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: 02039)

(A Share Stock Code: 000039)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023 (SUMMARY OF THE 2023 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**", or "**CIMC**") warrant that there are no misrepresentations, misleading statements or material omissions contained in this results announcement for the year ended 31 December 2023 (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 2023 (the "**2023 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 2023 Annual Report and the full version of the 2023 Annual Report will be posted on the above websites in due course.

1.2 The 2023 Annual Report and the Announcement have been considered and approved at the fifth meeting of the tenth session of the Board of the Company in 2023 (the "**Board Meeting**"). All Directors have attended the Board Meeting to consider the Announcement. Mr. SUN Huirong (Director) authorized Mr. ZHU Zhiqiang (Vice-chairman) and Mr. DENG Weidong (Director) authorized Mr. HU Xianfu (Vice-chairman) to exercise voting rights on their behalf.

1.3 The financial statements of the Group have been prepared in accordance with China Accounting Standards for Business Enterprises ("**CASBE**"), and there were no changes in accounting policies, accounting estimates or calculation methods, or accounting discrepancies in the latest financial year. The financial statements of the Group for the year ended 31 December 2023, 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 2023 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 2023. 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, Mr. ZENG Han, the vice president and Chief Financial Officer (CFO), person-in-charge of accounting affairs and Ms. XU Zhaoying, the general manager of financial department, the head of accounting department, hereby warrant the truthfulness, accuracy and completeness of the financial report in the Announcement.

1.5 The proposed profit distribution plan for 2023 of the Company considered and approved by the Board Meeting is as follows: a cash dividend of RMB0.022 (tax inclusive) per share to all the shareholder on the basis of 5,367,874,835 shares, which is calculated by deducting 24,645,550 repurchased shares from 5,392,520,385 shares, the total share capital of the Company as at 31 December 2023, and there will be no bonus shares or new shares being issued by way of conversion of capital reserve. Where there are any changes in the share capital of the Company after the Board considered the profit distribution plan until implementation of the plan, the dividend amount per share shall be adjusted according to the principle that the total amount of the distribution remains unchanged. The proposed dividend is expected to be payable on or around 16 August 2024. The proposed profit distribution plan for 2023 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 2023 and ended on 31 December 2023.

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 SUMMARY OF OPERATING RESULTS

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

Unit: RMB thousand

	For the year ended 31 December					
Consolidated Income Statement Items	**2023**	2022	Changes from the previous year to this year	2021	2020	2019
Revenue	**127,809,519**	141,536,654	(9.70%)	163,695,980	94,159,083	85,815,341
Operating profit	**2,831,912**	7,505,208	(62.27%)	13,471,549	7,439,627	5,838,747
Profit before income tax	**2,834,174**	6,937,851	(59.15%)	13,295,059	7,290,406	5,613,874
Income tax expense	**970,800**	2,336,709	(58.45%)	4,934,291	1,278,666	3,103,761
Net profit	**1,863,374**	4,601,142	(59.50%)	8,360,768	6,011,740	2,510,113
Including:						
Net profit attributable to shareholders and other equity holders of the Company	**421,249**	3,219,226	(86.91%)	6,665,323	5,349,613	1,542,226
Profit or loss attributable to minority shareholders	**1,442,125**	1,381,916	4.36%	1,695,445	662,127	967,887
Net profit attributable to shareholders and other equity holders of the Company after deducting non-recurring profit or loss	**665,302**	4,283,631	(84.47%)	5,473,060	342,887	1,241,479

Unit: RMB thousand

Consolidated Balance Sheet Items	**As at 31 December**					
	2023	2022	Changes from the previous year to this year	2021	2020	2019
Total current assets	**88,439,976**	76,984,186	14.88%	81,457,379	67,141,741	90,023,127
Total non-current assets	**73,323,257**	68,915,763	6.40%	72,865,122	79,069,770	82,084,394
Total assets	**161,763,233**	145,899,949	10.87%	154,322,501	146,211,511	172,107,521
Total current liabilities	**78,985,163**	62,998,154	25.38%	69,422,602	60,895,028	70,551,310
Total non-current liabilities	**18,147,720**	20,245,711	(10.36%)	27,919,809	31,462,639	46,518,233
Total liabilities	**97,132,883**	83,243,865	16.68%	97,342,411	92,357,667	117,069,543
Total equity attributable to shareholders	**64,630,350**	62,656,084	3.15%	56,980,090	53,853,844	55,037,978
Equity attributable to shareholders and other equity holders of the Company	**47,857,805**	48,613,429	(1.55%)	45,118,633	44,017,516	39,253,886
Minority interests	**16,772,545**	14,042,655	19.44%	11,861,457	9,836,328	15,784,092

Unit: RMB thousand

Consolidated Cash Flow Statement Items	**For the year ended 31 December**					
	2023	2022	Changes from the previous year to this year	2021	2020	2019
Net cash flows from operating activities	**2,703,186**	14,617,466	(81.51%)	20,574,655	12,810,486	3,538,522
Net cash flows from investing activities	**(8,174,551)**	(6,257,577)	(30.63%)	(2,843,021)	(3,538,804)	(9,084,157)
Net cash flows from financing activities	**9,705,012**	(9,763,357)	199.40%	(12,186,978)	(6,539,564)	3,613,642

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

Key Financial Indicators	2023	2022	Changes from the previous year to this year	2021	2020	2019
Basic earnings per share attributable to shareholders of the Company (RMB)	**0.07**	0.59	(88.14%)	1.20	0.94	0.25
Diluted earnings per share attributable to shareholders of the Company (RMB)	**0.05**	0.57	(91.23%)	1.20	0.94	0.25
Net cash flows from operating activities per share (RMB)	**0.50**	2.71	(81.55%)	3.82	2.38	0.66
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)	**8.87**	9.01	(1.55%)	8.37	8.16	7.28
Weighted average return on net assets (%)	**1%**	7%	(6%)	15%	14%	4%
Weighted average return on net assets after deducting non-recurring profit or loss (%)	**1%**	9%	(8%)	13%	0.19%	3%

Note: As the Company implemented the conversion of capital reserve in 2022, earnings per share, net cash flows from operating activities per share and net assets per share attributable to shareholders and other equity holders of the Company for 2019, 2020 and 2021 have been adjusted for the latest share capital pursuant to the relevant accounting standards.

The total share capital of the Company as of the trading day preceding the date of disclosure and the fully-diluted earnings per share based on the latest share capital:

The total share capital of the Company as of the trading day preceding the date of disclosure (shares)	5,392,520,385
Dividends paid for preferred shares	–
Provision for interests on perpetual bonds (RMB thousand)	64,200
Fully-diluted earnings per share based on the latest share capital (RMB/share) *(Note)*	0.07

Note: The calculation formula of "fully-diluted earnings per share based on the latest share capital (RMB/share)" is: (net profit attributable to the Company − provision for interests on perpetual bonds)/latest number of ordinary shares.

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

Unit: RMB thousand

Items	**Amounts in 2023**	Amounts in 2022	Amounts in 2021
(Losses)/gains on disposal of non-current assets (including the part written off for provision for impairment on assets)	**(21,451)**	221,022	(179,995)
Government grants recognised in profit or loss for the current period	**580,916**	559,249	646,885
Gains or losses from changes in fair value arising from holding financial assets, and gains or losses arising from disposal of 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 operating activities	**(1,331,486)**	(1,688,159)	1,344,952
Reversal of impairment provision for accounts receivable tested for impairment separately	**34,487**	32,947	–
Net gains/(losses) from disposal of long-term equity investment	**89,449**	(208,926)	20,550
Other non-operating income and expenses other than the above items	**37,252**	(563,512)	20,407
Less: Effect of income tax	**168,219**	306,290	(401,972)
Effect of minority interests (after tax)	**198,561**	276,684	(258,564)
Total	**(244,053)**	(1,064,405)	1,192,263

Note: The above-mentioned non-recurring profit or loss items (except for the effect of minority interests (after tax)) are all presented as pre-tax. During the Reporting Period, the Company did not have any non-recurring profit or loss items, which were defined and listed in accordance with "Explanatory announcement No. 1 on information disclosure by companies offering securities to the public – non-recurring profit or loss", defined as recurring profit or loss items.

3 REVIEW OF THE PRINCIPAL BUSINESSES DURING THE REPORTING PERIOD

The Group is a world leading equipment and solution provider in logistics and energy industries, and its industry cluster mainly covers logistics and energy fields. In the logistics field, the Group still adheres to taking container manufacturing business as its core business, based on which to develop road transportation vehicles business, airport facilities and logistics equipment/fire safety and rescue equipment business and to a lesser extent, logistics services business and recycled load business providing products and services in professional field of logistics; in the energy field, the Group is principally engaged in energy/chemical/liquid food equipment business and offshore engineering business; meanwhile, the Group also continuously develops emerging industries and has finance and asset management business that serves the Group itself.

Currently, the Group is principally engaged in, among other things, 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, recycled load, 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. The multi-dimensional industry cluster of the Group aims to provide the logistics and energy industries with high quality and reliable equipment and services, provide the Shareholders and employees of the Company with good returns and create sustainable values for the society.

According to the latest 2023/24 Container Equipment Survey and Leasing Market Annual Report issued by Drewry, an industry authoritative analyst, the Group is ranked No. 1 in the world in terms of production volume of standard dry containers, reefer containers and special-purpose containers. According to the 2023 Global Tank Container Fleet Survey issued by the International Tank Container Organisation, the production volume of tank containers of the Group ranked No. 1 in the world. According to the 2023 Global Semi-trailer OEM Ranking List published by the Global Trailer, CIMC Vehicles (Group) Co., Ltd. ("**CIMC Vehicles**"), a subsidiary of the Group, was the world's No. 1 semi-trailer manufacturer. CIMC-TianDa Holdings Company Limited ("**CIMC TianDa**", a subsidiary of the Group), is one of the major suppliers of boarding bridges in the world, and the Group is also one of the high-end offshore engineering equipment enterprises in China.

The Group continued to consolidate its strategy of globalised deployment, with its research and development centres and manufacturing bases located in nearly 20 countries and regions around the world, and more than 30 overseas entities and enterprises, mainly in Europe, North America and other regions. Benefiting from the continuously consolidating foundation of its global operation platforms, the Group has been able to smooth out the risk fluctuations in a single region and achieve stable and quality development. During the Reporting Period, the Group's domestic revenue accounted for approximately 52.25% and its overseas revenue accounted for approximately 47.75%, which was basically flat as compared with the same period last year, maintaining a sound market landscape. Following with the country's strategic directions and riding the key opportunities of building the dual circulation pattern, boosting domestic demands, building a unified national market, advancing technological innovation and green development, the Group will endeavor to consolidate the leading position in core business fields and expand to several strategic new businesses to create new value and impetus, thereby achieving the goal of leapfrog business development.

3.1 Overview

During the Reporting Period, the Group's revenue amounted to RMB127,810 million (2022: RMB141,537 million), representing a year-on-year decrease of 9.70%; the net profit attributable to shareholders and other equity holders of the Company amounted to RMB421 million (2022: RMB3,219 million), representing a year-on-year decrease of 86.91%; and the basic earnings per share amounted to RMB0.07 (2022: RMB0.59), representing a year-on-year decrease of 88.14%. Among the principal businesses of the Group, the road transportation vehicles business, the energy/chemical and liquid food equipment business, the offshore engineering business, the airport facilities and logistics equipment, fire safety and rescue equipment business, and the finance and asset management business recorded an increase in revenue, while the container manufacturing business, the logistics services business, and the recycled load business recorded a decline in revenue. During the Reporting Period, there were no significant changes in the Group's principal operating model, and the products and businesses contributing 10% or more to the Group's revenue included the container manufacturing business, road transportation vehicles business and energy, chemical and liquid food equipment business and logistics services business.

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, Gross Profit and Gross Profit Margin Analysis by Segment and Region

(1) Indicators by industry, business and region for the year

Unit: RMB thousand

Indicators for 2023	Revenue	% of revenue	Year-on-year change in revenue	Cost of sales	% of cost of sales	Year-on-year change in cost of sales	Gross profit	Gross profit margin	Year-on-year change in gross profit margin
By industry/product									
Containers manufacturing	30,213,342	23.64%	(33.90%)	25,387,390	23.04%	(27.35%)	4,825,952	15.97%	(7.59%)
Road transportation vehicles	25,086,578	19.63%	6.21%	20,330,353	18.45%	(0.75%)	4,756,225	18.96%	5.68%
Energy, chemical and liquid food equipment	25,026,294	19.58%	17.77%	21,145,607	19.19%	19.90%	3,880,687	15.51%	(1.50%)
Offshore engineering	10,451,588	8.18%	81.12%	9,479,166	8.60%	76.39%	972,422	9.30%	2.43%
Airport facilities and logistics equipment, fire safety and rescue equipment	6,961,455	5.45%	4.34%	5,495,100	4.99%	5.10%	1,466,355	21.06%	(0.58%)
Logistics services	20,166,049	15.78%	(31.28%)	18,757,627	17.02%	(32.47%)	1,408,422	6.98%	1.63%
Recycled load	2,834,339	2.22%	(41.55%)	2,496,288	2.26%	(38.42%)	338,051	11.93%	(4.48%)
Finance and asset management	2,218,155	1.74%	29.81%	2,684,912	2.44%	60.83%	(466,757)	(21.04%)	(23.34%)
Others	8,072,697	6.32%	(13.23%)	7,225,014	6.56%	(12.15%)	847,683	10.50%	(1.11%)
Combined offset	(3,220,978)	(2.54%)	51.90%	(2,789,566)	(2.55%)	49.07%	(431,412)	–	–
Total	127,809,519	100%	(9.70%)	110,211,891	100%	(8.09%)	17,597,628	13.77%	(1.51%)
By region (by geographical locations of customers)									
China	66,770,299	52.25%	(8.38%)	–	–	–	–	–	–
America	23,816,206	18.63%	(12.97%)	–	–	–	–	–	–
Europe	17,953,577	14.05%	(30.79%)	–	–	–	–	–	–
Asia (excluding China)	15,671,885	12.26%	25.15%	–	–	–	–	–	–
Others	3,597,552	2.81%	26.87%	–	–	–	–	–	–
Total	127,809,519	100.00%	(9.70%)	–	–	–	–	–	–

(2) Indicators by industry, business and region in the same period of the previous year

Unit: RMB thousand

Indicators for 2022	Revenue	% of revenue	Year-on-year change in revenue	Cost of sales	% of cost of sales	Year-on-year change in cost of sales	Gross profit	Gross profit margin	Year-on-year change in gross profit margin
By industry/product									
Container manufacturing	45,710,823	32.30%	(30.71%)	34,942,427	29.14%	(28.77%)	10,768,396	23.56%	(2.08%)
Road transportation vehicles	23,620,612	16.69%	(14.57%)	20,483,415	17.08%	(16.74%)	3,137,197	13.28%	2.26%
Energy, chemical and liquid food equipment	21,250,395	15.01%	8.82%	17,636,553	14.71%	6.77%	3,613,842	17.01%	1.59%
Offshore engineering	5,770,641	4.08%	6.07%	5,373,997	4.48%	(1.63%)	396,644	6.87%	7.28%
Airport facilities and logistics equipment, fire safety and rescue equipment	6,671,922	4.71%	(2.49%)	5,228,335	4.36%	(3.12%)	1,443,587	21.64%	0.51%
Logistics services	29,346,353	20.73%	(0.42%)	27,776,704	23.17%	1.40%	1,569,649	5.35%	(1.70%)
Recycled load	4,849,335	3.43%	(19.40%)	4,053,497	3.38%	(16.84%)	795,838	16.41%	(2.57%)
Finance and asset management	1,708,791	1.21%	(54.59%)	1,669,435	1.39%	(27.10%)	39,356	2.30%	(36.85%)
Others	9,303,947	6.57%	38.46%	8,224,162	6.86%	36.69%	1,079,785	11.61%	1.15%
Combined offset	(6,696,165)	(4.73%)	13.04%	(5,476,775)	(4.57%)	26.29%	(1,219,390)	–	–
Total	141,536,654	100%	(13.54%)	119,911,750	100%	(10.63%)	21,624,904	15.28%	(2.75%)
By region (by geographical locations of customers)									
China	72,874,486	51.49%	(7.48%)	–	–	–	–	–	–
America	27,364,037	19.33%	(0.59%)	–	–	–	–	–	–
Europe	25,939,682	18.33%	(31.86%)	–	–	–	–	–	–
Asia (excluding China)	12,522,922	8.85%	(17.62%)	–	–	–	–	–	–
Others	2,835,527	2.00%	(31.41%)	–	–	–	–	–	–
Total	141,536,654	100.00%	(13.54%)	–	–	–	–	–	–

3.2 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 has been leading the world in terms of production and sales volume since 1996, and as a leader in the global container industry, its production bases cover all major coastal and inland ports in China. It has the capacity to produce a full series of container products with independent intellectual property rights, which mainly consists of standard dry containers, reefer containers and special-purpose containers. In particular, 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. Currently, the main operating entity of the container manufacturing business is CIMC Container (Group) Co., Ltd. (中集集裝箱(集團)有限公司) and its subsidiaries. The Company holds 100% equity interest in CIMC Container (Group) Co., Ltd. as at 31 December 2023.

During the Reporting Period, the container manufacturing business of the Group recorded a revenue of RMB30,213 million (same period in 2022: RMB45,711 million), representing a year-on-year decrease of 33.90%, achieving a net profit of RMB1,794 million (same period in 2022: RMB5,258 million), representing a year-on-year decrease of 65.88%.

To sum up, in 2023, the global economic growth momentum weakened, the growth of consumer spending in Europe and the United States and the global goods trade slowed down, and the container shipping market underwent a cyclical adjustment due to unfavourable factors such as high overseas inflation, continued interest rate hikes in Europe and the United States and geopolitical conflicts. Moreover, with the gradual improvement of congestion at overseas ports and in the supply chain, a redundancy of containers arose in circulation globally, led to a cyclical downturn in the new container market. During this period, the Group actively adjusted its strategy for the container manufacturing business according to changes in operations, aiming to increase revenue and reduce costs. On one hand, facing the contraction of orders and downward pressure on prices, the Company further consolidated its basic management and secured its leading position in terms of quality, cost and efficiency by measures such as improving intelligent manufacturing, comprehensive internal optimization and efficiency enhancement and cost reduction under the premise of ensuring quality of products. On the other hand, by continuously strengthening product technology innovation and addressing market and industry pain points, the Company successfully seized the market opportunities in areas such as trucking containers, self-loading and unloading containers, and special railroad containers in 2023, contributing to the continuous rapid growth of the Group's container manufacturing business in incremental business and further consolidating and expanding the path of enterprise development.

Affected by the decline of the standard dry container and reefer container business, during the Reporting Period, the production and sales volume of the Group's container manufacturing business witnessed a significant year-on-year decline. In particular, the accumulated sales volume of dry containers reached 664,100 TEUs (same period in 2022: 1,107,300 TEUs), representing a year-on-year decrease of approximately 40.03%. The accumulated sales volume of reefer containers reached 92,500 TEUs (same period in 2022: 131,400 TEUs), representing a year-on-year decrease of approximately 29.60%. Among the specialized containers, the demand for open-top containers and flat-rack containers grew significantly.

Expand the road transportation vehicles business

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, a pioneer in the high-quality development of road transport equipment in China, and an explorer and innovator in new energy specialty vehicles in China. The Group held approximately 56.78% equity interest as at 31 December 2023.

In 2023, the third venture development of CIMC Vehicles has been comprehensively implemented, recording frequent accomplishments and making new achievements. During the Reporting Period, CIMC Vehicles achieved a revenue of RMB25,087 million (same period in 2022: RMB23,621 million), representing a year-on-year increase of 6.21%; achieved a net profit of RMB2,448 million (same period in 2022: RMB1,114 million), representing a significant year-on-year increase of 119.80%. In particular, CIMC Vehicles and its subsidiary transferred a total of 100% equity interests in Shenzhen CIMC Special Vehicles Co., Ltd. held by them to the Group and generated gains from disposal of equity interests. After deducting the income tax effects, the non-recurring gain arising from the item will be approximately RMB848 million. Details of the principal operations are as follows:

Global semi-trailer business: CIMC Vehicles operates seven key types of semi-trailer products in four major markets around the world, comprising container skeletal semi-trailers, flatbed semi-trailers and their derivatives, curtain side semi-trailers, van semi-trailers, refrigerated semi-trailers, tank semi-trailers, and other special semi-trailers. During the Reporting Period, CIMC Vehicles sold 116,677 semi-trailers globally (same period in 2022: 127,528), and recorded a revenue of RMB18,806 million from its global semi-trailer business (same period in 2022: RMB18,143 million), representing a year-on-year growth of 3.65%. Its gross profit margin increased from 13.80% to 21.36%. As for the Chinese semi-trailer market, CIMC Vehicles consolidated its domestic market fundamentals, efficiently implemented its "Star Chain Program", promoted structural reforms in the manufacturing organizations of its domestic semi-trailer business, which has maintained the first place in the domestic market in terms of market share. In terms of overseas market, the semi-trailer business in North America saw robust development, and achieved better-than-expected growth in the first half of the year. However, as the impact of the tension in global supply chain and shortage of labour on the semi-trailer industry in North America weakened, the demand in semi-trailer market in North America is expected to return to normal in the second half of 2023; the European semi-trailer business stepped out of a predicament and gained quality growth in an adverse environment thanks to the implementation of cost reduction and efficiency improvement strategies; meanwhile, CIMC Vehicles actively grasped the opportunities of strong market demand in the markets along the "belt and road" initiative to vigorously expand those markets and significant growth has been achieved in other markets.

Truck bodies for specialty vehicles business: CIMC Vehicles operates the truck bodies for specialty vehicles business, which include the manufacture of urban dump truck bodies and concrete mixer truck bodies and sales of fully-assembled vehicles. During the Reporting Period, the specialty vehicles market in China has been recovering slowly. The Group actively expanded overseas markets while strengthening the domestic market. Revenue from the business of truck bodies for specialty vehicles and sales of fully-assembled vehicles amounted to RMB2,645 million (same period in 2022: RMB2,367 million), representing a year-on-year increase of 11.72%; and its gross profit margin increased by 0.45 percentage point year-on-year.

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

Through its subsidiary CIMC TianDa, the Group is engaged in the business of airport facilities and logistics equipment, fire safety and rescue equipment. As at 31 December 2023, the Group held approximately 58.34% equity interests in CIMC TianDa. The airport facilities and logistics equipment business mainly include passenger boarding bridges, airport ground support equipment, airport baggage handling systems, logistics handling systems and intelligent storage systems. The fire safety and rescue equipment business mainly covers comprehensive fire safety and rescue mobile equipment primarily based on various types of fire trucks, and also includes other fire safety and rescue equipment and services, such as various types of fire pump monitors, intelligent control and management systems for fire vehicles and various types of fire-fighting systems.

During the Year, CIMC TianDa recorded a revenue of RMB6,961 million (same period in 2022: RMB6,672 million), representing a year-on-year increase of 4.34%; and a net profit of RMB222 million (same period in 2022: RMB197 million), representing a year-on-year increase of 12.58%.

Compared to last year, both business lines of airport facilities and logistics equipment, fire safety and rescue equipment recorded growth in revenue during the Year. In particular, the logistics equipment business, riding on the growth momentum of the industry and with the support of a wide range of high-end products independently researched and developed by the Group with advanced technologies, successfully completed a number of major logistics projects during the Year, including the automatic sorting center of the second phase of Kunshan No.1 Smart Industrial Park of JD Group, the first "multiple structure +intelligence" international air cargo terminal in China at the east area of Hangzhou Xiaoshan International Airport and the IKEA Foshan logistic distribution center project, which contributed to the greater achievement in revenue of the logistics equipment business and consolidated CIMC TianDa's leading position in the industry. Meanwhile, the system of the remote unmanned automatic boarding bridges at Chengdu Tianfu International Airport has been updated to become more intelligent (Level L4), demonstrating that CIMC TianDa has an excellent innovative ability to meet the market demand for professional and intelligent high-end products, and leveraging which it can explore the development potential of various markets to create more space for the growth of its business. The fire safety and rescue equipment business continued to develop steadily during the Year and is in the process of integrating its production lines in Europe, with a view to enhancing the efficiency of its high-end design and production technologies, while at the same time lowering the production costs of the fire safety business, thereby improving the operating efficiency of its business as a whole.

Leverage the logistics services business

CIMC Wetrans Logistics Technology (Group) Co., Ltd. ("**CIMC Wetrans**"), the main operating entity of the Group's logistics services business, is committed to "becoming a high quality and trustworthy world-class multimodal transport enterprise". As at 31 December 2023, the Group held approximately 62.70% equity interests in CIMC Wetrans. With its global network, CIMC Wetrans has established a multimodal transport product matrix that integrates "river, sea, land, railway and air transportation", kept exploring ways to provide efficient, low-carbon and visual logistics services to customers, and provided professional and personalized logistics solutions to specific customers.

During the Reporting Period, major developed countries continued to raise interest rates and global economic growth slowed, resulting in weak demand in the container shipping market. A large number of new ships were delivered and the supply of shipping capacity increased, which continued to impact the market fundamentals. Global container shipping volume declined year-on-year, and freight rates performed weakly year-on-year. However, the Group's logistics service business team persisted in market expansion, and various major business volumes achieved robust growth, resulting in an increase in the market share.

During the Reporting Period, the logistics services business of the Group realised a revenue of RMB20,166 million (same period in 2022: RMB29,346 million), representing a year-on-year decrease of 31.28%, and a net profit of RMB187 million (same period in 2022: RMB375 million), representing a year-on-year decrease of 50.14%. During the period, the business volume of the Company in sea and land transportation both achieved growth, and the business volume of air transportation maintained basically stable with decreased profit due to the decline in freight rates.

During the Reporting Period, the main business conditions of the Group's logistics service are as follows: (1) the "integrated" multimodal transport business: the scale effect gradually emerged. In respect of sea transportation, we have strengthened our core routes and airline strategies, strengthened strategic cooperation with a number of leading airlines through centralized procurement models, and leveraged our global network to deepen our presence in the Asia-Pacific region, achieving a year-on-year growth of approximately 26% in business volume. In respect of land transportation, we have actively deployed along the "Belt and Road" Pan-Asian Railway, expanded overseas outlets in Central Asia, extended into inland supply areas, and completed the construction of 7 inland sales outlets, continuously improving our cross-border full-service capabilities and achieving a year-on-year increase in business volume of approximately 19%. In respect of air transportation, we have upgraded our customer base, adjusted our product structure in a timely manner, and accelerated product development from Southeast Asia to the Far East; (2) the specialized logistics business: the cold chain business was operated under the unified external name of "Wetrans Lingxian", and the import and export cold chain two-way logistics has achieved leapfrog development. Our market share of self-operated containers on the Thailand-Laos-Mohan route has entered the first-ranking echelon, helping transport over 500,000 tons of global high-quality fruits and vegetables to global consumers. Project logistics business maintained good profitability; (3) the logistics infrastructure business: we have deepened our multi-port and joint-venture cooperation with shipping companies and continued to develop small and medium-sized customers and third-line customers. We have also actively expanded our terminal business in Southeast Asia and made efforts in multiple areas, achieving a year-on-year increase of approximately 17% in container volume entering and exiting the terminal, reaching a record high. We promoted product upgrading of containers, freight and yards, adjusted the structure of the empty and heavy container business, increased the scale of the container leasing business, expanded the field of cold box services, strengthened the front-port service capabilities, and reaped performance returns in multiple dimensions.

In terms of the development of key industries and strategic customers, we focused on new energy, photovoltaic and other industries to help companies go global. In terms of technology empowerment, breakthroughs and results have been achieved in many areas such as automation node efficiency improvement, data empowerment business and AI innovation.

During the Reporting Period, CIMC Wetrans ranked among the top 5 for the first time in the Comprehensive List of Freight Forwarding and Logistics Enterprises released by the China International Logistics and Freight Forwarding Association. It also once again won the Top 50 Chinese Logistics Enterprises in 2023 selected by the China Federation of Logistics and Purchasing, ranking 16th. The brand strength and influence of CIMC Wetrans have been further enhanced.

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 to facilitate carbon neutrality, which mainly provides professional recycled load R&D and manufacturing, shared operation service and comprehensive solutions for customers in industries including automobile, new energy power battery, photovoltaics, household appliances, fresh agricultural products, liquid chemicals, rubber and bulk commodities, etc. The recycled load business of the Group is carried out through CIMC Transportation Technology Co, Ltd. ("**CIMC Transportation Technology**"), in which the Group held approximately 63.58% equity interests as at 31 December 2023. CIMC Transportation Technology successfully passed the 2023 Shenzhen (Provincial) "Specialized, Fined, Peculiar and Innovative" small-and-medium-sized enterprises (SMEs) accreditation.

During the Reporting Period, the recycled load operation business successfully tapped into the field of bulk commodities like phosphoric acid and sulphur, and achieved the large-scale operation in the photovoltaic industry. During the Reporting Period, the Group saw a year-on-year decline of 41.55% in its revenue from the recycled load business to RMB2,834 million (same period in 2022: RMB4,849 million). There were some fluctuations in performance, mainly due to the year-on-year change in caliber as a result of the disposal of its equity interests in a subsidiary Dalian CIMC Special Logistics Equipment Co., Ltd. by CIMC Transportation Technology within the Group in August 2022; and the weaker-than-expected business expansion as a result of the declining demands from automotive, rubber derivatives and other industries; and reported net losses of RMB74 million (same period in 2022: net profit of RMB287 million), mainly due to additional one-off logistics costs incurred by the delivery of operating assets to customers in the first time, which had an impact on the short-term profitability, but the profitability will be improved when the new assets are put into operation successively.

(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 energy, chemical and liquid food equipment, as well as provision of relevant technical and maintenance services. Its main operating entity is CIMC Enric Holdings Limited ("**CIMC Enric**"), in which the Group held approximately 67.60% equity interest as at 31 December 2023.

During the Reporting Period, the Group's energy, chemical and liquid food equipment business achieved a revenue of RMB25,026 million (the same period last year: RMB21,250 million), representing a year-on-year increase of 17.77%, and net profits of RMB854 million (the same period last year: RMB1,042 million), representing a year-on-year decrease of 18.03%. As one of major operating companies of the Group, CIMC Enric registered a revenue of RMB23,626 million (same period last year: RMB19,602 million), representing a year-on-year increase of 20.5%. The segment operating results of CIMC Enric are as follows:

1. The clean energy segment recorded a revenue of RMB14,907 million (same period last year: RMB10,591 million), representing a year-on-year increase of 40.8%.

   CIMC Enric is the only key equipment manufacturer and engineering service provider in China that has extended its presence along the whole industry chain with a focus on natural gas and hydrogen, and it offers one-stop system solutions. CIMC Enric is widely recognised by customers for its top market share in each segment. In particular, CIMC Enric maintains a leading position in terms of production and sales of storage and transport products for LNG, hydrogen, LPG, CNG and industrial gases.

(1) **LNG and LPG business:** In 2023, benefiting from domestic policy support and favourable factors such as the recovering natural gas consumption and stable LNG price, this business achieved sound growth along the industry chain, with the most significant growth being seen in the field of terminal application. On the one hand, driven by the surging demands in the onshore natural gas heavy-duty truck market, orders newly signed and delivered for LNG onboard cylinders realized significant growth. Meanwhile, due to the high growth of the industry brought about by the development of global green shipping, this business achieved significant growth in both revenue and orders in respect of clean power vessels, LNG marine fuel tanks and liquid cargo tanks, and secured nearly 20 newbuilding and alternative orders for main ship types, i.e. liquefied gas carriers and clean energy dual-fuel vessels. As at the end of the Reporting Period, offshore clean energy orders on hand amounted to RMB9.56 billion in total.

(2) **Hydrogen business:** As a leading international supplier of hydrogen equipment and solutions, CIMC Enric further enhanced its integrated solution capability, improved the R&D and manufacturing of hydrogen production equipment and hydrogen storage and transportation equipment in upstream multi-technical routes, and continued to lead the industry in breaking through the R&D of "bottleneck technologies" in the fields of liquid hydrogen tanks and tank trucks. During the year, as the hydrogen industry continued to develop, this business recorded a revenue of RMB700 million, representing a year-on-year increase of 59.0%; newly signed orders amounted to RMB831 million, representing a year-on-year increase of 36.7%, including such representative projects as hydrogen storage spherical tanks, type III onboard hydrogen storage cylinders, the first hydrogen refuelling station and the first hydrogen bus in Hong Kong.

2. The chemical and environment segment recorded revenue of RMB4,414 million, representing a year-on-year decrease of 15.8%. During the Reporting Period, the segment was successfully listed on the ChiNext Board of the Shenzhen Stock Exchange, with its shares referred to as "CIMC Safeway Technologies" (301559.SZ), and is a global chemical logistics equipment manufacturer and full life cycle service provider. The segment also actively expanded after-market services such as repair, cleaning, renovation and modification for tank containers, and provided customized tank container information services based on the Internet of Things technology. In 2023, there was robust demand for special tank containers like high-purity liquid ammonia tanks and lined tanks, maintaining sales volume and revenue at a high level.

3. The liquid food segment recorded revenue of RMB4,293 million (same period in 2022: RMB3,620 million), representing a year-on-year increase of 18.6%. The segment is always committed to providing excellent turnkey solutions to customers worldwide, while actively exploring new markets and expanding business capabilities. During the Reporting Period, benefiting from the global economic growth and consumption trend, the beer turnkey project business in Mexico, Thailand and other markets continued to flourish, and the new customers of this segment expanded significantly. In other categories, the segment also maintained strong expansion, especially with sufficient orders for spirits and fruit juice. The segment also strengthened the spirits business layout in the Chinese market during the period.

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

The Group is engaged in the offshore engineering business mainly through Yantai CIMC Raffles Marine Technology Group Co., Ltd. ("**Marine Technology Group**"), in which the Group indirectly held approximately 80.04% equity interest as at 31 December 2023. The 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, making it one of the leading contractors of high-end offshore engineering equipment in China. Its major businesses include manufacture of oil and gas equipment with a focus on FPSO (Floating Production Storage and Offloading), construction of offshore wind power equipment with a focus on wind power installation vessels and booster stations and operation and maintenance of wind farms, and manufacture of special vessels, etc.

During the Reporting Period, the offshore engineering business of the Group recorded a revenue of RMB10,452 million (same period in 2022: RMB5,771 million), representing a year-on-year increase of 81.12%, with a net loss of RMB31 million (same period in 2022: net loss of RMB334 million). In particular, Marine Technology Group, the main operating entity of our offshore engineering business, had turned profitable during the Year.

During the Reporting Period, the global ship and marine engineering market environment continued to improve, and development trends of the target markets of offshore engineering business's three principal business lines were stable. In terms of new orders received, the Group's offshore engineering business recorded remarkable results in its initial strategic transformation. The business layout has gradually expanded from traditional oil and gas to new energy sources, and the quality of orders has continued to improve. It is striving to create a business portfolio that can stabilize the cycle. The newly signed orders during the Reporting Period amounted to US$1,630 million (same period of the previous year: US$2,560 million), including two oil and gas module projects, three wind power installation vessels, five ro-ro ships and orders for other clean energy projects. As at the end of 2023, the accumulated value of orders on hand increased by 35% to US$5,400 million (same period in 2022: US$4,000 million), of which the proportion of the oil and gas business, wind power installation vessels and ro-ro ships was approximately 4:3:3.

In respect of delivery: 16 projects with contract values of US$650 million were completed and delivered during the Year. In particular, the oil and gas business delivered P78 blocks and converted FPSO to customers. The special vessels business delivered the "3060" series offshore wind power installation vessels and an automotive ro-ro ship, while other businesses mainly delivered offshore conduit racks and fishery net cages.

(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 are CIMC Finance Co., Ltd. ("**CIMC Finance Company**") and Offshore Engineering Asset Management Platform Company.

During the Reporting Period, the Group's finance and asset management business achieved a revenue of RMB2,218 million (same period in 2022: RMB1,709 million), representing a year-on-year increase of 29.81%, and net loss of RMB2,441 million (same period in 2022: net loss of RMB1,358 million), mainly due to the significant increase in the interest expenses of offshore engineering asset operation and management business resulting from the rise in US interest rates and the absence of the profit of CIMC Financial Leasing Co., Ltd. before deconsolidation for the same period in 2022.

CIMC Finance Company:

During the Reporting Period, CIMC Finance Company, upholding the concept of maximising the interest of the Group, collaborated with the Group to enhance the efficiency and effectiveness of fund management, and provided quality comprehensive financial services to the Group. CIMC Finance Company enhanced the intensive, efficient and secure management of the Group's funds, and reinforced the treasury function while steadily advancing the centralized management of funds.

CIMC Finance Company further integrated itself into the overall strategic planning of the Group and the development of its main businesses, integrated and configured financial resources in a targeted manner, and continuously strengthened its financial support for the development of industries. During the whole year, CIMC Finance Company provided members of the Group with credit facilities of more than equivalent to RMB8.3 billion to help them realise capital turnover in a highly efficient and expeditious manner. At the same time, CIMC Finance Company continued to improve and optimize financial products and services, and enhanced the ability of comprehensive financial innovation services. It introduced the function of direct connection between treasury and enterprises to realise the interconnection and intercommunication of funds and account data and enhance work efficiency; vigorously promoted super online banking business to realise "one-stop" online cross-bank fund management and dynamically monitor the Group's capital position; and set up a new mode for centralized management of foreign exchange, namely "Foreign Exchange Manager", to assist the segment in strengthening foreign exchange risk management and reducing exchange rate risk and transaction costs. The application of financial technology was further intensified. It upgraded the new-generation bill system to optimise the lifecycle management of bills; established a mobile finance company operation platform to enhance user convenience; and capitalised on the Group's generative AI platform to deploy its first "digital employee" to perform customer service duties, such as addressing business enquiries and providing procedural guidance in a timely manner. All these efforts not only reduced costs and enhanced efficiency, but also strengthened the company's data-driven capability.

Offshore engineering asset operation and management business of CIMC:

During the Reporting Period, the offshore engineering asset operation and management business of the Group involved 16 offshore engineering vessels assets in total, including two ultra-deepwater semi-submersible drilling platforms, three semi-submersible drilling platforms for severe sea conditions, three semi-submersible lifting/life support platforms, three 400-foot jack-up drilling platforms, four 300-foot jack-up drilling platforms (one of them under debugging and expected to be delivered to buyer client in 2024) and one luxury yacht (disposed of for delivery to buyer client).

The impact of energy shortages caused by geopolitical conflicts gradually diminished, and the international energy market showed stable trend and began to move towards a supply-demand balance-oriented pricing mechanism. As the international oil prices stabilise at around US$80 per barrel and are expected to remain stable in 2024, international oil companies' FID (Final Investment Decision) investment in the coming years will become clearer, and state oil companies are also increasing their production to ensure their countries' energy security. Against this backdrop, oil and gas investment is driving the recovery of the drilling market, among which, jack-up platforms and drillships have recovered significantly and semi-submersible drilling platforms have also started to pick up, with the utilisation rate and the daily rate gradually rising.

Benefited from the recovering market, during the Reporting Period, the Group's offshore engineering asset operation and management business acquired lease contracts for three platforms during the year, with operating lease income achieving an increase of more than 80% year-on-year. During the Reporting Period, one platform was under negotiation for lease renewal, one luxury yacht was sold and delivered to the customer on schedule, and a number of contracted platforms commenced operations in 2023, including two jack-up drilling platforms and one semi-submersible living platform. Among the remaining leaseable platforms, the Group's 2 sixth-generation semi-submersible drilling rentable platforms for severe environment own the capability to operate in most of the world's middle-deep-water sea areas, including the harsh sea areas such as Norway North Sea and Balun Sea; 1 seventh-generation ultra-deep-water semi-submersible drilling rig is equipped with a dual drilling tower operating system, which effectively improves the operating efficiency on the basis of strong safety, and has the operating capacity in more than 95% of the world's deep-water waters; 1 semi-submersible living support platform is equipped with high-standard living facilities. At present, the Group is actively participating in a number of domestic and foreign market tenders, such as China, Norway, the United Kingdom, Brazil and Africa, based on the functional characteristics of the platform and the project needs of different customers.

No.	Category	Amount	Status at the beginning of the period	Status at the end of the period
1	ultra-deep-water semi-submersible drilling platforms	2	1 for lease	1 for lease
2	semi-submersible drilling platforms for severe sea conditions	3	1 for lease	1 for lease
3	semi-submersible lifting/life support platforms	3	2 for lease	2 for lease
4	400-foot jack-up drilling platforms	3	3 all for lease	3 all for lease
5	300-foot jack-up drilling platforms	4	2 for lease; 1 to be delivered to buyer client	3 for lease; 1 to be delivered to client
6	luxury yacht	1	Nil	Sales realized and delivered on schedule

(IV) Innovative Businesses that highlight the advantage of CIMC

While focusing on its main business, the Group has adopted "exploration and innovation (開拓創新)" as its core value, insisted on technology as the first productivity, and used innovative business as a new driving force for the Group's high quality development, integrated the advantageous resources of each segment, captured the possible opportunities in the industrial chain and competence circle, strengthened technological innovation and product innovation, and shaped the new competitive advantages of each business with technological innovation to create breakthroughs. The Group's main innovative businesses are as follows:

- ***Cold chain logistics:***

  During the Reporting Period, in addition to continuing to consolidate its core advantages in the field of cold chain equipment manufacturing, the Group has further strengthened the strategic layout of its cold chain business in the pharmaceutical cold chain, fresh supply chain, industrial temperature control and other aspects. (1) In terms of pharmaceutical cold chain, CIMC Cold Cloud has been involved in the transportation of a number of biological new drugs for first release, and has been awarded the national standard model enterprise of the " Pharmaceutical Cold Chain Logistics Operation Specification" and the title of "Top Ten Logistics Enterprises in the Pharmaceutical Supply Chain* (醫藥供應鏈十佳物流企業)"; (2) In terms of fresh supply chain, CIMC Cold Chain has strategically cooperated with Guangdong Academy of Agricultural Sciences* (廣東農科院) and other scientific research institutes to jointly explore the standards of fruit and vegetable cultivation, post-harvest treatment and the whole cold chain. Guangxi Supply and Marketing & CIMC Cold Chain Co., Ltd.* (廣西供銷中集冷鏈有限公司), a joint venture of CIMC Cold Chain and Guangxi Supply and Marketing* (廣西供銷), has officially operated, which will carry out strategic and business cooperation focusing on the strategic themes of "cold chain" and "rural revitalization", aiming to build a high-speed rail like cold chain backbone network. The new cold chain model will be replicated and promoted in Guangxi, and gradually radiated and promoted to the Guangdong-Hong Kong-Macao Greater Bay Area in future; (3) In terms of industrial temperature control, CIMC Cold Chain has established a joint venture with Arco* (愛科德), which is committed to providing greener, more energy-saving, more efficient and more reliable cold chain temperature control equipment products, providing the community with excellent and reliable cold chain supply solutions, and enabling the whole community to share the economic and environmental values brought by carbon dioxide heat pump technology. During the Reporting Period, Qingdao CIMC Reefer Container Manufacture Co., Ltd. was successfully selected as one of the National Demonstration Factories in Intelligent Manufacturing and won honorary titles such as the National Green Factory and the Shandong Governor Quality Award. This marked a new stage in operational excellence for the reefer containers business.

– ***Energy storage technology:***

China, the United States and the EU lead the rapid growth of the global new energy storage installation scale. According to the data released by CNESA (China Energy Storage Alliance), the newly-added new energy storage in China was mainly based on the electrochemical technology in 2023, with new installations of 21.5GW/46.6GWh, tripling the new scale in 2022, moving faster than the industry expected. 7.2GW of new electrochemical energy storage was put into operation in the United States in 2023, with the cumulative installed equipment reaching 16GW, and the new installed capacity in the Europe was expected to be more than 6GW in 2023. Under the background of global energy structure transformation, Australia, the Middle East and other regions will also enter a period of rapid growth.

In 2023, the price of upstream lithium carbonate kept declining, driving down the price of energy storage cells, and the price of energy storage systems also showed a downward trend, aggravating the competition in the system integration segment. Hindered by a combination of factors such as the dropping trend of the price of lithium carbonate as raw material, the expanding energy storage market scale, and the increase in subsidies supported by the energy allocation and reserve policies in various regions, the price war in the energy storage industry has already started, leading to intensified competition. For many energy storage system integrators, they see both challenges and opportunities.

During the Reporting Period, the Group's storage business continued its rapid development through the deepening of its corporate operation, with revenue reaching a new high record. In the face of increasingly fierce competition in the industry, the Group's energy storage business has always followed the national new energy strategy, deepened cooperation with leading customers in the industry externally, strengthened technological innovation internally, and integrated the resources and capabilities of our subordinate high-quality factories, so as to provide customers with efficient and safe integrated products. In the future, the Group will continue to focus on energy storage, new energy and other equipment applications, actively explore new application scenarios, and strengthen the expansion of and cooperation with strategic customers both at home and abroad, with an aim to further enhance the influence of the CIMC brand.

– ***Modular building business:***

During the Reporting Period, the modular building business of the Company continued to vigorously explore domestic and international markets, strengthen the technological research and development as well as management improvement. Amid the reduction of shipping costs, the two major industrialised building systems, i.e. modular building and assembled steel structure, recorded breakthroughs and substantial growth.

In terms of modular building business, the international markets have made greater breakthroughs, with the contracted values in the Hong Kong market reaching RMB300 million and the contracted values in Malaysia and other emerging markets reaching US$200 million. Major projects such as the Malaysia K2 Data Center Project, the Hong Kong Legislative Council Complex, the Transitional Housing on Po Yap Road and the Transitional Housing at Kai Tak Muk On Street were progressing in an orderly manner, and the product technology and quality were highly recognized by customers, of which the Hong Kong Science and Technology Parks innocell project has won 18 awards in Hong Kong in terms of quality and other aspects; in terms of the assembled steel structure business, its technical system has been gradually improved, and the Taicang Talent Apartment, recognised as 2023 Provincial Construction Industry Modernisation Demonstration Project (2023年省級建築產業現代化示範工程), has reached a close strategic cooperation with Tianjin Municipality in terms of the marketisation promotion, and achieved a breakthrough in the market-oriented projects.

(V) Capital Operations in relation to Main Businesses

During the Reporting Period, the significant events of the Group in respect of capital operations are as follows: (1) In March 2023, the transaction in relation to the strategic restructuring of C&C Trucks Co., Ltd. ("**C&C Trucks**") by introducing strategic investors was completed, and the shareholding of the Company in C&C Trucks decreased from 73.89% to 35.42%. C&C Trucks became an associate of the Company; (2) In May 2023, the application of CIMC TianDa for the initial public offering and listing of shares on the ChiNext Board of the Shenzhen Stock Exchange has been approved by the Listing Review Committee of the Shenzhen Stock Exchange, still subject to the registration procedures with the CSRC; (3) In October 2023, CIMC Safeway Technologies Co., Ltd. ("**CIMC Safeway Technologies**") completed its initial public offering and listing of shares on the ChiNext Board of the Shenzhen Stock Exchange; (4) In November 2023, as considered and approved at the nineteenth meeting in 2023 of the tenth session of the board of directors of Company, it was agreed that the Company shall repurchase a portion of A shares of the Company at a repurchase price of not more than RMB10.20 per share (inclusive) for a total repurchase amount of not more than RMB300 million (inclusive) but not less than RMB200 million (inclusive). As at 31 January 2024, the repurchase of a portion of A shares by the Company was implemented and completed; and (5) The Group is planning to apply for listing of CIMC Liquid Process Technologies Co., Ltd. (中集安瑞醇科技股份有限公司) ("**CIMC LPT**"), an indirectly controlling subsidiary of the Group, on the Beijing Stock Exchange through the direct connect mechanism. CIMC LPT has submitted an application for listing to the National Equities Exchange and Quotations Co., Ltd. ("**NEEQ Co., Ltd.**") on 29 December 2023, which was accepted by NEEQ Co., Ltd. on the same day, and the application remains subject to the consideration and approval or consent of registration of the Beijing Stock Exchange, CSRC, and other regulators.

3.3 Future Development and Prospects

(I) CIMC Group's Strategic Planning for the years from 2023 to 2027

In the next five years, CIMC will follow the guidance of national policies based on the situation in the new development stage, and will also continue the implementation of the strategic theme of "accelerating the construction of new growth drivers and focusing on promoting high-quality development" and coordinate the reasonable growth of "quantity" and the effective improvement of "quality", so as to "become a high-quality and respected world-class enterprise".

✧ ***Accelerating the Construction of New Growth Drivers***

CIMC will closely follow the national strategic guidance and seize important opportunities such as domestic and international dual circulation, expanding domestic demand, unifying the large market, technological innovation, and green development. It will achieve its goal of leapfrog growth in scale by consolidating and enhancing its industry-leading position in its existing core businesses and focusing on expanding multiple strategic emerging businesses to continuously create new value and new momentum.

1. **Consolidate the manufacturing foundation, leverage the advantages of scale, promote transformation and upgrading and create a championship product cluster, thereby continuing to build new growth drivers for the core business.** The core business of equipment manufacturing is the cornerstone of CIMC's strategy. The Group will continue to consolidate its leading position in the superior equipment manufacturing business and continuously expand its market competitive advantages in the service field. At the same time, it will also accelerate the divestiture of inefficient assets to enhance the core capabilities of the overall business:

   - Give full play to the advantages of equipment manufacturing and create a championship product cluster. CIMC will aim to master core technologies, core materials, core components and upgrade routes to increase the added value of existing products. It will employ automation, informatization, leanness, and green and low-carbonization as the driving wheels of high-end manufacturing to continuously enhance the core competitiveness of its manufacturing side, optimize its product portfolio and consolidate its industry position.

   - Give full play to the advantages of being a listed entity and utilize external strategic resources. The Group will promote its affiliated companies to introduce diversified capital investors through the listing, additional issuance and restructuring, thereby expanding the Group's capital scale and building a more solid core business foundation for the Group.

- Promote the cleanup of inefficient assets and improve the return on assets. The Group will optimize the quality of its core business asset portfolio, and through product line combing, will clean up and optimize businesses and assets where CIMC's advantages are not obvious and the overall growth of the industry is not optimistic, and will significantly reduce the number of holding companies. At the same time, it will revitalize inefficient assets and increase asset appreciation income through reinvestment.

2. **Expand strategic emerging businesses, build innovative solutions for products, services and models, and create new momentum for CIMC's leap-forward development.** Strategic emerging businesses are innovative industry chain comprehensive solutions developed based on CIMC's core businesses and core capabilities. CIMC will seize the favourable opportunities arising from the conversion of old and new driving forces, and will focus on strategic themes to build core incremental sources to achieve strategic goals.

   CIMC will focus on advancing in subdivided areas where "our country has needs, the industry has shortcomings and CIMC has advantages", adapt to the opportunities and demands of low-carbon energy transformation and accelerate the layout of clean energy businesses such as hydrogen energy, green methanol, natural gas, and offshore wind power, promote the reconstruction of the fresh food supply chain based on its advantageous position in cold chain equipment and cold chain logistics, protect the environment and promote multimodal transport and professional logistics business based on green transportation capacity, follow market demand and promote the integrated development of new energy vehicle business and energy storage business.

3. **Focus on expanding the domestic market while taking into account global development to seize new market growth momentum.** CIMC will continue to increase the scale of the domestic market and expand the Group's business network and "ecosystem" to provide customers with innovative and comprehensive solutions. It will strengthen in-depth collaboration with shareholders as well as in-depth cooperation with the governments and leading enterprises. It will enhance the Group's global layout and transnational operation capabilities, and will focus on expansion opportunities in emerging markets such as Southeast Asia, Central Asia and South America through the "Belt and Road" initiative, RCEP trade agreements, etc. It will also enhance the visibility and reputation of CIMC's brand to support the Group's business layout strategy in new markets and new tracks.

✧ ***Focusing On Promoting High-Quality Development***

While striving to achieve scale growth, CIMC will focus on the four high-quality characteristics of "excellent products, leading innovation, outstanding brands and modern governance" to build a world-class enterprise. Under this guidance, CIMC will focus on creating globally competitive products and services in key areas and shaping its unique values. At the same time, it will adhere to the core position of innovation and comprehensively improve its independent innovation capabilities, thereby enhancing its control over core links and key areas of the industrial chain. In addition, CIMC will strive to build a world-renowned brand, enhance its global resource allocation and integration capabilities, and enhance its influence to demonstrate confidence and responsibility. It will also enhance the ability to resist risks, shape excellent corporate culture and create a model of green and low-carbon development, and will enhance strategic management capabilities and continue to improve operation and management levels.

4. **Consider both mergers and acquisitions and asset optimization to strengthen the rational allocation of financial resources.** CIMC will continue to improve its capital operation capabilities and actively expand the Group's industrial chain layout through mergers and acquisitions and other methods, so as to promote the rapid development of strategic emerging businesses. It will continue to strengthen asset optimization and accelerate the disposal of inefficient assets to increase overall asset return rates. It will also strengthen the rational allocation of financial resources and promote the implementation of the Group's additional issuance to ensure that business plans will be implemented, financial risks will be generally controllable and resource returns will continue to improve.

5. **Strengthen technological innovation and digital construction, and promote intelligent manufacturing, smart products and platform services.** CIMC will adhere to the championship product strategy, continue to improve independent innovation capabilities, strengthen R&D layout, and build CIMC's core competitiveness in various business fields through technological innovation and product upgrades. It will promote the transformation and upgrading of "intelligent manufacturing", accelerate the integration of industrialization and informatization, move towards the goal of "Global Light Tower Factory", and encourage the promotion and reuse of demonstration enterprises' industrialization and informatization integration methods. It will also accelerate the construction of "Digital CIMC", continue to consolidate the foundation of internal business digitization and digital business, promote external digital collaboration, and enhance product intelligence.

6. **Continue to strengthen the 5S management and control system and control and build the ONE model, improve organizational and human resource capabilities, and continuously promote common causes.** CIMC will continue to strengthen and improve the connotation of the 5S management and control system and promote the closed loop of the 5S management and control system, thereby forming a set of management specifications that meet the requirements of the Group's corporate governance and diversified development. It will continue to build and upgrade the ONE model, enhance the core competitiveness in operational excellence, and create a demonstration enterprise for operational excellence. It will also enhance human resources capabilities, continue to promote common undertakings, strengthen the construction of core talent echelons, and promote the implementation of equity incentives and employee stock ownership plans, in a bid to fully stimulate organizational vitality.

7. **Implement the ESG development concept, strengthen product quality and HSE management, and strictly control various risks in the development process.** CIMC will fully implement the ESG development concept and the eight key ESG issues of the Board to enhance the Group's sustainable development. It will strengthen product quality and HSE management with the concept of "intelligent manufacturing, champion quality" to prevent major accidents and penalties. It will also strictly control various risks in the development process and create a pragmatic and effective risk control system that can proactively prevent and control risks. At the same time, it will continue to improve the organizational system of compliance management and improve the effectiveness of compliance management.

3.3.1 Industrial Analysis and Corporate Operating Strategy of Major Business Segments

(1) In the Logistics Field:

Container Manufacturing Business

Looking ahead to 2024, according to the prediction made by CLARKSONS (a global authoritative industry analyst) in February 2024, the mileage growth of global container trade will significantly increase from 1.9% in 2023 to 8.3% in 2024. Although still suffering the pressure of a high capacity growth rate of 8.5%, it is expected that the imbalance between supply and demand in the container transportation market will be significantly relieved. The container transportation market is still facing a number of uncertainties in view of the ongoing impact of events such as the prolonged Red Sea conflict and the Panama Canal drought on the effective transportation capacity, container turnover and supply chain of global container transportation. In order to cope with the risk of container shortage brought about by these uncertain events, customers' willingness to spare containers will increase, which, together with the stable replacement of old containers, is expected to put the demand for containers on a recovery track by 2024.

In 2024, we will adopt the main business tone of "seeking progress in stability and achieving breakthroughs in business innovation" for its traditional container manufacturing business. We will continue to strengthen our core competitiveness and ensure our leadership position in the industry. In response to market changes, we will continuously enhance our quick response abilities through production and sales linkage, mechanism innovation, and strengthening internal collaboration. In terms of manufacturing and delivery, we will continuously improve product quality and cost competitiveness through lean manufacturing, digital application and the upgrade of intelligent manufacturing. As for business innovation, we will continue to increase R&D investment in new products, new materials, and new technologies, focusing on scenario-based logistics equipment solutions and "container +" to enhance product innovation and continuously expand incremental business. In terms of sustainable development, we actively promote green manufacturing and green products, contributing green value to customers and society through the implementation of carbon reduction and carbon-cutting projects.

Road Transportation Vehicles Business

In 2024, China's transport industry will continue to recover. China's semi-trailer market will break new ground characterised by sustained recovery, supply-side reform, and accelerated concentration of top player effects. The supply and demand will return to normal in the semi-trailer market in North America as the semi-trailer manufacturing supply chain tensions will be eased. Given that persistent geopolitical complexity and tightening of the monetary policy result in the slowdown of the European economy, European semi-trailer industry will face the pressure of demand weakening. In other markets, there will be the potential for growth of semi-trailer industry thanks to the ongoing Belt and Road Initiative and Chinese efforts to roll out its "go global" strategy for commercial vehicles. Further, demands are expected to be unleashed in China's semi-trailer market thanks to the country's pledge to promote new infrastructure development.

In 2024, CIMC Vehicles will accelerate the development of new quality productive forces, to seize the window period of a new round of policies providing "old for new services" for transportation equipment to promote high quality development. Firstly, CIMC Vehicles will firmly advance the "Star Chain Plan" as the top priority so that it could become a benchmark for supply-side reform, a high-quality development model, and an example of pursuing development based on two driving forces. Secondly, CIMC Vehicles will put more efforts in the "Sanhao Development Centre" program to explore the new model characterised by integrated development. Thirdly, CIMC Vehicles will adhere to the transoceanic operation. In this regard, it will promote the "Deep-space Exploration Plan" and "Champion Development Plan" for North American market. Fourthly, CIMC Vehicles will deepen the organisational development and change to build a "stable and agile" organization. Fifthly, CIMC Vehicle will, upon the successful research and development of prototypes of new-energy concrete mixer semi-trailers, continue to promote their commercialisation.

CIMC Vehicles will always implement the new development philosophy based on the new development stage. To do this, it will firmly implement the Star Chain Plan, and continue to promote "transoceanic operation, local manufacturing" to create a new development pattern. CIMC Vehicles will commit itself to the CIMC's journey of the third venture with the new strategy as the guider and innovation as the driving force.

Airport Facilities and Logistics Equipment, Fire Safety and Rescue Equipment Business

In respect of the airport facilities and logistics equipment business: In the future, global airports will continue to develop toward smart airports, and intelligence has accelerated the upgrading and updating of obsolete equipment in the airports, which brings challenges as well as business opportunities for equipment suppliers. Relying on boarding bridges and its existing products and system integration capabilities, CIMC TianDa will continue to improve and upgrade the PBB+GSE Technology Ecosystem to provide customers with more advanced and comprehensive technology and equipment integration and management solutions. In addition, CIMC TianDa will also promote the development of its service business, strengthen the provision of customised services and airport operation and maintenance system solutions, and build up diversified service capabilities in equipment leasing, operation and maintenance turnkey services, and project management, so as to broaden the business track. At the same time, CIMC TianDa will also consider mergers and acquisitions and strategic alliances with high-quality enterprises to open up new markets and improve the global market presence. In respect of the logistics equipment business, CIMC TianDa will invest more resources to strengthen its own capability in systematic planning, design, implementation, completion and maintenance of projects, and to expand the application scenarios and areas of its own core technologies, especially in the aspects of vertical warehouses and sorting and transportation equipment, striving to maintain its competitive edge.

In respect of the fire safety and rescue equipment business: To align with the Outline of 14th Five-Year Plan Period for Building Emergency Rescue Forces (《「十四五」應急救援力量建設規劃》) proposed by the State, the fire rescue work converts the pattern from "single disaster" into "comprehensive rescue", in the context of which, customers have stronger demands for high-quality fire safety and rescue equipment. CIMC TianDa will maintain the initiative to further develop intelligent, modular and high-performance firefighting and rescue equipment, enrich product categories vertically and horizontally, promote the application of new technologies and new energy and make contribution to the big-data construction of "smart fire safety" promoted across the country, with the purpose of assisting customers to improve emergency rescue capabilities. With committed efforts, CIMC TianDa is also devoted to reinforcing the equipment maintenance service team to provide customers with full-coverage and integrated services featuring "vehicle + equipment + service + station construction".

Logistics Services Business

Looking forward to 2024, the container shipping market is expected to continue to face an imbalance between supply and demand. Due to possible short-term disruptions from geopolitical and other factors, the curve of weak demand and plummeting freight rates in the container shipping market may be slightly interrupted. However, in the medium to long term, there still exist risks of excess shipping capacity, weak demand and insufficient motivation to increase freight rates, and the container shipping market may face more fierce competition. Similarly, the air transportation market will suffer from overcapacity. However, e-commerce is expected to drive the growth of air transportation demand.

The Group's logistics service business will focus on high-quality development and be customer-centric, accelerate overseas deployment, and promote quality and efficiency improvement, so as to build a "digital intelligence" hub. 1) The Group will focus on cultivating leading high-quality customers in industries such as automobiles and parts, new energy, white goods, steel and building materials, chemicals, etc., and follow large customers such as Volkswagen and BAIC to develop business in Central Asia and other regions; 2) the Group will further improve or integrate network resources in North America, Asia Pacific, South America, Australia, the Middle East and other regions, strengthen multi-link product development, and continue to improve end-to-end full-service capabilities; 3) the Group will promote steady progress in its professional logistics business. In terms of cold chain business, the Group will dig deeper into import business customers in Thailand and Vietnam, expand export business categories, and develop new ports and ocean routes. In the engineering project logistics business, we will continue to seize the opportunities of exporting infrastructure to Africa, the Middle East, Southeast Asia and other countries along the "Belt and Road", as well as the development opportunities of new energy demand to increase business scale; 4) we will actively build a new ecosystem managed and operated based on value creation and deepen integration, and multiple business lines will work together to form synergies to continuously build a refined and science-based management system and reduce costs and increase efficiency; and 5) we will promote the implementation of integrated systems, accelerate the interconnection and application of self-developed information platforms, continue to develop AI and automation products, and improve data service capabilities, thereby helping enterprises break through constraints and create new development advantages.

Recycled Load Business

Looking forward to 2024, target markets of the recycled load business, including new energy, energy storage and photovoltaic power, will maintain the sound development momentum, and the penetration rate of new energy vehicles and the contribution of photovoltaic power in the energy system will further rise as the 3060 Policy is being promoted further, which will be conducive to development of the recycled load business. Sectors of commercial vehicles, chemical, aluminium and phosphoric acid will witness robust development.

In 2024, the recycled load business of the Group, with the general policy of "focusing on improvement, deepening expansion and achieving high-quality growth", will adopt all-round measures to advance market development and lean operation of the existing operating assets, to forge impetus for turnaround. Currently, the Company has presence in several industries of high market value, including automobile, rubber, photovoltaic power, new energy battery, chemical fibre, fast moving consumer goods and secondary commodities, all of which have large scales that are sufficient to support the Company's development in the next five years. In the future, the Company will maintain strategic focus and develop in-depth understanding of customer demands with adequate strategic tolerance to enhance operation capacity and further to improve profitability.

(2) In the Energy Industries Field:

Energy, Chemical and Liquid Food Equipment Business

Clean Energy Segment: The world is entering a new stage of rapid development in terms of the transformation towards the green and low-carbon energy. Green and clean development and carbon neutrality are being pursued by countries around the world as a major opportunity and leverage to improve their economic competitiveness, enhance their international influence, and compete for the high ground in science and technology. Natural gas, with its stable supply and wide range of applications, is recognised as the main source of energy for promoting clean and low-carbon economic and social development prior to carbon peaking, and the best transitional energy source to support the leapfrog development of renewable energy after carbon neutrality. Based on that, natural gas is set to embrace great rise in demands. In the Shell LNG Outlook 2024, Shell forecasts that global LNG demand will continue to grow beyond 2040, driven by industrial demand in China and economic development in South and Southeast Asia, and is expected to grow by more than 50% to approximately 625－685 million tonnes per annum by 2040. Renewable energy sources such as hydrogen will also attain accelerated growth in terms of their applications and scale in the global pursuit of carbon peaking and carbon neutrality. Given the global green development trend, industry, construction, transport (including shipping) and other sectors need to accelerate the low-carbon transformation in order to remain competitive in future landscape characterised by carbon peaking and carbon neutrality. In the future, CIMC Enric will continue to develop its capability in equipment manufacturing, engineering services and integrated solutions related to natural gas, as well as renewable energy sources such as hydrogen, green methanol, green ammonia, etc., so as to facilitate customers in various segments of the industry chain to smoothly achieve low-carbon transformation. CIMC Enric will also promote the application of clean energy on a large scale in a more rapid, efficient and safer manner through continuous technology research and development innovations. For the overseas market, CIMC Enric will further intensify its development efforts by increasing its overseas sales outlets and product and engineering business matrix, and will vigorously expand the markets in Asia-Pacific, Europe, North and South America, Africa and the Middle East, so as to fully grasp the opportunities of global market development.

Chemical Environment Segment: The advancing global industry and the tensioning environmental protection and safety regulations brought about the expanding chemical product market, the intensified globalisation and division of labour, and the increasingly active international chemical trade. Chemical products are gradually transforming from primary low-end products to high-end and high value-added products, which calls for safer, more eco-friendly and more efficient transport of hazardous goods. Based on that, the demand for tank containers will be on the rise in the long run. Especially in the emerging markets, the renewal and improvement of the transport mode of the chemical industry are expected to further drive demands for tank containers. In the face of the rapid development of the new energy industry and China's support for high-end technology industries, CIMC Enric will focus its future development strategy on key areas such as new energy, semiconductors, and the pharmaceutical industry, in order to cope with the rapid changes and expansion of market demand. In addition, CIMC Enric will also continue to optimise its business portfolio and continue to explore potential opportunities for resource utilisation in urban mines, rare and precious metals, etc. so as to engage in environmental protection business.

Liquid Food Segment: According to Imarc Group's research report on the global food and beverage processing equipment market, the market reached a value of US$61.4 billion in 2023 and is expected to register a CAGR of 4.7% over the period from 2024 to 2032. According to Statista, the Asia-Pacific region is expected to exhibit the fastest growth in the global beer market. Demand for whisky and other spirits is also expected to grow rapidly in the future, including opportunities for the mechanisation and intelligent transformation of liquor production lines driven by China's industrial policy. Based on the differentiated needs of customers in different downstream industries, CIMC Enric will remain the leader in the development of the global liquid food equipment industry through the three-in-one business combination of "core technology + equipment + solutions". CIMC Enric will actively deepen its global business presence, and to be specific, it will focus on the industries such as industrial beer, western distilled spirits, craft brewing, and solid state fermentation (including but not limited to baijiu), and will expand its businesses to the biomedical, biofuel, fruit juice, dairy products, hard soda and other sectors.

Offshore Engineering Business

Looking forward to 2024, in respect of the oil and gas platform business: higher oil prices and the trend of continuous exploration and production of oil and gas in ultra-deep water have made the traditional offshore oil and gas business gradually recover, among which the FPSO business has performed well. Benefiting from the oil production increase plan in the medium to long run, the FPSO market has grown strongly. In respect of the clean energy business: carbon neutrality brings major development opportunities for the industry. Offshore wind power, hydrogen energy utilisation, offshore photovoltaics will form a industry scale, which will further consolidate the transformation of global offshore engineering equipment. Offshore wind power installation related equipment and operation and maintenance services will develop rapidly. In respect of the special vessels business: as the sales of new energy vehicles continue to grow globally, superimposed by factors such as environmental protection, the global market demand for car carriers has slowed down, but there is still a steady demand for orders.

The Group will continue to actively carry out business transformation and layout of the offshore engineering business, actively introduce strategic investors, maintain the continuously qualitative growth of orders in general, and ensure the performance and delivery. At the same time, the Group strictly controls the risks and enhances the management to improve the quality and efficiency of the Company's operation. Following the development guidelines from the state on rural revitalisation and marine new energy strategy, the Group actively expands the development opportunities of new business including marine protein, offshore hydrogen production and offshore photovoltaics.

(3) Finance and Asset Management Business:

CIMC Finance Company

In 2024, against the backdrop of a number of major financial reform measures being launched by China, China's financial market is expected to maintain sound operation, with the supply of funds remaining stable and sufficient, the financing environment expected to remain stable and relaxed, and the market interest rate to remain at a relatively low level. CIMC Finance Company will closely focus on the business principle of "actively applying financial technology, continuously improving the capital operation platform, assisting in the upgrade of the Group's treasury system, continuously improving customer satisfaction through differentiated financial services, and assisting in the effective implementation of the Group's strategies, with a view to building an excellent organization". Adhering to the business philosophy of maximizing the interests of the Group, CIMC Finance Company has taken various measures to pay attention to the financial needs of the Group and its member as well as the requirements of market development. It will support the Group in allocating its financial resources, improving the efficiency of capital operation, preventing and controlling capital risks, and actively support the Group's digitalized financial transformation to gather strength to promote financial services; continue to strengthen the construction of the financial technology system to provide a stronger impetus and greater momentum for deepening the integration of production and financing; and promote high-quality development to create higher value for the Group.

Offshore engineering asset operation and management business of CIMC

Demand in the drilling market is forecast to continue to grow in 2024, as Westwood Global Energy forecasts that overall utilization of active drilling platforms is currently at 88%, with daily rates rising to the highest level since the fourth quarter of 2014, due to the recovery on the demand side over the past two years and a significant reduction on the supply after 2014. In addition, demand-side growth is expected to remain volatile over the next two years as a result of renewed demand of contracts for oil and gas company in 2022 and 2023 as well as continuous offshore exploration expenditure in 2024.

In 2024, the offshore engineering asset operation and management business of CIMC will continue to promote the lean management. It will give full play to its existing project experience and business capabilities. It will further consolidate cooperative relationships with domestic and overseas customers and leverage the excellent offshore platform operation and management capabilities to integrate resources and strengthen upstream and downstream cooperation as well as seize market opportunities to project profitability.

3.3.2 Major Risk Factors in the Future Development of the Group

Risk of economic periodic fluctuations: the industries that the principal businesses of the Group are 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 industrial policies upgrade in China: China's economy entered into the new normal, 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.

Risk of trade protectionism and anti-globalisation: the rise of global trade protectionism disrupted national policy stances and posed a threat to the growth of global trade. Part of the Group's principal businesses will be affected by global trade protectionism and anti-globalisation.

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. The increased volatility and frequency of the exchange rate of RMB against USD which may be resulted from the continuous fluctuation of the global financial market will pose new challenges to the foreign currency and capital management of the Group.

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 in 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 the beginning of this year, the Fed's interest rate hike is expected to continue, resulting in tight commodity inventories. Meanwhile, the global economy presents a trend of regional differentiation, and supply and demand and price will also become complicated and volatile, which bring uncertainties to the Group's operating result.

4 MANAGEMENT DISCUSSION AND ANALYSIS (PREPARED IN ACCORDANCE WITH RELEVANT REQUIREMENTS OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED (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.

Research and Development Expenses

In 2023, the Group's research and development expenses amounted to RMB2,429.152 million (2022: RMB2,463.228 million), representing a year-on-year decrease of 1.38%.

Sales Expenses

In 2023, the Group's sales expenses amounted to RMB2,760.996 million (2022: RMB2,452.009 million), representing a year-on-year increase of 12.60%.

General and Administrative Expenses

In 2023, the Group's general and administrative expenses amounted to RMB6,505.214 million (2022: RMB7,012.067 million), representing a year-on-year decrease of 7.23%.

Financial expenses

In 2023, the Group's financial expenses amounted to RMB1,506.757 million (2022: RMB(23.518) million), representing a year-on-year increase of 6,506.82%, mainly due to the year-on-year increase in interest expenses as a result of the rise in the interest rate of US dollar loans during the year, as well as the substantial exchange gains resulted from the fluctuation of the interest rate of US dollars during the same period in 2022. The net exchange gains of the Group were RMB253.022 million during the year (2022: net exchange gains of RMB1,176.685 million).

Reserves and Distributable Reserves

As of 31 December 2023, the reserves of the Group and the Company were RMB40,415.510 million and RMB21,422.497 million (same period last year: RMB41,171.134 million and RMB20,612.421 million), respectively, and the distributable reserves (undistributed profits) of the Company were RMB15,681.769 million (same period last year: RMB14,657.717 million).

Provision for impairment losses

In 2023, the asset impairment losses and credit impairment losses stated in the Group's income statement totalled RMB670.923 million (2022: RMB776.953 million), representing a year-on-year decrease of 13.65%, which mainly consisted of losses on bad debts of advance to suppliers, impairment losses on inventories and impairment losses on costs incurred to fulfil a contract.

Income tax expense

In 2023, the income tax expense paid by the Group amounted to RMB970.8 million (2022: RMB2,336.709 million), representing a year-on-year decrease of 58.45%, mainly due to the decrease in profit before income tax for the current period.

Profits Attributable to Minority Shareholders

In 2023, the Group's profits attributable to minority shareholders amounted to RMB1,442.125 million (2022: RMB1,381.916 million), representing a year-on-year increase of 4.36%.

Cash flows

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

Unit: RMB thousand

Items	**2023**	2022	Year-on-year change
Sub-total of cash inflows of operating activities	**124,324,633**	149,371,423	(16.77%)
Sub-total of cash outflows of operating activities	**121,621,447**	134,753,957	(9.75%)
Net cash flows from operating activities	**2,703,186**	14,617,466	(81.51%)
Sub-total of cash inflows of investing activities	**8,331,983**	8,620,996	(3.35%)
Sub-total of cash outflows of investing activities	**16,506,534**	14,878,573	10.94%
Net cash flows used in investing activities	**(8,174,551)**	(6,257,577)	(30.63%)
Sub-total of cash inflows of financing activities	**41,953,092**	15,571,183	169.43%
Sub-total of cash outflows of financing activities	**32,248,080**	25,334,540	27.29%
Net cash flows from/(used in) financing activities	**9,705,012**	(9,763,357)	199.40%
Net increase/(decrease) in cash and cash equivalents	**4,438,516**	(617,688)	818.57%

During the Reporting Period, the Group's net cash flows from operating activities recorded a year-on-year decrease of 81.51%, which was primarily attributable to the decrease in cash received from sales of goods and rendering of services and the increase in tax payments in 2023.

During the Reporting Period, the Group's net cash flows from financing activities recorded a year-on-year increase of 199.40%, which was primarily attributable to the increase in cash received from borrowings.

Liquidity and Capital Resources

The Group's cash at banks and on hand primarily consists of cash and bank deposits. As at 31 December 2023, the Group's cash at banks and on hand amounted to RMB21,324.451 million (31 December 2022: RMB17,111.587 million).

The Group's development funds primarily consist of cash derived from operation, bank loan and other borrowings. The Group's cash demands mainly come from production and operation, repayment of matured liability, 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 2023, the Group's short-term borrowings, non-current borrowings due within one year, super & short-term commercial papers, long-term borrowings and debentures payable in aggregate amounted to RMB39,180.268 million (31 December 2022: RMB26,432.937 million).

Unit: RMB thousand

	31 December 2023	31 December 2022
Short-term borrowings	**12,400,861**	4,370,714
Non-current borrowings due within one year	**9,292,880**	3,952,077
Other current liabilities		
– super & short-term commercial papers	**2,002,618**	–
Long-term borrowings	**13,523,455**	16,213,919
Debentures payable	**1,960,454**	1,896,227
Total	**39,180,268**	26,432,937

In 2023, the interest capitalised by the Group was RMB79.834 million (2022: RMB20.940 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 2023, the Group's long-term interest-bearing debts were mainly USD-denominated contracts with floating rates linked to SOFR, amounting to USD1,885.580 million (31 December 2022: USD284.500 million). As at 31 December 2023, the Group had completed the replacement of benchmark interest rate, and there were no USD-denominated contracts with floating rates linked to LIBOR (31 December 2022: USD2,331.571 million). The interest rate range of the Group's short-term borrowings was 1.20% to 7.20% (31 December 2022: interest rates of short-term borrowings ranging from 0.05% to 5.65%), and the interest rate range of long-term borrowings was 1.20% to 7.08% (31 December 2022: 1.19% to 6.26%). As at the end of the Reporting Period, the Group's fixed-rate bank borrowings amounted to approximately RMB14,432.784 million (31 December 2022: approximately RMB5,540.233 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 (including the convertible bonds issued by CIMC Enric) are mainly denominated in RMB and HKD, with the interest payments computed using fixed rates. As at 31 December 2023, the outstanding balance of fixed-rate debentures issued by the Group amounted to RMB1,960.454 million (31 December 2022: RMB1,896.227 million), with maturity dates mainly spreading over one to five years.

Other Equity Instruments

As at 31 December 2023, the Group's other equity instruments amounted to RMB2,049.774 million (31 December 2022: RMB2,049.774 million).

Unit: RMB thousand

	31 December 2022	Issued in the year	Interest bearing at par value	Payment in the year	**31 December 2023**
22 CIMC MTN001(a)	2,049,774	–	64,200	(64,200)	**2,049,774**

	31 December 2021	Issued in the year	Interest bearing at par value	Payment in the year	31 December 2022
22 CIMC MTN001(a)	–	1,994,339	55,435	–	2,049,774

(a) Approved by the Notice of Zhong Shi Xie Zhu No. [2021]DFI 31 from the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會), the Company issued accumulative perpetual notes without fixed maturity on 16 February 2022 ("**22 CIMC MTN001**"), with an aggregate nominal amount of RMB2 billion and an initial fixed interest rate of 3.21%. The other principal terms of the perpetual notes are as follows:

(1) The 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.

(2) The note confers the issuer the option to defer interest payment, and unless a mandatory interest payment event has occurred, on each interest payment date of the current perpetual notes, the issuer can elect to defer payment of current interest and all interest deferred pursuant to this clause and its yields to the next interest payment date without any limitation on the number of times of such deferral.

(3) If the issuer defers the payment of the current interest and all interest deferred pursuant to this clause and its yields within 12 months before the interest payment date of the current perpetual note, the issuer shall not pay dividends to ordinary shareholders or reduce the registered capital.

As the perpetual debt does not constitute contractual obligations of the Company to deliver cash or other financial assets, it will be classified as equity instruments and presented as other equity instruments.

Capital structure

The Group's capital structure consists of equity interest attributable to shareholders and liabilities. As at 31 December 2023, the Group's equity interest attributable to shareholders amounted to RMB64,630.350 million (31 December 2022: RMB62,656.084 million), total liabilities amounted to RMB97,132.883 million (31 December 2022: RMB83,243.865 million) and total assets amounted to RMB161,763.233 million (31 December 2022: RMB145,899.949 million).

As at 31 December 2023, the Group's gearing ratio was 60% (31 December 2022: 57%). 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. (Note: the gearing ratio is calculated based on the Group's total debts divided by its total assets as at the respective dates.)

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.

During the Reporting Period, the Group's losses arising from changes in fair values of the derivative financial instruments were RMB300.276 million, investment losses were RMB778.772 million, which were RMB1,079.048 million in total. In particular, during the Reporting Period, the Group recorded net losses of RMB1,083.555 million from foreign exchange related derivatives investment activities, which constituted most of the total losses from derivative financial instruments; meanwhile, net exchange gains of RMB253.022 million were recorded during the current period. The net loss on derivative investments and foreign exchange gains and losses arising from the aforementioned exchange rate hedging amounted to RMB830.533 million. The foreign exchange derivatives hedging business of the Group has followed the risk-neutral and hedging value-preserving principles. All the foreign exchange derivatives trading activities were for the purpose of hedging against interest rate risk to smooth the uncertainty caused by changes in exchange rates on the Company's operations. As RMB depreciated against US dollars during the Reporting Period, the Group's hedging of exchange rate exposure, which was mainly export proceeds/net assets denominated in US dollars, has established a negative hedge relationship with losses on hedging instrument and exchange gains at last. In particular, the price of foreign exchange derivatives in selling USD/buying RMB hedges included a high forward discount cost, and the estimated losses included in the investment activities of foreign exchange derivatives were approximately RMB629.219 million. Except for the factor, the Group did not adopt hedging accounting for its hedging business. According to the Accounting Standards for Business Enterprises No. 24 – Hedging Accounting, as the recognition and calculation basis for hedged risk exposure and financial instrument hedging against the risk exposure are different, although the hedged item and hedging instrument achieve risk hedge, there will be gains or losses fluctuation under regular accounting treatments during the reporting period within the hedging period. The hedged items of the Group included legally binding agreements which were contracted but not yet recognized in the balance sheet, namely the "unrecognized firm commitment" as referred to in the Accounting Standards for Business Enterprises No. 24 – Hedging Accounting. This part of hedged items generated an estimated net gain of approximately RMB144.016 million when RMB depreciated against US dollars, which was not included in the abovementioned net exchange gains.

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 2023, the Group held 2 unsettled exchange rate/interest rate swap contracts denominated in U.S. dollars, the nominal value of which amounted to a total of USD250 million. Their fair value of RMB5.159 million was accounted as liabilities. These contracts will expire on 20 May 2027.

Market Risks

For details of the Group's market risks, please refer to "3.3.2 Major Risk Factors in the Future Development of the Group" of "3.3 Future Development and Prospects" in the Announcement.

Credit risk

The Group's exposures to credit risk are mainly attributable to cash at banks and on hand, accounts receivable and derivative financial instruments for the purpose of hedging. As at 31 December 2023, the Group was not engaged in any material lending business. 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 does not provide any other guarantees which would expose the Group to credit risk. Management will monitor these credit risk exposures on an ongoing basis.

Capital Commitments

As at 31 December 2023, the Group had capital expenditure commitments of approximately RMB74.375 million (31 December 2022: RMB131.846 million), which was mainly used for external investment contracts and fixed assets purchase contracts. Please refer to note 15 to "6 Financial Report" in the Announcement for details.

Pledge of Assets

As at 31 December 2023, restricted assets of the Group amounted to a total of RMB2,174.083 million (31 December 2022: RMB1,361.585 million), with details summarised as follows:

Unit: RMB thousand

	Closing book value	**Restricted reasons**
Cash at bank and on hand	2,137,353	Margin and statutory reserves deposited to the central bank
Intangible assets	34,730	No transfer without permission from the government
Receivable financing	2,000	Pledge
Total	2,174,083	

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

On 15 March 2023, the transaction in relation to the strategic restructuring of C&C Trucks was completed, and the shareholding of the Company in C&C Trucks decreased from 73.89% to 35.42%. C&C Trucks became an associate of the Company and ceased to be a controlling subsidiary of the Company. Save as disclosed above, during the Reporting Period, the Group did not have any significant investment, major acquisition or disposal of subsidiaries, associated companies and joint ventures which 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 RMB8.29 billion in 2024, 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.

Contingent liability

For details, please refer to note 14 to "6.1 Financial Statements Prepared in Accordance with CASBE" in the Announcement.

Employees and Remuneration Policies

As at 31 December 2023, the Group's total number of employees worldwide, including contract employees, employed retirees and part-time employees and others, was 68,940 (31 December 2022: 62,194), and the Group had a total of 50,632 contract employees (31 December 2022: 51,543) across the globe. 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 RMB12,474.146 million (2022: approximately RMB13,285.340 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, etc.. The Group regularly reviews its remuneration policies, including directors' remuneration payable, and strives to formulate an improved incentive and assessment mechanism based on the 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.

Public float

The Company has satisfied the requirements for the minimum public float under the Hong Kong Listing Rules.

Dividend distribution

Based on the Group's 2023 operating results and taking into account the Group's overall financial position and cash flows, the proposed profit distribution plan for 2023 of the Company as considered and approved by the Board Meeting is a cash dividend of RMB0.022 (tax inclusive) per share to all the shareholder on the basis of 5,367,874,835 shares, which is calculated by deducting 24,645,550 repurchased shares from 5,392,520,385 shares, the total share capital of the Company as at 31 December 2023, with a total dividend of approximately RMB118,093,000, and there will be no bonus shares or new shares being issued by way of conversion of capital reserve. Where there are any changes in the share capital of the Company after the Board considered the profit distribution plan until implementation of the plan, the dividend per share would be adjusted according to the principle that the total amount of the distribution remains unchanged. The proposed dividend is expected to be payable on or around 16 August 2024. Such proposed dividend payment for the year 2023 is subject to the consideration and approval at the general meeting of the Company.

Purchase, sale and redemption of shares

In January 2023, China International Marine Containers (Hong Kong) Limited (中國國際海運集裝箱(香港)有限公司) ("**CIMC HK**"), a wholly-owned subsidiary of the Group, purchased 13,935,000 H shares of CIMC Vehicles, at an average price of HK$5.2891 per share, amounting to approximately HK$70 million (excluding relevant transaction fee), by way of block trades.

Save as disclosed above, 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 listed securities during the twelve months ended 31 December 2023.

Details of repurchase of securities after the Reporting Period are set out below:

(1) In November 2023, the Company held the nineteenth meeting of tenth session of the Board in 2023 to consider and approve the proposal of repurchasing a portion of A Shares by the total capital not exceeding RMB300 million (inclusive), but not falling below RMB200 million (inclusive), at the repurchase price of not more than RMB10.20 per share (inclusive). The Share Repurchase is a necessary measure to protect the value of the Company and interests of shareholders and all repurchased shares will be used for sale. In the event that there is a subsequent use for employee share ownership plans or equity incentive schemes, consideration may be given to adjusting the use of portion of the repurchased shares to employee share ownership plans or equity incentive schemes.

In January 2024, the Company repurchased 24,645,550 A Shares cumulatively by way of call auction at the maximum purchase price of RMB8.45 per share and the minimum purchase price of RMB7.73 per share, with the total capital amounting to RMB200,067,828.50 (exclusive of transaction fees). As at 31 January 2024, the Company completed the repurchase of a portion of A Shares.

(2) On 11 March 2024, CIMC Vehicles published an announcement in relation to the conditional cash offer to buy-back all the issued H shares of CIMC Vehicles (other than those held by the Company and its concert parties) at HK$7.5 per H Share and the proposed voluntary withdrawal of listing of H shares of CIMC Vehicles from the Hong Kong Stock Exchange. The relevant resolutions are subject to consideration and approval at the general meeting, the A Shareholders Class Meeting and the H Shareholders Class Meeting of CIMC Vehicles, and the voluntary withdrawal of listing H shares of CIMC Vehicles from the Hong Kong Stock Exchange shall be effectuated after the relevant application has been approved by the Hong Kong Stock Exchange.

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 C3 of the Hong Kong Listing Rules. After making enquiries to all Directors and Supervisors, 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.

Compliance with the Corporate Governance Code

The Company has been committed to enhancing its 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 Part 2 of Appendix C1 of the Hong Kong Listing Rules during the Reporting Period, except for deviation of the code provision C.5.1 and code provision C.2.1. Particulars of the deviations and the factors taken for consideration are set out below.

Code provision C.5.1 under the Corporate Governance Code 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 26 Board meetings, of which 3 meetings were held on site. The executive Directors 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 matters 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.

During the Reporting Period, the Company amended the Articles of Association, which was considered and approved at the Company's third extraordinary general meeting of 2023 held on 26 September 2023. Pursuant to the amended Articles of Association, the Company no longer has a single position of CEO, and therefore Mr. MAI Boliang, the Chairman, ceased to concurrently hold the position of CEO with effect from 26 September 2023.

According to the terms of the pre-amended Articles of Association, the Chairman and the CEO of the Company are different positions with clearly delineated duties and responsibilities, and their respective functions are clearly defined in Article 165 and Article 221 of the pre-amended Articles of Association, respectively. Code provision C.2.1 of the Corporate Governance Code stipulates 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." Prior to the amendment to the Articles of Association, 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 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'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 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.

Audit committee

The audit committee has been formed by the Board of the Company pursuant to Appendix C1 of the Hong Kong Listing Rules, which comprises three independent non-executive Directors, namely Mr. YANG Xiong (chairman), Mr. ZHANG Guanghua (member) and Ms. LUI FUNG Mei Yee, Mabel (member). The audit committee of the Company has reviewed and affirmed the annual results of the Group for the year 2023.

5 SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE REPORTING PERIOD

5.1 Significant Events During the Reporting Period

Spin-off

(1) On 26 May 2023, in accordance with the review results of the meeting of the listing review committee of the Shenzhen Stock Exchange, the application for the initial public offering and listing of shares of CIMC TianDa on the ChiNext Board of the Shenzhen Stock Exchange has been approved by the listing review committee. The A-shares listing of CIMC TianDa is subject to the fulfillment of the offering registration procedures of the CSRC.

(2) CIMC Safeway Technologies, an indirect controlling subsidiary of the Company, applied for initial public offering and listing on the ChiNext Board of the Shenzhen Stock Exchange (the "**A-share Offering**"). CIMC Safeway Technologies has completed the A-share Offering and was listed and commenced trading on the ChiNext Board of the Shenzhen Stock Exchange on 11 October 2023. Upon completion of the offering, the Company remains as an indirect controlling shareholder of CIMC Safeway Technologies and will have control over it and consolidate its financial statements.

(3) On 27 December 2023, the listing plan of CIMC LPT, a subsidiary indirectly controlled by the Company, was considered and approved at the twenty-fourth meeting of the tenth session of the Board of the Company in 2023. The direct connect review and supervision mechanism of the National Equities Exchange and Quotations (the "**NEEQ**") and the Beijing Stock Exchange will be applicable to CIMC LPT, which means that CIMC LPT will apply for the listing of its stocks on the NEEQ first, and after listing on the NEEQ, it will apply for the public issuance of its stocks to unspecified qualified investors through the direct connect mechanism and the listing of these stocks on the Beijing Stock Exchange; or apply for listing on the Beijing Stock Exchange through other methods as permitted by policies of the Beijing Stock Exchange. On 29 December 2023, CIMC LPT submitted the listing application to the NEEQ Co., Ltd., which accepted the application on the same day.

Joint establishment of an industry fund by a subsidiary and a professional institution

(1) On 10 August 2022, it was considered and approved at the fourth meeting in 2022 of the tenth session of the Board of Company that, CIMC Capital Management Co., Ltd.* (中集資本管理有限公司) ("**CIMC Capital Management**"), an indirect controlling subsidiary of the Company, and the professional investment institution Vanho Capital Investment Co., Ltd.* (萬和弘遠投資有限公司) ("**Vanho Capital**") entered into the Cooperation Framework Agreement for CIMC Hongyuan Advanced Manufacturing Industry Fund, proposing to cooperate to establish the "CIMC Hongyuan Advanced Manufacturing Industry Fund (中集弘遠先進製造產業基金)". The total size of the Fund is RMB1 billion, to be raised in two tranches: the first tranche to be RMB100 million, RMB30 million of which is to be contributed by contributors of the CIMC Group, accounting for 30%; the second tranche to be RMB900 million, RMB270 million of which is to be contributed by contributors of the CIMC Group, accounting for 30% (the "**Joint Establishment of CIMC Hongyuan Advanced Manufacturing Industry Fund**"). As at 28 November 2022, the fundraising of the first tranche has been completed, and the industrial and commercial registration and private investment fund filing procedures have also been completed.

Shenzhen Capital Group, the largest Shareholder of the Company, is the indirect controlling shareholder of Vanho Capital, which does not hold shares of the Company directly or indirectly. As a result, Shenzhen Capital Group and Vanho Capital are connected persons of the Company under relevant provisions of the Hong Kong Listing Rules, and the Joint Establishment of CIMC Hongyuan Advanced Manufacturing Industry Fund constitutes a connected transaction of the Company. In addition, according to the requirement of the Listing Rules of the Shenzhen Stock Exchange, Shenzhen Capital Group and Vanho Capital are related legal persons of the Company. Therefore, the Joint Establishment of the CIMC Hongyuan Advanced Manufacturing Industry Fund constitutes a related-party transaction of the Company.

As one or more applicable percentage ratios (within the meaning of the Hong Kong Listing Rules) in respect of the above-mentioned transactions are more than 0.1% but less than 5%, the Joint Establishment of CIMC Hongyuan Advanced Manufacturing Industry Fund shall be subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

On 10 March 2023, in respect of the first proposed fund of the second tranche of the CIMC Hongyuan Advanced Manufacturing Industry Fund, CIMC Capital Management, CIMC Capital Holdings, Vanho Capital, High-Quality Development Fund for Manufacturing Sector in Luoyang (Limited Partnership), Luoyang Productivity Promotion Center Co., Ltd. and Luoyang Longfeng Construction Investment Co., Ltd. signed the Partnership Agreement of Luoyang Zhongtai Longchuang Technology Venture Capital Fund Partnership (Limited Partnership). The fund has a size of RMB100 million, of which CIMC Capital Management and CIMC Capital Holdings together contributed RMB30 million, accounting for 30% of the fund. The fundraising for the first proposed fund of the second tranche has been completed, and the industrial and commercial registration has been completed. On 20 September 2023, in respect of the second proposed fund of the second tranche, CIMC Capital Management, CIMC Capital Holdings, Vanho Capital, Shenzhen Capital Group and Shenzhen Shen-Shan Wang Peng Guiding Fund Investment Co., Ltd. (深圳市深汕望鵬引導基金投資有限公司) signed the Partnership Agreement of CIMC Hongyuan Private Equity Fund Investment Partnership (Limited Partnership) for Intelligence Investment, Shenzhen-Shanwei Special Cooperation Zone of Shenzhen City. The fund has a size of RMB700 million, of which CIMC Capital Management and CIMC Capital Holdings together contributed RMB210 million, accounting for 30% of the fund. As of the date of this report, the second fund of the second tranche fund has been raised and the industrial and commercial change registration has been completed.

(2) At the seventeenth meeting in 2023 of the tenth session of the Board convened on 16 October 2023, the Company approved the connected transaction, under which the Company would, through the wholly-owned subsidiary CIMC Capital Holdings, cooperate with Shenzhen Capital Group and its wholly-owned subsidiary and professional investment institution, Shenzhen Yuanzhi Energy Storage Private Equity Fund Management Co., Ltd. (深圳市遠致儲能私募股權基金管理有限公司) ("**Yuanzhi Storage Energy**"), and other relevant parties to establish the Energy Storage Fund, with CIMC Capital Holdings to contribute RMB500 million in cash (the "**Joint Establishment of Energy Storage Fund**").

On 14 November 2023, nine parties including CIMC Capital Holdings, Shenzhen Capital Group, Yuanzhi Energy Storage signed the Partnership Agreement of Shenzhen New-type Energy Storage Industry Equity Fund Partnership (Limited Partnership) (the "**Partnership Agreement**"), which contracted for the cooperation in contributing to the establishment of the Energy Storage Fund and other relevant matters. According to the Partnership Agreement, the first instalment of capital contribution for the Energy Storage Fund (being 50% of the total capital contribution) has been paid. The payment of the second instalment of capital contribution will be made in the future as agreed in the Partnership Agreement.

Yuanzhi Energy Storage is a wholly-owned subsidiary of Shenzhen Capital Group, the largest shareholder of the Company, and does not hold shares of the Company directly or indirectly. As a result, Shenzhen Capital Group and Yuanzhi Energy Storage are connected persons of the Company under the Hong Kong Listing Rules, and the Joint Establishment of Fund constitutes a connected transaction of the Company. According to the requirement of the Listing Rules of the Shenzhen Stock Exchange, Shenzhen Capital Group and Yuanzhi Energy Storage are related legal persons of the Company. Therefore, the joint establishment of fund constitutes a related-party transaction of the Company. Vanho Capital is also a subsidiary of Shenzhen Capital Group and thus the fund contributed by CIMC Capital Holdings under the Joint Establishment of Energy Storage Fund has to be aggregated with the contributions under the aforesaid Joint Establishment of CIMC Hongyuan Advanced Manufacturing Industry Fund in calculation. After aggregated calculation, as one or more applicable percentage ratios (within the meaning of the Hong Kong Listing Rules) are more than 0.1% but less than 5%, the Joint Establishment of Energy Storage Fund is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

Others

(1) The Company considered and approved the Resolution Regarding the Application for Registration and Issuance of Debt Financing Instrument of the Association of Financial Market Institutional Investors (《關於申請註冊發行銀行間市場交易商協會債務融資工具的議案》) at the annual general meeting of 2020 held on 2 June 2021, which approved the registration and issuance by the Company of multi-type debt financing instruments with the issuance size of each type not more than a total of RMB12 billion. On 17 January 2023, the Company has completed the issuance of the first tranche of super & short-term commercial papers for 2023. The proceeds raised from it were fully received on 17 January 2023. The issuance amount was RMB0.5 billion and the issue rate was 2.21% per annum. On 25 May 2023, the Company has completed the issuance of the second tranche of super & short-term commercial papers for 2023. The proceeds raised from it were fully received on 26 May 2023. The issuance amount was RMB1.5 billion and the issue rate was 2.15% per annum. On 12 June 2023, the Company has completed the issuance of the third tranche of super & short-term commercial papers for 2023 (technology innovation instrument). The proceeds raised from it were fully received on 13 June 2023. The issuance amount was RMB0.5 billion and the issue rate was 2.05% per annum. On 15 August 2023, the Company has completed the issuance of the fourth tranche of super & short-term commercial papers for 2023 (technology innovation instrument). The proceeds raised from it were fully received on 16 August 2023. The issuance amount was RMB1.5 billion and the issue rate was 2.06% per annum. On 14 December 2023, the Company has completed the issuance of the fifth tranche of super & short-term commercial papers for 2023. The proceeds raised from it were fully received on 15 December 2023. The issuance amount was RMB2.0 billion and the issue rate was 2.81% per annum.

(2) On 11 May 2022, as considered and approved by the seventh meeting in 2022 of the ninth session of the Board of the Company, CIMC Finance Company and CIMC Leasing entered into the Financial Service Framework Agreement. On 24 February 2023, as considered and approved by the second meeting in 2023 of the tenth session of the Board of the Company, the Company entered into the relevant agreements respectively with CIMC Leasing and Shenzhen Huijin Intelligent Industry Co., Ltd. ("**Huijin Intelligent**"), under which, the Group will continue to provide goods and/or services to CIMC Leasing and its subsidiaries ("**Leasing Company**"), Huijin Intelligent and its subsidiaries ("**Huijin Company**"), as well as receive the goods and services provided by Leasing Company. The parties also agreed on the Proposed Caps in respect of the continuing connected transactions/ordinary related-party transactions for the three years ended 31 December 2023, 2024 and 2025 (the two agreements signed collectively known as the "**Framework Agreements with Subsidiaries of Shenzhen Capital Group**").

CIMC Leasing and Huijin Intelligent are subsidiaries of Shenzhen Capital Group, the largest shareholder of the Company. Under Chapter 14A of the Hong Kong Listing Rules, as Leasing Company and Huijin Company are connected persons of the Company, the transactions under the Framework Agreements with Subsidiaries of Shenzhen Capital Group and the Financial Service Framework Agreement constitute continuing connected transactions of the Company. Further, according to Chapter 6 of the Shenzhen Listing Rules, Leasing Company and Huijin Company are related legal persons of the Company, and the transactions under the Framework Agreements with Subsidiaries of Shenzhen Capital Group and the Financial Service Framework Agreement constitute ordinary related-party transactions of the Company. The Framework Agreements with Subsidiaries of Shenzhen Capital Group has specified the Proposed Caps in respect of the continuing connected transactions/ordinary related-party transactions for the three years ended/ending 31 December 2023, 2024 and 2025.

(3) On 26 June 2023, as considered and approved at the twelfth meeting in 2023 of the tenth session of the Board of the Company, CMOEI signed relevant agreement (the "**CMOEI Framework Agreement**") with the Company, and published the announcement titled "Continuing Connection Transactions" on 26 June 2023, the Group would continue to provide goods and services to the CMOEI Group and it was agreed that the proposed caps in respect of the continuing connected transactions/ordinary related-party transactions for the three years ending 31 December 2023, 2024 and 2025.

AS CMOEI is a wholly-owned subsidiary of China Merchants Group, a substantial shareholder of the Company, according to Chapter 14A of the Hong Kong Listing Rules, CMOEI Group is a connected person of the Company; therefore, the transactions under CMOEI Framework Agreement contemplated between the Group and CMOEI Group constitute continuing connected transactions of the Company. Meanwhile, according to Chapter 6 of the Shenzhen Listing Rules, CMOEI Group is an affiliated legal person of the Company, and the transactions under CMOEI Framework Agreement contemplated between the Group and CMOEI Group constitute ordinary related-party transactions of the Company.

(4) On 28 December 2023, the twenty-fifth meeting of the tenth session of the Board of the Company in 2023 considered and approved the relevant framework agreements (the "**China Merchants Shekou Framework Agreements**") signed between the Company and China Merchants Shekou Industrial Zone Holdings Co., Ltd. (招商局蛇口工業區控股股份有限公司) ("**China Merchants Shekou**", together with its subsidiaries, "**China Merchants Shekou Group**"), which provided that the Group shall provide goods to China Merchants Shekou Group on an ongoing basis and receive goods and services provided by China Merchants Shekou Group, and agreed on the proposed caps in respect of the continuing connected transactions/ordinary related-party transactions for the three years ending 31 December 2024, 2025 and 2026. China Merchants Shekou is a subsidiary of China Merchants Group, the substantial shareholder of the Company; as a result, China Merchants Shekou Group is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules. Therefore, the transactions between the Group and China Merchants Shekou Group under the CMOEI Agreement constitute continuing connected transactions of the Company. In addition, as stipulated by the provisions of Chapter 6 of the Shenzhen Listing Rules, China Merchants Shekou Group is an associated corporation of the Company, and therefore the transactions between the Group and China Merchants Shekou Group under the China Merchants Shekou Framework Agreements constitute ordinary related-party transactions of the Company.

5.2 Subsequent Significant Events After the Reporting Period

(1) On 2 February 2024, the twenty-fifth meeting of the tenth session of the Board of the Company in 2023 considered and approved the relevant agreements ("**China Merchants Hoi Tung Framework Agreements**") signed between the Company and China Merchants Hoi Tung Trading Company Limited (招商局海通貿易有限公司) ("**China Merchants Hoi Tung**", together with its subsidiaries, "**China Merchants Hoi Tung Group**"), which provided that the Group shall provide goods and services to China Merchants Hoi Tung Group on an ongoing basis and receive goods and services provided by China Merchants Hoi Tung Group, and agreed on the proposed caps in respect of the continuing connected transactions/ordinary related-party transactions for the three years ending 31 December 2024, 2025 and 2026. China Merchants Hoi Tung is a subsidiary of China Merchants Group, the substantial shareholder of the Company; as a result, China Merchants Hoi Tung Group is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules. Therefore, the transactions between the Group and China Merchants Hoi Tung Group under the China Merchants Hoi Tung Framework Agreements constitute continuing connected transactions of the Company. In addition, as stipulated by the provisions of Chapter 6 of the Shenzhen Listing Rules, China Merchants Hoi Tung Group is an associated corporation of the Company, and therefore the transactions between the Group and China Merchants Hoi Tung Group under the China Merchants Hoi Tung Framework Agreements constitute ordinary related-party transactions of the Company.

Save for the announcement of the Company dated 2 February 2024, the Company would like to supplement the following information:

According to the "DNV Alternative Fuels Insights" released by Det Norske Veritas group, only 246 marine ships were equipped with LNG power system in 2021, 354 in 2022, and 469 in 2023. It is expected that the number of LNG-powered ships will increase by 244 and 150 in 2024 and 2025, respectively, compared with 108 and 115 in 2022 and 2023, respectively, representing a significant increase. It is expected that ships powered by new energy sources will see a rapid growth in the future. In the second quarter of 2022, a subsidiary of the Group commenced its shipbuilding business, and thereafter this subsidiary relied on its own shipyard instead of outsourcing to complete its ship orders. Based on the current orders in hand, intended orders, and future business situation of the subsidiary, it is estimated that the demand for purchasing marine equipment products will increase significantly in the future. As an agent holding high qualifications and extensive resources, China Merchants Hoi Tung engages in trading of shipbuilding-related supplies of many manufacturers, most of which represent the mainstream brands for shipowners, China Merchants Hoi Tung has the opportunity to be selected by many shipowners as an agent for marine equipment products. Therefore, the Group expects that China Merchants Hoi Tung will embrace continuous demands for procurement of marine equipment products in the future.

After discussions regarding the rationality of the future business and purchase cap during the several rounds of communication between the Company and China Merchants Hoi Tung, the Framework Agreements were entered into on 2 February 2024, agreeing on the annual cap of procurement for 3 years of RMB120 million each. In the future, the Company will follow up on the usage of the annual forecast amount in a timely manner. Based on the subsidiary's actual business, if there is new demand, the Company will strictly follow the requirements of the Listing Rules and perform the approval procedures and information disclosure obligations for corresponding adjustment of the caps where appropriate.

(2) The subsidiaries of the Group, namely Dalian CIMC Logistics Equipment Co., Ltd. (大連中集物流裝備有限公司), Tianjin CIMC Logistics Equipment Co., Ltd. (天津中集物流裝備有限公司) and other eight companies (collectively referred to as the "**Defendants**"), successively received litigation materials from the High Court of Singapore since 7 July 2023. GOODPACK IBC (SINGAPORE) PTE. LTD and GOODPACK PTE. LTD (collectively referred to as the "**Plaintiffs**") have appealed that when the Defendants entered the IBC (Intermediate Bulk Container) leasing business in the rubber industry, we were involved in the acts of "plagiarizing the Plaintiffs' products, involving the Plaintiffs' technology and confidential information by the invention patents and utility model patents applied for in China, and misappropriating the Plaintiffs' intellectual property and technologies". The Plaintiffs have brought charges against Defendants for breach of confidentiality, conspiracy to infringe and unjust enrichment. The Plaintiffs claimed a compensation in the amount of USD9.8562 million, banning the manufacturing of and recalling of all infringing IBCs, and the payment of the profits gained from such infringement. Meanwhile, on 2 February 2024, GOODPACK IBC (SINGAPORE) PTE. LTD initiated the arbitration against Dalian CIMC Special Logistics Equipment Co., Ltd. (大連中集特種物流裝備有限公司) and Dalian CIMC Logistics Equipment Co., Ltd. (大連中集物流裝備有限公司) (collectively referred to as the "**Respondents**", both are the subsidiaries of the Company) at the Singapore International Arbitration Centre, and alleged that the Respondents had breached confidentiality, non-competition and intellectual property rights covenants in the relevant agreements and appendices, involving misappropriation of confidential information, breach of contract, conspiracy and unjust enrichment. The Plaintiffs claimed a compensation in a total amount of USD19.8137 million for the breach and arbitration by the Respondents, banning the manufacturing of and recalling of all infringing IBCs, and the payment of the profits gained from such infringement. To date, the first trial of the above case has not yet been formally heard; the arbitral tribunal of the said arbitration has not yet been formed and has not yet been formally heard. The Group has engaged external legal advisers in respect of the aforesaid case. However, as the relevant legal proceeding is still at an early stage, the management believes that there are inherent uncertainties in the timing and outcome of the conclusions to date, and the Group is unable to reliably estimate the amount of liabilities that may arise, if any. Therefore, the litigation constitutes a contingent liability of the Group, for which the Group has not made any provision in the financial statements and is unable to anticipate the possible impact on the Group's financial statements in the future at this stage.

(3) On 11 March 2024, CIMC Vehicles made an announcement on the website of the Hong Kong Stock Exchange in accordance with Rule 3.5 of the Codes on Takeovers and Mergers of the Hong Kong Securities and Futures Commission, in relation with the conditional cash offer to buy-back all the H Shares of CIMC Vehicles in issue (other than those held by the Company and its concert parties) (the "**H Share Buy-back Offer of CIMC Vehicles**") at HK$7.5 per H Share, and the proposed voluntary withdrawal of listing of H Shares of CIMC Vehicles from the Hong Kong Stock Exchange (the "**Voluntary Withdrawal of Listing of CIMC Vehicles**"). The relevant resolutions regarding the H Share Buy-back Offer of CIMC Vehicles and the Voluntary Withdrawal of Listing of CIMC Vehicles shall be submitted to the general meeting of CIMC Vehicles, the A Shareholders Class Meeting and the H Shareholders Class Meeting for consideration and approval, and the relevant application for the Voluntary Withdrawal of Listing of CIMC Vehicles shall be subject to the approval of the Hong Kong Stock Exchange. For details, please refer to the announcement of the Company dated 11 March 2024.

(4) On 8 March 2024, the Company completed the issuance of the first tranche of super & short-term commercial papers for 2024. The proceeds raised from the issuance were fully received on 11 March 2024. The issuance amount was RMB2 billion and the issue rate was 2.09% per annum. Ping An Bank Co., Ltd (平安銀行股份有限公司) is the lead underwriter of the issuance of the first tranche of super & short-term commercial papers, and the Bank of China Limited (中國銀行股份有限公司) is the joint lead underwriter. For details, please refer to the announcement of the Company dated 11 March 2024.

(5) On 12 March 2024, the Company received a notification letter from Shenzhen Capital Group that pursuant to the Measures for the Supervision and Administration of State-Owned Equities of Listed Companies (《上市公司國有股權監督管理辦法》) and other relevant provisions, Shenzhen Capital Group proposes to transfer A shares of the Company held by it, representing 5.10% of the total share capital of the Company, under agreement through public solicitation of transferee(s). Upon the completion of transfer, Shenzhen Capital Group will remain the largest shareholder of the Company. The price for the public solicitation for transfer shall not be less than the higher of the arithmetic average of the daily weighted average price for the 30 trading days prior to the date of the indicative announcement regarding the public solicitation for transfer and the audited net asset value per share of the Company for the most recent fiscal year. The final transfer price is subject to the result of public solicitation and approval by the authorities. The public solicitation for transfer is still subject to approval of the authorities. There is uncertainty with whether the approval can be obtained and when the approval will be obtained. For details, please refer to the announcement of the Company dated 12 March 2024.

(6) On 21 March 2024, the Company has completed the issuance of the tranche I of medium-term notes for 2024 (technology innovation instrument). The proceeds raised from the tranche of medium-term notes were fully received on 22 March 2024. The issuance amount was RMB2 billion and the issue rate was 2.78% per annum. China Merchants Bank Co., Ltd. is the lead underwriter of the issuance of the tranche of medium-term notes, and Agricultural Bank of China Limited, China Construction Bank Corporation and Bank of China Limited are the joint lead underwriters. For details, please refer to the announcement of the Company dated 22 March 2024.

6 FINANCIAL REPORT

6.1 Financial Statements Prepared in Accordance with CASBE

6.1.1 Consolidated Balance Sheet (audited)

Unit: RMB thousand

	Notes	**31 December 2023**	31 December 2022
ASSETS			
Current assets:			
Cash at bank and on hand		**21,324,451**	17,111,587
Financial assets held for trading		**337,756**	1,060,953
Derivative financial assets		**301,355**	160,660
Notes receivables	*4(1).*	**732,199**	639,162
Accounts receivables	*4(2).*	**22,949,473**	22,286,602
Receivables financing		**1,062,258**	628,967
Other receivables		**4,569,110**	3,252,724
Including: Interest receivable		**4,787**	19,219
Dividends receivable		**382,747**	312,302
Advances to suppliers		**8,483,630**	6,023,481
Inventories		**19,200,102**	18,331,548
Contract assets		**7,198,173**	3,927,838
Assets held for sale		**402,175**	2,166,440
Non-current assets due within one year		**77,490**	88,906
Other current assets		**1,801,804**	1,305,318
Total current assets		**88,439,976**	76,984,186
Non-current assets:			
Other equity investments		**2,168,803**	2,699,048
Other non-current financial assets		**454,324**	126,060
Long-term receivables		**53,525**	35,377
Long-term equity investments		**11,996,856**	10,531,627
Investment properties		**1,369,993**	1,453,007
Fixed assets		**40,354,816**	39,202,494
Construction in progress		**4,483,906**	4,740,879
Intangible assets		**5,873,962**	4,331,430
Development expenditures		**18,210**	35,779
Right-of-use assets		**1,090,950**	874,640
Goodwill		**2,653,893**	2,516,875
Long-term prepaid expenses		**866,306**	913,177
Deferred tax assets		**1,514,656**	1,106,771
Other non-current assets		**423,057**	348,599
Total non-current assets		**73,323,257**	68,915,763
TOTAL ASSETS		**161,763,233**	**145,899,949**

6.1.1 Consolidated Balance Sheet (audited) (Continued)

Unit: RMB thousand

	Notes	**31 December 2023**	31 December 2022
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings		**12,400,861**	4,370,714
Derivative financial liabilities		**1,696,118**	1,318,327
Financial liabilities held for trading		**76,020**	35,685
Notes payables	*5(1).*	**4,681,963**	3,129,916
Accounts payables	*5(2).*	**20,181,009**	16,562,146
Advances from customers		**11,099**	24,465
Contract liabilities		**13,053,025**	12,191,280
Employee benefits payable		**5,314,927**	5,332,059
Liabilities held for sale		**–**	1,984,154
Taxes payable		**1,170,035**	4,903,749
Other payables		**6,380,675**	7,016,863
Including: Interest payable		**–**	8,512
Dividends payable		**44,585**	58,004
Provisions		**1,315,445**	1,387,532
Non-current liabilities due within one year		**9,675,619**	4,191,030
Other current liabilities		**3,028,367**	550,234
Total current liabilities		**78,985,163**	62,998,154
Non-current liabilities:			
Long-term borrowings		**13,523,455**	16,213,919
Debentures payable		**1,960,454**	1,896,227
Lease liabilities		**820,638**	732,885
Long-term payables		**188,987**	85,634
Deferred income		**1,032,077**	996,373
Deferred tax liabilities		**567,155**	290,953
Other non-current liabilities		**54,954**	29,720
Total non-current liabilities		**18,147,720**	20,245,711
Total liabilities		**97,132,883**	83,243,865

6.1.1 Consolidated Balance Sheet (audited) (Continued)

Unit: RMB thousand

	Notes	**31 December 2023**	31 December 2022
Shareholders' equity:			
Share capital		**5,392,521**	5,392,521
Other equity instruments		**2,049,774**	2,049,774
Including: Perpetual bonds		**2,049,774**	2,049,774
Capital reserve		**4,548,686**	4,207,798
Other comprehensive income		**559,892**	1,065,540
Special reserves		**18,896**	–
Surplus reserve		**4,486,351**	4,300,255
Undistributed profits	*6*	**30,801,685**	31,597,541
Total equity attributable to shareholders and other equity holders of the Company		**47,857,805**	48,613,429
Minority interests		**16,772,545**	14,042,655
Total shareholders' equity		**64,630,350**	62,656,084
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**161,763,233**	145,899,949

6.1.2 Balance Sheet (audited)

Unit: RMB thousand

ASSETS	**31 December 2023**	31 December 2022
Current assets:		
Cash at bank and on hand	**2,829,658**	562,612
Derivative financial assets	**1,042**	483
Accounts receivables	**21,145**	12,370
Other receivables	**28,830,327**	25,114,528
Including: Interest receivable	**70,295**	69,762
Dividends receivable	**3,944,715**	3,889,145
Other current assets	**1,088**	–
Total current assets	**31,683,260**	25,689,993
Non-current assets:		
Other equity investments	**1,701,061**	2,169,707
Long-term equity investments	**16,638,397**	13,570,205
Investment properties	**126,181**	126,181
Fixed assets	**104,048**	113,535
Construction in progress	**15,559**	15,321
Intangible assets	**1,530,588**	171,185
Long-term prepaid expenses	**7,369**	973
Total non-current assets	**20,123,203**	16,167,107
TOTAL ASSETS	**51,806,463**	41,857,100

6.1.2 Balance Sheet (audited) (Continued)

Unit: RMB thousand

	31 December 2023	31 December 2022
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings	**2,201,801**	–
Derivative financial liabilities	**5,276**	518
Employee benefits payable	**367,720**	380,598
Taxes payable	**9,911**	5,221
Other payables	**8,439,068**	8,494,781
Including: Interest payable	**–**	–
Dividends payable	**–**	–
Non-current liabilities due within one year	**1,442,074**	1,677,186
Other current liabilities	**2,003,738**	–
Total current liabilities	**14,469,588**	10,558,304
Non-current liabilities:		
Long-term borrowings	**7,962,868**	2,733,000
Debentures payable	**507,583**	507,583
Deferred income	**1,632**	3,497
Total non-current liabilities	**8,472,083**	3,244,080
Total liabilities	**22,941,671**	13,802,384
Shareholders' equity:		
Share capital	**5,392,521**	5,392,521
Other equity instruments	**2,049,774**	2,049,774
Including: Perpetual bonds	**2,049,774**	2,049,774
Capital reserve	**1,015,449**	1,015,449
Other comprehensive income	**238,928**	639,000
Surplus reserve	**4,486,351**	4,300,255
Undistributed profits	**15,681,769**	14,657,717
Total shareholders' equity	**28,864,792**	28,054,716
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**51,806,463**	41,857,100

6.1.3 Consolidated Income Statement (audited)

Unit: RMB thousand

ITEMS	*Notes*	**2023**	2022
I. Revenue	*7*	**127,809,519**	141,536,654
Less: Cost of sales	*7*	**110,211,891**	119,911,750
Taxes and surcharges		**541,291**	550,968
Selling and distribution expenses		**2,760,996**	2,452,009
General and administrative expenses		**6,505,214**	7,012,067
Research and development expenses		**2,429,152**	2,463,228
Financial expenses/(income)		**1,506,757**	(23,518)
Including: Interest expenses		**1,942,932**	1,335,402
Interest income		**326,994**	322,352
Asset impairment losses	*8*	**526,314**	458,625
Credit impairment losses	*9*	**144,609**	318,328
Add: Other income		**570,673**	540,871
Investment losses		**(334,453)**	(595,269)
Including: Share of profit of associates and joint ventures		**198,771**	152,738
Fair value losses		**(611,385)**	(1,076,836)
Gains on disposals of assets	*10*	**23,782**	243,245
II. Operating profit		**2,831,912**	7,505,208
Add: Non-operating income		**125,372**	147,084
Less: Non-operating expenses		**123,110**	714,441
III. Profit before income tax		**2,834,174**	6,937,851
Less: Income tax expenses	*11*	**970,800**	2,336,709
IV. Net profit		**1,863,374**	4,601,142
Classified by business continuity			
Net profit from continuing operations		**1,853,254**	4,869,031
Net profit/(loss) from discontinued operations		**10,120**	(267,889)
Classified by ownership			
Net profit attributable to shareholders and other equity holders of the Company		**421,249**	3,219,226
Profit or loss attributable to minority shareholders		**1,442,125**	1,381,916

6.1.3 Consolidated Income Statement (audited) (Continued)

Unit: RMB thousand

ITEMS	2023	2022
V. Other comprehensive income, net of tax	**349,031**	262,044
Attributable to shareholders and other equity holders of the Company	**(505,648)**	280,650
Items that will not be reclassified to profit or loss	**(466,336)**	270,401
Changes in fair value of other equity investments	**(466,336)**	270,401
Items that may be reclassified to profit or loss	**(39,312)**	10,249
The amount by which the fair value was greater than the book value on the conversion date of investment properties	**–**	10,817
Other comprehensive income that can be reclassified into profit or loss under the equity method	**28,191**	207,436
Transfer of other comprehensive income from the sale of investment properties	**(8,343)**	–
Currency translation differences	**(59,160)**	(208,004)
Minority interests	**156,617**	(18,606)
VI. Total comprehensive income	**1,514,343**	4,863,186
Attributable to shareholders and other equity holders of the Company	**(84,399)**	3,499,876
Minority interests	**1,598,742**	1,363,310
VII. Earnings per share		
Basic earnings per share (RMB)	**0.07**	0.59
Diluted earnings per share (RMB)	**0.05**	0.57

6.1.4 Income Statement (audited)

Unit: RMB thousand

ITEMS	2023	2022
I. Revenue	**172,650**	275,951
Less: Cost of sales	**–**	–
Taxes and surcharges	**7,446**	7,495
General and administrative expenses	**417,383**	490,915
Research and development expenses	**2,938**	5,043
Financial expenses/(income)	**383,978**	(126,385)
Including: Interest expenses	**525,812**	537,425
Interest income	**30,986**	86,114
Asset impairment losses	**207,616**	60,000
Credit impairment losses	**–**	709,568
Add: Other income	**3,824**	1,281
Investment income	**3,142,009**	8,003,096
Fair value losses	**(4,199)**	(59,306)
Losses on disposals of assets	**(1,396)**	(46)
II. Operating profit	**2,293,527**	7,074,340
Add: Non-operating income	**16,186**	4,646
Less: Non-operating expenses	**15,000**	14,885
III. Profit before income tax	**2,294,713**	7,064,101
Less: Income tax expenses	**53,556**	(62,473)
IV. Net profit	**2,241,157**	7,126,574
Classified by business continuity		
Net profit from continuing operations	**2,241,157**	7,126,574
Net profit from discontinued operations	**–**	–
V. Other comprehensive income, net of tax	**(400,072)**	223,174
Items that will not be reclassified to profit or loss	**(415,090)**	187,419
Changes in fair value of other equity investments	**(415,090)**	187,419
Items that may be reclassified to profit or loss	**15,018**	35,755
Other comprehensive income that can be reclassified into profit or loss under the equity method	**15,018**	35,755
VI. Total comprehensive income	**1,841,085**	7,349,748

6.1.5 Consolidated Cash Flow Statement (audited)

Unit: RMB thousand

ITEMS	2023	2022
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	**119,990,466**	143,568,695
Refund of taxes and surcharges	**3,347,505**	4,904,465
Cash received relating to other operating activities	**986,662**	898,263
Sub-total of cash inflows	**124,324,633**	149,371,423
Cash paid for goods and services	**98,724,890**	114,386,900
Cash paid to and on behalf of employees	**12,487,597**	12,419,191
Payments of taxes and surcharges	**5,741,750**	4,057,409
Cash paid relating to other operating activities	**4,667,210**	3,890,457
Sub-total of cash outflows	**121,621,447**	134,753,957
Net cash inflows from operating activities	**2,703,186**	14,617,466
II. Cash flows from investing activities		
Cash received from disposal of investments	**7,238,012**	7,631,158
Cash received from returns on investments	**684,417**	409,332
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	**409,554**	580,506
Sub-total of cash inflows	**8,331,983**	8,620,996
Net cash outflows from disposal of subsidiaries	**122,338**	254,858
Cash paid to acquire fixed assets, intangible assets and other long-term assets	**5,475,854**	3,560,827
Cash paid to acquire investments	**9,047,080**	10,401,047
Net cash paid to acquire subsidiaries	**182,265**	62,591
Cash paid relating to other investing activities	**1,678,997**	599,250
Sub-total of cash outflows	**16,506,534**	14,878,573
Net cash outflows from investing activities	**(8,174,551)**	(6,257,577)

6.1.5 Consolidated Cash Flow Statement (audited) (Continued)

Unit: RMB thousand

ITEMS	2023	2022
III. Cash flows from financing activities		
Cash received from capital contributions	**2,203,015**	3,004,057
Including: Cash received from capital contributions by minority shareholders of subsidiaries	**2,203,015**	3,004,057
Cash received from borrowings	**33,709,728**	10,072,787
Cash received from issuing bond	**6,000,000**	2,494,339
Cash received relating to other financing activities	**40,349**	–
Sub-total of cash inflows	**41,953,092**	15,571,183
Cash repayments of borrowings	**27,499,601**	19,948,267
Cash payments for distribution of dividends or profits and interest expenses	**3,900,146**	4,479,671
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries	**910,500**	871,969
Cash payments relating to other financing activities	**848,333**	906,602
Sub-total of cash outflows	**32,248,080**	25,334,540
Net cash flows from/(used in) financing activities	**9,705,012**	(9,763,357)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	**204,869**	785,780
V. Net increase/(decrease) in cash and cash equivalents	**4,438,516**	(617,688)
Add: Cash and cash equivalents at the beginning of the year	**15,912,300**	16,529,988
VI. Cash and cash equivalents at the end of the year	**20,350,816**	15,912,300

6.1.6 Cash Flow Statement (audited)

Unit: RMB thousand

ITEMS	2023	2022
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	**157,752**	300,004
Cash received relating to other operating activities	**79,863**	117,432
Sub-total of cash inflows	**237,615**	417,436
Cash paid to and on behalf of employees	**204,604**	193,407
Payments of taxes and surcharges	**36,429**	51,835
Cash paid relating to other operating activities	**209,580**	215,219
Sub-total of cash outflows	**450,613**	460,461
Net cash flows used in operating activities	**(212,998)**	(43,025)
II. Cash flows from investing activities		
Cash received from disposal of investments	**17,005,108**	19,205,370
Cash received from returns on investments	**3,352,214**	7,257,544
Net cash received from disposal of fixed assets	**136**	115
Net cash received from disposal of subsidiaries	**–**	645,967
Sub-total of cash inflows	**20,357,458**	27,108,996
Cash paid to acquire fixed assets and other long- term assets	**1,418,145**	29,762
Cash paid to acquire investments	**5,610,000**	7,155,896
Net cash paid to acquire subsidiaries	**790,199**	1,201,690
Cash paid relating to other investing activities	**17,093,493**	14,342,548
Sub-total of cash outflows	**24,911,837**	22,729,896
Net cash flows (used in)/from investing activities	**(4,554,379)**	4,379,100

6.1.6 Cash Flow Statement (audited) (Continued)

Unit: RMB thousand

ITEMS	2023	2022
III. Cash flows from financing activities		
Cash received from borrowings	**16,198,628**	3,865,000
Cash received from issuing bonds	**6,000,000**	2,494,339
Cash received relating to other financing activities	**6,100,000**	3,150,000
Sub-total of cash inflows	**28,298,628**	9,509,339
Cash repayments of borrowings	**13,007,520**	12,926,000
Cash payments for distribution of dividends or profits and interest expenses	**1,547,397**	3,112,087
Cash payments relating to other financing activities	**6,705,510**	329,597
Sub-total of cash outflows	**21,260,427**	16,367,684
Net cash flows from/(used in) financing activities	**7,038,201**	(6,858,345)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	**160**	782
V. Net increase/(decrease) in cash and cash equivalents	**2,270,984**	(2,521,488)
Add: Cash and cash equivalents at the beginning of the year	**550,709**	3,072,197
VI. Cash and cash equivalents at the end of the year	**2,821,693**	550,709

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

Unit: RMB thousand

2023 — Attributable to shareholders and other equity holders of the Company

Item	Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profits	Minority interest	Total shareholders' equity
I. Balance at 31 December 2022	5,392,521	2,049,774	4,207,798	1,065,540	-	4,300,255	31,597,541	14,042,655	62,656,084
Change in accounting policies	-	-	-	-	-	-	-	-	-
II. Balance at 1 January 2023	5,392,521	2,049,774	4,207,798	1,065,540	-	4,300,255	31,597,541	14,042,655	62,656,084
III. Movements for the year									
(I) Total comprehensive income									
1. Net profit	-	64,200	-	-	-	-	357,049	1,442,125	1,863,374
2. Other comprehensive income	-	-	-	(505,648)	-	-	-	156,617	(349,031)
Sub-total of 1&2	-	64,200	-	(505,648)	-	-	357,049	1,598,742	1,514,343
(II) Capital contribution and withdrawal by owners									
1. Contributions by minority shareholders	-	-	896,077	-	-	-	-	1,275,006	2,171,083
2. Increase in minority interests resulted from acquisition or establishment of subsidiary	-	-	-	-	-	-	-	-	-
3. Acquisition of minority interests of subsidiaries	-	-	(624,731)	-	-	-	-	292,872	(331,859)
4. Disposal of subsidiaries (loss of control)	-	-	-	-	-	-	-	399,006	399,006
5. Disposal of subsidiaries (without losing control)	-	-	-	-	-	-	-	-	-

2022 — Attributable to shareholders and other equity holders of the Company

Item	Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interest	Total shareholders' equity
I. Balance at 31 December 2022	3,595,014	-	5,524,096	784,890	3,587,597	31,627,036	11,861,457	56,980,090
Change in accounting policies	-	-	-	-	-	-	-	-
II. Balance at 1 January 2023	3,595,014	-	5,524,096	784,890	3,587,597	31,627,036	11,861,457	56,980,090
III. Movements for the year								
(I) Total comprehensive income								
1. Net profit	-	55,435	-	-	-	3,163,791	1,381,916	4,601,142
2. Other comprehensive income	-	-	-	280,650	-	-	(18,606)	262,044
Sub-total of 1&2	-	55,435	-	280,650	-	3,163,791	1,363,310	4,863,186
(II) Capital contribution and withdrawal by owners								
1. Contributions by minority shareholders	-	-	727,796	-	-	-	1,873,121	2,600,917
2. Increase in minority interests resulted from acquisition or establishment of subsidiary	-	-	-	-	-	-	45,079	45,079
3. Acquisition of minority interests of subsidiaries	-	-	(404,748)	-	-	-	(239,129)	(643,877)
4. Disposal of subsidiaries (loss of control)	-	-	(175)	-	-	-	(358,312)	(358,487)
5. Disposal of subsidiaries (without losing control)	-	-	70,354	-	-	-	282,344	352,698

6.1.7 Consolidated Statement of Changes in Shareholders' Equity (audited) (Continued)

Unit: RMB thousand

Item	2023									2022							
	Attributable to shareholders and other equity holders of the Company									Attributable to shareholders and other equity holders of the Company							
	Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profits	Minority interest	Total shareholders' equity	Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interest	Total shareholders' equity
6. Increase in capital reserve resulted from share option exercised by subsidiary	-	-	21,583	-	-	-	-	10,349	31,932	-	-	3,265	-	-	-	2,098	5,363
7. Increase in shareholders' equity resulted from share-based payments	-	-	57,483	-	-	-	-	31,202	88,685	-	-	88,907	-	-	-	48,658	137,565
8. Issuance of other equity instruments	-	-	-	-	-	-	-	-	-	-	1,994,339	-	-	-	-	-	1,994,339
9. Increase in capital from capital reserve	-	-	-	-	-	-	-	-	-	1,797,507	-	(1,797,507)	-	-	-	-	-
10. Others	-	-	(9,524)	-	-	-	-	-	(9,524)	-	-	(4,190)	-	-	-	-	(4,190)
(III) Profit distribution																	
1. Appropriation to surplus reserve	-	-	-	-	-	186,096	(186,096)	-	-	-	-	-	-	712,658	(712,658)	-	-
2. Profit distribution to shareholders	-	-	-	-	-	-	(966,809)	(897,081)	(1,863,890)	-	-	-	-	-	(2,480,628)	(835,971)	(3,316,599)
3. Interest paid on other equity instruments	-	(64,200)	-	-	-	-	-	-	(64,200)	-	-	-	-	-	-	-	-
(IV) Safety fund	-	-	-	-	18,896	-	-	19,794	38,690	-	-	-	-	-	-	-	-
IV. Balance at 31 December 2023	5,392,521	2,049,774	4,548,686	559,892	18,896	4,486,351	30,801,685	16,772,545	64,630,350	5,392,521	2,049,774	4,207,798	1,065,540	4,300,255	31,597,541	14,042,655	62,656,084

6.1.8 Statement of Changes in Shareholders' Equity (audited)

Unit: RMB thousand

Item	2023							2022						
	Share capital	**Other equity instruments**	**Capital surplus**	**Other comprehensive income**	**Surplus reserve**	**Undistributed profits**	**Total shareholders' equity**	Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Balance at 31 December 2022	**5,392,521**	**2,049,774**	**1,015,449**	**639,000**	**4,300,255**	**14,657,717**	**28,054,716**	3,595,014	-	2,812,956	383,171	3,587,597	10,282,677	20,661,415
Change in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at 1 January 2023	**5,392,521**	**2,049,774**	**1,015,449**	**639,000**	**4,300,255**	**14,657,717**	**28,054,716**	3,595,014	-	2,812,956	383,171	3,587,597	10,282,677	20,661,415
III. Movements for the year														
(I) Total comprehensive income														
1. Net profit	-	**64,200**	-	-	-	**2,176,957**	**2,241,157**	-	55,435	-	-	-	7,071,139	7,126,574
2. Other comprehensive income	-	-	-	**(400,072)**	-	-	**(400,072)**	-	-	-	223,174	-	-	223,174
Sub-total of 1&2	-	**64,200**	-	**(400,072)**	-	**2,176,957**	**1,841,085**	-	55,435	-	223,174	-	7,071,139	7,349,748
(II) Capital contribution and withdrawal by owners														
1. Issuance of other equity instruments	-	-	-	-	-	-	-	-	1,994,339	-	-	-	-	1,994,339
2. Increase in capital from capital reserve	-	-	-	-	-	-	-	1,797,507	-	(1,797,507)	-	-	-	-
(III) Profit distribution														
1. Appropriation to surplus reserves	-	-	-	-	**186,096**	**(186,096)**	-	-	-	-	-	712,658	(712,658)	-
2. Profit distribution to shareholders	-	-	-	-	-	**(966,809)**	**(966,809)**	-	-	-	-	-	(2,480,628)	(2,480,628)
3. Interest paid on other equity instruments	-	**(64,200)**	-	-	-	-	**(64,200)**	-	-	-	-	-	-	-
(IV) Others														
1. Retrospective adjustments on equity method of changing subsidiaries as associates	-	-	-	-	-	-	-	-	-	-	32,655	-	497,187	529,842
IV. Balance at 31 December 2023	**5,392,521**	**2,049,774**	**1,015,449**	**238,928**	**4,486,351**	**15,681,769**	**28,864,792**	5,392,521	2,049,774	1,015,449	639,000	4,300,255	14,657,717	28,054,716

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.

The new Hong Kong Companies Ordinance has been effective from 3 March 2014. Some notes in this financial statement have been disclosed in accordance with requirements of the Hong Kong Companies Ordinance.

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

The 2023 annual financial statements of the Company are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the consolidated and company financial position of the consolidated and the Company as of 31 December 2023 and of their financial performance, cash flows and other information for the year then ended.

3. PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are consolidated from the date on which the Company obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profit realised before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting period of the Company. For subsidiaries acquired from business combinations involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

For a business combination not involving enterprises under common control and achieved in stages, the Company remeasures its previously-held equity interest in the acquiree at fair value at the acquisition date in the consolidated financial statements. The difference between the fair value and the carrying amount is recognised as investment income for the current period. Where the equity interest held in the acquiree before the acquisition date relates to other comprehensive income measured under the equity method and other changes in owners' equity except net profit or loss, other comprehensive income and profit distribution, corresponding other comprehensive income and other changes in owners' equity (excluding other comprehensive income from changes arising from remeasurement on net liabilities or net assets of defined benefit plans of the acquiree) shall be transferred to investment income for the period in which the acquisition date falls. Goodwill is recognised at the excess of the sum of the fair value of previously-held interest in the acquiree and the fair value of the consideration paid at the acquisition date, over the fair value of the acquiree's identifiable net assets acquired 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 long-term equity investments in a subsidiary without a change in control, the difference between the amount of the newly acquired long-term equity investments and the amount of the share of the subsidiary's net assets that are continuously calculated from the acquisition date or the merger date based on the new shareholding ratio, and the difference between the amount of the consideration paid or received to dispose such long-term equity investments and the amount of the share of the subsidiary's net assets that are continuously calculated from the acquisition date or the merger date based on such disposal are both adjusted to the capital reserve (capital premium) in the consolidated balance sheet. If the credit balance of the capital reserve (capital premium) is insufficient, any excess is adjusted to retained earnings.

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.

If the Company loses the control of the original subsidiary because of disposing part of equity investment or other reasons, the remaining equity investment shall be remeasured at fair value in the consolidated financial statements at the date when control is lost. The sum of consideration received from the disposal of equity investment and the fair value of the remaining equity investment, net of the sum of the share of net assets of the former subsidiary based on continuous calculation since the acquisition date at previous proportion of shareholding and goodwill, is recognised as investment income for the current period when the control is lost. In addition, other comprehensive income and other changes in owners' equity (excluding other comprehensive income from changes arising from remeasurement by the former subsidiary on net liabilities or net assets of defined benefit plans), which are related with the equity investment in the former subsidiary, are transferred to profit or loss for the current period when the control is lost.

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 loss for the period as well as comprehensive income not attributable to Company are recognised as minority interests, net profit and loss attributable to minority interests as well as comprehensive income attributable to minority interests presented separately in the consolidated financial statements within equity and net profit as well as total comprehensive income respectively. If the current loss shared by the minority shareholders of a subsidiary exceeds the minority shareholders' share of the beginning owners' equity of the subsidiary, the balance shall be offset against the minority shareholders' equity. The unrealised profit and loss arising from sales of assets to subsidiaries by the Company are fully eliminated against net profit attributable to owners of the Company. The unrealised profit and loss arising from sales of assets to the Company by subsidiaries are eliminated against net profit attributable to owners of the Company as well as net profit attributable to minority interests respectively according to the Company and minority interests' shareholding on the subsidiaries. The unrealised profit and loss arising from sales of assets between subsidiaries are eliminated against net profit attributable to owners of the Company as well as net profit attributable to minority interests respectively according to the Company and minority interests' shareholdings on the subsidiary who sold.

The difference on recognising a same transaction between 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 2023	31 December 2022
Bank acceptance notes	**312,456**	445,085
Trade acceptance notes	**422,448**	195,520
Less: Provision for bad debts	**(2,705)**	(1,443)
Total	**732,199**	639,162

(a) As at 31 December 2023, the Group had no pledged notes receivable presented in the notes receivables (2022: RMB3,255,000).

(b) As at 31 December 2023, notes receivables endorsed or discounted but not due, presented as notes receivables of the Group was as follows:

Unit: RMB thousand

	Derecognized	**Not derecognized**
Bank acceptance notes (i)	**–**	**212,327**
Trade acceptance notes	**–**	**128,492**
	–	**340,819**

(i) Some subsidiaries of the Group discount and endorse some bank acceptance bills according to the needs of their daily fund management, so they are classified as financial assets at fair value through other comprehensive income and listed as receivables financing.

(c) Provision for bad debts

As at 31 December 2023, for bank acceptance notes, the Group measured the provision for bad debts according to the lifetime ECL. The Group believes that there was no significant credit risk of the bank acceptance notes within this group and will not cause significant losses due to bank default. For trade acceptance notes, the Group measured the provision for bad debts according to the lifetime ECL. The provision for bad debts on notes receivable in the current year amounted to RMB1,500,000 (31 December 2022: RMB2,297,000). The provision for bad debts on notes receivable recognised in losses in the current period amounted to RMB1,102,000 (2022: gains of RMB332,000).

4(2). ACCOUNTS RECEIVABLES

Unit: RMB thousand

	31 December 2023	31 December 2022
Accounts receivables	**24,120,988**	23,277,217
Less: Provision for bad debts	**(1,171,515)**	(990,615)
	22,949,473	22,286,602

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

Unit: RMB thousand

	31 December 2023	31 December 2022
Within 1 year (inclusive)	**21,172,829**	20,363,326
1 to 2 years (inclusive)	**1,428,275**	1,865,027
2 to 3 years (inclusive)	**654,484**	418,628
Over 3 years	**865,400**	630,236
	24,120,988	23,277,217

As at 31 December 2023, included in individual accounts receivables of significant amount and with an aging of over 3 years was the balance of accounts receivables by CIMC TianDa from China Topcan Investment Ltd. of RMB118.797 million. A 100% ECL provision was made against the balance based on aging profile, repayment capacity, repayment schedule, fulfillment of relevant repayment schedule, post-period payment collection, etc.

(b) As at 31 December 2023, the five largest balances of accounts receivables and contract assets are analysed as follows, accumulated by arrearage parties:

Unit: RMB thousand

	Balances of accounts receivables	**Balances of contract assets**	**Provision for bad debts**	**% of total accounts receivables and contract assets**
Total of the five largest accounts receivables and contract assets	1,440,301	2,590,494	34,697	12.84%

(c) Accounts receivables derecognised due to transfer of financial assets:

In 2023 and 2022, the Group has no accounts receivables derecognised due to transfer of financial asset.

(d) Provision for bad debts

For the accounts receivables of the Group, whether there is a significant financing component or not, the loss provision is measured according to lifetime ECL.

Provision for bad debts on accounts receivables by category is analysed as follows:

Unit: RMB thousand

	31 December 2023				31 December 2022			
	Book balance		**Provision for bad debts**		Book balance		Provision for bad debts	
	Amount	**% of total amount**	**Amount**	**Accrual rate**	Amount	% of total amount	Amount	Accrual rate
Provision for bad debts on an individual basis (i)	749,725	3.11%	387,208	51.65%	564,722	2.43%	248,026	43.92%
Provision for bad debts on a collective basis (ii)	23,371,263	96.89%	784,307	3.36%	22,712,495	97.57%	742,589	3.27%
	24,120,988	100%	1,171,515	4.86%	23,277,217	100%	990,615	4.26%

(i) As at 31 December 2023, 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 ECL rate**	**Provision for bad debts**	**Reason**
Containers manufacturing business	405,408	12.94%	52,477	
Energy, chemical and liquid food equipment business	143,444	99.93%	143,341	
Airport facilities and logistics equipment, fire safety and rescue equipment business	159,024	94.04%	149,541	
Logistics services business	17,830	100.00%	17,830	(1)
Offshore engineering business	24,019	100.00%	24,019	
	749,725		387,208	

(1) It mainly represents the 100% ECL provision made by CIMC TianDa against the balance of accounts receivables from China Topcan Investment Ltd.

(ii) *As at 31 December 2023, accounts receivables that are assessed for impairment on a collective group basis are as follows:*

Collectively assessed 1 – Containers manufacturing business:

Unit: RMB thousand

	31 December 2023			31 December 2022		
	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	**3,861,128**	**0.02%**	**758**	3,620,587	0.02%	851
Overdue within 1 month	**585,502**	**0.33%**	**1,943**	284,149	0.23%	658
Overdue 1 to 3 months	**378,637**	**0.57%**	**2,174**	1,090,325	0.57%	6,223
Overdue 3 to 12 months	**491,472**	**0.28%**	**11,224**	683,708	2.28%	15,613
Overdue 1 to 2 years	**172,289**	**6.17%**	**10,631**	137,231	5.59%	7,671
Overdue 2 to 3 years	**340**	**100.00%**	**340**	–	–	–
	5,489,368		**27,070**	5,816,000		31,016

Collectively assessed 2 – Road transportation vehicles business:

Unit: RMB thousand

	31 December 2023			31 December 2022		
	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	**2,481,763**	**2.08%**	**51,515**	2,246,529	2.29%	51,376
Overdue within 1 month	**491,179**	**8.17%**	**40,134**	338,498	5.09%	17,243
Overdue 1 to 3 months	**298,745**	**8.17%**	**24,410**	165,745	5.09%	8,442
Overdue 3 to 12 months	**455,569**	**8.17%**	**37,224**	307,093	5.09%	15,643
Overdue 1 to 2 years	**62,551**	**36.80%**	**23,021**	114,183	29.23%	33,377
Overdue 2 to 3 years	**42,537**	**77.14%**	**32,812**	8,506	82.45%	7,013
Overdue 3 to 5 years	**23,813**	**100.00%**	**23,813**	19,551	96.65%	18,896
Overdue for more than 5 years	**26,088**	**100.00%**	**26,088**	21,844	96.65%	21,112
	3,882,245		**259,017**	3,221,949		173,102

Collectively assessed 3 – Energy, chemical and liquid food equipment business:

Unit: RMB thousand

	31 December 2023			31 December 2022		
	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	**2,703,263**	**2.44%**	**65,828**	2,474,321	1.91%	47,184
Overdue within 1 month	**233,021**	**2.96%**	**6,898**	296,032	6.23%	18,430
Overdue 1 to 3 months	**114,952**	**2.96%**	**3,403**	146,035	6.23%	9,091
Overdue 3 to 12 months	**242,484**	**4.46%**	**10,815**	201,037	8.96%	18,017
Overdue 1 to 2 years	**46,491**	**17.46%**	**8,119**	67,118	29.72%	19,948
Overdue 2 to 3 years	**17,594**	**25.83%**	**4,545**	63,522	46.18%	29,337
Overdue 3 to 5 years	**15,360**	**45.03%**	**6,917**	15,164	89.69%	13,601
Overdue for more than 5 years	**30,092**	**100.00%**	**30,092**	32,987	100.00%	32,987
	3,403,257		**136,617**	**3,296,216**		188,595

Collectively assessed 4 – Offshore engineering business:

Unit: RMB thousand

	31 December 2023			31 December 2022		
	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	**1,179,459**	**0.25%**	**2,956**	1,756,411	0.34%	5,971
Overdue within 1 month	**147**	**4.76%**	**7**	–	–	–
Overdue 1 to 3 months	**6,542**	**5.00%**	**327**	–	–	–
Overdue 3 to 12 months	**4,299**	**5.00%**	**215**	–	–	–
Overdue 1 to 2 years	**24,763**	**70.59%**	**17,479**	–	–	–
Overdue 2 to 3 years	**–**	**–**	**–**	19,714	75.15%	14,816
Overdue 3 to 5 years	**18,581**	**100.00%**	**18,581**	21,634	100.00%	21,634
Overdue for more than 5 years	**–**	**–**	**–**	1,252	100.00%	1,252
	1,233,791		**39,565**	1,799,011		43,673

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

Unit: RMB thousand

	31 December 2023			31 December 2022		
	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	**1,950,298**	**0.81%**	**15,813**	1,892,118	0.85%	16,076
Overdue within 1 month	**159,847**	**5.51%**	**8,808**	141,180	5.50%	7,761
Overdue 1 to 3 months	**267,553**	**5.51%**	**14,744**	112,457	5.50%	6,181
Overdue 3 to 12 months	**319,338**	**5.51%**	**17,597**	589,146	5.50%	32,386
Overdue 1 to 2 years	**258,335**	**19.05%**	**49,215**	244,551	16.78%	41,037
Overdue 2 to 3 years	**100,037**	**44.79%**	**44,807**	75,532	42.85%	32,369
Overdue for more than 3 years	**102,226**	**84.04%**	**85,913**	89,229	69.04%	61,600
	3,157,634		**236,897**	3,144,213		197,410

Collectively assessed 6 – Logistics services business:

Unit: RMB thousand

	31 December 2023			31 December 2022		
	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	**2,609,749**	**0.87%**	**22,600**	1,913,596	1.02%	19,529
Overdue within 1 month	**379,638**	**1.00%**	**3,796**	322,281	1.78%	5,740
Overdue 1 to 3 months	**143,779**	**1.00%**	**1,438**	165,488	1.78%	2,947
Overdue 3 to 12 months	**148,336**	**1.00%**	**1,483**	200,478	1.78%	3,570
Overdue 1 to 2 years	**64,171**	**20.00%**	**12,834**	29,700	20.00%	5,940
Overdue 2 to 3 years	**8,415**	**80.00%**	**6,732**	11,085	80.00%	8,868
Overdue for more than 3 years	**15,334**	**100.00%**	**15,334**	13,689	100.00%	13,689
	3,369,422		**64,217**	2,656,317		60,283

Collectively assessed 7 – Recycled load business:

Unit: RMB thousand

	31 December 2023			31 December 2022		
	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	**641,678**	**0.27%**	**1,763**	575,850	1.03%	5,950
Overdue within 1 month	**76,487**	**3.00%**	**2,295**	24,194	3.23%	781
Overdue 1 to 3 months	**45,363**	**3.00%**	**1,361**	65,772	3.72%	2,448
Overdue 3 to 12 months	**45,436**	**3.00%**	**1,363**	41,500	9.30%	3,858
Overdue 1 to 2 years	**3,703**	**30.00%**	**1,111**	5,578	64.31%	3,587
Overdue for more than 2 years	**3,073**	**100.00%**	**3,073**	1,020	100.00%	1,020
	815,740		**10,966**	713,914		17,644

Collectively assessed 8 – Other business:

Unit: RMB thousand

	31 December 2023			31 December 2022		
	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	**1,943,303**	**0.02%**	**393**	1,736,200	0.05%	851
Overdue within 1 month	**3,252**	**0.86%**	**28**	212,922	1.03%	2,194
Overdue 1 to 3 months	**31,768**	**1.17%**	**371**	43,675	5.36%	2,341
Overdue 3 to 12 months	**30,610**	**1.17%**	**359**	47,846	8.13%	3,888
Overdue 1 to 2 years	**3,443**	**39.99%**	**1,377**	20,664	87.23%	18,024
Overdue for more than 2 years	**7,430**	**100.00%**	**7,430**	3,568	100.00%	3,568
	2,019,806		**9,958**	2,064,875		30,866

(e) The provision for bad debts this year amounted to RMB342,993,000 (2022: RMB402,948,000). A provision for bad debts amounted to RMB154,607,000 has been collected or reversed (2022: RMB129,779,000). No significant provision for bad debts was collected or reversed.

(f) The accounts receivables amounted to RMB24,435,000 was written off in current year (2022: RMB179,963,000), the provision for bad debts was amounted to RMB24,435,000 in current year (2022: RMB179,963,000). No significant provision for bad debts was written off.

(g) As at 31 December 2023, the Group has no accounts receivables pledged to the bank as a guarantee for short-term borrowings (2022: Nil).

5(1). NOTES PAYABLES

Unit: RMB thousand

	31 December 2023	31 December 2022
Bank acceptance notes	**4,185,114**	2,890,573
Trade acceptance notes	**496,849**	239,343
	4,681,963	3,129,916

5(2). ACCOUNTS PAYABLES

Unit: RMB thousand

	31 December 2023	31 December 2022
Due to raw material suppliers	**14,434,816**	12,528,639
Integrated logistics services charges	**2,145,486**	1,964,876
Equipment procurement charges	**990,571**	611,084
Project procurement charges	**334,719**	385,091
Transportation charges	**826,524**	203,689
Project contracts charges	**617,911**	154,616
Processing charges	**243,731**	153,146
Others	**587,251**	561,005
	20,181,009	16,562,146

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

Unit: RMB thousand

	31 December 2023	31 December 2022
Within 1 year (inclusive)	**18,769,669**	15,613,357
1 to 2 years (inclusive)	**798,220**	527,616
2 to 3 years (inclusive)	**215,474**	260,452
Over 3 years	**397,646**	160,721
Total	**20,181,009**	16,562,146

As at 31 December 2023, accounts payables over 1 year with a carrying amount of RMB1,411,340,000 (31 December 2022: RMB948,789,000) were mainly payables related to offshore engineering business, and energy and chemicals business. Since the production cycle of the offshore engineering business, and energy and chemicals business was usually more than 1 year, the payables have not yet been settled.

6. UNDISTRIBUTED PROFITS

Unit: RMB thousand

	Note	**2023**	2022
Undistributed profits at the beginning of the year		**31,597,541**	31,627,036
Add: Net profit attributable to shareholders and other equity holders of the Company in current year		**421,249**	3,219,226
Less: Equity attributable to holders of other equity instruments in current year		**(64,200)**	(55,435)
Less: Appropriation to surplus reserve		**(186,096)**	(712,658)
Less: Ordinary share dividends payable	*(1)*	**(966,809)**	(2,480,628)
Undistributed profits at the end of the year		**30,801,685**	31,597,541

(1) Ordinary share dividends distributed in current year

Unit: RMB thousand

	2023	2022
Total proposed dividends in the year	**966,809**	2,480,628

Approved by the shareholders' general meeting on 28 June 2023, the Company distributed cash dividends to ordinary shareholders on 18 August 2023, at RMB0.18 per share (2022: RMB0.69 per share), totaling RMB966,809,000 (2022: RMB2,480,628,000).

7. REVENUE AND COST OF SALES

Unit: RMB thousand

	2023	2022
Revenue from main operations	**126,087,652**	139,417,190
Revenue from other operations	**1,721,867**	2,119,464
	127,809,519	141,536,654
Cost of sales from main operations	**108,765,416**	118,174,854
Cost of sales from other operations	**1,446,475**	1,736,896
	110,211,891	119,911,750

8. ASSET IMPAIRMENT LOSSES

Unit: RMB thousand

	2023	2022
Impairment losses on fixed assets	**16,633**	118,449
Impairment losses on inventories and costs incurred to fulfil a contract	**241,268**	76,215
Impairment losses on goodwill	**73,757**	65,922
Impairment losses on assets held for sale	**16,365**	110,560
Impairment losses on intangible assets	**–**	5,959
Impairment losses on long-term equity investments	**1,063**	35,750
(Reversal of)/bad debts of advance to suppliers	**173,810**	(265)
Impairment losses on contract assets	**3,418**	3,913
Impairment losses on construction in progress	**–**	42,122
	526,314	458,625

9. CREDIT IMPAIRMENT LOSSES

Unit: RMB thousand

	2023	2022
Losses on bad debts of account receivables	**188,386**	273,169
(Reversal of)/losses on bad debts of other receivables	**(27,019)**	54,533
Losses on bad debts of long-term receivables (including current portion of non-current assets)	**717**	2,858
Reversal of financial guarantee contracts	**(18,526)**	(11,256)
Losses on/(reversal of) bad debts of receivables financing	**(51)**	(644)
Losses on/(reversal of) bad debts of notes receivables	**1,102**	(332)
	144,609	318,328

10. GAIN ON DISPOSAL OF ASSETS

Unit: RMB thousand

	2023	2022	Amount recognised in non-recurring profit or loss in 2023
Gains on disposals of fixed assets	**22,697**	231,407	22,697
Losses on disposals of intangible assets	**(224)**	(754)	(224)
Gains on disposals of other assets	**1,309**	12,592	1,309
	23,782	243,245	23,782

11. INCOME TAX EXPENSES

Unit: RMB thousand

	2023	2022
Current income tax calculated based on tax law and related regulations	**1,102,483**	5,497,641
Deferred income tax	**(131,683)**	(3,160,932)
	970,800	2,336,709

Reconciliation between tax expense and accounting profit at applicable tax rates

Unit: RMB thousand

	2023	2022
Total profit	**2,834,174**	6,937,851
Income tax calculated at applicable tax rates (25%)	**708,543**	1,734,463
The effect of using different tax rates for subsidiaries	**150,579**	345,004
Effect of tax incentive	**(166,183)**	(136,456)
Cost, expenses and losses not deductible	**120,699**	195,788
Other income not subject to tax	**(42,527)**	(61,281)
Utilisation of previously unrecognised deductible losses	**(375,227)**	(38,629)
Deductible losses for which no deferred tax asset was recognised	**815,678**	198,085
Deductible temporary differences for which no deferred tax asset was recognised	**112,312**	112,745
Utilisation of previously unrecognised deductible temporary differences	**(289,173)**	(1,453)
Effect of tax rate change on deferred tax	**–**	(442)
Tax refund for income tax annual filing	**(63,901)**	(11,115)
Income tax expenses	**970,800**	2,336,709

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

	2023	2022
The Company	**25%**	25%
Subsidiaries registered in China	**15–25%**	15–25%
Subsidiaries registered in China Hong Kong	**16.5–25%**	16.5–25%
Subsidiaries registered in British Virgin Islands	**–**	–
Subsidiaries registered in U.S.	**21%**	21%
Subsidiaries registered in Germany	**15.83%–36.13%**	15.83–36.13%
Subsidiaries registered in Britain	**19%–25%**	19%
Subsidiaries registered in Australia	**30%**	30%
Subsidiaries registered in the Netherlands	**25.8%**	25.8%
Subsidiaries registered in Belgium	**25%**	25%
Subsidiaries registered in Denmark	**22%**	22%
Subsidiaries registered in Poland	**19%**	19%
Subsidiaries registered in Thailand	**20%**	20%
Subsidiaries registered in Singapore	**17%**	17%
Subsidiaries registered in Sweden	**20.6%**	20.6%
Subsidiaries registered in Cayman Islands	**–**	–
Subsidiaries registered in Malaysia	**24%**	24%

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:

	2023	2022
Consolidated net profit attributable to shareholders of the Company	**421,249**	3,219,226
Less: Equity attributable to holders of other equity instruments	**(64,200)**	(55,435)
Consolidated net profit attributable to ordinary shareholders of the Company	**357,049**	3,163,791
Weighted-average number of ordinary shares outstanding of the Company ('000)	**5,392,521**	5,392,521
Basic earnings per share (RMB/share)	**0.07**	0.59
Including: Basic earnings per share from continuing operations	**0.06**	0.64
Basic earnings per share from discontinued operations	**–**	(0.05)

(2) Diluted earnings per share

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

	2023	2022
Consolidated net profit attributable to shareholders of the Company	**421,249**	3,219,226
Impact of the issuing of the perpetual bonds by the Company	**(64,200)**	(55,435)
Impact of share-based payments by subsidiaries of the Group	**(75,406)**	(100,084)
Consolidated net profit (adjusted) attributable to ordinary shareholders of the Company	**281,643**	3,063,707
Weighted-average number of ordinary shares outstanding of the Company (diluted) ('000) (adjusted)	**5,392,521**	5,392,521
Diluted earnings per share (RMB/share)	**0.05**	0.57

13. SEGMENT REPORTING

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 unallocated headquarters assets. Segment liabilities include payables, bank borrowings, provisions, special payables and other liabilities of each segment, while deferred income tax liabilities are excluded.

Segment operating results represent segment 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 2023 is as follows:

Unit: RMB thousand

Item	Containers manufacturing 2023	Road transportation vehicles 2023	Energy, chemical and liquid food equipment 2023	Offshore engineering 2023	Airport facilities and logistics equipment, fire safety and rescue equipment 2023	Logistics services 2023	Finance and asset management 2023	Recycled load 2023	Others 2023	Elimination between segments and unallocated amounts 2023	Total 2023
Revenue from external customers	29,327,434	24,891,432	24,974,378	10,243,732	6,931,147	19,766,755	2,217,550	2,826,269	6,777,657	(146,835)	127,809,519
Inter-segment revenue	885,908	195,146	51,916	207,856	30,308	399,294	605	8,070	1,295,040	(3,074,143)	–
Cost of sales	25,387,390	20,330,353	21,145,607	9,479,166	5,495,100	18,757,627	2,684,912	2,496,288	7,225,014	(2,789,566)	110,211,891
Investment income/(loss) in associates and joint ventures	2,408	6,074	24,145	(9,038)	3,619	68,390	(7,018)	672	109,519	–	198,771
Asset and credit impairment losses	42,350	196,227	45,670	239,012	116,921	10,655	58,088	2,908	(691)	(40,217)	670,923
Depreciation and amortisation expenses	722,329	583,071	415,488	273,388	133,066	202,272	1,083,380	172,634	122,280	(122,776)	3,585,132
Interest income	269,013	121,707	119,411	21,827	7,122	11,945	240,060	8,375	2,282,031	(2,754,497)	326,994
Interest expenses	25,462	37,318	101,995	462,422	89,300	50,530	1,959,635	19,780	1,941,904	(2,745,414)	1,942,932
Total profit/(loss)	2,072,566	3,260,765	1,205,426	(285,333)	290,352	237,218	(2,362,968)	(65,994)	23,732	(1,541,590)	2,834,174
Income tax expenses	278,229	813,004	351,434	(254,570)	68,236	50,057	78,352	8,348	(139,620)	(282,670)	970,800
Net profit/(loss)	1,794,337	2,447,761	853,992	(30,763)	222,116	187,161	(2,441,320)	(74,342)	163,352	(1,258,920)	1,863,374
Segment total assets	31,796,930	23,571,321	27,848,984	18,496,530	9,863,473	7,469,299	38,274,803	3,682,239	57,170,506	(56,410,852)	161,763,233
Segment total liabilities	14,201,569	8,284,052	16,174,600	21,302,362	6,465,634	4,489,509	44,571,992	1,711,072	49,181,744	(69,249,651)	97,132,883
Supplementary information:	–	–	–	–	–	–	–	–	–	–	–
– Segment non-cash (income)/ expenditures other than depreciation and amortisation	(67,930)	207,668	147,371	312,768	138,665	64,870	47,383	(1,715)	(122,342)	302,546	1,029,284
– Long-term equity investment of associates and joint ventures	651,331	132,218	623,408	484,116	86	554,602	51,966	4,137	9,494,992	–	11,996,856
– Increase in other non-current assets other than long-term equity investments, financial assets and deferred tax assets	1,725,492	587,632	987,222	561,294	156,424	203,711	36,665	385,011	1,509,331	(169,920)	5,982,862

Segment information as at and for the year ended 31 December 2022 is as follows:

Item	Containers manufacturing 2022	Road transportation vehicles 2022	Energy, chemical and liquid food equipment 2022	Offshore engineering 2022	Airport facilities and logistics equipment, fire safety and rescue equipment 2022	Logistics services 2022	Finance and asset management 2022	Recycled load 2022	Others 2022	Elimination between segments and unallocated amounts 2022	Total 2022
Revenue from external customers	43,920,975	23,384,796	21,027,970	5,600,691	6,623,542	29,241,372	1,550,446	4,676,508	8,001,726	(2,491,372)	141,536,654
Inter-segment revenue	1,789,848	235,816	222,425	169,950	48,380	104,981	158,345	172,827	1,302,221	(4,204,793)	–
Cost of sales	34,942,427	20,483,415	17,636,553	5,373,997	5,228,335	27,776,704	1,669,435	4,053,497	8,224,162	(5,476,775)	119,911,750
Investment income/(loss) in associates and joint ventures	20,782	(8,688)	5,577	(25,865)	7,116	50,008	(12,043)	668	115,183	–	152,738
Asset impairment losses and credit impairment losses	4,278	68,893	137,380	1,681	90,517	7,401	231,094	3,032	211,787	20,890	776,953
Depreciation and amortisation expenses	583,828	549,559	401,869	244,171	147,414	204,057	1,241,761	201,347	278,220	(337,822)	3,514,404
Interest income	253,838	73,300	20,877	13,303	6,956	12,953	269,298	14,758	1,327,207	(1,670,138)	322,352
Interest expenses	23,614	50,325	80,159	295,930	59,084	57,063	1,109,529	16,444	1,282,205	(1,638,951)	1,335,402
Total profit/(loss)	6,649,944	1,474,779	1,281,183	(326,833)	257,577	576,435	(1,256,381)	355,247	3,335,497	(5,409,597)	6,937,851
Income tax expenses	1,391,770	361,172	239,298	7,000	60,284	201,079	101,463	67,768	(95,239)	2,114	2,336,709
Net profit/(loss)	5,258,174	1,113,607	1,041,885	(333,833)	197,293	375,356	(1,357,844)	287,479	3,430,736	(5,411,711)	4,601,142
Segment total assets	30,557,573	21,961,223	22,857,905	15,089,113	9,416,563	7,241,637	34,859,427	3,423,665	49,971,712	(49,478,869)	145,899,949
Segment total liabilities	12,164,931	8,736,027	13,374,003	17,314,781	6,245,503	4,353,801	39,379,060	1,280,710	42,857,485	(62,462,436)	83,243,865
Supplementary information:											
– Segment non-cash (income)/ expenditures other than depreciation and amortisation	(326,698)	26	39,361	(46,567)	153,529	(80,748)	173,893	7,808	979,631	(223,132)	677,103
– Long-term equity investment of associates and joint ventures	651,997	81,135	183,233	359,870	36,310	403,318	72,257	3,464	8,740,043	–	10,531,627
– Increase in other non-current assets other than long-term equity investments, financial assets and deferred tax assets	2,064,604	640,218	550,263	201,026	190,477	218,030	16,766	356,205	329,187	(301,295)	4,265,481

14. CONTINGENCIES

(1) Guarantees provided for external parties

CIMC Vehicles, a subsidiary of the Group, signed contracts with China Merchants Bank and Industrial Bank, which was granted to the distributors and customers of the Group and its subsidiaries arising from purchase of vehicle products. As at 31 December 2023, the aggregate amount of credit facilities in respect of which the Group and its subsidiaries provided guarantees to the distributors and customers was RMB445,985,000 (31 December 2022: RMB1,352,756,000). The Group expected that there was no significant increase in credit risk of such guarantee since initial recognition, and recognized the 12-month ECL.

The Company entered into guarantee agreements with The Export-Import Bank of China, Anhui Branch to provide guarantees for the loans of C&C Trucks, an associate, and its subsidiaries. As at 31 December 2023, the loans guaranteed by the Company amounted to RMB106,260,000 (31 December 2022: Nil). After assessment, the Group expected a low credit risk of the guarantee, therefore did not make provision for ECL.

The Group's subsidiary, Shanxi CIMC Vehicles Industrial Park Investment Development Co., Ltd., cooperated with Shanxi Xianyang Qindu Rural Commercial Bank in mortgage credit cooperation. It signed a loan guarantee contract, providing phased guarantees for the loans that the customers of the company obtained from the relevant banks for purchasing properties. As at 31 December 2023, the customer financing loans provided by the Shaanxi Vehicle Industrial Park were approximately RMB7,050,000 (31 December 2022: RMB9,015,000). After assessment, the Group expected a low credit risk of the guarantee, therefore did not make provision for ECL.

The Company entered into guarantee agreements with relevant banks to provide guarantees for the loans of CIMC Industry & City and its subsidiaries. As at 31 December 2023, the loans guaranteed by the Company amounted to RMB244,549,000 (31 December 2022: RMB282,851,000). After assessment, the Group expected a low credit risk of the guarantee, therefore did not make provision for ECL.

A controlling subsidiary of CIMC Enric, a subsidiary of the Group, signed guarantee contracts with China Everbright Bank to provide credit guarantees for loans to Yichuan Tianyun Clean Energy Co., Ltd. via relevant banks. As at 31 December 2023, the loans provided by subsidiaries of CIMC Enric were approximately RMB54,964,000 (31 December 2022: RMB34,051,000). After assessment, the Group expected a low credit risk of the guarantee, therefore did not make provision for ECL.

The Company and its subsidiaries entered into guarantee agreements with relevant banks to provide guarantees for the loans of CIMC Leasing and its subsidiaries. As at 31 December 2023, the amount guaranteed by the Company and its subsidiaries was RMB1,032,828,000 (31 December 2022: RMB1,574,226,000). After assessment, the Group expected a low credit risk of the guarantee, therefore did not make provision for ECL.

(2) Material Litigation

Eight entities including the headquarters of the CIMC Group and its subsidiary Dalian CIMC Logistics Equipment Co., Ltd. (大連中集物流裝備有限公司) (collectively referred to as the "**Defendants**"), successively received litigation materials from the High Court of Singapore since 7 July 2023. Goodpack IBC (Singapore) PTE. Ltd and Goodpack PTE. Ltd (collectively referred to as the "**Plaintiffs**") have appealed that when the Defendants entered the IBC (Intermediate Bulk Container) leasing business in the rubber industry, we were involved in "plagiarizing the Plaintiffs' products, involving the Plaintiffs' technology and confidential information by the invention patents and utility model patents applied for in China, and misappropriating the Plaintiffs' intellectual property and technologies". The Plaintiffs alleged that the Defendants had breached the obligation of confidentiality, engaged in a conspiracy to infringe and obtained unjust enrichment, claiming a compensation in the amount of USD9.8562 million, banning the manufacturing of and recalling of all infringing IBCs, and the payment of the profits gained from such infringement and that the Defendants should bear joint liabilities. Goodpack IBC (Singapore) PTE. Ltd subsequently initiated the arbitration against Dalian CIMC Special Logistics Equipment Co., Ltd. (大連中集特種物流裝備有限公司) and Dalian CIMC Logistics Equipment Co., Ltd. (大連中集物流裝備有限公司) (collectively referred to as the "**Respondents**", both are the subsidiaries of the Company) at the Singapore International Arbitration Centre on 2 February 2024, and alleged that the Respondents had breached confidentiality, non-competition and intellectual property rights covenants in the relevant agreements and appendices, claiming the award of the breach of the Respondents, a compensation in a total amount of USD19.8137 million, banning the manufacturing of and recalling of all infringing IBCs, and the payment of the profits gained from such infringement and the Respondents bearing joint liabilities. As at the date of this announcement, the first trial of the above case has not yet been formally heard; the arbitral tribunal of the said arbitration has not yet been formed and has not yet been formally heard. The Group has engaged external legal advisers in respect of the aforesaid case. However, as the relevant legal proceeding is still at an early stage, the management believes that there are uncertainties in the timing and outcome of the conclusions as at the date of this announcement, and the Group is unable to reliably estimate the amount of liabilities that may arise, if any. Therefore, the litigation constitutes a contingent liability of the Group, for which the Group has not made any provision in the financial statements and is unable to anticipate the possible impact on the Group's financial statements in the future at this stage.

On 13 December 2023, Weihai Guangtai Airport Equipment Co., Ltd. (威海廣泰空港設備股份有限公司) ("**Weihai Guangtai**") issued a "Notification Letter On Patent Infringement" to CIMC TianDa and its subsidiary TianDa Airport, filing five patent infringement lawsuits against TianDa Airport as a defendant and requesting the Shenzhen Intermediate Court to adjudicate SZ Tianda to stop manufacturing, selling and promising to sell the allegedly infringing products and pay compensation for infringement damages in a total amount of RMB150 million to Weihai Guangtai, On 16 January 2024, the Shenzhen Intermediate Court filed the abovementioned five patent infringement litigation cases. The Group engaged an intellectual property right lawyer to conduct an assessment and issued a patent infringement analysis report. According to the patent infringement analysis report, the allegedly infringing products did not infringe the patent rights of the five patents asserted to be infringed by Weihai Guangtai, and the possibility of an outflow of economic benefits expected from the relevant litigations was considered relatively low after assessment by the management. Meanwhile, up to the date of our auditor's report, the Group has not yet been served with a court summons and the litigation is still at an early stage of trial.

The Group involved as defendant in certain outstanding litigations. Apart from the abovementioned litigations, the litigations are still at an early stage of trial. The outcomes of the trials are uncertain, which cannot be reliably measured, and the likelihood of an outflow of projected economic benefits from the related litigations is remote.

(3) Outstanding letters of credit issued and outstanding performance guarantees issued

The Group does not recognise letter of credit issued as deposits. As at 31 December 2023, the Group had outstanding letters of credit issued but undue of RMB1,216,742,000 (31 December 2022: RMB35,887,000).

As at 31 December 2023, the Company had outstanding balance of bank guarantees issued for the subsidiaries of the Group of RMB1,021,897,000, USD1,073,078,000 (equivalent to RMB7,611,986,000), GBP945,000 (equivalent to RMB8,539,000) and EUR43,241,000 (equivalent to RMB339,861,000) respectively, totaling RMB8,982,283,000 (31 December 2022: RMB4,728,316,000).

As at 31 December 2023, the amount of the unexpired letter of guarantee of the Group's subsidiary issued by the bank was RMB5,666,192,000, of which the balance of the advance payment guarantee was RMB4,075,197,000, and the balance of the quality guarantees (including foreign guarantees) was RMB147,596,000, the balance of other non-financing guarantees was RMB298,553,000, and the balance of performance guarantees was RMB1,144,846,000 (31 December 2022: RMB2,603,264,000).

15. COMMITMENTS

Capital expenditure commitments

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

Unit: RMB thousand

	2023	2022
Foreign investment contracts	**5,000**	–
Fixed assets purchase and construction contracts	**69,375**	131,846
	74,375	131,846

16. NET CURRENT ASSETS

Unit: RMB thousand

	The Group	
	31 December 2023	31 December 2022
Current assets	**88,439,976**	76,984,186
Less: current liabilities	**78,985,163**	62,998,154
Net current assets	**9,454,813**	13,986,032

	The Company	
	31 December 2023	31 December 2022
Current assets	**31,683,260**	25,689,993
Less: current liabilities	**14,469,588**	10,558,304
Net current assets	**17,213,672**	15,131,689

17. TOTAL ASSETS LESS CURRENT LIABILITIES

Unit: RMB thousand

	The Group	
	31 December 2023	31 December 2022
TOTAL ASSETS	**161,763,233**	145,899,949
Less: current liabilities	**78,985,163**	62,998,154
Total assets less current liabilities	**82,778,070**	82,901,795

	The Company	
	31 December 2023	31 December 2022
TOTAL ASSETS	**51,806,463**	41,857,100
Less: current liabilities	**14,469,588**	10,558,304
Total assets less current liabilities	**37,336,875**	31,298,796

18. 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 2023	31 December 2022
Within 1 year	**2,308,322**	1,008,126
1 to 2 years	**1,390,268**	1,033,739
2 to 3 years	**880,767**	634,739
3 to 4 years	**332,166**	206,038
4 to 5 years	**153,826**	210,882
Over 5 years	**19,949**	114,000
	5,085,298	3,207,524

By order of the Board
China International Marine Containers (Group) Co., Ltd.
WU Sanqiang
Joint Company Secretary

Hong Kong, 27 March 2024

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. SUN Huirong, Mr. DENG Weidong and Ms. ZHAO Feng as non-executive Directors; and Ms. LUI FUNG Mei Yee, Mabel, Mr. ZHANG Guanghua and Mr. YANG Xiong as independent non-executive Directors.