting Period, the recycled load business of the Group realised a revenue of RMB6,017 million (2020: RMB3,036 million), representing a year-on-year increase of 98.18%, and recorded a net profit of RMB577 million (2020: RMB94 million), representing a year-on-year increase of 512.05%.

During the Reporting Period, (1) in terms of the recycled load R&D and manufacturing business: CIMC Unit Load continued to enhance its research of recycled load products for new energy power battery and provided customers with professional and customized recycled load products and services. Benefiting from the high degree of prosperity of the sharp rise in domestic power battery production, the power battery recycled load manufacturing business saw a substantial increase in revenue. (2) In terms of the recycled load leasing operation business: CIMC Unit Load has been vigorously expanding its recycled load leasing operation business in the rubber industry, and its holdings of rubber containers have reached a leading level in China, and it has started to tap into the international market. The market share of recycling packaging products in the diesel engine industry was relatively high. Meanwhile, a major breakthrough was achieved in the recycled load business in the photovoltaic and household appliances industries. (3) In terms of the comprehensive packaging solutions business: CIMC Unit Load has successfully signed contracts with strategic customers in the aluminium industry and provided them with comprehensive packaging solutions. By modifying the existing packaging methods of customers' products, it helped them reduce overall supply chain costs.

(II) In energy field:

On the one hand, carry out energy, chemical and liquid food equipment business based on onshore resources

The Group's energy, chemical and liquid food equipment business segment is principally engaged in the design, development, manufacturing, engineering, sales and operations of various transportation, storage and processing equipment widely used in three sectors, namely clean energy, chemical environment and liquid food, as well as provision of relevant technical and maintenance services. The main operating entity is CIMC Enric Holdings Limited ("**CIMC Enric**").

During the Reporting Period, the Group's energy, chemical and liquid food equipment business recorded a revenue of RMB19,528 million (2020: RMB13,292 million), representing a year-on-year increase of 46.92%; the net profit amounted to RMB885 million (2020: RMB360 million), representing a year-on-year increase of 145.57%.

1. Clean energy segment:

The revenue amounted to RMB9,716 million (2020: RMB7,002 million), representing a year-on-year increase of 38.76%.

CIMC Enric is China's only manufacturer of key equipment and provider of engineering services claiming full coverage of the natural gas value chain and capable of providing one-stop system solutions. Thanks to the extension of its technological advantages in pressure containers, the Company has expanded its business to include industrial gases such as LPG, oxygen, nitrogen and argon and hydrogen energy.

1) In terms of LNG, CIMC Enric mainly provides LNG onshore equipment (e.g. LNG peak shaving tanks, LNG tankers, LNG tank containers, LNG vehicle bottles, LNG small tanks, liquefaction plants/wellhead skid-mounted equipment) and LNG marine equipment (e.g. small and medium-sized LNG transport vessels and LNG bunkering vessels). Natural gas is a clean, low-carbon fossil energy source and an important force in achieving the "two-carbon" target and "beautiful China". In the "Energy Production and Consumption Revolution Strategy (2016–2030)", the National Development and Reform Commission stated that the share of natural gas in the primary energy consumption structure will increase to a level of 15% by 2030, while such share in 2020 is 8.4% of total primary energy consumption.

   Benefiting from the global trend of carbon reduction, the marine and onshore clean energy equipment has been developing steadily. For the marine clean energy, the market for new LNG-fuelled vessels and powertrain retrofits has seen significant growth opportunities due to increased policy support for LNG vessels both internationally and domestically. With core competitiveness in small and medium-sized liquefied gas carriers, since the successful acquisition of the assets of Fengshun Ship during the year through which it acquired core shipbuilding resources such as shipyards and docks, the speed of securing new orders and delivering new vessels has been significantly enhanced, further consolidating the segment's leading position in the global market for small and medium-sized gas carriers. In the new vessel market, CIMC Enric delivered orders for 2 international LNG bunkering vessels and won the bid for the order of construction contract of a LNG transport bunkering vessel from CNOOC. In the retrofitting market, during the year, the CIMC Enric signed orders for 20 LNG-powered tank cement carriers with cement producers in the Xijiang River basin; delivered LNG gas supply systems for 9 vessels in the Beijing-Hangzhou Canal project; and signed orders for 9 LNG-powered vessels retrofitting with shipping enterprises in the Yangtze River basin in January 2022; thus, CIMC Enric's vessel oil-to-gas conversion business has covered the Yangtze River, Xijiang River, Pearl River and Beijing-Hangzhou Grand Canal basins, completing a comprehensive layout of inland waterway business.

2) In terms of LPG and other industrial gases, CIMC Enric mainly provides LPG spherical tanks, LPG transportation vehicles, LPG tanker with pumps, MicroGrid small gas tanks, industrial gas storage tanks, industrial gas transportation vehicles and industrial gas cryogenic insulation cylinders. In 2021, the demand for LPG as a major chemical raw material continued to rise, driving the demand for LPG storage and transportation related equipment. The 6,000m^3 LPG spherical tank station project undertaken by CIMC Enric in Cambodia was successfully completed and put into operation, and 1 small to medium sized LPG bunkering vessel was delivered. Benefiting from the recovery of the global oil market, some refineries increased their production rates, and CIMC Enric achieved a satisfactory growth in LPG transportation vehicles, with sales volume increasing by 97% year-on-year. For other industrial gases, the two 150,000m^3 large storage tank projects for low-temperature ethane and propane undertaken by CIMC Enric in Zhejiang successfully completed gas-lifting.

(3) In terms of hydrogen energy, CIMC Enric has explored in the hydrogen energy field for 16 years and is one of the leading providers of hydrogen energy storage and transportation equipment and engineering services in China with products covering various sub-sectors of hydrogen energy storage, transportation, refueling and utilization. Through the establishment of a joint venture with Hexagon, CIMC Enric will become one of the manufacturers capable of providing domestic hydrogen IV bottles. In 2021, benefiting from the strong support from domestic hydrogen energy industry policies, the domestic hydrogen energy industry developed rapidly. CIMC Enric's sales volume of hydrogen energy storage and transportation equipment recorded steady growth during the year. Relying on the advantages of customers and resources in the field of clean energy, this segment continued to promote the layout in various sectors of the entire hydrogen energy industry chain. In May 2021, this segment established a joint venture with Ansteel Energy Technology Co., Ltd. to launch a coke oven gas to liquefied natural gas co-production hydrogen project to enter the upstream hydrogen production field. In terms of storage and transportation, this segment provided hydrogen energy equipment such as more than 30 hydrogen tubular containers and more than 10 hydrogen storage cylinders of 50MPa for the Beijing Winter Olympic Games and the Winter Paralympic Games, fully contributing to the carbon neutral commitment of the Beijing Winter Olympic Games with a full range of hydrogen energy equipment of multiple varieties. During the year, this segment has won orders for Type III vehicle-mounted hydrogen supply systems for approximately RMB100 million and successfully delivered several hydrogen refueling stations. At the same time, this segment has entered into cooperation with Dalian Institute of Chemical Physics and Panasonic in the fields of hydrogen production and utilization. In 2021, the hydrogen energy-related business recorded revenue of RMB175 million, an increase of 37% year-on-year, mainly due to the rapid development of the hydrogen energy industry and increased market demand for the hydrogen energy storage equipment and hydrogen refuelling station equipment and engineering business.

2. *Chemical environment segment:*

The revenue amounted to RMB3,794 million (2020: RMB2,027 million), representing a year-on-year increase of 87.17%. In 2021, the chemical environment industry experienced strong recovery, and order of both standard and special tank containers of CIMC Enric recorded significant growth with profitability remaining relatively stable and operations continuing to improve, further consolidating its position as a global market leader. This segment actively promoted the application of Internet of Things technology in the tank container industry, exclusively designed intelligent sensors, digital display terminals and online monitoring platforms for the integration of monitoring, management and service of the entire life cycle of tank containers, and built the brand of "Tankmiles" with intelligent elements, which have been successfully developed into a number of internationally renowned container leasing companies and operators, and have been well applied in the transportation of raw materials in the new energy battery electrolyte and chip industries. In terms of new environmental business, the first set of self-developed high-efficiency denitrogenation reactor was successfully applied during the year, laying the foundation for the business development of environmental protection equipment and supporting services.

3. *Liquid food segment:*

The revenue amounted to RMB3,420 million (2020: RMB2,728 million), representing a year-on-year increase of 25.37%. The liquid food industry showed a growing trend due to steady population growth, global economic prosperity, improved living standards and increased awareness on food safety and health. The core equipment strength is integrated solutions for brewing equipment for beer and spirits, and has diversified into other liquid food sub-sectors such as alcoholic beverages, fruit juices and dairy products in recent years. In 2021, thanks to the growth in demand for liquid food equipment and the diversified business layout in the early stage, the performance of this segment has grown steadily. In 2021, the segment secured turnkey projects worldwide and won a bid of an order for domestic white wine project, leveraging its global brand strength in brewing and distillation equipment.

On the other hand, carry out offshore engineering business relying on offshore resources

The Group's offshore engineering business is operated under an integrated operating model covering design, procurement, manufacturing, construction, commission and operation and provides mass and industrialised construction of high-end offshore engineering equipment and other special vessels under EPC model, making it one of the leading EPC contractors of high-end offshore engineering equipment in China that has actively participated in international competition in the offshore engineering equipment market. Its major businesses include construction of various types of drilling platforms and production platforms, construction of offshore wind power equipment and operation and maintenance of wind farms, manufacture of special vessels, etc.

During the Reporting Period, as new orders for offshore engineering entered the construction period, the offshore engineering business of the Group recorded a revenue of RMB5,440 million (same period in 2020: RMB5,425 million), basically flat as compared year on year; and a net loss of RMB2,018 million (same period in 2020: net loss of RMB1,943 million), representing a year-on-year loss increase of 3.87%, mainly due to the provision for asset impairment made and loss on disposal of assets during the year. If above factors are excluded, the offshore engineering business would record a year-on-year decrease in loss.

With the gradual recovery of international crude oil prices since 2021, the global offshore engineering equipment market has emerged from its historical lows, and mobile production platforms and offshore wind power related equipment has continued to dominate in terms of new orders. The Group's offshore engineering business actively promoted its business transformation and layout through CIMC Raffles, taking offshore oil and gas as the base and gradually expanding into new energy sources to establish a business portfolio that minimizes cyclical fluctuations. In particular, (1) in terms of oil and gas equipment manufacture: the drilling platform business will seize market opportunities arising from new construction and conversion orders; the production platform business will cultivate the market and enhance strategic customers services and take the repairing, conversion and construction business as an opportunity to expand full-module construction capability; (2) in terms of offshore wind power business: Based in Shandong, CIMC Raffles took manufacturing as the foundation to connect upstream and downstream and enhanced service capabilities of the entire wind power industry chain by leveraging its wharf resources. Its products include wind power installation vessel, jacket, booster station, floating turbine (under development) and operation and maintenance services for wind farms; (3) in terms of special vessels business: CIMC Raffles enhanced the capability of differentiated tender design solutions with independent intellectual property rights to achieve differentiated competition, and continued to enhance the systematization capability of ro-ro ship product line to deepen the high-end market.

In respect of new orders: In 2021, CIMC Raffles had USD1.45 billion of newly acquired effective orders, including eight oil-and-gas modular projects with contract values of approximately USD560 million, eight special ship projects with contract values of approximately USD827 million, and total orders for other clean energy and deep-sea fisheries of USD64 million. The value of new orders is almost evenly distributed between oil and gas and non-oil-and-gas business in terms of business portfolio and capacity planning. As at the end of 2021, the accumulated value of orders on hand reached USD1.76 billion, of which offshore wind power orders accounted for 24%.

In respect of project construction and delivery: in January, the "Shenhai Yihao" energy station, the world's first 100,000-ton deepwater semi-submersible production and oil storage platform, for which CIMC Raffles provided hull module construction and erection services, was delivered and set sail in Yantai, Shandong; in March, CIMC Raffles undertook the FPSO ultra-large oil tanker conversion contract for the first time and commenced the hoisting dismantling work; in May, the refitting of "Huadian CIMC 01", the offshore engineering platform, was completed and it was applied in the field of offshore wind power, helping China to achieve the two carbon emissions targets "3060"; in July, RORO 1#, the world's largest dual-role ice-class ro-ro ship built by CIMC Raffles, was launched; in October, the FPSO core process upper manifold module project built for YINSON was successfully delivered.

(III) Finance and asset management business that serves the Group itself

The Group's finance and asset management business is devoted to establishing a financial service system which matches the Group's strategic positioning as a leading manufacturer in the world, enhancing the efficiency and effectiveness of the Group's offshore engineering assets and internal capital utilisation, and providing diversified financial service measures for the Group's strategic expansion, business model innovation, industrial structure optimisation and overall competitiveness enhancement. The main operating entities consist of CIMC Financial Leasing Company, CIMC Finance Company and offshore engineering asset management platform companies.

During the Reporting Period, the Group's finance and asset management business achieved revenue of RMB3,763 million (2020: RMB2,178 million), representing a year-on-year increase of 72.81%, and net loss of RMB2,403 million (2020: net profit of RMB312 million), representing an increase in loss of 869.30% as compared to the same period last year. This was mainly due to the significant provision for asset impairment made by the offshore engineering asset management platforms on the existing platforms, as the rental levels and utilisation rates of platform leases on hand were lower than expected due to the impact of the COVID-19 and market conditions during the year.

CIMC Financial Leasing Company: In 2021, CIMC Financial Leasing Company adhered to the strategic positioning of "integration of industry and finance", focusing on the Group's core business ecosystem and consolidating the operational and financial synergies in the Group's manufacturing segment, and giving full play to financial advantages to serve the development of the real economy. From the aspect of risks, CIMC Financial Leasing Company continued to improve and optimize the comprehensive risk management system by upholding the strategy of "quality first, strict risk control", and strengthened the risk management and control for all employees and throughout the whole process and strengthened big data and other technological risk control means. From the aspect of policies: under the trend of "strong regulation and strict supervision" in finance, the CBIRC issued the regulatory measures for finance leasing companies in 2020 and the People's Bank of China issued the Regulations on Local Financial Supervision (Draft for Comments) (《地方金融監管條例(草案徵求意見稿)》) in December 2021 to continuously regulate the scope of operation, regulatory indicators and risk prevention of finance leasing, aiming to guide finance leasing to serve the real economy and promote the steady and orderly development of the industry. From the aspect of funds, it continuously developed a diversified domestic and overseas financing system and financing capability. From the aspect of systems, it continued to develop financial technology and was fully connected to the personal credit system of the People's Bank of China. It was awarded the Level 3 Certification of "National Information System Security Level Protection" by the Ministry of Public Security, further protecting the security of financial data. For the year, the investment in new businesses remained healthy and the business portfolio was under continuous optimization.

CIMC Finance Company: In 2021, thanks to the substantial growth in operating results of the Group's major industrial segments and the steady improvement in operating cash flow, the funds collected by CIMC Finance Company increased significantly and the Group's centralised fund management continued to be deepened, with the concentration of collectable funds remaining over 90%. CIMC Finance Company deeply explored the financing needs of members of the Group and industry chain enterprises, and increased financial support to the industrial segments, with credit capital investment reaching RMB7,200 million for the year. It also achieved a breakthrough in buyer's credit model in relation to bank cooperation, effectively boosting the sales of the Group's products and enhancing the Group's overall competitiveness in the industry. Through actively following the policies for the Guangdong-Hong Kong-Macao Greater Bay Area, in May, it was awarded the pilot business qualification by the State Administration of Foreign Exchange for the development of an integrated local and foreign currency pool for multinational companies, the successful implementation of which greatly facilitated the Group's internal cross-border capital operation. The foreign exchange service capacity of CIMC Finance Company reached a new level, with a significant increase in the volume of agency for foreign exchange transactions, helping the members of the Group to reduce exchange rate risks, facilitate foreign exchange transactions and lower transaction costs. It continued to strengthen the compliance governance, with various regulatory ratings reaching the leading level in the same industry in Shenzhen.

CIMC's offshore engineering asset operation and management business: As at the end of 2021, the offshore engineering asset operation and management business of the Group involved 16 offshore engineering assets in total, including two ultra-deepwater semi-submersible drilling platforms, three semi-submersible drilling platforms in severe sea conditions, three semi-submersible lifting/life support platforms, three 400-foot jack-up drilling platforms, four 300-foot jack-up drilling platforms and one high-end yacht. In 2021, the Group's offshore engineering asset operation and management business continued to steadily develop with traditional oil and gas projects and offshore wind power as the focus.

In terms of traditional oil and gas projects (a total of 11 platforms): Brent oil price continued to rise in 2021, plus the impact of the epidemic gradually weakened, the industrial recovery led to an increase in oil exploration and refining activities, and a stable increase in rental rate of global oil and gas platform equipment. However, due to the oversupply in the drilling platforms market, the daily rental price was highly competitive. In addition to the drilling platform, one semi-submersible livelihood support platform of the Group was under lease in the waters of Brazil, the contract of which will expire in 2024.

In terms of offshore wind power (a total of four offshore wind power installation platforms): According to China's National Energy Administration, in 2021, the newly installed capacity of China's offshore wind power increased by approximately 452% year-on-year to 16.9 GW, which is 1.8 times the cumulative total scale built before 2021. As the offshore wind power subsidy will expire in 2021, the "rush of installation tide" of offshore wind turbines appeared, the demand for wind power installation equipment increased sharply, the rental of wind power installation equipment soaring accordingly. Seizing market opportunities, the Group transformed four existing drilling platforms into offshore wind power installation platforms and launched them to the market quickly. During the year, the "Huadian CIMC 01" (semi-submersible wind power installation platform), the "Mirage" (semi-submersible bottom-mounted wind power installation platform), and two 300-foot jack-up wind power installation platforms including "Guardian (護衛)" successively carried out offshore wind power installation operations in Jieyang, Guangdong, Dafeng, Jiangsu, Shandong Peninsula, Yangjiang, Guangdong and other regions. The four platforms have been in operation for a total of 739 days during the year, and a total of 30 sets of wind turbines, 44 sets of wind turbine foundations, one offshore booster station jacket foundation installation and other related operation tasks have been completed. At the end of December 2021, a strategic customer purchased the "Guardian" platform as a whole for long-term use in offshore wind power and new energy business.

Apart from the above-mentioned projects, the offshore engineering asset operation and management business of the Group successfully completed various warm stopping maintenance and winter freeze prevention work as planned, effectively ensuring the preservation of assets' use and value.

(IV) Innovative businesses that highlight the advantage of CIMC

Cold Chain Equipment Business:

In November 2021, the General Office of the State Council issued the 14th Five-Year Plan for the Development of Cold Chain Logistics, which is the first five-year plan in the field of cold chain logistics in the PRC. For the first time, the plan makes comprehensive and systematic deployment for building a modern cold chain logistics system from the strategic level of constructing a new development pattern, and proposes a series of pragmatic, operable, implementable and specific measures, which is of great significance. The cold chain logistics industry is enjoying a golden period of comprehensive and high-quality development.

As a high-end equipment manufacturer, the Group's cold chain business mainly focuses on the manufacturing of the cold chain equipment and the cold chain logistics services. The Group currently possesses a competitive advantage in the field of reefer containers and refrigerated vans, with the sales volume of reefer containers and refrigerated vans ranking at the forefront.

In terms of food cold chain: for equipment manufacturing, the Group's portable cold store business focused on the first and last kilometer of domestic cold chain food consumption, which acquired new customers to our fresh food e-commerce business on one hand, and launched pilot and promotional work on pre-cooling, quick-freezing and temporary storage of agricultural products in Guangdong Province on the other hand. The Group continued investment in the research and development of cold chain equipment for the year, set up the Cold Chain Technology Research Institute to develop products such as cold storage chillers, new energy refrigerated containers, aviation cold boxes, temperature coupling boxes, self-sterilizing material materials and applications. For cold chain services, the cold chain logistics business of the Group has established the cold chain end-to-end service capability in Southeast Asia, and has officially launched its export cold chain business, forming a two-way reciprocal flow with the import cold chain business. The Group has already achieved the largest share of the industry in individual fruit categories. The cold chain logistics cross-border transportation business is equipped with CIMC Unit Load's recycling packaging, and cooperates with the durian packaging boxes and coconut packaging boxes independently developed by the Group, which effectively reduces the loss of fruits during transportation and greatly reduces the use of disposable cartons with green, environmentally friendly and fresh-keeping functions. The revenue of multimodal transport business of importing fruits under cross-border fresh food transportation achieved new high. The Group has independently built a relatively mature cold chain logistics information platform, combined with the usage of the Group's own reefer containers and hardware tracking facilities, achieved temperature monitoring and remote adjustment in the course of food cold chain logistics, and ensured the food safety and traceability. In 2021, CIMC Cold Chain won the 2021 World Chinese Entrepreneurs Innovation Award (《2021年世界華商創新獎》), and the 2021 China Cold Chain Logistics Innovation Case (《2021中國冷鏈物流創新案例》) with the first kilometre portable cold store solution of Tianye Cold Chain.

In terms of medicine cold chain: CIMC Cold Cloud provided low temperature cold chain transportation of approximately 600 million COVID-19 reagents for major domestic manufacturers of COVID-19 reagents; offered cold chain containers for export of COVID-19 vaccines to well-known domestic COVID-19 vaccine manufacturers, exporting a total of approximately 300 million COVID-19 vaccines and completing COVID-19 export projects for more than 40 countries, including Philippines and Thailand. It also participated in the compilation of the "Technical Guidelines for the Road Freight Transportation of COVID-19 Vaccines" (《新冠病毒疫苗貨物道路運輸技術指南》) jointly published by four departments, namely the Ministry of Transport, the National Health Commission, the General Administration of Customs and the National Medical Products Administration, and was selected as one of the first key contact enterprises for the road freight transportation of COVID-19 vaccines by the Ministry of Transport.

Integrated Container Equipment Business:

2021 was a year of rapid development for the container integrated equipment business, and revenue continued to maintain rapid growth and hit a record high. In the field of energy, closely following the national "dual carbon" policy, the Group gradually deepened cooperation with customers who are industry leaders, and further enhanced its integration capabilities. Relying on the new energy integrated equipment, the Group gradually penetrated into new energy sources ecosystem including energy storage, charging, and power exchange. In the field of environmental protection, the Group primarily focuses on water treatment and solid waste transfer equipment. In the future, it will take a differentiated route and gradually accelerate its development to the application of high value-added self-developed products and aquaculture water treatment system solutions, with certain breakthroughs having been made so far. At the same time, containers are gradually expanding into mobile medical, communications and other fields, and gradually grafting "container+" into all walks of life, giving containers new vitality.

Modular Building Business:

The Group's module building business is customer-centric, technology-led and innovation-driven, providing customers with one-stop and diversified integrated solutions for industrialised finished buildings in terms of "consultation, design, manufacturing, construction and delivery", and striving to become a technological leader in global green industrialised finished buildings. During the Reporting Period, apart from the original Grade A design construction qualification, CIMC Modular obtained the Class 2 general construction contracting qualification, which further strengthened its qualifications and capabilities.

In 2021, the national "Outline of the 14th Five-Year Plan and the Long-Range Objectives Through the Year 2035" proposed to develop smart construction, promote green building materials, prefabricated buildings and steel structure housing, and build low-carbon cities during the 14th Five-Year Plan period. The state has formally elevated the promotion of green building and new construction industrialisation to the height of national development strategy. The traditional construction industry is accelerating its transformation to green, low-carbon and new industrialisation, which provides us with a good opportunity for development. As a greener, lower carbon and high-assembly-rate finished steel structure building company, CIMC Modular, relying on CIMC's strong industrial manufacturing capability, standardised technology concept, automated production line and the spirit of craftsmanship for excellence, will be able to achieve greater development in the process of accelerating green building and new construction industrialisation in China.

Overseas markets: The modular building business of the Group cultivated the existing markets and further exploited new markets amid the COVID-19 epidemic. While continuously obtaining stable apartment orders from Sweden, the Group actively expanded to Nordic countries such as Germany and Norway and achieved obvious progress. The adoption of pre-fabricated design and production of permanent apartments in northern Europe is a major innovation in the industry.

Mainland China market: The Group rode on the favorable national policies, actively promoted the box- type steel structure building system with "high assembly rate and green construction model", vigorously developed the market and expanded the application scenarios. The first phase of the 1.5-stage enterprise port project in Jiangdong New District, Haikou, for which CIMC Modular designed and undertook the fabrication, transportation and installation of the modular construction part, was successfully completed. The project innovatively used the box- type steel structure integrated building modular as the carrier, fully applying the concept of "green, technology and high efficiency" to the construction field, with only 70 days spent from the production and manufacturing of the building modulars to delivery, once again setting a new speed of CIMC Modular's construction. At the same time, the Group actively responded to the hot needs for people's livelihood such as "epidemic prevention", constructed epidemic prevention and school projects at high speed and high-quality. Meanwhile, the modular building technology department of the Group and Shenzhen Building Technology Promotion Center jointly established the "Shenzhen Steel Structure Modular Building Technology R&D Center", which is committed to the research and development of cutting-edge technologies and key common technologies in the steel structure modular building industry, so as to provide scientific and technological support for the high-quality development of steel structure modular buildings for Shenzhen.

Hong Kong market in China: CIMC Modular has won the bid for the large-scale modular transitional housing project in Hong Kong, called United Court in Tung Tau Tsuen, Yuen Long, Hong Kong. The project has a gross floor area of 37,221 square meters, and will offer 1,800 houses in total. The project is another important achievement of CIMC Modular's deep cultivation in the public transitional housing and public housing market in Hong Kong.

(V) In terms of capital operation:

During the Reporting Period, the Group had the following significant events in capital operation: (1) CIMC Vehicles, was listed on the ChiNext market of the Shenzhen Stock Exchange on 8 July 2021, becoming an A+H shares listed company. (2) CIMC-TianDa has submitted to the Shenzhen Stock Exchange its application documents relating to the initial public offering and listing of shares on the ChiNext Board, and received the notice of acceptance from the Shenzhen Stock Exchange on 28 September 2021. The listing process is still in progress. (3) CIMC Safeway Technologies Co., Ltd ("**CIMC Safeway**"), a subsidiary of CIMC Enric, has submitted to the Shenzhen Stock Exchange its application materials relating to the initial public offering and listing of shares on the ChiNext Board in respect of its A shares issuance, and received the notice of acceptance issued by the Shenzhen Stock Exchange on 30 December 2021. The application is under review by the Shenzhen Stock Exchange. (4) The Group signed an agreement with A.P. Moller – Maersk (APMM) on 27 September 2021, pursuant to which the Group acquired the 100% equity interest of Maersk container industry under APMM (including Maersk Denmark Industry (丹麥馬士基工業公司) and Maersk Qingdao Container Industry Co., Ltd. (青島馬士基集裝箱工業有限公司)). The acquisition has not yet satisfied the closing conditions. (5) In 2021, the Company's subsidiaries CIMC Raffles Offshore (Singapore) Limited, Southern CIMC and Yantai Guofeng Investment Holdings Group Co., Ltd. signed the strategic cooperation agreement, pursuant to which all parties will contribute to the incorporation of a joint venture and intend to integrate high-quality assets, to jointly promote the development of deep-sea industry. (6) At the end of 2021, CIMC Financial Leasing Company introduced strategic investors such as Shenzhen Capital Group and Shenzhen City Energy Group Co., Ltd. Upon completion of the transaction, CIMC Financial Leasing Company will no longer be included in the consolidated statements of the Group and become the Group's associate.

5.3 Business Prospects of the Group in 2022

5.3.1 Industry Development Trend and Market Outlook

(1) In the Logistics Field:

In respect of the container manufacturing business: According to the prediction made by CLARKSONS (a global industry analyst) in February 2022, the growth of global container trade and shipping capacity will slow from 6.4% and 4.5% in 2021 to 3.6% and 3.6% in 2022, respectively. The growth of supply and demand in the container shipping market will slow down to varying degrees in 2022, and the growth rate of supply and demand will tend to balance. Considering that the global supply chain crisis caused by the epidemic is difficult to cure in the short term, the loss of effective shipping capacity caused by congestion may continue to persist. It is expected that the container shipping market will remain in tight supply situation in 2022, and the container shipping industry is expected to maintain a high level of profitability, which will strongly promote customers' willingness to purchase containers. Affected by the limited supply of containers from 2020 to 2021, there is a large amount of old containers beyond service duration in the market, it is expected that the demand for container replacement and update will remain high in 2022. To sum up, we expect that container demand in 2022 will have a correction compared to the historical high in 2021, but it will still be at a high level.

In respect of the road transportation vehicles business: As the epidemic has entered a new normalcy, the global demand for automobile manufacturing and logistics gradually recovered, with rebounding demand for semi-trailers in the world. In the first year of the "14th Five-Year Plan", the advancement of "dual carbon" strategy and accelerated iteration and upgrade of semi-trailers in the PRC have brought new opportunities for the development of van-type trailers in China's semi-trailer industry. The specialty vehicles industry in China has entered a new round of transformation and upgrading, and investment in infrastructure has driven demand for specialty vehicles. Under the implementation of "China VI" emission standards and the development of new energy vehicles, Chinese specialty vehicles companies are facing a new situation of coexistence of challenges and opportunities. With Chinese government's promotion of rural revitalization, the control over "understating the carrying capacities" and the implementation of new policy on vehicles with blue plates, light vans have entered the fast track of development.

In respect of the airport facilities and logistics equipment, fire safety and rescue equipment business: (1) Airport and logistics facilities business: the newly built/expanded civil aviation airports in China are constructed based on the blueprint of "a safe, green, smart and human-oriented airport"; speed and accuracy are the key to success in the e-commerce industry. Therefore, R&D and production can improve operational safety and management efficiency, and all kinds of electric and smart equipment that are environmentally friendly, green and low-carbon will continue to be the development direction of the airport and logistics facilities industry. (2) Fire safety and rescue equipment business: the increasing modernization of cities, emergence of oversized space buildings, super-high buildings and different spatial structural complex, plus rapid development of high fire risk industries, such as petroleum, chemicals and building materials, has led to a rapid increase in the number of flammable and explosive sites and more complexity of disaster relief work. As a result, the demand for sophisticated fire rescue equipment and management systems has become higher. CIMC-TianDa is striving to introduce domestic and overseas technologies, develop high-tech products, actively integrate into the "smart fire safety" big data construction carried out across the country, and cooperate with local fire brigades to establish a comprehensive and sound emergency rescue system.

In respect of the logistics services business: On 1 January 2022, the Regional Comprehensive Economic Partnership (RCEP) officially came into force, bringing an important boost to stabilize foreign trade and promote the development of the new business model. The country has successively introduced the 14th Five-Year Plan for the Quality Development of Foreign Trade, the 14th Five-Year Plan for the Development of Cold Chain Logistics, and the Work Plan for Promoting the Development of Multimodal Transport and Optimising and Adjusting the Transport Structure (2021–2025). To provide further support for the quality, innovative and green development of the logistics industry, the Group's logistics service business will actively react to macro environment and industry instabilities to focus on multimodal transport, and achieve high-quality growth.

In respect of the recycled load business: Looking ahead to 2022, the Group's recycled load business as a whole will continue to grow faster. On the one hand, with the further advancement of environmental protection policies and dual carbon goals, the process of replacing disposable packaging with recycling packaging will continue to accelerate. On the other hand, the continual record high of installed power battery capacity will drive the demand for power battery recycled load to maintain a high growth. However, due to the external environments such as the shortage of automotive chips, there is insufficient demand for recycled load of spare parts in the automotive industry.

(2) In the Energy Industries Field:

In respect of the energy, chemical and liquid food equipment business: The pace of carbon emissions reduction and carbon neutrality is accelerating globally. So far, more than 130 countries and regions around the world have proposed the climate goal of "zero carbon" or "carbon neutrality". Under China's dual carbon goals, natural gas, as a clean primary fossil energy source, will be an important tool to slow down the growth of China's carbon emissions, and play an important role in China's "road for carbon neutrality". In terms of hydrogen energy, according to the White Paper on the PRC's Hydrogen Energy and Fuel Cell Industry (2019 edition) issued by the China Hydrogen Energy Alliance, hydrogen energy is expected to account for 10% of China's energy consumption between 2036 and 2050, with an annual economic value of more than RMB10 trillion. 2021 will see a large rebound in demand for tank containers as the global economy recovers. The chemical industry in China is facing an opportunity period of tremendous development, and there is an increasingly clear trend towards the concentration of chemical plant parks in the future, presenting opportunities for the segment's chemical tank containers and after-market business. The research report on Global Beverage Processing Equipment Market by Category, Beverage Type, Mode of Operation and Region shows that the global beverage processing equipment market is expected to reach US$26.4 billion by 2026, with the Asia-Pacific market (China and India) in particular having a high potential for new business growth in beverage processing equipment development.

In respect of the offshore engineering business: With the gradual recovery of international oil price and the acceleration of energy transformation, return on investment and carbon emission indicators have become important considerations for investment decisions of oil companies. Among them, deep-water oil and gas resources, due to their high cost-effectiveness and low carbon emission intensity, have become the focus of investment and development for many international oil companies. The foundation for the recovery of the drilling rig market will continue to be consolidated. In the medium to long run, the 3060 target of carbon neutrality proposed by the PRC will bring major opportunities, allowing a rapid development for clean energy. Offshore wind power, and offshore photovoltaic will form a huge industry scale. In the future, the Group will focus on principal growing businesses, including FPSO/module, offshore wind power and deep-sea fishery, significantly increase the proportion of revenue from non-oil and gas offshore business, and establish a product line layout to mitigate the impact of the oil and gas cycle fluctuations.

(3) Finance and Asset Management Business:

CIMC Financial Leasing Company: Compared with the leasing market in developed countries, China's financial leasing industry is still in the primary stage of development with relatively large market capacity. With the gradual implementation of unified supervision and further regulation of the industry, the financial leasing industry still has middle and long-term development opportunities. There are two trends in the future development of the financial leasing industry: First, the leasing business will return to its nature. In light of this, the Group will adhere to the coordinated development of industry and finance to create a professional and differentiated competitive advantage with respect to leasing properties. Second, the industry will accelerate the application of technologies, especially to enhance the risk control capability and operational efficiency by using big data and artificial intelligence. At the same time, the country is vigorously supporting the development of clean energy, green environmental protection and other industries as well as the development of small, medium and micro enterprises, which will bring huge growth space for the financial leasing industry.

CIMC Finance Company: In 2022, the external environment faced by China's economy will remain complex and volatile. The impact of the epidemic on economic operation will still exist where China's economy will face the triple pressures of demand contraction, supply shock, and weakening expectations. The overall tone of monetary policy is "making prudent monetary policy flexible and appropriate in order to maintain reasonable and adequate liquidity", showing a stable and loose trend, and significantly intensified monetary policies such as reducing reserve requirement ratios and cutting interest rates.

CIMC's offshore engineering asset management business: Despite resurging of the epidemics and the impact of uncertainties such as international inflation, the global economy has recovered in an all-round way. Major global oil and natural gas producing areas, such as the North Sea, Gulf of Mexico, and the Middle East, have successively launched new projects for bidding, so that the demand for offshore drilling equipment and production equipment will continue to grow in the medium and long term. In the offshore wind power and new energy segments, under the influence of policies, the new construction of offshore wind farms, the upgrade of existing wind farms, and other new energy projects, such as comprehensive utilization of hydrogen energy, carbon capture, etc., will maintain a high level of demand for large-scale installation platforms and operation and maintenance support services. The CIMC's offshore engineering asset management business will continue with an overall development toward upturn.

5.3.2 Overall Operation Targets and Initiatives for Main Business Segments

Adhering to the strategic theme of "stabilizing operation to achieve quality growth", the Group has developed its strategic planning for the next three years. The principal business of the Group will remain focused on the two major industries of logistics and energy, and its layout of emerging business will also focus on the two main fields of "smart logistics" and "clean energy". The Group will optimize its business portfolio constantly to improve the level of asset returns and pursue high-quality business development.

(1) In the Logistics Field:

In respect of the container manufacturing business: In 2022, the Group's container manufacturing business will actively respond to fluctuations in container demand in the post-epidemic era. On the one hand, for the traditional container business, the Group will enhance its comprehensive competitiveness and consolidate its leading position in the industry through continuous investment in technology and equipment as well as management improvements, such as the Dragon Project (龍騰計劃) and major technical reforms. On the other hand, the Group has been following the national call to seek new source of growth in innovative businesses, focusing on modular building, cold chain, integrated equipment and new materials segments, with a view to quickly entering them and becoming a leader.

In respect of the road transportation vehicles business: In 2022, CIMC Vehicles continued to take core measures of building "high-end manufacturing system", upgrading "product modules", improving "lighthouse factory", launching marketing reform and promoting organizational development. On top of the four cornerstones, CIMC Vehicles added the fifth cornerstone of "building a digital supply chain center", and further upgrade measures have been formulated to implement the high-end manufacturing system strategy. 1) In terms of China's semi-trailer: The establishment of light tower pioneer business group (燈塔先鋒業務集團) will consolidate the strong foundation of internal circulation of the semi-trailer business, and cultivate van semi-trailer products in the Chinese market by integrating the resources of various local semi-trailer lighthouse factories in China. 2) In terms of North American semi-trailer: The establishment of North American business group will coordinate the operation of multiple brands of semi-trailers in North America. Taking advantage of implementation of the U.S. infrastructure plan and the potential of surging market demand brought about by the recovery of global supply chain, CIMC Vehicles will achieve a challenging organic growth. 3) In terms of European semi-trailer: The establishment of European business group will coordinate the resources in Europe to achieve an increase in the market share, steady sales and gross profit growth in Europe. 4) In terms of tank truck and concrete mixer truck in China: The establishment of Qiangguan (強冠) tank truck business group will integrate the existing tank body businesses such as powder tank semi-trailers, liquid tank semi-trailers, and concrete mixer trucks, as well as the brands of its concrete mixer trucks and tank trailers, forming a joint force and striking hard. 5) In terms of urban muck truck in China: The establishment of urban muck truck business group will expand the breadth and depth of cooperation with main machinery plants, including joint R&D and marketing, product life cycle management, and actively explore and cooperate in new energy chassis and intelligent interconnection. 6) In terms of China's light-duty van body: The establishment of TB (太字節) business group will coordinate comprehensive body businesses such as refrigerated van body and dry goods urban distribution van body. The production bases will be based in East China and South China, and the sales network will gradually expand overseas.

In respect of the airport facilities and logistics equipment, fire safety and rescue equipment business: Electrification and intellectualization will continue to be the future trend of various industries. CIMC-TianDa will devote more resources in the future to develop and expand various new products and services with the help of informatization and big data to meet the needs of the market. CIMC-TianDa will also strengthen research and reorganize the production layout, and in line with the trend of "proximity to location" and "localization" of the supply chain, reduce the risk of supply chain interruption and save transportation costs subject to ensuring product quality. (1) Airport and logistics facilities business: CIMC TianDa will continue to cultivate strategic market, consolidate and enhance market share, maintain the leading position in the global market of boarding bridge. CIMC-TianDa will strengthen project management, expand the advantages of undertaking large-scale system integration general contracting projects, striving to increase the penetration rate of products in various fields. (2) Fire safety and rescue equipment business: With a basically full geographical coverage in China, CIMC-TianDa has a complete product line of fire safety and rescue equipment and comprehensive emergency rescue business capabilities of "vehicle + equipment + service + station construction". CIMC-TianDa has established a cloud platform for managing the full life cycle of fire safety products. Through the interconnection of products, CIMC-TianDa provides all-round support for users to build a smart rescue system, which facilitates accurate decision-making, rapid response and smart management.

In respect of the logistics services business: In 2022, the Group's logistics business will upgrade its multimodal transportation strategy: with the core of "equipment + technology", the Group will further cultivate major global shipping routes, extend its service chain, strengthen the deployment of local service capacity in international ports of destination, and increase joint venture cooperation with railways. Meanwhile, the Group will appropriately build shipping capacity to comprehensively enhance cargo control capability, and accelerate its presence in specialized logistics fields such as cold chain, engineering projects and energy and chemical industries. On the other hand, the Group will increase investment in technology to promote the construction of digitization and informatization, enhance standardized operation, explore the application of intelligent equipment and operation platform, and comprehensively enhance its technological capability, thereby propelling green, digital intelligence and high-quality development.

In respect of the recycled load business: In 2022, the Group's recycled load business will continue to increase recycled load product R&D capability and business expansion based on the domestic market. In terms of the R&D and manufacturing: the recycled load business will continue to enhance recycled load R&D and design capabilities in the aspects of materials, structure, etc., thus providing customers with customized recycled load solutions. In terms of the leasing operation: the recycled load business will comprehensively optimize the smart operation digital platform for recycled load to enhance the efficiency of leasing operation and management, and increase external cooperation by continually expanding the recycled load leasing operation and comprehensive solution business in other industries such as logistics, electronics, photovoltaics, home appliances, etc.

(2) In the Energy Industries Field:

In respect of the energy, chemical and liquid food equipment business: In 2022, 1) adhering to the business development strategy, namely "equipment manufacturing + engineering services + comprehensive solutions", the clean energy segment will actively follow national policies to further strengthen its advantages in the layout of the entire natural gas industry chain, and continuously adjust and optimize the high-voltage business chain with industrial gases, electronic gas and CNG. As a leading provider of small-to-medium sized liquefied gas carriers and vessel oil-to-gas conversion services, the segment will focus on the LNG marine storage and transport sector, providing LNG-powered vessel solutions and LNG-powered vessel conversion overall solutions for large domestic and international inland waterway shipping companies. In terms of hydrogen energy, the segment will tap into hydrogen production equipment for blue hydrogen and green hydrogen and related hydrogen production services; and continue to advance the research and development of new products to provide the market with more efficient storage and transport technologies and equipment for high-voltage hydrogen and liquid hydrogen. Meanwhile, the segment will improve the presence of the hydrogen energy industry chain, moving towards the goal of developing technology-based hydrogen energy business; 2) The chemical environment segment will continue to increase its investment in the research and development of technology and resources, and vigorously expand the application fields of tank containers while consolidating its leading position in the tank container market, and actively enhance the intelligence and after-market services of its products. In the meantime, the segment will build the whole-chain operation ability by basing on the core competence of equipment manufacturing, making technological innovation in the field of environmental improvement as the core competitiveness and focusing on the industrial waste treatment business. In addition, with its emphasis on two business dimensions of "resource utilization + eco-environmental services", the segment will promote the large-scale, formalized and intensive development to realize a leapfrog development of the environmental protection business; 3) The liquid food segment will keep abreast with market trends to continue on the development strategy of vertically consolidating its leading position in beer brewing turnkey capacity and horizontally expanding its non-beer business. In addition, the segment will actively seek new M&A opportunities to improve its liquor turnkey engineering capacity and prepare for the development of a multi-category liquid food equipment market.

In respect of the offshore engineering business: In 2022, the Group will continue to actively carry out business transformation and layout of the offshore engineering business, actively introduce strategic investors, and realise taking quality orders, high-quality growth, risk prevention and control and management improvement. Key measures include: (1) taking quality orders: Based on market and customer opportunities, the Group will improve the level of taking orders and profitability, and control risks at the source; seize new energy opportunities to tap into new businesses, and lead new product development through R&D, achieving new business growth points; (2) high-quality growth: The Group will increase quality and efficiency, and continue to promote the improvement of personnel performance; dispose of inefficient assets and reduce low efficient occupation of resources; (3) risk prevention and control: The Group will build up core capabilities supporting enterprise development, improve product R&D capability and operating capabilities, and construct a strategic talent supply chain that supports the long-term enterprise development; (4) management improvement: The Group will, in line with the requirements of internal control and risk control, implement the risk identification, prevention and management in all dimensions of strategy, operation and project dimensions during the business management and control.

(3) Finance and Asset Management Business:

CIMC Financial Leasing Company: In 2022, CIMC Financial Leasing Company will, relying on the resources of shareholders, continue to deepen the coordination of industry and finance, further optimize the coordination mechanism of industry and finance in all industrial sectors, and further propel the business expansion and upgrade and model innovation. Meantime, it will further improve and optimize the comprehensive risk management system, further enhance a diversified domestic and foreign financing system and financing capability, strengthen the operational efficiency and service capacity of mid and back offices, improve the standard of digital management and realize sustainable high-quality development.

CIMC Finance Company: In 2022, CIMC Finance Company will insist on the strategic development of transformation and upgrade and focus on the business policy of "taking the successful launch of new generation of core systems as the driving force to create star products painstakingly, provide high-quality services wholeheartedly, and improve customer satisfaction in an all-round way, striving to create greater comprehensive value for the Group". CIMC Finance Company will cultivate the existing businesses in line with its own functional positioning, continue to deepen the centralized management of funds, increase financial support for the industry, and assist CIMC to develop green economy through green finance. It will continue to optimize the buyer credit business structure, assist the Group to strengthen liquidity and foreign exchange risk management, and help the Group reduce costs and increase efficiency through various financial services. CIMC Finance Company will promote the optimization and upgrade of the manufacturing industry, assist in the enhancement of industrial innovation capabilities, and continue to increase the quality and efficiency of serving the real economy.

CIMC's offshore engineering asset operation and management business: In 2022, the CIMC's offshore engineering asset operation and management business will promote lean management unswervingly with continuous commitment to system and process optimization, strengthen talent development, continuously increase asset operation and management capabilities and market development, and consolidate partnership relations with strategic customers. Adhering to the service tenet of "serving customers", and in line with market demands and the development trend of new business formats, the CIMC's offshore engineering asset operation and management business will integrate resources, propose innovative solutions, and create a cooperation ecosystem, and realize a benign development of the business with the principle of "taking quality orders, high-quality growth, strict risk control and management improvement".

5.3.3 Major Risk Factors in the Future Development of the Group

Risk of economic periodic fluctuations: the industries that the principal business of the Group is engaged in are dependent on global and domestic economic performance and often vary with economic periodical changes. In recent years, the global economy has become increasingly complex with increasing uncertainty factors. In particular, the rise of the trade protectionism will have a negative impact on the growth of the global economy and trade. The changes and risks in the global economic environment demand higher requirements on the Group's operating and management capabilities.

Risk of economic restructuring and industry policy upgrade in China: China's economy entered into the new norm, and the government comprehensively deepened supply-side structural reform to push forward the transformation and upgrade of economic structure. Developments including new industrial policies, tax policies and land policies, etc. that have a huge impact on business operations have resulted in uncertainties to the future development of industries. The main businesses of the Group, as part of the traditional manufacturing industries, will face certain policy adjustment risks in the coming years.

Risk of trade protectionism and anti-globalisation: The geopolitical crisis that occurred in early 2022 exacerbated global inflationary pressures, disrupting national policy stances and posing a threat to world economic growth. Part of the Group's principal businesses will be affected by global trade protectionism and anti-globalisation, such as antimonopoly, anti-subsidy and anti-dumping investigations, etc.

Fluctuations of financial market and foreign exchange risks: the presentation currency of the consolidated statements of the Group is RMB. The Group's exchange risks are mainly attributable to the foreign currency exposure resulting from the settlement of sales, purchases and finance in currencies other than RMB. During the process of promoting RMB internationalization, and under the backdrop of constant volatility in the global financial market, the exchange rate of RMB against USD will fluctuate with increased frequency and volatility, thus making it more difficult for the Group to manage its foreign currencies and capitals.

Market competition risks: the Group faces competition from both domestic and foreign enterprises in respect of its various principal businesses. In particular, a weak demand or relative overcapacity will lead to imbalance between supply and demand, which will cause intensified competition in the industry. In addition, the competition landscape of the industry may change due to entry of new players or improved capacity of existing competitors.

Employment and environmental protection pressure and risks: with demographic changes in China and gradual loss of demographic dividend, China's manufacturing industries see constantly soaring labour costs. Automation represented by robots is becoming one of the key directions for future upgrade of the traditional manufacturing industries. In addition, China has been attaching increasing attention on environmental protection and carrying out sustainable development strategies, strengthening environmental protection requirements for China's traditional manufacturing industries.

Risks of fluctuations in price of main raw materials: Raw materials account for a relatively high proportion of the cost structure of the Group's products. At the same time, the Group's major finished products are metal products and its raw materials include steel, aluminium and timber. Since this year, prices of raw material have fluctuated significantly due to the unbalanced supply and demand and monetary easing policies, which brings uncertainties to the Group's operating result.

COVID-19 related risks: The world was facing a more severe and complex economic situation as COVID-19 had swept the globe and Delta and Omicron, the highly infectious coronavirus variants, further spread. Currently, the new coronavirus variants are showing a development trend of "increasing infectivity and decreasing lethality", however, the development of epidemic and the progress of vaccination in other countries are subject to high uncertainty, all of which have a more complex impact on China's economy. The Group has adopted a series of key measures to further enhance the awareness of risk management and control, and implement the management and control measures.

6 MANAGEMENT DISCUSSION AND ANALYSIS (PREPARED IN ACCORDANCE WITH RELEVANT REQUIREMENTS OF THE HONG KONG LISTING RULES)

The financial data set out below is extracted from the audited financial statements of the Group prepared under CASBE. The following discussion and analysis should be read in conjunction with the audited financial statements of the Group and their accompanying notes as set out elsewhere in the Announcement.

Revenue Analysis by Segment and Region

The following table sets out the Group's revenue from various major business segments and the percentage in total revenue during the following periods:

Unit: RMB thousand

	2021		2020		
	Amount	**% of revenue**	Amount	% of revenue	Year-on-year change
Total revenue	**163,695,980**	**100.00%**	94,159,083	100.00%	73.85%
By industry and product					
Container manufacturing	**65,967,311**	**40.30%**	22,163,623	23.54%	197.64%
Road transportation vehicles	**27,647,762**	**16.89%**	26,498,965	28.14%	4.34%
Energy, chemical and liquid food equipment	**19,528,069**	**11.93%**	13,291,573	14.12%	46.92%
Offshore engineering	**5,440,492**	**3.32%**	5,425,394	5.76%	0.28%
Airport facilities and logistics equipment, fire safety and rescue equipment	**6,841,982**	**4.18%**	6,088,720	6.47%	12.37%
Logistics services	**29,470,907**	**18.00%**	10,635,901	11.30%	177.09%
Finance and asset management	**3,763,431**	**2.30%**	2,177,839	2.31%	72.81%
Recycled load	**6,016,520**	**3.68%**	3,035,940	3.22%	98.18%
Others	**6,719,787**	**4.11%**	5,689,058	6.04%	18.12%
Industrial city development *(Note)*	**–**	**–**	2,173,421	2.31%	–
Elimination between segments	**(7,700,281)**	**(4.71%)**	(3,021,351)	(3.21%)	(154.86%)

Note: Industrial city development became an associate of the Group in October 2020. The 2020 figures of industrial city development business cover the period from January 2020 to October 2020.

For detailed analysis, please refer to the section headed "5.2 Review of the Principal Businesses of the Group during the Reporting Period" herein.

The following table sets out the Group's revenue from various regions and the percentage in total revenue during the following periods:

Unit: RMB thousand

Region (by geographical locations of customers)	**2021** Revenue	**2021** Percentage in total revenue	2020 Revenue	2020 Percentage in total revenue	Year-on-year change
China	**78,767,602**	**48.12%**	56,729,195	60.25%	38.85%
America	**27,526,278**	**16.82%**	17,759,293	18.86%	55.00%
Europe	**38,066,692**	**23.25%**	14,354,186	15.24%	165.20%
Asia (excluding China)	**15,201,328**	**9.29%**	3,641,678	3.87%	317.43%
Others	**4,134,080**	**2.52%**	1,674,731	1.78%	146.85%

Cost of Sales, Gross Profit and Gross Profit Margin Analysis by Segment

The following table sets out the Group's cost of sales of various major business segments and the percentage in total cost of sales during the following periods:

Unit: RMB thousand

Segment	**2021** Cost of sales	**2021** Percentage in total cost of sales (%)	2020 Cost of sales	2020 Percentage in total cost of sales (%)
Container manufacturing	**49,053,590**	**36.56%**	18,908,451	23.43%
Road transportation vehicles	**24,600,777**	**18.33%**	23,031,474	28.53%
Energy, chemical and liquid food equipment	**16,517,674**	**12.31%**	11,092,604	13.74%
Offshore engineering	**5,463,000**	**4.07%**	5,483,154	6.79%
Airport facilities and logistics equipment, fire safety and rescue equipment	**5,396,581**	**4.02%**	4,792,871	5.94%
Logistics services	**27,393,038**	**20.42%**	9,888,356	12.25%
Finance and asset management	**2,289,917**	**1.71%**	1,422,726	1.76%
Recycled load	**4,874,520**	**3.63%**	2,622,318	3.25%
Others	**6,016,870**	**4.49%**	5,143,669	6.37%
Industrial city development *(Note)*	**–**	**–**	1,354,668	1.68%
Combined offset	**(7,430,018)**	**(5.54%)**	(3,025,420)	(3.74%)
Total	**134,175,949**	**100.00%**	80,714,871	100.00%

Note: Industrial city development became an associate of the Group in October 2020. The 2020 figures of industrial city development business cover the period from January 2020 to October 2020.

The overall gross profit margin of the Group in 2021 was 18.03%, higher than the same period last year. The table below lists the gross profits and gross profit margins of the Group's major segments during the following periods:

Unit: RMB thousand

	2021		2020	
Segment	**Gross profit**	**Gross profit margin (%)**	Gross profit	Gross profit margin (%)
Container manufacturing	**16,913,721**	**25.64%**	3,255,172	14.69%
Road transportation vehicles	**3,046,985**	**11.02%**	3,467,491	13.09%
Energy, chemical and liquid food equipment	**3,010,395**	**15.42%**	2,198,969	16.54%
Offshore engineering	**(22,508)**	**(0.41%)**	(57,760)	(1.06%)
Airport facilities and logistics equipment, fire safety and rescue equipment	**1,445,401**	**21.13%**	1,295,849	21.28%
Logistics services	**2,077,869**	**7.05%**	747,545	7.03%
Finance and asset management	**1,473,514**	**39.15%**	755,113	34.67%
Recycled load	**1,142,000**	**18.98%**	413,622	13.62%
Others	**702,917**	**10.46%**	545,389	9.59%
Industrial city development *(Note)*	**–**	**–**	818,753	37.67%
Combined offset	**(270,263)**	**–**	4,069	–
Total	**29,520,031**	**18.03%**	13,444,212	14.28%

Note: Industrial city development became an associate of the Group in October 2020. The 2020 figures of industrial city development business cover the period from January 2020 to October 2020.

Non-operating Income

In 2021, the Group's non-operating income amounted to RMB123.969 million (2020: RMB248.615 million), representing a year-on-year decrease of 50.14%.

Research and Development Expenses

In 2021, the Group's research and development expenses amounted to RMB2,252.355 million (2020: RMB1,608.704 million), representing a year-on-year increase of 40.01%.

Sales Expenses

In 2021, the Group's sales expenses amounted to RMB2,758.879 million (2020: RMB1,990.076 million), representing a year-on-year increase of 38.63%.

General and Administrative Expenses

In 2021, the Group's general and administrative expenses amounted to RMB5,800.857 million (2020: RMB4,896.341 million), representing a year-on-year increase of 18.47%.

Financial Expenses

In 2021, the Group's financial expenses amounted to RMB1,507.266 million (2020: RMB2,096.553 million), representing a year-on-year decrease of 28.11%, mainly due to the decrease in the Group's interest expenses as compared with the same period last year resulted from a year-on-year decrease of loan interest rate and scale, as well as the net exchange losses for the year of the Group of RMB367.345 million (2020: net exchange losses of RMB648.699 million) decreased as compared with last year during the Reporting Period.

Provisions for Asset Impairment and Losses

During the Reporting Period, the asset impairment losses and credit impairment losses stated in the Group's income statement totalling RMB4,954.725 million (2020: RMB977.248 million), representing a year-on-year increase of 407.01%, mainly due to the provision for asset impairment made on relevant assets of offshore engineering business for the year. Due to the combined reason of the ongoing global COVID-19 pandemic, fluctuations in the international oil and gas industry, and accelerated transformation of the energy industry, the international oil companies remain cautious in oil and gas exploration and exploitation despite the oil prices have rebounded recently. Provisions for asset impairment of certain offshore engineering platforms leases held by the Company has been made due to their rental levels and utilisation rates were less than expected.

Income Tax Expenses

In 2021, the income tax expenses paid by the Group amounted to RMB4,934.291 million (2020: RMB1,278.666 million), representing a year-on-year increase of 285.89%, mainly due to the increase in business scale and profit before income tax for the year.

Profits Attributable to Minority Shareholders

In 2021, the Group's profits attributable to minority shareholders amounted to RMB1,695.445 million (2020: RMB662.127 million), representing a year-on-year increase of 156.06%, mainly due to the increase in profit or loss attributable to minority shareholders calculated based on the shareholding proportion of minority shareholders.

Cash Flows

Details of the cash flows of the Group during the Reporting Period are as follows:

Unit: RMB thousand

Item	2021	2020	Year-on-year change
Sub-total of cash inflows of operating activities	**167,014,837**	99,324,035	68.15%
Sub-total of cash outflows of operating activities	**146,440,182**	86,513,549	69.27%
Net cash flows from operating activities	**20,574,655**	12,810,486	60.61%
Sub-total of cash inflows of investing activities	**6,370,952**	2,123,983	199.95%
Sub-total of cash outflows of investing activities	**9,213,973**	5,662,787	62.71%
Net cash flows from investing activities	**(2,843,021)**	(3,538,804)	19.66%
Sub-total of cash inflows of financing activities	**24,282,188**	44,381,254	(45.29%)
Sub-total of cash outflows of financing activities	**36,469,166**	50,920,818	(28.38%)
Net cash flows from financing activities	**(12,186,978)**	(6,539,564)	(86.36%)
Net increase in cash and cash equivalents	**5,319,748**	2,550,355	108.59%

During the Reporting Period, the Group's net cash flows from operating activities increased by 60.61% as compared with the same period of last year, which was mainly due to the growth in revenue and the significant increase in sales revenue during the year. Net cash flows from financing activities decreased by 86.36% as compared with the same period of last year, due to the lower demand for external financing as a result of the increase in net cash inflows from operating activities and the redemption of other equity instruments during the year.

Liquidity and Financial Resources

The Group's cash at bank and on hand primarily consists of cash and bank deposits, mainly denominated in RMB and US dollars. As at 31 December 2021, the Group's cash at bank and on hand amounted to RMB16,442.733 million (31 December 2020: RMB12,181.415 million). The increase in cash at bank and on hand for the year was mainly attributable to the increase in business scale and sales collection during the year.

The Group's development funds primarily consist of cash derived from operation, bank loans and other borrowings. The Group's cash demands mainly come from production and operation, payment of matured liabilities, capital expenditure, payment of interests and dividends, and other unexpected cash demands. The Group has always adopted prudent financial management policies and maintained sufficient and appropriate amount of cash on hand to repay the bank loans due and ensure the development of our businesses.

Bank loans and other borrowings

As at 31 December 2021, the Group's short-term borrowings, non-current borrowings due within one year, debentures payable due within one year, long-term borrowings and debentures payable in aggregate amounted to RMB42,015.690 million (31 December 2020: RMB48,444.491 million).

Unit: RMB thousand

	31 December 2021	31 December 2020
Short-term borrowings	**7,204,671**	8,416,701
Non-current borrowings due within one year	**5,834,823**	12,358,104
Debentures payable due within one year	**6,089,486**	2,017,874
Long-term borrowings	**21,651,730**	19,562,326
Debentures payable	**1,234,980**	6,089,486
Total	**42,015,690**	48,444,491

In 2021, interest capitalised by the Group was RMB49.474 million (2020: RMB746.740 million).

The Group's bank borrowings are mainly denominated in US dollars, with the interest payments computed using fixed rates and floating rates. As at 31 December 2021, the Group's long-term interest-bearing debts are mainly RMB-denominated floating rate contracts amounted to RMB14,978.040 million (31 December 2020: RMB12,222.594 million). The interest rate range of the Group's short-term borrowings is 0.05% to 4.90% (31 December 2020: 1.11% to 4.90%), and the interest rate range of long-term borrowings is 1.19% to 5.25% (31 December 2020: 1.20% to 6.87%). As at the end of the Reporting Period, the Group's fixed-rate bank borrowings amounted to approximately RMB8,998.064 million (31 December 2020: approximately RMB14,441.604 million). The long-term borrowings are mainly matured within five years. There is no seasonal feature in respect of the Group's need for borrowing, which is mainly based on the Group's capital and business needs.

The Group's issued debentures are mainly denominated in RMB, with the interest payments computed using fixed rates. As at 31 December 2021, the outstanding balance of fixed-rate debentures issued by the Group amounted to RMB7,324.466 million (31 December 2020: RMB8,107.360 million). The maturity date of debentures is mainly distributed within one to five years.

Other Equity Instruments

Unit: RMB thousand

	31 December 2020	Issued in the year	Interest-bearing at par value	Payment in the year	31 December 2021
18 Hai Yun Ji Zhuang MTN002	2,006,165	–	84,499	(2,090,664)	–
18 Renewable Corporate Bonds (Tranche 1)	2,001,380	–	89,960	(2,091,340)	–
Perpetual debt investment contract	300,497	–	813	(301,310)	–
Total	**4,308,042**	**–**	**175,272**	**(4,483,314)**	**–**

	31 December 2019	Issued in the year	Interest-bearing at par value	Payment in the year	31 December 2020
18 Hai Yun Ji Zhuang MTN002	2,006,165	–	103,400	(103,400)	2,006,165
18 Renewable Corporate Bonds (Tranche 1)	2,001,380	–	97,000	(97,000)	2,001,380
Perpetual debt investment contract	–	2,000,000	73,579	(1,773,082)	300,497
Total	**4,007,545**	**2,000,000**	**273,979**	**(1,973,482)**	**4,308,042**

As at 31 December 2021, the Group redeemed all other equity instruments in issue.

Capital structure

The Group's capital structure consists of equity interest attributable to shareholders and liabilities. As at 31 December 2021, the Group's equity interest attributable to shareholders amounted to RMB56,980.090 million (31 December 2020: RMB53,853.844 million), total liabilities amounted to RMB97,342.411 million (31 December 2020: RMB92,357.667 million) and total assets amounted to RMB154,322.501 million (31 December 2020: RMB146,211.511 million).

As at 31 December 2021, the Group's gearing ratio was 63% (31 December 2020: 63%). The gearing ratios were calculated based on our total liabilities as at the respective dates divided by our total assets. The Group is committed to maintaining an appropriate combination of equity and debt in order to maintain an effective capital structure and provide maximum returns for shareholders of the Company.

Foreign exchange risk and relevant hedge

The major currency of the Group's business revenue is US dollars, while most of its expenditure is made in RMB. Currently, the Chinese government adopts a managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies, and RMB is still subject to control under the capital account. As the exchange rates of RMB are affected by domestic and international economic and political situations as well as the demand and supply of RMB, the exchange rates of RMB against other currencies may be different from the current rates in the future, the Group is exposed to potential foreign exchange risk arising from the exchange rate fluctuation in RMB against other currencies, which may affect the Group's operating results and financial condition. The management of the Group has closely monitored its foreign exchange risk and taken appropriate measures to avoid foreign exchange risk.

Interest rate risk

The Group is exposed to the market interest rate change risk relating to its interest-bearing bank loans and other borrowings. To minimize the impact of interest rate risk, the Group entered into interest rate swap contracts with certain banks. As at 31 December 2021, the Group held 4 unsettled interest rate swap contracts denominated in U.S. dollars, the nominal value of which amounted to a total of USD1,350 million. Their fair value of RMB8.446 million was accounted as liabilities. These contracts will expire on 30 March 2022.

Market Risks

For details of the Group's market risks, please refer to "5.3.3 Major Risk Factors in the Future Development of the Group" of "5.3 Business Prospects of the Group in 2022" in the Announcement.

Credit risk

The Group's exposures to credit risk are mainly attributable to cash at bank and on hand, accounts receivable and derivative financial instruments for the purpose of hedging. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, as in the balance sheet. Except for the financial guarantees given by the Group, the Group and the Company do not provide any other guarantees which would expose the Group or the Company to credit risk. Management will monitor these credit risk exposures on an ongoing basis.

Capital Commitments

As at 31 December 2021, the Group had capital expenditure commitments of approximately RMB7,197.686 million (31 December 2020: RMB118.935 million), which was mainly used for external investment contracts and building of vessels for sale or leasing. Please refer to note 15 to "8 Financial Report" in the Announcement for details.

Pledge of Assets

As at 31 December 2021, restricted assets of the Group amounted to a total of RMB5,633.991 million (31 December 2020: RMB9,465.867 million), with details summarised as follows:

Unit: RMB thousand

	Closing book value	**Reason for the restriction**
Cash at bank and on hand	1,282,863	Deposit, legal reserve deposited with the People's Bank of China and fixed deposits with maturity over three months, etc.
Notes receivables	41,700	Pledged
Receivables	6,400	Pledged
Receivables financing	58,623	Pledged
Long-term receivables	4,207,509	The underlying assets with legal rights were pledged for borrowing
Fixed assets	36,896	The transfer is subject to the approval of the Shenzhen Municipal People's Government and shall not be divided or leased
Total	5,633,991	

Significant Investments and Major Acquisitions and Disposals of Subsidiaries, Associated Companies and Joint Ventures

During the Reporting Period, the Group did not have any significant investment, major acquisition or disposal of subsidiaries, associated companies and joint ventures.

During the Reporting Period, no significant investment accounted for 5% or more of the total assets of the Company at the balance sheet date.

Future plans for significant investments, expected source of funding, capital expenditure and financial plan

The operating and capital expenditures of the Group are mainly financed by our own fund and external financing. Concurrently, the Group will take a prudent attitude in order to enhance its future operating cash flow. According to the changes in economic situation and operating environment, as well as the needs of the Group's strategic upgrade and business development, the capital expenditure of the Group is expected to be approximately RMB17.47 billion in 2022, mainly used in equity acquisition and the acquisition of fixed assets, intangible assets and other long-term assets etc. The Group will continue to consider various types of financing arrangements.

Provisions

	31 December 2020	Current year additions	Current year decrease	Currency translation differences	**31 December 2021**
Product warranties	1,060,950	576,311	(544,947)	(14,251)	**1,078,063**
Loss of pending actions	57,226	2,655	(52,940)	–	**6,941**
Relocation and liquidation compensation	186,821	24,366	(36,136)	–	**175,051**
Loss contract	32,420	69,862	(8,412)	(847)	**93,023**
Provisions for vehicle loan risks	38,966	87,320	(77,721)	–	**48,565**
Others	16,462	36,866	(20,707)	(9,471)	**23,150**
	1,392,845	797,380	(740,863)	(24,569)	**1,424,793**

(1) The Group provides after-sales repair warranty to the customers, ranging from two to seven years for containers, one year for trailers, one to seven years for tank equipments, one to two years for airport ground facilities and one year for offshore business after delivery of vessels. The Group will provide repair and maintenance services in accordance with sales contracts during the warranty period in the event of any non-accidental breakdown or quality problems. The balance of product warranties represents the Group's estimated obligation for such warranties of products sold out during the year and in the previous years.

(2) It is mainly the relocation and liquidation compensation that accrued by SCIMCEL and CIMC Burg B.V., the subsidiaries of the Group due to relocation and liquidation.

(3) Yantai Raffles undertakes construction contracts with customers. As the construction costs of some projects exceed the contracted prices, losses are expected to be incurred or the projects will be terminated and corresponding estimated loss are provided for based on the estimated loss amounts.

(4) As at 31 December 2021, subsidiaries of the Group provided guarantees for consumers in respect of vehicle financing. Under the terms of the financial guarantee contracts, subsidiaries of the Group act as guarantors of vehicle financing for consumers of the vehicles sold and are required to discharge their debts or assume liabilities in the event of default of the debtors. The Group does not expect that the credit risk of the above loan commitments has significantly increased since initial recognition, thus measures the allowance for those commitments at an amount equal to 12-month expected credit losses, which is included in current profit or loss at an amount of RMB9.714 million (2020: RMB6.690 million), representing the credit impairment loss at the first stage.

	Balance of the guarantee	**Expected credit loss rate in the next twelve months**	**Provision for impairment**	**Reason**
Guarantee for vehicle loan	2,723,443	1.78%	48,565	Note: Measured provision for commitments as 12-month expected credit losses

Employees and Remuneration Policies

As at 31 December 2021, there were approximately 51,746 employees of the Group, of which 5,163 were outside Mainland China (including Hong Kong, Macau and Taiwan) (31 December 2020: approximately 51,100 employees in total in the PRC). The total staff cost during the Reporting Period, including directors' remuneration, contribution to the retirement benefit schemes and share option incentive schemes, amounted to approximately RMB13,091.952 million (2020: approximately RMB8,828.911 million).

The Group provides salary and bonus payment to its employees based on their performance, position value, qualification, experience and market conditions. Other benefits include social insurance required by the Chinese government. The Group regularly reviews its remuneration policies, including directors' remuneration payable, and strives to formulate an improved incentive and assessment mechanism based on the operating results of the Group and the market conditions.

Employee training programme

The Company has built a multi-level and composite talent training system with its core human resources philosophy of "people-oriented and mutual business", including: new employees training, general skills training, professional training, leadership training programme and international talent training programme. Meanwhile, the Group has also provided its employees with ample career development opportunities. The Group, based on its requirements from the strategic development on the talents, has built its employees' career development path (such as management, engineering technology, lean, finance, audit, etc.) to conduct effective career management and clarify career development direction for its employees with a view to increasing their capabilities.

Employee pension scheme

The Group has provided employees with basic pension insurance arranged by local human resources and social security bureaus. The Group makes contributions to the pension insurance at the applicable rates monthly based on the amounts stipulated by the government organization. When employees retire, the local human resources and social security bureaus are responsible for the payment of the basic pension benefits to the retired employees. The amounts of pension insurance payable calculated according to the above regulations are recognised as liabilities during the accounting periods when the employees render services and are charged to profit or loss or capitalized in costs of related assets.

Setting up a trust scheme in light of the bonus balance fund operation under the profit sharing scheme by the Company

On 23 March 2020, the operation scheme of the Company to establish a trust plan by utilizing the surplus funds from the bonus balance of the profit sharing plan and make a contribution to the Partnership, which may be used by the Partnership to purchase H Shares of the Company in the secondary market, was considered and approved at the first meeting of the ninth session of the Board of the Company in 2020. The total scale of the fund for the operation scheme shall not exceed RMB343 million, the valid period of which is ten years commencing from the date of approval at the general meeting. The capital scale of the trust plan (first phase) under the Trust and Operation Scheme for Surplus Funds from the Profit Sharing Plan of CIMC Group (Draft) (the "**Operation Scheme**"), which is determined in accordance with the Operation Scheme, is RMB200 million, with the duration of five years. Such matter has been considered and approved at the 2019 annual general meeting, the first class meeting of A Shareholders for 2020 and the first class meeting of H Shareholders for 2020. As at 19 January 2021, the Company has completed the purchase of Shares under the First Phase of the Trust Plan and the lock-up period for the H Shares of the Company purchased is 12 months (i.e. from 20 January 2021 to 19 January 2022). As at the date of this announcement, the lock-up period for the First Phase of the Trust Plan had expired.

On 18 June 2021, as considered and approved at the 16th meeting of the ninth session of the Board of the Company in 2021, the Second Phase of the Trust Plan was established by utilizing the surplus funds of RMB143 million from the bonus balance of the profit sharing plan with a duration of 60 months in accordance with the operation plan approved at the annual general meeting of the Company in 2019. As at 8 October 2021, the Company has completed the purchase of Shares under the Second Phase of the Trust Plan and the lock-up period for the H Shares of the Company purchased is 12 months (i.e. from 28 September 2021 to 27 September 2022).

Dividend distribution

Based on the Group's 2021 operating results and taking into account the Group's overall financial position and cash flows, the Board recommended a final dividend of RMB0.69 for every one share (including applicable taxes) for the year of 2021, no bonus shares will be issued, and additional 5 new shares will be issued to all Shareholders for every 10 shares being held by way of conversion of capital reserves. The proposed dividend is expected to be payable on or around 18 August 2022. The proposed distribution plan of the final dividend of 2021 is subject to the shareholders' approval at the forthcoming annual general meeting of the Company for the year of 2021.

7 SIGNIFICANT EVENTS AND SUBSEQUENT SIGNIFICANT EVENTS

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

7.1 During the Reporting Period, PricewaterhouseCoopers served as the auditor and internal control auditor of the Company. The remuneration in respect of the audit and internal control audit work totaled RMB13.246 million (including: the auditing fees amounting to RMB11.046 million and the auditing fees for the internal control amounting to RMB2.2 million), mainly due to the provision of audit and internal control audit services as required by the Company.

7.2 On 9 March 2021, the Board received the written resignations from Mr. LIU Chong, a director of the Company, and Mr. GAO Xiang, a director of the Company. Mr. LIU Chong has tendered his resignation from the positions of director, vice-chairman and the member of the Strategy Committee of the Board of the Company due to the change in job assignments. Mr. LIU Chong will not take any position in the Company upon his resignation of the aforesaid positions. Mr. GAO Xiang has tendered his resignation from the position of director of the Company due to the change in job assignments. Mr. GAO Xiang's position as the president of the Company and other positions in the subsidiaries of the Company remain unchanged upon his resignation of the aforesaid position. The resignations of Mr. LIU Chong and Mr. GAO Xiang have taken effect from the date of the Board's receipt of their written resignations. On the same date, the Supervisory Committee of the Company received the written resignation from Mr. LIN Feng, the chairman of the Supervisory Committee. Mr. LIN Feng has tendered his resignation from the positions of chairman of the Supervisory Committee and the supervisor representing shareholder of the Company due to the change in work arrangement. Mr. LIN Feng will not take any position in the Company upon his resignation of the aforesaid positions. On 15 March 2021, the by-election of Mr. ZHU Zhiqiang (朱志強) and Mr. KONG Guoliang (孔國梁) as Directors of the Ninth Session of the Board and the by-election of Ms. SHI Lan (石瀾) as a supervisor representing shareholder of the Ninth Session of the Supervisory Committee were approved by the fifth meeting in 2021 of the ninth session of the Board and the first meeting in 2021 of the ninth session of the Supervisory Committee of the Company, respectively. On 7 April 2021, the matter was considered and approved at the second extraordinary general meeting for 2021.

7.3 On 29 March 2021, as considered and approved at the seventh meeting in 2021 of the ninth session of the Board of the Company, the Company amended certain articles of the Articles of Association and the Rules of Procedure for the General Meetings, which has been considered and approved at the annual general meeting for 2020 convened on 2 June 2021 by the Company.

7.4 On 29 March 2021, as considered and approved at the seventh meeting in 2021 of the ninth session of the Board of the Company, the Company proposed the registration issuance of debt financing instruments of the Association of Financial Market Institutional Investors with an issue size not exceeding a total of RMB12 billion. Such registration issuance has been considered and approved at the annual general meeting for 2020 convened on 2 June 2021 by the Company and is subject to the registration with the National Association of Financial Market Institutional Investors.

7.5 On 29 March 2021, Resolution Regarding the Appointment of the Senior Management and Resolution Regarding the Approval on Appointment of the Authorised Representative, Joint Company Secretary and Representative of Securities Affairs were considered and approved at the seventh meeting in 2021 of the ninth session of the Board of the Company. It was agreed to (1) re-appoint Mr. Huang Tianhua and Mr. Yu Yuqun as the vice presidents of the Company for a term of three years from the date of approval by the seventh meeting in 2021 of the ninth session of the Board and ending on the conclusion of the Board for 2024; appoint Mr. Wu Sanqiang as the secretary to the Board/a joint company secretary of the Company for a term of three years from 30 March 2021 and ending on the conclusion of the Board for 2024 according to the nomination by Mr. Mai Boliang (as chairman and CEO); (2) appoint Mr. Wu Sanqiang as an authorised representative of the Company under Rule 3.05 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited with effect from 30 March 2021. The capacity as an authorised representative of Mr. Mai Boliang, a director, remains unchanged. Ms. He Linying was appointed as the alternative authorised representative of the Company; (3) appoint Ms. He Linying as the representative of securities affairs of the Company and a joint company secretary with effect from 30 March 2021.

7.6 On 18 June 2021, the Resolution on Consideration of the Second Tranche Bonus Balance Fund Trust Scheme under the Profit Sharing Scheme was considered and approved at the sixteenth meeting in 2021 of the ninth session of the Board of the Company: approval of setting up the second tranche trust scheme with the bonus balance fund under the profit sharing scheme of RMB143 million pursuant to the Trust and Operation Scheme for Surplus Fund under the Profit Sharing Scheme of CIMC Group considered and approved at the annual general meeting for 2019; approval of the term of the second tranche trust scheme to be 60 months. On 21 June 2021, the Company issued the Trust Contract for CITIC Trust Zhongcuiying Trust Project Phase 202101 of China International Marine Containers (Group) Co., Ltd. (《中國國際海運集裝箱(集團)股份有限公司中信信託中萃盈信託項目202101期信託合同》). As at 27 September 2021, the Partnership under the second phase of the trust plan purchased 9,669,900 H Shares of the Company cumulatively through the Southbound Stock Connect in the secondary market, which accounted for 0.2690% of the total share capital of the Company. The actual transaction amount was HK$167,992,200 (tax and fees exclusive), which did not exceed the total amount of funds for the second phase of the trust plan considered and approved by the Board and the general meeting of the Company. The second phase of the trust plan of the Company has completed the purchase of shares. The Company's H shares purchased above are subject to a 12-month lock-up period, i.e. from 28 September 2021 to 27 September 2022.

7.7 On 30 June 2021, the Company and Yantai Guofeng Investment Holdings Group Co., Ltd. ("**Yantai Guofeng Group**") entered into the Strategic Cooperation Agreement between Yantai Guofeng Investment Holdings Group Co., Ltd. and China International Marine Containers (Group) Co., Ltd. on Joint Establishment of a Leading Platform for Development of Deep-sea Industry (the "**Strategic Cooperation Agreement**"). Both parties intend to integrate high-quality assets, to jointly promote the development of deep-sea industry. The Strategic Cooperation Agreement entered into is a framework cooperation agreement, the final implementation shall be subject to entering into a separate formal cooperation agreement, and there is still uncertainty. On 16 December 2021, as considered and approved at the thirtieth meeting in 2021 of the ninth session of the Board of the Company, it was agreed that CIMC Raffles Offshore (Singapore) Limited (中集來福士海洋工程(新加坡)私人有限公司), a non-wholly owned subsidiary of the Company, Southern CIMC, a wholly-owned subsidiary of the Company, and Yantai Guofeng Group further signed the Joint Venture Contract on the Joint Establishment of Yantai CIMC Raffles Marine Technology Group Co., Ltd. (煙台中集來福士海洋科技集團有限公司), and all parties will jointly fund the incorporation of Yantai CIMC Raffles Marine Technology Group Co., Ltd.

7.8 On 23 July 2021, the eighteenth meeting in 2021 of the ninth session of the Board of the Company considered and approved the Information Disclosure Management System of China International Marine Containers (Group) Co., Ltd. (《中國國際海運集裝箱(集團)股份有限公司信息披露管理制度》), the revised full text was published on Cninfo website (www.cninfo.com.cn) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

7.9 On 27 August 2021, the twenty-first meeting in 2021 of the ninth session of the Board of the Company considered and approved the relevant resolution on participating in the formation of China Ocean Engineering Equipment Technology Development Co., Ltd. ("**China Ocean Engineering**"). Ten enterprises, namely CIMC Offshore Engineering Co., Ltd. ("**CIMC Offshore Engineering**"), a wholly-owned subsidiary of the Company, and China State Shipbuilding Corporation Limited, China National Petroleum Corporation, China Petrochemical Corporation, China National Offshore Oil Corporation, China COSCO SHIPPING Corporation Limited, China Merchants Investment Development Company Limited, CRRC GROUP Co., Ltd., China Communications Construction Group (Limited) and Shanghai State-owned Capital Investment Co., Ltd. jointly funded the formation of China Ocean Engineering with a registered capital of RMB20 billion, with CIMC Offshore Engineering contributing RMB1.8 billion in cash to hold 9%.

7.10 On 27 September 2021, as considered and approved at the twenty-third meeting in 2021 of the ninth session of the Board of the Company, the Company and A.P.Møller–Mærsk A/S ("**APMM**") signed the Share Purchase Agreement – Maersk Container Industry, pursuant to which the Company acquired Maersk Container Industry ("**MCI**") under APMM. MCI includes two entities: Maersk Denmark Industry (丹麥馬士基工業公司) and Maersk Qingdao Container Industry Co., Ltd. (青島馬士基集裝箱工業有限公司) (the "**target company**"), and the purchase consideration for the entire equity interest is US$1,083.8 million (before adjustment of the consideration). Upon completion of this transaction, the target company will be included in the scope of the Group's consolidated financial statements and become a subsidiary of the Company.

7.11 On 23 November 2021, as considered and approved at the twenty-sixth meeting in 2021 of the ninth session of the Board of the Company, CIMC Financial Leasing introduced Shenzhen Capital Group, Shenzhen City Energy Group Co., Ltd. ("**Shenzhen Energy Group**") and Tianjin Kairuikang Enterprise Management Consulting Partnership (Limited Partnership) ("**Tianjin Kairuikang**") as strategic investors. On 23 November 2021, the Company signed the Equity Transfer Agreement with Shenzhen Capital Group, Shenzhen Energy Group and CIMC Financial Leasing; the Company and CIMC HK signed the Capital Increase Agreement with Shenzhen Capital Group, Tianjin Kairuikang and CIMC Financial Leasing. The Equity Transfer Agreement and the Capital Increase Agreement jointly stipulated that Shenzhen Capital Group, Shenzhen Energy Group and Tianjin Kairuikang, as strategic investors, would invest in CIMC Financial Leasing through the transfer of existing shares and capital increase. Upon completion of this transaction, the registered capital of CIMC Financial Leasing will be increased from RMB1,428,652,000.00 to RMB1,481,376,856.83. Shenzhen Capital Group and Shenzhen Energy Group will hold a total of 53.3185% of its equity interest, and Tianjin Kairuikang will hold a 1.2497% of its equity interest, as thus the total shareholding of the Company and CIMC HK in CIMC Financial Leasing will decrease to 45.4318%. Upon completion of this transaction, CIMC Financial Leasing will no longer be included in the Group's consolidated financial statements and become an associate of the Group. This transaction has been considered and approved at the fifth extraordinary general meeting in 2021 of the Company held on 30 December 2021.

7.12 On 9 December 2021, as considered and approved at the twenty-ninth meeting in 2021 of the ninth session of the Board of the Company, the Group and Sinotrans & CSC Holdings Co., Ltd. ("**Sinotrans & CSC**", together with its subsidiaries "**Sinotrans & CSC Group**") signed the Framework Agreement for Selling Goods and Providing/Accepting Services (the "**Framework Agreement**"), pursuant to which the Group will continue to provide Sinotrans & CSC Group with goods and services, and accept services provided by Sinotrans & CSC Group. The Framework Agreement stipulated the proposed cap amount of continuing connected transactions/routine related party transactions between both parties (1) from 1 December 2021 to 31 December 2021; (2) for the year ending 31 December 2022; and (3) for the year ending 31 December 2023. The independent directors of the Company have reviewed the matter and expressed independent opinions.

SIGNIFICANT EVENTS OF SUBSIDIARIES

7.13 On 25 January 2021, CIMC-TianDa officially delisted from the Hong Kong Stock Exchange by way of scheme of arrangement. On 16 April 2021, the Resolution on Proposed Listing of CIMC-TianDa Holdings Company Limited was considered and approved at the tenth meeting in 2021 of the ninth session of the Board of the Company, which approves: the planning of an initial public offering of RMB-denominated ordinary shares (A shares) of CIMC TianDa in the PRC and listing on the Shenzhen Stock Exchange by the Company, which has been considered and approved at the annual general meeting for 2020 convened on 2 June 2021 by the Company. CIMC-TianDa has submitted to the Shenzhen Stock Exchange its application documents relating to the initial public offering and listing of shares on the ChiNext Market recently, and received the Notice on the Acceptance of CIMC-TianDa Holdings Company Limited's Application Documents for the Initial Public Offering and Listing of Shares on the ChiNext Market (《關於受理中集天達控股有限公司首次公開發行股票並在創業板上市申請文件的通知》) (Shen Zheng Shang Shen [2021] No. 441) from the Shenzhen Stock Exchange on 28 September 2021.

7.14 On 5 February 2021, the relevant resolution on the application by CIMC Financial Leasing for offering of leasing asset-backed securities ABS was considered and approved at the second meeting in 2021 of the ninth session of the Board of the Company. According to the No-objection Letter Regarding the Compliance with Conditions on Listing on the Shenzhen Stock Exchange of the "Financial Leasing Asset-backed Securities Program with the 1-X Tranche of Small and Micro-Sized Vehicles of CIMC Financial Leasing" of Minmetals Securities (《關於五礦證券「中集租賃小微1-X期汽車融資租賃資產支持專項計劃」符合深交所掛牌條件的無異議函》) (Shen Zheng Han [2021] No. 510) issued by the Shenzhen Stock Exchange on 21 July 2021, the Shenzhen Stock Exchange approved the offering of the asset-backed securities program for Small and Micro-sized Vehicles Asset ABS by CIMC Financial Leasing in tranches in 24 months, in a total amount of not more than RMB2.0 billion and in not more than 12 tranches, and such securities were fully subscribed for on 3 September 2021. According to the No-objection Letter Regarding the Compliance with Conditions on Listing on the Shenzhen Stock Exchange of the "CMS－CIMC Leasing Phase 1 Asset-backed Special Program 2021" of China Merchants Assets Management (《關於招商資管「招商創融－中集租賃2021年第1期資產支持專項計劃」符合深交所掛牌條件的無異議函》) (Shen Zheng Han [2021] No. 488) issued by the Shenzhen Stock Exchange on 9 July 2021, the Shenzhen Stock Exchange approved the offering of the asset-backed securities program for Medical Asset ABS by CIMC Financial Leasing in 12 months and in a total amount of not more than RMB348 million, and such securities were fully subscribed for on 24 December 2021.

7.15 On 17 May 2021, the Resolution on Proposed Listing of CIMC Safeway Technologies Co., Ltd on the ChiNext Market of the Shenzhen Stock Exchange was considered and approved at the thirteenth meeting in 2021 of the ninth session of the Board of the Company, which agreed with the proposed offering of A shares by and listing of CIMC Safeway, a holding subsidiary of CIMC Enric on the ChiNext Market of the Shenzhen Stock Exchange, and the Company will vote in favor of resolution on the listing proposal at its special general meeting. CIMC Safeway Technologies has submitted application materials including the Prospectus of CIMC Safeway Technologies Co., Ltd for Initial Public Offering and Listing of Shares on the ChiNext Market (Application Proof) (《中集安瑞環科技股份有限公司首次公開發行股票並在創業板上市招股說明書（申報稿）》) to the Shenzhen Stock Exchange in relation to its A Share Offering, and received an acceptance notice from the Shenzhen Stock Exchange on 30 December 2021.

7.16 On 7 July 2021, CIMC Vehicles completed A Share Offering, and the A Shares of CIMC Vehicles will be listed and commence trading on the ChiNext Market of the Shenzhen Stock Exchange on 8 July 2021.

7.17 On 23 August 2021, the twentieth meeting in 2021 of the ninth session of the Board of the Company considered and passed the relevant resolution, and agreed that CIMC Wetrans Logistics Technology (Group) Co., Ltd. ("**CIMC Wetrans**", formerly known as "CIMC Modern Logistics Development Co., Ltd.", with the name changed on 21 July 2021), a majority-owned subsidiary of the Company, would participate in the tendering of 25% equity interest of Zhenhua Logistics Group Co., Ltd. with the reserve price of not more than RMB374,037,650. On 25 August 2021, CIMC Wetrans received the Notice on Confirmation of Qualifications of Transferee issued by China Beijing Equity Exchange Co., Ltd. CIMC Wetrans successfully won the bidding at the reserve price of RMB374,037,650. On 12 October 2021, CIMC Wetrans completed the payment.

7.18 On 9 November 2021, as considered and approved at the twenty-fifth meeting in 2021 of the ninth session of the Board of the Company, it was agreed that Shenzhen Enric would provide a shareholder's loan of RMB10 million to its associate company Angang CIMC (Yingkou) New Energy Technology Co., Ltd. (鞍鋼中集(營口)新能源科技有限公司) ("**Angang CIMC**"), which constituted an external financial assistance. Such financial assistance was used for the initial start-up costs and pre-market development of Angang CIMC for a term of one year with interest calculated at an annualised rate of 3.48%. The independent directors have conducted preliminary review and issued independent opinions.

SUBSEQUENT SIGNIFICANT EVENTS

7.19 On 18 February 2022, the Company has completed the issuance of the first tranche of medium term note for 2022 (the "**Tranche I Medium Term Note**"). The proceeds raised from the Tranche I Medium Term Note were fully received on 18 February 2022. The issuance amount was RMB2.0 billion and the issue rate was 3.21% per annum. China Merchants Bank Co., Ltd. is the lead underwriter of the Tranche I Medium Term Note and China International Capital Corporation Limited is the joint lead underwriter of the Tranche I Medium Term Note.

7.20 On 24 February 2022, the first meeting in 2022 of the ninth session of the Board of the Company considered and approved the proposed spin-off and domestic initial public offering of RMB ordinary shares (A shares) of CIMC Wetrans, a controlling subsidiary, and the listing of CIMC Wetrans on the Shenzhen Stock Exchange (the "**Spin-off and Listing**"); and authorised the management of the Company and CIMC Wetrans to commence the preliminary preparatory work for the spin-off and listing of CIMC Wetrans. The Spin-off and Listing will not result in the loss of control of the Company over CIMC Wetrans, and will not materially affect the continuous operations of other business segments of the Group, and will not jeopardize the Company's independent listing status and continuous profitability.

8 FINANCIAL REPORT

8.1 Explanation for Changes in Accounting Policies, Accounting Estimates and Calculation Method as Compared with Those for the Last Annual Report

☐Yes ✓ No

8.2 Contents, Amount Corrected, Reason and Impact of Material Accounting Errors

☐Yes ✓ No

8.3 Explanation for Change in Consolidated Scope Compared with the Last Annual Report

The change in scope of combination during the year was mainly due to the purchase of subsidiaries, the creation of new subsidiaries and the disposal of subsidiaries. The subsidiaries which were newly incorporated into the scope of combination during the year: CIMC Baochuang (Wuxi) Steel Co., Ltd., Jingbian Talentum Natural Gas Co., Ltd. and Yulin WXT Trade Co., Ltd.

8.4 Statements of the Board and the Supervisory Committee on the "Non-Standard Auditing Report" issued by the Accountant

☐Yes ✓ No

8.5 Financial Statements Prepared in Accordance with CASBE

8.5.1 Consolidated Balance Sheet (audited)

Unit: RMB thousand

	Note	**31 December 2021**	31 December 2020
ASSETS			
Current assets:			
Cash at bank and on hand		**16,442,733**	12,181,415
Financial assets held for trading		**445,432**	198,279
Derivative financial assets		**562,027**	768,058
Notes receivables	*4(1)*	**947,968**	362,002
Accounts receivables	*4(2)*	**25,491,181**	18,635,765
Receivables financing		**1,048,244**	1,544,177
Advances to suppliers		**3,447,421**	3,334,613
Other receivables		**4,779,626**	6,747,538
Inventories		**19,837,123**	15,472,164
Contract assets		**2,821,340**	2,383,663
Assets held for sale		**–**	50,832
Current portion of non-current assets		**3,707,125**	4,149,537
Other current assets		**1,927,159**	1,313,698
Total current assets		**81,457,379**	67,141,741
Non-current assets:			
Long-term receivables		**7,918,001**	11,977,276
Long-term equity investments		**8,469,457**	9,098,584
Other equity investments		**1,167,141**	1,171,358
Other non-current financial assets		**330,600**	102,490
Investment properties		**1,386,085**	1,437,970
Fixed assets		**34,995,382**	35,311,661
Construction in progress		**9,071,776**	9,833,329
Intangible assets		**4,543,742**	4,812,178
Right-of-use assets		**864,559**	785,044
Development expenditures		**–**	60,765
Goodwill		**2,268,466**	2,177,426
Long-term prepaid expenses		**503,454**	558,382
Deferred tax assets		**1,265,807**	1,674,329
Other non-current assets		**80,652**	68,978
Total non-current assets		**72,865,122**	79,069,770
TOTAL ASSETS		**154,322,501**	146,211,511

8.5.1 Consolidated Balance Sheet (audited) (Continued)

Unit: RMB thousand

	Note	**31 December 2021**	31 December 2020
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings		**7,204,671**	8,416,701
Derivative financial liabilities		**691,856**	747,781
Financial liabilities held for trading		**38,134**	20,000
Notes payables	*5(a)*	**5,215,721**	3,829,510
Accounts payables	*5(b)*	**17,504,738**	13,447,074
Advances from customers		**16,941**	4,070
Contract liabilities		**7,427,329**	6,101,765
Employee benefits payable		**4,534,703**	3,366,392
Taxes payable		**2,870,290**	1,483,209
Other payables		**9,382,139**	7,089,596
Provisions		**1,424,793**	1,392,845
Current portion of non-current liabilities		**12,434,293**	14,585,373
Other current liabilities		**676,994**	410,712
Total current liabilities		**69,422,602**	60,895,028
Non-current liabilities:			
Long-term borrowings		**21,651,730**	19,562,326
Debentures payable		**1,234,980**	6,089,486
Lease liabilities		**442,036**	617,794
Long-term payables		**829**	71,994
Deferred income		**976,247**	1,177,661
Deferred tax liabilities		**3,610,921**	3,882,302
Other non-current liabilities		**3,066**	61,076
Total non-current liabilities		**27,919,809**	31,462,639
Total liabilities		**97,342,411**	92,357,667

8.5.1 Consolidated Balance Sheet (audited) (Continued)

Unit: RMB thousand

	Note	**31 December 2021**	31 December 2020
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity:			
Share capital		**3,595,014**	3,595,014
Other equity instruments		**–**	4,308,042
Including: Perpetual bonds		**–**	4,308,042
Capital reserve		**5,524,096**	5,463,205
Other comprehensive income		**784,890**	920,769
Surplus reserve		**3,587,597**	3,587,597
Undistributed profits	*6*	**31,627,036**	26,142,889
Total equity attributable to shareholders and other equity holders of the Company		**45,118,633**	44,017,516
Minority interests		**11,861,457**	9,836,328
Total shareholders' equity		**56,980,090**	53,853,844
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**154,322,501**	146,211,511

8.5.2 Balance Sheet (audited)

Unit: RMB thousand

	Note	**31 December 2021**	31 December 2020
ASSETS			
Current assets:			
Cash at bank and on hand		**3,096,658**	913,332
Derivative financial assets		**67,817**	100,995
Accounts receivables		**36,562**	138,810
Other receivables		**24,337,668**	26,634,674
Total current assets		**27,538,705**	27,787,811
Non-current assets:			
Other equity investments		**652,408**	621,535
Long-term equity investments		**13,042,921**	13,951,286
Investment properties		**118,573**	118,265
Fixed assets		**121,927**	127,818
Construction in progress		**35,208**	36,224
Intangible assets		**134,292**	108,757
Long-term prepaid expenses		**1,337**	5,129
Total non-current assets		**14,106,666**	14,969,014
TOTAL ASSETS		**41,645,371**	42,756,825

8.5.2 Balance Sheet (audited) (Continued)

Unit: RMB thousand

	Note	**31 December 2021**	31 December 2020
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings		**360,000**	3,255,949
Derivative financial liabilities		**939**	–
Employee benefits payable		**277,511**	59,346
Taxes payable		**14,970**	18,805
Other payables		**7,117,247**	1,259,633
Current portion of non-current liabilities		**9,355,935**	3,738,326
Total current liabilities		**17,126,602**	8,332,059
Non-current liabilities:			
Long-term borrowings		**3,850,904**	4,807,935
Debentures payable		**–**	6,089,486
Deferred income		**6,450**	10,500
Total non-current liabilities		**3,857,354**	10,907,921
Total liabilities		**20,983,956**	19,239,980
Shareholders' equity:			
Share capital		**3,595,014**	3,595,014
Other equity instruments		**–**	4,308,042
Including: Perpetual bonds		–	4,308,042
Capital reserve		**2,812,956**	2,831,352
Other comprehensive income		**383,171**	352,298
Surplus reserve		**3,587,597**	3,587,597
Undistributed profits		**10,282,677**	8,842,542
Total shareholders' equity		**20,661,415**	23,516,845
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**41,645,371**	42,756,825

8.5.3 Consolidated Income Statement (audited)

Unit: RMB thousand

Items			Note	2021	2020
I.	**Revenue**		*7*	**163,695,980**	94,159,083
	Less:	Cost of sales	*7*	**134,175,949**	80,714,871
		Taxes and surcharges		**634,267**	709,016
		Selling and distribution expenses		**2,758,879**	1,990,076
		General and administrative expenses		**5,800,857**	4,896,341
		Research and development expenses		**2,252,355**	1,608,704
		Financial expenses		**1,507,266**	2,096,553
		Including: Interest expenses		**1,368,524**	1,592,103
		Interest income		**350,218**	319,578
		Asset impairment losses	*8*	**4,323,981**	582,437
		Credit impairment losses	*9*	**630,744**	394,811
	Add:	Other income		**646,885**	712,117
		Investment income		**1,268,093**	5,300,880
		Including: Share of (loss)/profit of associates and joint ventures		**(235,331)**	473,599
		Fair value (losses)/gains		**(72,013)**	144,853
		Gains on disposals of assets	*10*	**16,902**	115,503
II.	**Operating profit**			**13,471,549**	7,439,627
	Add:	Non-operating income		**123,969**	248,615
	Less:	Non-operating expenses		**300,459**	397,836
III.	**Profit before income tax**			**13,295,059**	7,290,406
	Less:	Income tax expenses	*11*	**4,934,291**	1,278,666
IV.	**Net profit**			**8,360,768**	6,011,740
	Classified by business continuity				
	Net profit from continuing operations			**8,360,768**	1,196,597
	Net profit from discontinued operations			**–**	4,815,143
	Classified by ownership				
	Owners of the Company			**6,665,323**	5,349,613
	Non-controlling interests			**1,695,445**	662,127

8.5.3 Consolidated Income Statement (audited) (Continued)

Unit: RMB thousand

Items		*Note*	**2021**	2020
V.	**Other comprehensive income, net of tax**		**(236,094)**	(1,011,469)
	Attributable to shareholders and other equity holders of the Company		**(135,879)**	(794,557)
	Items that will not be reclassified to profit or loss		**(18,118)**	(131,175)
	Changes in fair value of other equity investments		**(18,118)**	(131,175)
	Items that may be reclassified subsequently to profit or loss		**(117,761)**	(663,382)
	Changes in fair value of other debt investments		**–**	(2,282)
	Reserves for cash flow hedges		**–**	(2,578)
	The share of other comprehensive income that will be reclassified into profit or loss in the equity method		**(288)**	(7,925)
	Transfer of other comprehensive income from the sale of investment properties		**–**	(352,050)
	Currency translation differences		**(117,473)**	(298,547)
	Minority interests		**(100,215)**	(216,912)
VI.	**Total comprehensive income**		**8,124,674**	5,000,271
	Attributable to shareholders and other equity holders of the Company		**6,529,444**	4,555,056
	Minority interests		**1,595,230**	445,215
VII.	**Earnings per share**			
	Basic earnings per share (RMB)		**1.81**	1.41
	Diluted earnings per share (RMB)		**1.80**	1.41

8.5.4 Income Statement (audited)

Unit: RMB thousand

Items		Note	2021	2020
I.	**Revenue**		**436,889**	238,648
	Less: Cost of sales		**3,097**	–
	Taxes and surcharges		**10,274**	8,559
	General and administrative expenses		**624,931**	183,541
	Research and development expenses		**2,185**	3,168
	Financial income		**893,384**	1,171,948
	Including: Interest expenses		**693,629**	770,096
	Interest income		**20,873**	38,405
	Asset impairment losses		**1,430,593**	–
	Credit impairment losses		**285,813**	
	Add: Other income		**9,161**	28,429
	Investment Income		**5,447,274**	3,612,823
	Fair value (losses)/gains		**(33,809)**	100,512
	(Losses)/gains of disposal of assets		**(1,306)**	3,177
II.	**Operating profit**		**2,607,932**	2,616,373
	Add: Non-operating income		**18,849**	387
	Less: Non-operating expenses		**5,470**	376
III.	**Profit before income tax**		**2,621,311**	2,616,384
	Less: Income tax expenses		**–**	56,075
IV.	**Net profit**		**2,621,311**	2,560,309
	Classified by business continuity			
	Net profit from continuing operations		**2,621,311**	2,560,309
	Net profit from discontinued operations		**–**	–
V.	**Other comprehensive income, net of tax**		**30,873**	(118,202)
	Items that will not be reclassified to profit or loss		**30,873**	(118,202)
	Changes in fair value of other equity investments		**30,873**	(118,202)
VI.	**Total comprehensive income**		**2,652,184**	2,442,107

8.5.5 Consolidated Cash Flow Statement (audited)

Unit: RMB thousand

Items		*Note*	**2021**	2020
I.	**Cash flows from operating activities**			
	Cash received from sales of goods or rendering of services		**156,438,030**	95,689,030
	Refund of taxes and surcharges		**6,368,331**	1,991,720
	Cash received relating to other operating activities		**4,208,476**	1,643,285
	Sub-total of cash inflows		**167,014,837**	99,324,035
	Cash paid for goods and services		**125,264,769**	70,978,896
	Cash paid to and on behalf of employees		**11,998,225**	8,863,247
	Payments of taxes and surcharges		**4,578,363**	3,233,138
	Cash paid relating to other operating activities		**4,598,825**	3,438,268
	Sub-total of cash outflows		**146,440,182**	86,513,549
	Net cash inflows from operating activity		**20,574,655**	12,810,486
II.	**Cash flows from investing activities**			
	Cash received from disposal of investments		**2,237,549**	696,412
	Cash received from returns on investments		**1,738,009**	496,170
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**858,803**	931,401
	Net cash received from disposal of subsidiaries		**1,536,591**	–
	Sub-total of cash inflows from investing activities		**6,370,952**	2,123,983
	Net cash outflows from disposal of subsidiaries		**–**	1,197,764
	Cash paid to acquire fixed assets, intangible assets and other long-term assets		**6,683,162**	3,318,846
	Cash paid to acquire investments		**2,508,029**	1,056,476
	Net cash paid to acquire subsidiaries		**22,782**	89,701
	Sub-total of cash outflows		**9,213,973**	5,662,787
	Net cash outflows from investing activities		**(2,843,021)**	(3,538,804)

8.5.5 Consolidated Cash Flow Statement (audited) (Continued)

Unit: RMB thousand

Items	*Note*	**2021**	2020
III. Cash flows from financing activities			
Cash received from capital contributions		**2,389,431**	1,473,310
Including: Cash received from capital contributions by minority shareholders of subsidiaries		**2,389,431**	1,389,679
Cash received from borrowings		**20,178,568**	38,421,082
Cash received from issuing bonds		**1,356,055**	2,000,000
Cash received relating to other financing activities		**358,134**	2,486,862
Sub-total of cash inflows		**24,282,188**	44,381,254
Cash repayments of borrowings		**27,379,362**	46,488,402
Cash payments for redemption of other equity instruments		**4,318,396**	–
Cash payments for distribution of dividends or profits and interest expenses		**2,832,788**	3,474,547
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries		**599,073**	817,571
Cash payments relating to other financing activities		**1,938,620**	957,869
Sub-total of cash outflows		**36,469,166**	50,920,818
Net cash outflows from financing activities		**(12,186,978)**	(6,539,564)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		**(224,908)**	(181,763)
V. Net increase in cash and cash equivalents		**5,319,748**	2,550,355
Add: Cash and cash equivalents at the beginning of the year		**11,210,240**	8,659,885
VI. Cash and cash equivalents at the end of the year		**16,529,988**	11,210,240

8.5.6 Cash Flow Statement (audited)

Unit: RMB thousand

Items		*Note*	**2021**	2020
I.	**Cash flows from operating activities**			
	Cash received from sales of goods or rendering of services		**559,905**	422,561
	Cash received relating to other operating activities		**100,855**	1,376,588
	Sub-total of cash inflows		**660,760**	1,799,149
	Cash paid to and on behalf of employees		**347,697**	334,432
	Payments of taxes and surcharges		**74,657**	69,775
	Cash paid relating to other operating activities		**188,498**	2,198,290
	Sub-total of cash outflows		**610,852**	2,602,497
	Net cash outflows from/(used in) operating activities		**49,908**	(803,348)
II.	**Cash flows from investing activities**			
	Cash received from disposal of investments		**18,791,849**	1,100,000
	Cash received from returns on investments		**5,650,084**	3,127,837
	Net cash received from disposal of fixed assets		**360**	3,859
	Net Cash received from disposal of subsidiaries		**1,522,111**	338,353
	Sub-total of cash inflows		**25,964,404**	4,570,049
	Cash paid to acquire fixed assets and other long-term assets		**35,432**	26,495
	Net cash paid for investment and establishment of subsidiaries		**1,571,428**	1,357,141
	Cash paid for other investment activities		**14,593,596**	8,899
	Sub-total of cash outflows		**16,200,456**	1,392,535
	Net cash inflows from investing activities		**9,763,948**	3,177,514

8.5.6 Cash Flow Statement (audited) (Continued)

Unit: RMB thousand

Items		Note	2021	2020
III.	**Cash flows from financing activities**			
	Cash received from investment		**–**	93,620
	Cash received from borrowings		**3,340,000**	23,260,443
	Cash received from issuing bonds		**–**	2,000,000
	Cash received relating to other financing activities		**4,784,660**	–
	Sub-total of cash inflows		**8,124,660**	25,354,063
	Cash repayments of borrowings		**7,628,548**	25,873,895
	Redemption of other equity instruments		**4,318,396**	–
	Cash payments for distribution of dividends or profits and interest expenses		**1,807,756**	1,394,153
	Cash payments relating to other financing activities		**2,001,881**	18,149
	Sub-total of cash outflows		**15,756,581**	27,286,197
	Net cash outflows from financing activities		**(7,631,921)**	(1,932,134)
IV.	**Effect of foreign exchange rate changes on cash and cash equivalents**		**(2,202)**	(2,534)
V.	**Net increase in cash and cash equivalents**		**2,179,733**	439,498
	Add: Cash and cash equivalents at the beginning of the year		**892,464**	452,966
VI.	**Cash and cash equivalents at the end of the year**		**3,072,197**	892,464

8.5.7 Consolidated Statement of Changes in Shareholders' Equity (audited)

Unit: RMB thousand

Items	2021 Attributable to shareholders and other equity holders of the Company: Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interest	Total shareholders' equity	2020 Attributable to shareholders and other equity holders of the Company: Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interest	Total shareholders' equity
I. Balance at 31 December 2020	**3,595,014**	**4,308,042**	**5,463,205**	**920,769**	**3,587,597**	**26,142,889**	**9,836,328**	**53,853,844**	3,584,504	4,007,545	4,881,311	1,715,326	3,582,343	21,482,857	15,784,092	55,037,978
Change in accounting policies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-	-	-	-
II. Balance at 1 January 2021	**3,595,014**	**4,308,042**	**5,463,205**	**920,769**	**3,587,597**	**26,142,889**	**9,836,328**	**53,853,844**	3,584,504	4,007,545	4,881,311	1,715,326	3,582,343	21,482,857	15,784,092	55,037,978
III. Movements for the year																
(I) Total comprehensive income																
1. Net profit	**-**	**175,272**	**-**	**-**	**-**	**6,490,051**	**1,695,445**	**8,360,768**	-	273,979	-	-	-	5,075,634	662,127	6,011,740
2. Other comprehensive income	**-**	**-**	**-**	**(135,879)**	**-**	**-**	**(100,215)**	**(236,094)**	-	-	-	(794,557)	-	-	(216,912)	(1,011,469)
Sub-total of 1&2	**-**	**175,272**	**-**	**(135,879)**	**-**	**6,490,051**	**1,595,230**	**8,124,674**	-	273,979	-	(794,557)	-	5,075,634	445,215	5,000,271
(II) Capital contribution and withdrawal by owners																
1. Increase in capital reserve resulted from share option exercised by company	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	10,510	-	73,122	-	-	-	-	83,632
2. Contributions by minority Shareholders	**-**	**-**	**46,097**	**-**	**-**	**-**	**2,021,722**	**2,067,819**	-	-	501,092	-	-	-	863,538	1,364,630
3. Increase in minority interests resulted from acquisition or establishment of subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**282,940**	**282,940**	-	-	-	-	-	-	97,262	97,262
4. Decrease in capital reserve resulted from acquisition of minority interest	**-**	**-**	**(154,414)**	**-**	**-**	**-**	**(1,250,235)**	**(1,404,649)**	-	-	(103,943)	-	-	-	(576,145)	(680,088)
5. Disposal of subsidiaries (loss of control)	**-**	**-**	**-**	**-**	**-**	**-**	**(53,426)**	**(53,426)**	-	-	-	-	-	-	(5,961,178)	(5,961,178)
6. Increase in capital reserve resulted from share option exercised by subsidiaries	**-**	**-**	**(22,957)**	**-**	**-**	**-**	**61,629**	**38,672**	-	-	(763)	-	-	-	(2,009)	(2,772)

8.5.7 Consolidated Statement of Changes in Shareholders’ Equity (audited) (Continued)

Unit: RMB thousand

Items	2021 Attributable to shareholders and other equity holders of the Company: Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interest	Total shareholders’ equity	2020 Attributable to shareholders and other equity holders of the Company: Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interest	Total shareholders’ equity
7. Increase in shareholders’ equity resulted from share-based payments	-	-	68,523	-	-	-	4,384	72,907	-	-	103,958	-	-	-	537	104,495
8. Issuance of other equity instruments	-	-	-	-	-	-	-	-	-	2,000,000	-	-	-	-	-	2,000,000
9. Redemption of other equity instruments	-	(4,300,000)	(18,396)	-	-	-	-	(4,318,396)	-	(1,700,000)	-	-	-	-	-	(1,700,000)
10. Issuance of convertible bonds by subsidiaries	-	-	123,944	-	-	-	-	123,944	-	-	-	-	-	-	-	-
11. Others	-	-	18,094	-	-	-	-	18,094	-	-	8,428	-	-	20,000	-	28,428
(III) Profit distribution																
1. Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	5,254	(5,254)	-	-
2. Profit distribution to shareholders	-	-	-	-	-	(1,005,904)	(637,115)	(1,643,019)	-	-	-	-	-	(430,348)	(814,984)	(1,245,332)
3. Interest paid on other equity instruments	-	(183,314)	-	-	-	-	-	(183,314)	-	(273,482)	-	-	-	-	-	(273,482)
IV. Balance at 31 December 2021	3,595,014	-	5,524,096	784,890	3,587,597	31,627,036	11,861,457	56,980,090	3,595,014	4,308,042	5,463,205	920,769	3,587,597	26,142,889	9,836,328	53,853,844

8.5.8 Statement of Changes in Shareholders' Equity (audited)

Unit: RMB thousand

Item	2021 Share capital	2021 Other equity instruments	2021 Capital surplus	2021 Other comprehensive income	2021 Surplus reserve	2021 Undistributed profits	2021 Total shareholders' equity	2020 Share capital	2020 Other equity instruments	2020 Capital surplus	2020 Other comprehensive income	2020 Surplus reserve	2020 Undistributed profits	2020 Total shareholders' equity
I. Balance at 31 December 2020	**3,595,014**	**4,308,042**	**2,831,352**	**352,298**	**3,587,597**	**8,842,542**	**23,516,845**	3,584,504	4,007,545	2,758,230	470,500	3,582,343	6,991,814	21,394,936
Change in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at 1 January 2021	**3,595,014**	**4,308,042**	**2,831,352**	**352,298**	**3,587,597**	**8,842,542**	**23,516,845**	3,584,504	4,007,545	2,758,230	470,500	3,582,343	6,991,814	21,394,936
III. Movements for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(I) Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Net profit	-	**175,272**	-	-	-	**2,446,039**	**2,621,311**	-	273,979	-	-	-	2,286,330	2,560,309
2. Other comprehensive income	-	-	-	**30,873**	-	-	**30,873**	-	-	-	(118,202)	-	-	(118,202)
Sub-total of 1&2	-	**175,272**	-	**30,873**	-	**2,446,039**	**2,652,184**	-	273,979	-	(118,202)	-	2,286,330	2,442,107
(II) Capital contribution and withdrawal by owners	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Increase in shareholders' equity resulted from share-based payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Increase in capital reserve resulted from share option exercised by company	-	-	-	-	-	-	-	10,510	-	73,122	-	-	-	83,632
3. Issuance of other equity instruments	-	-	-	-	-	-	-	-	2,000,000	-	-	-	-	2,000,000
4. Redemption of other equity instruments	-	**(4,300,000)**	**(18,396)**	-	-	-	**(4,318,396)**	-	(1,700,000)	-	-	-	-	(1,700,000)
5. Increase in capital from capital reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-	-	5,254	(5,254)	-
2. Profit distribution to shareholders	-	-	-	-	-	**(1,005,904)**	**(1,005,904)**	-	-	-	-	-	(430,348)	(430,348)
3. Interest paid on other equity instruments	-	**(183,314)**	-	-	-	-	**(183,314)**	-	(273,482)	-	-	-	-	(273,482)
IV. Balance at 31 December 2021	**3,595,014**	-	**2,812,956**	**383,171**	**3,587,597**	**10,282,677**	**20,661,415**	3,595,014	4,308,042	2,831,352	352,298	3,587,597	8,842,542	23,516,845

NOTES:

1. BASIS OF PREPARATION

The financial statements were prepared in accordance with the Basic Standard of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006, and the specific accounting standards and the relevant regulations issued thereafter (hereinafter collectively referred to as the "**Accounting Standards for Business Enterprises**") and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Rules on Financial Reporting issued by the China Securities Regulatory Commission.

The financial statements are prepared on a going concern basis.

Certain matters in these financial statements have been disclosed in accordance with the requirements of Hong Kong Companies Ordinance. The Company's accounting year starts from 1 January to 31 December.

2. STATEMENT OF COMPLIANCE WITH THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The 2021 annual financial statements of the Company are in compliance with the Accounting Standards for Business Enterprises, and truly and completely reflect the financial position of the Consolidated and the Company as of 31 December 2021 and of their financial performance, cash flows and other information for the year then ended.

3. PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The scope of consolidated financial statements is determined based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control refers to that the group has rights in the invested entity, and could gain returns through its involvement with the entity as well as has the ability to affect those returns through its power over the entity. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where a subsidiary was acquired through a business combination involving enterprises under common control, in the preparation of the consolidated financial statements, the financial statements of the subsidiary are included in the consolidated financial statements as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated. In the preparation of the consolidated financial statements, the subsidiary's assets and liabilities based on their carrying amounts are included in the consolidated balance sheet, and financial performance is included in the consolidated income statement with the net profit of the subsidiary realised before the combination being presented separately, respectively, from the date that the ultimate parent company of the Company obtains the control of the subsidiary to be consolidated.

Where a subsidiary was acquired, through a business combination involving enterprises not under common control, in the preparation of the consolidated financial statements, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the acquisition date, based on the fair value of those identifiable assets and liabilities at the acquisition date.

For a business combination not involving enterprises under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its fair value at the acquisition date. The difference between the fair value and the carrying amount is recognised as investment income for the current period; the amount recognised in other comprehensive income relating to the previously-held equity interest in the acquiree is transferred to investment income as at the acquisition date.

3. PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Where the Company acquires a minority interest from a subsidiary's minority shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the amount by which the minority interests are adjusted and the amount of the consideration paid or received is adjusted to the capital premium in the capital reserve (capital surplus) in the consolidated balance sheet. If the capital premium in the capital reserve (capital surplus) is insufficient, any excess is adjusted to retained earnings.

When the Group loses control of a subsidiary due to the disposal of a portion of an equity investment, the Group derecognises assets, liabilities, minority interests and other related items in owners' equity in relation to that subsidiary. The remaining equity investment is remeasured at its fair value at the date when control is lost. Any gains or losses therefore incurred are recognised as investment income for the current period when control is lost.

When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of shareholders' equity of the subsidiary, the excess is allocated against the minority interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's accounting period or accounting policies.

All significant inter-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of a subsidiary's equity and the portion of a subsidiary's net profit and losses for the period as well as comprehensive income not attributable to the Company are recognised as minority interests, profit or loss attributable to minority interests as well as total comprehensive income attributable to minority interests presented separately in the consolidated financial statements under shareholder's equity and net profit as well as total comprehensive income respectively. When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of shareholders' equity of the subsidiary, the excess is allocated against the minority interests. The unrealised profit and losses arising from sales of assets to subsidiaries by the Company are fully eliminated against net profit attributable to members of the parent company. The unrealised profit and losses arising from sales of assets to the Company by subsidiaries are eliminated against net profit attributable to members of the parent company as well as profit or loss attributable to minority interests respectively according to the Company and minority interests' shareholding on the subsidiaries. The unrealised profit and losses arising from sales of assets between subsidiaries are eliminated against net profit attributable to members of the parent company as well as profit or loss attributable to minority interests respectively according to the Company and minority interests' shareholdings on such subsidiary.

The difference on recognising a same transaction between on the accounting subjects of the Group and of the Company or its subsidiaries would be adjusted on the accounting subject of the Group.

4(1) NOTES RECEIVABLES

Unit: RMB thousand

	31 December 2021	31 December 2020
Bank acceptance notes	**685,874**	307,852
Trade acceptance notes	**263,721**	63,043
Less: provision for bad debts	**(1,627)**	(8,893)
Total	**947,968**	362,002

(a) As at 31 December 2021 the pledged notes receivables stated in notes receivables of the Group were as follows:

Unit: RMB thousand

	31 December 2021
Bank acceptance notes	**41,700**
Trade acceptance notes	**–**
	41,700

(b) As at 31 December 2021, outstanding notes receivables endorsed or discounted by the Group presented in notes receivables are as follows:

Unit: RMB thousand

	Derecognised	**Not derecognised**
Bank acceptance notes (i)	**626,907**	**215,569**
Trade acceptance notes	**–**	**41,911**
	626,907	**257,480**

(i) In 2021, only a few bank acceptance notes receivables were endorsed or discounted by some subsidiaries of the Group and derecognized, so they are still classified as financial assets measured at amortized cost. In addition, Due to the needs of daily fund management, some subsidiaries of the Group discounted and endorsed part of bank acceptance notes. The Group therefore classified notes receivables as financial assets at fair value through other comprehensive income, and listed as receivables financing.

(c) Provision for bad debts

The Group's notes receivables are generated from daily business activities such as sales of goods and provision of services. No matter whether there is significant financing component or not, the provision for loss is measured according to the expected credit loss of the whole duration. On 31 December 2021, the Group measured provision for bad debts as lifetime expected credit losses of RMB1,627,000 (31 December 2020: RMB8,893,000).

4(2) ACCOUNTS RECEIVABLES

Unit: RMB thousand

	31 December 2021	31 December 2020
Accounts receivables	**26,931,012**	19,844,720
Less: provision for bad debts	**(1,439,831)**	(1,208,955)
	25,491,181	18,635,765

(a) The aging analysis of accounts receivables according to the date of its entry is as follows:

Unit: RMB thousand

	31 December 2021	31 December 2020
Within 1 year (inclusive)	**24,567,260**	17,274,835
1 to 2 years (inclusive)	**1,090,772**	1,451,498
2 to 3 years (inclusive)	**955,662**	518,065
Over 3 years	**317,318**	600,322
Sub-total	**26,931,012**	19,844,720

(b) As at 31 December 2021, the combined analysis of the top five accounts receivables balances collected based on default parties was as follows:

Unit: RMB thousand

	Balance	**Amount of provision for bad debts**	**Percentage of the total balance of accounts receivable**
Total amount of the top five accounts receivables balances	6,973,351	10,570	25.89%

4(2) ACCOUNTS RECEIVABLES (CONTINUED)

(c) The analysis of accounts receivables derecognised due to transfer of financial assets was as follows:

In 2021 and 2020, the Group has no accounts receivables derecognized due to transfer of financial assets.

(d) Provision for bad debts

For accounts receivables, whether there is significant financing component or not, the Group measures the loss provisions for the expected credit loss during the whole duration.

(i) As at 31 December 2021, accounts receivables with amounts that the related provision for bad debts was set aside on the individual basis are analysed as follows:

Unit: RMB thousand

	Book balance	Lifetime expected credit losses rate	Provision for bad debts	Reason
Containers manufacturing	55,009	100.00%	55,009	
Energy, chemical and liquid food equipment	151,026	45.28%	68,392	Measured provision as lifetime expected credit losses
Offshore engineering	8,972	100.00%	8,972	
Airport facilities and logistics equipment, fire safety and rescue equipment business	170,254	89.16%	151,802	
Logistics services	9,944	100.00%	9,944	
Others	548,280	55.36%	303,542	
	943,485		597,661	

(ii) As at 31 December 2021, accounts receivables that are assessed for impairment on a collective group basis are as follows:

Unit: RMB thousand

Collectively assessed 1 – Containers manufacturing:

	31 December 2021			31 December 2020		
	Book balance	**Provision for bad debts**		Book balance	Provision for bad debts	
	Amount	**Lifetime expected credit losses rate**	**Amount**	Amount	Lifetime expected credit losses rate	Amount
Not overdue	**10,228,172**	**0.09%**	**9,204**	2,222,965	0.10%	2,329
Overdue within 1 month	**218,802**	**0.70%**	**1,530**	99,550	0.35%	349
Overdue for 1 to 3 months	**230,280**	**1.07%**	**2,462**	72,596	0.53%	388
Overdue 3 to 12 months	**85,626**	**2.96%**	**2,538**	32,363	1.94%	627
Overdue 1 to 2 years	**25,352**	**6.61%**	**1,676**	47,171	3.26%	1,537
Overdue 2 to 3 years	**47,171**	**100.00%**	**47,171**	33	100.00%	33
Overdue 3 to 5 years	**1,648**	**100.00%**	**1,648**	1,615	100.00%	1,615
Overdue for more than 5 years	**–**	**–**	**–**	118	100.00%	118
	10,837,051		**66,229**	2,476,411		6,996

Collectively assessed 2 – Road transportation vehicles:

	31 December 2021			31 December 2020		
	Book balance	**Provision for bad debts**		Book balance	Provision for bad debts	
	Amount	**Lifetime expected credit losses rate**	**Amount**	Amount	Lifetime expected credit losses rate	Amount
Not overdue	**1,937,308**	**2.16%**	**41,848**	2,106,876	2.72%	57,308
Overdue within 1 month	**195,196**	**3.84%**	**7,491**	271,165	4.76%	12,907
Overdue for 1 to 3 months	**120,993**	**3.84%**	**4,643**	202,684	4.76%	9,648
Overdue 3 to 12 months	**550,858**	**3.84%**	**21,140**	187,807	4.76%	8,940
Overdue 1 to 2 years	**63,293**	**24.42%**	**15,459**	33,800	17.27%	5,837
Overdue 2 to 3 years	**21,490**	**81.68%**	**17,553**	9,449	64.67%	6,111
Overdue 3 to 5 years	**13,803**	**99.18%**	**13,690**	20,504	81.67%	16,746
Overdue for more than 5 years	**26,023**	**99.18%**	**25,809**	27,797	100.00%	27,797
	2,928,964		**147,633**	2,860,082		145,294

Collectively assessed 3 − Energy, chemical and liquid food equipment:

	31 December 2021			31 December 2020		
	Book balance	**Provision for bad debts**		Book balance	Provision for bad debts	
	Amount	**Lifetime expected credit losses rate**	**Amount**	Amount	Lifetime expected credit losses rate	Amount
Not overdue	**2,086,386**	**3.23%**	**67,336**	1,529,551	2.26%	34,623
Overdue within 1 month	**162,250**	**4.40%**	**7,144**	87,023	4.58%	3,986
Overdue for 1 to 3 months	**74,583**	**4.40%**	**3,284**	112,535	4.58%	5,154
Overdue 3 to 12 months	**130,828**	**6.03%**	**7,891**	217,335	6.84%	14,866
Overdue 1 to 2 years	**124,035**	**33.84%**	**41,973**	146,836	36.10%	53,008
Overdue 2 to 3 years	**55,467**	**47.52%**	**26,356**	26,461	48.92%	12,945
Overdue 3 to 5 years	**39,973**	**78.70%**	**31,459**	66,598	78.03%	51,966
Overdue for more than 5 years	**51,550**	**100.00%**	**51,550**	53,238	100.00%	53,238
	2,725,072		**236,993**	2,239,577		229,786

Collectively assessed 4 − Offshore engineering:

	31 December 2021			31 December 2020		
	Book balance	**Provision for bad debts**		Book balance	Provision for bad debts	
	Amount	**Lifetime expected credit losses rate**	**Amount**	Amount	Lifetime expected credit losses rate	Amount
Not overdue	**210,653**	**0.54%**	**1,138**	956,975	1.08%	10,291
Overdue within 1 month	**533,568**	**1.00%**	**5,336**	–	–	–
Overdue for 1 to 3 months	**52,165**	**1.00%**	**522**	–	–	–
Overdue 3 to 12 months	**86,318**	**1.20%**	**1,036**	54,693	1.10%	602
Overdue 1 to 2 years	**19,714**	**3.37%**	**664**	47,720	3.30%	1,575
Overdue for more than 2 years	**22,886**	**97.67%**	**22,352**	17,196	27.50%	4,729
	925,304		**31,048**	1,076,584		17,197

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

	31 December 2021			31 December 2020		
	Book balance	**Provision for bad debts**		Book balance	Provision for bad debts	
	Amount	**Lifetime expected credit losses rate**	**Amount**	Amount	Lifetime expected credit losses rate	Amount
Not overdue	**1,100,832**	**0.72%**	**7,946**	1,746,553	1.14%	19,840
Overdue within 1 month	**190,115**	**4.57%**	**8,692**	227,719	4.95%	11,269
Overdue for 1 to 3 months	**95,857**	**4.57%**	**4,382**	44,836	4.95%	2,219
Overdue 3 to 12 months	**480,372**	**4.57%**	**21,962**	359,543	4.95%	17,792
Overdue 1 to 2 years	**170,584**	**12.65%**	**21,572**	164,292	14.52%	23,862
Overdue 2 to 3 years	**93,768**	**36.38%**	**34,114**	51,775	33.49%	17,342
Overdue for more than 3 years	**79,288**	**56.69%**	**44,952**	85,959	70.92%	60,965
	2,210,816		**143,620**	2,680,677		153,289

Collectively assessed 6 – Logistics services:

	31 December 2021			31 December 2020		
	Book balance	**Provision for bad debts**		Book balance	Provision for bad debts	
	Amount	**Lifetime expected credit losses rate**	**Amount**	Amount	Lifetime expected credit losses rate	Amount
Not overdue	**3,071,892**	**0.92%**	**28,414**	1,601,805	0.34%	5,510
Overdue within 1 month	**248,664**	**1.77%**	**4,390**	47,559	6.91%	3,286
Overdue for 1 to 3 months	**111,730**	**3.96%**	**4,426**	59,101	11.23%	6,637
Overdue 3 to 12 months	**49,794**	**11.99%**	**5,969**	49,244	12.23%	6,023
Overdue 1 to 2 years	**40,063**	**46.62%**	**18,677**	21,325	49.33%	10,519
Overdue 2 to 3 years	**13,900**	**100.00%**	**13,900**	4,656	100.00%	4,656
Overdue for more than 3 years	**3,389**	**100.00%**	**3,389**	2,119	100.00%	2,119
	3,539,432		**79,165**	1,785,809		38,750

Collectively assessed 7 – Recycled load:

	31 December 2021			31 December 2020		
	Book balance	**Provision for bad debts**		Book balance	Provision for bad debts	
	Amount	**Lifetime expected credit losses rate**	**Amount**	Amount	Lifetime expected credit losses rate	Amount
Not overdue	**393,692**	**1.34%**	**5,283**	293,307	1.37%	4,017
Overdue within 1 month	**60,290**	**4.09%**	**2,463**	53,551	4.27%	2,285
Overdue for 1 to 3 months	**4,782**	**4.58%**	**219**	3,373	4.57%	154
Overdue 3 to 12 months	**–**	**–**	**–**	–	–	–
Overdue 1 to 2 years	**589**	**43.63%**	**257**	396	41.92%	166
Overdue for more than 2 years	**431**	**100.00%**	**431**	496	100.00%	496
	459,784		**8,653**	351,123		7,118

Collectively assessed 8 – Others:

	31 December 2021			31 December 2020		
	Book balance	**Provision for bad debts**		Book balance	Provision for bad debts	
	Amount	**Lifetime expected credit losses rate**	**Amount**	Amount	Lifetime expected credit losses rate	Amount
Not overdue	**2,066,339**	**2.21%**	**45,586**	205,342	1.30%	2,673
Overdue within 1 month	**45,106**	**6.37%**	**2,871**	65,138	2.14%	1,397
Overdue for 1 to 3 months	**53,620**	**8.47%**	**4,542**	105,073	4.13%	4,344
Overdue 3 to 12 months	**164,932**	**28.36%**	**46,767**	124,525	11.61%	14,454
Overdue 1 to 2 years	**12,279**	**83.35%**	**10,234**	9,300	91.10%	8,472
Overdue for more than 2 years	**18,828**	**100.00%**	**18,828**	9,731	100.00%	9,731
	2,361,104		**128,828**	519,109		41,071

(e) The provision for bad debts for the year was RMB473,944,000 (2020: RMB393,756,000), of which the amount of bad debts recovered or reversed was RMB164,395,000 (2020: RMB148,313,000).

(f) The book balance of accounts receivables actually written off during the year was RMB67,642,000 (2020: RMB162,097,000), and the amount of bad debt provision was RMB67,642,000 (2020: RMB162,097,000).

(g) As at 31 December 2021, the Group had accounts receivables pledged to the bank as a guarantee for short-term borrowings of RMB6,400,000 (2020: Nil).

5(a) NOTES PAYABLES

Unit: RMB thousand

	31 December 2021	31 December 2020
Bank acceptance notes	**4,638,473**	3,365,988
Trade acceptance notes	**577,248**	463,522
Total	**5,215,721**	3,829,510

The above balances were all notes payables due within one year.

5(b) ACCOUNTS PAYABLES

Unit: RMB thousand

	31 December 2021	31 December 2020
Due to raw materials supplies	**13,182,641**	10,897,931
Integrated logistics service charges	**2,418,339**	1,080,937
Project contract charges	**662,646**	497,090
Equipment procurement charges	**569,799**	419,613
Processing charges	**170,304**	171,207
Project procurement charges	**94,245**	32,956
Transportation charges	**48,315**	123,504
Others	**358,449**	223,836
	17,504,738	13,447,074

(1) The aging analysis of accounts payables according to the date of its entry is as follows:

	31 December 2021	31 December 2020
Within 1 year (inclusive)	**16,846,937**	12,729,871
1 to 2 years (inclusive)	**262,336**	346,808
2 to 3 years (inclusive)	**181,432**	170,375
Over 3 years	**214,033**	200,020
Total	**17,504,738**	13,447,074

As at 31 December 2021, accounts payables aged over 1 year amounted to RMB657,801,000 (31 December 2020: RMB717,203,000) and mainly comprised payables related to the offshore engineering business and energy and chemical business. Since the production cycle of the offshore engineering projects and the lifecycle of the energy and chemical projects are usually more than one year, the payables have not yet been settled.

6. UNDISTRIBUTED PROFITS

Unit: RMB thousand

	Note	**2021**	2020
Undistributed profits at the beginning of the year		**26,142,889**	21,482,857
Add: net profit attributable to shareholders and other equity holders of the parent company for the current year		**6,665,323**	5,349,613
Add: gains from disposal of other equity instrument investments		**–**	20,000
Less: equity attributable to holders of other equity instruments for the current year		**(175,272)**	(273,979)
Less: appropriation to surplus reserve		**–**	(5,254)
Less: ordinary share dividends payable	*(1)*	**(1,005,904)**	(430,348)
Undistributed profits at the end of the year		**31,627,036**	26,142,889

(1) Dividends of ordinary shares declared during the year

Unit: RMB thousand

	2021	2020
Dividends proposed but not declared at the end of the year	**–**	–
Total proposed dividends in the year	**1,005,904**	430,348

In accordance with the approval at the shareholders' general meeting held on 2 June 2021, the Company paid cash dividends in the amount of RMB0.28 per share (2020: RMB0.12 per share) to the ordinary shareholders on 20 July 2021, totalling RMB1,005,904,000 (2020: RMB430,348,000).

7. REVENUE AND COST OF SALES

Unit: RMB thousand

	2021	2020
Revenue from principal operations	**160,410,075**	92,186,310
Revenue from other operations	**3,285,905**	1,972,773
Total	**163,695,980**	94,159,083
Cost of sales from principal operations	**132,360,959**	79,644,980
Cost of sales from other operations	**1,814,990**	1,069,891
Total	**134,175,949**	80,714,871

8. ASSET IMPAIRMENT LOSSES

Unit: RMB thousand

	2021	2020
Loss from impairment of fixed assets	**1,851,866**	50,285
Loss from impairment of construction in progress	**1,237,544**	63,525
Loss from diminution in value of inventories and loss from impairment of contract performance cost	**952,196**	342,268
Loss from impairment of intangible assets	**198,703**	8,000
Loss from impairment of long-term equity investments	**36,334**	2,277
Loss from impairment of contract assets	**34,156**	28,377
Loss from impairment of goodwill	**12,731**	83,654
Loss from bad debts of advances	**451**	4,051
	4,323,981	582,437

9. CREDIT IMPAIRMENT LOSSES

Unit: RMB thousand

	2021	2020
Loss from bad debts of accounts receivables	**309,549**	245,443
Loss from/(Reversal of) bad debts of other receivables	**236,702**	(8,119)
Loss from bad debts of long-term receivables (including non-current assets due within one year)	**83,301**	140,763
Loss from financial guarantee for vehicle loans	**9,714**	6,690
(Reversal of)/loss from bad debts of receivables financing	**(203)**	2,576
(Reversal of)/loss from bad debts of notes receivables	**(8,319)**	7,458
	630,744	394,811

10. GAIN ON DISPOSAL OF ASSETS

Unit: RMB thousand

	2021	2020	Amount recognized in non-recurring profit or loss in 2021
Gains on disposals of fixed assets	**14,119**	87,068	14,119
Gains on disposals of intangible assets	**2,783**	28,435	2,783
	16,902	115,503	16,902

11. INCOME TAX EXPENSES

Unit: RMB thousand

	2021	2020
Current income tax calculated based on tax law and related regulations	**4,797,150**	1,222,326
Deferred income tax	**137,141**	56,340
Total	**4,934,291**	1,278,666

The income tax based on the applicable tax rate is adjusted to income tax expense based on the profit before income tax of the consolidated income statement:

Unit: RMB thousand

	2021	2020
Profit before tax	**13,295,059**	7,290,406
Income tax expenses calculated at applicable tax rates (25%)	**3,323,765**	1,822,602
Effect of different tax rates of certain subsidiaries	**1,255,811**	194,966
Effect of tax incentive	**(353,610)**	(196,355)
Expenses, costs and losses not deductible for tax purposes	**313,694**	131,121
Income not subject to tax	**(108,106)**	(1,341,866)
Deductible losses in previously unrecognized deferred income tax assets	**(73,083)**	(49,419)
Deductible losses in unrecognized deferred income tax assets	**529,888**	688,947
Deductible temporary differences for which no deferred tax assets were recognized	**64,616**	83,946
Deductible temporary differences for which no deferred tax asset was recognized in previous years	**(1,005)**	(9,107)
Effect of tax rate change on deferred tax	**1,121**	808
Tax refund for income tax annual filing	**(18,800)**	(46,977)
Income tax expenses	**4,934,291**	1,278,666

The income tax rates applicable to the Company and major subsidiaries for the year are as follows:

	2021	2020
The Company	**25%**	25%
Subsidiaries registered in China	**15–25%**	15–25%
Subsidiaries registered in Hong Kong	**16.5–25%**	16.5–25%
Subsidiaries registered in the British Virgin Islands	**–**	–
Subsidiary registered in US	**21%**	21%
Subsidiary registered in Germany	**15.83–36.13%**	15.83–36.13%
Subsidiary registered in UK	**19%**	19%
Subsidiary registered in Australia	**30%**	30%
Subsidiary registered in the Netherlands	**25%**	25%
Subsidiary registered in Belgium	**25%**	29.58%
Subsidiary registered in Denmark	**22%**	22%
Subsidiary registered in Poland	**19%**	19%
Subsidiary registered in Thailand	**20%**	20%
Subsidiary registered in Singapore	**17%**	17%
Subsidiary registered in Sweden	**20.6%**	21.4%
Subsidiary registered in the Cayman Islands	**–**	–
Subsidiary registered in Malaysia	**24%**	24%
Subsidiary registered in Luxembourg	**24.94%**	24.94%

12. EARNINGS PER SHARE

(1) Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding of the Company:

	2021	2020
Consolidated net profit attributable to ordinary shareholders and other equity holders of the Company (RMB'000)	**6,665,323**	5,349,613
Less: equity attributable to other holders of equity instruments (RMB'000)	**(175,272)**	(273,979)
Consolidated net profit attributable to ordinary shareholders of the Company (adjusted) (RMB'000)	**6,490,051**	5,075,634
Weighted average number of ordinary shares outstanding of the Company ('000)	**3,595,014**	3,588,283
Basic earnings per share (RMB per share)	**1.81**	1.41
Including: continuously operating basic earnings per share	**1.81**	0.12
discontinued basic earnings per share	**–**	1.29

(2) Diluted earnings per share

Diluted earnings per share is calculated by dividing adjusted consolidated net profit attributable to ordinary shareholders of the Company by the adjusted weighted average number of ordinary shares outstanding of the Company:

	2021	2020
Consolidated net profit attributable to ordinary shareholders and other equity holders of the Company (RMB'000)	**6,665,323**	5,349,613
Effect of issue of perpetual bonds by the Company (RMB'000)	**(175,272)**	(273,979)
Effect of the share-based payment program of the subsidiaries of the Group (RMB'000)	**(26,049)**	(1,371)
Consolidated net profit attributable to ordinary shareholders of the Company (adjusted) (RMB'000)	**6,464,002**	5,074,263
Weighted average number of ordinary shares outstanding of the Company (diluted) ('000) (adjusted)	**3,595,014**	3,588,283
Diluted earnings per share (RMB per share)	**1.80**	1.41

(a) Calculation of weighted average number of ordinary shares (diluted):

	2021	2020
Weighted average number of ordinary shares outstanding of the Company ('000)	**3,595,014**	3,588,283
Effect of share options of the Company ('000)	**–**	–
Weighted average number of ordinary shares outstanding of the Company (diluted) ('000)	**3,595,014**	3,588,283

13. SEGMENT INFORMATION

In order to assess the segment performance and resources allocation, the Group's management reviews assets, liabilities, revenue, expenses and operating results of each segment regularly. The preparation basis of such information is detailed as follows:

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

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

Segment information as at and for the year ended 31 December 2021 is as follows:

Unit: RMB thousand

Item	Containers manufacturing 2021	Road Transportation vehicles 2021	Energy, chemical and liquid food equipment 2021	Offshore engineering 2021	Airport facilities, fire safety and automated logistics equipment 2021	Logistics services 2021	Finance and asset management 2021	Recycled load 2021	Other segments 2021	Elimination between segments and undistributed amounts 2021	Total 2021
External revenue	63,563,501	27,382,852	19,156,364	5,055,086	6,746,488	29,225,142	3,653,561	5,457,816	5,089,554	(1,634,384)	163,695,980
Inter-segment revenue	2,403,810	264,910	371,705	385,406	95,494	245,765	109,870	558,704	1,630,233	(6,065,897)	–
Cost of sales from principal operations	49,029,169	24,422,440	15,916,979	5,283,957	5,310,795	27,373,277	2,141,809	4,857,301	5,828,866	(7,803,634)	132,360,959
Investment income/(loss) in associates and joint ventures	24,056	(3,916)	(9,266)	(8,133)	3,376	29,623	39,852	16,025	(326,948)	–	(235,331)
Assets and credit impairment losses	25,493	67,548	118,439	1,503,601	208,581	81,260	3,245,789	1,286	417,770	(715,042)	4,954,725
Depreciation and amortization expenses	402,437	516,356	394,779	545,144	180,156	243,053	1,107,263	122,413	174,614	(351,116)	3,335,099
Interest income	203,077	62,039	80,164	49,376	10,263	10,334	221,679	12,961	1,639,709	(1,939,384)	350,218
Interest expenses	97,951	45,887	115,602	923,974	62,499	34,122	212,513	28,539	1,606,773	(1,759,336)	1,368,524
Total profit/(losses)	14,752,166	1,176,166	1,106,720	(1,925,420)	218,815	776,287	(1,975,896)	670,090	(16,335)	(1,487,534)	13,295,059
Income tax expenses	3,425,618	188,503	221,922	92,840	25,790	234,456	427,334	92,706	405,917	(180,795)	4,934,291
Net profit/(losses)	11,326,548	987,663	884,798	(2,018,260)	193,025	541,831	(2,403,230)	577,384	(422,252)	(1,306,739)	8,360,768
Total assets	35,047,821	21,539,862	19,457,925	36,241,755	8,663,681	8,171,244	51,766,290	3,785,917	42,940,380	(73,292,374)	154,322,501
Total liabilities	15,606,275	9,260,084	11,160,078	41,104,210	5,993,657	6,286,158	51,958,553	2,214,989	45,817,817	(92,059,410)	97,342,411
Other material non-cash items:											
– Other non-cash (income)/ expenses other than depreciation and amortisation	286,892	104,961	109,962	1,482,462	150,419	92,025	3,215,370	3,409	590,273	(641,692)	5,394,081
– Long-term equity investments of associates and joint ventures	667,294	47,080	174,110	204,316	33,525	405,832	538,267	58,288	6,340,745	–	8,469,457
– Amount of additions to non-current assets other than long-term equity investment, financial assets and deferred tax assets	2,418,796	1,281,260	1,130,830	123,329	312,492	707,004	8,292,449	499,390	470,747	(7,206,162)	8,030,135

Segment information as at and for the year ended 31 December 2020 is as follows:

Unit: RMB thousand

Item	Containers manufacturing	Road transportation vehicles	Energy, chemical and liquid food equipment	Offshore engineering	Airport facilities, fire safety and automated logistics equipment	Logistics services	Industrial city development	Finance and asset management	Recycled load	Other segments	Elimination between segments and undistributed amounts	Total
	2020	2020	2020	2020	2020	2020	2020.1.1– 2020.10.26	2020	2020	2020	2020	2020
External revenue	21,462,513	26,295,337	13,198,197	5,048,239	6,054,543	10,568,721	2,169,218	1,711,593	2,810,019	5,023,468	(182,765)	94,159,083
Inter-segment revenue	701,110	203,628	93,376	377,155	34,177	67,180	4,203	466,246	225,921	665,590	(2,838,586)	–
Cost of sales from principal operations	18,816,494	22,982,799	10,855,221	5,354,656	4,757,192	9,861,247	1,354,668	1,155,935	2,600,238	4,857,119	(2,950,589)	79,644,980
Investment income/(loss) in associates and joint ventures	306,202	5,644	(3,178)	(766)	3,499	(3,583)	279,917	38,596	9,663	(162,395)	–	473,599
Loss from/(reversal of) assets and credit impairment	(2,894)	148,601	240,886	122,135	69,536	25,094	94	296,380	(779)	114,970	(36,775)	977,248
Depreciation and amortization expenses	477,335	426,216	427,910	889,842	183,079	181,551	72,960	659,608	116,994	278,323	(215,998)	3,497,820
Interest income	125,236	49,834	60,311	57,061	12,439	18,133	75,957	259,638	4,501	2,038,415	(2,381,947)	319,578
Interest expenses	97,800	64,316	69,382	1,231,203	78,659	22,024	41,607	163,304	20,916	1,978,628	(2,175,736)	1,592,103
Total profit/(losses)	2,404,539	1,517,700	506,648	(1,893,794)	390,790	287,936	581,558	417,029	112,265	47,355	2,918,380	7,290,406
Income tax expenses	417,206	248,353	146,340	49,248	66,841	22,221	165,902	104,636	17,929	65,387	(25,397)	1,278,666
Net profit/(losses)	1,987,333	1,269,347	360,308	(1,943,042)	323,949	265,715	415,656	312,393	94,336	(18,032)	2,943,777	6,011,740
Total assets	20,242,507	19,680,995	16,431,767	35,627,658	9,398,839	4,980,842	–	47,892,797	2,356,393	53,630,850	(64,031,137)	146,211,511
Total liabilities	11,007,587	9,248,698	9,162,645	38,787,773	5,631,713	2,898,880	–	44,067,746	1,563,384	50,166,909	(80,177,668)	92,357,667
Other material non-cash items:												
– Other non-cash (income)/ expenses other than depreciation and amortisation	(10,743)	248,397	275,764	116,586	121,098	20,325	96	318,235	5,228	243,513	142,594	1,481,093
– Long-term equity investments of associates and joint ventures	913,560	87,520	49,298	98,834	32,645	376,815	–	504,719	62,180	6,973,013	–	9,098,584
– Amount of additions to non-current assets other than long-term equity investment, financial assets and deferred tax assets	779,392	1,687,536	716,555	326,826	143,651	269,613	–	104,371	1,157,023	6,036,296	(1,167,428)	10,053,835

14. CONTINGENCIES

(1) Guarantees provided for external parties

CIMC Vehicle, a subsidiary of the Group, signed contracts with China Merchants Bank, China Guangfa Bank, Huishang Bank and Industrial Bank, for the buyer credit business and loan guarantees, to provide guarantees for the facilities of vehicle purchase offered by such banks to distributors and customers of the Group and its subsidiaries. As at 31 December 2021, the aggregate amount of credit facilities in respect of which the Group and its subsidiaries provided guarantees to the distributors and customers was RMB2,151,916,000 (31 December 2020: RMB1,709,171,000).

The Group's subsidiary, C&C Trucks and its subsidiaries carried out vehicle buyer credit business and signed vehicle loan guarantee contracts with external banks, providing credit guarantee to the relevant banks for their financing to the distributors and customers of C&C Trucks and its subsidiaries arising from purchase of vehicle products. As at 31 December 2021, the aggregate amount of credit facilities of the distributors and customers in respect of which C&C Trucks and its subsidiaries provided guarantees was approximately RMB571,527,000 (31 December 2020: RMB791,927,000).

The Group does not expect that the credit risk of the above guarantees has significantly increased since initial recognition, thus measures the allowance for those commitments at an amount equal to 12-month expected credit losses.

The Group's subsidiary, Shaanxi CIMC Vehicles Industrial Park Investment Development Co., Ltd. cooperated with Shaanxi Xianyang Qindu Rural Commercial Bank in mortgage credit cooperation and signed a property loan guarantee contract, providing phased guarantees for the loans that the customers of the company obtained from the relevant banks for purchasing properties. As of 31 December 2021, the aggregate customer financing loans for which Shaanxi Vehicles Industrial Park provided guarantees, were approximately RMB11,459,000 (31 December 2020: RMB13,022,000). The credit risk of the guarantee is assessed to be low and the Group has not made any provision for expected credit losses.

The Company entered into a guarantee agreement with the relevant banks to provide guarantee for the loans of CIMC Industry & City and its subsidiaries. As of 31 December 2021, the amount for which the Company provided guarantees was RMB605,002,000. The credit risk of the guarantee is assessed to be low and the Group has not made any provision for expected credit losses.

(2) Notes payables issued but not accounted for, outstanding letters of credit issued and outstanding performance guarantees issued

The Group does not recognise notes payables or letter of credit issued as deposits. Corresponding inventories, advances to suppliers and notes payables are recognised at the earlier of the date of delivery of goods and the maturity date of the notes issued. As at 31 December 2021, the Group had notes payables issued but not accounted of RMB117,445,000 (31 December 2020: RMB146,785,000) and had issued outstanding letters of credit RMB270,576,000 (31 December 2020: RMB465,345,000).

As at 31 December 2021, the Company had outstanding balance of guarantees issued for subsidiaries of the Group of RMB2,091,438,000, USD383,947,000 (equivalent to RMB2,447,930,000), GBP5,670,000 (equivalent to RMB48,798,000) and EUR53,485,000 (equivalent to RMB386,144,000), respectively, totaling RMB4,974,310,000 (31 December 2020: RMB5,001,041,000).

As at 31 December 2021, the outstanding balance of guarantees of the Group's subsidiary issued by the bank was RMB2,620,239,000, mainly including the balance of advance payment guarantees of RMB1,418,997,000, the balance of quality guarantees (including foreign guarantees) of RMB217,101,000, the balance of other non-financing guarantees of RMB193,844,000 and the balance of performance guarantees of RMB725,076,000 (31 December 2020: RMB1,853,669,000).

The Group considers the exposure to the risks relating to above matters to be small and there's no need to make provisions.

15. COMMITMENTS

Capital expenditure commitments

Capital expenditure commitments contracted for but not yet necessary to be recognized on the balance sheet

Unit: RMB thousand

	2021	2020
External investment contracts (i)	**6,909,984**	36,369
Vessels manufactured for sales or lease	**265,320**	–
Fixed assets purchase contracts	**22,382**	82,566
	7,197,686	118,935

(i) On 27 September 2021, the Company and A.P.Møller -Mærsk A/S ("**APMM**") entered into the Share Purchase Agreement-Maersk Container Industry. The Company proposed to purchase Maersk Container Industry ("**MCI**") of APMM, and MIC comprises two entities: Maersk Container Industry A/S, and Maersk Container Industry Qingdao Ltd. The purchase consideration of the entire equity interest of the target companies was USD1,083.8 million (approximately RMB6,909,984,000). Pursuant to the agreement, if either of the Company and APMM terminates the agreement due to the circumstances referred to in the agreement, including the failure to obtain investment and competition law clearance for the agreement prior to the long stop date, the Company shall pay a breakup fee of US$85,000,000 (approximately RMB547,400,000) to APMM no later than 2 days.

16. NET CURRENT ASSETS

Unit: RMB thousand

	The Group	
	31 December 2021	31 December 2020
Current assets	**81,457,379**	67,141,741
Less: current liabilities	**69,422,602**	60,895,028
Net current assets	**12,034,777**	6,246,713

	The Company	
	31 December 2021	31 December 2020
Current assets	**27,538,705**	27,787,811
Less: current liabilities	**17,126,602**	8,332,059
Net current assets	**10,412,103**	19,455,752

17. TOTAL ASSETS LESS CURRENT LIABILITIES

Unit: RMB thousand

	The Group	
	31 December 2021	31 December 2020
Total assets	**154,322,501**	146,211,511
Less: current liabilities	**69,422,602**	60,895,028
Total assets less current liabilities	**84,899,899**	85,316,483

	The Company	
	31 December 2021	31 December 2020
Total assets	**41,645,371**	42,756,825
Less: current liabilities	**17,126,602**	8,332,059
Total assets less current liabilities	**24,518,769**	34,424,766

18. EVENTS AFTER THE BALANCE SHEET DATE

1. Dividend distribution after the balance sheet date

(1) Dividend for ordinary shares proposed after the balance sheet date

On 28 March 2022, the board of directors of the Company proposed to distribute a dividend of RMB0.69 per share (inclusive of tax) in cash to all shareholders without bonus shares and additional 5 new shares will be issued to all Shareholders for every 10 shares held by way of conversion of capital surplus, with the accumulative converted shares totalling 1,797,506,795 Shares. The amount of dividend calculated based on the number of shares as at 31 December 2021 was RMB1,941,307,000. This proposal is yet to be approved by the shareholders meeting. The dividend distribution plan is based on the number of shares on the dividend registration date. Dividends proposed after the balance sheet date are not recognised as liabilities at the balance sheet date.

The Company's profit distribution plan for 2020 was as follows: to distribute RMB0.28 (including tax) for every share, no bonus shares will be issued, and no shares will be issued by way of conversion of capital reserve. Based on the number of Shares as at 31 December 2020, the dividend amounted to approximately RMB1,006,604,000.

(2) Issuance of the first tranche of medium term note for 2022 after the balance sheet date

On 18 February 2022, the Company has completed the issuance of the first tranche of medium term note for 2022. The proceeds raised from the Tranche I Medium Term Note were fully received on 18 February 2022. The issuance amount of Tranche I Medium Term Note was RMB2.0 billion and the annualised rate for the issuance was 3.21%. The Tranche I Medium Term Note has a term of 3+N (3) years, perpetual in nature prior to redemption as agreed in the issue terms, and matures upon redemption as agreed in the issue terms.

(3) Spin-off and listing of CIMC Wetrans

On 24 February 2022, the first meeting in 2022 of the ninth session of the Board of the Company considered and approved the proposed spin-off and domestic initial public offering of RMB ordinary shares (A shares) of CIMC Wetrans, a controlling subsidiary, and the listing of CIMC Wetrans on the Shenzhen Stock Exchange; and authorised the management of the Company and CIMC Wetrans to commence the preliminary preparatory work for the spin-off and listing of CIMC Wetrans.

19. THE TOTAL FUTURE OPERATING LEASE RECEIPTS AFTER THE BALANCE SHEET DATE

The undiscounted amounts of total future lease receipts receivable by the Group, as a lessor, after the balance sheet date are as follows:

Unit: RMB thousand

	31 December 2021
Within 1 year	**1,289,911**
1 to 2 years	**761,693**
2 to 3 years	**369,636**
3 to 4 years	**186,437**
4 to 5 years	**116,357**
Over 5 years	**261,722**
	2,985,756

9 PURCHASE, SALE OR REDEMPTION OF SHARES

The Company or any of its subsidiaries did not sell any listed securities of the Company or any of its subsidiaries, nor did it purchase or redeem any of the securities of the Company during the twelve months ended 31 December 2021.

10 COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the provisions in relation to dealing in shares of the Company by directors as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 of the Hong Kong Listing Rules. Each director and supervisor has confirmed to the Company that each of them has complied with the requirements set out in the Model Code during the Reporting Period.

11 COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has been committed to enhancing the Company's corporate governance standards. Through strict corporate governance practices, the Company strives to enhance corporate value and ensure our long-term sustainable development, and to fulfil corporate responsibility as a listed company as well as maximise long-term shareholders value.

The Company has complied with the code provisions under the Corporate Governance Code set out in Appendix 14 of the Hong Kong Listing Rules during the Reporting Period, except for deviation of the code provisions A.1.1 and code provisions A.2.1. Particulars of the deviations and the factors taken for consideration are set out below.

Corporate Governance Code A.1.1 requires that "The board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. It is expected regular board meetings will normally involve the active participation, either in person or through electronic means of communication, of a majority of directors entitled to be present." During the Reporting Period, the Company held 31 Board meetings, of which 3 meetings were held on-site. The executive directors of the Company manage and monitor the business operation and propose to hold Board meetings to have discussions and make decisions on the Group's major business or management affairs from time to time. Accordingly, certain relevant decisions were made by all directors by way of written resolutions. The directors are of the opinion that, the fairness and validity of the decisions made for the business had adequate assurance. The Company will strive to put effective corporate governance practices into practice in future.

Corporate Governance Code A.2.1 requires that "The roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing." During the Reporting Period, Mr. MAI Boliang served as the Chairman and the CEO of the Company. The Board of the Company believes that vesting the roles of both the Chairman and the CEO in Mr. MAI Boliang would enable the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. MAI Boliang's extensive industrial experience and significant role in the historical development of the Group, the Board believes that it is beneficial to the business prospects of the Group if Mr. MAI Boliang acts as both the Chairman and the CEO of the Company, and the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors, non-executive Directors and independent non-executive Directors.

12 AUDIT COMMITTEE

The audit committee has been formed by the Board of the Company pursuant to Appendix 14 of the Hong Kong Listing Rules, which comprises Mr. HE Jiale (chairman), Mr. PAN Zhengqi and Ms. LUI FUNG Mei Yee, Mabel. The audit committee of the Company has reviewed and affirmed the annual results of the Group for the year 2021.

By order of the Board
China International Marine Containers (Group) Co., Ltd.
MAI Boliang
Chairman

Hong Kong, 28 March 2022

As at the date of this announcement, the Board of the Company comprises Mr. MAI Boliang (Chairman) as an executive Director; Mr. ZHU Zhiqiang (Vice-chairman), Mr. HU Xianfu (Vice-chairman), Mr. KONG Guoliang, Mr. DENG Weidong and Mr. MING Dong as non-executive Directors; and Mr. HE Jiale, Mr. PAN Zhengqi and Ms. LUI FUNG Mei Yee, Mabel as independent non-executive Directors.